WEYERHAEUSER COMPANY
A WASHINGTON CORPORATION
91-0470860
220 OCCIDENTAL AVENUE SOUTH, SEATTLE, WASHINGTON 98104-7800 TELEPHONE (206) 539-3000
SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class
Common Shares ($1.25 par value)

Name of Each Exchange on Which Registered:
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. x Yes o No

Indicate by check mark whether the registrant is required to file reports pursuant to Section 13 or Section 15(d) of the Act. o Yes x No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes o No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer o Non-accelerated filer o
Small reporting company o Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). o Yes x No

As of June 30, 2017, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was $25.0 billion based on the closing sale price as reported on the New York Stock Exchange Composite Price Transactions.

As of February 5, 2018, 756,097,841 shares of the registrant’s common stock ($1.25 par value) were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the Notice of 2018 Annual Meeting of Shareholders and Proxy Statement for the company’s Annual Meeting of Shareholders to be held May 18, 2018, are incorporated by reference into Part II and III.
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OUR BUSINESS
We are one of the world's largest private owners of timberlands. We own or control 12.4 million acres of timberlands, primarily in the U.S., and manage an additional 14.0 million acres of timberlands under long-term licenses in Canada. We manage these timberlands on a sustainable basis in compliance with internationally recognized forestry standards. Our objective is to maximize the long-term value of timberlands we own. We analyze each timberland acre comprehensively to understand its highest-value use. We realize this value in many ways, particularly through harvesting the trees, but also by selling properties when we can create incremental value. In addition, we focus on opportunities to realize value for oil and natural gas production, construction aggregates and mineral extraction, wind power, communication tower leases and transportation rights of way that exist in our ownership.

We are also one of the largest manufacturers of wood products in North America. We provide high-quality wood products, including softwood lumber, engineered wood products, structural panels, medium density fiberboard and other specialty products. These products are primarily supplied to the residential, multi-family, industrial, light commercial and repair and remodel markets. Our manufacturing operations are located in the United States and Canada and span across 35 facility locations.

Our company is a real estate investment trust (REIT). We are committed to operate as a sustainable company and are listed on the North American and Dow Jones World Sustainability Indices. In our operations, we focus on increasing energy and resource efficiency, reducing greenhouse gas emissions, reducing water consumption, conserving natural resources, and offering products that meet our customers' needs with superior sustainability attributes. We operate with world class safety results, understand and address the needs of the communities in which we operate, and communicate transparently.

In 2017, we generated $7.2 billion in net sales from continuing operations and employed approximately 9,300 people who serve customers worldwide. This portion of our Annual Report on Form 10-K provides detailed information about who we are, what we do and where we are headed. Unless otherwise specified, current information reported in this Form 10-K is as of or for the fiscal year ended December 31, 2017.

We break out financial information such as revenues, earnings and assets by the business segments that form our company. We also discuss the development of our company and the geographic areas where we do business.

Throughout this Form 10-K, unless specified otherwise, references to “we,” “our,” “us” and “the company” refer to the consolidated company.

WE CAN TELL YOU MORE
AVAILABLE INFORMATION
We meet the information-reporting requirements of the Securities Exchange Act of 1934 by filing periodic reports, proxy statements and other information with the Securities and Exchange Commission (SEC). These reports and statements — information about our company’s business, financial results and other matters — are available at:
• the SEC website — www.sec.gov;
• the SEC’s Public Conference Room, 100 F St. N.E., Washington, D.C., 20549, (800) SEC-0330; and
• our website (without charge) — www.weyerhaeuser.com.

When we file the information electronically with the SEC, it also is posted to our website.

WHO WE ARE
Weyerhaeuser Timber Company was incorporated in the state of Washington in January 1900, when Frederick Weyerhaeuser and 15 partners bought 900,000 acres of timberland. Today, we are working to be the world's premier timber, land, and forest products company for our shareholders, customers and employees.

REAL ESTATE INVESTMENT TRUST (REIT) ELECTION
Starting with our 2010 fiscal year, we elected to be taxed as a REIT. REIT income can be distributed to shareholders without first paying corporate level tax, substantially eliminating the double taxation on income. We expect to derive most of our REIT income from investments in timberlands, including the sale of standing timber through pay-as-cut sales contracts and lump sum timber deeds. We continue to be required to pay federal corporate income taxes on earnings of our Taxable REIT Subsidiary (TRS), which includes our Wood Products segment and a portion of our Timberlands and Real Estate, Energy and Natural Resources (Real Estate & ENR) segments.

MERGER WITH PLUM CREEK
On February 19, 2016, pursuant to the Agreement and Plan of Merger dated November 6, 2015. Plum Creek Timber Company, Inc. (Plum Creek) merged with and into Weyerhaeuser. Plum Creek was a REIT that primarily owned and managed timberlands in the United States. Plum Creek also produced wood products, developed opportunities for mineral and other natural resource extraction, and sold real estate properties. The merger combined two industry leaders. The breadth and diversity of our combined timberlands, real estate, energy and natural resources assets, and wood products operations position Weyerhaeuser to capitalize on the improving housing market and to continue to capture value across the combined portfolio. See Note 4: Merger with Plum Creek in the Notes to Consolidated Financial Statements for further information about the merger.

WEYERHAEUSER COMPANY > 2017 ANNUAL REPORT AND FORM 10-K
OUR BUSINESS SEGMENTS

In the Consolidated Results section of Management’s Discussion and Analysis of Financial Condition and Results of Operations, you will find our overall performance results for our business segments, which are as follows:

- Timberlands;
- Real Estate, Energy and Natural Resources (Real Estate & ENR); and
- Wood Products.

Detailed financial information about our business segments and our geographic locations is provided in Note 2: Business Segments and Note 21: Geographic Areas in the Notes to Consolidated Financial Statements, as well as in this section and in Management’s Discussion and Analysis of Financial Condition and Results of Operations.

EFFECT OF MARKET CONDITIONS

The health of the U.S. housing market strongly affects the performance of all our business segments. Wood Products primarily sells into the new residential building and repair and remodel markets. Demand for logs from our Timberlands segment is affected by the production of wood-based building products as well as export demand. Real Estate is affected by local real estate market conditions, such as the level of supply or demand for properties sharing the same or similar characteristics as our timberlands. Energy and Natural Resources is affected by underlying demand for commodities, including oil and gas.

COMPETITION IN OUR MARKETS

We operate in highly competitive domestic and foreign markets, with numerous companies selling similar products. Many of our products also face competition from substitutes for wood products. We compete in our markets primarily through product quality, service levels and price. We are relentlessly focused on operational excellence, producing quality products customers want and are willing to pay for, at the lowest possible cost.

Our business segments’ competitive strategies are as follows:

- Timberlands — Extract maximum timber value from each acre we own or manage.
- Real Estate & ENR — Deliver premiums to timber value by identifying and monetizing higher and better use lands and capturing the full value of surface and subsurface assets.
- Wood Products — Manufacture high-quality lumber, structural panels and engineered wood products, as well as deliver complementary building products for residential, multi-family, industrial and light commercial applications at competitive costs.

SALES OUTSIDE THE U.S.

In 2017, $1,028 million — 14 percent — of our total consolidated sales from continuing operations were to customers outside the U.S. Our sales outside the U.S. are generally denominated in U.S. dollars. The table below shows sales outside the U.S. for the last three years.

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016 (1)</th>
<th>2015 (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports from the U.S.</td>
<td>$545</td>
<td>$515</td>
<td>$497</td>
</tr>
<tr>
<td>Canadian export and domestic sales</td>
<td>443</td>
<td>342</td>
<td>317</td>
</tr>
<tr>
<td>Other foreign sales</td>
<td>40</td>
<td>58</td>
<td>69</td>
</tr>
<tr>
<td>Total</td>
<td>$1,028</td>
<td>$915</td>
<td>$883</td>
</tr>
<tr>
<td>Percent of total sales</td>
<td>14%</td>
<td>14%</td>
<td>17%</td>
</tr>
</tbody>
</table>

(1) Excludes sales from Discontinued Operations. Refer to Note 3: Discontinued Operations and Other Diversifications in the Notes to Consolidated Financial Statements for further information.

OUR EMPLOYEES

We have approximately 9,300 employees. Of these employees, approximately 2,500 are members of unions covered by multi-year collective-bargaining agreements. More information about these agreements is provided in Note 9: Pension and Other Postretirement Benefit Plans in the Notes to Consolidated Financial Statements.

WHAT WE DO

This section provides information about how we:

- grow and harvest trees;
- maximize the value of every acre we own; and
- manufacture and sell wood products.

For each of our business segments, we provide details about what we do, where we do it, how much we sell and where we are headed.
TIMBERLANDS

Our Timberlands segment manages 12.4 million acres of private commercial timberlands in the U.S. We own 11.5 million of those acres and have long-term leases on the remaining acres. In addition, we have renewable, long-term licenses on 14.0 million acres of Canadian timberlands. The tables presented in this section include data from this segment’s business units as of the end of 2017.

WHAT WE DO

Forestry Management

Our Timberlands segment:

• plants seedlings to reforest harvested areas using the most effective regeneration method for the site and species (natural regeneration is employed and managed in parts of Canada and the northern U.S.);

• manages our timberlands as the planted trees grow to maturity;

• harvests trees to be converted into lumber, wood products, pellets, pulp and paper;

• strives to sustain and maximize the timber supply from our timberlands while keeping the health of our environment a key priority; and

• offers recreational access to the public.

Our goal is to maximize returns by selling logs and stumpage to internal and external customers. We leverage our expertise in forestry and use intensive silviculture to improve forest productivity and returns while managing our forests on a sustainable basis to meet customer needs and public expectations.

Competitive factors within each of our market areas generally include price, species, grade, quality, proximity to wood consuming facilities and the ability to consistently meet customer requirements. We compete in the marketplace through our ability to provide customers with a consistent and reliable supply of high-quality logs at scale volumes and competitive price. Our customers also value our status as a Sustainable Forestry Initiative® certified supplier.

Sustainable Forestry Practices

We manage our forests intensively to maximize the value of each acre and produce a sustainable supply of wood fiber for our customers. At the same time, we are careful to protect biological diversity, water quality and other ecosystem services. Our working forests also provide unique environmental, cultural, historical and recreational value. We work hard to protect these and other qualities, while still managing our forests to produce financially mature timber. We follow regulatory requirements, voluntary standards and certify one hundred percent of our North American timberlands under the Sustainable Forestry Initiative® (SFI) Forest Management Standard.

Canadian Forestry Operations

In Canada, we manage timberlands under long-term licenses that provide the primary source of the raw material for our manufacturing facilities in various provinces. When we harvest trees, we pay the provinces at stumpage rates set by the government. We transfer logs to our manufacturing facilities at cost, and do not generate any significant profit in the Timberlands segment from the harvest of timber from the licensed acres in Canada.

Timberlands Products

<table>
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<tr>
<th>PRODUCTS</th>
<th>HOW THEY’RE USED</th>
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<tr>
<td>Delivered logs:</td>
<td>Grade logs are made into lumber, plywood, veneer and other products used in residential homes, commercial structures, furniture, industrial and decorative applications. Fiber logs are sold to pulp, paper, and oriented strand board mills to make products used for printing, writing, packaging, homebuilding and consumer products, as well as into renewable energy and pellet manufacturing.</td>
</tr>
<tr>
<td>Grade logs</td>
<td></td>
</tr>
<tr>
<td>Fiber logs</td>
<td></td>
</tr>
<tr>
<td>Timber</td>
<td>Standing timber is sold to third parties.</td>
</tr>
<tr>
<td>Recreational leases</td>
<td>Timberlands are leased to the public for recreational purposes.</td>
</tr>
<tr>
<td>Other products</td>
<td>Seed and seedlings grown in the U.S. and plywood produced at our mill in Uruguay.</td>
</tr>
</tbody>
</table>

(1) Our Uruguayan operations were divested on September 1, 2017. Refer to Note 3: Discontinued Operations and Other Divestitures in the Notes to Consolidated Financial Statements for further information on this divestiture.

HOW WE MEASURE OUR PRODUCT

We use multiple units of measure when transacting business including:

• Thousand board feet (MBF) — used in the West to measure the expected lumber recovery from a tree or log.

• Green tons (GT) — used in the South to measure weight; factors used for conversion to product volume can vary by species, size, location and season.

We report Timberland volumes in ton equivalents. Prior to 2016, we reported Timberlands volumes information in cubic meters. Volumes for periods prior to 2016 have been converted from cubic meters to tons using conversion factors as follows:

• West: 1.056 m³ = 1 ton

• South: 0.818 m³ = 1 ton

• Uruguay: 0.907 m³ = 1 ton

• Canada: 1.244 m³ = 1 ton

WHERE WE DO IT

We manage sustainable timberlands in twenty states. This includes owned or leased acres in the following locations:

• 2.93 million acres in the western U.S. (Oregon and Washington);

• 6.95 million acres in the southern U.S. (Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Texas and Virginia); and

• 2.48 million acres in the northern U.S. (Maine, Michigan, Montana, New Hampshire, Vermont, West Virginia and Wisconsin).
In Canada, we manage timberlands under long-term licenses that provide raw material for our manufacturing facilities. These licenses are in Alberta, British Columbia, Ontario (license is managed by partnership) and Saskatchewan (license is managed by partnership).

Our total timber inventory — including timber on owned and leased land— is approximately 635 million tons. The amount of timber inventory does not translate into an amount of lumber or panel products because the quantity of end products varies according to the species, size and quality of the timber; and will change through time as these variables adjust.

We maintain our timber inventory in an integrated resource inventory system and geographic information system ("GIS"). The resource inventory component of the system is proprietary and is largely based on internally developed methods, including growth and yield models developed by our research and development organization. The GIS component is based on GIS software that is viewed as the standard in our industry.

Timber inventory data collection and verification techniques include the use of industry standard field sampling procedures as well as proprietary remote sensing technologies in some geographies. The data is collected and maintained at the timber stand level.

We also own and operate nurseries and seed orchards in Alabama, Arkansas, Georgia, Louisiana, Mississippi, Oregon, South Carolina, and Washington.

### Summary of 2017 Standing Timber Inventory

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<tr>
<th>GEOGRAPHIC AREA</th>
<th>MILLIONS OF TONS AT DECEMBER 31, 2017</th>
<th>TOTAL INVENTORY(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>West</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Douglas fir/Cedar</td>
<td>164</td>
<td>164</td>
</tr>
<tr>
<td>Whitewood</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Hardwood</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Total West</td>
<td>213</td>
<td>213</td>
</tr>
<tr>
<td>South</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern yellow pine</td>
<td>263</td>
<td>263</td>
</tr>
<tr>
<td>Hardwood</td>
<td>83</td>
<td>83</td>
</tr>
<tr>
<td>Total South</td>
<td>346</td>
<td>346</td>
</tr>
<tr>
<td>North</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conifer</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Hardwood</td>
<td>41</td>
<td>41</td>
</tr>
<tr>
<td>Total North</td>
<td>76</td>
<td>76</td>
</tr>
<tr>
<td>Total Company</td>
<td>635</td>
<td>635</td>
</tr>
</tbody>
</table>

(1) Inventory encompasses all conservation and non-harvest areas.
Summary of 2017 Timberland Locations

<table>
<thead>
<tr>
<th>GEOGRAPHIC AREA</th>
<th>THOUSANDS OF ACRES AT DECEMBER 31, 2017</th>
<th>FEE OWNERSHIP</th>
<th>LONG-TERM LEASES</th>
<th>TOTAL ACRES(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oregon</td>
<td>1,593</td>
<td>—</td>
<td>1,593</td>
<td></td>
</tr>
<tr>
<td>Washington</td>
<td>1,333</td>
<td>—</td>
<td>1,333</td>
<td></td>
</tr>
<tr>
<td>Total West</td>
<td>2,926</td>
<td>—</td>
<td>2,926</td>
<td></td>
</tr>
<tr>
<td>South</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alabama</td>
<td>390</td>
<td>232</td>
<td>622</td>
<td></td>
</tr>
<tr>
<td>Arkansas</td>
<td>1,214</td>
<td>18</td>
<td>1,232</td>
<td></td>
</tr>
<tr>
<td>Florida</td>
<td>227</td>
<td>84</td>
<td>311</td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td>623</td>
<td>55</td>
<td>678</td>
<td></td>
</tr>
<tr>
<td>Louisiana</td>
<td>1,027</td>
<td>351</td>
<td>1,378</td>
<td></td>
</tr>
<tr>
<td>Mississippi</td>
<td>1,154</td>
<td>76</td>
<td>1,230</td>
<td></td>
</tr>
<tr>
<td>North Carolina</td>
<td>564</td>
<td>1</td>
<td>565</td>
<td></td>
</tr>
<tr>
<td>Oklahoma</td>
<td>495</td>
<td>—</td>
<td>495</td>
<td></td>
</tr>
<tr>
<td>South Carolina</td>
<td>281</td>
<td>—</td>
<td>281</td>
<td></td>
</tr>
<tr>
<td>Texas</td>
<td>30</td>
<td>2</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Virginia</td>
<td>124</td>
<td>—</td>
<td>124</td>
<td></td>
</tr>
<tr>
<td>Total South</td>
<td>6,129</td>
<td>819</td>
<td>6,948</td>
<td></td>
</tr>
<tr>
<td>North</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maine</td>
<td>839</td>
<td>—</td>
<td>839</td>
<td></td>
</tr>
<tr>
<td>Michigan</td>
<td>558</td>
<td>—</td>
<td>558</td>
<td></td>
</tr>
<tr>
<td>Montana</td>
<td>713</td>
<td>—</td>
<td>713</td>
<td></td>
</tr>
<tr>
<td>New Hampshire</td>
<td>24</td>
<td>—</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Vermont</td>
<td>86</td>
<td>—</td>
<td>86</td>
<td></td>
</tr>
<tr>
<td>West Virginia</td>
<td>258</td>
<td>—</td>
<td>258</td>
<td></td>
</tr>
<tr>
<td>Wisconsin</td>
<td>4</td>
<td>—</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Total North</td>
<td>2,482</td>
<td>—</td>
<td>2,482</td>
<td></td>
</tr>
<tr>
<td>Total Company</td>
<td>11,537</td>
<td>819</td>
<td>12,356</td>
<td></td>
</tr>
</tbody>
</table>

(1) Acres include all conservation and non-harvest areas.

We provide a year-round flow of logs to internal and external customers. We sell grade and fiber logs to manufacturers that produce a diverse range of products. We also sell standing timber to third parties and lease land for recreational purposes. Our timberlands are generally well located to take advantage of road, logging and transportation systems for efficient delivery of logs to customers.

Western United States

Our Western timberlands are well situated to serve the wood product and pulp markets in Oregon and Washington. Additionally, our location on the West Coast provides access to higher-value export markets for Douglas fir and whitewood logs to Japan, China and Korea. Our largest export market is Japan where Douglas fir is the preferred species for higher-valued post and beam homebuilding. The size and quality of our Western Timberlands, coupled with their proximity to several deep-water port facilities, competitively positions us to meet the needs of Pacific Rim log markets.

Our holdings are composed primarily of Douglas fir, a species highly valued for its structural strength, stiffness and visual appearance. Most of our lands are located on the west side of the Cascade Mountain Range with soil and rainfall conditions considered favorable for growing this species. Approximately 80 percent of our lands are in established Douglas fir plantations. Our remaining holdings include a mix of whitewood and hardwood.

Our management systems and supply chain expertise provide us a competitive operating advantage in a number of areas including research and forestry, harvesting, marketing, and logistics. Additionally, our scale, diversity of timberlands ownership and infrastructure in the West Coast allow us to consistently and reliably supply logs to our customers year round.
The average age of timber harvested from our Western timberlands in 2017 was 50 years. In accordance with our sustainable forestry practices, we harvest approximately 2 percent of our Western acreage each year.

Southern United States

Our Southern acres, covering 11 states, are well situated to serve domestic wood products and pulp markets, including our own mills. Additionally, our coastal locations position us to serve a developing Asian log export market. Our holdings are comprised of 76 percent Southern yellow pine and 24 percent hardwoods.

We intensively manage our timber plantations using:

- forestry research and planning systems to optimize log production,
- customized silviculture prescriptions increasing productivity across our acreage and
- innovative planting and harvesting techniques on varying Southern terrain.

Operationally, we focus on efficiently harvesting and hauling logs from our ownership and capitalizing on our scale and supply chain expertise to consistently and reliably serve customers through seasonal events.

We lease more than 95 percent of our owned Southern acreage for recreational purposes.
The average age of timber harvested from our Southern timberlands in 2017 was 30 years. In accordance with our sustainable forestry practices, we harvest approximately 3 percent of our acreage each year in the South.

Northern United States
We are one of the largest private owners of northern hardwood timberlands. Our Northern acres contain a diverse mix of temperate broadleaf hardwoods and mixed conifer species across timberlands located in seven states. Species include American beech, balsam fir, birch, cedar, cherry, Douglas fir, hemlock, maple, oak, poplar, red pine, spruce, Western larch and white pine. We grow over 50 species and market over 600 product grades to a diverse mix of customers.

Our large-diameter cherry saw logs and veneer logs serve domestic and export furniture markets. Our hard maple and other appearance woods support furniture and high-value decorative applications. In addition to high value hardwood saw logs, our mix includes hardwood fiber logs for pulp and OSB applications. Hardwood pulpwood is a significant market in the Northern region and we have long term supply agreements, primarily at market rates, for nearly 86 percent of our production.

We also grow softwood logs that supply our Montana medium density fiberboard (MDF), lumber and plywood mills and other customers. Our competitive advantages include a merchandising program to capture the value of the premium hardwood logs and steep slope harvest mechanizing systems.

Regeneration is predominantly natural, augmented by planting where appropriate.
The average age of timber harvested from our Northern timberlands in 2017 was 66 years. Timber harvested in the North is sold predominantly as delivered logs to domestic mills, including our manufacturing facilities located in Montana and West Virginia. In accordance with our sustainable forestry practices, we harvest approximately 1 percent of our acreage each year in the North.

Canada — Licensed Timberlands

We manage timberlands in Canada under long-term licenses from the provincial governments to secure volume for our manufacturing facilities in various provinces. The provincial governments regulate the volume of timber that may be harvested each year through Annual Allowable Cuts (AAC), which are updated every 10 years. As of December 31, 2017, our AAC by province was:

- Alberta — 3,107 thousand tons,
- British Columbia — 627 thousand tons,
- Ontario — 254 thousand tons and
- Saskatchewan — 632 thousand tons.

When the volume is harvested, we pay the province at stumpage rates set by the government. The harvested logs are transferred to our manufacturing facilities at cost (stumpage plus harvest, haul and overhead costs less any margin on selling logs to third parties). Any profit from harvesting the log through to converting to finished products is recognized at the respective mill in our Wood Products segment.

A small amount of harvested volumes are sold to unaffiliated customers.

<table>
<thead>
<tr>
<th>GEOGRAPHIC AREA</th>
<th>THOUSANDS OF ACRES AT DECEMBER 31, 2017</th>
<th>TOTAL ACRES UNDER LICENSE ARRANGEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Province:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alberta</td>
<td></td>
<td>5,398</td>
</tr>
<tr>
<td>British Columbia</td>
<td></td>
<td>1,012</td>
</tr>
<tr>
<td>Ontario(1)</td>
<td></td>
<td>2,574</td>
</tr>
<tr>
<td>Saskatchewan(1)</td>
<td></td>
<td>4,987</td>
</tr>
<tr>
<td>Total Canada</td>
<td></td>
<td>13,971</td>
</tr>
</tbody>
</table>

(1) License is managed by partnership.

HOW MUCH WE HARVEST

Our fee harvest volumes are managed sustainably across all regions to ensure the preservation of long-term economic value of the timber and to capture maximum value from the markets. This is accomplished by ensuring annual harvest schedules target financially mature timber and reforestation activities align with the growing of timber through its life cycle to financial maturity.

Five-Year Summary of Timberlands Fee Harvest Volumes

<table>
<thead>
<tr>
<th>FEE HARVEST VOLUMES IN THOUSANDS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee harvest volume – tons:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>10,083</td>
<td>11,083</td>
<td>10,563</td>
<td>10,580</td>
<td>8,435</td>
</tr>
<tr>
<td>South</td>
<td>27,149</td>
<td>26,343</td>
<td>14,113</td>
<td>14,276</td>
<td>14,177</td>
</tr>
<tr>
<td>North</td>
<td>2,205</td>
<td>2,044</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uruguay(1)</td>
<td>822</td>
<td>1,119</td>
<td>980</td>
<td>1,091</td>
<td>902</td>
</tr>
<tr>
<td>Other(2)</td>
<td>1,384</td>
<td>701</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>41,643</td>
<td>41,290</td>
<td>25,656</td>
<td>25,947</td>
<td>23,514</td>
</tr>
</tbody>
</table>

(1) Our Uruguayan operations were divested on September 1, 2017. Refer to Note 3: Discontinued Operations and Other Divestitures in the Notes to Consolidated Financial Statements for further information on this divestiture.

(2) Other includes volumes managed for the Twin Creeks Venture. Our management agreement for the Twin Creeks Venture began in April 2016 and terminated in December 2017. For additional information see Note 8: Related Parties in Notes to Consolidated Financial Statements.
### Five-Year Summary of Timberlands Fee Harvest Volumes - Percentage of Grade and Fiber

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>West</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade</td>
<td>89%</td>
<td>87%</td>
<td>87%</td>
<td>89%</td>
<td>90%</td>
</tr>
<tr>
<td>Fiber</td>
<td>11%</td>
<td>13%</td>
<td>13%</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>South</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade</td>
<td>52%</td>
<td>52%</td>
<td>59%</td>
<td>59%</td>
<td>57%</td>
</tr>
<tr>
<td>Fiber</td>
<td>48%</td>
<td>48%</td>
<td>41%</td>
<td>41%</td>
<td>43%</td>
</tr>
<tr>
<td><strong>North</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade</td>
<td>49%</td>
<td>47%</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Fiber</td>
<td>51%</td>
<td>53%</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Uruguay</strong>(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade</td>
<td>69%</td>
<td>66%</td>
<td>65%</td>
<td>63%</td>
<td>60%</td>
</tr>
<tr>
<td>Fiber</td>
<td>31%</td>
<td>34%</td>
<td>35%</td>
<td>37%</td>
<td>40%</td>
</tr>
<tr>
<td><strong>Other</strong>(2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade</td>
<td>47%</td>
<td>45%</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Fiber</td>
<td>53%</td>
<td>55%</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grade</td>
<td>63%</td>
<td>64%</td>
<td>73%</td>
<td>73%</td>
<td>69%</td>
</tr>
<tr>
<td>Fiber</td>
<td>37%</td>
<td>36%</td>
<td>27%</td>
<td>27%</td>
<td>31%</td>
</tr>
</tbody>
</table>

1. Our Uruguayan operations were divested on September 1, 2017. Refer to Note 3: Discontinued Operations and Other Divestitures in the Notes to Consolidated Financial Statements for further information on this divestiture.
2. Other includes volumes managed for the Twin Creeks Venture. Our management agreement for the Twin Creeks Venture began in April 2016 and terminated in December 2017. For additional information see Note 8: Related Parties in Notes to Consolidated Financial Statements.

#### HOW MUCH WE SELL

Our net sales to unaffiliated customers over the last two years were:

- $1.9 billion in 2017 — up 8 percent from 2016; and

- $1.8 billion in 2016.

Effective December 31, 2017, we terminated the agreements under which we had managed the Twin Creeks timberlands. Refer to Note 8: Related Parties in Notes to Consolidated Financial Statements for further detail.

Our intersegment sales over the last two years were:

- $762 million in 2017 — a decrease of 9 percent from 2016; and


The decrease in intersegment sales is primarily due to a decrease in chip and pulp log intersegment sales, which were previously sold to our Cellulose Fibers business segment. Refer to Note 3: Discontinued Operations and Other Divestitures in Notes to Consolidated Financial Statements for further detail regarding this divestiture.
### Five-Year Summary of Net Sales for Timberlands

#### NET SALES IN MILLIONS OF DOLLARS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Delivered Logs:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>$915</td>
<td>$865</td>
<td>$830</td>
<td>$972</td>
<td>$828</td>
</tr>
<tr>
<td>South</td>
<td>616</td>
<td>566</td>
<td>241</td>
<td>257</td>
<td>256</td>
</tr>
<tr>
<td>North</td>
<td>95</td>
<td>91</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>59</td>
<td>38</td>
<td>24</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,685</td>
<td>1,560</td>
<td>1,095</td>
<td>1,251</td>
<td>1,103</td>
</tr>
<tr>
<td><strong>Stumpage and pay-as-cut timber</strong></td>
<td>73</td>
<td>85</td>
<td>37</td>
<td>18</td>
<td>9</td>
</tr>
<tr>
<td><strong>Uruguay operations</strong></td>
<td>63</td>
<td>79</td>
<td>87</td>
<td>88</td>
<td>76</td>
</tr>
<tr>
<td><strong>Recreational lease revenue</strong></td>
<td>59</td>
<td>44</td>
<td>25</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td><strong>Other products</strong></td>
<td>62</td>
<td>37</td>
<td>29</td>
<td>36</td>
<td>40</td>
</tr>
<tr>
<td><strong>Subtotal sales to unaffiliated customers</strong></td>
<td>1,942</td>
<td>1,805</td>
<td>1,273</td>
<td>1,415</td>
<td>1,249</td>
</tr>
<tr>
<td><strong>Intersegment sales:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>520</td>
<td>590</td>
<td>559</td>
<td>576</td>
<td>518</td>
</tr>
<tr>
<td>Canada</td>
<td>242</td>
<td>250</td>
<td>271</td>
<td>291</td>
<td>281</td>
</tr>
<tr>
<td><strong>Subtotal intersegment sales</strong></td>
<td>762</td>
<td>840</td>
<td>830</td>
<td>867</td>
<td>799</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,704</td>
<td>$2,645</td>
<td>$2,103</td>
<td>$2,282</td>
<td>$2,048</td>
</tr>
</tbody>
</table>

(1) Other delivered logs include sales to unaffiliated customers in Canada and sales from timberlands managed for the Twin Creeks Venture. Our management agreement for the Twin Creeks Venture began in April 2016 and terminated in December 2017. For additional information see Note 8: Related Parties in Notes to Consolidated Financial Statements.

(2) Sales from our Uruguay operations include plywood and hardwood lumber. Our Uruguayan operations were divested on September 1, 2017. Refer to Note 3: Discontinued Operations and Other Divestitures in the Notes to Consolidated Financial Statements for further information on this divestiture.

(3) Other products sales include sales of seeds and seedlings from our nursery operations, chips, and sales from our operations in Brazil (operations sold in 2014).

### Five-Year Trend for Total Net Sales in Timberlands

**Percentage of 2017 Sales Dollars to Unaffiliated Customers**

- **Western Logs**: 47%
- **Southern Logs**: 32%
- **Northern Logs**: 9%
- **Stumpage and Pay-As-Cut Timber**: 3%
- **Uruguay Operations**: 1%
- **Other Products**: 0%

(1) Sales from our Uruguay operations include plywood and hardwood lumber.
Log Sales Volume

Logs sold to unaffiliated customers in 2017 increased 1.8 million tons — 7 percent — from 2016.

- Sales volume in the South increased 1.9 million tons — 12 percent — primarily due to the addition of volumes harvested from acquired Plum Creek Timberlands.
- Sales to “Other” unaffiliated customers increased 0.5 million tons — 55 percent — primarily due to increased chips sales in Canada, which we previously sold to our former Cellulose Fibers segment and were intersegment sales during 2016.

We sell three grades of logs — domestic grade, domestic fiber and export. Factors that may affect log sales in each of these categories include:

- domestic grade log sales — lumber usage, primarily for housing starts and repair and remodel activity, the needs of our own mills and the availability of logs from both outside markets and our own timberlands;
- domestic fiber log sales — demand for chips by pulp, containerboard mills, pellet mills and OSB mills; and
- export log sales — the level of housing starts in Japan and construction in China.

Our sales volume includes logs purchased in the open market and all our domestic and export logs that are sold to unaffiliated customers or transferred at market prices to our internal mills.

Five-Year Summary of Log Sales Volume to Unaffiliated Customers

<table>
<thead>
<tr>
<th>SALES VOLUME IN THOUSANDS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logs – tons:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>8,202</td>
<td>8,713</td>
<td>8,212</td>
<td>8,504</td>
<td>7,300</td>
</tr>
<tr>
<td>South</td>
<td>17,895</td>
<td>15,967</td>
<td>6,480</td>
<td>6,941</td>
<td>7,198</td>
</tr>
<tr>
<td>North</td>
<td>1,574</td>
<td>1,500</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Uruguay (1)</td>
<td>291</td>
<td>470</td>
<td>714</td>
<td>667</td>
<td>394</td>
</tr>
<tr>
<td>Other (2)</td>
<td>1,458</td>
<td>943</td>
<td>551</td>
<td>474</td>
<td>410</td>
</tr>
<tr>
<td>Total</td>
<td>29,420</td>
<td>27,593</td>
<td>15,957</td>
<td>16,586</td>
<td>15,302</td>
</tr>
</tbody>
</table>

(1) Our Uruguayan operations were divested on September 1, 2017. Refer to Note 3: Discontinued Operations and Other Diversifications in the Notes to Consolidated Financial Statements for further information on this divestiture.

(2) Other includes our Canadian operations and managed Twin Creeks Venture. Our management agreement for the Twin Creeks Venture began in April 2016 and terminated in December 2017. For additional information see Note 8: Related Parties in Notes to Consolidated Financial Statements.

Log Prices

The majority of our log sales to unaffiliated customers involve sales to domestic sawmills and the export market. Log prices in the following tables are on a delivered (mill) basis:

Five-Year Summary of Published Domestic Log Prices (#2 Sawlog Bark On — $/MBF)

SELECTED PRODUCT PRICES

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douglas Fir</td>
<td>$663</td>
<td>$705</td>
<td>$650</td>
<td>$650</td>
<td>$716</td>
</tr>
<tr>
<td>Southern Pine Large</td>
<td>$323</td>
<td>$334</td>
<td>$335</td>
<td>$328</td>
<td>$320</td>
</tr>
</tbody>
</table>

SOURCE: LOG LunES/TIMBER MART/SOUTH
Five-Year Summary of Export Log Prices (#2 Sawlog Bark On — $/MBF)

WHERE WE'RE HEADED
Our competitive strategies include:

• continuing to capitalize on our scale of operations, silviculture expertise and sustainability practices;

• optimizing cash flow through operational excellence initiatives including merchandising for value, harvest and transportation efficiencies, and flexing harvest to capture seasonal and short-term opportunities;

• sustaining our export and domestic market access, infrastructure and strong customer relationships;

• increasing our recreational lease revenue stream; and

• continuing to maximize the value of our timberlands portfolio by managing the acres with the ultimate best use in mind.

REAL ESTATE, ENERGY AND NATURAL RESOURCES
Our Real Estate & ENR segment maximizes the value of our timberland ownership through application of our asset value optimization (AVO) process and captures the full value of surface and subsurface assets, such as oil, natural gas, minerals and wind resources.

WHAT WE DO
Real Estate
Properties that exhibit higher value than commercial timberlands are monetized within our Real Estate business. We analyze existing U.S. timberland holdings using a process we call AVO. We start with understanding the value of a parcel operating as commercial timberlands and then assess the specific real estate attributes of the parcel and its corresponding market. The assessment includes demographics, infrastructure and proximity to amenities and recreation to determine the potential to yield a premium value to commercial timberland. Attributes can evolve over time, and accordingly, the assignment of value and opportunity can change.

These properties are acres we expect to sell, and/or entitle to support development, for recreational, conservation, commercial or residential purposes over time. Development, outside of entitlement activities, is typically performed by third parties. Some of our real estate activities are conducted through our taxable REIT subsidiary.

Occasionally we sell a small amount of timberlands acreage in areas where we choose to reduce our market presence, or we can capture a price that exceeds the value derivable from holding and operating as commercial timberlands. These transactions will vary based on factors including the locations and physical characteristics of the timberlands.

The timing of real estate sales is a function of many factors, including the general state of the economy, demand in local real estate markets, the ability of buyers to obtain financing, the number of competing properties listed for sale, the seasonal nature of sales (particularly in the Northern states), the plans of adjacent landowners, our expectation of future price appreciation, the timing of the harvesting activities, and the availability of government and not-for-profit funding. In any period, the average sales price per acre will vary based on the location and physical characteristics of parcels sold.

The AVO review of our legacy Weyerhaeuser Southern timberlands was completed in fourth quarter 2016. The AVO review of our legacy Weyerhaeuser Western timberlands was completed in second quarter 2017. We will continually revisit our AVO assessment of all of our U.S. timberland acres, including legacy Plum Creek acres for which AVO assessment was completed prior to the merger.

Energy and Natural Resources
We focus on maximizing potential opportunities for oil, natural gas, construction materials, industrial minerals, coal, renewable energy and rights of way easements on our timberlands portfolio and retained mineral interests.
As the owner of mineral rights and interests, we typically do not invest in operations but instead enter into contracts with operators granting them the rights to explore and sell natural resources produced from our property in exchange for rents and royalties. Our primary sources of revenue are:

- rentals and royalties from the exploration, extraction, generation and sale of minerals, oil and natural gas, coal and wind energy production;
- rental payments from communication, energy and transportation rights of way; and
- the occasional sale of mineral assets.

We generally reserve mineral rights when selling timberlands acreage. Some Energy and Natural Resources activities are conducted through our taxable REIT subsidiary.

Real Estate Development Joint Venture

Our share of equity earnings from WestRock-Charleston Land Partners, LLC (WR-CLP) is included in the net contribution to earnings of our Real Estate & ENR segment. WR-CLP develops and sells its acreage of high value rural lands and development-quality lands near Charleston, South Carolina. Refer to Note 8: Related Parties in Notes to Consolidated Financial Statements for further information.

### Real Estate, Energy and Natural Resources Sources of Revenue

<table>
<thead>
<tr>
<th>SOURCES</th>
<th>ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate</td>
<td>Select timberland tracts are sold for recreational, conservation, commercial or residential purposes.</td>
</tr>
<tr>
<td>Energy and Natural Resources</td>
<td>• Rights are sold to explore and extract construction aggregates (rock, sand and gravel), coal, industrial materials and oil and natural gas for sale into energy markets.</td>
</tr>
<tr>
<td></td>
<td>• Ground leases and easements are granted to wind and solar developers to generate renewable electricity from our timberlands.</td>
</tr>
<tr>
<td></td>
<td>• Rights are granted to access and utilize timberland acreage for communications, pipeline, powerline and transportation rights of way.</td>
</tr>
</tbody>
</table>

WHERE WE DO IT

Our Real Estate business identifies opportunities to realize premium value for our U.S. timberland acreage.

Our significant Energy and Natural Resources revenue sources are located in Oregon, South Carolina and Georgia (construction material royalties); the Gulf South (oil and natural gas royalties); and West Virginia (coal reserves).

HOW MUCH WE SELL

Our net sales to unaffiliated buyers over the last two years were:

- $280 million in 2017 — up 24 percent from 2016; and

Five-Year Summary of Net Sales for Real Estate, Energy and Natural Resources

<table>
<thead>
<tr>
<th>NET SALES IN MILLIONS OF DOLLARS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>$ 208</td>
<td>$ 172</td>
<td>$ 75</td>
<td>$ 72</td>
<td>$ 84</td>
</tr>
<tr>
<td>Energy and Natural Resources</td>
<td>72</td>
<td>54</td>
<td>26</td>
<td>32</td>
<td>31</td>
</tr>
<tr>
<td>Total</td>
<td>$ 280</td>
<td>$ 226</td>
<td>$ 101</td>
<td>$ 104</td>
<td>$ 115</td>
</tr>
</tbody>
</table>

Five-Year Summary of Real Estate Sales Statistics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Acres sold</td>
<td>97,235</td>
<td>82,887</td>
<td>27,390</td>
<td>24,583</td>
<td>25,781</td>
</tr>
<tr>
<td>Average price per acre</td>
<td>$ 2,079</td>
<td>$ 2,072</td>
<td>$ 2,490</td>
<td>$ 2,428</td>
<td>$ 2,462</td>
</tr>
</tbody>
</table>

WHERE WE'RE HEADED

Our competitive strategies include:

- continuing to apply the AVO process to identify opportunities to capture a premium to timber value;
- maintaining a flexible, low-cost execution model by continuing to leverage strategic relationships with outside real estate brokers;
- capturing the full value of our oil and natural gas, aggregates and industrial minerals, and wind renewable energy resources; and
- delivering the most value from every acre.
WOOD PRODUCTS

We are a large manufacturer of wood products in North America and distributor of wood products, primarily in North America.

WHAT WE DO

Our wood products segment:

- provides high-quality softwood lumber, engineered wood products, structural panels, medium density fiberboard (MDF) and other specialty products to the residential, multi-family, industrial, light commercial and repair and remodel markets;
- distributes our products as well as complementary building products that we purchase from other manufacturers; and
- exports our softwood lumber, oriented strand board (OSB) and engineered wood products, primarily to Asia.

Wood Products

<table>
<thead>
<tr>
<th>PRODUCTS</th>
<th>HOW THEY'RE USED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural lumber</td>
<td>Structural framing for new residential, repair and remodel, treated applications, industrial and commercial structures</td>
</tr>
<tr>
<td>Engineered wood products</td>
<td>Floor and roof joists, and headers and beams for residential, multi-family and commercial structures</td>
</tr>
<tr>
<td>• Solid section</td>
<td></td>
</tr>
<tr>
<td>• I-joists</td>
<td></td>
</tr>
<tr>
<td>Structural panels</td>
<td>Structural sheathing, subflooring and stair tread for residential, multi-family and commercial structures</td>
</tr>
<tr>
<td>• OSB</td>
<td></td>
</tr>
<tr>
<td>• Softwood plywood</td>
<td></td>
</tr>
<tr>
<td>Medium density fiberboard (MDF)</td>
<td>Furniture and cabinet components, architectural moldings, doors, store fixtures, core material for hardwood plywood, face material for softwood plywood, commercial wall paneling and substrate for laminate flooring</td>
</tr>
<tr>
<td>Other products</td>
<td>Wood chips and other byproducts</td>
</tr>
<tr>
<td>Complementary building products</td>
<td>Complementary building products such as cedar, decking, siding, insulation and rebar sold in our distribution facilities</td>
</tr>
</tbody>
</table>

WHERE WE DO IT

We operate manufacturing facilities in the United States and Canada. We distribute through a combination of Weyerhaeuser distribution centers and third-party distributors. Information about the locations, capacities and actual production of our manufacturing facilities is included below.

Summary of Wood Products Capacities and Principal Manufacturing Locations as of December 31, 2017

<table>
<thead>
<tr>
<th>CAPACITIES IN MILLIONS</th>
<th>PRODUCTION</th>
<th>NUMBER OF</th>
<th>FACILITY LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural lumber – board feet</td>
<td>4,985</td>
<td>19</td>
<td>Alabama, Arkansas, Louisiana (2), Mississippi (3), Montana, North Carolina (3), Oklahoma, Oregon (2), Washington (2), Alberta (2), British Columbia</td>
</tr>
<tr>
<td>Engineered solid section – cubic feet</td>
<td>43</td>
<td>6</td>
<td>Alabama, Louisiana, Oregon, West Virginia, British Columbia, Ontario</td>
</tr>
<tr>
<td>Oriented strand board – square feet (3/8&quot;)</td>
<td>3,035</td>
<td>6</td>
<td>Louisiana, Michigan, North Carolina, West Virginia, Alberta, Saskatchewan</td>
</tr>
<tr>
<td>Softwood plywood – square feet (3/8&quot;)</td>
<td>610</td>
<td>3</td>
<td>Arkansas, Louisiana, Montana</td>
</tr>
<tr>
<td>Medium density fiberboard – square feet (3/4&quot;)</td>
<td>265</td>
<td>1</td>
<td>Montana</td>
</tr>
</tbody>
</table>

(1) This represents total press capacity. Three facilities also produce I-Joist to meet market demand. In 2017, approximately 26 percent of the total press production was converted into 213 lineal feet of I-Joist.

Production capacities listed represent annual production volume under normal operating conditions and producing a normal product mix for each individual facility. We also own or lease 18 distribution centers in the U.S. where our products and complementary building products are sold.
## Five-Year Summary of Wood Products Production

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural lumber – board feet</td>
<td>4,509</td>
<td>4,516</td>
<td>4,252</td>
<td>4,152</td>
<td>4,084</td>
</tr>
<tr>
<td>Engineered solid section – cubic feet (1)</td>
<td>25.1</td>
<td>22.8</td>
<td>20.9</td>
<td>20.4</td>
<td>18.0</td>
</tr>
<tr>
<td>Engineered I-joists – lineal feet (1)</td>
<td>213</td>
<td>184</td>
<td>185</td>
<td>182</td>
<td>168</td>
</tr>
<tr>
<td>Oriented strand board – square feet (3/8&quot;)</td>
<td>2,995</td>
<td>2,910</td>
<td>2,847</td>
<td>2,749</td>
<td>2,723</td>
</tr>
<tr>
<td>Softwood plywood – square feet (3/8&quot;) (2)</td>
<td>370</td>
<td>396</td>
<td>248</td>
<td>252</td>
<td>241</td>
</tr>
<tr>
<td>Medium density fiberboard – square feet (3/4&quot;)</td>
<td>232</td>
<td>209</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

(1) Weyerhaeuser engineered solid section facilities also may produce engineered I-joist.
(2) All Weyerhaeuser plywood facilities also produce veneer.

### HOW MUCH WE SELL

Revenues of our Wood Products segment come from sales to wood products dealers, do-it-yourself retailers, builders and industrial users. Wood Products net sales were $5.0 billion in 2017 and $4.3 billion in 2016.

## Five-Year Summary of Net Sales for Wood Products

<table>
<thead>
<tr>
<th>Product Description</th>
<th>2017 (Millions)</th>
<th>2016 (Millions)</th>
<th>2015 (Millions)</th>
<th>2014 (Millions)</th>
<th>2013 (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural lumber</td>
<td>$2,058</td>
<td>$1,839</td>
<td>$1,741</td>
<td>$1,901</td>
<td>$1,873</td>
</tr>
<tr>
<td>Engineered solid section</td>
<td>500</td>
<td>450</td>
<td>428</td>
<td>402</td>
<td>353</td>
</tr>
<tr>
<td>Engineered I-joists</td>
<td>336</td>
<td>290</td>
<td>284</td>
<td>277</td>
<td>247</td>
</tr>
<tr>
<td>Oriented strand board</td>
<td>904</td>
<td>707</td>
<td>595</td>
<td>610</td>
<td>809</td>
</tr>
<tr>
<td>Softwood plywood</td>
<td>176</td>
<td>174</td>
<td>129</td>
<td>143</td>
<td>144</td>
</tr>
<tr>
<td>Medium density fiberboard</td>
<td>183</td>
<td>158</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other products produced</td>
<td>276</td>
<td>201</td>
<td>189</td>
<td>176</td>
<td>171</td>
</tr>
<tr>
<td>Complementary building products</td>
<td>541</td>
<td>515</td>
<td>506</td>
<td>461</td>
<td>412</td>
</tr>
<tr>
<td>Total</td>
<td>$4,974</td>
<td>$4,334</td>
<td>$3,872</td>
<td>$3,970</td>
<td>$4,009</td>
</tr>
</tbody>
</table>

(1) Includes wood chips and other byproducts.

## Five-Year Trend for Total Net Sales in Wood Products

![Net Sales Trend Chart](chart.png)

**WEYERHAEUSER COMPANY > 2017 ANNUAL REPORT AND FORM 10-K**
Wood Products Volume

Five-Year Summary of Sales Volume for Wood Products

<table>
<thead>
<tr>
<th>SALES VOLUME IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural lumber – board feet</td>
<td>4,658</td>
<td>4,723</td>
<td>4,588</td>
<td>4,463</td>
<td>4,436</td>
</tr>
<tr>
<td>Engineered solid section – cubic feet</td>
<td>25.1</td>
<td>23.3</td>
<td>21.3</td>
<td>20.0</td>
<td>18.2</td>
</tr>
<tr>
<td>Engineered I-joists – lineal feet</td>
<td>220</td>
<td>195</td>
<td>188</td>
<td>184</td>
<td>177</td>
</tr>
<tr>
<td>Oriented strand board – square feet (3/8&quot;)</td>
<td>2,971</td>
<td>2,934</td>
<td>2,972</td>
<td>2,788</td>
<td>2,772</td>
</tr>
<tr>
<td>Softwood Plywood – square feet (3/8&quot;)</td>
<td>453</td>
<td>481</td>
<td>381</td>
<td>395</td>
<td>402</td>
</tr>
<tr>
<td>Medium density fiberboard – square feet (3/4&quot;)</td>
<td>222</td>
<td>206</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

(1) Sales volume includes sales of internally produced products and complementary building products sold primarily through our distribution centers.

Wood Products Prices

Prices for commodity wood products — Structural lumber, OSB and Plywood — increased in 2017 from 2016.

In general, the following factors influence sales realizations for wood products:

- Demand for wood products used in residential and multi-family construction and the repair and remodel of existing homes affects prices. Residential and multi-family construction is influenced by factors such as population growth and other demographics, the level of employment, consumer confidence, consumer income, availability of financing and interest rate levels, and the supply and pricing of existing homes on the market. Repair and remodel activity is affected by the size and age of existing housing inventory and access to home equity financing and other credit.

- The availability of supply of commodity building products such as structural lumber, OSB and plywood affects prices. A number of factors can influence supply, including changes in production capacity and utilization rates, weather, raw material supply and availability of transportation.

Demand for wood products continued to improve in 2017. The following graphs reflect product price trends for the past five years.
WHERE WE'RE HEADED

Our competitive strategies include:

- Industry leading controllable manufacturing costs through operational excellence and disciplined capital execution;
- strong alignment with fiber supply;
- leverage our brand and reputation as the preferred provider of quality building products; and
- pursue disciplined, profitable sales growth in target markets.
EXECUTIVE OFFICERS OF THE REGISTRANT

Adrian M. Blocker, 61, has been senior vice president, Wood Products since January 2015. Previously, he served as senior vice president, Lumber, from August 2013 to December 2014. He joined the company in May 2013 as vice president, Lumber. Prior to joining the company, he served as CEO of the Wood Products Council. He has held numerous leadership positions in the industry focused on forest management, fiber procurement, consumer packaging, strategic planning, business development and manufacturing, including at West Fraser, International Paper and Champion International.

Russell S. Hagen, 52, has been senior vice president and chief financial officer since February 2016. Previously, he served as senior vice president, Business Development, at Plum Creek from December 2011 to February 2016. Prior to this he was vice president, Real Estate Development, overseeing the development activities of the company's real estate, oil and gas, construction materials and bioenergy businesses. Mr. Hagen began his career in 1988 with Coopers and Lybrand, where he was a certified public accountant and led the audits of public clients in technology, banking and natural resource industries. He joined Plum Creek in 1993 as Manager of Internal Audit and held director-level positions in accounting, financial operations, risk management and information technology.

Kristy T. Harlan, 44, has been senior vice president, general counsel and corporate secretary since January 2017. She leads the company's Law department, with responsibility for global legal, compliance, real estate services and land title functions. Before joining the company, she was a partner at K&L Gates LLP since 2007. Previously, she worked as an attorney at Preston Gates & Ellis LLP and Akin Gump Strauss Hauer & Feld.

Devin W. Stockfish, 44, has been senior vice president, Timberlands, since January 2018. Previously, he has served as senior vice president, general counsel and corporate secretary, and vice president, Western Timberlands. He joined the company in March 2013 as corporate secretary and assistant general counsel. Before joining the company, he was vice president & associate general counsel at Univar Inc. where he focused on mergers and acquisitions, corporate governance and securities law. Previously, he was an attorney in the law department at Starbucks Corporation and practiced corporate law at K&L Gates LLP. Before he began practicing law, Mr. Stockfish was an engineer with the Boeing Company.

James A. Kilberg, 61, has been senior vice president, Real Estate, Energy and Natural Resources, since April 2016. In this position, he oversees the company's real estate development, land asset management, conservation, mitigation banking, recreational lease management, oil and gas, construction materials, heavy minerals, wind and water. Prior to joining the company, he served as Plum Creek's senior vice president, Real Estate, Energy and Natural Resources, from 2006 until February 2016, and as Plum Creek's vice president, Land Management, from 2001 until 2006. Prior to joining Plum Creek, Mr. Kilberg held several executive positions in real estate, asset management and development. He currently serves on the board of the Georgia Chamber of Commerce and the Alliance Theater, as well as the Corporate Council of the Land Trust Alliance.

Denise M. Merle, 54, has been senior vice president, Human Resources and Information Technology, since February 2016. Prior to her current role, she was senior vice president, Human Resources and Investor Relations, since August 2014; and senior vice president, Human Resources, since February 2014. She was director, Finance and Human Resources, for the Lumber business since 2013. Prior to that, she was director, Compliance & Enterprise Planning, from 2009 to 2013, and director, Internal Audit, from 2004 to 2009. She has also held various roles in the company's paper and packaging businesses, including finance, capital planning and analysis, and business development. She is a licensed CPA in the state of Washington. She serves on the Board of Advisors of the Seattle University business school.

Doyle R. Simons, 54, has been president and chief executive officer since August 2013 and a director of the company since June 2012. He was appointed chief executive officer-elect and an executive officer of the company in June 2013. Prior to joining the company, he served as chairman and chief executive officer of Temple-Inland, Inc., from 2008 until February 2012 when it was acquired by International Paper Company. He held various management positions with Temple-Inland, including executive vice president from 2005 through 2007 and chief administrative officer from 2003 to 2005. Prior to joining Temple-Inland in 1992, he practiced real estate and banking law with Hutcheson and Grundy, L.L.P. He also serves on the Board of Fiserv, Inc.
NATURAL RESOURCE AND ENVIRONMENTAL MATTERS

We are subject to a multitude of laws and regulations in the operation of our businesses. We also participate in voluntary certification of our timberlands to ensure that we sustain their overall quality, including the protection of wildlife and water quality. Changes in law and regulation, or certification standards, can significantly affect our business.

REGULATIONS AFFECTING FORESTRY PRACTICES

In the United States, regulations established by federal, state and local government agencies to protect water quality, wetlands and other wildlife habitat could affect future harvests and forest management practices on our timberlands. Forest practice laws and regulations that affect present or future harvest and forest management activities in certain states include:

- limits on the size of clearcuts,
- requirements that some timber be left unharvested to protect water quality and fish and wildlife habitat,
- regulations regarding construction and maintenance of forest roads,
- rules requiring reforestation following timber harvest and
- various related permit programs.

Each state in which we own timberlands has developed best management practices to reduce the effects of forest practices on water quality and aquatic habitats. Additional and more stringent regulations may be adopted by various state and local governments to achieve water-quality standards under the federal Clean Water Act, protect fish and wildlife habitats, human health, or achieve other public policy objectives.

In Canada, forest operations are carried out on public timberlands under forest licenses with the provinces. All forest operations are subject to:

- forest practices and environmental regulations and
- license requirements established by contract between us and the relevant province designed to:
  - protect environmental values and
  - encourage other stewardship values.

In Canada, 21 member companies of the Forest Products Association of Canada (FPAC), including Weyerhaeuser’s Canadian subsidiary, announced in May 2010 the signing of a Canadian Boreal Forest Agreement (CBFA) with nine environmental organizations. The CBFA applies to approximately 72 million hectares of public forests licensed to FPAC members and, when fully implemented, was expected to lead to the conservation of significant areas of Canada’s boreal forest and protection of boreal species at risk, in particular, woodland caribou. While the CBFA mandate came to an end in 2017, CBFA signatories continue to work on management plans with provincial governments, and seek the participation of aboriginal and local communities in advancing the goals of the CBFA.

ENDANGERED SPECIES PROTECTIONS

In the United States, a number of fish and wildlife species that inhabit geographic areas near or within our timberlands have been listed as threatened or endangered under the federal Endangered Species Act (ESA) or similar state laws, such as:

- the northern spotted owl, the marbled murrelet, a number of salmon species, bull trout and steelhead trout in the Pacific Northwest;
- several freshwater mussel and sturgeon species; and
- the red-cockaded woodpecker, gopher tortoise, gopher frog, dusky gopher frog, American burying beetle and Northern long-eared bat in the South or Southeast.

Additional species or populations may be listed as threatened or endangered as a result of pending or future citizen petitions or petitions initiated by federal or state agencies. In addition, significant citizen litigation seeks to compel the federal agencies to designate “critical habitat” for ESA-listed species, and many cases have resulted in settlements under which designations will be implemented over time. Such designations may adversely affect some management activities and options. Restrictions on timber harvests can result from:

- federal and state requirements to protect habitat for threatened and endangered species;
- regulatory actions by federal or state agencies to protect these species and their habitat; and
- citizen suits under the ESA.

Such actions could increase our operating costs and affect timber supply and prices in general. To date, we do not believe that these measures have had, and we do not believe that in 2018 they will have, a significant effect on our harvesting operations. We anticipate that likely future actions will not disproportionately affect Weyerhaeuser as compared with comparable operations of U.S. competitors.

In Canada:

- The federal Species at Risk Act (SARA) requires protective measures for species identified as being at risk and for critical habitat, pursuant to SARA, Environment Canada continues to identify and assess species deemed to be at risk and their critical habitat.

- In October 2012, the Canadian Minister of the Environment released a strategy for the recovery of the boreal population of woodland caribou under the SARA. The population and distribution objectives for boreal caribou across Canada are to (1) maintain the current status of existing, self-sustaining local caribou populations and (2) stabilize and achieve self-sustaining status for non-self-sustaining local caribou populations. Critical habitat for boreal caribou is identified for all boreal caribou ranges, except for northern Saskatchewan’s Boreal Shield range (SK1) where additional information is required for that population. Species assessment and recovery plans are developed in consultation with aboriginal communities and stakeholders.

- In 2017, the Provinces were required to update the federal government on any progress associated with their draft caribou range plans. These draft plans will be further evaluated in 2018, and any additional information on potential impacts to forest harvest operations will be released.
The identification and protection of habitat and the implementation of range plans and land use action plans may, over time, result in additional restrictions on timber harvests and other forest management practices that could increase operating costs for operators of timberlands in Canada. To date, we do not believe that these Canadian measures have had, and we do not believe that in 2018 they will have, a significant effect on our harvesting operations. We anticipate that likely future measures will not disproportionately affect Weyerhaeuser as compared with similar operations of Canadian competitors.

FOREST CERTIFICATION STANDARDS
We operate in North America under the Sustainable Forestry Initiative (SFI®). This is a certification standard designed to supplement government regulatory programs with voluntary landowner initiatives to further protect certain public resources and values. SFI® is an independent standard, overseen by a governing board consisting of:

- conservation organizations,
- academia,
- the forest industry and
- large and small forest landowners.

Ongoing compliance with SFI® may result in some increases in our operating costs and curtailment of our timber harvests in some areas. There also is competition from other private certification systems, primarily the Forest Stewardship Council (FSC), coupled with efforts by supporters to further those systems by persuading customers of forest products to require products certified to their preferred system. Certain features of the FSC system could impose additional operating costs on timberland management. Because of the considerable variation in FSC standards, and variability in how those standards are interpreted and applied, if sufficient marketplace demand develops for products made from raw materials sourced from other than SFI-certified forests, we could incur substantial additional costs for operations and be required to reduce harvest levels.

WHAT THESE REGULATIONS AND CERTIFICATION PROGRAMS MEAN TO US
The regulatory and non-regulatory forest management programs described above have:

- increased our operating costs;
- resulted in changes in the value of timber and logs from our timberlands;
- contributed to increases in the prices paid for wood products and wood chips during periods of high demand;
- sometimes made it more difficult for us to respond to rapid changes in markets, extreme weather or other unexpected circumstances; and
- potentially encouraged further reductions in the use of, or substitution of other products for, lumber, oriented strand board, engineered wood products and plywood.

We believe that these kinds of programs have not had, and in 2018 will not have, a significant effect on our total harvest of timber in the United States or Canada. However, these kinds of programs may have such an effect in the future. We expect we will not be disproportionately affected by these programs as compared with typical owners of comparable timberlands. We also expect that these programs will not significantly disrupt our planned operations over large areas or for extended periods.

CANADIAN ABORIGINAL RIGHTS
Many of the Canadian timberlands are subject to the constitutionally protected treaty or common-law rights of aboriginal peoples of Canada. Most of British Columbia (B.C.) is not covered by treaties, and as a result the claims of B.C.’s Aboriginal peoples relating to forest resources have been largely unresolved. On June 26, 2014 the Supreme Court of Canada ruled that the Tsilhqot’in Nation holds aboriginal title to approximately 1,900 square kilometers in B.C. This was the first time that the court has declared title to exist based on historical occupation by aboriginal peoples. Many aboriginal groups continue to be engaged in treaty discussions with the governments of B.C., other provinces and Canada.

Final or interim resolution of claims brought by aboriginal groups can be expected to result in:

- additional restrictions on the sale or harvest of timber,
- potential increase in operating costs and
- impact to timber supply and prices in Canada.

We believe that such claims will not have a significant effect on our total harvest of timber or production of forest products in 2018, although they may have such an effect in the future. In 2008, FPAC, of which we are a member, signed a Memorandum of Understanding with the Assembly of First Nations, under which the parties agree to work together to strengthen Canada’s forest sector through economic-development initiatives and business investments, strong environmental stewardship and the creation of skill-development opportunities particularly targeted to aboriginal youth.

POLLUTION-CONTROL REGULATIONS
Our operations are subject to various laws and regulations, including:

- federal,
- state,
- provincial and
- local pollution controls.

These laws and regulations, as well as market demands, impose controls with regard to:

- air, water and land;
- solid and hazardous waste management;
- waste disposal;
- remediation of contaminated sites; and
- the chemical content of some of our products.
Compliance with these laws, regulations and demands usually involves capital expenditures as well as additional operating costs. We cannot easily quantify the future amounts of capital expenditures we might have to make to comply with these laws, regulations and demands or the effects on our operating costs because in some instances compliance standards have not been developed or have not become final or definitive. In addition, it is difficult to isolate the environmental component of most manufacturing capital projects.

Our capital projects typically are designed to:

- enhance safety,
- extend the life of a facility,
- increase capacity,
- increase efficiency,
- facilitate raw material changes and handling requirements,
- increase the economic value of assets or products, and
- comply with regulatory standards.

ENVIRONMENTAL CLEANUP
We are involved in the environmental investigation or remediation of numerous sites. Of these sites:

- we may have the sole obligation to remediate,
- we may share that obligation with one or more parties,
- several parties may have joint and several obligations to remediate or
- we may have been named as a potentially responsible party for sites designated as U.S. Superfund sites.

Our liability with respect to these various sites ranges from insignificant to substantial. The amount of liability depends on:

- the quantity, toxicity and nature of materials at the site; and
- the number and economic viability of the other responsible parties.

We spent approximately $15 million in 2017 and expect to spend approximately $14 million in 2018 on environmental remediation of these sites.

It is our policy to accrue for environmental-remediation costs when we:

- determine it is probable that such an obligation exists and
- can reasonably estimate the amount of the obligation.

We currently believe it is reasonably possible that our costs to remediate all the identified sites may exceed our current accruals of $48 million. Based on currently available information and analysis, remediation costs for all identified sites may exceed our existing reserves by up to $150 million. This estimate of the upper end of the range of reasonably possible additional costs is much less certain than the estimates we currently are using to determine how much to accrue. The estimate of the upper range also uses assumptions less favorable to us among the range of reasonably possible outcomes.

REGULATION OF AIR EMISSIONS IN THE U.S.
The United States Environmental Protection Agency (EPA) has promulgated regulations for air emissions from:

- wood products facilities and
- industrial boilers.

These regulations cover:

- hazardous air pollutants that require use of maximum achievable control technology (MACT); and
- controls for pollutants that contribute to smog, haze and more recently, greenhouse gases.

Between 2011 and 2015, the EPA issued three related portions of new MACT standards for industrial boilers and process heaters. In July 2016, a court decision was issued that remains unsettled at this time, but which will cause certain of the emissions standards to be re-issued. Some of these re-issued emissions standards will be applicable to a small number of our wood products mills. Because the court decision remains unsettled and because we do not know how or when the EPA will implement the final court decision, we cannot predict whether or when the emission standard revisions may have a material impact on regulatory compliance costs at our mills. We do not expect any material expenditures in 2017 to comply with MACT standards.

The EPA must still promulgate supplemental MACT standards for plywood, lumber and composite wood products facilities. The EPA is expected to collect information for these future rulemakings in 2017.

We cannot currently quantify the amount of capital we will need in the future to comply with new regulations being developed by the EPA because final rules have not been promulgated.

In 2010, the EPA issued a final greenhouse gas rule limiting the growth of emissions from new projects meeting certain thresholds. On June 23, 2014, the US Supreme Court issued a decision that removed potential applicability of the underlying 2010 regulations based solely on greenhouse gas emissions and limited application of the rule’s technology requirements to larger emission sources as a result of new emissions from non-greenhouse gas pollutants. As a result of this Supreme Court ruling, EPA is expected to issue new regulations to set thresholds for when the non-greenhouse gas technology requirements apply if the non-greenhouse gas emissions trigger the rule in the first instance. The impact of the Supreme Court ruling is to end the potential applicability of the technology requirements for our smaller manufacturing operations and limit the applicability for our other operations.

In 2015, the EPA issued an extensive regulatory program for new and existing electric utility generating units to scale back emissions of greenhouse gas carbon dioxide (CO2) arising from fossil fuel use to generate electricity. EPA also proposed additional regulations related to how states and federal agencies may implement the requirements finalized in 2015. This regulatory program potentially will have indirect impacts on our operations, such as from rising purchased electricity prices or from mandated energy demand reductions that could apply to our mills and other facilities that we operate. We are evaluating the regulations and additional proposals but are not able to predict whether the regulations, when complete and implemented, will have a material impact on our operations.
We use significant biomass for energy production at our mills. EPA is currently working on rules regarding regulation of biomass emissions. The impact of these greenhouse gas and biomass rules, as well as recent court decisions, on our operations remains uncertain. To address concerns about greenhouse gases as a pollutant, we:

- closely monitor legislative, regulatory and scientific developments pertaining to climate change;
- adopted in 2006, as part of the company's sustainability program, a goal of reducing greenhouse gas emissions by 40 percent by 2020 compared with our emissions in 2000, assuming a comparable portfolio and regulations;
- determined to achieve this goal by increasing energy efficiency and using more greenhouse gas-neutral, biomass fuels instead of fossil fuels; and
- reduced greenhouse gas emissions by approximately 25 percent considering changes in the asset portfolio according to 2014 data, compared to our 2000 baseline. Additional factors that could affect greenhouse gas emissions in the future include:
  - policy proposals by federal or state governments regarding regulation of greenhouse gas emissions,
  - Congressional legislation regulating greenhouse gas emissions within the next several years and
  - establishment of a multistate or federal greenhouse gas emissions reduction trading system with potentially significant implications for all U.S. businesses. We believe these developments have not had, and in 2018 will not have, a significant effect on our operations. Although these measures could have a material adverse effect on our operations in the future, we expect that we will not be disproportionately affected by these measures as compared with owners of comparable operations. We maintain an active forestry research program to track and understand any potential effect from actual climate change related parameters that could affect the forests we own and manage and do not anticipate any disruptions to our planned operations.

REGULATION OF AIR EMISSIONS IN CANADA

In addition to existing provincial air quality regulations, the Canadian federal government has proposed an air quality management system (AQMS) as a comprehensive national approach for improving air quality in Canada. The federal proposed AQMS includes:

- ambient air quality standards for outdoor air quality management across the country,
- a framework for air zone air management within provinces and territories that targets specific sources of air emissions,
- regional airsheds that facilitate coordinated action across borders,
- industrial sector based emission requirements that set a national base level of performance for major industries in Canada and
- improved intergovernmental collaboration to reduce emissions from the transportation sector.

In 2016, Environment Canada released the Pan-Canadian Framework on Clean Growth and Climate Change, a "Greenhouse Gas Emission Framework." The framework put in place a national, sector-based greenhouse gas reduction program applicable to a number of industries. All Canadian provincial governments:

- have greenhouse gas reporting requirements,
- are working on reduction strategies and
- together with the Canadian federal government, are considering new or revised emission standards.

In addition, British Columbia has adopted a carbon tax and Alberta has a mandatory greenhouse gas emission reduction regulation. We believe these measures have not had, and in 2018 will not have, a significant effect on our operations. Although these measures could have a material adverse effect on our operations in the future, we expect that we will not be disproportionately affected by these measures as compared with owners of comparable operations. We also expect that these measures will not significantly disrupt our planned operations.

REGULATION OF WATER

In the U.S., as a result of a litigation under the federal Clean Water Act, additional federal or state permits are now required in some states for the application of pesticides, including herbicides, on timberlands. Those permits have entailed payment of additional costs. In 2015, federal regulatory agencies adopted rules that potentially expand the definition of waters subject to federal Clean Water Act jurisdiction, which could increase the scope and number of permits required for forestry-related activities and entail additional costs for Weyerhaeuser and other forest landowners in the U.S. Those rules were challenged in various federal courts by numerous parties and states, and a nationwide injunction was issued against the rule by the Sixth Circuit Court of Appeals. The U.S. Supreme Court recently ruled that the circuit court does not have jurisdiction over the case, so the nationwide injunction will be dissolved in the immediate future, but one other injunction still blocks the rule in several states. On January 31, 2018, federal agencies took regulatory action to further delay the 2015 rules from going into effect until February 2020. That action will likely be challenged in litigation. If any such challenge is successful, other injunctive efforts will likely be pursued by the parties to one or more of the other pending cases challenging the 2015 rules, whose jurisdiction has now been confirmed by the Supreme Court. Meanwhile, the federal agencies will likely continue to pursue the repeal of the 2015 rules entirely and replacement of them with the pre-2015 rules. We are not able to predict the ultimate resolution of these pending legal and regulatory actions.

In 2016, Washington State Department of Ecology (WA DOE) adopted human health-based water quality criteria. The EPA subsequently promulgated its own water quality standards for Washington state for the protection of human health for certain pollutants. It is unclear what effect, if any, these rules will have on our manufacturing operations in Washington state.

In 2016, the EPA finalized new and revised federal Clean Water Act water quality standards and human health criteria that would apply to waters under the state of Maine's jurisdiction.

In addition, in 2013, amendments to the Canadian Federal Fisheries Act came into force. These amendments change the focus from habitat protection to fisheries protection and increase penalties. We expect further changes to these regulations subsequent to review and regulatory consultations that took place in 2016, but we cannot predict the scope or potential impact, if any, on our operations.

We believe the above developments have not had, and in 2018 will not have, a significant effect on our operations. Although these measures could have a material adverse effect on our operations in the future, we expect that we will not be disproportionately affected by these measures as compared with owners of comparable operations. We also expect that these measures will not significantly disrupt our planned operations.
POTENTIAL CHANGES IN POLLUTION REGULATION
State governments continue to promulgate total maximum daily load (TMDL) requirements for pollutants in water bodies that do not meet state or EPA water quality standards. State TMDL requirements may:

• set limits on pollutants that may be discharged to a body of water; or

• set additional requirements, such as best management practices for nonpoint sources, including timberland operations, to reduce the amounts of pollutants.

It is not possible to estimate the capital expenditures that may be required for us to meet pollution allocations across the various proposed state TMDL programs until a specific TMDL is promulgated.

In Canada, various levels of government have been working to address water issues including use, quality and management. Recent areas of focus include water allocation, regional watershed protection, protection of drinking water, water pricing and a national water quality index.
FORWARD-LOOKING STATEMENTS

This report contains statements concerning our 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 various assumptions we make and

• may not be accurate because of risks and uncertainties surrounding the assumptions we make.

These statements reflect our current views with respect to future events. Factors listed in this section, factors discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report, and other factors not included, may cause our actual results to differ significantly from our forward-looking statements. There is no guarantee that any of the events anticipated by our forward-looking statements will occur. Or if any of the events occur, there is no guarantee what effect it will have on our operations, cash flows, or financial condition.

We undertake no obligation to update our forward-looking statements after the date of this report.

FORWARD-LOOKING TERMINOLOGY

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often use words such as expects, may, should, will, believes, anticipates, estimates, projects, intends, plans, targets or approximately, or similar words. They may use the positive, negative or another variation of those and similar words.

STATEMENTS

In this report we make forward-looking statements concerning our plans, strategies, intentions and expectations, including with respect to our strategic corporate initiatives; operational excellence initiatives, including costs and product development and production; estimated taxes and tax rates; future debt payments; future dividends; future restructuring charges; expected results of litigation and other legal proceedings and the sufficiency of litigation and other contingent liability reserves; expected uses of cash, including share repurchases; expected capital expenditures; expected economic conditions, including markets, pricing and demand for our products; laws and regulations relevant to our businesses; and our expectations relating to pension contributions and benefit payments.

RISKS, UNCERTAINTIES AND ASSUMPTIONS

Major risks and uncertainties, and assumptions that we make, that affect our business and may cause actual results to differ materially from the content of these forward-looking statements include, but are not limited to:

• the effect of general economic conditions, including employment rates, interest rate levels, housing starts, general availability of financing for home mortgages and the relative strength of the U.S. dollar;

• market demand for the company's products, including market demand for our timberland properties with higher and better uses, which is related to, among other factors, the strength of the various U.S. business segments and U.S. and international economic conditions;

• changes in currency exchange rates, particularly the relative value of the U.S. dollar to the yen and the Canadian dollar, and the relative value of the euro to the yen;

• restrictions on international trade, tariffs imposed on imports and the availability and cost of shipping and transportation; economic activity in Asia, especially Japan and China;

• performance of our manufacturing operations, including maintenance and capital requirements;

• potential disruptions in our manufacturing operations;

• the level of competition from domestic and foreign producers;

• the successful execution of our internal plans and strategic initiatives, including restructuring and cost reduction initiatives;

• the successful and timely execution and integration of our strategic acquisitions, including our ability to realize expected benefits and synergies, and the successful and timely execution of our strategic divestitures, each of which is subject to a number of risks and conditions beyond our control including, but not limited to, timing and required regulatory approvals;

• raw material availability and prices;

• the effect of weather;

• the risk of loss from fires, floods, windstorms, hurricanes, pest infestation and other natural disasters;

• energy prices;

• transportation and labor availability and costs;

• federal tax policies;

• the effect of forestry, land use, environmental and other governmental regulations;

• legal proceedings;

• performance of pension fund investments and related derivatives;

• the effect of timing of employee retirements and changes in the market price of our common stock on charges for share-based compensation;

• the accuracy of our estimates of costs and expenses related to contingent liabilities;

• changes in accounting principles; and

• other factors described in this report under Risk Factors.
RISK FACTORS

We are subject to various risks and events that could adversely affect our business, our financial condition, our results of operations, our cash flows and the price of our common stock.

You should consider the following risk factors, in addition to the information presented elsewhere in this report, particularly in "Our Business - Who We Are", "Our Business - What We Do", "Our Business - Natural Resources and Environmental Matters", "Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as in the filings we make from time to time with the SEC, in evaluating us, our business and an investment in our securities.

The risks discussed below are not the only risks we face. Additional risks not currently known to us or that we currently deem immaterial also may adversely affect our business.

RISKS RELATED TO OUR INDUSTRY

MACROECONOMIC CONDITIONS

The industries in which we operate are sensitive to macroeconomic conditions and consequently are highly cyclical.

The overall levels of demand for the products we manufacture and distribute reflect fluctuations in levels of end-user demand, which consequently impact our sales and profitability. End-user demand depends in large part on general macroeconomic conditions, both in the U.S. and globally, as well as on local economic conditions. Current economic conditions in the United States reflect growth at or below historical trends. Global economic conditions reflect issues such as inflation and volatile and sporadic growth in emerging countries. The length and magnitude of industry cycles vary over time, both by market and by product, but generally reflect changes in macroeconomic conditions and levels of industry capacity. Any decline or stagnation in macroeconomic conditions could cause us to experience lower sales volume and reduced margins.

COMMODITY PRODUCTS

Many of our products are commodities that are widely available from other producers.

Because commodity products have few distinguishing properties from producer to producer, competition for these products is based primarily on price, which is determined by supply relative to demand and competition from substitute products. In addition, prices for our products are affected by many other factors outside of our control. As a result, we have little influence over the timing and extent of price changes, which often are volatile. Our profitability with respect to these products depends, in part, on managing our costs, particularly raw material, labor (including contract labor) and energy costs, which represent significant components of our operating costs and can fluctuate based upon factors beyond our control. Both sales and profitability of our products are subject to volatility due to market forces beyond our control.

INDUSTRY SUPPLY OF LOGS AND WOOD PRODUCTS

Excess supply of logs and wood products may adversely affect prices and margins.

Our industry may increase harvest levels, which could lead to an oversupply of logs. Wood products producers may likewise expand manufacturing capacity, which could lead to an oversupply of manufactured wood products. Any increase of industry supply to our markets could adversely affect our prices and margins.

HOMEBUILDING MARKET AND ECONOMIC RISKS

High unemployment, low demand and low levels of consumer confidence can adversely affect our business and results of operations.

Our business is dependent upon the health of the U.S. housing market. Demand for homes is sensitive to changes in economic conditions such as the level of employment, consumer confidence, consumer income, the availability of financing and interest rate levels. Other factors that could limit or adversely affect demand for new homes, and hence demand for our products, include factors such as limited wage growth, increases in non-mortgage consumer debt, any weakening in consumer confidence, and any increase in foreclosure rates and distress sales of houses.

Homebuyers' ability to qualify for and obtain affordable mortgages could be affected by changes in interest rates, changes in home loan underwriting standards and government sponsored entities and private mortgage insurance companies supporting the mortgage market.

Access to affordable mortgage financing is critical to the health of the U.S. housing market. Generally, increases in interest rates make it more difficult for home buyers to obtain mortgage financing, which could negatively affect demand for housing and, in turn, negatively affect demand for our wood products. After an extended period during which the U.S. Federal Reserve kept its benchmark interest rate at historically low levels, it began raising rates again in 2016 and 2017. The number and extent of further rate increases is uncertain.

Credit requirements were severely tightened, and the number of mortgage loans available for financing home purchases were severely reduced, during the most recent recession and ensuing credit crisis. Although the availability of credit has improved since that time, the demand for new homes could be limited or adversely affected if credit requirements were to again tighten or become more restrictive for any reason.

The liquidity provided to the mortgage industry by Fannie Mae and Freddie Mac, both of which purchase home mortgages and mortgage-backed securities originated by mortgage lenders, has been critical to the housing market. Any political or other developments that would have the effect of limiting or restricting the availability of financing by these government sponsored entities could also adversely affect interest rates and the availability of mortgage financing. Whether resulting from direct increases in borrowing rates, tightened underwriting standards on mortgage loans or reduced federal support of the mortgage lending industry, a challenging mortgage financing environment could reduce demand for housing and, therefore, adversely affect demand for our products.
Changes in regulations relating to tax deductions for mortgage interest expense and real estate taxes could harm our future sales and earnings.

Significant costs of homeownership include mortgage interest expense and real estate taxes, both of which are generally deductible for an individual’s federal and, in some cases, state income taxes. Recent federal legislation reduced the amount of mortgage interest and real estate taxes that certain taxpayers may deduct. These and any similar changes to income tax laws by the federal government or by a state government to eliminate or substantially reduce these income tax deductions, or any increase in real property taxes by local governments, may increase the cost of homeownership and thus could adversely affect the demand for our products.

TRANSPORTATION

We depend on third parties for transportation services and increases in costs and disruptions in the availability of transportation could materially adversely affect our business and operations.

Our business depends heavily on the availability of third-party transportation service providers for the transportation of our manufactured wood products and wood fiber; we are therefore materially affected by the availability and cost of these services. Any significant increase in the operating costs to our service providers, including without limitation the cost of fuel or labor, could have a material negative impact on our financial results by increasing the cost of these services to us, as well as result in an overall reduction in the availability of these services altogether.

Our third-party transportation providers are also subject to several events outside of their control, such as disruption of transportation infrastructure, labor issues and natural disasters. Any failure of a third-party transportation provider to timely deliver our products, including delivery of our wood products to our customer and delivery of wood fiber to our mills, could harm our supply chain, negatively affect our customer relationships and have a material adverse effect on our financial condition, results of operations and our reputation.

RISKS RELATED TO OUR BUSINESS

MANAGING COMMERCIAL TIMBERLANDS RISKS
Our ability to harvest and deliver timber may be subject to limitations which could adversely affect our results of operations.

Our primary assets are our timberlands. Weather conditions, timber growth cycles, access limitations, and availability of contract loggers and haulers may adversely affect our ability to harvest our timberlands. Other factors that may adversely affect our timber harvest include damage to our standing timber by fire or by insect infestation, disease, prolonged drought, flooding, severe weather and other natural disasters. Changes in global climate conditions could intensify one or more of these factors. Although damage from such causes usually is localized and affects only a limited percentage of standing timber, there can be no assurance that any damage affecting our timberlands will in fact be limited. As is common in the forest products industry, we do not maintain insurance coverage for damage to our timberlands. Our revenues, net income and cash flow from operations are dependent to a significant extent on the pricing of our products and our continued ability to harvest timber at adequate levels. Therefore, if we were to be restricted from harvesting on a significant portion of our timberlands for a prolonged period of time, or if material damage to a significant portion of our standing timber were to occur, we could suffer a materially adverse impact to our results of operations.

Our timber harvest levels may be affected by acquisitions of additional timberlands, sales of existing timberlands and shifts in harvest from one region to another. Future timber harvest levels may also be affected by our ability to timely and effectively replant harvested areas, which depends on several factors including changes in estimates of long-term sustainable yield because of silvicultural advances, natural disasters, fires, pests, insects and other hazards, regulatory constraints and other factors beyond our control.

Timber harvest activities are also subject to a number of federal, state and local regulations pertaining to the protection of fish, wildlife, water and other resources. Regulations, re-interpretations and litigation can restrict timber harvest activities and increase costs. Examples include federal and state laws protecting threatened, endangered and “at-risk” species, harvesting and forestry road building activities that may be restricted under the U.S. Federal Clean Water Act, state forestry practices laws, laws protecting aboriginal rights, and other similar regulations.

Our estimates of timber inventories and growth rates may be inaccurate and include risks inherent in calculating such estimates, which may impair our ability to realize expected revenues.

Whether in connection with managing our existing timberland portfolio or assessing potential timberland acquisitions, we make and rely on important estimates of merchantable timber inventories. These include estimates of timber inventories that may be lawfully and economically harvested, timber growth rates and end-product yields. Timber growth rates and yield estimates are developed by forest biometricians and other experts using statistical measurements of tree samples on given property. These estimates are central to forecasting our anticipated timber harvests, revenues and expected cash flows. While the company has confidence in its timber inventory processes and the professionals in the field who administer it, growth and yield estimates are inherently inexact and uncertain. If these estimates are inaccurate, our ability to manage our timberlands in a sustainable or profitable manner may be compromised, which may cause our results of operations and our stock price to be adversely affected.

Our operating results and cash flows will be materially affected by supply and demand for timber.

A variety of factors affect prices for timber, including available supply, changes in economic conditions that impact demand, the level of domestic new construction and remodeling activity, interest rates, credit availability, population growth, weather conditions and pest infestation, and other factors. These factors vary by region, by timber type (i.e., sawlogs or pulpwood logs) and by species.

Timber prices are affected by changes in demand on a local, national and international level. The closure of a mill in a region where we own timber could have a material adverse effect on demand in that region, and therefore pricing. For example, as the demand for paper continues to decline, closures of pulp mills in some of our operating regions have adversely affected the regional demand for pulpwood and wood chips. Another example involves our export of logs to Asia. While recent demand from Asian markets has remained steady, some Asian markets, particularly in China, have a history of significant volatility. A decrease in demand for logs from one or more Asian markets could have a negative impact on log and lumber prices.
Timber prices are also affected by changes in timber availability at the local, national and international level. Our timberland ownership is concentrated in Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Oklahoma, Oregon and Washington. In some of these states, much of the timberland is privately owned. Increases in timber prices often result in substantial increases in harvesting on private timberlands, including lands not previously made available for commercial timber operations, causing a short-term increase in supply that moderates such price increases. In western states such as Oregon and Washington, where a greater proportion of timberland is government-owned, any substantial increase in timber harvesting from government-owned land could significantly reduce timber prices. Any decrease in the demand from our log export markets could also result in significant downward pressure on timber prices, particularly in the western region. On a local level, timber supplies can fluctuate depending on factors such as changes in weather conditions and harvest strategies of local timberland owners, as well as occasionally high timber salvage efforts due to events such as pest infestations, fires or other natural disasters.

Timberlands make up a significant portion of our business portfolio.

Our real property holdings are primarily timberlands and we may make additional timberlands acquisitions in the future. As the owner and manager of approximately 12.4 million acres of timberlands, we are subject to the risks that are inherent in concentrated real estate investments. A downturn in the real estate industry generally, or the timber or forest products industries specifically, could reduce the value of our properties and adversely affect our results of operations. Such a downturn could also adversely affect our customers and reduce the demand for our products, as well as our ability to realize upon our strategy of selling nonstrategic timberlands and timberland properties that have higher and better uses at attractive prices. These risks may be more pronounced than if we diversified our investments outside of real property holdings.

MANUFACTURING AND SELLING WOOD PRODUCTS RISKS

A material disruption at one of our manufacturing facilities could prevent us from meeting customer demand, reduce our sales or negatively affect our results of operation and financial condition.

Any of our manufacturing facilities, or any of our machines within an otherwise operational facility, could cease operations unexpectedly due to a number of events, including:

- unscheduled maintenance outages;
- prolonged power failures;
- equipment failure;
- a chemical spill or release;
- explosion of a boiler;
- fires, floods, windstorms, earthquakes, hurricanes or other severe weather conditions or catastrophes, affecting the production of goods or the supply of raw materials (including fiber);
- the effect of drought or reduced rainfall on water supply;
- labor difficulties;
- disruptions in transportation infrastructure, including roads, bridges, rail, tunnels, shipping and port facilities;
- terrorism or threats of terrorism;
- governmental regulations; and
- other operational problems.

Any such downtime or facility damage could prevent us from meeting customer demand for our products or require us to make unplanned capital expenditures. If one of our facilities or machines were to incur significant downtime, our ability to meet our production targets and satisfy customer requirements could be impaired, resulting in lower sales and income. Although some risks are not insurable and some coverage is limited, we purchase insurance protecting our manufacturing facilities from fires, floods, windstorms, earthquakes, equipment failures and boiler explosions.

Some of our products are vulnerable to declines in demand due to competing technologies or materials.

Our products may compete with non-fiber based alternatives or with alternative products in certain market segments. For example, plastic, wood/plastic or composite materials may be used by builders as alternatives to the products produced by our Wood Products businesses such as lumber, veneer, plywood and oriented strand board. Changes in prices for oil, chemicals and wood-based fiber can change the competitive position of our products relative to available alternatives and could increase substitution of those products for our products. If use of these alternative products grows, demand for and pricing of our products could be adversely affected.

Our results of operations and financial condition could be materially adversely affected by changes in product mix or pricing.

Our results may be materially adversely affected by a change in our product mix or pricing. If we are not successful in implementing previously announced or future price increases, or in our plans to increase sales of higher-priced, higher-value products, or if there are delays in acceptance of price increases or if customers do not accept higher-priced products, our results of operations and financial condition could be materially and adversely affected. Price discounting, if required to maintain our competitive position in one or more markets, could result in lower than anticipated price realizations and margins.

We face intense competition in our markets; any failure to compete effectively could have a material adverse effect on our business, financial condition and results of operations.

We compete with North American producers and, for some of our product lines, global producers, some of which may have greater financial resources and lower production costs than do we. The principal basis for competition for many of our products is selling price. Our ability to maintain satisfactory margins depends in large part on our ability to control our costs. Our industries also are particularly sensitive to other factors including innovation, design, quality and service, with varying emphasis on these factors depending on the product line. To the extent that one or more of our competitors become more successful with respect to any key competitive factor, our ability to attract and retain customers could be materially adversely affected. Any failure to compete effectively could have a material adverse effect on our business, financial condition and results of operations.
Another emerging form of competition is between brands of sustainably produced products; customer demand for certain brands could reduce competition among buyers for our products or cause other adverse effects.

In North America, our forests are third-party-certified to the Sustainable Forestry Initiative (SFI®) standard. Some of our customers have expressed a preference in certain of our product lines for products made from raw materials sourced from forests certified to different standards, including standards of the Forest Stewardship Council (FSC). If and to the extent that preference for a standard other than SFI® becomes a customer requirement, there may be reduced demand and lower prices for our products relative to competitors who can supply products sourced from forests certified to competing certification standards. If we seek to comply with such other standards, we could incur materially increased costs for our operations or be required to modify our operations, such as reducing harvest levels. FSC, in particular, employs standards that are geographically variable and could cause a material reduction in the harvest levels of some of our timberlands, most notably in the Pacific Northwest.

Our business and operations could be materially adversely affected by changes in the cost or availability of raw materials and energy.

We rely heavily on certain raw materials (principally wood fiber and chemicals) and energy sources (principally natural gas, electricity and fuel oil) in our manufacturing processes. Our ability to increase earnings has been, and will continue to be, affected by changes in the costs and availability of such raw materials and energy sources. We may not be able to fully offset the effects of higher raw material or energy costs through price increases, productivity improvements, cost-reduction programs or hedging arrangements.

**RISKS RELATED TO CAPITAL MARKETS**

**CAPITAL MARKETS**

Deterioration in economic conditions and capital markets could adversely affect our access to capital.

Challenging market conditions could impair the company’s ability to raise debt or equity capital or otherwise access capital markets on terms acceptable to us, which may, among other impacts, reduce our ability to take advantage of growth and expansion opportunities. Likewise, our customers and suppliers may be unable to raise capital to fund their operations, which could, in turn, adversely affect their ability to purchase products or sell products to us.

**CREDIT RATINGS**

Changes in credit ratings issued by nationally recognized rating organizations could adversely affect our cost of financing and have an adverse effect on the market price of our securities.

Credit rating agencies rate our debt securities on factors that include our operating results and balance sheet, actions that we take, their view of the general outlook for our industry and their view of the general outlook for the economy. Ratings decisions by these agencies include maintaining, upgrading or downgrading our current rating, as well as placing the company on a "watch list" for possible future ratings actions. Any downgrade of our credit rating, or decision by a rating agency to place us on a "watch list" for possible future downgrading could have an adverse impact on our ability to access credit markets, increase our cost of financing, and have an adverse effect on the market price of our securities.

**CAPITAL REQUIREMENTS AND ACCESS TO CAPITAL**

Our operations require substantial capital.

Our businesses require substantial capital for expansion and for repair or replacement of existing facilities or equipment. Although we maintain our production equipment with regular scheduled maintenance, key pieces of equipment may need to be repaired or replaced periodically. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could have a significant impact on our financial condition, results of operations and cash flows.

While we believe our capital resources will be adequate to meet our current projected operating needs, capital expenditures and other cash requirements, if for any reason we are unable to provide for our operating needs, capital expenditures and other cash requirements on acceptable economic terms, we could experience a material adverse effect on our business, financial condition, results of operations and cash flows.

**FOREIGN CURRENCY**

We will be affected by changes in currency exchange rates.

We have manufacturing operations in Canada. We are also an exporter and compete with global producers of products very similar to ours. Therefore, we are affected by changes in the strength of the U.S. dollar, particularly relative to the Canadian dollar, euro and yen, and the strength of the euro relative to the yen. Changes in exchange rates could materially and adversely affect our sales volume, margins and results of operations.
ENVIRONMENTAL LAWS AND REGULATIONS

We could incur substantial costs as a result of compliance with, violations of, or liabilities under applicable environmental laws and other laws and regulations. We are subject to a wide range of general and industry-specific laws and regulations relating to the protection of the environment, including those governing:

- air emissions,
- wastewater discharges,
- harvesting and other silvicultural activities,
- forestry operations and endangered species habitat protection,
- surface water management,
- the storage, management and disposal of hazardous substances and wastes,
- the cleanup of contaminated sites,
- landfill operation and closure obligations,
- building codes, and
- health and safety matters.

We have incurred, and we expect to continue to incur, significant capital, operating and other expenditures complying with applicable environmental laws and regulations and as a result of remedial obligations. We also could incur substantial costs, such as civil or criminal fines, sanctions and enforcement actions (including orders limiting our operations or requiring corrective measures, installation of pollution control equipment or other remedial actions), cleanup and closure costs, and third-party claims for property damage and personal injury as a result of violations of, or liabilities under, environmental laws and regulations.

As the owner and operator of real estate, we may be liable under environmental laws for cleanup, closure and other damages resulting from the presence and release of hazardous substances on or from our properties or operations. In addition, surface water management regulations may present liabilities and are subject to change. The amount and timing of environmental expenditures is difficult to predict, and in some cases, our liability may exceed forecasted amounts or the value of the property itself. The discovery of additional contamination or the imposition of additional cleanup obligations at our sites or third-party sites may result in significant additional costs.

We also lease some of our properties to third-party operators for the purpose of exploring, extracting, developing and producing oil, gas, rock and other minerals in exchange for fees and royalty payments. These activities are also subject to federal, state and local laws and regulations. These operations may create risk of environmental liabilities for any unlawful discharge of oil, gas or other chemicals into the air, soil or water. Generally, these third-party operators indemnify us against any such liability, and we require that that they maintain liability insurance during the term of our lease with them. However, if for any reason our third-party operators are not able to honor their indemnity obligation, or if the required liability insurance were not in effect, then it is possible that we could be deemed responsible for costs associated with environmental liability caused by such third-party operators.

Any material liability we incur as a result of activities conducted on our properties by us or by others with whom we have a business relationship could adversely affect our financial condition.

We also anticipate public policy developments at the state, federal and international level regarding climate change and energy access, security and competitiveness. We expect these developments to address emission of carbon dioxide, renewable energy and fuel standards, and the monetization of carbon. Compliance with regulations that implement new public policy in these areas might require significant expenditures. These developments may also include mandated changes to energy use and building codes which could affect our homebuilding practices. Enactment of new environmental laws or regulations or changes in existing laws or regulations, or the interpretation of these laws or regulations, might require significant expenditures. We also anticipate public policy developments at the state, federal and international level regarding taxes and a number of other areas that could require significant expenditures.

Changes in global or regional climate conditions and governmental response to such changes at the international, U.S. federal and state levels may affect our operations or our planned or future growth activities.

There continue to be numerous international, U.S. federal and state-level initiatives and proposals to address domestic and global climate issues. Within the U.S. and Canada, some of these proposals would (and have in some Canadian provinces) regulate and/or tax the production of carbon dioxide and other greenhouse gases to facilitate the reduction of carbon compound emissions into the atmosphere and provide tax and other incentives to produce and use cleaner energy. Climate change impacts, if they occur, and governmental initiatives, laws and regulations to address potential climate concerns, could increase our costs and have a long-term adverse impact on our businesses and results of operations. Future legislation or regulatory activity in this area remains uncertain, and its impact on our operations is unclear at this time. However, it is possible that legislation or government mandates, standards or regulations intended to mitigate or reduce carbon compound or greenhouse gas emissions or other climate change impacts could adversely affect our operations. For example, such activities could limit harvest levels or result in significantly higher costs for energy and other raw materials. Because our manufacturing operations depend upon significant amounts of energy and raw materials, these initiatives could have an adverse impact on our results of operations and profitability.

LEGAL MATTERS

We are involved in various environmental, regulatory, product liability and other legal matters, disputes and proceedings that, if determined or concluded in a manner adverse to our interests, could have a material adverse effect on our financial condition.

We are, from time to time, involved in a number of legal matters, disputes and proceedings ("legal matters"), some of which involve on-going litigation. These include, without limitation, legal matters involving environmental clean-up and remediation, warranty and non-warranty product liability claims, regulatory issues, contractual and personal injury claims and other legal matters. In some cases, all or a portion of any loss we experience in connection with any such legal matters will be covered by insurance; in other cases, any such losses will not be covered.
We would not be allowed to deduct dividends to shareholders in computing our taxable income. We also would be disqualified from treatment as a REIT for the four taxable years following the year during which we lost qualification. We would be subject to federal and state income tax on our taxable income at applicable corporate rates.

Whether, when, in what forms, or with what effective dates, the tax laws applicable to us or our shareholders may be changed.

Under the Internal Revenue Code, REITs generally must engage in the ownership and management of income producing real estate. For the company, this generally includes owning and managing a timberland portfolio for the production and sale of standing timber. Accordingly, the harvesting and sale of logs, the development or sale of certain timberlands and other real estate, and the manufacture and sale of wood products are conducted through one or more of our wholly-owned taxable REIT subsidiaries (TRSs) because such activities could generate non-qualifying REIT income and could constitute "prohibited transactions." Prohibited transactions are defined by the Internal Revenue Code generally to be sales or other dispositions of property to customers in the ordinary course of a trade or business. By conducting our business in this manner, we believe that we satisfy the REIT requirements of the Internal Revenue Code and are not subject to the 100 percent tax that could be imposed if a REIT were to conduct a prohibited transaction. The net income of our TRSs is subject to corporate-level income tax.

The extent of our use of our TRSs may affect the price of our common shares relative to the share price of other REITs.

We conduct a significant portion of our business activities through one or more TRSs. The use of our TRSs enables us to engage in non-REIT qualifying business activities such as the sale of logs, production and sale of wood products, and the development and sale of certain higher and better use (HBU) property. Our TRSs are subject to corporate-level income tax. Under the Code, no more than 20 percent of the value of the gross assets of a REIT may be represented by securities of one or more TRSs. This limitation may affect our ability to increase the size of our TRSs' operations. Furthermore, our use of TRSs may cause the market to value our common shares differently than the shares of other REITs, which may not use TRSs as extensively as we use them.

We may be limited in our ability to fund distributions using cash generated through our TRSs.

The ability of the REIT to receive dividends from our TRSs is limited by the rules with which we must comply to maintain our status as a REIT. In particular, at least 75 percent of gross income for each taxable year as a REIT must be derived from real estate sources including sales of our standing timber and other types of qualifying real estate income and no more than 25 percent of our gross income may consist of dividends from our TRSs and other non-real estate income.

This limitation on our ability to receive dividends from our TRSs may affect our ability to fund cash distributions to our shareholders using cash flows from our TRSs. The net income of our TRSs is not required to be distributed, and TRS income that is not distributed to the REIT will not be subject to the REIT income distribution requirement.

Our dividends are not guaranteed and may fluctuate.

Generally, REITs are required to distribute 90 percent of their ordinary taxable income and 95 percent of their net capital gains income. Capital gains may be retained by the REIT but would be subject to corporate income taxes. If capital gains are retained rather than distributed, our shareholders would be notified, and they would be deemed to have received a taxable distribution, with a refundable credit for any federal income tax paid by the REIT. Accordingly, we believe that we are not required to distribute material amounts of cash since substantially all of our taxable income is treated as capital gains income. Our board of directors, in its sole discretion, determines the amount of quarterly dividends to be provided to our shareholders based on consideration of a number of factors. These factors include, but are not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions that may impose limitations on cash payments, future acquisitions and divestitures, harvest levels, changes in the price and demand for our products and general market demand for timberlands including those timberland properties that have higher and better uses. Consequently, our dividend levels may fluctuate.

Changes in tax laws or their interpretation could adversely affect our shareholders and our results of operations.

Federal and state tax laws are constantly under review by persons involved in the legislative process, the Internal Revenue Service, the United States Department of the Treasury, and state taxing authorities. Changes to tax laws could adversely affect our shareholders or increase our effective tax rates. We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws applicable to us or our shareholders may be changed.
import/export taxes and duties

We may be required to pay significant taxes on our exported products or countervailing and anti-dumping duties on our imported products.

We export logs and finished wood products to foreign markets, and our ability to do so profitably is affected by U.S. and foreign trade policy. International trade disputes occur frequently and can be taken to an International Trade Court for resolution of unfair trade practices between countries. For example, there have been many disputes and subsequent trade agreements regarding sales of softwood lumber between Canada, historically a significant source of lumber for the U.S. market, and the United States. The Softwood Lumber Agreement (SLA) between Canada and the U.S., originally signed in October 2006, expired in October 2015, and a new agreement has not been reached. The prior agreement imposed a sliding scale export tax on Canadian lumber exported to the U.S. when the price of lumber was at or below a threshold price. In November 2016, a coalition of U.S. lumber producers filed petitions seeking countervailing and anti-dumping duties on Canadian lumber. On the basis of the U.S. International Trade Commission's affirmative finding of injury to U.S. lumber producers, the U.S. Department of Commerce recently imposed final anti-dumping and countervailing duties at a combined rate of 20.23% on most Canadian softwood lumber exporters.

For more information regarding the status of the softwood lumber agreement and any U.S. government regulatory action regarding imposition of countervailing and anti-dumping duties or other actions, and the effect of any such actions on our business, see the discussion in the Management's Discussion and Analysis - Softwood Lumber Agreement section of this report.

U.S. international trade policy could result in one or more of our foreign export market jurisdictions adopting responsive trade policy making it more difficult or costly for us to export our products to those countries. We could therefore experience reduced revenues and margins in any of our businesses that is adversely affected by international trade tariffs, duties, taxes, customs or dispute settlement terms. To the extent such trade policies increase prices, they could also reduce the demand for our products and could have a material adverse effect on our business, financial results and financial condition, including facility closures or impairments of assets. We cannot predict future trade policy or the terms of any settlements of international trade disputes and their impact on our business.

distribution of wreco shares

We could incur substantial U.S. federal tax liability if the WRECO transaction were found not to qualify as a tax-free “reorganization” or the distribution of WRECO shares to Weyerhaeuser shareholders were found not to qualify as a tax-free distribution.

In 2014, we closed the divestiture of our home building business, Weyerhaeuser Real Estate Company (WRECO), via a "Reverse Morris Trust" transaction pursuant to which a wholly-owned subsidiary of TRI Pointe Homes, Inc. (TRI Pointe) merged with and into WRECO, with WRECO surviving the merger and becoming a wholly-owned subsidiary of TRI Pointe. The Reverse Morris Trust transaction was structured to qualify as a tax-free reorganization and the associated distribution of WRECO shares to Weyerhaeuser shareholders as a tax-free distribution. If the transaction were determined not to qualify as a tax-free reorganization, or if the distribution does not qualify as a tax-free distribution, then Weyerhaeuser or its subsidiaries or Weyerhaeuser shareholders may be required to pay substantial U.S. federal income taxes.

If the transaction were determined not to qualify as a tax-free reorganization or the distribution not to qualify as a tax-free distribution, or if Weyerhaeuser were required to indemnify TRI Pointe and WRECO, such taxes and indemnification obligations could be substantial and could materially and adversely affect the company's cash flows, financial condition and results of operations.

Our merger with Plum Creek Timber Company, Inc.

We could incur substantial U.S. federal tax liability in connection with our merger with Plum Creek.

On February 19, 2016, Plum Creek Timber Company, Inc. merged with and into Weyerhaeuser Company, with Weyerhaeuser continuing as the surviving company. Both companies have operated in a manner intended to qualify them as "REITs" for U.S. federal income tax purposes under the Internal Revenue Code. See "REIT Status and Tax Implications" above for a description of the consequences of our failure to maintain REIT status. However, even if we have operated in a manner that allows us to retain our REIT status, if Plum Creek were deemed to have lost its REIT status for a taxable year before the merger or the taxable year in which the merger occurred, we could face serious tax consequences that could substantially reduce cash available for distribution to our shareholders and significantly impair our ability to expand our business and raise capital. In addition, if the merger were determined not to qualify as a tax-free merger, we could incur substantial federal tax liability that could materially and adversely affect the company's cash flows, financial condition and results of operations.

other risks

cybersecurity

We rely on information technology to support our operations and reporting environments. A security failure of that technology could impact our ability to operate our businesses effectively, adversely affect our reported financial results, impact our reputation and expose us to potential liability or litigation.

We use information systems to carry out our operational activities, maintain our business records, collect and store sensitive data, including intellectual property, other proprietary and personally identifiable information. Some systems are internally managed and some are maintained by third-party service providers. We and our service providers employ what we believe are reasonably adequate security measures, but notwithstanding these efforts, our systems could be compromised as a result of a cyber incident, natural disaster, hardware or software corruption, failure or error, telecommunications system failure, service provider error or failure, intentional or unintentional personnel actions or other disruption. If by any cause our systems or information resources were compromised, or if our data were destroyed, misappropriated or inappropriately disclosed we could suffer significant loss or incur significant liability, including: damage to our reputation; loss of customer confidence or goodwill; and significant expenditures of time and money to address and remediate resulting damages to affected individuals or business partners, or to defend ourselves in resulting litigation or other legal proceedings, by affected individuals, business partners or regulators.
PENSION PLAN LIABILITY

We have a significant pension liability.

A portion of our current and former employees have accrued benefits under our defined benefit pension plans. Although the plans are not open to employees hired on or after January 1, 2014, current employees hired before that time continue to accrue benefits. Requirements for funding our pension plan liabilities are based on a number of actuarial assumptions, including the expected rate of return on our plan assets and the discount rate applied to our pension plan obligations. Fluctuations in equity market returns and changes in long-term interest rates could increase our costs under our plans and may significantly impact future contribution requirements. It is unknown what the actual investment return on our pension assets will be in future years and what interest rates may be at any given point in time. We cannot therefore provide any assurance of what our actual pension plan costs will be in the future, or whether we will be required under applicable law to make future material plan contributions. See Note 9: Pension and Other Postretirement Benefit Plans of Notes to Consolidated Financial Statements for additional information about these plans, including funding status.

STRATEGIC INITIATIVES

Our business and financial results may be adversely affected if we are unable to successfully execute on important strategic initiatives.

There can be no assurance that we will be able to successfully implement important strategic initiatives in accordance with our expectations, which may result in an adverse impact on our business and financial results. These strategic initiatives are designed to improve our results of operations and drive long-term shareholder value, and include, among others: optimizing cash flow through operational excellence; reducing costs to achieve industry-leading cost structure; and innovating in higher-margin products.

We may be unsuccessful in carrying out our acquisition strategy.

We intend to strategically pursue acquisitions of timberland properties when market conditions warrant. As with any investment, our acquisitions may not perform in accordance with our expectations. In addition, we anticipate financing such acquisitions through cash from operations, borrowings under our unsecured credit facilities, proceeds from equity or debt offerings or proceeds from asset dispositions, or any combination thereof. Our inability to finance future acquisitions on favorable terms could adversely affect our results of operations.

PEOPLE

Our business is dependent upon attracting, retaining and developing key personnel.

Our success depends, to a significant extent, upon our ability to attract, retain and develop senior management, operations management and other key personnel. Our financial condition or results of operations could be significantly adversely affected if we were to fail to recruit, retain, and develop such personnel, or if there were to occur any significant increase in the cost of providing such personnel with competitive total compensation and benefits.

STOCK-PRICE VOLATILITY

The market price of our common stock may be influenced by many factors, some of which are beyond our control.

The market price of our common stock may be influenced by many factors, some of which are beyond our control, including without limitation those described above and elsewhere in this report, as well as the following:

- actual or anticipated fluctuations in our operating results or our competitors’ operating results;
- announcements by us or our competitors of new products, capacity changes, significant contracts, acquisitions or strategic investments;
- our growth rate and our competitors’ growth rates;
- general economic conditions;
- conditions in the financial markets;
- changes in stock market analyst recommendations regarding us, our competitors or the forest products industry generally, or lack of analyst coverage of our common stock;
- sales of our common stock by our executive officers, directors and significant stockholders;
- sales or repurchases of substantial amounts of common stock;
- changes in accounting principles; and
- changes in tax laws and regulations.

In addition, there has been significant volatility in the market price and trading volume of securities of companies operating in the forest products industry that often has been unrelated to individual company operating performance. Some companies that have experienced volatile market prices for their securities have had securities litigation brought against them. If litigation of this type is brought against us, it could result in substantial costs and divert management’s attention and resources.
UNRESOLVED STAFF COMMENTS
There are no unresolved comments that were received from the SEC staff relating to our periodic or current reports under the Securities Exchange Act of 1934.

PROPERTIES
Details about our facilities, production capacities and locations are found in the Our Business — What We Do section of this report.
• For details about our Timberlands properties, go to Our Business/What We Do/Timberlands/Where We Do It.
• For details about our Real Estate, Energy and Natural Resources properties, go to Our Business/What We Do/Real Estate, Energy and Natural Resources/Where We Do It.
• For details about our Wood Products properties, go to Our Business/What We Do/Wood Products/Where We Do It.

LEGAL PROCEEDINGS
See Note 14: Legal Proceedings, Commitments and Contingencies and Note 20: Income Taxes in the Notes to Consolidated Financial Statements for a summary of legal proceedings.

MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES
Our common stock trades on the following exchanges under the symbol WY:
• New York Stock Exchange
As of December 31, 2017, there were 15,138 holders of record of our common shares. Dividend-per-share data and the range of closing market prices for our common stock for each of the four quarters in 2017 and 2016 are included in Note 22: Selected Quarterly Financial Information (unaudited) in the Notes to Consolidated Financial Statements.

INFORMATION ABOUT SECURITIES AUTHORIZED FOR ISSUANCE UNDER OUR EQUITY COMPENSATION PLAN

<table>
<thead>
<tr>
<th></th>
<th>Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights</th>
<th>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights</th>
<th>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities to be Issued Upon Exercise)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity compensation plans approved by security holders(1)</td>
<td>11,232,881</td>
<td>$21.21</td>
<td>21,092,207</td>
</tr>
<tr>
<td>Equity compensation plans not approved by security holders</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
<td>11,232,881</td>
<td>$21.21</td>
<td>21,092,207</td>
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</table>

(1) Includes 1,509,474 restricted stock units and 965,347 performance share units. Because there is no exercise price associated with restricted stock units and performance share units, excluding these stock units the weighted average exercise price calculation would be $26.38.

INFORMATION ABOUT COMMON STOCK REPURCHASES DURING 2017
The 2016 Share Repurchase Authorization was approved in November 2015 by our Board of Directors and authorized management to repurchase up to $2.5 billion of outstanding shares subsequent to the closing of our merger with Plum Creek. Transaction fees incurred for repurchases are not counted as use of funds authorized for repurchase under the 2016 Share Repurchase Authorization. All common stock purchases under the stock repurchase program are to be made in open-market transactions. We did not enter into any common stock repurchases during 2017.

WEYERHAEUSER COMPANY > 2017 ANNUAL REPORT AND FORM 10-K
COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL SHAREHOLDER RETURN
Weyerhaeuser Company, S&P 500 and S&P Global Timber & Forestry Index

PERFORMANCE GRAPH ASSUMPTIONS
• Assumes $100 invested on December 31, 2012, in Weyerhaeuser common stock, the S&P 500 Index and the S&P Global Timber & Forestry Index.
• Total return assumes dividends received are reinvested at month end.
• Measurement dates are the last trading day of the calendar year shown.
### SELECTED FINANCIAL DATA

**DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES**

#### PER COMMON SHARE

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<tbody>
<tr>
<td>Diluted earnings from continuing operations attributable to Weyerhaeuser common shareholders</td>
<td>$0.77</td>
<td>$0.55</td>
<td>$0.71</td>
<td>$1.02</td>
<td>$0.54</td>
</tr>
<tr>
<td>Diluted earnings from discontinued operations attributable to Weyerhaeuser common shareholders</td>
<td>—</td>
<td>$0.84</td>
<td>$0.18</td>
<td>$2.16</td>
<td>$0.41</td>
</tr>
<tr>
<td>Diluted net earnings attributable to Weyerhaeuser common shareholders</td>
<td>$0.77</td>
<td>$1.39</td>
<td>$0.89</td>
<td>$3.18</td>
<td>$0.95</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>$1.25</td>
<td>$1.24</td>
<td>$1.20</td>
<td>$1.02</td>
<td>$0.81</td>
</tr>
<tr>
<td>Weyerhaeuser shareholders’ interest (end of year)</td>
<td>$11.78</td>
<td>$12.26</td>
<td>$9.54</td>
<td>$10.11</td>
<td>$11.64</td>
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#### FINANCIAL POSITION

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<tbody>
<tr>
<td>Total assets</td>
<td>$18,059</td>
<td>$19,243</td>
<td>$12,470</td>
<td>$13,247</td>
<td>$14,352</td>
</tr>
<tr>
<td>Total long-term debt, including current portion</td>
<td>$5,992</td>
<td>$6,610</td>
<td>$4,787</td>
<td>$4,873</td>
<td>$4,871</td>
</tr>
<tr>
<td>Weyerhaeuser shareholders’ interest</td>
<td>$8,899</td>
<td>$9,180</td>
<td>$4,869</td>
<td>$5,304</td>
<td>$6,795</td>
</tr>
<tr>
<td>Percent earned on average year-end Weyerhaeuser shareholders’ interest</td>
<td>6.4%</td>
<td>14.3%</td>
<td>9.1%</td>
<td>29.5%</td>
<td>9.9%</td>
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#### OPERATING RESULTS

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<tbody>
<tr>
<td>Net sales</td>
<td>$7,196</td>
<td>$6,365</td>
<td>$5,246</td>
<td>$5,489</td>
<td>$5,373</td>
</tr>
<tr>
<td>Earnings from continuing operations</td>
<td>582</td>
<td>415</td>
<td>411</td>
<td>616</td>
<td>330</td>
</tr>
<tr>
<td>Discontinued operations, net of income taxes</td>
<td>—</td>
<td>612</td>
<td>95</td>
<td>1,210</td>
<td>233</td>
</tr>
<tr>
<td>Net earnings</td>
<td>582</td>
<td>1,027</td>
<td>506</td>
<td>1,826</td>
<td>563</td>
</tr>
<tr>
<td>Dividends on preference shares</td>
<td>—</td>
<td>(22)</td>
<td>(44)</td>
<td>(44)</td>
<td>(23)</td>
</tr>
<tr>
<td>Net earnings attributable to Weyerhaeuser common shareholders</td>
<td>582</td>
<td>$1,005</td>
<td>$462</td>
<td>$1,782</td>
<td>$540</td>
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#### CASH FLOWS

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<tbody>
<tr>
<td>Net cash from operations</td>
<td>$1,201</td>
<td>$735</td>
<td>$1,075</td>
<td>$1,109</td>
<td>$1,023</td>
</tr>
<tr>
<td>Net cash from investing activities</td>
<td>367</td>
<td>2,559</td>
<td>(487)</td>
<td>361</td>
<td>(1,848)</td>
</tr>
<tr>
<td>Net cash from financing activities</td>
<td>(1,420)</td>
<td>(3,630)</td>
<td>(1,156)</td>
<td>(725)</td>
<td>762</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents</td>
<td>$148</td>
<td>$336</td>
<td>$588</td>
<td>$745</td>
<td>$63</td>
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#### STATISTICS (UNAUDITED)

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<tbody>
<tr>
<td>Number of employees</td>
<td>9,300</td>
<td>10,400</td>
<td>12,600</td>
<td>12,800</td>
<td>13,700</td>
</tr>
<tr>
<td>Number of common shareholder accounts at year-end</td>
<td>15,138</td>
<td>15,504</td>
<td>7,700</td>
<td>8,248</td>
<td>8,859</td>
</tr>
<tr>
<td>Number of common shares outstanding at year-end (thousands)</td>
<td>755,223</td>
<td>748,528</td>
<td>510,483</td>
<td>524,474</td>
<td>583,548</td>
</tr>
<tr>
<td>Weighted average common shares outstanding – diluted (thousands)</td>
<td>756,666</td>
<td>722,401</td>
<td>519,618</td>
<td>560,899</td>
<td>571,239</td>
</tr>
</tbody>
</table>

(1) Amounts are not updated for the Cellulose Fibers divestitures. See Note 3: Discontinued Operations and Other Divestitures in the Notes to Consolidated Financial Statements.

(2) Does not include nonrecourse debt held by our Variable Interest Entities (VIEs). See Note 8: Related Parties in the Notes to Consolidated Financial Statements for further information on our VIEs and the related nonrecourse debt.
ECONOMIC AND MARKET CONDITIONS AFFECTING OUR OPERATIONS

The demand for logs within our Timberlands segment is directly affected by production levels of domestic wood-based building products. This segment, specifically the Western region, is also affected by export demand. Japanese housing starts are a key driver of export log demand in Japan. The strength of the U.S. housing market strongly affects demand in our Wood Products segment, as does repair and remodeling activity.

According to the U.S. Census Bureau, housing starts in 2017 totaled 1.2 million units. Single family units accounted for 0.8 million of total housing starts year to date, increasing the share of single family units to 71 percent of total housing starts compared with 67 percent in 2016. While total housing start growth slowed in 2017, rising by a modest 2.4 percent overall, there has been a shift in construction away from multifamily units, which are down 10 percent year over year, to single family units, which have increased 9 percent over the same period. This shift to the more wood intensive single family construction has been positive for wood products demand. We continue to expect improving U.S. housing starts and anticipate a 4 percent to 10 percent increase in total starts in 2018. Consensus forecasts place expected total housing starts between 1.25 and 1.31 million units for 2018 (sources include National Association of Home Builders (NAHB), Fannie Mae, Mortgage Bankers Association, The Engineered Wood Association (APA), and Forest Economic Advisors, LLC (FEA)). Demand for homes remains strong relative to inventories. U.S. Census reported new homes sales of 608 thousand units in 2017, an increase of 8.4 percent over 2016. This sales level was characterized by consistently low inventories as measured by months of supply, which averaged 5.4 months through 2017. Existing home sales continued to rise in 2017, with total sales of 5.51 million units, a gain of 11.1 percent over 2016 and the highest sales level since 2006 according to the National Association of Realtors. Existing home inventories were also tight with supplies averaging 3.9 months for the year, down from 4.3 months in 2016. We attribute this continued improvement primarily to employment growth, improving consumer confidence and favorable mortgage rates.

According to the Joint Center for Housing Studies at Harvard University, the Leading Indicator of Remodeling Activity (LIRA) increased by 6.4 percent in 2017 and is expected to increase by 7.5 percent year over year for 2018.

U.S. wood product markets advanced in 2017, consistent with growth in homebuilding and remodeling segments, as described above. According to FEA, North American lumber consumption grew at a 7.2 percent rate in 2017. The Random Lengths framing lumber composite price increased 19.4 percent in 2017 versus 2016 while oriented strand board (OSB) increased 31 percent in 2017 versus 2016 as measured by Random Lengths North Central Price. We expect similar to slightly higher wood product prices in 2018 as demand continues to increase with growth in housing starts and remodeling.

Consistent with this, demand for logs increased with wood products production within our Western region. This coupled with higher market prices year over year drove higher realizations within this region. Douglas fir sawlog prices as reported by Loglines increased 10 percent from 2016 for the domestic market and 5.7 percent for Japan export logs. In the South, log supplies increased consistent with increased demand, leaving prices flat to slightly down year-over-year. According to TimberMart - South, prices for delivered sawtimber and stumpage were down 2.6 percent and 4.6 percent respectively.

Log inventories in Chinese ports have been stable through 2017, ranging from 1.0 million to 1.5 million cubic meters (M³) per month as reported by International Wood Markets China Bulletin. Log and lumber demand in China remain strong, primarily due to the strength of construction activity. Total imports of logs and lumber increased 13 percent and 20 percent, respectively, for the first 11 months of 2017 compared on a year ago basis. In Japan, post and beam housing starts (the primary source of log demand) for January through November 2017 are up 1.0 percent from the same period last year while total housing starts are down 0.1 percent on a year ago basis.

We expect demand from China and Japan in 2018 to be similar to modestly improved from demand experienced in 2017.

Our Real Estate, Energy and Natural Resources segment is affected by the health of the U.S. economy and especially the U.S. housing sector of the economy. According to the Realtors Land Institute of the National Association of Realtors, the dollar volume of rural properties, including timber, sold in 2017 grew 4 percent over 2016 sales while per acre prices were up 3 percent on average.

Energy markets recovered steadily in 2017. For the year, Brent crude oil averaged $54 per barrel in 2017, an increase of $10 per barrel from 2016 levels. Prices increased fairly steadily through the second half of the year, with year-end prices higher than the annual average. Natural gas prices were also higher in 2017 averaging $2.99 per million British thermal units (MMBtu) a 19 percent increase over 2016. Expectations are for energy prices to be stable to gradually increasing in 2018.
FINANCIAL PERFORMANCE SUMMARY

Net Sales by Segment

<table>
<thead>
<tr>
<th>NET SALES BY SEGMENT IN MILLIONS OF DOLLARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
</tr>
<tr>
<td>TIMBERLANDS</td>
</tr>
<tr>
<td>$1,273</td>
</tr>
</tbody>
</table>

Contribution to Earnings by Segment

<table>
<thead>
<tr>
<th>CONTRIBUTION TO EARNINGS BY SEGMENT IN MILLIONS OF DOLLARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
</tr>
<tr>
<td>TIMBERLANDS</td>
</tr>
<tr>
<td>$470</td>
</tr>
</tbody>
</table>
SOFTWOOD LUMBER AGREEMENT

We operate a total of 19 softwood lumber mills with a total capacity of 4.9 billion board feet. Three of these mills, located in Canada, produce approximately 900 million board feet annually, and sell products in Canada, Asia, and the U.S.

On April 24, 2017, the U.S. Department of Commerce announced a preliminary determination that it would implement countervailing duties on Canadian softwood lumber shipments to the U.S. The rate applicable to Weyerhaeuser was 19.88 percent and became effective as of April 26, 2017. The U.S. Department of Commerce also announced that retroactive deposits at the 19.88 percent rate would be collected from certain Canadian lumber producers, including Weyerhaeuser, for softwood lumber shipments from Canada to the U.S. during the 90-day period prior to April 28, 2017.

The preliminary countervailing duties were suspended on August 26, 2017, at which time we effectively stopped accruing for the expense. The suspension of the countervailing duties was set to last until the US International Trade Commission reaches its final determination of injury, which was issued December 28, 2017.

On June 26, 2017, the U.S. Department of Commerce announced a preliminary determination that it would implement anti-dumping duties on Canadian softwood lumber shipments to the U.S. The rate applicable to Weyerhaeuser was 6.87 percent and became effective as of June 30, 2017. The U.S. Department of Commerce also announced that retroactive deposits at the 6.87 percent rate would be collected from certain Canadian lumber producers, including Weyerhaeuser, for softwood lumber shipments from Canada to the U.S. during the 90-day period prior to June 30, 2017.

Based on affirmative final determinations by the Department of Commerce (DOC) and the US International Trade Commission (USITC) on December 28, 2017, the DOC issued countervailing duty (CVD) and anti-dumping (AD) duty orders on certain softwood lumber products from Canada.

The CVD rate applicable to Weyerhaeuser is 14.19 percent and will be assessed on entries of softwood lumber from Canada for consumption on or after April 28, 2017, the date of publication of the preliminary determination. It will not include entries occurring after the expiration of the provisional measures period and before publication of the ITC’s final injury determination (CVD suspension date was August 26, 2017 - December 27, 2017).

The AD rate applicable to Weyerhaeuser is 6.04 percent and will be assessed on entries of softwood lumber from Canada for consumption on or after June 30, 2017, the date of publication of the preliminary determination. It will not include entries occurring after the expiration of the provisional measures period, until and through the day preceding the day of publication of the USITC’s final injury determinations in the Federal Register (AD suspension date was December 26, 2017 - January 2, 2018).

For retroactive imposition of CVD and AD duties to apply 90 days prior to the dates of publication of the preliminary determinations, both the USITC and DOC must make a positive determination. The USITC made a negative determination regarding critical circumstances on December 7, 2017. As a result, we reversed the accrual for the retroactive duties for both CVD and AD, which totaled $9 million. Additionally, we reduced our accrual by $2 million related to reduced rate applicable to prospective period duties. As of December 31, 2017, we have expensed CVD and AD duties at the final published rates totaling $7 million.

RESULTS OF OPERATIONS

In reviewing our results of operations, it is important to understand these terms:

- Sales realizations refer to net selling prices — this includes selling price plus freight minus normal sales deductions.
- Net contribution to earnings refers to earnings (loss) attributable to Weyerhaeuser shareholders before interest expense and income taxes.

Our merger with Plum Creek during first quarter 2016 significantly affected the comparability of our consolidated operating results between 2016 and prior periods. As a result of progress made to integrate financial processes and systems since the merger date, the results beginning on February 19, 2016, from acquired Plum Creek operations and the respective impacts of these results on our current period results are impracticable to disclose in the year-to-date period ended December 31, 2016. Our prior period results do not include pre-merger results of Plum Creek operations.
CONSOLIDATED RESULTS

HOW WE DID IN 2017

Summary of Financial Results

DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$7,196</td>
<td>$6,365</td>
<td>$5,246</td>
<td>$831</td>
<td>$1,119</td>
</tr>
<tr>
<td>Costs of products sold</td>
<td>$5,298</td>
<td>$4,980</td>
<td>$4,153</td>
<td>$318</td>
<td>$827</td>
</tr>
<tr>
<td>Operating income</td>
<td>$1,131</td>
<td>$822</td>
<td>$644</td>
<td>$309</td>
<td>$178</td>
</tr>
<tr>
<td>Earnings from discontinued operations, net of tax</td>
<td>—</td>
<td>$612</td>
<td>$95</td>
<td>$(612)</td>
<td>$517</td>
</tr>
<tr>
<td>Net earnings attributable to Weyerhaeuser common shareholders</td>
<td>$582</td>
<td>$1,005</td>
<td>$462</td>
<td>$(423)</td>
<td>$543</td>
</tr>
<tr>
<td>Basic earnings per share attributable to Weyerhaeuser common shareholders</td>
<td>$0.77</td>
<td>$1.40</td>
<td>$0.89</td>
<td>$(0.63)</td>
<td>$0.51</td>
</tr>
<tr>
<td>Diluted earnings per share attributable to Weyerhaeuser common shareholders</td>
<td>$0.77</td>
<td>$1.39</td>
<td>$0.89</td>
<td>$(0.62)</td>
<td>$0.50</td>
</tr>
</tbody>
</table>

COMPARING 2017 WITH 2016

Net Sales

Net sales increased $831 million — 13 percent — primarily due to:

- Wood Products segment Net sales to unaffiliated customers increased $640 million, primarily attributable to increased sales realizations across all product lines, as well as increased sales volumes within our oriented strand board, engineered I-joists, medium density fiberboard, and our engineered solid section product lines. Additionally, upon completion of the sales of our former Cellulose Fibers businesses, chips previously sold to Cellulose Fibers are now sales to unaffiliated customers. Refer to Note 3: Discontinued Operations and Other Divestitures in the Notes to Consolidated Financial Statements for further details regarding these divestitures.

- Timberlands segment Net sales to unaffiliated customers increased $137 million, which is primarily attributable to increased Southern and Other (includes our Canadian operations and timberlands included in the Twin Creeks Venture) delivered log sales volumes, as well as, an increase in Western log sales prices.

- Real Estate & ENR segment Net sales to unaffiliated customers increased $54 million attributable to an increase in timberlands acres sold in Real Estate and an increase in royalties.

Costs of Products Sold

Costs of products sold increased $318 million — 6 percent — primarily due to:

- Wood Products segment Costs of products sold increased $192 million primarily attributable to an overall increase in sales volumes, as discussed above. This increase was offset by the mix of products sold during 2017 compared to 2016.

- Intercompany eliminations decreased $144 million, therefore increasing our consolidated Cost of products sold. This reduction in intercompany costs of products sold is primarily due to the completion of the divestitures of our former Cellulose Fibers businesses. Prior to the completion of these divestitures the sales and related cost of products sold for chips and logs sold to our Cellulose Fibers businesses were considered intercompany and therefore were not included in our consolidated results. However, subsequent to the divestitures these sales and the related cost of products sold are considered sales to unaffiliated customers and therefore included in our consolidated results.

These increases were partially offset by a decrease in Real Estate and ENR costs of $24 million, primarily attributable to the mix in properties sold in 2017 compared to 2016.

Operating Income

Operating income increased $309 million — 38 percent — primarily due to:

- an increase in "Other operating income, net" of $75 million, which is primarily attributable to:
  - a $99 million gain recorded in fourth quarter 2017 as a result of the sale of land in our Southern timberlands region to Twin Creeks (refer to Note 8: Related Parties in the Notes to Consolidated Financial Statements for further details);
  - a $42 million benefit related to environmental remediation insurance recoveries received in 2017; and
  - a $44 million decrease in gains on disposition of nonstrategic assets, primarily attributable to a $36 million pretax gain recognized in the first quarter of 2016 on the sale of our Federal Way, Washington headquarters campus (refer to Note 19: Other Operating Costs (Income) in the Notes to Consolidated Financial Statements for further information).
These increases were partially offset by the following:

- the addition of $290 million in “Charges for product remediation” in 2017, as there were no similar charges during 2016. Refer to Note 18: Charges for Product Remediation in the Notes to Consolidated Financial Statements for further information.

- a $24 million increase in “Charges for integration and restructuring, closures and asset impairments,” which is primarily attributable to a $147 million noncash impairment charge recognized during second quarter 2017 in relation to the divestiture of our Uruguayan operations. This was partially offset by a $112 million decrease in charges related to our merger with Plum Creek. Refer to Note 17: Charges for integration and restructuring, closures, and asset impairments in the Notes to Consolidated Financial Statements for further details regarding the impairment as well as the Plum Creek merger related costs.

Net Earnings Attributable to Weyerhaeuser Common Shareholders
Our Net earnings attributable to Weyerhaeuser common shareholders decreased $423 million — 42 percent — compared to 2016. Excluding “Earnings from discontinued operations, net of tax,” Net earnings attributable to Weyerhaeuser common shareholders increased $189 million — 48 percent — primarily due to the increase in Operating income, as explained above. The increases in Operating income were partially offset by a $110 million increase in expense related to “Non-operating pension and other postretirement benefits (costs credits)” due to a decrease in the expected return on our plan assets as well as an increase in the amortization of actuarial losses. Earnings from discontinued operations, net of tax, decreased $612 million — 100 percent — as all discontinued operations were sold in 2016.

COMPARING 2016 WITH 2015

Net Sales
Net sales increased $1,119 million — 21 percent — primarily due to the following developments:

- Timberlands segment sales increased $532 million primarily due to sales from acquired Plum Creek operations. This increase was partially offset by lower average sales realizations. The decrease in average sales realizations is primarily attributable to the increase in sales volume for the South, which has lower average sales realizations compared to the West. The South comprised 31 percent of Timberlands’ sales to unaffiliated customers in 2016 compared to 19 percent in 2015.

- Real Estate & ENR segment sales increased $125 million attributable to increased volume of timberland acres sold and increased ENR sales volume attributable to the operations acquired in our merger with Plum Creek. These increases were partially offset by a decrease in average price realized per acre due to geographic mix of properties sold.

- Wood Products segment sales increased $462 million due to increased medium density fiberboard and plywood sales generated from our operations acquired from our merger with Plum Creek and increased oriented strand board and lumber average sales realizations.

Costs of Products Sold
Costs of products sold increased $827 million — 20 percent — primarily attributable to the following developments:

- Timberlands costs of products sold increased $488 million due to increased sales volume as explained above and to higher depletion rates in the South and West for acquired Plum Creek timberlands, which were measured at fair value as of the merger date.

- Real Estate & ENR costs of products sold increased $114 million attributable to increased real estate and ENR sales volume and higher basis of real estate sold, which is a result of measuring acquired Plum Creek properties at fair value as of the February 19, 2016 merger date.

- Wood Products costs of products sold increased $201 million primarily attributable to increased sales volume as explained above. This increase was partially offset by lower log costs and lower manufacturing costs per unit.

Operating Income
Operating income increased $178 million — 28 percent — primarily due to:

- an increase to company-wide gross margin of $292 million as described above;

- a favorable shift in gain on foreign currency remeasurement — $52 million; and

- a gain on the sale of our Federal Way headquarters campus — $36 million.

These increases were partially offset by:

- a $131 million increase in charges for integration and restructuring, closures and asset impairments, primarily attributable to incurring $146 million of costs related to our merger with Plum Creek in 2016 compared to $14 million in 2015; and

- a $76 million increase in selling, general and administrative expenses primarily attributable to merging legacy Weyerhaeuser and Plum Creek operations.

Net Earnings Attributable to Weyerhaeuser Common Shareholders
Our net earnings attributable to Weyerhaeuser common shareholders increased $543 million — 118 percent — compared to 2015. Earnings from continuing operations before income taxes increased $151 million — 43 percent — due to variances in net sales, costs of products sold and operating income explained above. The increase was offset by a $147 million increase to income taxes from continuing operations resulting from increased taxable earnings generated by our TRSs. Earnings from discontinued operations, net of tax, increased $517 million — 544 percent — primarily due to:

- the after-tax gains recognized from divesting our Cellulose Fibers business in 2016 — $546 million;

- a decrease in the equity loss from our printing papers joint venture — $101 million — primarily attributable to an $84 million noncash asset impairment recorded in fourth quarter 2015; and

- lower costs of products sold, primarily due to lower sales volumes and the cessation of depreciation when Cellulose Fibers manufacturing assets were classified as held-for-sale in second quarter 2016.
These increases were partially offset by:

- lower average sales realizations for pulp and liquid packaging board;
- lower sales volume for pulp and liquid packaging board attributable to a partial year of operations in 2016 compared to a full year in 2015; and
- increased charges for restructuring, closures and asset impairments and transaction-related costs related to our strategic evaluation and divestiture of the Cellulose Fibers businesses.

### TIMBERLANDS

**HOW WE DID IN 2017**

We report sales volume and annual production data for our Timberlands segment in Our Business/What We Do/Timberlands.

#### Net Sales and Net Contribution to Earnings for Timberlands

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2017 vs. 2016</th>
<th>2016 vs. 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales to unaffiliated customers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivered logs(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>$915</td>
<td>$865</td>
<td>$830</td>
<td>$50</td>
<td>$35</td>
</tr>
<tr>
<td>South</td>
<td>616</td>
<td>566</td>
<td>241</td>
<td>50</td>
<td>325</td>
</tr>
<tr>
<td>North</td>
<td>95</td>
<td>91</td>
<td>—</td>
<td>4</td>
<td>91</td>
</tr>
<tr>
<td>Other</td>
<td>59</td>
<td>38</td>
<td>24</td>
<td>21</td>
<td>14</td>
</tr>
<tr>
<td>Total</td>
<td>1,685</td>
<td>1,560</td>
<td>1,095</td>
<td>125</td>
<td>465</td>
</tr>
<tr>
<td>Stumpage and pay-as-cut timber</td>
<td>73</td>
<td>85</td>
<td>37</td>
<td>(12)</td>
<td>48</td>
</tr>
<tr>
<td>Uruguay operations(2)</td>
<td>63</td>
<td>79</td>
<td>87</td>
<td>(16)</td>
<td>(8)</td>
</tr>
<tr>
<td>Recreational and other lease revenue</td>
<td>59</td>
<td>44</td>
<td>25</td>
<td>15</td>
<td>19</td>
</tr>
<tr>
<td>Other products(3)</td>
<td>62</td>
<td>37</td>
<td>29</td>
<td>25</td>
<td>8</td>
</tr>
<tr>
<td>Subtotal sales to unaffiliated customers</td>
<td>1,942</td>
<td>1,805</td>
<td>1,273</td>
<td>137</td>
<td>532</td>
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<tr>
<td>Intersegment sales:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>520</td>
<td>590</td>
<td>559</td>
<td>(70)</td>
<td>31</td>
</tr>
<tr>
<td>Other</td>
<td>242</td>
<td>250</td>
<td>271</td>
<td>(8)</td>
<td>(21)</td>
</tr>
<tr>
<td>Subtotal intersegment sales</td>
<td>762</td>
<td>840</td>
<td>830</td>
<td>(78)</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>$2,704</td>
<td>$2,645</td>
<td>$2,103</td>
<td>$59</td>
<td>$542</td>
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<tr>
<td>Costs of products sold</td>
<td>$2,043</td>
<td>$2,054</td>
<td>$1,566</td>
<td>(11)</td>
<td>$488</td>
</tr>
<tr>
<td>Operating income and Net contribution to earnings</td>
<td>$532</td>
<td>$499</td>
<td>$470</td>
<td>$33</td>
<td>$29</td>
</tr>
</tbody>
</table>

(1) The Western region includes Oregon and Washington. The Southern region includes Alabama, Arkansas, Georgia, Florida, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Texas and Virginia. The Northern region includes Maine, Michigan, Montana, New Hampshire, Vermont, West Virginia and Wisconsin. Other includes our Canadian operations and the timberlands of the Twin Creeks Venture that we managed. (Our management agreement for the Twin Creeks Venture began in April 2016 and terminated in December 2017. For additional information see Note 8: Related Parties in Notes to Consolidated Financial Statements.)

(2) Sales from our former Uruguayan operations included plywood and hardwood lumber. Our Uruguayan operations were divested on September 1, 2017. Refer to Note 3: Discontinued Operations and Other Diversifications in the Notes to Consolidated Financial Statements for further information on this divestiture.

(3) Other products sales include sales of seeds and seedlings from our nursery operations and chips.

#### COMPARING 2017 WITH 2016

**Net Sales — Unaffiliated Customers**

Net sales to unaffiliated customers increased $137 million — 8 percent — primarily due to:

- a $50 million increase in Southern log sales attributable to 12 percent increase in delivered logs sales volumes, partially offset by a 3 percent decrease in Southern log prices;

- a $50 million increase in Western log sales attributable to a 12 percent increase in Western log prices, partially offset by a 6 percent decrease in delivered logs sales volumes;

- a $25 million increase in Other products, primarily attributable to increased chips sales to unaffiliated customers (prior to our 2016 divestitures of our Cellulose Fibers businesses, chips sales were primarily intersegment sales); and

- a $21 million increase in Other delivered logs, primarily due to a 55 percent increase in delivered logs sales volumes.

These increases were partially offset by a $16 million decrease in our Uruguayan operations, primarily attributable to the divestiture that occurred during third quarter 2017. Refer to Note 3: Discontinued Operations and Other Diversifications in the Notes to Consolidated Financial Statements.
Intersegment Sales
Intersegment sales decreased $78 million — 9 percent — due to a decrease in chip and log intersegment sales, which were previously sold to our former Cellulose Fibers business segment. The businesses within this segment were divested during the second half of 2016. Refer to Note 3: Discontinued Operations and Other Divestitures in the Notes to Consolidated Financial Statements for further information on these divestitures.

Costs of Products Sold
Costs of products sold decreased $11 million — 1 percent — primarily due to:
• a $23 million decrease due to the divestiture of our Uruguayan operations in third quarter 2017. Refer to Note 3: Discontinued Operations and Other Divestitures in the Notes to Consolidated Financial Statements for further details.
• a $16 million decrease in the West, attributable to a decrease in delivered logs sales volumes.
These decreases were partially offset by a $19 million increase in Canada primarily attributable to an increase in delivered logs sales volumes.

Operating Income and Net Contribution to Earnings
Net contribution to earnings increased $33 million — 7 percent — primarily due to:
• a $99 million gain recorded in fourth quarter 2017 as a result of the sale of land in our Southern timberlands region to Twin Creeks (refer to Note 8: Related Parties in the Notes to Consolidated Financial Statements for further details), and
• a $70 million increase in gross margin, as explained above.
These increases were partially offset by a $147 million noncash impairment charge recognized in relation to the divestiture of our Uruguayan operations. Refer to Note 17: Charges for integration and restructuring, closures, and asset impairments in the Notes to Consolidated Financial Statements for further details of this impairment.

COMPARING 2016 WITH 2015
Compared to 2015, the changes to the results of operations for our Timberlands segment during 2016 are primarily attributable to the addition of approximately 6.3 million acres of Plum Creek timberlands, which produced over 18 million tons of harvest volume in 2015. The merger resulted in the expansion of our Southern timberlands from 4.0 million acres to 7.4 million acres — an 85 percent increase — and our Western timberlands from 2.6 to 3.0 million acres — a 15 percent increase. The merger also added 2.5 million acres across Maine, Michigan, Montana, New Hampshire, Vermont, West Virginia and Wisconsin, which we refer to collectively as our Northern timberlands. Increases to sales volume are primarily attributable to the significant increases in the overall size of and harvests from our timberlands holdings by region, particularly in the South and North regions.

The composition of our sales volume by region was also altered by the merger, as the South and North regions, which historically had lower average sales realizations compared to the West, comprise a greater portion of our overall sales subsequent to the merger. Additionally, within the South the acquired timberlands altered the overall sales mix, as lower realization pulpwood sales increased and higher realization grade logs decreased as a percentage of total sales volume, resulting in lower average sales realizations overall for the region in 2016 compared to 2015.

As a result of applying acquisition accounting to our Timber and timberland assets acquired as described in Note 4: Merger with Plum Creek in Notes to Consolidated Financial Statements, depletion rates increased significantly in 2016 compared to 2015. When combined with increased sales volume, these higher depletion rates drove significant increases in our costs of products sold in 2016 compared to 2015.

Net Sales — Unaffiliated Customers
Net sales to unaffiliated customers increased $532 million — 42 percent — primarily due to:
• a $325 million increase in Southern log sales as a result of a 146 percent increase in delivered logs sales volume primarily attributable to adding acquired Plum Creek operations, partially offset by a 5 percent decrease in average sales realizations of delivered logs due to mix of sawlogs and pulp logs;
• a $91 million increase in Northern log sales attributable entirely to operations acquired upon our merger with Plum Creek; and
• a $35 million increase in Western log sales as a result of a 6 percent increase in delivered logs sales volume attributable to adding acquired Plum Creek operations, partially offset by a 2 percent decrease in average sales realizations for delivered logs;
• a $48 million increase in stumpage and pay-as-cut timber, which is primarily attributable to adding stumpage sales from acquired Plum Creek timberlands in the South; and
• a $19 million increase in recreational and other lease revenue due entirely to the acquired Plum Creek leases.

Intersegment Sales
Intersegment sales increased $10 million — 1 percent — due to a $31 million increase in intersegment sales in the United States. This increase is attributable to adding intersegment log sales volume for the Montana operations acquired from Plum Creek. This increase was partially offset by a decrease in average intersegment sales realizations.

The increase in the United States intersegment sales was partially offset by a $21 million decrease in intersegment sales in Canada. This decrease is attributable to lower log and chip sales volume to our former Cellulose Fibers segment as a result of divesting from our pulp mill in Grande Prairie, Alberta. There was also a slight decrease in average intersegment sales realizations compared to 2015.

Costs of Products Sold
Costs of products sold increased $488 million — 31 percent — primarily due to a 78 percent increase in sales volume attributable to the operations acquired in our merger with Plum Creek. Additionally, per unit costs increased due to higher depletion rates in the South and West attributable to acquired Plum Creek timberlands, which were measured at fair value as of the merger date.

Operating Income and Net Contribution to Earnings
Net contribution to earnings increased $29 million — 6 percent — primarily attributable to the changes in net sales and costs of products sold as explained above.
REAL ESTATE, ENERGY AND NATURAL RESOURCES

HOW WE DID IN 2017
We report acres sold and average price per acre for our Real Estate, Energy and Natural Resources segment in Our Business/What We Do/Real Estate, Energy and Natural Resources.

Net Sales and Net Contribution to Earnings for Real Estate, Energy and Natural Resources

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>AMOUNT OF CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales to unaffiliated buyers:</td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td>$208</td>
</tr>
<tr>
<td>Energy and natural resources</td>
<td>72</td>
</tr>
<tr>
<td>Subtotal sales to unaffiliated buyers</td>
<td>280</td>
</tr>
<tr>
<td>Intersegment sales</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>$281</td>
</tr>
<tr>
<td>Cost of products sold</td>
<td>$110</td>
</tr>
<tr>
<td>Operating income</td>
<td>$145</td>
</tr>
<tr>
<td>Equity earnings (loss) from joint venture</td>
<td>1</td>
</tr>
<tr>
<td>Net contribution to earnings</td>
<td>$146</td>
</tr>
</tbody>
</table>

The timing of real estate sales is a function of many factors, including:

- the general state of the economy,
- demand in local real estate markets,
- the ability to obtain entitlements,
- the ability of buyers to obtain financing,
- the number of competing properties listed for sale,
- the seasonal nature of sales (particularly in the northern states),
- the plans of adjacent landowners,
- our expectations of future price appreciation,
- the timing of harvesting activities, and
- the availability of government and not-for-profit funding (especially for conservation sales).

In any period, the average sales price per acre will vary based on the location and physical characteristics of parcels sold.

COMPARING 2017 WITH 2016

Net Sales — Unaffiliated Buyers
Net sales to unaffiliated buyers increased $54 million — 24 percent — primarily due to:

- a $36 million increase in Net real estate sales primarily attributable to an 18 percent increase in volume of timberlands acres sold.
- an $18 million increase in Net energy and natural resources sales primarily attributable to the increased operations acquired during our merger with Plum Creek. Our 2017 operations include a full twelve months of combined operations as compared to ten months of combined operations in 2016. The increase is further attributable to increases in royalties.

Costs of Products Sold
Costs of products sold decreased $24 million — 18 percent — primarily due to the mix of properties sold in 2017 compared to 2016.

Net Contribution to Earnings
Net contribution to earnings increased $91 million — 165 percent — primarily due to increased gross margin discussed above. Additionally, our 2016 results include a $15 million asset impairment charge recorded for development projects. No comparable impairment charges were recorded within this segment during 2017.

COMPARING 2016 WITH 2015

Land acquired as a result of our merger with Plum Creek generally carried a higher per acre cost basis compared to our other acreage as a result of measuring acquired land at fair value via acquisition accounting as of the February 19, 2016, merger date. As a result, our costs of timberlands varied period-to-period based on the sales mix between acquired Plum Creek acreage and acreage owned by Weyerhaeuser prior to the merger.
Net Sales — Unaffiliated Buyers
Net sales to unaffiliated buyers increased $125 million — 124 percent — attributable to the following developments:

- Net real estate sales increased $97 million attributable to increases in volume of timberlands acres sold. This increase was partially offset by a decrease in average price realized per acre due to mix of properties sold.

- Net energy and natural resources sales increased $28 million due primarily to increased sales volumes attributable to the operations acquired with our merger with Plum Creek.

Costs of Products Sold
Costs of products sold increased $114 million — 570 percent — due primarily to:

- increased real estate and ENR sales volume, as explained above;

- higher basis of real estate sold resulting from measuring acquired Plum Creek properties at fair value as of the February 19, 2016, merger date; and

- an $11 million increase in commissions and closing costs that corresponds with the increased volume of transactions.

Net Contribution to Earnings
Net contribution to earnings decreased $24 million — 30 percent — primarily attributable to increased general and administrative expenses of $20 million. The increase in general and administrative expenses is the result of creating a standalone business segment separate from Timberlands and dedicating more staff to the expanded land and natural resource footprint.

WOOD PRODUCTS

HOW WE DID IN 2017
We report sales volume and annual production data for our Wood Products segment in Our Business/What We Do/Wood Products.

Net Sales and Net Contribution to Earnings for Wood Products

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>AMOUNT OF CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structural lumber</td>
<td>$2,058</td>
<td>$1,839</td>
<td>$1,741</td>
<td>$219</td>
</tr>
<tr>
<td>Engineered solid section</td>
<td>500</td>
<td>450</td>
<td>428</td>
<td>50</td>
</tr>
<tr>
<td>Engineered I-joists</td>
<td>336</td>
<td>290</td>
<td>284</td>
<td>46</td>
</tr>
<tr>
<td>Oriented strand board</td>
<td>904</td>
<td>707</td>
<td>595</td>
<td>197</td>
</tr>
<tr>
<td>Softwood plywood</td>
<td>176</td>
<td>174</td>
<td>129</td>
<td>2</td>
</tr>
<tr>
<td>Medium density fiberboard</td>
<td>183</td>
<td>158</td>
<td>—</td>
<td>25</td>
</tr>
<tr>
<td>Other products produced</td>
<td>276</td>
<td>201</td>
<td>189</td>
<td>75</td>
</tr>
<tr>
<td>Complementary building products</td>
<td>541</td>
<td>515</td>
<td>506</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>$4,974</td>
<td>$4,334</td>
<td>$3,872</td>
<td>$640</td>
</tr>
<tr>
<td>Costs of products sold</td>
<td>$3,880</td>
<td>$3,688</td>
<td>$3,487</td>
<td>$192</td>
</tr>
<tr>
<td>Operating income and Net contribution to earnings</td>
<td>$569</td>
<td>$512</td>
<td>$258</td>
<td>$57</td>
</tr>
</tbody>
</table>

(1) Includes wood chips and other byproducts.

COMPARING 2017 WITH 2016

Net Sales
Net sales increased $640 million — 15 percent — primarily due to:

- a $219 million increase in structural lumber sales, attributable to a 13 percent increase in average sales realizations, partially offset by a 1 percent decrease in sales volumes;

- a $197 million increase in oriented strand board sales, attributable to a 26 percent increase in average sales realizations as well as a 1 percent increase in sales volumes;

- a $75 million increase in other products produced, primarily attributable to increased chip sales. Chips were previously sold to our former Cellulose Fibers segment and were therefore considered intersegment sales until the sale of our Cellulose Fibers businesses which occurred in the second half of 2016. Upon completion of these divestitures, chips sold to those businesses were considered sales to unaffiliated customers. (Refer to Note 3: Discontinued Operations and Other Divestitures in the Notes to Consolidated Financial Statements for further details regarding these divestitures.);

- a $50 million increase in engineered solid section, primarily attributable to an 8 percent increase in sales volumes as well as a 3 percent increase in average sales realizations; and

- a $46 million increase in engineered I-joists, primarily attributable to a 13 percent increase in sales volume as well as a 3 percent increase in average sales realizations.
Costs of Products Sold
Costs of products sold increased $192 million — 5 percent — primarily attributable to an overall increase in sales volumes, as discussed above. This increase was offset by the mix of products sold during 2017 compared to 2016.

Operating Income and Net Contribution to Earnings
Operating income and Net contribution to earnings increased $57 million — 11 percent — primarily due to increased gross margin, as discussed above. This was partially offset by:

- The $290 million addition of “Charges for product remediation” in 2017, as there were no similar charges during 2016 (refer to Note 18: Charges for Product Remediation in the Notes to Consolidated Financial Statements for further information);
- A $68 million decrease in intersegment sales in 2017 compared to 2016, which is primarily attributable to decreased intersegment chip sales. Prior to our divestitures of our former Cellulose Fibers business, which occurred in the second half of 2016, chips sold to these businesses were considered intersegment sales. Upon completion of these divestitures, chips sold to our former Cellulose Fibers businesses were considered sales to unaffiliated customers.
- A $7 million increase in “Other operating costs, net,” related to countervailing and anti-dumping duties. Refer to Softwood Lumber Agreement for further information regarding these regulations.
- A $6 million impairment on nonstrategic assets recognized during third quarter 2017. Refer to Note 17: Charges for Integration and Restructuring, Closures and Asset Impairments in the Notes to Consolidated Financial Statements for further detail.

COMPARING 2016 WITH 2015
Upon our merger with Plum Creek, we acquired five manufacturing facilities in Montana. The sales and net contribution to earnings of these facilities as of the merger date are included in the results of our Wood Products segment. The results of the plywood facilities are reported in softwood plywood and the lumber facilities are reported in structural lumber.

The Medium Density Fiberboard (MDF) facility supplies high-quality MDF to a wide range of customers throughout North America. Some of the more common uses for our MDF include furniture and cabinet components, architectural moldings, doors, store fixtures, core material for hardwood plywood, face material for softwood plywood, commercial wall paneling and substrate for laminate flooring.

We permanently closed two of the five acquired Plum Creek mills, the lumber facility and softwood plywood facility in Columbia Falls, Montana, during third quarter 2016. The closure of these facilities allows us to align the available log supply with our manufacturing capacity, including adding shifts at our Kalispell, Montana facilities, to position our Montana operations for long-term success.

Refer to Note 4: Merger with Plum Creek in Notes to Consolidated Financial Statements for further information regarding our merger with Plum Creek.

Net Sales
Net sales increased $462 million — 12 percent — primarily due to:

- a $158 million increase in medium density fiberboard sales generated from operations acquired in our merger with Plum Creek;
- a $112 million increase in oriented strand board sales, attributable primarily to a 21 percent increase in average sales realizations;
- a $98 million increase in lumber sales, attributable to a 3 percent increase in average sales realizations and a 3 percent increase in sales volume; and
- a $45 million increase in plywood sales, attributable to a 9 percent increase in average sales realizations and a 26 percent increase in sales volume, with the volume increase due in part to acquired Plum Creek operations.

Costs of Products Sold
Costs of products sold increased $201 million — 6 percent — primarily due to increased sales volume across most product lines and from added volumes produced and sold by the manufacturing operations acquired from our merger with Plum Creek. This increase is partially offset by lower log costs and lower manufacturing costs per unit.

Operating Income and Net Contribution to Earnings
Net contribution to earnings increased $254 million — 98 percent — primarily attributable to the changes in net sales and costs of products sold, as explained above.

UNALLOCATED ITEMS
Unallocated Items are gains or charges from continuing operations 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 financing, and the elimination of intersegment profit in inventory, equity earnings from our Timberland Venture and the LIFO reserve. As a result of reclassifying our former Cellulose Fibers segment as discontinued operations, Unallocated Items also includes retained indirect corporate overhead costs previously allocated to the former segment.
## Net Contribution to Earnings for Unallocated Items

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
<th>2017 vs. 2016</th>
<th>2016 vs. 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unallocated corporate function expenses</td>
<td>$ (73)</td>
<td>$ (87)</td>
<td>$ (64)</td>
<td>$ 14</td>
<td>$ (23)</td>
</tr>
<tr>
<td>Unallocated share-based compensation</td>
<td>(9)</td>
<td>(3)</td>
<td>6</td>
<td>(6)</td>
<td>(9)</td>
</tr>
<tr>
<td>Unallocated pension service costs</td>
<td>(4)</td>
<td>(5)</td>
<td>(3)</td>
<td>1</td>
<td>(2)</td>
</tr>
<tr>
<td>Foreign exchange gains (losses)</td>
<td>1</td>
<td>6</td>
<td>(46)</td>
<td>(5)</td>
<td>52</td>
</tr>
<tr>
<td>Elimination of intersegment profit in inventory and LIFO</td>
<td>(20)</td>
<td>(18)</td>
<td>8</td>
<td>(2)</td>
<td>(26)</td>
</tr>
<tr>
<td>Gain (loss) from sales of nonstrategic assets</td>
<td>9</td>
<td>50</td>
<td>6</td>
<td>(41)</td>
<td>44</td>
</tr>
</tbody>
</table>

**Charges for integration and restructuring, closures and asset impairments:**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Plum Creek merger-and integration-related costs</td>
<td>(34)</td>
<td>(146)</td>
<td>(14)</td>
<td>112</td>
<td>(132)</td>
</tr>
<tr>
<td>Other restructuring, closures, and asset impairments</td>
<td>—</td>
<td>(2)</td>
<td>(15)</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>Other</td>
<td>15</td>
<td>(37)</td>
<td>(41)</td>
<td>52</td>
<td>4</td>
</tr>
</tbody>
</table>

**Operating income (loss)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity earnings from joint venture(1)</td>
<td>—</td>
<td>20</td>
<td>—</td>
<td>(20)</td>
<td>20</td>
</tr>
<tr>
<td>Non-operating pension and other postretirement benefit (costs) credits</td>
<td>62</td>
<td>48</td>
<td>14</td>
<td>(110)</td>
<td>34</td>
</tr>
<tr>
<td>Interest income and other</td>
<td>39</td>
<td>43</td>
<td>36</td>
<td>(4)</td>
<td>7</td>
</tr>
</tbody>
</table>

**Net contribution to earnings**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ (138)</td>
<td>$ (131)</td>
<td>$ (113)</td>
<td>$ (7)</td>
<td>$ (18)</td>
</tr>
</tbody>
</table>

(1) 2016 includes equity earnings from our Timberland Venture, which effective August 31, 2016, is consolidated as a wholly-owned subsidiary.

Unallocated Items in 2017 include:

- an increase in expense related to "Non-operating pension and other postretirement benefits (costs) credits" due to a decrease in the expected return on our plan assets as well as an increase in the amortization of actuarial losses — $110 million;

- a benefit in Other primarily related to environmental remediation insurance recoveries received in 2017 — $42 million; and

- decreased charges recognized in 2017 related to our merger with Plum Creek (refer to Note 17: Charges for Integration and Restructuring, Closures and Asset Impairments in Notes to Consolidated Financial Statements) — $112 million.

Unallocated Items in 2016 include:

- charges recognized in 2016 related to our merger with Plum Creek (refer to Note 17: Charges for Integration and Restructuring, Closures and Asset Impairments in Notes to Consolidated Financial Statements) — $146 million;

- an increase in unallocated corporate function expenses primarily as a result of retaining costs allocated to our former Cellulose Fibers segment — $23 million; and

- a gain related to the sale of our Federal Way, Washington headquarters campus, which is recorded in "Other operating costs (income), net" in our Consolidated Statement of Operations — $36 million.

Unallocated Items in 2015 include:

- $13 million noncash impairment charge recognized in first quarter 2015 related to a nonstrategic asset that was sold in second quarter 2015 which is recorded in "Charges for integration and restructuring, closures and asset impairments" in our Consolidated Statement of Operations. See Note 17: Charges for Integration and Restructuring, Closures and Asset Impairments in the Notes to Consolidated Financial Statements for more information.

- $14 million Plum Creek merger-related costs which are recorded in "Charges for integration and restructuring, closures and asset impairments" in our Consolidated Statement of Operations.

## Interest Expense

Our net interest expense incurred for the last three years was:

- $393 million in 2017,

- $431 million in 2016 and

- $341 million in 2015.

The primary factor driving the $38 million decrease in interest expense in 2017 as compared to 2016 is the decrease in our average indebtedness throughout the year.
INCOME TAXES

As a REIT, we generally are not subject to federal corporate level income taxes on REIT taxable income that is distributed to shareholders. Historical distributions to shareholders, including amounts and tax characteristics, for the years ended December 31 are summarized in the table below.

<table>
<thead>
<tr>
<th>AMOUNTS PER SHARE</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preference - capital gain distribution</td>
<td>$</td>
<td>—</td>
<td>1.59</td>
</tr>
<tr>
<td>Common - capital gain distribution</td>
<td>$</td>
<td>1.25</td>
<td>1.24</td>
</tr>
</tbody>
</table>

The table below summarizes the items of tax preference for alternative minimum tax (AMT) purposes which have been apportioned to shareholders for the years ended December 31.

<table>
<thead>
<tr>
<th>AMOUNTS PER SHARE</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preference - AMT</td>
<td>$</td>
<td>—</td>
<td>0.012</td>
</tr>
<tr>
<td>Common - AMT</td>
<td>$</td>
<td>0.0097</td>
<td>0.0094</td>
</tr>
</tbody>
</table>

We are required to pay corporate income taxes on earnings of our TRSs, which includes our Wood Products segment and portions of our Timberlands and Real Estate & ENR segments’ earnings. Our provision for income taxes is primarily driven by earnings generated by our TRSs. Overall performance results for our business segments can be found in Results of Operations/Timberlands, Results of Operations/Real Estate, Energy and Natural Resources, and Results of Operations/Wood Products.

On December 22, 2017, H.R. 1, commonly known as the Tax Cuts and Jobs Act (the "Tax Act"), was enacted. The Tax Act contains significant changes to corporate taxation, including the reduction of the corporate tax rate from 35 percent to 21 percent, increased deductions for capital spending and limitations on interest expense deductions. The Tax Act does not affect our REIT status or the provisions that allow us to pay capital gain dividends to our shareholders.

As a result of the reduction in the corporate tax rate, we have revalued our deferred tax assets and liabilities and have recorded a tax expense of $74 million during 2017, which reduced our net deferred tax asset.

For 2018, we expect our effective tax rate will be between 11 percent and 13 percent. The estimated range is based on current assumptions with respect to our earnings and the Tax Act. Our actual effective tax rate in 2018 may differ. The reduced effective tax rate is expected to result in overall lower tax expense beginning in 2018.

Our provision (benefit) for income taxes for our continuing operations over the last three years was:

- $134 million in 2017,
- $89 million in 2016 and
- $(58) million in 2015.

During 2017, we recorded a $22 million tax benefit related to the repatriation of Canadian earnings.

During 2016, we recorded a $24 million tax charge related to the repatriation of Canadian earnings.

During 2015, we recorded a $13 million tax benefit for the expiration of the company’s built-in-gains tax period due to a change in tax law in the fourth quarter 2015.

See also Note 20: Income Taxes in Notes to Consolidated Financial Statements, which outlines the major components related to our income tax provision.

LIQUIDITY AND CAPITAL RESOURCES

We are committed to maintaining an appropriate capital structure that enables us to:

- protect the interests of our shareholders and lenders and
- have access to major financial markets.

CASH FROM OPERATIONS

Consolidated net cash provided by our operations was:

- $1,201 million in 2017,
- $735 million in 2016 (includes continuing and discontinued operations) and
- $1,075 million in 2015 (includes continuing and discontinued operations).

COMPARING 2017 WITH 2016

Net cash provided by our operations increased $466 million, primarily due to:

- increased cash flows from business segments of $499 million;
- a decrease in cash paid for income taxes of $316 million, which is primarily attributable to taxes paid in connection with our divestitures of our former Cellulose Fibers businesses during 2016; and
- a decrease in cash paid for interest of $65 million corresponding with our decreased average indebtedness during 2017 compared to 2016.
These items were partially offset by:

• decreased operating cash flows from discontinued operations of $196 million; and

• an increase of $192 million in cash used for product remediation efforts (refer to Note 18: Charges for Product Remediation in the Notes to Consolidated Financial Statements).

Also see Performance Measures for our Adjusted EBITDA by segment.

COMPARING 2016 WITH 2015

Net cash provided by our continuing and discontinued operations decreased $340 million, primarily due to:

• an increase in cash paid for income taxes of $471 million largely due to taxes paid in connection with our Cellulose Fibers businesses;

• decreased operating cash flows from discontinued operations of $233 million;

• an increase in cash paid for interest of $99 million corresponding with our increased average indebtedness; and

• cash payments made in 2016 related to the Plum Creek merger of $154 million, comprised of:
  ◦ termination benefits — $33 million;
  ◦ investment banking and other professional services fees — $52 million;
  ◦ settlement of Value Management Awards — $6 million;
  ◦ pension and postretirement benefits — $38 million; and
  ◦ other merger-related costs — $14 million.

Pension Contributions and Benefit Payments Made and Expected

During 2017, we:

• contributed $25 million for our Canadian registered plan in accordance with minimum funding rules and respective provincial regulations;

• contributed to or made benefit payments for our Canadian nonregistered pension plans of $2 million;

• made benefit payments of $31 million for our U.S. nonqualified pension plans; and

• made benefit payments of $20 million for our U.S. and Canadian other postretirement plans.

There was no minimum required contribution for our U.S. qualified plan for 2017, nor were any contributions made to this plan in 2017.

During 2018, based on estimated year-end assets and projections of plan liabilities, we expect to:

• be required to contribute approximately $23 million for our Canadian registered plan;

• be required to contribute or make benefit payments for our Canadian nonregistered plans of $4 million;

• make benefit payments of $19 million for our U.S. nonqualified pension plans; and

• make benefit payments of $19 million for our U.S. and Canadian other postretirement plans.

We do not anticipate being required to make a contribution to our U.S. qualified pension plan for 2018.

INVESTING IN OUR BUSINESS

Cash from investing activities includes:

• acquisitions of property, equipment, timberlands and reforestation;

• investments in or distribution from equity affiliates;

• proceeds from sale of assets and operations; and

• purchases and redemptions of short-term investments.

Consolidated net cash provided by (used in) investing activities was:

• $367 million in 2017,

• $2,559 million in 2016 (includes continuing and discontinued operations) and

• $(487) million in 2015 (includes continuing and discontinued operations).

COMPARING 2017 WITH 2016

Net cash from investing activities decreased $2.2 billion primarily due to:

• a $2.1 billion decrease in net proceeds from the disposition of discontinued and other operations, primarily attributable to the proceeds received from the divestitures of our Cellulose Fibers businesses in 2016 — $2.5 billion — compared to the proceeds received for the divestiture of our Uruguayan operations — $403 million (refer to Note 3: Discontinued Operations and Other Divestitures in the Notes to Consolidated Financial Statements for further details);

• a decrease of $440 million in proceeds received for our contribution of timberlands to Twin Creeks Venture in 2016 (refer to Note 8: Related Parties in the Notes to Consolidated Financial Statements for further details); and

• a decrease of $78 million in proceeds from sales of nonstrategic assets.

This activity was partially offset by:
• $311 million in combined proceeds from the sale of land in our Southern timberlands region to Twin Creeks as well as the redemption of our ownership interest in Twin Creeks, both of which occurred during fourth quarter 2017 (refer to Note 8: Related Parties in the Notes to Consolidated Financial Statements for further details);

• a $91 million decrease in capital expenditures primarily attributable to the divestiture of our Cellulose Fibers business in 2016.
COMPARING 2016 WITH 2015
Net cash from investing activities changed $3.0 billion to an inflow in 2016 as compared with an outflow in 2015, primarily due to:

- net proceeds from the divestitures of our Cellulose Fibers businesses in 2016 — $2.5 billion;
- proceeds received for our contribution of timberlands to the Twin Creeks Venture in 2016 — $440 million;
- proceeds from sales of nonstrategic assets — $104 million; and
- distributions received from joint ventures during 2016 — $46 million.

Three-Year Summary of Capital Spending by Business Segment

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timberlands</td>
<td>$115</td>
<td>$116</td>
<td>$75</td>
</tr>
<tr>
<td>Real Estate &amp; ENR</td>
<td>2</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Wood Products</td>
<td>299</td>
<td>297</td>
<td>287</td>
</tr>
<tr>
<td>Unallocated items</td>
<td>3</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>—</td>
<td>85</td>
<td>118</td>
</tr>
<tr>
<td>Total</td>
<td>$419</td>
<td>$510</td>
<td>$483</td>
</tr>
</tbody>
</table>

We expect our net capital expenditures for 2018 to be $420 million, which is comparable to 2017 capital spend. The amount we spend on capital expenditures could change due to:

- future economic conditions,
- environmental regulations,
- changes in the composition of our business,
- weather and
- timing of equipment purchases.

FINANCING
Cash from financing activities includes:

- issuances and payments of debt,
- borrowings and payments under revolving lines of credit,
- proceeds from stock offerings and option exercises and
- payments for cash dividends and repurchasing stock.

Consolidated net cash used in financing activities was:

- $1,420 million in 2017,
- $3,630 million in 2016 (includes continuing and discontinued operations) and
- $1,156 million in 2015 (includes continuing and discontinued operations).

COMPARING 2017 WITH 2016
Net cash used in financing activities decreased $2,210 million in 2017, primarily due to the following:

- a decrease of $2,003 million related to cash used to repurchase common shares during 2016; and
- a decrease of $1,592 million in cash used for payments on long-term debt.

This activity was partially offset by a $1,473 million decrease in cash received from the issuance of new long-term debt.

COMPARING 2016 WITH 2015
Net cash used in financing activities increased $2,474 million in 2016, primarily due to:

- a $1,485 million increase in repurchase shares;
- payment of $720 million of the debt assumed in our merger with Plum Creek on the merger date; and
- a $313 million increase in dividends paid to common shareholders.

LONG-TERM DEBT
Our consolidated long-term debt (including current portion) was:

- $6.0 billion as of December 31, 2017,
- $6.6 billion as of December 31, 2016, and
- $4.8 billion as of December 31, 2015.

The decrease in our long-term debt during 2017 is attributable to the following activity:

- We prepaid a $550 million variable-rate term loan during July 2017, which was originally set to mature in 2020 (2020 term loan). The 2020 term loan was prepaid...
We paid our $281 million 6.95 percent debenture during August 2017.
The increase in our long-term debt during 2016 is attributable to the following activity:

- We assumed $3.4 billion of long-term debt during our merger with Plum Creek. Immediately following the merger, we paid $720 million of the debt assumed. (Refer to Note 4: Merger with Plum Creek in Notes to Consolidated Financial Statements for further information about our merger).

- As part of our Cellulose Fibers Pulp business divestiture, $88 million of long-term debt was assumed by International Paper. (Refer to Note 3: Discontinued Operations and Other Divestitures in Notes to Consolidated Financial Statements for further information about our Cellulose Fibers divestitures).

We have $62 million of long-term debt scheduled to mature during first quarter 2018. See Note 12: Long-Term Debt in the Notes to Consolidated Financial Statements for more information about the long-term debt discussed above.

Refer to Note 8: Related Parties in the Notes to Consolidated Financial Statements for information regarding the nonrecourse debt held by our Variable Interest Entities (VIEs).

2016 TERM LOAN PAYMENT AND EXTINGUISHMENT

During February 2016, and subsequent to completion of the Plum Creek merger, we entered into a $600 million 18-month senior unsecured term loan maturing in August 2017. Borrowings were at LIBOR plus 1.05 percent. The $600 million outstanding under this facility was repaid in full and terminated during fourth quarter 2016.

During March 2016, we entered into a $1.9 billion 18-month senior unsecured term loan maturing in September 2017. Borrowings were at LIBOR plus 1.05 percent. The remaining $1.1 billion outstanding under this facility was repaid in full and terminated during fourth quarter 2016.

REVOLVING CREDIT FACILITIES

During March 2017, we entered into a new $1.5 billion five-year senior unsecured revolving credit facility that expires in March 2022. This replaced a $1 billion senior unsecured revolving credit facility that was set to expire September 2018. The entire amount is available to Weyerhaeuser Company. Borrowings are at LIBOR plus a spread or at other interest rates mutually agreed upon between the borrower and the lending banks. As of December 31, 2017 and December 31, 2016, there were no borrowings outstanding under the facility and we were in compliance with the credit facility covenants.

Debt covenants:

As of December 31, 2017, Weyerhaeuser Company:

- had no borrowings outstanding under our credit facility and
- was in compliance with the credit facility covenants.

Weyerhaeuser Company Covenants:

Key covenants related to Weyerhaeuser Company include the requirement to maintain:

- a minimum total adjusted shareholders' equity of $3.0 billion; and
- a defined funded debt ratio of 65 percent or less.

Weyerhaeuser Company's total adjusted shareholders' equity is comprised of:

- total Weyerhaeuser shareholders' equity,
- excluding accumulated comprehensive income (loss),
- minus Weyerhaeuser Company's investment in our unrestricted subsidiaries.

Total Weyerhaeuser Company capitalization is comprised of:

- total Weyerhaeuser Company debt
- plus total adjusted shareholders' equity.

As of December 31, 2017, Weyerhaeuser Company had:

- a defined total adjusted shareholders' equity of $10.4 billion and
- a defined debt-to-total-capital ratio of 36.65 percent.

Debt agreements that were assumed by Weyerhaeuser in the merger with Plum Creek were amended to materially conform key covenants with the covenants described above.

When calculating compliance in accordance with financial debt covenants as of December 31, 2016, we excluded the impact of our pension and other postretirement plans recorded within cumulative other comprehensive income from adjusted shareholders' interest (equity). The excluded amount at December 31, 2016, was $1,698 million, which is equal to the cumulative actuarial losses and prior service costs for our pension and postretirement plans. When calculating compliance in accordance with financial debt covenants as of December 31, 2017, we excluded the full amount of cumulative other comprehensive loss of $1,562 million. See Note 15: Shareholders' Interest in the Notes to Consolidated Financial Statements.

There are no other significant financial debt covenants related to our third-party debt. See Note 11: Lines of Credit in the Notes to Consolidated Financial Statements for more information.

CREDIT RATINGS

Upon completion of our merger with Plum Creek on February 19, 2016, S&P changed our long-term issuer credit ratings from BBB to BBB-. However, on May 9, 2017, S&P upgraded our long-term issuer credit ratings from BBB- back to BBB.

On April 14, 2015, Moody's Investors Service upgraded our long-term issuer credit ratings from Baa3 to Baa2. There was no change to our Moody's rating as a result of completing the merger with Plum Creek.
OPTION EXERCISES
Our cash proceeds from the exercise of stock options were:
• $128 million in 2017,
• $61 million in 2016 and
• $34 million in 2015.
Our average stock price was $33.61, $30.01 and $31.67 in 2017, 2016 and 2015, respectively.

DIVIDENDS
We paid cash dividends on common shares of:
• $941 million in 2017,
• $932 million in 2016 and
• $619 million in 2015.
Changes in the amount of dividends we paid were primarily due to:
• an increase in our quarterly dividend from 31 cents per share to 32 cents per share in November 2017;
• an increase in our quarterly dividend from 29 cents per share to 31 cents per share in August 2015; and
• an increase in the number of common shares outstanding during 2016, which was primarily attributable to the 278,886,704 shares issued as consideration in our merger with Plum Creek on February 19, 2016, offset by our subsequent repurchase of 67,816,810 shares between March 2016 and July 2016.
We paid cash dividends on preference shares of $22 million in 2016 and $44 million in 2015. As all preference shares were converted to common shares on July 1, 2016, we did not pay any cash dividends on preference shares during 2017. See Note 15: Shareholders' Interest in the Notes to Consolidated Financial Statements for more information.
Our dividends declared on preference shares were 79.69 cents per share in:
• February and May 2016; and
• February, May, August and October 2015.
On February 9, 2018, our board of directors declared a dividend of 32 cents per share, payable on March 23, 2018, to shareholders of record at the close of business March 2, 2018.

STOCK REPURCHASES
On August 13, 2014, our board of directors approved a stock repurchase program under which we were authorized to repurchase up to $700 million of outstanding shares (the 2014 Repurchase Program). The 2014 Repurchase Program replaced the prior 2011 stock repurchase program. During 2014, we repurchased 6,062,993 shares of common stock for $203 million under the 2014 Repurchase Program. During 2015 we completed the 2014 Repurchase Program by repurchasing 15,471,962 shares of common stock for $497 million. All common stock purchases under the stock repurchase program were made in open-market transactions.

STOCK REPURCHASES
On August 27, 2015, our board of directors approved a new share repurchase program of up to $500 million of outstanding shares (the 2015 Repurchase Program), commencing upon completion of the 2014 Repurchase Program. During 2015, we repurchased 717,464 shares of common stock for $22 million under the 2015 Repurchase Program. As of December 31, 2015, we had remaining authorization of $478 million for future stock repurchases. All common stock purchases under the stock repurchase program were made in open-market transactions.
The 2016 Share Repurchase Authorization was approved in November 2015 by our Board of Directors and authorized management to repurchase up to $2.5 billion of outstanding shares subsequent to the closing of our merger with Plum Creek (the 2016 Repurchase Program). This new authorization replaced the August 2015 share repurchase authorization. During 2016, we repurchased 67,816,810 shares of common stock for $2 billion under the 2016 Repurchase Program. We did not repurchase any shares of common stock during 2017. As of December 31, 2017, we had remaining authorization of $500 million for future stock repurchases. All common stock purchases under the stock repurchase program were made in open-market transactions. We had 755,223 thousand shares of common stock outstanding as of December 31, 2017.

OUR CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS
More details about our contractual obligations and commercial commitments are in Note 9: Pension and Other Postretirement Benefit Plans, Note 12: Long-Term Debt, Note 14: Legal Proceedings, Commitments and Contingencies and Note 20: Income Taxes in the Notes to Consolidated Financial Statements.
Significant Contractual Obligations as of December 31, 2017

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>PAYMENTS DUE BY PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TOTAL</td>
</tr>
<tr>
<td>Long-term debt obligations, including current portion⁽¹⁾ (Note 12)</td>
<td>$5,956</td>
</tr>
<tr>
<td>Interest⁽²⁾</td>
<td>3,023</td>
</tr>
<tr>
<td>Operating lease obligations</td>
<td>324</td>
</tr>
<tr>
<td>Purchase obligations⁽³⁾</td>
<td>53</td>
</tr>
<tr>
<td>Employee-related obligations⁽⁴⁾</td>
<td>416</td>
</tr>
<tr>
<td>Liabilities related to unrecognized tax benefits (Note 20)⁽⁵⁾</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>$9,776</td>
</tr>
</tbody>
</table>

⁽¹⁾ Does not include nonrecourse debt held by our Variable Interest Entities (VIEs). See Note 8: Related Parties in the Notes to Consolidated Financial Statements for further information on our VIEs and the related nonrecourse debt.

⁽²⁾ Amounts presented for interest payments assume that all long-term debt obligations outstanding as of December 31, 2017, will remain outstanding until maturity, and interest rates on variable-rate debt in effect as of December 31, 2017, will remain in effect until maturity.

⁽³⁾ Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on the company and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Purchase obligations exclude arrangements that the company can cancel without penalty.

⁽⁴⁾ The timing of certain of these payments will be triggered by retirements or other events. These payments can include workers’ compensation, deferred compensation and banked vacation, among other obligations. When the timing of payment is uncertain, the amounts are included in the total column only.

⁽⁵⁾ Minimum pension funding is required by established funding standards and estimates are not made beyond 2018. Estimated payments of contractually obligated postretirement benefits are not included due to the uncertainty of payment timing.

We have recognized total liabilities related to unrecognized tax benefits of $4 million as of December 31, 2017. The timing of payments related to these obligations is uncertain; however, none of this amount is expected to be paid within the next year.

OFF-BALANCE SHEET ARRANGEMENTS

Off-balance sheet arrangements have not had — and are not reasonably likely to have — a material effect on our current or future financial condition, results of operations or cash flows. Note 8: Related Parties and Note 11: Lines of Credit in the Notes to Consolidated Financial Statements contain our disclosures of:

• surety bonds,

• letters of credit and guarantees and

• information regarding variable interest entities.

ENVIRONMENTAL MATTERS, LEGAL PROCEEDINGS AND OTHER CONTINGENCIES

See Note 14: Legal Proceedings, Commitments and Contingencies in the Notes to Consolidated Financial Statements.

ACCOUNTING MATTERS

CRITICAL ACCOUNTING POLICIES

In the preparation of our financial statements we follow established accounting policies and make estimates that affect both the amounts and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgments about matters that are inherently uncertain. Accounting policies whose application may have a significant effect on the reported results of operations and financial position are considered critical accounting policies.

In accounting, we base our judgments and estimates on:

• historical experience and

• assumptions we believe are appropriate and reasonable under current circumstances.

Actual results, however, may differ from the estimated amounts we have recorded.

Our most critical accounting policies relate to our:

• pension and postretirement benefit plans;

• potential impairments of long-lived assets;

• legal, environmental and product liability reserves;

• timber depletion; and

• business combinations.

Details about our other significant accounting policies — what we use and how we estimate — are in Note 1: Summary of Significant Accounting Policies in the Notes to Consolidated Financial Statements.
PENSION AND POSTRETIREMENT BENEFIT PLANS
We sponsor several pension and postretirement benefit plans for our employees. Key assumptions we use in accounting for the plans include:

- expected long-term rate of return on plan assets and
- discount rates.

At the end of every year, we review our assumptions with external advisers and make adjustments as appropriate. We use these assumptions to calculate liability information as of yearend and pension and post retirement expense for the following year. Actual experience that differs from our assumptions or any changes in our assumptions could have a significant effect on our financial position, results of operations and cash flows.

Other factors that affect our accounting for the plans include:

- actual pension fund performance,
- level of lump sum distributions,
- plan changes and amendments,
- portfolio changes and restructuring,
- anticipated trends in health care costs,
- assumed increases in salaries and
- mortality rates.

This section provides more information about our:

- expected long-term rate of return and
- discount rates.

Expected Long-Term Rate of Return on Plan Assets
Plan assets are assets of the pension plan trusts that fund the benefits provided under the pension plans. The expected long-term rate of return is our estimate of the long-term rate of return that our plan assets will earn. Our expected long-term rate of return is important in determining the net periodic benefit or cost we recognize for our plans.

Over the 33 years it has been in place, our U.S. pension trust investment strategy has achieved a 13.7 percent net compound annual return rate. After considering available information at the end of 2016, we determined that it was appropriate to reduce our assumption of long-term rate of return on plan assets used in determining net periodic benefit cost from 9.0 percent for the year ended December 31, 2016, to 8.0 percent for the year ended December 31, 2017. Based on the information available at the end of 2017, we determined that it is appropriate to continue to use the 8.0 percent return on plan assets assumption during 2018.

Factors we considered include:

- the net compounded annual return of over 8 percent achieved by our U.S. pension trust investment strategy the past 5 years and
- current and expected valuation levels in the global equity and credit markets.

Our expected long-term rate of return is important in determining the net periodic benefit or cost we recognize for our plans. Every 50 basis point decrease in our expected long-term rate of return would increase expense or reduce a credit by approximately:

- $22 million for our U.S. qualified pension plans and
- $5 million for our Canadian registered pension plans.

The actual return on plan assets in any given year may vary from our expected long-term rate of return. Actual returns on plan assets affect the funded status of the plans. Differences between actual returns on plan assets and the expected long-term rate of return are reflected as adjustments to cumulative other comprehensive income (loss), a component of total equity.

Discount Rates
Our discount rates as of December 31, 2017, are:

- 3.7 percent for our U.S. pension plans — compared with 4.3 percent at December 31, 2016;
- 3.5 percent for our U.S. postretirement plans — compared with 3.7 percent at December 31, 2016;
- 3.5 percent for our Canadian pension plans — compared with 3.7 percent at December 31, 2016; and
- 3.4 percent for our Canadian postretirement plans — compared with 3.6 percent at December 31, 2016.

We review our discount rates annually and revise them as needed. The discount rates are selected at the measurement date by matching current spot rates of high-quality corporate bonds with maturities similar to the timing of expected cash outflows for benefits.

Pension and postretirement benefit expenses for 2018 will be based on the 3.7 percent and 3.5 percent assumed discount rates for U.S. plans and 3.5 percent and 3.4 percent assumed discount rates for the Canadian plans.

Our discount rates are important in determining the cost of our plans. A 50 basis point decrease in our discount rate would increase expense or reduce a credit by approximately:

- $34 million for our U.S. qualified pension plans and
- $4 million for our Canadian registered pension plans.

LONG-LIVED ASSETS
We review the carrying value of our long-lived assets whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable through future operations. The carrying value is the amount assigned to long-lived assets in our financial statements.

An impairment occurs when the carrying value of long-lived assets will not be recovered from future cash flows and is more than fair market value. Fair market value is the estimated amount we would receive if we were to sell the assets.
In determining fair market value and whether impairment has occurred, we are required to estimate:

- future cash flows,
- residual values and
- fair values of the assets.

Key assumptions we use in developing the estimates include:

- probability of alternative outcomes,
- product pricing,
- raw material costs,
- product sales and
- discount rate.

**CONTESTENT LIABILITIES**

We are subject to lawsuits, investigations and other claims related to environmental, product and other matters, and are required to assess the likelihood of any adverse judgments or outcomes to these matters, as well as potential ranges of probable losses.

We record contingent liabilities when:

- it becomes probable that we will have to make payments and
- the amount of loss can be reasonably estimated.

Assessing probability of loss and estimating probable losses requires analysis of multiple factors, including:

- historical experience,
- evaluations of relevant legal and environmental regulations,
- judgments about the potential actions of third party claimants and courts, and
- consideration of potential environmental remediation methods.

In addition to contingent liabilities recorded for probable losses, we disclose contingent liabilities when there is a reasonable possibility that an ultimate loss may occur. While we do our best in developing our projections, recorded contingent liabilities are based on the best information available and actual losses in any future period are inherently uncertain. If estimated probable future losses or actual losses exceed our recorded liability for such claims, we would record additional charges. These exposures and proceedings can be significant and the ultimate negative outcomes could be material to our operating results or cash flow in any given quarter or year. See Note 14: Legal Proceedings, Commitments and Contingencies in the Notes to Consolidated Financial Statements for more information.

**TIMBER DEPLETION**

We record depletion, the costs attributed to timber harvested, as trees are harvested. To calculate our depletion rates, which are updated annually, we:

- take the total carrying cost of the timber and
- divide by the total timber volume estimated to be harvested during the harvest cycle.

Estimating the volume of timber available for harvest over the harvest cycle requires consideration of the following factors:

- effects of fertilizer and pesticide applications,
- changes in environmental regulations and other regulatory restrictions,
- limits on harvesting certain timberlands,
- changes in harvest plans,
- scientific advancement in seedling and growing technology; and
- changes in weather patterns.

In addition, the duration of the harvest cycle varies by geographic region and species of timber.

Depletion rate calculations do not include estimates for:

- future silviculture or sustainable forest management costs associated with existing stands,
- future reforestation costs associated with a stand's final harvest; and
- future volume in connection with the replanting of a stand subsequent to its final harvest.

A 5 percent decrease in our estimate of future harvest volumes would have:

- increased depletion expense by $12 million for 2017 and
- increased depletion expense by $13 million for 2016.

**BUSINESS COMBINATIONS**

We recognize identifiable assets acquired and liabilities assumed at their acquisition date fair value. Goodwill, if any, as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While we use our best estimates and assumptions for the purchase price allocation process to value assets acquired and liabilities assumed at the acquisition date, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to any goodwill previously recorded (or to earnings in the event that no goodwill was previously recorded) to the extent that we identify adjustments to the preliminary purchase price allocation. Beginning January 1, 2016, we adopted ASU 2015-16, which eliminates the requirements
to retrospectively apply measurement period adjustments to the preliminary purchase price allocation and revise comparative information on the income statement and balance sheet for any prior periods affected. We will recognize measurement period adjustments and any resulting effect on earnings during the period in which the adjustment is identified. Upon the conclusion of the measurement period or final
determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statement of operations.

**PROSPECTIVE ACCOUNTING PRONOUNCEMENTS**

A summary of prospective accounting pronouncements is in *Note 1: Summary of Significant Accounting Policies* in the *Notes to Consolidated Financial Statements*.

**PERFORMANCE MEASURES**

We use Adjusted Earnings before Interest, Taxes, Depreciation, Depletion and Amortization (Adjusted EBITDA) as a key performance measure to evaluate the performance of the consolidated company and our business segments. This measure should not be considered in isolation from and is not intended to represent an alternative to our results reported in accordance with U.S. generally accepted accounting principles (U.S. GAAP). However, we believe Adjusted EBITDA provides meaningful supplemental information for our investors about our operating performance, better facilitates period to period comparisons, and is widely used by analysts, lenders, rating agencies and other interested parties. Our definition of Adjusted EBITDA may be different from similarly titled measures reported by other companies. 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 (primarily interest cost, expected return on plan assets, amortization of actuarial loss and amortization of prior service cost/credit), and special items. Adjusted EBITDA excludes results from joint ventures.

**Adjusted EBITDA by Segment**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timberlands</td>
<td>$936</td>
<td>$865</td>
<td>$678</td>
</tr>
<tr>
<td>Real Estate &amp; ENR</td>
<td>241</td>
<td>189</td>
<td>98</td>
</tr>
<tr>
<td>Wood Products</td>
<td>1,017</td>
<td>641</td>
<td>372</td>
</tr>
<tr>
<td></td>
<td>2,194</td>
<td>1,695</td>
<td>1,148</td>
</tr>
<tr>
<td>Unallocated Items</td>
<td>(114)</td>
<td>(112)</td>
<td>(123)</td>
</tr>
<tr>
<td>Total</td>
<td>$2,080</td>
<td>$1,583</td>
<td>$1,025</td>
</tr>
</tbody>
</table>

We reconcile Adjusted EBITDA to net earnings for the consolidated company and to operating income for the business segments, as those are the most directly comparable U.S. GAAP measures for each.

The table below reconciles Adjusted EBITDA by segment to net earnings during the year ended 2017:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIMBERLANDS</td>
</tr>
<tr>
<td>$532</td>
</tr>
<tr>
<td>Equity earnings from joint ventures</td>
</tr>
<tr>
<td>Non-operating pension and other postretirement benefit costs (credits)</td>
</tr>
<tr>
<td>Interest income and other</td>
</tr>
</tbody>
</table>

(1) Pretax special items included in Timberlands consists of: a $147 million noncash impairment charge of the Uruguayan operations a $99 million gain on sale of land in our Southern timberlands region.

(2) Prestax special items included in Wood Products consists of: $290 million charge for product remediation, $7 million for countervailing and antidumping duties on Canadian softwood lumber that the Company sold in the United States, and a $6 million impairment charge on a nonstrategic asset.

(3) Pretax special items included in Unallocated Items consist of: $42 million for environmental remediation insurance recoveries and $34 million for Plum Creek merger-related costs.
The table below reconciles Adjusted EBITDA by segment to net earnings during the year ended 2016:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>TIMBERLANDS</th>
<th>REAL ESTATE &amp; ENR</th>
<th>WOOD PRODUCTS</th>
<th>UNALLOCATED ITEMS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 1,027</td>
</tr>
<tr>
<td>Earnings from discontinued operations, net of taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(612)</td>
</tr>
<tr>
<td>Interest expense, net of capitalized interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>431</td>
</tr>
<tr>
<td>Income taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>89</td>
</tr>
<tr>
<td>Net contribution to earnings</td>
<td>$ 499</td>
<td>$ 55</td>
<td>$ 512</td>
<td>$ (131)</td>
<td>$ 935</td>
</tr>
<tr>
<td>Equity earnings from joint ventures</td>
<td></td>
<td></td>
<td>(2)</td>
<td>(20)</td>
<td>(22)</td>
</tr>
<tr>
<td>Non-operating pension and other postretirement benefit costs (credits)</td>
<td></td>
<td></td>
<td></td>
<td>(48)</td>
<td>(48)</td>
</tr>
<tr>
<td>Interest income and other</td>
<td></td>
<td></td>
<td></td>
<td>(43)</td>
<td>(43)</td>
</tr>
<tr>
<td>Operating income</td>
<td>$ 499</td>
<td>$ 53</td>
<td>$ 512</td>
<td>(242)</td>
<td>$ 822</td>
</tr>
<tr>
<td>Depreciation, depletion and amortization</td>
<td>366</td>
<td>13</td>
<td>129</td>
<td>4</td>
<td>512</td>
</tr>
<tr>
<td>Basis of real estate sold</td>
<td></td>
<td>109</td>
<td></td>
<td>109</td>
<td>512</td>
</tr>
<tr>
<td>Unallocated pension service costs</td>
<td></td>
<td></td>
<td></td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Special items (1)(2)</td>
<td></td>
<td></td>
<td></td>
<td>(22)</td>
<td>(22)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ 865</td>
<td>$ 189</td>
<td>$ 641</td>
<td>(112)</td>
<td>$ 1,583</td>
</tr>
</tbody>
</table>

(1) Special items included in Real Estate & ENR relate to an asset impairment charge recorded for development projects.
(2) Special items included in Unallocated Items consist of: $146 million Plum Creek merger-related costs, $36 million gain on sale of nonstrategic assets and $11 million of legal expense.

The table below reconciles Adjusted EBITDA by segment to net earnings during the year ended 2015:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>TIMBERLANDS</th>
<th>REAL ESTATE &amp; ENR</th>
<th>WOOD PRODUCTS</th>
<th>UNALLOCATED ITEMS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 506</td>
</tr>
<tr>
<td>Earnings from discontinued operations, net of taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(95)</td>
</tr>
<tr>
<td>Interest expense, net of capitalized interest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>341</td>
</tr>
<tr>
<td>Income taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(58)</td>
</tr>
<tr>
<td>Net contribution to earnings</td>
<td>$ 470</td>
<td>$ 79</td>
<td>$ 258</td>
<td>$ (113)</td>
<td>$ 694</td>
</tr>
<tr>
<td>Equity earnings from joint ventures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-operating pension and other postretirement benefit costs (credits)</td>
<td></td>
<td></td>
<td></td>
<td>(14)</td>
<td>(14)</td>
</tr>
<tr>
<td>Interest income and other</td>
<td></td>
<td></td>
<td></td>
<td>(36)</td>
<td>(36)</td>
</tr>
<tr>
<td>Operating income</td>
<td>$ 470</td>
<td>$ 79</td>
<td>$ 258</td>
<td>(163)</td>
<td>$ 644</td>
</tr>
<tr>
<td>Depreciation, depletion and amortization</td>
<td>208</td>
<td>1</td>
<td>106</td>
<td>10</td>
<td>325</td>
</tr>
<tr>
<td>Basis of real estate sold</td>
<td></td>
<td>18</td>
<td></td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Unallocated pension service costs</td>
<td></td>
<td></td>
<td></td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Special items (1)(2)</td>
<td></td>
<td></td>
<td></td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>$ 678</td>
<td>$ 98</td>
<td>$ 372</td>
<td>(123)</td>
<td>$ 1,025</td>
</tr>
</tbody>
</table>

(1) Special items included in Wood Products are pretax restructuring charges related to the closure of four distribution centers.
(2) Special items included in Unallocated Items consist of a $13 million noncash impairment charge related to a nonstrategic asset that was sold in the second quarter and $14 million of Plum Creek merger-related costs.

WEYERHAUSER COMPANY > 2017 ANNUAL REPORT AND FORM 10-K 56
LONG-TERM DEBT OBLIGATIONS

The following summary of our long-term debt obligations includes:

- scheduled principal repayments for the next five years and after,
- weighted average interest rates for debt maturing in each of the next five years and after and
- estimated fair values of outstanding obligations.

We estimate the fair value of long-term debt based on quoted market prices we received for the same types and issues of our debt or on the discounted value of the future cash flows using market yields for the same type and comparable issues of debt. Changes in market rates of interest affect the fair value of our fixed-rate debt.

SUMMARY OF LONG-TERM DEBT OBLIGATIONS AS OF DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>THEREAFTER</th>
<th>TOTAL(2)</th>
<th>FAIR VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed-rate debt</td>
<td>$62</td>
<td>$500</td>
<td>—</td>
<td>$719</td>
<td>—</td>
<td>$4,450</td>
<td>$5,731</td>
<td>$6,823</td>
</tr>
<tr>
<td>Average interest rate</td>
<td>7.00%</td>
<td>7.38%</td>
<td>—%</td>
<td>5.56%</td>
<td>—%</td>
<td>6.38%</td>
<td>6.37%</td>
<td>N/A</td>
</tr>
<tr>
<td>Variable-rate debt</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$225</td>
<td>$225</td>
<td>$225</td>
</tr>
<tr>
<td>Average interest rate</td>
<td>—%</td>
<td>—%</td>
<td>—%</td>
<td>—%</td>
<td>—%</td>
<td>3.15%</td>
<td>3.15%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

(1) Excludes $36 million of unamortized discounts, capitalized debt expense and fair value adjustments (related to Plum Creek merger).
(2) Does not include nonrecourse debt held by our Variable Interest Entities (VIEs). See Note 8: Related Parties in the Notes to Consolidated Financial Statements for further information on our VIEs and the related nonrecourse debt.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
Weyerhaeuser Company:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Weyerhaeuser Company and subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 16, 2018 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2002.

Seattle, Washington
February 16, 2018
## CONSOLIDATED STATEMENT OF OPERATIONS

**FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2017**

### DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>$7,196</td>
<td>$6,365</td>
<td>$5,246</td>
</tr>
<tr>
<td>Costs of products sold</td>
<td>5,298</td>
<td>4,980</td>
<td>4,153</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>1,898</td>
<td>1,385</td>
<td>1,093</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>87</td>
<td>89</td>
<td>99</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>310</td>
<td>338</td>
<td>252</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>14</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>Charges for integration and restructuring, closures and asset impairments (Note 17)</td>
<td>194</td>
<td>170</td>
<td>39</td>
</tr>
<tr>
<td>Charges for product remediation (Note 18)</td>
<td>290</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other operating costs (income), net (Note 19)</td>
<td>(128)</td>
<td>(53)</td>
<td>41</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>1,131</td>
<td>822</td>
<td>644</td>
</tr>
<tr>
<td>Equity earnings from joint ventures (Note 8)</td>
<td>1</td>
<td>22</td>
<td>—</td>
</tr>
<tr>
<td>Non-operating pension and other postretirement benefit (costs) credits</td>
<td>(62)</td>
<td>48</td>
<td>14</td>
</tr>
<tr>
<td>Interest income and other</td>
<td>39</td>
<td>43</td>
<td>36</td>
</tr>
<tr>
<td>Interest expense, net of capitalized interest</td>
<td>(393)</td>
<td>(431)</td>
<td>(341)</td>
</tr>
<tr>
<td>Earnings from continuing operations before income taxes</td>
<td>716</td>
<td>504</td>
<td>353</td>
</tr>
<tr>
<td>Income taxes (Note 20)</td>
<td>(134)</td>
<td>(89)</td>
<td>58</td>
</tr>
<tr>
<td>Earnings from continuing operations</td>
<td>582</td>
<td>415</td>
<td>411</td>
</tr>
<tr>
<td>Earnings from discontinued operations, net of income taxes (Note 3)</td>
<td>—</td>
<td>612</td>
<td>95</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>582</td>
<td>1,005</td>
<td>462</td>
</tr>
<tr>
<td>Dividends on preference shares</td>
<td>—</td>
<td>(22)</td>
<td>(44)</td>
</tr>
<tr>
<td><strong>Net earnings attributable to Weyerhaeuser common shareholders</strong></td>
<td>$582</td>
<td>$1,005</td>
<td>$462</td>
</tr>
</tbody>
</table>

### Basic earnings per share attributable to Weyerhaeuser common shareholders (Note 5):

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing operations</td>
<td>$0.77</td>
<td>$0.55</td>
<td>$0.71</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>—</td>
<td>0.85</td>
<td>0.18</td>
</tr>
<tr>
<td><strong>Net earnings per share</strong></td>
<td>$0.77</td>
<td>$1.40</td>
<td>$0.89</td>
</tr>
</tbody>
</table>

### Diluted earnings per share attributable to Weyerhaeuser common shareholders (Note 5):

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing operations</td>
<td>$0.77</td>
<td>$0.55</td>
<td>$0.71</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>—</td>
<td>0.84</td>
<td>0.18</td>
</tr>
<tr>
<td><strong>Net earnings per share</strong></td>
<td>$0.77</td>
<td>$1.39</td>
<td>$0.89</td>
</tr>
</tbody>
</table>

### Dividends paid per common share

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>1.25</td>
<td>1.24</td>
<td>1.20</td>
</tr>
<tr>
<td>Diluted</td>
<td>756,666</td>
<td>722,401</td>
<td>519,618</td>
</tr>
</tbody>
</table>

See accompanying **Notes to Consolidated Financial Statements**.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>$582</td>
<td>$1,027</td>
<td>$506</td>
</tr>
<tr>
<td>Other comprehensive income (loss):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>32</td>
<td>25</td>
<td>(97)</td>
</tr>
<tr>
<td>Changes in unamortized net pension and other postretirement benefit gain (loss), net of tax expense (benefit) of ($2) in 2017, ($151) in 2016, and $131 in 2015</td>
<td>(132)</td>
<td>(269)</td>
<td>282</td>
</tr>
<tr>
<td>Changes in unamortized prior service cost, net of tax benefit of $2 in 2017, $0 in 2016 and $1 in 2015</td>
<td>(5)</td>
<td>(4)</td>
<td>(4)</td>
</tr>
<tr>
<td>Unrealized gains on available-for-sale securities</td>
<td>2</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>$479</td>
<td>$780</td>
<td>$687</td>
</tr>
</tbody>
</table>

See accompanying Notes to Consolidated Financial Statements.
# CONSOLIDATED BALANCE SHEET

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>DECEMBER 31, 2017</th>
<th>DECEMBER 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$824</td>
<td>$676</td>
</tr>
<tr>
<td>Receivables, less discounts and allowances of $1 and $1</td>
<td>396</td>
<td>390</td>
</tr>
<tr>
<td>Receivables for taxes</td>
<td>14</td>
<td>84</td>
</tr>
<tr>
<td>Inventories (Note 6)</td>
<td>383</td>
<td>358</td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>98</td>
<td>114</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,715</td>
<td>1,622</td>
</tr>
<tr>
<td>Property and equipment, less accumulated depreciation of $3,338 and $3,306 (Note 7)</td>
<td>1,618</td>
<td>1,562</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>225</td>
<td>213</td>
</tr>
<tr>
<td>Timber and timberlands at cost, less depletion</td>
<td>12,954</td>
<td>14,299</td>
</tr>
<tr>
<td>Minerals and mineral rights, less depletion</td>
<td>308</td>
<td>319</td>
</tr>
<tr>
<td>Investments in and advances to joint ventures (Note 8)</td>
<td>31</td>
<td>56</td>
</tr>
<tr>
<td>Goodwill</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Deferred tax assets (Note 20)</td>
<td>268</td>
<td>293</td>
</tr>
<tr>
<td>Other assets</td>
<td>285</td>
<td>224</td>
</tr>
<tr>
<td>Restricted financial investments held by variable interest entities (Note 8)</td>
<td>615</td>
<td>615</td>
</tr>
<tr>
<td>Total assets</td>
<td>$18,059</td>
<td>$19,243</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND EQUITY</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current maturities of long-term debt (Notes 12 and 13)</td>
<td>$62</td>
<td>$281</td>
</tr>
<tr>
<td>Current debt (nonrecourse to the company) held by variable interest entities (Note 8)</td>
<td>209</td>
<td>—</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>249</td>
<td>233</td>
</tr>
<tr>
<td>Accrued liabilities (Note 10)</td>
<td>645</td>
<td>692</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>1,165</td>
<td>1,206</td>
</tr>
<tr>
<td>Long-term debt (Notes 12 and 13)</td>
<td>5,930</td>
<td>6,329</td>
</tr>
<tr>
<td>Long-term debt (nonrecourse to the company) held by variable interest entities (Note 8)</td>
<td>302</td>
<td>511</td>
</tr>
<tr>
<td>Deferred pension and other postretirement benefits (Note 9)</td>
<td>1,487</td>
<td>1,322</td>
</tr>
<tr>
<td>Deposit received from contribution of timberlands to related party (Note 8)</td>
<td>—</td>
<td>426</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>276</td>
<td>269</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>9,160</td>
<td>10,063</td>
</tr>
<tr>
<td>Equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weyerhaeuser shareholders’ interest (Notes 15 and 16):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common shares: $1.25 par value; authorized 1,360,000,000 shares; issued and outstanding: 755,222,727 and 748,528,131 shares,</td>
<td>944</td>
<td>936</td>
</tr>
<tr>
<td>Other capital</td>
<td>8,439</td>
<td>8,282</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,078</td>
<td>1,421</td>
</tr>
<tr>
<td>Cumulative other comprehensive loss</td>
<td>(1,562)</td>
<td>(1,459)</td>
</tr>
<tr>
<td>Total equity</td>
<td>8,899</td>
<td>9,180</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>$18,059</td>
<td>$19,243</td>
</tr>
</tbody>
</table>

See accompanying Notes to Consolidated Financial Statements.
### CONSOLIDATED STATEMENT OF CASH FLOWS

**FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2017**

**DOLLAR AMOUNTS IN MILLIONS**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operations:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings</td>
<td>$582</td>
<td>$1,027</td>
<td>$506</td>
</tr>
<tr>
<td>Noncash charges (credits) to income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation, depletion and amortization</td>
<td>521</td>
<td>565</td>
<td>479</td>
</tr>
<tr>
<td>Basis of real estate sold</td>
<td>81</td>
<td>109</td>
<td>18</td>
</tr>
<tr>
<td>Deferred income taxes, net</td>
<td>44</td>
<td>(159)</td>
<td>—</td>
</tr>
<tr>
<td>Pension and other postretirement benefits</td>
<td>97</td>
<td>5</td>
<td>42</td>
</tr>
<tr>
<td>Share-based compensation expense (Note 16)</td>
<td>40</td>
<td>60</td>
<td>31</td>
</tr>
<tr>
<td>Charges for impairment of assets</td>
<td>154</td>
<td>37</td>
<td>15</td>
</tr>
<tr>
<td>Equity (earnings) loss from joint ventures (Note 8)</td>
<td>(1)</td>
<td>(18)</td>
<td>105</td>
</tr>
<tr>
<td>Net gains on disposition of discontinued and other operations (Note 3)</td>
<td>(1)</td>
<td>(789)</td>
<td>—</td>
</tr>
<tr>
<td>Net gains on sale of nonstrategic assets</td>
<td>(16)</td>
<td>(73)</td>
<td>(38)</td>
</tr>
<tr>
<td>Net gains on sale of southern timberlands (Note 8)</td>
<td>(99)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Foreign exchange transaction (gains) losses (Note 19)</td>
<td>(1)</td>
<td>(5)</td>
<td>47</td>
</tr>
<tr>
<td>Change in, net of acquisition:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables less allowances</td>
<td>(35)</td>
<td>(54)</td>
<td>17</td>
</tr>
<tr>
<td>Receivable / payable for taxes</td>
<td>(50)</td>
<td>106</td>
<td>(5)</td>
</tr>
<tr>
<td>Inventories</td>
<td>(39)</td>
<td>61</td>
<td>10</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(12)</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>106</td>
<td>11</td>
<td>(35)</td>
</tr>
<tr>
<td>Pension and postretirement contributions / benefit payments</td>
<td>(78)</td>
<td>(99)</td>
<td>(83)</td>
</tr>
<tr>
<td>Distributions of earnings received from joint ventures (Note 8)</td>
<td>1</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Other</td>
<td>(93)</td>
<td>(68)</td>
<td>(52)</td>
</tr>
<tr>
<td><strong>Net cash from operations</strong></td>
<td>1,201</td>
<td>735</td>
<td>1,075</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures for property and equipment</td>
<td>(358)</td>
<td>(451)</td>
<td>(443)</td>
</tr>
<tr>
<td>Capital expenditures for timberlands reforestation</td>
<td>(61)</td>
<td>(59)</td>
<td>(40)</td>
</tr>
<tr>
<td>Acquisition of timberlands</td>
<td>—</td>
<td>(10)</td>
<td>(36)</td>
</tr>
<tr>
<td>Proceeds from disposition of discontinued and other operations (Note 3)</td>
<td>403</td>
<td>2,486</td>
<td>—</td>
</tr>
<tr>
<td>Proceeds from sale of nonstrategic assets</td>
<td>26</td>
<td>104</td>
<td>19</td>
</tr>
<tr>
<td>Proceeds from sale of southern timberlands (Note 8)</td>
<td>203</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Proceeds from redemption of ownership in related party (Note 8)</td>
<td>108</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Proceeds from contribution of timberlands to related party (Note 8)</td>
<td>—</td>
<td>440</td>
<td>—</td>
</tr>
<tr>
<td>Distributions of investment received from joint ventures (Note 8)</td>
<td>25</td>
<td>46</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>21</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td><strong>Net cash from investing activities</strong></td>
<td>367</td>
<td>2,559</td>
<td>(487)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash dividends on common shares</td>
<td>(941)</td>
<td>(932)</td>
<td>(619)</td>
</tr>
<tr>
<td>Cash dividends on preference shares</td>
<td>—</td>
<td>(22)</td>
<td>(44)</td>
</tr>
<tr>
<td>Proceeds from issuance of long-term debt (Note 12)</td>
<td>225</td>
<td>1,698</td>
<td>—</td>
</tr>
<tr>
<td>Payments on long-term debt (Note 12)</td>
<td>(831)</td>
<td>(2,423)</td>
<td>—</td>
</tr>
<tr>
<td>Proceeds from borrowings on line of credit (Note 11)</td>
<td>100</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Payments on line of credit (Note 11)</td>
<td>(100)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Proceeds from exercise of stock options</td>
<td>128</td>
<td>61</td>
<td>34</td>
</tr>
<tr>
<td>Repurchase of common stock</td>
<td>—</td>
<td>(2,003)</td>
<td>(518)</td>
</tr>
<tr>
<td>Other</td>
<td>(1)</td>
<td>(9)</td>
<td>(9)</td>
</tr>
<tr>
<td><strong>Net cash from financing activities</strong></td>
<td>(1,420)</td>
<td>(3,630)</td>
<td>(1,156)</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents</td>
<td>$148</td>
<td>$336</td>
<td>$568</td>
</tr>
<tr>
<td>Cash and cash equivalents from continuing operations at beginning of year</td>
<td>$676</td>
<td>$1,011</td>
<td>$1,577</td>
</tr>
<tr>
<td>Cash and cash equivalents from discontinued operations at beginning of year</td>
<td>—</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>$676</td>
<td>$1,012</td>
<td>$1,580</td>
</tr>
<tr>
<td>Cash and cash equivalents from continuing operations at end of year</td>
<td>$824</td>
<td>$676</td>
<td>$1,011</td>
</tr>
<tr>
<td>Cash and cash equivalents from discontinued operations at end of year</td>
<td>—</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$824</td>
<td>$676</td>
<td>$1,012</td>
</tr>
<tr>
<td>Cash paid (received) during the year for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest, net of amounts capitalized of $9 in 2017, $8 in 2016 and $7 in 2015</td>
<td>$381</td>
<td>$446</td>
<td>$347</td>
</tr>
<tr>
<td>Income taxes</td>
<td>$169</td>
<td>$485</td>
<td>$14</td>
</tr>
</tbody>
</table>
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2017**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mandatory convertible preference shares, series A:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$ —</td>
<td>$ 14</td>
<td>$ 14</td>
</tr>
<tr>
<td>Conversion to common shares (Note 15)</td>
<td>—</td>
<td>(14)</td>
<td>—</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ —</td>
<td>$ —</td>
<td>$ 14</td>
</tr>
<tr>
<td><strong>Common shares:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$ 936</td>
<td>$ 638</td>
<td>$ 656</td>
</tr>
<tr>
<td>Preference shares converted to common shares (Note 15)</td>
<td>—</td>
<td>29</td>
<td>—</td>
</tr>
<tr>
<td>Issued for exercise of stock options</td>
<td>7</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Repurchases of common shares (Note 15)</td>
<td>—</td>
<td>(85)</td>
<td>(20)</td>
</tr>
<tr>
<td>Release of vested restricted stock units</td>
<td>1</td>
<td>2</td>
<td>—</td>
</tr>
<tr>
<td>Plum Creek acquisition</td>
<td>—</td>
<td>349</td>
<td>—</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ 944</td>
<td>$ 936</td>
<td>$ 638</td>
</tr>
<tr>
<td><strong>Other capital:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$ 8,282</td>
<td>$ 4,080</td>
<td>$ 4,519</td>
</tr>
<tr>
<td>Issued for exercise of stock options</td>
<td>128</td>
<td>61</td>
<td>32</td>
</tr>
<tr>
<td>Repurchase of common shares (Note 15)</td>
<td>—</td>
<td>(1,918)</td>
<td>(498)</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>35</td>
<td>35</td>
<td>32</td>
</tr>
<tr>
<td>Plum Creek acquisition</td>
<td>—</td>
<td>6,046</td>
<td>—</td>
</tr>
<tr>
<td>Other transactions, net</td>
<td>(6)</td>
<td>(22)</td>
<td>(5)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ 8,439</td>
<td>$ 8,282</td>
<td>$ 4,080</td>
</tr>
<tr>
<td><strong>Retained earnings:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$ 1,421</td>
<td>$ 1,349</td>
<td>$ 1,508</td>
</tr>
<tr>
<td>Net earnings</td>
<td>582</td>
<td>1,027</td>
<td>506</td>
</tr>
<tr>
<td>Dividends on common shares</td>
<td>(944)</td>
<td>(933)</td>
<td>(621)</td>
</tr>
<tr>
<td>Adjustments related to new accounting pronouncements (Note 1)</td>
<td>19</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Cash dividends on preference shares</td>
<td>—</td>
<td>(22)</td>
<td>(44)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ 1,078</td>
<td>$ 1,421</td>
<td>$ 1,349</td>
</tr>
<tr>
<td><strong>Cumulative other comprehensive loss:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$ (1,459)</td>
<td>$ (1,212)</td>
<td>$ (1,393)</td>
</tr>
<tr>
<td>Annual changes – net of tax:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>32</td>
<td>25</td>
<td>(97)</td>
</tr>
<tr>
<td>Changes in unamortized net pension and other postretirement benefit gain (loss) (Note 9)</td>
<td>(132)</td>
<td>(269)</td>
<td>282</td>
</tr>
<tr>
<td>Changes in unamortized prior service credit (cost) (Note 9)</td>
<td>(5)</td>
<td>(4)</td>
<td>(4)</td>
</tr>
<tr>
<td>Unrealized gains on available-for-sale securities</td>
<td>2</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ (1,562)</td>
<td>$ (1,459)</td>
<td>$ (1,212)</td>
</tr>
<tr>
<td><strong>Total equity:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ 8,899</td>
<td>$ 9,180</td>
<td>$ 4,869</td>
</tr>
</tbody>
</table>

See accompanying Notes to Consolidated Financial Statements.
## INDEX FOR NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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<th>TITLE</th>
<th>PAGE</th>
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</tr>
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<td>87</td>
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</tr>
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<td>LEGAL PROCEEDINGS, COMMITMENTS AND CONTINGENCIES</td>
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<tr>
<td>NOTE 15</td>
<td>SHAREHOLDERS' INTEREST</td>
<td>92</td>
</tr>
<tr>
<td>NOTE 16</td>
<td>SHARE-BASED COMPENSATION</td>
<td>94</td>
</tr>
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<td>NOTE 17</td>
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<td>NOTE 18</td>
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<td>102</td>
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<td>OTHER OPERATING COSTS (INCOME), NET</td>
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<td>102</td>
</tr>
<tr>
<td>NOTE 21</td>
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<td>105</td>
</tr>
<tr>
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<td>SELECTED QUARTERLY FINANCIAL INFORMATION (unaudited)</td>
<td>106</td>
</tr>
</tbody>
</table>

WEYERHAEUSER COMPANY > 2017 ANNUAL REPORT AND FORM 10-K
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Our significant accounting policies describe:

• our election to be taxed as a real estate investment trust,
• how we report our results,
• changes in how we report our results and
• how we account for various items.

OUR ELECTION TO BE TAXED AS A REAL ESTATE INVESTMENT TRUST (REIT)

Starting with our 2010 fiscal year, we elected to be taxed as a REIT. REIT income can be distributed to shareholders without first paying corporate level tax, substantially eliminating the double taxation on income. We expect to derive most of our REIT income from investments in timberlands, including the sale of standing timber through pay-as-cut sales contracts and lump sum timber deeds.

We were no longer subject to the REIT built-in gains tax as of December 31, 2014. Our built-in gains tax period expired in 2015 due to a change in U.S. tax law that statutorily shortened the built-in gains tax period to 5 years from 10 years. This means we are no longer subject to federal corporate level income taxes on sales of REIT property that had a fair market value in excess of tax basis when we converted to a REIT on January 1, 2010. We continue to be required to pay federal corporate income taxes on earnings of our Taxable REIT Subsidiary (TRS), which includes our Wood Products segment and portions of our Timberlands and Real Estate, Energy and Natural Resources (Real Estate & ENR) segments.

HOW WE REPORT OUR RESULTS

Our report includes:

• consolidated financial statements,
• our business segments,
• foreign currency translation,
• estimates, and
• fair value measurements.

Consolidated Financial Statements

Our consolidated financial statements provide an overall view of our results and financial condition. They include our accounts and the accounts of entities that we control, including:

• majority-owned domestic and foreign subsidiaries and
• variable interest entities in which we are the primary beneficiary.

They do not include our intercompany transactions and accounts, which are eliminated, and noncontrolling interests are presented as a separate component of equity.

We account for investments in and advances to unconsolidated equity affiliates using the equity method. We record our share of equity in net earnings of equity affiliates within "Equity earnings from joint ventures" in our Consolidated Statement of Operations in the period in which the earnings are recorded by our equity affiliates.

Throughout these Notes to Consolidated Financial Statements, unless specified otherwise, references to “Weyerhaeuser,” “the company,” “we” and “our” refer to the consolidated company.

Our Business Segments

Reportable business segments are determined based on the company’s “management approach,” as defined by Financial Accounting Standards Board (FASB) ASC 280, “Segment Reporting.” The management approach is based on the way the chief operating decision maker organizes the segments within a company for making decisions about resources to be allocated and assessing their performance.

During fiscal year 2016, the company’s chief operating decision maker changed the information regularly reviewed when making decisions to allocate resources and assess performance. Since this change, the company reports its financial performance based on three business segments: Timberlands, Real Estate & ENR, and Wood Products. Prior to revising our segment structure, activities related to the Real Estate & ENR business segment were reported as part of the Timberlands business segment.

Amounts for all periods presented have been reclassified throughout the consolidated financial statements and disclosures to conform to the new segment structure.

We are principally engaged in:

• growing and harvesting timber;
• manufacturing, distributing and selling products made from trees;
• maximizing the value of every acre we own through the sale of higher and better use (HBU) properties; and
• monetizing reserves of minerals, oil, gas, coal, and other natural resources on our timberlands.

Our business segments are organized based primarily on products and services.
Our Business Segments and Products

<table>
<thead>
<tr>
<th>SEGMENT</th>
<th>PRODUCTS AND SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timberlands</td>
<td>Logs, timber, and leased recreational access</td>
</tr>
<tr>
<td>Real Estate &amp; ENR</td>
<td>Sales of timberlands; rights to explore for and extract hard minerals, construction materials, oil and gas production, wind and coal; and equity interests in our Real Estate Development Ventures</td>
</tr>
<tr>
<td>Wood Products</td>
<td>Softwood lumber, engineered wood products, structural panels, medium density fiberboard and building materials distribution</td>
</tr>
</tbody>
</table>

We also transfer raw materials, semi-finished materials and end products among our business segments. Because of this intracompany activity, accounting for our business segments involves:

- pricing products transferred between our business segments at current market values and
- allocating joint conversion and common facility costs according to usage by our business segment product lines.

Gains or charges not related to or allocated to an individual operating segment are held in Unallocated Items. This includes a portion of items such as: share-based compensation; pension and postretirement costs; foreign exchange transaction gains and losses associated with financing; the elimination of intersegment profit in inventory and the LIFO reserve.

Foreign Currency Translation

Local currencies are the functional currencies for most of our operations outside the U.S. We translate foreign currencies into U.S. dollars in two ways:

- assets and liabilities — at the exchange rates in effect as of our balance sheet date; and
- revenues and expenses — at average monthly exchange rates throughout the year.

Estimates

We prepare our financial statements according to U.S. generally accepted accounting principles (U.S. GAAP). This requires us to make estimates and assumptions during our reporting periods and at the date of our financial statements. The estimates and assumptions affect our:

- reported amounts of assets, liabilities and equity;
- disclosure of contingent assets and liabilities; and
- reported amounts of revenues and expenses.

While we do our best in preparing these estimates, actual results can and do differ from those estimates and assumptions.

Fair Value Measurements

We use a fair value hierarchy in accounting for certain nonfinancial assets and liabilities including:

- long-lived assets (asset groups) measured at fair value for an impairment assessment;
- reporting units measured at fair value in the first step of a goodwill impairment test;
- nonfinancial assets and nonfinancial liabilities measured at fair value in the second step of a goodwill impairment assessment;
- assets acquired and liabilities assumed in a business acquisition; and
- asset retirement obligations initially measured at fair value.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon its own market assumptions.

The fair value hierarchy consists of the following three levels:

- Level 1 — Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 — Inputs are:
  - quoted prices for similar assets or liabilities in an active market;
  - quoted prices for identical or similar assets or liabilities in markets that are not active; or
  - inputs other than quoted prices that are observable and market-corroborated inputs, which are derived principally from or corroborated by observable market data.
- Level 3 — Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

Changes in how we report our results come from:

- reclassification of certain balances and results from prior years to make them consistent with our current reporting and
- accounting changes made upon our adoption of new accounting guidance

Reclassifications

We have reclassified certain balances and results from the prior year to be consistent with our 2017 reporting. This makes year-to-year comparisons easier. Our reclassifications had no effect on consolidated net earnings or equity. Our reclassifications present the adoption of new accounting pronouncements on our Consolidated Statement of Operations and in the related footnotes. Refer to discussion of new accounting pronouncements below.
New Accounting Pronouncements

Revenue Recognition
In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, a comprehensive new revenue recognition model that requires an entity to recognize revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration it expects to receive in exchange for those goods or services. In August 2015, FASB issued ASU 2015-14, which deferred the effective date for an additional year. In March 2016, FASB issued ASU 2016-08, which does not change the core principle of the guidance; however, it does clarify the implementation guidance on principal versus agent considerations. In April 2016, FASB issued ASU 2016-10, which clarifies two aspects of ASU 2014-09: identifying performance obligations and the licensing implementation guidance. In May 2016, FASB issued ASU 2016-12, which amends ASU 2014-09 to provide improvements and practical expedients to the new revenue recognition model. In December 2016, the FASB issued ASU 2016-20, which amends ASU 2014-09 for technical corrections and to correct for unintended application of the guidance. In February 2017, FASB issued ASU 2017-05, which clarifies the scope of ASC 610-20 and impacts accounting for partial sales of nonfinancial assets. We have adopted and implemented the new revenue recognition guidance effective January 1, 2018. The new standard is required to be applied retrospectively to each prior reporting period presented (full retrospective transition method) or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application (cumulative effect method). We have adopted using the cumulative effect method. The adoption of the new revenue recognition guidance will not materially impact our Consolidated Statement of Operations, Consolidated Balance Sheet, or Consolidated Statement of Cash Flows. We plan to add expanded disclosures, beginning in first quarter 2018.

Inventory Valuation Methods
In July 2015, FASB issued ASU 2015-11, which simplifies the measurement of inventories valued under most methods, including our inventories valued under FIFO – the first-in, first-out – and moving average cost methods. Inventories valued under LIFO – the last-in, first-out method – are excluded. Under this new guidance, inventories valued under these methods would be valued at the lower of cost or net realizable value, with net realizable value defined as the estimated selling price less reasonable costs to sell the inventory. The new guidance is effective prospectively for fiscal periods starting after December 15, 2016, and early adoption is permitted. We adopted on January 1, 2017, and determined this pronouncement does not have a material impact on our consolidated financial statements and related disclosures.

Lease Recognition
In February 2016, FASB issued ASU 2016-02, which requires lessees to recognize assets and liabilities for the rights and obligations created by those leases and requires both capital and operating leases to be recognized on the balance sheet. The new guidance is effective for fiscal years beginning after December 15, 2018, and early adoption is permitted. We expect to adopt on January 1, 2019. We are still evaluating various aspects of the revised guidance and subsequent revisions either made or being contemplated by the FASB, including application of the available practical expedients. We expect adoption to result in the recognition of the present value of the future commitments on operating leases disclosed in Note 14: Legal Proceedings, Commitments and Contingencies on our Consolidated Balance Sheet.

Intra-Entity Transfers (other than inventory)
In October 2016, FASB issued ASU 2016-16, which requires immediate recognition of the income tax consequences upon intra-entity transfers of assets other than inventory. The new guidance is effective for annual periods beginning after December 15, 2017, and early adoption is permitted. We adopted this accounting standard update on January 1, 2017. As a result of this adoption, our opening balance sheet was adjusted through "Retained Earnings" by $19 million for prior period intra-entity transfers. Adoption of this standard did not have a material impact on our Consolidated Statement of Cash Flows or Consolidated Statement of Operations.

Pension and Other Post Retirement Benefit (Costs)/Credits
In March 2017, FASB issued ASU 2017-07, which requires that an employer report the service cost component of pension and other postretirement benefit costs in the Consolidated Statement of Operations in the same line item or items as other compensation costs arising from services rendered by the pertinent employees. This requirement is consistent with how we have historically presented our pension service costs. The other requirement of ASU 2017-07 is to present the remaining components of pension and other postretirement benefit costs (i.e., interest, expected return on plan assets, amortization of actuarial gains or losses, and amortization of prior service credits or costs) in the Consolidated Statement of Operations separately from the service cost component and outside a subtotal of income from operations. The new guidance is effective for annual periods beginning after December 15, 2017, and early adoption is permitted. We adopted this accounting standard as of January 1, 2017. As a result, we reclassified amounts related to other components of pension and other postretirement benefit costs from their prior financial statements captions ("Costs of products sold," "General and administrative expenses," and "Other operating costs (income), net") into a new financial statement caption titled "Non-operating pension and other postretirement benefit (costs)/credits" in our Consolidated Statement of Operations. The adoption of ASU 2017-07 did not impact "Net earnings," nor did it impact our Consolidated Balance Sheet.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income
In February 2018, FASB issued ASU 2018-02, which allows for the reclassification of certain income tax effects related to the Tax Cuts and Jobs Act between "Accumulated other comprehensive income" and "Retained earnings." This ASU relates to the requirement that adjustments to deferred tax liabilities and assets related to a change in tax laws or rates to be included in "Income from continuing operations", even in situations where the related items were originally recognized in "Other comprehensive income" (rather than in "Income from continuing operations"). The amendments in this ASU are effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. Adoption of this ASU is to be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the tax laws or rates were recognized. We are still evaluating certain aspects of this ASU as well as the related impacts it may have on our financial statements.

HOW DO WE ACCOUNT FOR VARIOUS ITEMS
This section provides information about how we account for certain key items related to:

- capital investments,
- financing our business and
- operations.

ITEMS RELATED TO CAPITAL INVESTMENTS
Key items related to accounting for capital investments pertain to property and equipment, timber and timberlands, impairment of long-lived assets and goodwill.
Property and Equipment
We maintain property accounts on an individual asset basis. Here is how we handle major items:

- Improvements to and replacements of major units of property are capitalized.
- Maintenance, repairs and minor replacements are expensed.
- Depreciation is calculated using a straight-line method at rates based on estimated service lives.
- We capitalize costs associated with logging roads that we intend to utilize for a period longer than one year. These roads are then amortized over an estimated service life.
- Cost and accumulated depreciation of property sold or retired are removed from the accounts and the gain or loss is included in earnings.

Timber and Timberlands
We carry timber and timberlands at cost less depletion. Depletion refers to the carrying value of timber that is harvested, lost as a result of casualty, or sold.

Key activities affecting how we account for timber and timberlands include:

- reforestation,
- depletion and
- forest management in Canada.

Reforestation. Generally, we capitalize initial site preparation and planting costs as reforestation. Generally, we expense costs after the first planting as they are incurred or over the period of expected benefit. These costs include:

- fertilization,
- vegetation and insect control,
- pruning and precommercial thinning,
- property taxes, and
- interest.

Accounting practices for these costs do not change when timber becomes merchantable and harvesting starts.

Timber depletion. To determine depletion rates, we divide the net carrying value of timber by the related volume of timber estimated to be available over the growth cycle. To determine the growth cycle volume of timber, we consider:

- regulatory and environmental constraints,
- our management strategies,
- inventory data improvements,
- growth rate revisions and recalibrations and
- known dispositions and inoperable acres.

We include the cost of timber harvested in the carrying values of raw materials and product inventories. As these inventories are sold to third parties, we include them in the cost of products sold.

Forest Management in Canada. We manage timberlands under long-term licenses in various Canadian provinces that are:

- granted by the provincial governments;
- granted for initial periods of 15 to 25 years; and
- renewable provided we meet reforestation, operating and management guidelines.

Calculation of the fees we pay on the timber we harvest:

- varies from province to province,
- is tied to product market pricing and
- depends upon the allocation of land management responsibilities in the license.

Impairment of Long-Lived Assets
We review long-lived assets — including certain identifiable intangibles — for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Impaired assets held for use are written down to fair value. Impaired assets held for sale are written down to fair value less cost to sell. We determine fair value based on:

- appraisals,
- market pricing of comparable assets,
- discounted value of estimated cash flows from the asset and
- replacement values of comparable assets.

Goodwill
Goodwill is the purchase price minus the fair value of net assets acquired when we buy another entity. We assess goodwill for impairment:

- using a fair-value-based approach and
- at least annually — at the beginning of the fourth quarter.
In 2017, the fair value of the reporting unit with goodwill substantially exceeded its carrying value.

**ITEMS RELATED TO FINANCING OUR BUSINESS**

Key items related to financing our business include financial instruments, cash and cash equivalents, accounts payable and concentration of risk.

**Financial Instruments**

We estimate the fair value of financial instruments where appropriate. The assumptions we use — including the discount rate and estimates of cash flows — can significantly affect our fair-value amounts. Our fair values are estimates and may not match the amounts we would realize upon sale or settlement of our financial positions.
Cash Equivalents
Cash equivalents are investments with original maturities of 90 days or less. We state cash equivalents at cost, which approximates market.

Accounts Payable
Our banking system replenishes our major bank accounts daily as checks we have issued are presented for payment. As a result, we may have negative book cash balances due to outstanding checks that have not yet been paid by the bank. These negative balances would be included in “Accounts payable” on our Consolidated Balance Sheet. Changes in these negative cash balances would be reported as financing activities in our Consolidated Statement of Cash Flows. We had no negative book cash balances as of December 31, 2017, and December 31, 2016.

Concentration of Risk
We disclose customers that represent a concentration of risk. As of December 31, 2017, and December 31, 2016, no customer accounted for 10 percent or more of our net sales.

ITEMS RELATED TO OPERATIONS
Key items related to operations include revenue recognition, inventories, shipping and handling costs, income taxes, share-based compensation, pension and other postretirement plans, and environmental remediation.

Revenue Recognition
Operations recognizes revenue when title and the risk of loss transfers to the customer, in general this is upon shipment to customers. For certain export sales, revenue is recognized when title transfers at the foreign port.

For timberland sales, we recognize revenue when title and possession have been transferred to the buyer and all other criteria for sale and profit recognition have been satisfied.

Inventories
We state inventories at the lower of cost or net realizable value. Cost includes labor, materials and production overhead. LIFO — the last-in, first-out method — applies to major inventory products held at our U.S. domestic locations. We began to use the LIFO method for domestic products in the 1940s as required to conform with the tax method elected. Subsequent acquisitions of entities added new products under the FIFO — the first-in, first-out method — or moving average cost methods that have continued under those methods. The FIFO or moving average cost methods applies to the balance of our domestic raw material and product inventories as well as for all material and supply inventories and all foreign inventories.

Shipping and Handling Costs
We classify shipping and handling costs in “Costs of products sold” on our Consolidated Statement of Operations.

Income Taxes
We account for income taxes under the asset and liability method. Unrecognized tax benefits represent potential future funding obligations to taxing authorities if uncertain tax positions the company has taken on previously filed tax returns are not sustained. In accordance with the company's accounting policy, accrued interest and penalties related to unrecognized tax benefits are recognized as a component of income tax expense.

We recognize deferred tax assets and liabilities to reflect:

- future tax consequences due to differences between the carrying amounts for financial reporting purposes and the tax bases of certain items and
- operating loss and tax credit carryforwards.

To measure deferred tax assets and liabilities, we:

- determine when the differences between the carrying amounts and tax bases of affected items are expected to be recovered or resolved and
- use enacted tax rates expected to apply to taxable income in those years.

Share-Based Compensation
We generally measure the fair value of share-based awards on the dates they are granted or modified. These measurements establish the cost of the share-based awards for accounting purposes. We then recognize the cost of share-based awards in our Consolidated Statement of Operations over each employee's required service period. Note 16: Share-Based Compensation provides more information about our share-based compensation.

Pension and Other Postretirement Benefit Plans
We recognize the overfunded or underfunded status of our defined benefit pension and other postretirement plans on our Consolidated Balance Sheet and recognize changes in the funded status through comprehensive income (loss) in the year in which the changes occur.

Actuarial valuations determine the amount of the pension and other postretirement benefit obligations and the net periodic benefit cost we recognize. The net periodic benefit cost includes:

- cost of benefits provided in exchange for employees’ services rendered during the year;
- interest cost of the obligations;
- expected long-term return on plan assets;
- gains or losses on plan settlements and curtailments;
- amortization of prior service costs and plan amendments over the average remaining service period of the active employee group covered by the plans or the average remaining life expectancy in situations where the plan participants affected by the plan amendment are inactive; and
- amortization of cumulative unrecognized net actuarial gains and losses — generally in excess of 10 percent of the greater of the benefit obligation or market-related value of plan assets at the beginning of the year — over the average remaining service period of the active employee group covered by the plans or the average remaining life expectancy in situations where the plan participants are inactive.
Pension plans. We have pension plans covering most of our employees. Determination of benefits differs for salaried, hourly and union employees:

- Salaried employee benefits are based on each employee’s highest monthly earnings for five consecutive years during the final 10 years before retirement.

- Hourly and union employee benefits generally are stated amounts for each year of service.

- Union employee benefits are set through collective-bargaining agreements.

We contribute to our U.S. and Canadian pension plans according to established funding standards. The funding standards for the plans are:

- U.S. pension plans — according to the Employee Retirement Income Security Act of 1974; and

- Canadian pension plans — according to the applicable provincial pension act and the Income Tax Act.

Postretirement benefits other than pensions. We provide certain postretirement health care and life insurance benefits for some retired employees. In some cases, we pay a portion of the cost of the benefit. Note 9: Pension and Other Postretirement Benefit Plans provides additional information about changes made in our postretirement benefit plans during 2017 and 2016.

Environmental Remediation

We accrue losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Future expenditures for environmental remediation obligations are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when the recovery is deemed probable and does not exceed the amount of losses previously recorded.

NOTE 2: BUSINESS SEGMENTS

Our business segments and how we account for those segments are discussed in Note 1: Summary of Significant Accounting Policies. This note provides key financial data by business segment.

KEY FINANCIAL DATA BY BUSINESS SEGMENT

Sales and Contribution (Charge) to Earnings

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>TIMBERLANDS</th>
<th>REAL ESTATE &amp; ENR(2)</th>
<th>WOOD PRODUCTS</th>
<th>UNALLOCATED ITEMS(1) AND INTERSEGMENT ELIMINATIONS</th>
<th>CONSOLIDATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to unaffiliated customers</td>
<td>$1,942</td>
<td>$280</td>
<td>$4,974</td>
<td>—</td>
<td>$7,196</td>
</tr>
<tr>
<td>2016</td>
<td>$1,805</td>
<td>$226</td>
<td>$4,334</td>
<td>—</td>
<td>$6,365</td>
</tr>
<tr>
<td>2015</td>
<td>$1,737</td>
<td>$101</td>
<td>$3,872</td>
<td>—</td>
<td>$5,246</td>
</tr>
<tr>
<td>Intersegment sales</td>
<td>$762</td>
<td>1</td>
<td>—</td>
<td>$(763)</td>
<td>—</td>
</tr>
<tr>
<td>2016</td>
<td>$840</td>
<td>1</td>
<td>68</td>
<td>$(909)</td>
<td>—</td>
</tr>
<tr>
<td>2015</td>
<td>$830</td>
<td>—</td>
<td>82</td>
<td>$(912)</td>
<td>—</td>
</tr>
<tr>
<td>Contribution (charge) to earnings from continuing operations</td>
<td>$532</td>
<td>146</td>
<td>569</td>
<td>$(138)</td>
<td>$1,109</td>
</tr>
<tr>
<td>2016</td>
<td>$499</td>
<td>55</td>
<td>512</td>
<td>$(131)</td>
<td>$935</td>
</tr>
<tr>
<td>2015</td>
<td>$470</td>
<td>79</td>
<td>258</td>
<td>$(113)</td>
<td>$694</td>
</tr>
</tbody>
</table>

(1) The Real Estate & ENR segment includes the equity earnings from, investments in and advances to our Real Estate Development Ventures (as defined and described in Note 8: Related Parties), which are accounted for under the equity method.

(2) 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 financing, equity earnings from our Timberland Venture (as defined and described in Note 8: Related Parties), the elimination of intersegment profit in inventory and the LIFO reserve. As a result of reclassifying our former Cellulose Fibers segment as discontinued operations, Unallocated items also includes retained indirect corporate overhead costs previously allocated to the former segment.
Management evaluates segment performance based on the contributions to earnings of the respective segments. An analysis and reconciliation of our business segment information to the consolidated financial statements follows:

### Reconciliation of Contribution to Earnings to Net Earnings

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net contribution to earnings from continuing operations</td>
<td>$1,109</td>
<td>$935</td>
<td>$694</td>
</tr>
<tr>
<td>Net contribution to earnings from discontinued operations</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total contribution to earnings</td>
<td>1,109</td>
<td>1,892</td>
<td>850</td>
</tr>
<tr>
<td>Interest expense, net of capitalized interest</td>
<td>(393)</td>
<td>(436)</td>
<td>(347)</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>716</td>
<td>1,456</td>
<td>503</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(134)</td>
<td>(429)</td>
<td>3</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td><strong>$582</strong></td>
<td><strong>$1,027</strong></td>
<td><strong>$506</strong></td>
</tr>
</tbody>
</table>

(1) Results shown for 2016 and 2015 include amounts for both continuing and discontinued operations. Refer to Note 3: Discontinued Operations and Other Divestitures for further information.

### Additional Financial Information

<table>
<thead>
<tr>
<th></th>
<th>TIMBERLANDS</th>
<th>REAL ESTATE &amp; WOOD PRODUCTS</th>
<th>UNALLOCATED ITEMS</th>
<th>CONSOLIDATED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Depreciation, depletion and amortization</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$356</td>
<td>$15</td>
<td>$145</td>
<td>$5</td>
</tr>
<tr>
<td>2016</td>
<td>$366</td>
<td>$13</td>
<td>$129</td>
<td>$4</td>
</tr>
<tr>
<td>2015</td>
<td>$208</td>
<td>$1</td>
<td>$106</td>
<td>$10</td>
</tr>
<tr>
<td><strong>Net pension and postretirement cost (credit)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$7</td>
<td>$1</td>
<td>$23</td>
<td>$66</td>
</tr>
<tr>
<td>2016</td>
<td>$8</td>
<td>—</td>
<td>$22</td>
<td>(43)</td>
</tr>
<tr>
<td>2015</td>
<td>$9</td>
<td>—</td>
<td>$27</td>
<td>(11)</td>
</tr>
<tr>
<td><strong>Charges for integration and restructuring, closures and asset impairments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$147</td>
<td>—</td>
<td>$13</td>
<td>$34</td>
</tr>
<tr>
<td>2016</td>
<td>—</td>
<td>$15</td>
<td>$7</td>
<td>$148</td>
</tr>
<tr>
<td>2015</td>
<td>—</td>
<td>$10</td>
<td>$10</td>
<td>$29</td>
</tr>
<tr>
<td><strong>Equity earnings (loss) from joint ventures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>—</td>
<td>$1</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2016</td>
<td>—</td>
<td>$2</td>
<td>—</td>
<td>$20</td>
</tr>
<tr>
<td>2015</td>
<td>—</td>
<td>$1</td>
<td>—</td>
<td>$1</td>
</tr>
<tr>
<td><strong>Capital expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$115</td>
<td>$2</td>
<td>$299</td>
<td>$3</td>
</tr>
<tr>
<td>2016</td>
<td>$116</td>
<td>$1</td>
<td>$297</td>
<td>$11</td>
</tr>
<tr>
<td>2015</td>
<td>$75</td>
<td>—</td>
<td>$287</td>
<td>$3</td>
</tr>
<tr>
<td><strong>Investments in and advances to joint ventures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>—</td>
<td>$31</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2016</td>
<td>—</td>
<td>$56</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2015</td>
<td>—</td>
<td>$56</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

(1) Net pension and postretirement cost (credit) excludes special items, as well as the recognition of curtailments, settlements and special termination benefits due to closures, restructuring or divestitures. See Note 5: Pension and Other Postretirement Benefit Plans for more information.

(2) See Note 17: Charges for Integration and Restructuring, Closures and Asset Impairments for more information.
Total Assets

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>TIMBERLANDS and REAL ESTATE &amp; ENR</th>
<th>WOOD PRODUCTS</th>
<th>UNALLOCATED ITEMS</th>
<th>CONSOLIDATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets(1)(2)</td>
<td>2017</td>
<td>$14,122</td>
<td>$2,145</td>
<td>$1,792</td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>$15,608</td>
<td>$1,910</td>
<td>$1,725</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>$7,260</td>
<td>$1,541</td>
<td>$3,919</td>
</tr>
</tbody>
</table>

(1) Assets attributable to the Real Estate & ENR business segment are combined with total assets for the Timberlands segment because we do not produce separate balance sheets internally.

(2) Unallocated Items total assets includes assets of discontinued operations.

DISCONTINUED OPERATIONS

During 2016, we disposed of our former Cellulose Fibers segment, which is excluded from the segment results above unless otherwise noted. See Note 3: Discontinued Operations and Other Divestitures for information regarding our discontinued operations and the segments affected.

NOTE 3: DISCONTINUED OPERATIONS AND OTHER DIVESTITURES

OPERATIONS DIVESTED

On October 12, 2016, we announced the exploration of strategic alternatives for our Uruguay timberlands and manufacturing operations, which was part of our Timberlands business segment. On June 2, 2017, the Weyerhaeuser Board of Directors approved an equity purchase agreement with a consortium led by BTG Pactual's Timberland Investment Group (TIG), including other long-term investors, pursuant to which the Company agreed to sell, in exchange for $403 million in cash, all of its equity interest in the subsidiaries that collectively owned and operated its Uruguayan timberlands and manufacturing operations.

On September 1, 2017, we completed the sale of our Uruguay timberlands and manufacturing operations for $403 million of cash proceeds. Due to the impairment of our Uruguayan operations recorded during second quarter 2017 (refer to Note 17: Charges for Integration and Restructuring, Closures and Asset Impairments), no material gain or loss was recorded as a result of this sale. As of December 31, 2017, no assets or liabilities related to Uruguayan operations remain on the Consolidated Balance Sheet.

The sale of our Uruguayan operations was not considered a strategic shift that had or will have a major effect on our operations or financial results and therefore did not meet the requirements for presentation as discontinued operations.

DISCONTINUED OPERATIONS

During 2016, we entered into three separate transactions to sell our Cellulose Fibers business. As a result of these transactions, the company recognized a pretax gain on disposition of $789 million and total cash proceeds of $2.5 billion in the second half of 2016. These transactions consisted of:

- sale of our Cellulose Fibers liquid packaging board business to Nippon Paper Industries Co., Ltd for $285 million in cash proceeds, which closed on August 31, 2016;
- sale of our Cellulose Fibers printing papers joint venture to One Rock Capital Partners, LLC for $42 million in cash proceeds, which closed on November 1, 2016; and
- sale of our Cellulose Fibers pulp business to International Paper for $2.2 billion in cash proceeds, which closed on December 1, 2016.

The results of operations for our pulp and liquid packaging board businesses, along with our interest in our printing papers joint venture, were reclassified to discontinued operations during our 2016 reporting year. These results have been summarized in "Earnings from discontinued operations, net of income taxes" on our Consolidated Statement of Operations for each period presented. We did not reclassify our Consolidated Statement of Cash Flows to reflect discontinued operations. Cellulose Fibers was previously disclosed as a separate reportable business segment. Retained indirect corporate overhead costs previously allocated to Cellulose Fibers are now reported as part of Unallocated Items.

We used $1.7 billion of the after-tax proceeds from the sale of our Cellulose Fibers business segment for repayment of debt during 2016.

The following table presents the components of the net gain on the divestiture of Cellulose Fibers:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds, net of cash and cash equivalents disposed of</td>
<td>$2,486</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Net book value of assets and liabilities disposed of</td>
<td>$(1,678)</td>
</tr>
<tr>
<td>Transaction costs, net of reimbursement</td>
<td>$(19)</td>
</tr>
<tr>
<td>Pretax gain on Cellulose Fibers divestitures</td>
<td>$789</td>
</tr>
<tr>
<td>Income taxes</td>
<td>$(243)</td>
</tr>
<tr>
<td>Net gain on Cellulose Fibers divestitures</td>
<td>$546</td>
</tr>
</tbody>
</table>
## NET EARNINGS FROM DISCONTINUED OPERATIONS

Sales and Net Earnings from Discontinued Operations

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2016(1)</th>
<th>2015(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total net sales</td>
<td>$1,537</td>
<td>$1,860</td>
</tr>
<tr>
<td>Costs of products sold</td>
<td>1,283</td>
<td>1,573</td>
</tr>
<tr>
<td>Gross margin</td>
<td>254</td>
<td>287</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>29</td>
<td>30</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Charges for integration and restructuring, closures and asset impairments(3)</td>
<td>63</td>
<td>2</td>
</tr>
<tr>
<td>Other operating income, net</td>
<td>(27)</td>
<td>(26)</td>
</tr>
<tr>
<td>Operating income</td>
<td>172</td>
<td>261</td>
</tr>
<tr>
<td>Equity loss from joint venture</td>
<td>(4)</td>
<td>(105)</td>
</tr>
<tr>
<td>Interest expense, net of capitalized interest</td>
<td>(5)</td>
<td>(6)</td>
</tr>
<tr>
<td>Earnings from discontinued operations before income taxes</td>
<td>163</td>
<td>150</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(97)</td>
<td>(55)</td>
</tr>
<tr>
<td>Net earnings from operations</td>
<td>66</td>
<td>95</td>
</tr>
<tr>
<td>Net gain on divestiture of Cellulose Fibers</td>
<td>546</td>
<td>—</td>
</tr>
<tr>
<td>Net earnings from discontinued operations</td>
<td>$612</td>
<td>$95</td>
</tr>
</tbody>
</table>

(1) Discontinued operations in 2016 includes 335 days of the pulp business, 305 days of our printing papers joint venture operations, and 244 days of the liquid packaging board business.

(2) Discontinued operations in 2015 includes a full year of the Cellulose Fibers business segment operations.

(3) Charges for integration and restructuring, closures and asset impairments consist of costs related to our strategic evaluation of the Cellulose Fibers businesses and transaction-related costs.

Results of discontinued operations exclude certain general corporate overhead costs that have been allocated to and are included in contribution to earnings for the operating segments.

### CARRYING VALUE OF ASSETS AND LIABILITIES OF DISCONTINUED OPERATIONS

As all discontinued operations were sold during 2016, no assets or liabilities remain as of December 31, 2017, or December 31, 2016.

### CASH FLOWS FROM DISCONTINUED OPERATIONS

Cash Flows from Discontinued Operations

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2016(1)</th>
<th>2015(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>$196</td>
<td>$429</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>$2,356</td>
<td>$(118)</td>
</tr>
</tbody>
</table>

(1) Discontinued operations in 2016 includes 335 days of the pulp business, 305 days of our printing papers joint venture operations, and 244 days of the liquid packaging board business, and the cash flows associated with the CF divestitures.

(2) Discontinued operations in 2015 includes a full year of the Cellulose Fibers business segment operations.

### RELATED PARTY TRANSACTIONS WITH PRINTING PAPERS JOINT VENTURE

Prior to November 1, 2016, we held a 50 percent ownership interest in North Pacific Paper Corporation (NORPAC), our printing papers joint venture, which we considered a related party. We provided goods and services to NORPAC, including raw materials and support services. The amount paid to Weyerhaeuser by this joint venture for goods and services were:

- $126 million in 2016 and
- $197 million in 2015.

### NOTE 4: MERGER WITH PLUM CREEK

On February 19, 2016, we merged with Plum Creek Timber Company, Inc. (Plum Creek). Plum Creek was a REIT that primarily owned and managed timberlands in the United States. Plum Creek also produced wood products, developed opportunities for mineral and other natural resource extraction, and sold real estate properties.

The acquisition of total assets of $10.0 billion was a noncash investing and financing activity comprised of $6.4 billion in equity consideration transferred and $3.6 billion of liabilities assumed.
Summarized Unaudited Pro Forma Information that Presents Combined Amounts as if this Merger Occurred at the Beginning of 2015

DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$6,525</td>
<td>$6,664</td>
</tr>
<tr>
<td>Net earnings from continuing operations attributable to Weyerhaeuser common shareholders</td>
<td>$ 519</td>
<td>$ 487</td>
</tr>
<tr>
<td>Net earnings from continuing operations per share attributable to Weyerhaeuser common shareholders, basic</td>
<td>$ 0.69</td>
<td>$ 0.61</td>
</tr>
<tr>
<td>Net earnings from continuing operations per share attributable to Weyerhaeuser common shareholders, diluted</td>
<td>$ 0.68</td>
<td>$ 0.61</td>
</tr>
</tbody>
</table>

Pro forma net earnings attributable to Weyerhaeuser common shareholders exclude $155 million and $22 million of non-recurring merger-related costs (net of tax) incurred in the years ended December 31, 2016 and December 31, 2015, respectively. Pro forma data may not be indicative of the results that would have been obtained had these events occurred at the beginning of the periods presented, nor is it intended to be a projection of future results.

Initial and Final Estimated Fair Value of Identifiable Assets Acquired and Liabilities Assumed as of the Merger Date

DOLLAR AMOUNTS IN MILLIONS

<table>
<thead>
<tr>
<th></th>
<th>PRELIMINARY ALLOCATION</th>
<th>MEASUREMENT PERIOD ADJUSTMENTS</th>
<th>FINAL ALLOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$ 128</td>
<td>$ 10</td>
<td>$ 138</td>
</tr>
<tr>
<td>Timber and timberlands</td>
<td>8,124</td>
<td>2</td>
<td>8,126</td>
</tr>
<tr>
<td>Minerals and mineral rights</td>
<td>312</td>
<td>6</td>
<td>318</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>272</td>
<td>5</td>
<td>277</td>
</tr>
<tr>
<td>Equity investment in Timberland Venture</td>
<td>876</td>
<td>(29)</td>
<td>847</td>
</tr>
<tr>
<td>Equity investment in Real Estate Development Ventures</td>
<td>88</td>
<td>(3)</td>
<td>85</td>
</tr>
<tr>
<td>Other assets</td>
<td>163</td>
<td>4</td>
<td>167</td>
</tr>
<tr>
<td>Total assets acquired</td>
<td>9,963</td>
<td>(5)</td>
<td>9,958</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>610</td>
<td>—</td>
<td>610</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>2,056</td>
<td>—</td>
<td>2,056</td>
</tr>
<tr>
<td>Note payable to Timberland Venture</td>
<td>837</td>
<td>1</td>
<td>838</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>77</td>
<td>(6)</td>
<td>71</td>
</tr>
<tr>
<td>Total liabilities assumed</td>
<td>3,580</td>
<td>(5)</td>
<td>3,575</td>
</tr>
<tr>
<td>Net assets acquired</td>
<td>$ 6,383</td>
<td>—</td>
<td>$ 6,383</td>
</tr>
</tbody>
</table>

The initial allocation of purchase price was recorded using preliminary estimated fair value of assets acquired and liabilities assumed based upon the best information available to management at the time. The purchase price allocation was finalized as of December 31, 2016. The measurement period adjustments reflect additional information obtained to record the fair value of certain assets acquired and liabilities assumed based on facts and circumstances existing as of the acquisition date. Measurement period adjustments reflected above did not have a material impact to earnings or cash flows for the year ended December 31, 2016.

NOTE 5: NET EARNINGS PER SHARE

Our basic earnings per share attributable to Weyerhaeuser common shareholders for the last three years were:
- $0.77 in 2017,
- $1.40 in 2016 and
- $0.89 in 2015.

Our diluted earnings per share attributable to Weyerhaeuser common shareholders for the last three years were:
- $0.77 in 2017,
- $1.39 in 2016 and
- $0.89 in 2015.

HOW WE CALCULATE BASIC AND DILUTED NET EARNINGS PER SHARE

"Basic earnings" per share is net earnings available to common shareholders divided by the weighted average number of our outstanding common shares, including stock equivalent units where there is no circumstance under which those shares would not be issued.

"Diluted earnings" per share is net earnings available to common shareholders divided by the sum of the:
- weighted average number of our outstanding common shares and
- the effect of our outstanding dilutive potential common shares.

Dilutive potential common shares may include:
- outstanding stock options,
- restricted stock units,
- performance share units and
- preference shares.
Calculation of Weighted Average Number of Outstanding Common Shares - Dilutive

<table>
<thead>
<tr>
<th>SHARES IN THOUSANDS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of outstanding shares - basic</td>
<td>753,085</td>
<td>718,560</td>
<td>516,371</td>
</tr>
<tr>
<td>Dilutive potential common shares:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock options</td>
<td>2,571</td>
<td>2,672</td>
<td>2,342</td>
</tr>
<tr>
<td>Restricted stock units</td>
<td>582</td>
<td>756</td>
<td>381</td>
</tr>
<tr>
<td>Performance share units</td>
<td>428</td>
<td>413</td>
<td>524</td>
</tr>
<tr>
<td>Total effect of outstanding dilutive potential common shares</td>
<td>3,581</td>
<td>3,841</td>
<td>3,247</td>
</tr>
<tr>
<td>Weighted average number of outstanding common shares - dilutive</td>
<td>756,666</td>
<td>722,401</td>
<td>519,618</td>
</tr>
</tbody>
</table>

We use the treasury stock method to calculate the dilutive effect of our outstanding stock options, restricted stock units and performance share units. Share-based payment awards that are contingently issuable upon the achievement of specified performance or market conditions are included in our diluted earnings per share calculation in the period in which the conditions are satisfied.

SHARES EXCLUDED FROM DILUTIVE EFFECT

The following shares were not included in the computation of diluted earnings per share because they were either antidilutive or the required performance or market conditions were not met. Some or all of these shares may be dilutive potential common shares in future periods.

Potential Shares Not Included in the Computation of Diluted Earnings per Share

<table>
<thead>
<tr>
<th>SHARES IN THOUSANDS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock options</td>
<td>1,351</td>
<td>1,462</td>
<td>5,016</td>
</tr>
<tr>
<td>Performance share units</td>
<td>799</td>
<td>384</td>
<td>155</td>
</tr>
<tr>
<td>Preference shares(1)</td>
<td>—</td>
<td>—</td>
<td>25,307</td>
</tr>
</tbody>
</table>

(1) See Note 15: Shareholders’ Interest for more information.

NOTE 6: INVENTORIES

Inventories include raw materials, work-in-process, finished goods as well as materials and supplies.

Inventories as of the End of Our Last Two Years

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2017</th>
<th>DECEMBER 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIFO inventories:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logs</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Lumber, plywood, panels, and fiberboard</td>
<td>66</td>
<td>61</td>
</tr>
<tr>
<td>Other products</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>FIFO or moving average cost inventories:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logs</td>
<td>38</td>
<td>21</td>
</tr>
<tr>
<td>Lumber, plywood, panels, fiberboard and engineered wood products</td>
<td>91</td>
<td>73</td>
</tr>
<tr>
<td>Other products</td>
<td>77</td>
<td>90</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>84</td>
<td>85</td>
</tr>
<tr>
<td>Total</td>
<td>$ 383</td>
<td>$ 358</td>
</tr>
</tbody>
</table>

LIFO — the last-in, first-out method — applies to major inventory products held at our U.S. domestic locations. The FIFO — the first-in, first-out method — or moving average cost methods apply to the balance of our domestic raw material and product inventories as well as for all material and supply inventories and all foreign inventories. If we used FIFO for all LIFO inventories, our stated inventories would have been higher by $70 million as of December 31, 2017, and $71 million as of December 31, 2016, respectively.

HOW WE ACCOUNT FOR OUR INVENTORIES

The Inventories section of Note 1: Summary of Significant Accounting Policies provides details about how we account for our inventories.
NOTE 7: PROPERTY AND EQUIPMENT
Property and equipment includes land, buildings and improvements, machinery and equipment, roads and other items.

Carrying Value of Property and Equipment and Estimated Service Lives

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>RANGE OF LIVES</th>
<th>DECEMBER 31, 2017</th>
<th>DECEMBER 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment, at cost:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>N/A</td>
<td>$88</td>
<td>$90</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>15-35</td>
<td>867</td>
<td>789</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>5-25</td>
<td>3,037</td>
<td>3,022</td>
</tr>
<tr>
<td>Roads</td>
<td>10-35</td>
<td>782</td>
<td>773</td>
</tr>
<tr>
<td>Other</td>
<td>3-10</td>
<td>182</td>
<td>194</td>
</tr>
<tr>
<td>Total cost</td>
<td></td>
<td>4,956</td>
<td>4,868</td>
</tr>
<tr>
<td>Accumulated depreciation and amortization</td>
<td></td>
<td>(3,338)</td>
<td>(3,306)</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td></td>
<td>$1,618</td>
<td>$1,562</td>
</tr>
</tbody>
</table>

SERVICE LIVES AND DEPRECIATION
In general, additions are classified into components, each with its own estimated useful life as determined at the time of purchase. Buildings and improvements for property and equipment have estimated lives that are generally at either the high end or low end of the range from 15 years to 35 years, depending on the type and performance of construction.

Depreciation expense, excluding discontinued operations, was:
• $206 million in 2017,
• $198 million in 2016 and
• $160 million in 2015.

NOTE 8: RELATED PARTIES
This note provides details about and our transactions with related parties. Our related parties consist of:
• joint ventures accounted for using equity method;
• our Twin Creeks Venture; and
• special-purpose entities (SPEs).

JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD
We have investments in an unconsolidated joint venture over which we have significant influence that we account for using the equity method. We record our share of net earnings within “Equity Earnings from joint ventures” in our Consolidated Statement of Operations in the period in which earnings are recorded by the affiliates.

Real Estate Development Ventures
WestRock-Charleston Land Partners, LLC (WR-CLP) is a limited liability company which holds residential and commercial real estate development properties, currently under development (Class A Properties) and higher-value timber and development lands (Class B Properties) (referred to collectively as the Real Estate Development Ventures). We have a 3 percent interest in Class A Properties and a 50 percent interest in Class B Properties. WestRock Company is the other member of WR-CLP and owns 97 percent of the Class A Properties and 50 percent of the Class B Properties. The company uses the equity method for both its Class A and Class B interests. Our share of the equity earnings is included in the net contribution to earnings of our Real Estate & ENR segment.

WR-CLP is a variable interest entity and is financed by regular capital calls from the manager of WR-CLP in proportion to a member’s ownership interest. If a member does not make a capital contribution, the member’s ownership interest is diluted. We are not committed to make any material capital contributions during the remaining term of the venture, which expires in 2020. We do not intend to provide any additional sources of financing for WR-CLP.

We are not the primary beneficiary of WR-CLP. We consider the activities that most significantly impact the economic performance of WR-CLP to be the day-to-day operating decisions along with the oversight responsibilities for the real estate development projects and properties. WestRock Company (the other equity member) has the power to direct the activities of WR-CLP that most significantly impact its economic performance through its ability to manage the day-to-day operations of WR-CLP. WestRock Company also has the ability to control all management decisions associated with all Class A and Class B Properties through its majority representation on the board of directors for the Class A Properties and due to its equal representation on the board of directors for the Class B Properties.

The carrying amount of our investment in WR-CLP is $31 million and $56 million at December 31, 2017, and December 31, 2016, respectively. The change in our investment in WR-CLP during 2017 is due to a $25 million cash return of investment received during 2017. Additionally, we had $1 million of equity earnings from the joint ventures during 2017. We record our share of net earnings within “Equity earnings from joint ventures” in our Consolidated Statement of Operations in the period which earnings are recorded by the affiliates.
Other Joint Ventures

Timberland Venture

Since August 31, 2016, we hold all of the equity interests in the Timberland Venture and consolidate it as a wholly-owned subsidiary and eliminated our equity method investment in the Timberland Venture.

Beginning on the date of our merger with Plum Creek until August 31, 2016, we held preferred and common interests in Southern Diversified Timber, LLC, a timberland joint venture (Timberland Venture), which included 100 percent of the preferred interests and 9 percent of the common interests. The Timberland Venture’s other member, an affiliate of Campbell Global LLC (TCG Member), held 91 percent of the Timberland Venture’s common interests. Our investment in and share of the equity earnings of the Timberland Venture was not attributed to one of our business segments, and was reported in Unallocated Items. On August 31, 2016, the Timberland Venture redeemed TCG Member’s interest. In conjunction with the redemption of TCG Member, we remeasured our previously held equity interest to fair value at August 31, 2016, resulting in recognition of a gain of $6 million in “Interest income and other” on our Consolidated Statement of Operations during third quarter 2016.

North Pacific Paper Company (NORPAC)

During 2016, we sold our interest in North Pacific Paper Corporation (NORPAC). See Note 3: Discontinued Operations and other divestitures for additional information.

TWIN CREEKS VENTURE

Ownership Redemption, Agreement Termination and Sale Recognition

During October 2017, we redeemed our 21 percent ownership interest in the Twin Creeks Venture for $108 million in cash. We did not recognize a material gain or loss on the redemption of our ownership interest. The cash received was classified as a cash flow from investing activities in our Consolidated Statement of Cash Flows.

Effective December 31, 2017, we terminated the agreements under which we had managed the Twin Creeks timberlands. Following termination of these agreements, Weyerhaeuser has no further responsibilities or obligations related to the Twin Creeks Venture and our continuing involvement in the contributed timberlands ceased. Due to the events during the quarter, we have recognized the sale of the original contribution of timberlands that occurred April 2016.

Changes in our deposit from contribution of timberlands to related party balance during 2016 and 2017 were as follows:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at December 31, 2015</td>
</tr>
<tr>
<td>Initial cash receipt upon contribution of timberlands to Twin Creeks Venture</td>
</tr>
<tr>
<td>Lease payments to Twin Creeks Venture</td>
</tr>
<tr>
<td>Distributions from Twin Creeks Venture</td>
</tr>
<tr>
<td>Balance at December 31, 2016</td>
</tr>
<tr>
<td>Lease payments to Twin Creeks Venture</td>
</tr>
<tr>
<td>Distributions from Twin Creeks Venture</td>
</tr>
<tr>
<td>Recognition of contributed timberlands</td>
</tr>
<tr>
<td>Balance at December 31, 2017</td>
</tr>
</tbody>
</table>

Formation and Operations

On April 1, 2016, we contributed approximately 260,000 acres of our southern timberlands with an agreed-upon value of approximately $560 million to Twin Creeks Timber, LLC (Twin Creeks Venture), in exchange for cash of approximately $440 million and a 21 percent ownership interest. The other members contributed cash of approximately $440 million for a combined 79 percent ownership interest.

In conjunction with contributing to the venture, we entered into a separate agreement to manage the timberlands owned by the Twin Creeks Venture, including harvesting activities, marketing and log sales activities, and replanting and silviculture activities. This management agreement guaranteed the Twin Creeks Venture an annual return equal to 3 percent of the contributed value of the managed timberlands in the form of minimum quarterly payments from Weyerhaeuser. This agreement also required us to annually distribute 75 percent of any profits earned by us in excess of the minimum quarterly payments. The management agreement was cancellable at any time by Twin Creeks Timber, LLC, and otherwise would expire on April 1, 2019.

The guaranteed return that the management agreement required Weyerhaeuser to provide to the Twin Creeks Venture constituted continuing involvement in the timberlands that we contributed to the venture. This continuing involvement prohibited the recognition of the contribution as a sale and required application of the deposit method to account for the cash payment received. By applying the deposit method to the contribution of timberlands to the venture:

- Our receipt of $440 million proceeds from the contribution of timberlands to the venture was recorded as a noncurrent liability - “Deposit from contribution of timberlands to related party” - on our Consolidated Balance Sheet.

- The contributed timberlands continued to be reported within the “Timber and timberlands at cost, less depletion charged to disposals” on our Consolidated Balance Sheet.

- No gain or loss was recognized in our Consolidated Statement of Operations.

- Our balance sheet did not reflect our 21 percent ownership interest in the Twin Creeks Venture.

The receipt of $440 million was classified as a cash flow from investing activities in our Consolidated Statement of Cash Flows. The cash proceeds from our contribution of timberlands were used for share repurchases.
Sale of Additional Timberlands to Twin Creeks

In conjunction with the redemption and termination discussed above, we also entered an agreement to sell 100,000 acres of Southern Timberlands to Twin Creeks for $203 million. The sale, which included 80,000 acres of timberlands in Mississippi and 20,000 acres in Georgia, closed December 29, 2017. The sale resulted in a $99 million gain recognized during fourth quarter 2017.

SPECIAL-PURPOSE ENTITIES

From 2002 through 2004, we sold certain nonstrategic timberlands in five separate transactions. We are the primary beneficiary and consolidate the assets and liabilities of certain monetization and buyer-sponsored SPEs involved in these transactions. We have an equity interest in the monetization SPEs, but no ownership interest in the buyer-sponsored SPEs. The following disclosures refer to assets of buyer-sponsored SPEs and liabilities of monetization SPEs. However, because these SPEs are distinct legal entities:

- Assets of the SPEs are not available to satisfy our liabilities or obligations.
- Liabilities of the SPEs are not our liabilities or obligations.

Our Consolidated Statement of Operations includes:

- Interest expense on SPE notes of:
  - $29 million in 2017,
  - $29 million in 2016 and
  - $29 million in 2015.
- Interest income on SPE investments of:
  - $34 million in 2017,
  - $34 million in 2016 and
  - $34 million in 2015.

Sales proceeds paid to buyer-sponsored SPEs were invested in restricted financial investments with a balance of $615 million as of both December 31, 2017, and December 31, 2016. The weighted average interest rate was 5.5 percent during 2017 and 2016. Maturities of the financial investments at the end of 2017 were:

- $253 million in 2019 and

The long-term notes of our monetization SPEs were $511 million as of both December 31, 2017, and December 31, 2016. The weighted average interest rate was 5.6 percent during 2017 and 2016. Maturities of the notes at the end of 2017 were:

- $209 million in 2018 and

Financial investments consist of bank guarantees backed by bank notes for three of the SPE transactions. Interest earned from each financial investment is used to pay interest accrued on the corresponding SPE’s note. Any shortfall between interest earned and interest accrued reduces our equity in the monetization SPEs.

Upon dissolution of the SPEs and payment of all obligations of the entities, we would receive any net equity remaining in the monetization SPEs and would be required to report taxable gains on our income tax return. In the event that proceeds from the financial investments are insufficient to settle all of the liabilities of the SPEs, we are not obligated to contribute any funds to any of the SPEs. As of December 31, 2017, our net equity in the three SPEs was approximately $105 million and the deferred tax liability was estimated to be approximately $116 million.

NOTE 9: PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

This note provides details about defined benefit and defined contribution plans we sponsor for our employees. The Pension and Other Postretirement Benefit Plans section of Note 1: Summary of Significant Accounting Policies provides information about employee eligibility for pension plans and postretirement health care and life insurance benefits, as well as how we account for the plans and benefits.

DEFINED BENEFIT PLANS WE SPONSOR

OVERVIEW OF PLANS

The defined benefit pension plans we sponsor in the U.S. and Canada differ according to each country’s requirements. In the U.S., we have qualified plans that qualify under the Internal Revenue Code and nonqualified plans for select employees that provide additional benefits not qualified under the Internal Revenue Code. In Canada, we have registered plans that are registered under the Income Tax Act and applicable provincial pension acts and nonregistered plans for select employees that provide additional benefits that may not be registered under the Income Tax Act or provincial pension acts. We also offer other postretirement benefit plans in the U.S. and Canada, including retiree medical and life insurance plans.

Assumed Plans from Merger with Plum Creek

Upon our merger with Plum Creek, we assumed one qualified pension plan and two nonqualified pension plans. These plans were frozen as of February 19, 2016, and all plans were merged into existing Weyerhaeuser plans effective December 31, 2016.

The fair values of items assumed are included as plan acquisitions in the following tables. We also assumed assets of $47 million related to the nonqualified plans held in a grantor trust. These assets are subject to the claims of creditors in the event of bankruptcy. As a result, these are not considered plan assets and are not netted against the nonqualified pension liability. These assets are included in “Other assets” in our Consolidated Balance Sheet. During 2016 and 2017, we redeemed $42 million of these assets to make nonqualified pension benefit payments.

During first quarter 2016, we recognized $5 million of pension benefit costs from change in control provisions for certain Plum Creek executives. These enhanced pension benefits were triggered by changes in control and retention decisions made after the completion of the merger (see Note 17: Charges for Integration and Restructuring, Closures and Asset Impairments).
Amendments of Pension and Other Postretirement Benefit Plans for Salaried Employees

There were no material pension plan, postretirement medical or life insurance plan amendments in 2017. Aside from the December 31, 2016, amendments to merge the Plum Creek plans into the Weyerhaeuser plans as described above, there were no material plan amendments in 2016. There were also no material plan amendments in 2015.

FUNDED STATUS OF PLANS

The funded status of the plans we sponsor is determined by comparing the projected benefit obligation with the fair value of plan assets at the end of the year. The following table demonstrates how our plans' funded status is reflected on the Consolidated Balance Sheet.

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>PENSION</th>
<th>OTHER POSTRETIREMENT BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funded status:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>$5,514</td>
<td>$5,351</td>
</tr>
<tr>
<td>Projected benefit obligations</td>
<td>(6,795)</td>
<td>(6,469)</td>
</tr>
<tr>
<td>Funded status</td>
<td>$ (1,281)</td>
<td>$(1,118)</td>
</tr>
<tr>
<td>Presentation on our Consolidated Balance Sheet:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>$45</td>
<td>$27</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(21)</td>
<td>(28)</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>(1,305)</td>
<td>(1,117)</td>
</tr>
<tr>
<td>Funded status</td>
<td>$ (1,281)</td>
<td>$(1,118)</td>
</tr>
</tbody>
</table>

Assets and liabilities on the Consolidated Balance Sheet are different from the cumulative income or expense that we have recorded associated with the plans. The differences are actuarial gains and losses and prior service costs and credits that are deferred and amortized into periodic benefit costs in future periods. Unamortized amounts are recorded in "Cumulative Other Comprehensive Loss", which is a component of total equity on our Consolidated Balance Sheet. The "Cumulative Other Comprehensive Income (Loss)" section of Note 15: Shareholder's Interest details changes in these amounts by component.

Changes in Fair Value of Plan Assets

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>PENSION</th>
<th>OTHER POSTRETIREMENT BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of plan assets at beginning of year (estimated)</td>
<td>$5,351</td>
<td>$5,491</td>
</tr>
<tr>
<td>Adjustment for final fair value of plan assets</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>553</td>
<td>27</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>59</td>
<td>29</td>
</tr>
<tr>
<td>Employer contributions and benefit payments</td>
<td>57</td>
<td>78</td>
</tr>
<tr>
<td>Plan participants’ contributions</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Plan transfers</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Plan acquisitions</td>
<td>—</td>
<td>137</td>
</tr>
<tr>
<td>Benefits paid (includes lump sum settlements)</td>
<td>(527)</td>
<td>(419)</td>
</tr>
<tr>
<td>Fair value of plan assets at end of year (estimated)</td>
<td>$5,514</td>
<td>$5,351</td>
</tr>
</tbody>
</table>

We estimate the fair value of pension plan assets based upon the information available during the year-end reporting process. In some cases, primarily private equity funds, the available information consists of net asset values as of an interim date, plus cash flows and market events between the interim date and the end of the year. We update the year-end estimated fair value of pension plan assets during the first half of the next year to incorporate year-end net asset values received after we have filed our Annual Report on Form 10-K.

See additional details about the changes in the fair value of plan assets in the "Pension Assets" section below.
Changes in Projected Benefit Obligations of Our Pension and Other Postretirement Benefit Plans

DOLLAR AMOUNTS IN MILLIONS

<table>
<thead>
<tr>
<th></th>
<th>PENSION</th>
<th></th>
<th>POSTRETIREMENT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reconciliation of projected benefit obligation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projected benefit obligation beginning of year</td>
<td>$6,469</td>
<td>$6,211</td>
<td>$225</td>
<td>$240</td>
</tr>
<tr>
<td>Service cost</td>
<td>35</td>
<td>48</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Interest cost</td>
<td>264</td>
<td>277</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Plan participants’ contributions</td>
<td>—</td>
<td>—</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Actuarial (gains) losses</td>
<td>489</td>
<td>120</td>
<td>(18)</td>
<td>(5)</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>59</td>
<td>27</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Benefits paid (includes lump sum settlements)</td>
<td>(527)</td>
<td>(419)</td>
<td>(26)</td>
<td>(28)</td>
</tr>
<tr>
<td>Plan amendments and other</td>
<td>3</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Plan transfers</td>
<td>3</td>
<td>1</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Plan transfers</td>
<td>—</td>
<td>199</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Change in control enhanced benefits</td>
<td>—</td>
<td>5</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Projected benefit obligation at end of year</td>
<td>$6,795</td>
<td>$6,469</td>
<td>$200</td>
<td>$225</td>
</tr>
</tbody>
</table>

See additional details about the actuarial assumptions and changes in the projected benefit obligation in the "Actuarial Assumptions" section below.

Accumulated Benefit Obligations Greater Than Plan Assets

As of December 31, 2017, pension plans with accumulated benefit obligations greater than plan assets had:

- $5.9 billion in projected benefit obligations,
- $5.9 billion in accumulated benefit obligations and
- assets with a fair value of $4.6 billion.

As of December 31, 2016, pension plans with accumulated benefit obligations greater than plan assets had:

- $5.7 billion in projected benefit obligations,
- $5.6 billion in accumulated benefit obligations and
- assets with a fair value of $4.5 billion.

The accumulated benefit obligation for all of our defined benefit pension plans was:

- $6.7 billion at December 31, 2017, and
- $6.4 billion at December 31, 2016.

PENSION ASSETS

Our Investment Policies and Strategies

Our investment policies and strategies guide and direct how the funds are managed for the benefit plans we sponsor. These funds include our:

- U.S. Pension Trust — funds our U.S. qualified pension plans;
- Canadian Pension Trust — funds our Canadian registered pension plans; and
- Retirement Compensation Arrangements — fund a portion of our Canadian nonregistered pension plans.

U.S. and Canadian Pension Trusts

Investment managers of our pension plan asset portfolios use a diversified set of investment strategies. Our trusts invest both directly in a diversified mix of nontraditional investments, and indirectly through derivatives to promote effective use of capital, increase returns and manage associated risk. Our direct investments include cash and short-term investments, common and preferred stocks, hedge funds and related investments and private equity and related investments. Our indirect investments include equity and fixed income index derivatives, foreign currency derivatives and total return swaps.

Cash and short-term investments include highly liquid money market and government securities and are primarily held to fund benefit payments, capital calls, margin requirements or to meet regulatory requirements.

Common and preferred stocks are equity instruments that have been purchased directly or resulted from transactions related to private equity investment holdings.

Hedge fund and related investments are privately-offered managed pools primarily structured as limited liability entities. General members or partners of these limited liability entities serve as portfolio managers and are thus responsible for the fund’s underlying investment decisions. Underlying investments within these funds may include long and short public and private equities, corporate, mortgage and sovereign debt, options, swaps, forwards and other derivative positions. These funds have varying degrees of leverage, liquidity, and redemption provisions.

Private equity and related investments are investments in private equity, mezzanine, distressed, co-investments and other structures. Private equity funds generally participate in buyouts and venture capital of limited liability entities through unlisted equity and debt instruments. These funds may also borrow at the underlying entity level. Mezzanine and distressed funds generally invest in the debt of public or private companies with additional participation through warrants or other equity options.
Derivative instruments are comprised of swaps, futures, forwards or options. Equity and fixed income index derivatives are used to achieve target equity and bond exposure or to reduce exposure to certain market risks. Foreign currency derivatives reduce exposure to certain currency risks. Total return swaps enable exposure to return characteristics of specific financial strategies with limited exchange of principal.

While we do not target specific direct investment or derivative allocations, we have established guidelines on the percentage of pension trust assets that can be invested in certain categories to provide diversification by investment type fund and investment managers, as well as to manage overall liquidity. Allocation of trust assets at the end of the last two years is presented below.

Assets within our qualified and registered pension plans in our U.S. and Canadian pension trusts were invested as follows:

<table>
<thead>
<tr>
<th>Investments</th>
<th>DECEMBER 31, 2017</th>
<th>DECEMBER 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short-term investments</td>
<td>10.6 %</td>
<td>13.7 %</td>
</tr>
<tr>
<td>Common and preferred stock</td>
<td>—</td>
<td>0.1</td>
</tr>
<tr>
<td>Hedge funds and related investments</td>
<td>58.8</td>
<td>56.6</td>
</tr>
<tr>
<td>Private equity and related investments</td>
<td>22.2</td>
<td>22.7</td>
</tr>
<tr>
<td>Derivative instruments, net</td>
<td>8.7</td>
<td>7.1</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>(0.3)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Total</td>
<td>100.0 %</td>
<td>100.0 %</td>
</tr>
</tbody>
</table>

Retirement Compensation Arrangements

Retirement compensation arrangements fund a portion of our Canadian nonregistered pension plans. As required by Canadian tax rules, approximately 50 percent of these assets are invested into a noninterest-bearing refundable tax account held by the Canada Revenue Agency. This portion of the portfolio does not earn returns. The remaining portion is invested in a portfolio of equities.

Managing Risk

Investments and contracts are subject to risks including market price, liquidity, currency, interest rate and credit risks. The following provides an overview of these risks and describes governance processes and actions we take to mitigate these risks on our pension plan asset portfolios.

Market price risk is the risk that market fluctuations will adversely affect the value of plan assets. The trusts mitigate market price risk by investing in a diversified portfolio whose returns exhibit low correlation to traditional asset classes and to each other. In addition, we and our investment advisers perform regular monitoring with ongoing qualitative assessments, quantitative assessments, and comprehensive investment and operational due diligence.

Liquidity risk is the risk that the trust will not be able to settle liabilities such as payments to participants, counterparties, and service providers. Plan investments in limited liability pools with no active secondary market may be illiquid. Private equity funds are subject to distribution and funding schedules set by fund managers and market activity. Hedge funds may also be subject to restrictions that delay redemptions. To mitigate liquidity risk, private equity portfolios have been diversified across different vintage years and strategies, and hedge fund portfolios have been diversified across investment fund managers, strategies and liquidity provisions. In addition, the investment committee regularly reviews cash flows of the pension trusts and sets appropriate guidelines to address liquidity needs.

Currency risk arises from holding plan assets denominated in a currency other than the currency in which its liabilities are settled. Currency risk is generally managed through notional contracts designed to hedge net exposure to non-functional currencies.

Interest rate risk is the risk that a change in interest rates will adversely affect the fair value of fixed income securities. Interest rate risk exposure is primarily indirect through investment in limited liability pools. Fund managers mitigate this risk with predefined investment mandates and investment decisions.

Credit risk is the risk that counterparties’ failure to discharge their obligations could impact cash flows. The trusts’ primary exposure is through settlement receivables from derivative contracts. Only the amount of unsettled net receivables is at risk for these types of investments, and no principal is at risk. We decrease credit risk exposure by only dealing with highly-rated financial counterparties; as of year-end, our counterparties each had a credit rating of at least A from S&P. We further manage this risk through diversification of counterparties, predefined settlement and margining provisions and documented agreements.

We are also exposed to credit risk indirectly through counterparty relationships initiated by underlying managers of investments in limited liability pools. This risk is mitigated through initial due diligence and ongoing monitoring processes.

Valuation of Our Plan Assets

Pension assets are stated at fair value as of the reporting date. Fair value is based on the amount that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the reporting date. We do not consider forced or distressed sale scenarios. Instead, we consider both observable and unobservable inputs that reflect assumptions applied by market participants when setting the exit price of an asset or liability in an orderly transaction within the principal market for that asset or liability.

We value the pension plan assets based upon the observability of exit pricing inputs and classify pension plan assets based upon the lowest level input that is significant to the fair value measurement of the pension plan assets in their entirety. The fair value hierarchy is:

• Level 1: Inputs are unadjusted quoted prices for identical assets and liabilities traded in an active market.

• Level 2: Inputs are quoted prices in non-active markets for which pricing inputs are observable either directly or indirectly at the reporting date.

• Level 3: Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

Investments for which fair value is measured using the net asset value per share as a practical expedient are not categorized within the fair value hierarchy.

Cash and short-term investments are valued at cost, which approximates market.

Common and preferred stocks are valued at exit prices quoted in public markets.

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Hedge funds, private equities, and related fund units are valued based on the net asset values of the funds. These values represent the per-unit price at which new investors are permitted to invest and existing investors are permitted to exit. When net asset values as of the end of the year have not been received, we estimate fair value by adjusting the most recently reported net asset values for market events and cash flows between the interim date and the end of the year.

Derivative instruments are valued based upon valuation statements received from each derivative's counterparty. These contracts are not publicly traded.

The net pension plan assets, when categorized in accordance with this fair value hierarchy, are as follows. Investments valued using net asset value (NAV) as a practical expedient are presented to reconcile with total plan assets.

### DOLLAR AMOUNTS IN MILLIONS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>LEVEL 1</th>
<th>LEVEL 2</th>
<th>LEVEL 3</th>
<th>NAV</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension trust investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and short-term investments</td>
<td>$580</td>
<td>$2</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$582</td>
</tr>
<tr>
<td>Common and preferred stock</td>
<td>1</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>Hedge fund and related investments</td>
<td>59</td>
<td>—</td>
<td>10</td>
<td>3,168</td>
<td>3,237</td>
<td></td>
</tr>
<tr>
<td>Private equity and related investments</td>
<td>—</td>
<td>—</td>
<td>102</td>
<td>1,120</td>
<td>1,222</td>
<td></td>
</tr>
<tr>
<td>Derivative instruments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>—</td>
<td>31</td>
<td>445</td>
<td>—</td>
<td>476</td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Total pension trust investments</td>
<td>640</td>
<td>33</td>
<td>557</td>
<td>4,288</td>
<td>5,518</td>
<td></td>
</tr>
<tr>
<td>Accrued liabilities, net</td>
<td>(16)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Pension trust net assets</td>
<td>5,502</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Canadian nonregistered plan assets: |      |         |         |         |     |       |
| Cash and short-term investments | 6    | —      | —       | —       | —   | 6     |
| Common and preferred stock | 6    | —      | —       | —       | —   | 6     |
| Total Canadian nonregistered plan assets | 12  | —      | —       | —       | —   | 12    |
| Total plan assets | $5,514 |       |         |         |     |

### DOLLAR AMOUNTS IN MILLIONS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>LEVEL 1</th>
<th>LEVEL 2</th>
<th>LEVEL 3</th>
<th>NAV</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension trust investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and short-term investments</td>
<td>$715</td>
<td>$16</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>731</td>
</tr>
<tr>
<td>Common and preferred stock</td>
<td>7</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>7</td>
</tr>
<tr>
<td>Hedge fund and related investments</td>
<td>62</td>
<td>—</td>
<td>4</td>
<td>2,957</td>
<td>3,023</td>
<td></td>
</tr>
<tr>
<td>Private equity and related investments</td>
<td>—</td>
<td>—</td>
<td>75</td>
<td>1,138</td>
<td>1,213</td>
<td></td>
</tr>
<tr>
<td>Derivative instruments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>—</td>
<td>10</td>
<td>376</td>
<td>—</td>
<td>386</td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>—</td>
<td>(8)</td>
<td>—</td>
<td>—</td>
<td>(8)</td>
<td></td>
</tr>
<tr>
<td>Total pension trust investments</td>
<td>784</td>
<td>18</td>
<td>455</td>
<td>4,095</td>
<td>5,352</td>
<td></td>
</tr>
<tr>
<td>Accrued liabilities, net</td>
<td>(11)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Pension trust net investments</td>
<td>5,341</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Canadian nonregistered plan assets: |      |         |         |         |     |       |
| Cash and short-term investments | 5    | —      | —       | —       | —   | 5     |
| Common and preferred stock | 5    | —      | —       | —       | —   | 5     |
| Total Canadian nonregistered plan assets | 10  | —      | —       | —       | —   | 10    |
| Total plan assets | $5,351 |       |         |         |     |

Assets that do not have readily available quoted prices in an active market require more judgment to value and have increased risk. Approximately $557 million, or 10.1 percent, of our pension plan assets were classified as Level 3 assets as of December 31, 2017.
A reconciliation of the beginning and ending balances of the pension plan assets measured at fair value using significant unobservable inputs (Level 3) is presented below:

<table>
<thead>
<tr>
<th>INVESTMENTS</th>
<th>Hedge funds and related investments</th>
<th>Private equity and related investments</th>
<th>Derivative instruments, net</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of December 31, 2015</td>
<td>$3</td>
<td>$52</td>
<td>$491</td>
<td>$546</td>
</tr>
<tr>
<td>Net realized gains (losses)</td>
<td>(1)</td>
<td>(2)</td>
<td>134</td>
<td>131</td>
</tr>
<tr>
<td>Net change in unrealized gains (losses)</td>
<td>2</td>
<td>(3)</td>
<td>(121)</td>
<td>(122)</td>
</tr>
<tr>
<td>Purchases</td>
<td>—</td>
<td>21</td>
<td>—</td>
<td>21</td>
</tr>
<tr>
<td>Sales</td>
<td>—</td>
<td>(18)</td>
<td>—</td>
<td>(18)</td>
</tr>
<tr>
<td>Settlements</td>
<td>—</td>
<td>—</td>
<td>(128)</td>
<td>(128)</td>
</tr>
<tr>
<td>Transfers into Level 3</td>
<td>—</td>
<td>25</td>
<td>—</td>
<td>25</td>
</tr>
<tr>
<td>Transfers out of Level 3</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance as of December 31, 2016</td>
<td>4</td>
<td>75</td>
<td>376</td>
<td>455</td>
</tr>
<tr>
<td>Net realized gains (losses)</td>
<td>(1)</td>
<td>(30)</td>
<td>15</td>
<td>(16)</td>
</tr>
<tr>
<td>Net change in unrealized gains (losses)</td>
<td>2</td>
<td>41</td>
<td>67</td>
<td>110</td>
</tr>
<tr>
<td>Purchases</td>
<td>—</td>
<td>14</td>
<td>—</td>
<td>14</td>
</tr>
<tr>
<td>Sales</td>
<td>(1)</td>
<td>—</td>
<td>—</td>
<td>(1)</td>
</tr>
<tr>
<td>Settlements</td>
<td>—</td>
<td>—</td>
<td>(13)</td>
<td>(13)</td>
</tr>
<tr>
<td>Transfers into Level 3</td>
<td>6</td>
<td>19</td>
<td>—</td>
<td>25</td>
</tr>
<tr>
<td>Transfers out of Level 3</td>
<td>—</td>
<td>(17)</td>
<td>—</td>
<td>(17)</td>
</tr>
<tr>
<td>Balance as of December 31, 2017</td>
<td>$10</td>
<td>$102</td>
<td>$445</td>
<td>$557</td>
</tr>
</tbody>
</table>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. We evaluate the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits.

The table below shows the fair value and aggregate notional amount of the derivative instruments held by our pension trusts at the end of the last two years:

<table>
<thead>
<tr>
<th>DERIVATIVE INSTRUMENTS</th>
<th>FAIR VALUE</th>
<th>NOTIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity and fixed income index derivatives, net</td>
<td>$19</td>
<td>$10</td>
</tr>
<tr>
<td>Foreign currency derivatives, net</td>
<td>12</td>
<td>(5)</td>
</tr>
<tr>
<td>Total return swaps, net</td>
<td>445</td>
<td>373</td>
</tr>
<tr>
<td>Total</td>
<td>$476</td>
<td>$378</td>
</tr>
</tbody>
</table>

**ACTUARIAL ASSUMPTIONS**

We use actuarial assumptions to estimate our benefit obligations and our net periodic benefit costs. The following tables show the rates used to estimate our benefit obligations and periodic net benefit costs.
## Rates We Use in Estimating Our Benefit Obligations

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2017</th>
<th>December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discount rates:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>3.70%</td>
<td>4.30%</td>
</tr>
<tr>
<td>Canada</td>
<td>3.50%</td>
<td>3.70%</td>
</tr>
<tr>
<td>Lump sum distributions(1)(2)</td>
<td>PPA Table</td>
<td>PPA Table</td>
</tr>
</tbody>
</table>

### Rate of compensation increase:

<table>
<thead>
<tr>
<th></th>
<th>13.00% to 2.00% decreasing with participant age</th>
<th>13.00% to 2.00% decreasing with participant age</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>3.50%</td>
<td>3.70%</td>
</tr>
<tr>
<td>Hourly:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>13.00% to 2.30% decreasing with participant age</td>
<td>13.00% to 2.30% decreasing with participant age</td>
</tr>
<tr>
<td>Canada</td>
<td>3.00%</td>
<td>3.25%</td>
</tr>
<tr>
<td>Lump sum or installment distributions election(2)</td>
<td>60.00%</td>
<td>60.00%</td>
</tr>
</tbody>
</table>

(1) PPA Phased Table: Interest and mortality assumptions as mandated by Pension Protection Act of 2006 including the phase out of the prior interest rate basis in 2013.  
(2) U.S. qualified salaried and nonqualified plans only

The discount rates used for our U.S. other postretirement benefit plans were 3.50 percent and 3.70 percent for the years ended December 31, 2017, and December 31, 2016, respectively. Additionally, the discount rates used for our Canadian other postretirement benefit plans were 3.40 percent and 3.60 percent for the years ended December 31, 2017, and December 31, 2016, respectively.

## Estimating Our Net Periodic Benefit Costs

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discount rates:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>4.30%</td>
<td>4.50%</td>
<td>4.10%</td>
</tr>
<tr>
<td>Canada</td>
<td>3.70%</td>
<td>4.00%</td>
<td>3.90%</td>
</tr>
<tr>
<td>Lump sum distributions(1)(2)</td>
<td>PPA Table</td>
<td>PPA Table</td>
<td>PPA Table</td>
</tr>
</tbody>
</table>

### Expected return on plan assets:

<table>
<thead>
<tr>
<th></th>
<th>8.00%</th>
<th>9.00% for all plans except 7.00% for plans assumed from Plum Creek</th>
<th>9.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified/registered plans(3)</td>
<td></td>
<td>7.00% for plans assumed from Plum Creek</td>
<td></td>
</tr>
<tr>
<td>Nonregistered plans</td>
<td>3.50%</td>
<td>3.50%</td>
<td>3.50%</td>
</tr>
</tbody>
</table>

### Rate of compensation increase:

<table>
<thead>
<tr>
<th></th>
<th>13.00% to 2.00% decreasing with participant age</th>
<th>13.00% to 2.00% decreasing with participant age</th>
<th>2.50% for 2015 and 3.50% thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>3.50%</td>
<td>3.50%</td>
<td>2.50% for 2015 and 3.50% thereafter</td>
</tr>
<tr>
<td>Hourly:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>13.00% to 2.30% decreasing with participant age</td>
<td>13.00% to 2.30% decreasing with participant age</td>
<td>3.00%</td>
</tr>
<tr>
<td>Canada</td>
<td>3.25%</td>
<td>3.25%</td>
<td>3.25%</td>
</tr>
<tr>
<td>Lump sum distributions election(2)</td>
<td>60.00%</td>
<td>60.00%</td>
<td>60.00%</td>
</tr>
</tbody>
</table>

(1) PPA Phased Table: Interest and mortality assumptions as mandated by Pension Protection Act of 2006 including the phase out of the prior interest rate basis in 2013.  
(2) U.S. qualified salaried and nonqualified plans only  
(3) Beginning in 2017 and continuing in 2018 we will use an assumed expected return on plan assets of 8.00 percent for qualified and registered pension plans.
The discount rates used for our U.S. other postretirement benefit plans were 3.70 percent, 4.00 percent and 3.60 percent for the years ended December 31, 2017, December 31, 2016, and December 31, 2015, respectively. Additionally, the discount rates used for our Canadian other postretirement benefit plans were 3.60 percent, 3.90 percent and 3.80 percent for the years ended December 31, 2017, December 31, 2016, and December 31, 2015, respectively.

Expected Return on Plan Assets
We estimate the expected long-term return on assets for our qualified, registered and nonregistered pension plans.

Qualified and Registered Pension Plans
We have assumed a long-term rate of return on plan assets of 8 percent for the year ended December 31, 2017. As part of our 2016 annual evaluation of key assumptions, we reduced our assumption of long-term rate of return on plan assets to 8 percent for estimated 2017 net periodic benefit cost.

Determining our expected return requires a high degree of judgment. We consider actual pension fund performance over multiple years, and current and expected valuation levels in the global equity and credit markets. Historical fund returns are used as a base, and we place added weight on more recent pension plan asset performance. Over the 33 years it has been in place, our U.S. pension trust investment strategy has achieved a 13.7 percent net compound annual return rate. The past 5 years, our net compounded annual return was over 8 percent.

Nonregistered Plans
Canadian tax rules require that 50 percent of the assets for nonregistered plans go to a noninterest-bearing refundable tax account. As a result, the return we earn investing the other 50 percent is spread over 100 percent of the assets. Our expected long-term annual rate of return on the portion we are allowed to manage is 7 percent. This assumption is based on historical experience and future return expectations. The expected overall annual return on assets that fund our nonregistered plans is 3.5 percent.

Allocation of Actual Returns Between Assets Held by Our Pension Trusts
The percentage of actual return on assets held by our pension trusts in 2017 based on valuations as of year-end is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct investments</td>
<td>72%</td>
<td>44%</td>
<td>77%</td>
</tr>
<tr>
<td>Derivative instruments</td>
<td>28%</td>
<td>56%</td>
<td>23%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Health Care Costs
Rising costs of health care affect the costs of our other postretirement plans. We use assumptions about health care cost trend rates to estimate the cost of benefits we provide. Our trend rate assumptions are based on historical market experience, current environment and future expectations. In 2017, the assumed weighted health care cost trend rate was:

- 8.9 percent for U.S. Pre-Medicare
- 4.5 percent for U.S. Health Reimbursement Account (HRA)
- 4.9 percent for Canada

This table shows the assumptions we use in estimating the annual cost increase for health care benefits we provide.

Assumptions We Use in Estimating Health Care Benefit Cost Trends

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted health care cost trend rate assumed for next year</td>
<td>8.40%</td>
<td>5.10%</td>
</tr>
<tr>
<td>Rate that the cost trend rate gradually declines to</td>
<td>4.50%</td>
<td>4.30%</td>
</tr>
<tr>
<td>Year the cost trend rate is reached</td>
<td>2037</td>
<td>2028</td>
</tr>
</tbody>
</table>

The assumed health care cost trend rate can significantly influence projected postretirement benefit plan payments. The following table demonstrates the effect a one percent change in assumed health care cost trend rates would have with all other assumptions remaining constant.

Effect of a One Percent Change in Health Care Costs

<table>
<thead>
<tr>
<th></th>
<th>1% INCREASE</th>
<th>1% DECREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect on total service and interest cost components</td>
<td>less than $1</td>
<td>less than $(1)</td>
</tr>
<tr>
<td>Effect on accumulated postretirement benefit obligation</td>
<td>$7</td>
<td>$(7)</td>
</tr>
</tbody>
</table>
### ACTIVITY OF PLANS

**Net Periodic Benefit Cost (Credit)**

#### DOLLAR AMOUNTS IN MILLIONS

<table>
<thead>
<tr>
<th></th>
<th>PENSION</th>
<th>OTHER POSTRETIREMENT BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net periodic benefit cost (credit):</td>
<td>$35</td>
<td>$48</td>
</tr>
<tr>
<td>Service cost(1)</td>
<td>264</td>
<td>277</td>
</tr>
<tr>
<td>Interest cost</td>
<td>$(409)</td>
<td>$(495)</td>
</tr>
<tr>
<td>Amortization of actuarial loss</td>
<td>195</td>
<td>156</td>
</tr>
<tr>
<td>Amortization of prior service cost (credit)</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Accelerated pension costs for Plum Creek merger-related change-in-control provisions</td>
<td>—</td>
<td>5</td>
</tr>
<tr>
<td>Net periodic benefit cost (credit)</td>
<td>$(89)</td>
<td>$(5)</td>
</tr>
</tbody>
</table>

(1) Service cost includes $13 million in 2016 and $17 million in 2015 for employees that were part of our Cellulose Fibers divestitures. These charges are included in our results of discontinued operations. Curtailment and special termination benefits are related to involuntary terminations due to restructuring activities.

#### Estimated Amortization from Cumulative Other Comprehensive Loss in 2018

<table>
<thead>
<tr>
<th></th>
<th>PENSION</th>
<th>OTHER POSTRETIREMENT BENEFITS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial loss</td>
<td>$242</td>
<td>$8</td>
<td>$250</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>3</td>
<td>(6)</td>
<td>(5)</td>
</tr>
<tr>
<td>Net effect cost</td>
<td>$245</td>
<td>$ —</td>
<td>$245</td>
</tr>
</tbody>
</table>

#### Expected Pension Plan and Benefit Funding

Established funding standards govern the funding requirements for our qualified and registered pension plans. We fund the benefit payments of our nonqualified and nonregistered plans as benefit payments come due. There was no minimum required contribution for our U.S. qualified plan for 2017, nor were any contributions made to this plan in 2017. During 2017, we contributed $25 million for our Canadian registered plans, we made contributions and benefit payments of $2 million for our Canadian nonregistered pension plans and made benefit payments of $31 million for our nonqualified pension plans, including $1 million of enhanced pension benefit payments from change in control provisions.

During 2018, based on estimated year-end asset values and projections of plan liabilities, we expect to:

- be required to contribute approximately $23 million for our Canadian registered plan;
- be required to contribute or make benefit payments for our Canadian nonregistered plans of $4 million; and
- make benefit payments of approximately $19 million for our U.S. nonqualified pension plans.

We do not anticipate a contribution being required for our U.S. qualified pension plan for 2018.

#### Expected Postretirement Benefit Funding

Benefits for these plans are paid from our general assets as they come due. We expect to make benefit payments of $19 million for our U.S. and Canadian other postretirement benefit plans in 2018, including $7 million expected to be required to cover benefit payments under collectively bargained contractual obligations.

#### Estimated Projected Benefit Payments for the Next 10 Years

<table>
<thead>
<tr>
<th></th>
<th>PENSION</th>
<th>OTHER POSTRETIREMENT BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$369</td>
<td>$19</td>
</tr>
<tr>
<td>2019</td>
<td>371</td>
<td>18</td>
</tr>
<tr>
<td>2020</td>
<td>374</td>
<td>17</td>
</tr>
<tr>
<td>2021</td>
<td>374</td>
<td>16</td>
</tr>
<tr>
<td>2022</td>
<td>376</td>
<td>15</td>
</tr>
<tr>
<td>2023-2027</td>
<td>1,902</td>
<td>65</td>
</tr>
</tbody>
</table>

#### UNION-ADMINISTERED MULTIEMPLOYER BENEFIT PLANS

We contribute to multiemployer defined benefit plans under the terms of collective-bargaining agreements. These plans cover a small number of our employees and on an annual basis our contributions are immaterial.
These plans have different risks than single-employer plans. Our contributions may be used to fund benefits for employees of other participating employers. If we choose to stop participating, we may be required to pay a withdrawal liability based on the underfunded status of the plan. If another participating employer stops contributing to the plan, we may become responsible for remaining plan unfunded obligations.

**DEFINED CONTRIBUTION PLANS**

We sponsor various defined contribution plans for our U.S. and Canadian salaried and hourly employees. Our contributions to these plans were:

- $21 million in 2017,
- $27 million in 2016 and
- $21 million in 2015.

Upon our merger with Plum Creek, we assumed one defined contribution plan, the Plum Creek Thrift and Profit Sharing Plan. Effective July 15, 2016, the assets of this plan were merged into the Weyerhaeuser 401(k) Plan.

**NOTE 10: ACCRUED LIABILITIES**

Accrued liabilities were comprised of the following:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2017</th>
<th>DECEMBER 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages, salaries and severance pay</td>
<td>$150</td>
<td>$178</td>
</tr>
<tr>
<td>Pension and other postretirement benefits</td>
<td>40</td>
<td>49</td>
</tr>
<tr>
<td>Vacation pay</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Taxes – Social Security and real and personal property</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td>Interest</td>
<td>111</td>
<td>120</td>
</tr>
<tr>
<td>Customer rebates and volume discounts</td>
<td>48</td>
<td>39</td>
</tr>
<tr>
<td>Deferred income</td>
<td>48</td>
<td>40</td>
</tr>
<tr>
<td>Accrued income taxes</td>
<td>19</td>
<td>139</td>
</tr>
<tr>
<td>Product remediation accrual (Note 18)</td>
<td>98</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>74</td>
<td>74</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$645</strong></td>
<td><strong>$692</strong></td>
</tr>
</tbody>
</table>

**NOTE 11: LINES OF CREDIT**

**OUR LINES OF CREDIT**

During March 2017, we entered into a new $1.5 billion five-year senior unsecured revolting credit facility that expires in March 2022. This replaced a $1 billion senior unsecured revolving credit facility that was originally set to expire September 2018. The entire amount is available to Weyerhaeuser Company. Borrowings are at LIBOR plus a spread or at other interest rates mutually agreed upon between the borrower and the lending banks. As of December 31, 2017, there were no borrowings outstanding under the facility and we were in compliance with the credit facility covenants.

**OTHER LETTERS OF CREDIT AND SURETY BONDS**

The amounts of other letters of credit and surety bonds we have entered into as of the end of our last two years are included in the following table:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2017</th>
<th>DECEMBER 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit</td>
<td>$37</td>
<td>$38</td>
</tr>
<tr>
<td>Surety bonds</td>
<td>$134</td>
<td>$125</td>
</tr>
</tbody>
</table>

Our compensating balance requirements for our letters of credit were $5 million as of December 31, 2017.

**NOTE 12: LONG-TERM DEBT**

This note provides details about:

- term loans issued and extinguished,
- long-term debt assumed in the Plum Creek merger, and
- long-term debt and long-term debt maturities.

Our long-term debt includes notes, debentures and other borrowings.
TERM LOANS ISSUED AND EXTINGUISHED
During July 2017, we prepaid a $650 million variable-rate term loan originally set to mature in 2020 (2020 term loan). The 2020 term loan was prepaid using available cash of $325 million as well as borrowing proceeds from a new $225 million variable-rate term loan set to mature in 2026 (2026 term loan). The 2020 term loan was eligible to received patronage refunds while outstanding. Similarly, we receive patronage refunds on the 2026 term loans, which will continue while the loan remains outstanding. Refer to the "Installment Note" section below for further details regarding patronage refunds.

During August 2017, we paid our $261 million 6.95 percent debenture due in 2017.

During February 2016, and subsequent to completion of the Plum Creek merger, we entered into a $600 million 18-month senior unsecured term loan set to mature in August 2017. The $600 million outstanding under this facility was repaid in full and terminated during fourth quarter 2016.

During March 2016, we entered into a $1.1 billion 18-month senior unsecured term loan set to mature in September 2017. The $1.1 billion outstanding under this facility was repaid in full and terminated during fourth quarter 2016.

LONG-TERM DEBT ASSUMED IN THE PLUM CREEK MERGER
Through our merger with Plum Creek, we assumed long-term debt instruments consisting of:

- two issuances of publicly traded Senior Notes,
- an Installment Note (defined and described below) and
- the Note Payable to Timberland Venture (defined and described below).

Concurrent with the merger, we repaid in full the outstanding balances of Plum Creek's Revolving Line of Credit and Term Loan using $720 million of cash on hand.

Senior Notes
The assumed Senior Notes are publicly traded and were issued by Plum Creek Timberlands, L.P. (PC Timberlands) and were fully and unconditionally guaranteed by Weyerhaeuser Company as of the acquisition date. During third quarter 2016, PC Timberlands was merged into Weyerhaeuser Company and Weyerhaeuser Company assumed the obligations. There were two separate Senior Notes: $569 million (principal) of 4.70 percent notes which mature in 2021 and $325 million (principal) of 3.25 percent notes which mature in 2023. The Senior Notes are redeemable prior to maturity; however, they are subject to a premium on redemption, which is based upon interest rates of U.S. Treasury securities having similar average maturities.

Through acquisition accounting the Senior Notes were recognized at estimated fair values of $614 million for the 4.70 percent notes and $324 million for the 3.25 percent notes as of the acquisition date. The differences between cash interest payments and the amounts recorded as interest expense at the effective market rates will adjust the carrying values of the notes to the principal amounts at maturity.

Installment Note
We assumed an installment note (Installment Note) payable to WestRock Land and Development, LLC (WR LD) that was issued in connection with Plum Creek's acquisition of certain timberland assets. The principal balance of the Installment Note is $860 million. Following the issuance, WR LD pledged the installment note to certain banks. The annual interest rate on the Installment Note is fixed at 5.207 percent. Interest is paid semi-annually with the principal due upon maturity in December 2023. The term may be extended at the request of the holder if the company at the time of the request intends to refinance all or a portion of the Installment Note for a term of five years or more. The Installment Note is generally not redeemable prior to maturity except in certain limited circumstances and could be subject to a premium on redemption.

We receive patronage refunds under the Installment Note. Patronage refunds are distributions of profits from banks in the farm credit system, which are cooperatives that are required to distribute profits to their members. Patronage distributions, which are made in either cash or stock, are received in the year after they were earned and are recorded as offsets to interest expense.

Through acquisition accounting, the Installment Note was recognized at an estimated fair value of $893 million as of the acquisition date. The difference between the cash interest payments and the amount being recorded as interest expense at the effective market rate will reduce the carrying value of the Installment Note to the principal amount at the maturity date.

Note Payable to Timberland Venture
We assumed the Note Payable to Timberland Venture, which had a principal balance of $783 million. The annual interest rate on the Note Payable to Timberland Venture is fixed at 7.375 percent. Interest is paid quarterly with the principal due upon maturity. The note matures on October 1, 2018, but may be extended until October 1, 2020, at our election. The note is not redeemable prior to maturity.

Through acquisition accounting, the Note Payable to Timberland Venture was recognized at an estimated fair value of $838 million as of the acquisition date. The difference between the cash interest payments and the amount being recorded as interest expense at the effective market rate will reduce the carrying value of the note to the principal amount at the maturity date.

On August 31, 2016, the Timberland Venture redeemed TCG Member's interest and Weyerhaeuser obtained full ownership of the Timberland Venture's equity. As a result, we consolidated the Timberland Venture as a wholly-owned subsidiary and the Note Payable to Timberland Venture is therefore eliminated for financial reporting purposes upon consolidation as it is now intercompany indebtedness. The redemption transaction and consolidation are described in Note 8: Related Parties.

WEYERHAEUSER COMPANY > 2017 ANNUAL REPORT AND FORM 10-K 88
LONG-TERM DEBT AND LONG-TERM DEBT MATURITIES

The following table lists our long-term debt by types and interest rates at the end of our last two years and includes the current portion.

### Long-Term Debt by Types and Interest Rates (Includes Current Portion)

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2017</th>
<th>DECEMBER 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.95% debentures due 2017</td>
<td>$</td>
<td>$ 281</td>
</tr>
<tr>
<td>7.00% debentures due 2018</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>7.375% notes due 2019</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Variable rate term loan credit facility matures 2020</td>
<td>—</td>
<td>550</td>
</tr>
<tr>
<td>9.00% debentures due 2021</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>4.70% debentures due 2021</td>
<td>597</td>
<td>606</td>
</tr>
<tr>
<td>7.125% debentures due 2023</td>
<td>191</td>
<td>191</td>
</tr>
<tr>
<td>5.207% debentures due 2023</td>
<td>885</td>
<td>889</td>
</tr>
<tr>
<td>4.625% notes due 2023</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>3.25% debentures due 2023</td>
<td>324</td>
<td>324</td>
</tr>
<tr>
<td>8.50% debentures due 2025</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>7.95% debentures due 2025</td>
<td>136</td>
<td>136</td>
</tr>
<tr>
<td>7.70% debentures due 2026</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>7.35% debentures due 2026</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>7.85% debentures due 2026</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Variable rate term loan credit facility matures 2026</td>
<td>225</td>
<td>—</td>
</tr>
<tr>
<td>6.95% debentures due 2027</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>7.375% debentures due 2032</td>
<td>1,250</td>
<td>1,250</td>
</tr>
<tr>
<td>6.875% debentures due 2033</td>
<td>275</td>
<td>275</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>6,008</td>
<td>6,628</td>
</tr>
<tr>
<td>Less unamortized discounts</td>
<td>(5)</td>
<td>(5)</td>
</tr>
<tr>
<td>Less unamortized debt expense</td>
<td>(11)</td>
<td>(13)</td>
</tr>
<tr>
<td>Total</td>
<td>$ 5,992</td>
<td>$ 6,610</td>
</tr>
<tr>
<td>Portion due within one year</td>
<td>$ 62</td>
<td>$ 281</td>
</tr>
</tbody>
</table>

Amounts of Long-Term Debt Due Annually for the Next Five Years and the Total Amount Due After 2022

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
<td>4,675</td>
</tr>
</tbody>
</table>

(1) Excludes $36 million of unamortized discounts, capitalized debt expense and fair value adjustments (related to Plum Creek merger).

### NOTE 13: FAIR VALUE OF FINANCIAL INSTRUMENTS

#### FAIR VALUE OF DEBT

The estimated fair values and carrying values of our long-term debt consisted of the following:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2017</th>
<th>DECEMBER 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CARRYING VALUE</td>
<td>FAIR VALUE (LEVEL 2)</td>
</tr>
<tr>
<td>Long-term debt (including current maturities):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed rate</td>
<td>$ 5,768</td>
<td>$ 6,823</td>
</tr>
<tr>
<td>Variable rate</td>
<td>224</td>
<td>225</td>
</tr>
<tr>
<td>Total Debt</td>
<td>$ 5,992</td>
<td>$ 7,048</td>
</tr>
</tbody>
</table>
To estimate the fair value of long-term debt, we used the following valuation approaches:

- market approach — based on quoted market prices we received for the same types and issues of our debt; or
- income approach — based on the discounted value of the future cash flows using market yields for the same type and comparable issues of debt.

We believe that our variable rate long-term debt instruments have net carrying values that approximate their fair values with only insignificant differences.

The inputs to these valuations are based on market data obtained from independent sources or information derived principally from observable market data. The difference between the fair value and the carrying value represents the theoretical net premium or discount we would pay or receive to retire all debt at the measurement date.

FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS
We believe that our other financial instruments, including cash and cash equivalents, short-term investments, mutual fund investments held in grantor trusts, receivables, and payables, have net carrying values that approximate their fair values with only insignificant differences. This is primarily due to the short-term nature of these instruments and the allowance for doubtful accounts.

NOTE 14: LEGAL PROCEEDINGS, COMMITMENTS AND CONTINGENCIES
This note provides details about our:

- legal proceedings,
- environmental matters and
- commitments and other contingencies.

LEGAL PROCEEDINGS
We are party to various legal proceedings arising in the ordinary course of business. We are not currently a party to any legal proceeding that management believes could have a material adverse effect on our long-term consolidated financial position, results of operations or cash flows. See “Ongoing IRS Matter” in Note 20: Income Taxes for a discussion of a tax proceeding involving Plum Creek REIT's 2008 U.S. federal income tax return.

ENVIRONMENTAL MATTERS
Our environmental matters include:

- site remediation and
- asset retirement obligations.

Site Remediation
Under the Comprehensive Environmental Response, Compensation and Liability Act — commonly known as the Superfund — and similar state laws, we:

- are a party to various proceedings related to the cleanup of hazardous waste sites and
- have been notified that we may be a potentially responsible party related to the cleanup of other hazardous waste sites for which proceedings have not yet been initiated.

We have received notification from the Environmental Protection Agency (the EPA) and have acknowledged that we are a potentially responsible party in a portion of the Kalamazoo River Superfund site in southwest Michigan. Our involvement in the remediation site is based on our former ownership of the Plainwell, Michigan mill located within the remediation site. Several other companies also operated upstream pulp mills within the remediation site. We are currently cooperating with the other parties to jointly implement an administrative order issued by the EPA on April 14, 2016, with respect to a portion of the site comprising a stretch of the river approximately 1.7 miles long referred to as the Otsego Township Dam Area. We do not expect to incur material losses related to the implementation of this administrative order; however, we may incur additional costs, as yet not specified, in connection with remediation tasks resulting from other areas of the site. The company, along with others, was named as a defendant by Georgia Pacific Consumer Products LP, Fort James Corporation and Georgia-Pacific LLC in an action seeking contribution under CERCLA for remediation costs relating to the site. The trial has been concluded but a decision on cost contribution and allocation has not yet been rendered by the Court.

Our Established Reserves. We have established reserves for estimated remediation costs on the active Superfund sites and other sites for which we are a potentially responsible party. These reserves are recorded in "Accrued liabilities" and "Other liabilities" in our Consolidated Balance Sheet.

Changes in the Reserve for Environmental Remediation

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve balance as of December 31, 2016</td>
<td>$ 34</td>
</tr>
<tr>
<td>Reserve charges and adjustments, net</td>
<td>29</td>
</tr>
<tr>
<td>Payments</td>
<td>(15)</td>
</tr>
<tr>
<td>Reserve balance as of December 31, 2017</td>
<td>$ 48</td>
</tr>
<tr>
<td>Total active sites as of December 31, 2017</td>
<td>37</td>
</tr>
</tbody>
</table>
We change our accrual to reflect:

- new information on any site concerning implementation of remediation alternatives,
- updates on prior cost estimates and new sites and
- costs incurred to remediate sites.

**Estimates.** We believe it is reasonably possible, based on currently available information and analysis, that remediation costs for all identified sites may exceed our existing reserves by up to $150 million.

This estimate, in which those additional costs may be incurred over several years, is the upper end of the range of reasonably possible additional costs. The estimate:

- is much less certain than the estimates on which our accruals currently are based and
- uses assumptions that are less favorable to us among the range of reasonably possible outcomes.

In estimating our current accruals and the possible range of additional future costs, we:

- assumed we will not bear the entire cost of remediation of every site,
- assumed we will not bear the entire cost of remediation of every site,
- took into account the ability of other potentially responsible parties to participate and
- considered each party’s financial condition and probable contribution on a per-site basis.

We have not recorded any amounts for potential recoveries from insurance carriers.

**Asset Retirement Obligations**

We have obligations associated with the retirement of tangible long-lived assets consisting primarily of reforestation obligations related to forest management licenses in Canada and obligations to close and cap landfills. Some of our sites have asbestos containing materials. We have met our current legal obligation to identify and manage these materials. In situations where we cannot reasonably determine when asbestos containing materials might be removed from the sites, we have not recorded an accrual because the fair value of the obligation cannot be reasonably estimated. These obligations are recorded in “Accrued liabilities” and “Other liabilities” in our Consolidated Balance Sheet.

**Changes in the Reserve for Asset Retirement Obligations**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve balance as of December 31, 2016(1)</td>
<td>$29</td>
<td></td>
</tr>
<tr>
<td>Reserve charges and adjustments, net</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td>(11)</td>
<td></td>
</tr>
<tr>
<td>Other adjustments(2)</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Reserve balance as of December 31, 2017</td>
<td>$32</td>
<td></td>
</tr>
</tbody>
</table>

(1) Reserve balance for continuing operations
(2) Primarily related to a foreign currency remeasurement gain for our Canadian reforestation obligation

**COMMITMENTS AND OTHER CONTINGENCIES**

Our commitments and contingencies include:

- guarantees of debt and performance,
- operating leases and
- product remediation contingency.

**Guarantees**

We have guaranteed the performance of the buyer/lessee of a timberlands lease we sold in 2005. Future payments on the lease, which expires in 2023, are $12 million.

**Operating Leases**

Our rent expense for continuing operations was:

- $39 million in 2017,
- $37 million in 2016 and
- $24 million in 2015.

We have operating leases for:

- various equipment, including logging equipment, lift trucks, automobiles and office equipment;
- timberland ground leases; and
- office and wholesale space.

**Future Commitments on Operating Leases**

Our operating lease commitments as of December 31, 2017 were:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$40</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Thereafter</td>
<td>161</td>
<td></td>
</tr>
</tbody>
</table>
Product Remediation Contingency
In July 2017, the company announced it was implementing a solution to address concerns regarding our TJi® Joists with Flak Jacket® Protection product. The company has determined that an odor in certain newly constructed homes is related to a recent formula change to the Flak Jacket coating that included a formaldehyde-based resin. This issue is isolated to Flak Jacket product manufactured after December 1, 2016, and does not affect any of the company's other products. We recorded a pretax charge of $290 million in the period ended December 31, 2017, related to remediation costs. Refer to Note 18: Charges for Product Remediation for further information.

NOTE 15: SHAREHOLDERS' INTEREST
This note provides details about:
- preferred and preference shares,
- common shares,
- share-repurchase programs and
- cumulative other comprehensive income (loss).

PREFERRED AND PREFERENCE SHARES
We had no preferred shares outstanding at the end of 2017 or 2016. However, we have authorization to issue 7 million preferred shares with a par value of $1.00 per share.
On June 24, 2013, we issued 13.8 million of our 6.375 percent Mandatory Convertible Preference Shares, Series A, par value $1.00 and liquidation preference of $50.00 per share, for net proceeds of $669 million, which remained outstanding at December 31, 2015. Dividends were payable on a cumulative basis when, and if declared by our board of directors, at an annual rate of 6.375 percent on the liquidation preference. We could pay declared dividends in cash or, subject to certain limitations, in common shares or by delivery of any combination of cash and common shares on January 1, April 1, July 1 and October 1 of each year, commencing on October 1, 2013, through and including, July 1, 2016. These shares automatically converted to common shares on July 1, 2016. At any time prior to that date, holders could elect to convert each share into common shares at the minimum conversion rate of 1.5283 common shares, subject to anti-dilution adjustments.
On July 1, 2016, all outstanding 6.375 percent Mandatory Convertible Preference Shares, Series A (Preference Shares) converted into Weyerhaeuser common shares at a rate of 1.6929 Weyerhaeuser common shares per Preference Share. The company issued a total of 23.2 million Weyerhaeuser common shares in conjunction with the conversion, based on 13.7 million Preference Shares outstanding as of the conversion date.
In accordance with the terms of the Preference Shares, the number of Weyerhaeuser common shares issuable on conversion was determined based on the average volume weighted average price of $29.54 for Weyerhaeuser common shares over the 20-trading-day period beginning June 1, 2016, and ending on June 28, 2016.
We may issue preferred or preference shares at one time or through a series of offerings. The shares may have varying rights and preferences that can include:
- dividend rights and amounts,
- redemption rights,
- conversion terms,
- sinking-fund provisions,
- values in liquidation and
- voting rights.
When issued, outstanding preferred and preference shares rank senior to outstanding common shares. That means preferred and preference shares would receive dividends and assets available on liquidation before any payments are made to common shares.

COMMON SHARES
The number of common shares we have outstanding changes when:
- new shares are issued,
- stock options are exercised,
- restricted stock units or performance share units vest,
- stock-equivalent units are paid out,
- shares are tendered,
- shares are repurchased or
- shares are canceled.
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Reconciliation of Our Common Share Activity

<table>
<thead>
<tr>
<th>SHARES IN THOUSANDS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at beginning of year</td>
<td>748,528</td>
<td>510,483</td>
<td>524,474</td>
</tr>
<tr>
<td>Issuance from merger with Plum Creek (Note 4)</td>
<td>—</td>
<td>278,887</td>
<td>—</td>
</tr>
<tr>
<td>Stock options exercised</td>
<td>5,970</td>
<td>2,571</td>
<td>1,592</td>
</tr>
<tr>
<td>Issued for restricted stock units</td>
<td>605</td>
<td>840</td>
<td>365</td>
</tr>
<tr>
<td>Issued for performance shares</td>
<td>120</td>
<td>219</td>
<td>242</td>
</tr>
<tr>
<td>Preference shares converted to common</td>
<td>—</td>
<td>23,345</td>
<td>—</td>
</tr>
<tr>
<td>Repurchased</td>
<td>—</td>
<td>(67,817)</td>
<td>(16,190)</td>
</tr>
<tr>
<td>Outstanding at end of year</td>
<td>755,223</td>
<td>748,528</td>
<td>510,483</td>
</tr>
</tbody>
</table>

SHARE REPURCHASE PROGRAMS

On August 13, 2014, our board of directors approved a stock repurchase program under which we were authorized to repurchase up to $700 million of outstanding shares (the 2014 Repurchase Program). The 2014 Repurchase Program replaced the prior 2011 stock repurchase program. During 2014, we repurchased 6,062,993 shares of common stock for $203 million under the 2014 Repurchase Program. During 2015, we completed the 2014 Repurchase Program by repurchasing 15,471,962 shares of common stock for $497 million.

On August 27, 2015, our board of directors approved a new share repurchase program of up to $500 million on outstanding shares (the 2015 Repurchase Program), commencing upon completion of the 2014 Repurchase Program. During 2015, we repurchased 717,464 shares of common stock for $22 million under the 2015 Repurchase Program. As of December 31, 2016, we had remaining authorization of $478 million for future stock repurchases.

In November 2015, our board of directors approved a stock repurchase program under which we were authorized to repurchase up to $2.5 billion of outstanding shares subsequent to the closing of our merger with Plum Creek (the 2016 Repurchase Program). This new authorization replaced the August 2015 share repurchase authorization. During 2016, we repurchased 67,816,810 shares of common stock for $2 billion under the 2016 Share Repurchase Authorization. We did not repurchase any shares of common stock during 2017. As of December 31, 2017, we had remaining authorization of $500 million for future stock repurchases. We had 755,223 thousand shares of common stock outstanding as of December 31, 2017.

All common stock purchases under the 2016, 2015, and 2014 Repurchase Programs were made in open-market transactions.

We record share repurchases upon trade date as opposed to the settlement date when cash is disbursed. We record a liability to account for repurchases that have not been cash settled. There were no unsettled repurchases as of December 31, 2017, or December 31, 2016.
### CUMULATIVE OTHER COMPREHENSIVE INCOME (LOSS)

Changes in amounts included in our cumulative other comprehensive income (loss) by component are:

<table>
<thead>
<tr>
<th>Foreign currency translation adjustments</th>
<th>Actuarial losses</th>
<th>Prior service costs</th>
<th>Actuarial losses</th>
<th>Prior service credits</th>
<th>Unrealized gains on available-for-sale securities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PENSION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning balance as of January 1, 2016</td>
<td>$207</td>
<td>$1,372</td>
<td>$(11)</td>
<td>$(77)</td>
<td>$35</td>
<td>$6</td>
</tr>
<tr>
<td>Other comprehensive income (loss) before reclassifications</td>
<td>25</td>
<td>(590)</td>
<td>—</td>
<td>5</td>
<td>—</td>
<td>1</td>
</tr>
<tr>
<td>Income taxes</td>
<td>—</td>
<td>208</td>
<td>—</td>
<td>(1)</td>
<td>—</td>
<td>207</td>
</tr>
<tr>
<td>Net other comprehensive income (loss) before reclassifications</td>
<td>25</td>
<td>(382)</td>
<td>—</td>
<td>4</td>
<td>—</td>
<td>207</td>
</tr>
<tr>
<td>Amounts reclassified from cumulative other comprehensive income (loss)(1)</td>
<td>—</td>
<td>156</td>
<td>4</td>
<td>9</td>
<td>(7)</td>
<td>162</td>
</tr>
<tr>
<td>Income taxes</td>
<td>—</td>
<td>(53)</td>
<td>2</td>
<td>(3)</td>
<td>1</td>
<td>(57)</td>
</tr>
<tr>
<td>Net amounts reclassified from cumulative other comprehensive income (loss)</td>
<td>—</td>
<td>103</td>
<td>2</td>
<td>6</td>
<td>(6)</td>
<td>105</td>
</tr>
<tr>
<td>Total other comprehensive income (loss)</td>
<td>25</td>
<td>(279)</td>
<td>2</td>
<td>10</td>
<td>(6)</td>
<td>1</td>
</tr>
<tr>
<td>Beginning balance as of January 1, 2017</td>
<td>$232</td>
<td>$(1,651)</td>
<td>$(9)</td>
<td>$(67)</td>
<td>$29</td>
<td>7</td>
</tr>
<tr>
<td>Other comprehensive income (loss) before reclassifications</td>
<td>32</td>
<td>(356)</td>
<td>(3)</td>
<td>19</td>
<td>—</td>
<td>306</td>
</tr>
<tr>
<td>Income taxes</td>
<td>—</td>
<td>76</td>
<td>1</td>
<td>(5)</td>
<td>—</td>
<td>72</td>
</tr>
<tr>
<td>Net other comprehensive income (loss) before reclassifications</td>
<td>32</td>
<td>(280)</td>
<td>2</td>
<td>14</td>
<td>—</td>
<td>234</td>
</tr>
<tr>
<td>Amounts reclassified from cumulative other comprehensive income (loss)(1)</td>
<td>—</td>
<td>195</td>
<td>4</td>
<td>8</td>
<td>(8)</td>
<td>199</td>
</tr>
<tr>
<td>Income taxes</td>
<td>—</td>
<td>(66)</td>
<td>(1)</td>
<td>(3)</td>
<td>2</td>
<td>(68)</td>
</tr>
<tr>
<td>Net amounts reclassified from cumulative other comprehensive income (loss)</td>
<td>—</td>
<td>129</td>
<td>3</td>
<td>5</td>
<td>(6)</td>
<td>131</td>
</tr>
<tr>
<td>Total other comprehensive income (loss)</td>
<td>32</td>
<td>(151)</td>
<td>1</td>
<td>19</td>
<td>(6)</td>
<td>2</td>
</tr>
<tr>
<td>Ending balance as of December 31, 2017</td>
<td>$264</td>
<td>$(1,802)</td>
<td>$(8)</td>
<td>$(48)</td>
<td>$23</td>
<td>$9</td>
</tr>
<tr>
<td><strong>OTHER POSTRETIREMENT BENEFITS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Actuarial losses and prior service credits (costs) are included in the computation of net periodic benefit costs (credits). See Note: 9 Pension and Other Postretirement Benefit Plans.

### NOTE 16: SHARE-BASED COMPENSATION

This note provides details about:

- our Long-Term Incentive Compensation Plan (2013 Plan),
- share-based compensation resulting from our merger with Plum Creek,
- how we account for share-based awards,
- tax benefits of share-based awards,
- types of share-based compensation and
- unrecognized share-based compensation.

Share-based compensation expense was:

- $40 million in 2017,
- $60 million in 2016 and
- $31 million in 2015.

The 2016 and 2015 amounts above contain awards to employees of the divested Cellulose Fibers businesses and are included in our results of discontinued operations. These amounts are:

- $6 million in 2016 and
- $6 million in 2015.
OUR LONG-TERM INCENTIVE COMPENSATION PLAN

Our long-term incentive plans provide for share-based awards that include:

• restricted stock,

• restricted stock units,

• performance shares

• performance share units,

• stock options and

• stock appreciation rights.

We may issue future grants of up to 21 million shares under the 2013 Plan (the Plan). We also have the right to reissue forfeited and expired grants.

For restricted stock, restricted stock units, performance shares, performance share units or other equity grants:

• An individual participant may receive a grant of up to 1 million shares annually.

• No participant may be granted awards that exceed $10 million earned in a 12-month period.

For stock options and stock appreciation rights:

• An individual participant may receive a grant of up to 2 million shares in any one calendar year.

• The exercise price is required to be the market price on the date of the grant.

The Compensation Committee of our board of directors (the Committee) annually establishes an overall pool of stock awards available for grants based on performance.

For stock-settled awards, we:

• issue new stock into the marketplace and

• generally do not repurchase shares in connection with issuing new awards.

Our common shares would increase by approximately 32 million shares if all share-based awards were exercised or vested. These include:

• all options, restricted stock units, and performance share units outstanding at December 31, 2017, under the 2013 Plan and 2004 Plan; and

• all remaining options, restricted stock units, and performance share units that could be granted under the 2013 Plan.

SHARE-BASED COMPENSATION RESULTING FROM OUR MERGER WITH PLUM CREEK

Replacement awards were granted as a result of the merger with Plum Creek. Eligible outstanding Plum Creek stock options, restricted stock units and deferred stock unit awards were converted into equivalent equity awards with respect to Weyerhaeuser Common Shares, after giving effect to the appropriate adjustments to reflect the consummation of the merger. In total, we issued replacement awards consisting of 1,953,128 stock options and 1,248,006 RSUs. We also assumed 289,910 value management awards (VMAs) through the merger with Plum Creek.

Replacement Stock Option Awards

The replacement stock option awards issued as a result of the merger with Plum Creek have similar exercise provisions as the terms of our current awards. All replacement stock option awards were fully vested prior to the date of the merger, so no expense will be recorded. The value of the replacement stock option awards was $5 million, which was included in the equity consideration issued in the merger as described in Note 4: Merger with Plum Creek.

Replacement Restricted Stock Unit Awards

The replacement RSUs issued as a result of the merger with Plum Creek have similar vesting provisions as the terms of existing Weyerhaeuser restricted stock unit awards. Expense for replacement RSUs will continue to be recognized over the remaining service period unless a qualifying termination occurs. A qualifying termination of an awardee will result in acceleration of vesting and expense recognition in the period that the qualifying termination occurs. Qualifying terminations during 2016 resulted in accelerated vesting of 705,394 of the replacement RSUs and recognition of $15 million of expense. The accelerated expense is included in the merger-related integration costs as described in Note 17: Charges for Integration and Restructuring, Closures and Asset Impairments.

Value Management Awards

Following the merger, the VMAs assumed were valued at target. All outstanding VMAs, if earned, were set to vest December 31, 2017, and will be paid in the first quarter 2018. The VMAs were classified and accounted for as liabilities, as they are settled in cash upon vesting. The expense recognized over the performance period subsequent to the merger was equal to the cash value of an award as of the last day of the performance period multiplied by the number of awards that were earned. Expense for VMAs was recognized over the remaining service period unless a qualifying termination occurs. A qualifying termination of an awardee resulted in the acceleration of vesting and expense recognition in the period that the qualifying termination occurred. Qualifying terminations during 2016 resulted in $6 million of expense recognized. This accelerated expense is included in merger-related integration costs as described in Note 17: Charges for Integration and Restructuring, Closures and Asset Impairments.

HOW WE ACCOUNT FOR SHARE-BASED AWARDS

When accounting for share-based awards we:

• use a fair-value-based measurement for share-based awards and

• recognize the cost of share-based awards in our consolidated financial statements.
We recognize the cost of share-based awards in our Consolidated Statement of Operations over the required service period — generally the period from the date of the grant to the date when it is vested. Special situations include:

- Awards that vest upon retirement — the required service period ends on the date an employee is eligible for retirement, including early retirement.
- Awards that continue to vest following job elimination or the sale of a business — the required service period ends on the date the employment from the company is terminated.

In these special situations, compensation expense from share-based awards is recognized over a period that is shorter than the stated vesting period.

TAX BENEFITS OF SHARE-BASED AWARDS
Our total income tax benefit from share-based awards — as recognized in our Consolidated Statement of Operations — for the last three years was:

- $6 million in 2017,
- $12 million in 2016 and
- $8 million in 2015.

The 2016 and 2015 amounts above contain income tax benefit from share-based awards to employees that were part of the Cellulose Fibers divestitures and are included in our results of discontinued operations. These amounts are:

- $2 million in 2016 and
- $2 million in 2015.

Tax benefits from share-based awards are accrued as stock compensation expense is recognized in the Consolidated Statement of Operations. Tax benefits from share-based awards are realized when:

- restricted shares and restricted share units vest,
- performance shares and performance share units vest,
- stock options are exercised and
- stock appreciation rights are exercised.

TYPES OF SHARE-BASED COMPENSATION
Our share-based compensation is in the form of:

- restricted stock units,
- performance share units,
- stock options,
- stock appreciation rights,
- deferred compensation stock equivalent units and
- value management awards assumed in merger with Plum Creek.

RESTRICTED STOCK UNITS
Through the Plan, we award restricted stock units — grants that entitle the holder to shares of our stock as the award vests.

The Details
Our restricted stock units granted in 2017, 2016 and 2015 generally:

- vest ratably over four years;
- immediately vest in the event of death while employed or disability;
- continue to vest upon retirement at an age of at least 62, but a portion of the grant is forfeited if retirement occurs before the one year anniversary of the grant;
- continue vesting for one year in the event of involuntary termination when the retirement has not been met; and
- will be forfeited upon termination of employment in all other situations including early retirement prior to age 62.

Our Accounting
The fair value of our restricted stock units is the market price of our stock on the grant-date of the awards.

We generally record share-based compensation expense for restricted stock units over the four-year vesting period. Generally, for restricted stock units that continue to vest following the termination of employment, we record the share-based compensation expense over a required service period that is less than the stated vesting period.
Activity
The following table shows our restricted stock unit activity for 2017.

<table>
<thead>
<tr>
<th></th>
<th>RESTRICTED STOCK UNITS (IN THOUSANDS)</th>
<th>WEIGHTED AVERAGE GRANT-DATE FAIR VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonvested at December 31, 2016</td>
<td>1,583</td>
<td>$26.49</td>
</tr>
<tr>
<td>Granted</td>
<td>739</td>
<td>32.83</td>
</tr>
<tr>
<td>Vested</td>
<td>(670)</td>
<td>27.23</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(137)</td>
<td>27.43</td>
</tr>
<tr>
<td>Nonvested at December 31, 2017(1)</td>
<td>1,515</td>
<td>$29.12</td>
</tr>
</tbody>
</table>

(1) As of December 31, 2017, there were approximately 203 thousand restricted stock units that had met the requisite service period and will be released as identified in the grant terms.

The weighted average grant-date fair value for restricted stock units was:

- $32.83 in 2017,
- $30.25 in 2016 and
- $35.41 in 2015.

The total grant-date fair value of restricted stock units vested was:

- $18 million in 2017,
- $36 million in 2016 and
- $14 million in 2015.

Nonvested restricted stock units accrue dividends that are paid out when restricted stock units vest. Any restricted stock units forfeited will not receive dividends. As restricted stock units vest, a portion of the shares awarded is withheld to cover employee taxes. As a result, the number of stock units vested and the number of common shares issued will differ.

PERFORMANCE SHARE UNITS
Through the Plan, we award performance share units — grants that entitle the holder to shares of our stock as the award vests.

The Details
The final number of shares awarded will range from 0 percent to 150 percent of each grant's target, depending upon actual company performance.

For shares granted in 2017, the ultimate number of performance share units earned is based on two measures:

- our relative total shareholder return (TSR) ranking measured against the S&P 500 over a three-year period and
- our relative TSR ranking measured against an industry peer group of companies over a three-year period.

For shares granted in 2016, the ultimate number of performance share units earned is based on three measures:

- our relative total shareholder return (TSR) ranking measured against the S&P 500 over a three-year period,
- our relative TSR ranking measured against an industry peer group of companies over a three-year period and
- achievement of Plum Creek merger cost synergy targets.

For shares granted in 2015, the ultimate number of performance share units earned is based on two measures:

- our relative total shareholder return (TSR) ranking measured against the S&P 500 over a three-year period and
- our relative TSR ranking measured against an industry peer group of companies over a three-year period.

The vesting provisions for performance share units granted in 2017, 2016 and 2015 were as follows:

- vest 100 percent on the third anniversary of the grant date as long as the individual remains employed by the company;
- fully vest in the event the participant dies or becomes disabled while employed;
- continue to vest upon retirement at an age of at least 62, but a portion of the grant is forfeited if retirement occurs before the one year anniversary of the grant;
- continue vesting for one year in the event of involuntary termination when the retirement criteria has not been met and the employee has met the second anniversary of the grant date; and
- will be forfeited upon termination of employment in all other situations including early retirement prior to age 62.

Our Accounting
Since the awards contain a market condition, the effect of the market condition is reflected in the grant-date fair value which is estimated using a Monte Carlo simulation model. This model estimates the TSR ranking of the company over the performance period. Compensation expense is based on the estimated probable number of earned awards and recognized over the vesting period on an accelerated basis. Generally, compensation expense would be reversed if the performance condition is not met unless the requisite service period has been achieved.
### Weighted Average Assumptions Used in Estimating the Value of Performance Share Units

<table>
<thead>
<tr>
<th></th>
<th>2017 GRANTS</th>
<th>2016 GRANTS</th>
<th>2015 GRANTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected dividends</td>
<td>3.74%</td>
<td>3.92% - 5.37%</td>
<td>3.26%</td>
</tr>
<tr>
<td>Risk-free rate</td>
<td>0.68% - 1.55%</td>
<td>0.45% - 0.97%</td>
<td>0.05% - 1.07%</td>
</tr>
<tr>
<td>Volatility</td>
<td>22.71% - 24.07%</td>
<td>21.87% - 28.09%</td>
<td>16.33% - 20.89%</td>
</tr>
<tr>
<td>Weighted average grant-date fair value</td>
<td>$37.93</td>
<td>$22.58</td>
<td>$34.75</td>
</tr>
</tbody>
</table>

**Activity**

The following table shows our performance share unit activity for 2017.

<table>
<thead>
<tr>
<th>Activity</th>
<th>GRANTS (IN THOUSANDS)</th>
<th>WEIGHTED AVERAGE GRANT-DATE FAIR VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonvested at December 31, 2016</td>
<td>761</td>
<td>$25.23</td>
</tr>
<tr>
<td>Granted at target</td>
<td>346</td>
<td>$37.93</td>
</tr>
<tr>
<td>Vested</td>
<td>(130)</td>
<td>$29.98</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(12)</td>
<td>$30.93</td>
</tr>
<tr>
<td>Nonvested at December 31, 2017(1)</td>
<td>965</td>
<td>$30.87</td>
</tr>
</tbody>
</table>

(1) As of December 31, 2017, there were approximately 41 thousand performance share units that had met the requisite service period and will be released as identified in the grant terms.

The total grant-date fair value of performance share units vested was:

- $4 million in 2017,
- $8 million in 2016 and
- $9 million in 2015.

As performance share units vest, a portion of the shares awarded is withheld to cover participant taxes. As a result, the number of stock units vested and the number of common shares issued will differ.

**STOCK OPTIONS**

Stock options entitle award recipients to purchase shares of our common stock at a fixed exercise price. During 2017, we did not grant any stock option awards. When granted in prior years, however, we granted stock options with an exercise price equal to the market price of our stock on the date of the grant.

**The Details**

Our stock options generally:

- vest over four years of continuous service and
- must be exercised within 10 years of the grant-date.

The vesting and post-termination vesting terms for stock options granted in 2016 and 2015 were as follows:

- vest ratably over four years;
- vest or continue to vest in the event of death while employed or disability;
- continue to vest upon retirement at an age of at least 62, but a portion of the grant is forfeited if retirement occurs before the one year anniversary of the grant;
- continue to vest for one year in the event of involuntary termination when the retirement criteria has not been met; and
- stop vesting for all other situations including early retirement prior to age 62.

**Our Accounting**

We use a Black-Scholes option valuation model to estimate the fair value of every stock option award on its grant-date.

In our estimates, we use:

- historical data — for option exercise time and employee terminations;
- a Monte-Carlo simulation — for how long we expect granted options to be outstanding; and
- the U.S. Treasury yield curve — for the risk-free rate. We use a yield curve over a period matching the expected term of the grant.

The expected volatility in our valuation model is based on:

- implied volatilities from traded options on our stock,
- historical volatility of our stock and
- other factors.
Weighted Average Assumptions Used in Estimating Value of Stock Options Granted

<table>
<thead>
<tr>
<th></th>
<th>2016 GRANTS</th>
<th>2015 GRANTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected volatility</td>
<td>25.43%</td>
<td>25.92%</td>
</tr>
<tr>
<td>Expected dividends</td>
<td>5.37%</td>
<td>3.28%</td>
</tr>
<tr>
<td>Expected term (in years)</td>
<td>4.95</td>
<td>4.77</td>
</tr>
<tr>
<td>Risk-free rate</td>
<td>1.28%</td>
<td>1.54%</td>
</tr>
<tr>
<td>Weighted average grant-date fair value</td>
<td>$2.73</td>
<td>$5.85</td>
</tr>
</tbody>
</table>

Share-based compensation expense for stock options is generally recognized over the vesting period. There are exceptions for stock options awarded to employees who:

- are eligible for retirement,
- will become eligible for retirement during the vesting period or
- whose employment is terminated during the vesting period due to job elimination or the sale of a business.

In these cases, we record the share-based compensation expense over a required service period that is less than the stated vesting period.

Activity

The following table shows our option unit activity for 2017.

<table>
<thead>
<tr>
<th>OPTIONS (IN THOUSANDS)</th>
<th>WEIGHTED AVERAGE EXERCISE PRICE</th>
<th>WEIGHTED AVERAGE REMAINING CONTRACTUAL TERM (IN YEARS)</th>
<th>AGGREGATE INTRINSIC VALUE (IN MILLIONS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at December 31, 2016</td>
<td>14,712</td>
<td>$24.96</td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>—</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(5,975)</td>
<td>$22.71</td>
<td></td>
</tr>
<tr>
<td>Forfeited or expired</td>
<td>(250)</td>
<td>$27.75</td>
<td></td>
</tr>
<tr>
<td>Outstanding at December 31, 2017 (1)</td>
<td>8,487</td>
<td>$26.47</td>
<td>$75</td>
</tr>
<tr>
<td>Exercisable at December 31, 2017</td>
<td>5,374</td>
<td>$26.46</td>
<td>$133</td>
</tr>
</tbody>
</table>

(1) As of December 31, 2017, there were approximately 727 thousand stock options that had met the requisite service period and will be released as identified in the grant terms.

The total intrinsic value of stock options exercised was:

- $68 million in 2017,
- $18 million in 2016 and
- $13 million in 2015.

The total grant-date fair value of stock options vested was:

- $5 million in 2017,
- $14 million in 2016 and
- $14 million in 2015.

STOCK APPRECIATION RIGHTS

During 2017, we did not grant any stock appreciation rights. When granted in prior years, however, we granted cash-settled stock appreciation rights as part of certain compensation awards.

The Details

Stock appreciation rights are similar to stock options. Employees benefit when the market price of our stock is higher on the exercise date than it was on the date the stock appreciation rights were granted. The differences are that the employee:

- receives the benefit as a cash award and
- does not purchase the underlying stock.

The vesting conditions and exceptions are the same as for 10-year stock options. Details are in the Stock Options section earlier in this note.

Our Accounting

We use a Black-Scholes option-valuation model to estimate the fair value of a stock appreciation right on its grant date and every subsequent reporting date that the right is outstanding. Stock appreciation rights are liability-classified awards and the fair value is remeasured at every reporting date.

The process used to develop our valuation assumptions is the same as for the 10-year stock options we grant. Details are in the Stock Options section earlier in this note.
Weighted Average Assumptions Used to Re-measure Value of Stock Appreciation Rights at Year-End

<table>
<thead>
<tr>
<th></th>
<th>2016 GRANTS</th>
<th>2015 GRANTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected volatility</td>
<td>24.12%</td>
<td>22.10%</td>
</tr>
<tr>
<td>Expected dividends</td>
<td>4.04%</td>
<td>4.20%</td>
</tr>
<tr>
<td>Expected term (in years)</td>
<td>2.20</td>
<td>1.94</td>
</tr>
<tr>
<td>Risk-free rate</td>
<td>1.36%</td>
<td>0.99%</td>
</tr>
<tr>
<td>Weighted average fair value</td>
<td>$7.84</td>
<td>$6.96</td>
</tr>
</tbody>
</table>

Activity
The following table shows our stock appreciation rights activity for 2017.

<table>
<thead>
<tr>
<th></th>
<th>RIGHTS (IN THOUSANDS)</th>
<th>WEIGHTED AVERAGE EXERCISE PRICE</th>
<th>AVERAGE REMAINING CONTRACTUAL TERM (IN YEARS)</th>
<th>AGGREGATE INTRINSIC VALUE (IN MILLIONS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at December 31, 2016</td>
<td>386</td>
<td>$23.82</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>—</td>
<td>$</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(102)</td>
<td>$24.08</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Forfeited or expired</td>
<td>(12)</td>
<td>$30.39</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Outstanding at December 31, 2017</td>
<td>272</td>
<td>$23.42</td>
<td>5.23</td>
<td>$3</td>
</tr>
<tr>
<td>Exercisable at December 31, 2017</td>
<td>168</td>
<td>$21.54</td>
<td>2.29</td>
<td>$2</td>
</tr>
</tbody>
</table>

The total liabilities paid for stock appreciation rights was:
- $1 million in 2017,
- $1 million in 2016 and
- $1 million in 2015.

UNRECOGNIZED SHARE-BASED COMPENSATION
As of December 31, 2017, our unrecognized share-based compensation cost for all types of share-based awards included $38 million related to non-vested equity-classified share-based compensation arrangements — expected to be recognized over a weighted average period of approximately 2.0 years.

DEFERRED COMPENSATION STOCK EQUIVALENT UNITS
Certain employees and our board of directors may defer compensation into stock-equivalent units.

The Details
The plan works differently for employees and directors.

Eligible employees:
- may choose to defer all or part of their bonus into stock-equivalent units;
- may choose to defer part of their salary, except for executive officers; and
- receive a 15 percent premium if the deferral is for at least five years.

Our directors:
- receive a portion of their annual retainer fee in the form of restricted stock units, which vest over one year and may be deferred into stock-equivalent units;
- may choose to defer some or all of the remainder of their annual retainer fee into stock-equivalent units; and
- do not receive a premium for their deferrals.

Employees and directors also choose when the deferrals will be paid out although no deferrals may be paid until after the separation from service of the employee or director.

Our Accounting
We settle all deferred compensation accounts in cash for our employees. Our directors receive shares of common stock as payment for stock-equivalent units. In addition, we credit all stock-equivalent accounts with dividend equivalents. The number of common shares to be issued in the future to directors is 616 thousand.

Stock-equivalent units are:
- liability-classified awards and
- re-measured to fair value at every reporting date.

The fair value of a stock-equivalent unit is equal to the market price of our stock.
Activity
The number of stock-equivalent units outstanding in our deferred compensation accounts were:

- 804 thousand as of December 31, 2017,
- 1,004 thousand as of December 31, 2016 and
- 1,003 thousand as of December 31, 2015.

NOTE 17: CHARGES FOR INTEGRATION AND RESTRUCTURING, CLOSURES AND ASSET IMPAIRMENTS

Items Included in Our Charges for Integration and Restructuring, Closures and Asset Impairments

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integration and restructuring charges related to our merger with Plum Creek:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Termination benefits</td>
<td>$11</td>
<td>$54</td>
<td>$—</td>
</tr>
<tr>
<td>Acceleration of share-based compensation related to qualifying terminations (Note 16)</td>
<td>—</td>
<td>21</td>
<td>—</td>
</tr>
<tr>
<td>Acceleration of pension benefits related to qualifying terminations (Note 9)</td>
<td>—</td>
<td>5</td>
<td>—</td>
</tr>
<tr>
<td>Professional services</td>
<td>16</td>
<td>52</td>
<td>14</td>
</tr>
<tr>
<td>Other integration and restructuring costs</td>
<td>7</td>
<td>14</td>
<td>—</td>
</tr>
<tr>
<td>Total integration and restructuring charges related to our merger with Plum Creek</td>
<td>34</td>
<td>146</td>
<td>14</td>
</tr>
<tr>
<td>Charges related to closures and other restructuring activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Termination benefits</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Other closures and restructuring costs</td>
<td>3</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Total charges related to closures and other restructuring activities</td>
<td>6</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Impairment of long-lived assets</td>
<td>154</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Total charges for integration and restructuring, closures and asset impairments</td>
<td>$194</td>
<td>$170</td>
<td>$39</td>
</tr>
</tbody>
</table>

INTEGRATION, RESTRUCTURING AND CLOSURES

During 2017, we incurred and accrued for termination benefits (primarily severance) and non-recurring professional services costs directly attributable to our merger with Plum Creek.

During 2016, we incurred and accrued for termination benefits (primarily severance), accelerated share-based payment costs, and accelerated pension benefits based upon actual and expected qualifying terminations of certain employees as a result of restructuring decisions made subsequent to the merger. We also incurred non-recurring professional services costs for investment banking, legal and consulting, and certain other fees directly attributable to our merger with Plum Creek.

During 2015, we incurred non-recurring professional services costs for banking, legal and consulting fees directly attributable to our merger with Plum Creek. We also incurred restructuring and closure charges related to the closure of four distribution centers for our Wood Products business.

Other restructuring and closure costs include lease termination charges, dismantling and demolition of plant and equipment, gain or loss on disposition of assets, environmental cleanup costs and incremental costs to wind down operating facilities.

ACCRUED TERMINATION BENEFITS

Changes in accrued severance related to restructuring during 2017 were as follows:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued severance as of December 31, 2016</td>
<td>$26</td>
</tr>
<tr>
<td>Charges</td>
<td>14</td>
</tr>
<tr>
<td>Payments</td>
<td>(21)</td>
</tr>
<tr>
<td>Accrued severance as of December 31, 2017</td>
<td>$19</td>
</tr>
</tbody>
</table>

ASSET IMPAIRMENTS

The Impairment of Long-Lived Assets and Goodwill sections of Note 1: Summary of Significant Accounting Policies provide details about how we account for these impairments. Additional information can also be found in our Critical Accounting Policies.

Long-Lived Assets

Our long-lived asset impairments were primarily related to the following:

- 2017 — In second quarter 2017, we recognized an impairment charge to the timberlands and manufacturing assets of our Uruguayan operations. On June 2, 2017, our Board of Directors approved an agreement to sell all of the Company’s equity in the Uruguayan operations to a consortium led by BTG Pactual’s Timberland Investment Group (TIG). As a result of this agreement, the related assets met the criteria to be classified as held for sale at June 30, 2017. This designation required us to record the related assets at fair value, less an amount of estimated selling costs, and thus recognize a $147 million noncash pretax impairment charge. This amount was recorded in the Timberlands segment. The fair value of the related assets was primarily based on the agreed upon cash purchase price of $403 million. On September 1, 2017, we announced the completion of the sale. Refer to Note 3: Discontinued Operations and Other Divestitures for further details on the Uruguayan operations sale.
Additionally, in September 2017, we recognized an impairment charge of $6 million related to a nonstrategic asset in our Wood Products segment. The fair value of the asset was determined using the value indicated in a purchase sale agreement.

- 2016 — We reviewed all of our development projects during 2016. As a result, we ceased development and initiated plans to sell certain projects. We analyzed each of the projects we ceased development and initiated plans to sell and determined which had a book value greater than fair value. We recognized a $15 million impairment charge in Real Estate & ENR which represents the fair value less direct selling costs of these projects. The fair values of the projects were determined using significant unobservable inputs (Level 3) based on broker opinion of value reports.

Our remaining projects did not have any indicators of impairment; however, we corroborated this evaluation with an assessment of the undiscounted cash flows for the legacy Weyerhaeuser projects or noted that projects acquired from Plum Creek were recorded at estimated fair value when acquired in 2016.

- 2015 — We recognized an impairment charge of $13 million related to a nonstrategic asset held in Unallocated Items. The fair value of the asset was determined using significant unobservable inputs (Level 3) based on a discounted cash flow model. The asset was subsequently sold for no gain during 2015.

NOTE 18: CHARGES FOR PRODUCT REMEDIATION

In July 2017, we announced we were implementing a solution to address concerns regarding our TJ® Joists with Flak Jacket® Protection product. This issue is isolated to Flak Jacket product manufactured after December 1, 2016, and does not affect any of our other products. We estimate that approximately 2,400 homes were affected.

We recorded a liability of $50 million in second quarter 2017 based on the preliminary information that was available at that time. As remediation work progressed, we obtained additional information and experience regarding the scope of the required remediation efforts and associated costs. Accordingly, we adjusted our liability to account for the higher than originally expected cost per home for remediation, a modest increase in the estimated number of homes affected, as well as additional homebuilder and homeowner reimbursements. We recorded pretax charges of $190 million and $50 million in the third and fourth quarters 2017, respectively, to accrue for expected costs associated with the remediation.

Our charges related to remediation efforts total $290 million for the period ended December 31, 2017. The charges recorded are attributable to our Wood Products segment and were recorded in “Charges for product remediation,” on the Consolidated Statement of Operations. As of December 31, 2017, $192 million has been paid out in relation to our remediation efforts. The remaining accrual of $98 million is recorded in “Accrued liabilities” on the Consolidated Balance Sheet. The company ultimately expects a significant portion of the total expense will be covered by insurance, however, as of the date of these financial statements no amounts related to potential recoveries have been recorded.

NOTE 19: OTHER OPERATING COSTS (INCOME), NET

Other operating costs (income), net:
- includes both recurring and occasional income and expense items and
- can fluctuate from year to year.

Various Income and Expense Items Included in Other Operating Costs (Income), Net

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on disposition of nonstrategic assets (1)</td>
<td>$</td>
<td>(16)</td>
<td>$</td>
</tr>
<tr>
<td>Foreign exchange losses (gains), net (2)</td>
<td>(1)</td>
<td>(6)</td>
<td>47</td>
</tr>
<tr>
<td>Litigation expense, net</td>
<td>20</td>
<td>24</td>
<td>23</td>
</tr>
<tr>
<td>Gain on sale of timberlands (3)</td>
<td>(99)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Environmental remediation insurance recoveries</td>
<td>(42)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other, net</td>
<td>10</td>
<td>(11)</td>
<td>(17)</td>
</tr>
<tr>
<td>Total other operating costs (income), net</td>
<td>$</td>
<td>(128)</td>
<td>$</td>
</tr>
</tbody>
</table>

(1) Gain on disposition of nonstrategic assets in 2016 included a $36 million pretax gain recognized in first quarter 2016 on the sale of our Federal Way, Washington headquarters campus.
(2) Foreign exchange gains and losses result from changes in exchange rates primarily related to our U.S. dollar denominated debt that is held by our Canadian subsidiary.
(3) Gain on sale of 100,000 acres sold to Twin Creeks during Q4 2017. Refer to Note 8: Related Parties for further information.

NOTE 20: INCOME TAXES

This note provides details about our income taxes applicable to continuing operations:
- earnings before income taxes,
- provision for income taxes,
- effective income tax rate,
- deferred tax assets and liabilities,
- unrecognized tax benefits and
- our ongoing IRS tax matter.

Income taxes related to discontinued operations are discussed in Note 3: Discontinued Operations and Other Divestitures.
The Income Taxes section of Note 1: Summary of Significant Accounting Policies provides details about how we account for our income taxes.

**Tax Legislation**

On December 22, 2017, H.R. 1, commonly known as the Tax Cuts and Jobs Act (the “Tax Act”), was enacted. The Tax Act contains significant changes to corporate taxation, including the reduction of the corporate tax rate from 35 percent to 21 percent. As a result of the reduction in the corporate tax rate, we have revalued our deferred tax assets and liabilities and have recorded a tax expense of $74 million during 2017, which reduced our net deferred tax asset. The deemed repatriation on deferred foreign income provisions does not impact our operations due to the fact that we have no foreign undistributed earnings.

**Earnings Before Income Taxes**

**Domestic and Foreign Earnings from Continuing Operations Before Income Taxes**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic earnings</td>
<td>$643</td>
<td>$353</td>
<td>$326</td>
</tr>
<tr>
<td>Foreign earnings</td>
<td>73</td>
<td>151</td>
<td>27</td>
</tr>
<tr>
<td>Total earnings before income taxes</td>
<td>$716</td>
<td>$504</td>
<td>$353</td>
</tr>
</tbody>
</table>

**Provision (Benefit) for Income Taxes from Continuing Operations**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>-10</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>State</td>
<td>-</td>
<td>1</td>
<td>(2)</td>
</tr>
<tr>
<td>Foreign</td>
<td>82</td>
<td>11</td>
<td>(5)</td>
</tr>
<tr>
<td>Total current</td>
<td>92</td>
<td>13</td>
<td>-</td>
</tr>
<tr>
<td>Deferred:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>61</td>
<td>37</td>
<td>(69)</td>
</tr>
<tr>
<td>State</td>
<td>(18)</td>
<td>(3)</td>
<td>(3)</td>
</tr>
<tr>
<td>Foreign</td>
<td>(1)</td>
<td>42</td>
<td>14</td>
</tr>
<tr>
<td>Total deferred</td>
<td>42</td>
<td>76</td>
<td>(58)</td>
</tr>
<tr>
<td>Total income tax provision (benefit)</td>
<td>$134</td>
<td>$89</td>
<td>$58</td>
</tr>
</tbody>
</table>

**Effective Income Tax Rate**

**Effective Income Tax Rate Applicable to Continuing Operations**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. federal statutory income tax</td>
<td>$250</td>
<td>$177</td>
<td>$123</td>
</tr>
<tr>
<td>State income taxes, net of federal tax benefit</td>
<td>(2)</td>
<td>(3)</td>
<td>(5)</td>
</tr>
<tr>
<td>REIT income not subject to federal income tax</td>
<td>(198)</td>
<td>(99)</td>
<td>(158)</td>
</tr>
<tr>
<td>REIT benefit from change to tax law</td>
<td>-</td>
<td>-</td>
<td>(13)</td>
</tr>
<tr>
<td>Tax affect of U.S. corporate rate change</td>
<td>74</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foreign taxes</td>
<td>54</td>
<td>(4)</td>
<td>7</td>
</tr>
<tr>
<td>Provision for unrecognized tax benefits</td>
<td>(2)</td>
<td>-</td>
<td>(7)</td>
</tr>
<tr>
<td>Repatriation of Canadian earnings</td>
<td>(22)</td>
<td>24</td>
<td>-</td>
</tr>
<tr>
<td>Other, net</td>
<td>(20)</td>
<td>6</td>
<td>(2)</td>
</tr>
<tr>
<td>Total income tax provision (benefit)</td>
<td>$134</td>
<td>$89</td>
<td>$58</td>
</tr>
<tr>
<td>Effective income tax rate</td>
<td>18.8%</td>
<td>17.6%</td>
<td>(16.4)%</td>
</tr>
</tbody>
</table>

**Deferred Tax Assets and Liabilities**

Deferred tax assets and liabilities reflect the future tax impact created by differences between the timing of when income or deductions are recognized for pretax financial book reporting purposes versus income tax purposes. Deferred tax assets represent a future tax benefit (or reduction to income taxes in a future period), while deferred tax liabilities represent a future tax obligation (or increase to income taxes in a future period). Our deferred tax assets and liabilities have been revalued for the reduction in the U.S. corporate tax rate.
Balance Sheet Classification of Deferred Income Tax Assets (Liabilities) Related to Continuing Operations

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2017</th>
<th>DECEMBER 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net noncurrent deferred tax asset</td>
<td>$268</td>
<td>$293</td>
</tr>
<tr>
<td>Net noncurrent deferred tax liability</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net deferred tax asset (liability)</td>
<td>$268</td>
<td>$293</td>
</tr>
</tbody>
</table>

Items Included in Our Deferred Income Tax Assets (Liabilities)

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2017</th>
<th>DECEMBER 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postretirement benefits</td>
<td>$50</td>
<td>$76</td>
</tr>
<tr>
<td>Pension</td>
<td>306</td>
<td>395</td>
</tr>
<tr>
<td>State tax credits</td>
<td>56</td>
<td>46</td>
</tr>
<tr>
<td>Other reserves</td>
<td>38</td>
<td>14</td>
</tr>
<tr>
<td>Net operating loss carryforwards</td>
<td>18</td>
<td>25</td>
</tr>
<tr>
<td>Other</td>
<td>152</td>
<td>218</td>
</tr>
<tr>
<td>Gross deferred tax assets</td>
<td>620</td>
<td>774</td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(63)</td>
<td>(56)</td>
</tr>
<tr>
<td>Net deferred tax assets</td>
<td>557</td>
<td>718</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>(154)</td>
<td>(214)</td>
</tr>
<tr>
<td>Timber installment notes</td>
<td>(116)</td>
<td>(180)</td>
</tr>
<tr>
<td>Other</td>
<td>(19)</td>
<td>(31)</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(289)</td>
<td>(425)</td>
</tr>
<tr>
<td>Net deferred tax asset (liability)</td>
<td>$268</td>
<td>$293</td>
</tr>
</tbody>
</table>

Other Information About Our Deferred Income Tax Assets (Liabilities)

Other information about our deferred income tax assets (liabilities) include:

- net operating loss and credit carryforwards,
- valuation allowances and
- reinvestment of undistributed earnings.

Net Operating Loss and Credit Carryforwards

Our gross federal, state and foreign net operating loss carryforwards as of the end of 2017 totaled $1.0 billion as follows:

- U.S. REIT - $684 million, which expire from 2030 through 2036;
- State - $349 million, which expire from 2018 through 2037; and
- Foreign - none.

Our gross state credit carryforwards at the end of 2017 totaled $70 million, which includes $22 million that expire from 2018 through 2031 and $48 million that do not expire. Our U.S. TRS has $6 million in foreign tax credit carryforwards that expire in 2027.

Valuation Allowances

With the exception of the valuation allowance discussed below, we believe it is more likely than not that we will have sufficient future taxable income to realize our deferred tax assets.

Our valuation allowance on our deferred tax assets was $63 million at the end of 2017, related to state credits, state net operating losses and passive foreign tax credits.

Reinvestment of Undistributed Earnings

It is our practice and intention to reinvest the earnings of our foreign subsidiaries into those respective operations. As such, we have not made a provision for U.S. income taxes or additional foreign withholding taxes for potential distribution of future earnings of our foreign subsidiaries which are permanently reinvested. As of December 31, 2017, we had no foreign undistributed earnings.

UNRECOGNIZED TAX BENEFITS

Unrecognized tax benefits represent potential future obligations to taxing authorities if uncertain tax positions we have taken on previously filed tax returns are not sustained. The total gross amount of unrecognized tax benefits as of December 31, 2017, and 2016, is $4 million and $6 million, of which a net amount of $2 million and $5 million, respectively, would affect our tax rate if recognized.

The net liability recorded in our Consolidated Balance Sheet related to unrecognized tax benefits is $2 million as of December 31, 2017, comprised of the $4 million gross unrecognized tax benefit amount net of $2 million in loss carryforwards available to offset the liability. The net liability as of December 31, 2016 was $5 million, comprised of $6 million gross unrecognized tax benefit amount net of $2 million loss carryforwards available to offset the liability and includes $1 million of interest.
In accordance with our accounting policy, we accrue interest and penalties related to unrecognized tax benefits as a component of income tax expense. See Note 1: Summary of Significant Accounting Policies.

Reconciliation of the Beginning and Ending Amount of Unrecognized Tax Benefits

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2017</th>
<th>DECEMBER 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$6</td>
<td>$6</td>
</tr>
<tr>
<td>Lapse of statute</td>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$4</td>
<td>$6</td>
</tr>
</tbody>
</table>

As of December 31, 2017, none of our U.S. federal income tax returns are under examination, with years 2013 forward open to examination. We are undergoing examinations in state jurisdictions for tax years 2013 through 2016, with tax years 2009 forward open to examination. We are also undergoing examinations in foreign jurisdictions for tax years 2013 through 2014, with tax years 2010 forward open to examination. We do not expect that the outcome of any examination will have a material effect on our consolidated financial statements; however, audit outcomes and the timing of audit settlements are subject to significant uncertainty.

In the next 12 months, we estimate a decrease of $1 million in unrecognized tax benefits due to the lapse of applicable statutes of limitation.

ONGOING IRS MATTER

In connection with the merger with Plum Creek, we acquired equity interests in Southern Diversified Timber, LLC, a timberland joint venture (Timberland Venture) with an affiliate of Campbell Global LLC (TCG Member). On August 31, 2016, the Timberland Venture redeemed TCG Member’s interest and became a fully consolidated, wholly-owned subsidiary of Weyerhaeuser.

We received a Notice of Final Partnership Administrative Adjustment (FPAA), dated July 20, 2016, from the Internal Revenue Service (IRS) in regard to Plum Creek’s 2008 U.S. federal income tax treatment of the transaction forming the Timberland Venture. The IRS is asserting that the transfer of the timberlands to the Timberland Venture was a taxable transaction to Plum Creek at the time of the transfer rather than a nontaxable capital contribution. We have filed a petition in the U.S. Tax Court and will vigorously contest this adjustment.

In the event that we are unsuccessful in this tax litigation, we could be required to recognize and distribute gain to shareholders of approximately $600 million and pay built-in gains tax of approximately $100 million. We would also be required to pay interest on both of those amounts, which would be substantial. As much as 80 percent of any such gain distribution could be made with our common stock, and shareholders would be subject to tax on the distribution at the applicable capital gains tax rate. Alternatively, we could elect to retain the gain and pay corporate-level tax to minimize interest costs to the company.

Although the outcome of this process cannot be predicted with certainty, we are confident in our position based on U.S. tax law and believe we will be successful in defending it. Accordingly, no reserve has been recorded related to this matter.

NOTE 21: GEOGRAPHIC AREAS

This note provides selected key financial data according to the geographical locations of our customers. The selected key financial data includes:

- sales to unaffiliated customers,
- export sales from the U.S. and
- long-lived assets.

SALES

Our sales to unaffiliated customers outside the U.S. are primarily to customers in Canada, China and Japan. Our export sales include:

- logs, lumber and wood chips to Japan and
- logs and lumber to other Pacific Rim countries.
Sales by Geographic Area

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to unaffiliated customers:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$6,168</td>
<td>$5,451</td>
<td>$4,362</td>
</tr>
<tr>
<td>Canada</td>
<td>472</td>
<td>341</td>
<td>307</td>
</tr>
<tr>
<td>Japan</td>
<td>352</td>
<td>369</td>
<td>363</td>
</tr>
<tr>
<td>China</td>
<td>107</td>
<td>108</td>
<td>99</td>
</tr>
<tr>
<td>Other foreign countries</td>
<td>97</td>
<td>96</td>
<td>115</td>
</tr>
<tr>
<td>Total</td>
<td>$7,196</td>
<td>$6,365</td>
<td>$5,246</td>
</tr>
<tr>
<td>Export sales from the U.S.:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>$295</td>
<td>$314</td>
<td>$309</td>
</tr>
<tr>
<td>China</td>
<td>102</td>
<td>103</td>
<td>97</td>
</tr>
<tr>
<td>Other foreign countries</td>
<td>148</td>
<td>98</td>
<td>91</td>
</tr>
<tr>
<td>Total</td>
<td>$545</td>
<td>$515</td>
<td>$497</td>
</tr>
</tbody>
</table>

LONG-LIVED ASSETS

Our long-lived assets — used in the generation of revenues in the different geographical areas — are nearly all in the U.S. and Canada. Our long-lived assets include:

- property and equipment, including construction in progress,
- timber and timberlands,
- minerals and mineral rights and
- goodwill.

Long-Lived Assets by Geographic Area

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2017</th>
<th>DECEMBER 31, 2016(1)</th>
<th>DECEMBER 31, 2015(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>$14,922</td>
<td>$15,700</td>
<td>$8,260</td>
</tr>
<tr>
<td>Canada</td>
<td>223</td>
<td>206</td>
<td>460</td>
</tr>
<tr>
<td>Other foreign countries</td>
<td>—</td>
<td>527</td>
<td>654</td>
</tr>
<tr>
<td>Total</td>
<td>$15,145</td>
<td>$16,433</td>
<td>$9,374</td>
</tr>
</tbody>
</table>

(1) Includes assets of discontinued operations.

NOTE 22: SELECTED QUARTERLY FINANCIAL INFORMATION (unaudited)

Quarterly financial data provides a review of our results and performance throughout the year. Our earnings per share for the full year do not always equal the sum of the four quarterly earnings-per-share amounts because of common share activity during the year.
## Key Quarterly Financial Data for the Last Two Years

<table>
<thead>
<tr>
<th></th>
<th>FIRST QUARTER</th>
<th>SECOND QUARTER</th>
<th>THIRD QUARTER(1)</th>
<th>FOURTH QUARTER(1)</th>
<th>FULL YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>$1,693</td>
<td>$1,808</td>
<td>$1,872</td>
<td>$1,823</td>
<td>$7,196</td>
</tr>
<tr>
<td>Operating income from</td>
<td>293</td>
<td>157</td>
<td>205</td>
<td>476</td>
<td>1,131</td>
</tr>
<tr>
<td>continuing operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings from</td>
<td>181</td>
<td>58</td>
<td>103</td>
<td>374</td>
<td>716</td>
</tr>
<tr>
<td>continuing operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>before income taxes</td>
<td>157</td>
<td>24</td>
<td>130</td>
<td>271</td>
<td>582</td>
</tr>
<tr>
<td>Net earnings</td>
<td>157</td>
<td>24</td>
<td>130</td>
<td>271</td>
<td>582</td>
</tr>
<tr>
<td>Net earnings attributable to Weyerhaeuser common shareholders</td>
<td>157</td>
<td>24</td>
<td>130</td>
<td>271</td>
<td>582</td>
</tr>
<tr>
<td>Basic net earnings per share attributable to Weyerhaeuser common shareholders</td>
<td>0.21</td>
<td>0.03</td>
<td>0.17</td>
<td>0.36</td>
<td>0.77</td>
</tr>
<tr>
<td>Diluted net earnings per share attributable to Weyerhaeuser common shareholders</td>
<td>0.21</td>
<td>0.03</td>
<td>0.17</td>
<td>0.36</td>
<td>0.77</td>
</tr>
<tr>
<td>Dividends paid per share</td>
<td>0.31</td>
<td>0.31</td>
<td>0.31</td>
<td>0.32</td>
<td>1.25</td>
</tr>
<tr>
<td>Market prices - high/low</td>
<td>$34.37 - $29.88</td>
<td>$35.50 - $32.28</td>
<td>$34.46 - $30.95</td>
<td>$36.92 - $33.92</td>
<td>$36.92 - $29.88</td>
</tr>
<tr>
<td><strong>2016:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>$1,405</td>
<td>$1,655</td>
<td>$1,709</td>
<td>$1,596</td>
<td>$6,365</td>
</tr>
<tr>
<td>Operating income from</td>
<td>139</td>
<td>248</td>
<td>261</td>
<td>174</td>
<td>822</td>
</tr>
<tr>
<td>continuing operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings from</td>
<td>72</td>
<td>161</td>
<td>184</td>
<td>87</td>
<td>504</td>
</tr>
<tr>
<td>continuing operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>before income taxes</td>
<td>81</td>
<td>168</td>
<td>227</td>
<td>551</td>
<td>1,027</td>
</tr>
<tr>
<td>Net earnings</td>
<td>70</td>
<td>157</td>
<td>227</td>
<td>551</td>
<td>1,005</td>
</tr>
<tr>
<td>Net earnings attributable to Weyerhaeuser common shareholders</td>
<td>70</td>
<td>157</td>
<td>227</td>
<td>551</td>
<td>1,005</td>
</tr>
<tr>
<td>Basic net earnings per share attributable to Weyerhaeuser common shareholders</td>
<td>0.11</td>
<td>0.21</td>
<td>0.30</td>
<td>0.74</td>
<td>1.40</td>
</tr>
<tr>
<td>Diluted net earnings per share attributable to Weyerhaeuser common shareholders</td>
<td>0.11</td>
<td>0.21</td>
<td>0.30</td>
<td>0.73</td>
<td>1.39</td>
</tr>
<tr>
<td>Dividends paid per share</td>
<td>0.31</td>
<td>0.31</td>
<td>0.31</td>
<td>0.31</td>
<td>1.24</td>
</tr>
<tr>
<td>Market prices - high/low</td>
<td>$31.38 - $22.06</td>
<td>$32.56 - $26.55</td>
<td>$33.17 - $29.52</td>
<td>$33.28 - $28.58</td>
<td>$33.28 - $22.06</td>
</tr>
</tbody>
</table>

(1) Third and fourth quarter 2016 include a gain on our Cellulose Fibers divestitures. Refer to Note 3: Discontinued Operations and Other Divestitures for further information.
CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The company’s principal executive officer and principal financial officer have evaluated the effectiveness of the company’s disclosure controls and procedures as of the end of the period covered by this annual report on Form 10-K. Disclosure controls are controls and other procedures that are designed to ensure that information required to be disclosed in the reports filed or submitted under the Securities Exchange Act of 1934, as amended (Act), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s (SEC) rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, to allow timely decisions regarding required disclosure.

Based on their evaluation, the company’s principal executive officer and principal financial officer have concluded that the company's disclosure controls and procedures are effective to ensure that information required to be disclosed complies with the SEC’s rules and forms.

CHANGES IN INTERNAL CONTROL

During 2017, we integrated the acquired Plum Creek operations into our overall internal controls over financial reporting. No changes occurred in the company’s internal control over financial reporting during the period that have materially affected, or are reasonably likely to materially affect, the company’s internal control over financial reporting.

MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting as is defined in the Securities and Exchange Act of 1934 rules. Management, under our supervision, conducted an evaluation of the effectiveness of the company’s internal control over financial reporting based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under the framework in Internal Control — Integrated Framework (2013), management concluded that the company’s internal control over financial reporting was effective as of December 31, 2017. The effectiveness of the company’s internal control over financial reporting as of December 31, 2017, has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, which is included herein.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
Weyerhaeuser Company:

Opinion on Internal Control Over Financial Reporting
We have audited Weyerhaeuser Company and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively, the consolidated financial statements), and our report dated February 16, 2018 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion
The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting
A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP
Seattle, Washington
February 16, 2018
DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

A list of our executive officers and biographical information are found in the Our Business — Executive Officers of the Registrant section of this report. Information with respect to directors of the company and certain other corporate governance matters, as required by this item to Form 10-K, is set forth in the Notice of the 2018 Annual Meeting and Proxy Statement for the company’s Annual Meeting of Shareholders to be held May 18, 2018 under the headings “Item 1. Election of Directors - Nominees for Election,” “Item 1. Election of Directors - Committees of the Board,” “Stock Information - Section 16(a) Beneficial Ownership Reporting Compliance,” and “Corporate Governance at Weyerhaeuser - Code of Ethics,” and in each case is incorporated herein by reference.

The Weyerhaeuser Code of Ethics applies to our chief executive officer, our chief financial officer and our chief accounting officer, as well as other officers, directors and employees of the company. The Weyerhaeuser Code of Ethics is posted on our website at www.weyerhaeuser.com, and currently is located under the tabs “Sustainability”, then “Governance” and finally “Operating Ethically.”

EXECUTIVE AND DIRECTOR COMPENSATION

Information with respect to executive and director compensation, as required by this item to Form 10-K, is set forth in the Notice of the 2018 Annual Meeting and Proxy Statement for the company’s Annual Meeting of Shareholders to be held May 18, 2018 under the headings “Item 1. Election of Directors - Directors’ Compensation” and “Executive Compensation,” and in each case, is incorporated herein by reference.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information with respect to security ownership of certain beneficial owners and management and with respect to securities authorized for issuance under our equity compensation plans, as required by this item to Form 10-K, is set forth in the Notice of the 2018 Annual Meeting and Proxy Statement for the company’s Annual Meeting of Shareholders to be held May 18, 2018 under the headings “Stock Information - Beneficial Ownership of Common Shares,” and “Stock Information - Information about Securities Authorized for Issuance under our Equity Compensation Plans,” and in each case, is incorporated herein by reference.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information about certain relationships and related transactions and director independence, as required by this item to Form 10-K, is set forth in the Notice of the 2018 Annual Meeting and Proxy Statement for the company’s Annual Meeting of Shareholders to be held May 18, 2018 under the headings “Corporate Governance at Weyerhaeuser - Related Party Transactions Review and Approval Policy,” “Corporate Governance at Weyerhaeuser - Independent Board of Directors,” and “Item 1. Election of Directors - Committees of the Board,” and in each case, is incorporated herein by reference.

PRINCIPAL ACCOUNTING FEES AND SERVICES

Information with respect to principal accounting fees and services, as required by this item to Form 10-K, is set forth in the Notice of the 2018 Annual Meeting and Proxy Statement for the company’s Annual Meeting of Shareholders to be held May 18, 2018 under the heading “Item 3. Ratify Selection of Independent Registered Public Accounting Firm” and is incorporated herein by reference.
EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

All financial statement schedules have been omitted because they are not applicable or the required information is included in the consolidated financial statements, or the notes thereto, in Financial Statements and Supplementary Data above.

The agreements included as exhibits to this annual report are included to provide information about their terms and not to provide any other factual or disclosure information about the company or the other parties to the agreements. The agreements may contain representations and warranties by each of the parties to the applicable agreement that were made solely for the benefit of the other parties to the agreement and should not be treated as categorical statements of fact, but rather as a way of allocating the risk among the parties if those statements prove to be inaccurate. These representations and warranties may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement, may apply standards of materiality in a way that is different from what may be viewed as material to investors, were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement, and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

EXHIBITS

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<th>Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession</th>
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<tr>
<td>(a)</td>
<td>Transaction Agreement, dated as of November 3, 2013, among Weyerhaeuser Company, Weyerhaeuser Real Estate Company, TRI Pointe Homes, Inc. and Topaz Acquisition, Inc. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on November 4, 2013 - Commission File Number 1-4825)</td>
<td></td>
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<tr>
<td>(b)</td>
<td>Agreement and Plan of Merger, dated as of November 6, 2015, between Weyerhaeuser Company and Plum Creek Timber Company, Inc. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed on November 9, 2015 - Commission File Number 1-4825)</td>
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<tr>
<td>(c)</td>
<td>Asset Purchase Agreement, dated as of May 1, 2016, by and between Weyerhaeuser NR Company and International Paper Company (incorporated by reference to Exhibit 2.2 to the Quarterly Report on Form 10-Q filed on August 5, 2016 - Commission File Number 1-4825)</td>
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<tr>
<td>(b)</td>
<td>Bylaws (incorporated by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q filed on May 6, 2011 - Commission File Number 1-4825)</td>
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<th>4</th>
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<th>Instruments Defining the Rights of Security Holders, Including Indentures</th>
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</thead>
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<tr>
<td>(a)</td>
<td>Indenture dated as of April 1, 1986 between Weyerhaeuser Company and The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank and Chemical Bank), a national banking association, as Trustee (incorporated by reference from the Registration Statement on Form S-3, Registration No. 333-38753)</td>
<td></td>
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<tr>
<td>(b)</td>
<td>First Supplemental Indenture dated as of February 15, 1991 between Weyerhaeuser Company and The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank and Chemical Bank), a national banking association, as Trustee (incorporated by reference from the Registration Statement on Form S-3, Registration No. 333-52982)**</td>
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<tr>
<td>(c)</td>
<td>Second Supplemental Indenture dated as of February 1, 1993 between Weyerhaeuser Company and The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank and Chemical Bank), a national banking association, as Trustee (incorporated by reference from the Registration Statement on Form S-3, Registration No. 333-59874)**</td>
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<tr>
<td>(d)</td>
<td>Third Supplemental Indenture dated as of October 22, 2001 between Weyerhaeuser Company and The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank and Chemical Bank), a national banking association, as Trustee (incorporated by reference to Exhibit 4(d) to the Registration Statement on Form S-3, Registration No. 333-72356)</td>
<td></td>
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<tr>
<td>(e)</td>
<td>Fourth Supplemental Indenture dated as of March 12, 2002 between Weyerhaeuser Company and The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank and Chemical Bank), a national banking association, as Trustee (incorporated by reference to Exhibit 4.8 from the Registration Statement on Form S-4/A, Registration No. 333-82376)</td>
<td></td>
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<tr>
<td>(f)</td>
<td>Indenture dated as of March 15, 1983 between Weyerhaeuser Company (as successor to Willamette Industries, Inc.) and The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank), as Trustee</td>
<td></td>
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<tr>
<td>(g)</td>
<td>Indenture dated as of January 30, 1993 between Weyerhaeuser Company (as successor to Willamette Industries, Inc.) and The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank), as Trustee</td>
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<tr>
<td>(h)</td>
<td>First Supplemental Trust Indenture dated as of March 12, 2002 between Weyerhaeuser Company (as successor to Willamette Industries, Inc.) and The Bank of New York Mellon Trust Company, N.A. (as successor to JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank), as Trustee</td>
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<td>(i)</td>
<td>Indenture dated as of January 15, 1996 between Weyerhaeuser Company Limited (as successor to MacMillan Bloedel Limited) and The Bank of New York Mellon Trust Company, N.A. (as successor to Harris Trust Company of New York, formerly known as Bank of Montreal Trust Company), as Trustee</td>
<td></td>
</tr>
<tr>
<td>(a)</td>
<td>Form of Weyerhaeuser Executive Change of Control Agreement (incorporated by reference to Exhibit 10(a) to the Annual Report on Form 10-K for the annual period ended December 31, 2016 - Commission File Number 1-4825)*</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>Form of Executive Severance Agreement (incorporated by reference to Exhibit 10(b) to the Annual Report on Form 10-K for the annual period ended December 31, 2016 - Commission File Number 1-4825)*</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>Form of Plum Creek Executive Change in Control Agreement (incorporated by reference to Exhibit 10(c) to the Annual Report on Form 10-K for the annual period ended December 31, 2016 - Commission File Number 1-4825)*</td>
<td></td>
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<td>(d)</td>
<td>Executive Employment Agreement with Doyle Simons dated February 17, 2016 (incorporated by reference to Exhibit 10(d) to the Annual Report on Form 10-K for the annual period ended December 31, 2016 - Commission File Number 1-4825)*</td>
<td></td>
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<tr>
<td>(e)</td>
<td>Weyerhaeuser Company 2013 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 19, 2013 - Commission File Number 1-4825)*</td>
<td></td>
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<tr>
<td>(f)</td>
<td>Form of Weyerhaeuser Company 2013 Long-Term Incentive Plan Stock Option Award Terms and Conditions (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on April 16, 2013 - Commission File Number 1-4825)*</td>
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<td>(g)</td>
<td>Form of Weyerhaeuser Company 2013 Long Term Incentive Plan Performance Share Unit Award Terms and Conditions for Plan Year 2016 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed on January 22, 2016 - Commission File Number 1-4825)*</td>
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<td>(h)</td>
<td>Form of Weyerhaeuser Company 2013 Long Term Incentive Plan Performance Share Unit Award Terms and Conditions for Plan Years 2017 and 2018 (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed on January 26, 2017 - Commission File Number 1-4825)*</td>
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<td>(i)</td>
<td>Form of Weyerhaeuser Company 2013 Long-Term Incentive Plan Restricted Stock Unit Award Terms and Conditions *</td>
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<td>(j)</td>
<td>Form of Weyerhaeuser Company 2004 Long-Term Incentive Plan Stock Option Award Terms and Conditions (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on February 11, 2013 - Commission File Number 1-4825)*</td>
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<td>(k)</td>
<td>Weyerhaeuser Company 2004 Long-Term Incentive Compensation Plan, as Amended andRestated (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on December 29, 2010 - Commission File Number 1-4825)*</td>
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<td>(l)</td>
<td>Form of Plum Creek Executive Stock Option, Restricted Stock Unit and Value Management Award Agreement For Plan Year 2009 (incorporated by reference to Exhibit 10.3 to the Annual Report on Form 10-K for the annual period ended December 31, 2009 - Commission File Number 1-4825)*</td>
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<td>(m)</td>
<td>Form of Plum Creek Executive Stock Option, Restricted Stock Unit and Value Management Award Agreement For Plan Year 2010 (incorporated by reference to Exhibit 10.4 to the Annual Report on Form 10-K for the annual period ended December 31, 2010 - Commission File Number 1-4825)*</td>
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<td>(n)</td>
<td>Form of Plum Creek Executive Stock Option, Restricted Stock Unit and Value Management Award Agreement For Plan Year 2011 (incorporated by reference to Exhibit 10.5 to the Annual Report on Form 10-K for the annual period ended December 31, 2011 - Commission File Number 1-4825)*</td>
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<td>(o)</td>
<td>Form of Plum Creek Executive Restricted Stock Unit and Value Management Award Agreement for Plan Year 2015 (incorporated by reference to Exhibit 10.6 to the Annual Report on Form 10-K for the annual period ended December 31, 2015 - Commission File Number 1-4825)*</td>
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<td>(p)</td>
<td>Form of Plum Creek Executive Restricted Stock Unit Agreement for Plan Year 2016 (incorporated by reference to Exhibit 10(a) to the Annual Report on Form 10-K for the annual period ended December 31, 2016 - Commission File Number 1-4825)*</td>
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<td>(q)</td>
<td>2012 Plum Creek Timber Company, Inc. Stock Incentive Plan (incorporated by reference to Exhibit 99.1 from the Registration Statement on Form S-8, Registration No. 333-209617)*</td>
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<td>(r)</td>
<td>Amended and Restated Plum Creek Timber Company, Inc. Stock Incentive Plan (incorporated by reference to Exhibit 99.2 from the Registration Statement on Form S-8, Registration No. 333-209617)*</td>
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Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized February 16, 2018.

WEYERHAEUSER COMPANY

/s/ DOYLE R. SIMONS

Doyle R. Simons
President and Chief Executive Officer

/s/ RICK R. HOLLEY

Rick R. Holley
Chairman of the Board and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated February 16, 2018.

/s/ DOYLE R. SIMONS

Doyle R. Simons
Principal Executive Officer and Director

/s/ RUSSELL S. HAGEN

Russell S. Hagen
Principal Financial Officer

/s/ JEANNE M. HILLMAN

Jeanne M. Hillman
Principal Accounting Officer

/s/ LAWRENCE A. SELZER

Lawrence A. Selzer
Director

/s/ MARK A. EMMERT

Mark A. Emmert
Director

/s/ SARA GROOTWASSINK LEWIS

Sara Grootwassink Lewis
Director

/s/ D. MICHAEL STEUERT

D. Michael Steuert
Director

/s/ KIM WILLIAMS

Kim Williams
Director

/s/ JOHN F. MORGAN SR.

John F. Morgan Sr.
Director

/s/ NICOLE W. PIASECKI

Nicole W. Piasecki
Director

/s/ MARC F. RACICOT

Marc F. Racicot
Director

/s/ CHARLES R. WILLIAMSON

Charles R. Williamson
Director
WILLAMETTE INDUSTRIES, INC.

to

THE CHASE MANHATTAN BANK
(National Association),
Trustee

INDENTURE

Dated as of March 15, 1983
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TESTIMONIUM
SIGNATURES AND SEALS
ACKNOWLEDGMENTS
INDENTURE, dated as of March 15, 1983, between Willamette Industries, Inc., a corporation duly organized and existing under the laws of the State of Oregon (herein called the “Company”), having its principal office at 3800 S. W. Fifth Avenue, Portland, Oregon 97201, and The Chase Manhattan Bank (National Association), a national banking association duly organized and existing under the laws of the United States, as Trustee (herein called the “Trustee”).

RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured debentures, notes of other evidences of indebtedness (herein called the “Securities”), to be issued in one or more series as in this Indenture provided.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or of any series thereof, as follows:
ARTICLE ONE
DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles and, except as otherwise herein expressly provided, the term “generally accepted accounting principles” with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation; and

(4) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Six, are defined in that Article.

“Act,” when used with respect to any Holder, has the meaning specified in Section 104.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meaning correlative to the foregoing.
“Attributable Debt” means, as to any particular lease under which any Person is at the time liable and at any date as of which the amount thereof is to be determined, the total net lease during the remaining primary term thereof, discounted from the respective due dates thereof to such date at the rate of 15 percent per annum. The net amount of rent required to be paid under any such lease for any such period shall be the aggregate amount of rent payable by the lessee with respect to such period after excluding amount required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges. In the case of any lease which is terminable by the lessee upon the payment of a penalty, such net amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

“Authenticating Agent” means any Person authorized by the Trustee to act on behalf of the Trustee to authenticate and deliver Securities.

“Board of Directors” means either the board of directors of the Company or any duly authorized committee of that board.

“Board Resolution” means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“Business Day,” when used with respect to any Place of Payment, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment are authorized or obligated by law to close.

“Capital Stock,” as applied to the stock of any corporation, means the capital stock of every class whether now or hereafter authorized, regardless of whether such capital stock shall be limited to a fixed sum or percentage with respect to the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary in involuntary liquidation, dissolution or winding up of such corporation.

“Commission” means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

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“Company” means the Person named as the “Company” in the first paragraph of this Indenture until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Company” shall mean such successor corporation.

“Company Request” or “Company Order” means a written request or order signed in the name of the Company by its Chairman of the Board or a Vice Chairman, its President or a Vice President; and by its Treasurer or an Assistant Treasurer, its Controller or an Assistant Controller, its Secretary or an Assistant Secretary, and delivered to the Trustee.

“Consolidated Net Tangible Assets” means the aggregate amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom (i) all liabilities other than deferred income taxes, Funded Debt and shareholders’ equity and (ii) all goodwill, trade names, trademarks, patents, organization expenses and other like intangibles, all as set forth on the most recent balance sheet of the Company and its consolidated Subsidiaries and computed in accordance with generally accepted accounting principles.

“Corporate Trust Office” means the principal corporate trust office of the Trustee at which at the particular time its corporate trust business shall be administered, except that with respect to the presentation of Securities for payment or for registration of transfer or exchange and the location of the Security Registrar, such term means the office or agency of the Trustee at which, at any particular time, its corporate agency business shall be conducted.

“Corporation” includes corporations, associations, companies and business trusts.

“Defaulted Interest” has the meaning specified in Section 307.

“Event of Default” has the meaning specified in Section 501.

“Funded Debt” means (i) all indebtedness for money borrowed having a maturity of more than 12 months from the date as of which the determination is made or having a maturity of 12 months or less but by its terms being renewable or extendible beyond 12 months from such date at the option of the borrower (excluding any amount thereof included in current liabilities) and (ii) rental obligations payable more than 12 months from such date under leases which are capitalized in accordance with generally accepted accounting principles (such rental obligations to be included as Funded Debt at the amount so capitalized and to be included for the purposes of the
definition of Consolidated Net Tangible Assets both as an asset and as Funded Debt at the amount so capitalized).

“Holder” means a Person in whose name a Security is registered in the Security Register.

“Indenture” means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include any Officers’ Certificates setting forth the form and terms or particular series of Securities as contemplated by Sections 201 and 301.

“interest,” when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity.

“Interest Payment Date,” when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

“Maturity,” when used with respect to any Security, means date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

“Officers’ Certificate” means a certificate signed by the Chairman of the Board or a Vice Chairman, the President or a Vice President, and by the Treasurer or an Assistant Treasurer, the Controller or an Assistant Controller, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee.

“Opinion of Counsel” means a written opinion of counsel, who may be counsel for the Company, or may be other counsel acceptable to the Trustee.

“Original Issue Discount Security” means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

“Outstanding,” when used with respect to Securities, means, as of the dates of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

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(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities or portions thereof for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefore satisfactory to the Trustee has been made; and

(iii) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee established to the satisfaction of the Trustee and pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

“Paying Agent” means any Person authorized by the Company to pay the principal or (and premium, if any) or interest, if any, on any Security on behalf of the Company.
“Person” means an individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Place of Payment,” when used with respect to the Securities of any series, means the place or places where the Securities of that series are payable as specified as contemplated in Section 301 or, if not so specified, as specified in Section 1002.

“Predecessor Security” of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

“Principal Property” means (a) any mill, converting, plant, manufacturing plant or other facility owned at the date hereof or hereafter acquired by the Company or any Restricted Subsidiary which is located within the present 50 States of the United States and the gross book value (including related land and improvements thereon and all machinery and equipment included herein without deduction of any depreciation reserves) of which on the date as of which the determination is being made exceeds 1% of Consolidated Net Tangible Assets, and (b) Timberlands, in each case other than (i) any property which in the opinion of the Board of Directors is not a material importance to the total business conducted by the Company and its Restricted Subsidiaries as an entirety or (ii) any portion of a particular property which is similarly found not to be of material importance to the use or operation of such property or (iii) any oil, gas or other mineral or mineral rights.

“Realty Subsidiary” means a Subsidiary of the Company engaged primarily in the development and sale or financing of real property.

“Redemption Date,” when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

“Redemption Price,” when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.
“Regular Record Date” for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 301.

“Responsible Officer,” when used with respect to the Trustee, means the Chairman or any Vice-Chairman of the board of directors, the Chairman or any Vice-Chairman of the executive committee of the board of directors, the Chairman of the trustee committee of the board of directors, the Chairman of the trust committee, the President, any Vice-President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, the Controller or any Assistant Controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Restricted Subsidiary” means a Subsidiary of the Company (i) substantially all the property of which is located, or substantially all the business of which is carried on, within the present 50 States of the United States and (ii) which owns a Principal Property, but does not include a Realty Subsidiary.

“Securities” has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

“Security Register” and “Security Registrar” have the respective meanings specified in Section 305.

“Special Record Date” for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

“Stated Maturity,” when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment or principal or interest is due and payable.

“Subsidiary” means a corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries. For the purposes of this definition, “voting stock” means stock which ordinarily has voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.
“Timberlands” means any real property of the Company or any Restricted Subsidiary of the Company located within the present 50 States of the United States which contains standing timber which is (or upon completion of a growth cycle then in process is expected to become) of a commercial quantity and of merchantable quality, excluding however, any such real property which at the time of determination is held primarily for development or sale, and not primarily for the production of any lumber or other timber products.

“Trustee” means the Person named as the “Trustee” in the first paragraph of this instrument until a successor trustee shall have become such with respect to one or more series of Securities pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” shall mean or include each Person who is then a Trustee hereunder, provided, however, that if at any time there is more than one such Person, “Trustee” as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

“Trust Indenture Act” means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed, except as provided in Section 905.

“Vice President,” when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title “vice president.”

SECTION 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers’ Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

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(1) a statement that each individual signing such certificate or opinion has read such condition or covenant and the
definition herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or
opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he had made such examination or investigation as is
necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been
complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied
with.

SECTION 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it
is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so
certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters
and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such
matters in one or several document.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a
certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care
should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or
opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual
matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the
information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the
exercise or reasonable care should know, that the certificate or opinion or representations with respect to such matters are
erroneous.
Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinion or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.


(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders (or Holders of any series) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly anointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “Act” of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company and any agent of the Trustee or the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness or such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this section.

(c) The ownership of Securities shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefore or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, the Security Registrar, any Paying Agent or the
SECTION 105. Notices, Etc., to Trustee and Company.

Except as otherwise specifically provided herein, any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Administration Division, or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to the attention of its Secretary at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 106. Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Any notice mailed in the manner prescribed by this Indenture shall be conclusively presumed to have been duly given whether or not received by any particular Holder. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.
In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.


If any provision hereof limits, qualifies or conflicts with another Provision hereof which is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

SECTION 108. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 110. Separability Clause.

In case any provision of this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 111. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto, any Paying Agent, any Security Registrar, or any Authenticating Agent and their respective successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. Governing Law.

This Indenture and the Securities shall be governed by the construed in accordance with the laws of the State of New York.
SECTION 113. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date, the Stated Maturity of any Security or any date upon which any Defaulted interest is proposed to be paid shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities) payment of interest, if any, or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date, Redemption Date, at the Stated Maturity, or on the date for payment of Defaulted Interest, provided that no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be.

ARTICLE TWO
SECURITY FORMS

SECTION 201. Forms Generally.

The Securities of each series shall be in substantially the form as shall be established in or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements places thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, an appropriate Officers’ Certificate setting forth such form together with a copy of the Board Resolution shall be delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

The Trustee’s certificate of authentication shall be in substantially the form set forth in this Article.

The definitive Securities shall be printed, lithographed or engraved or produced by any combination of these methods on steel engraved borders or may be produced in any other manner permitted by the rules of any securities exchange on which the Securities may be listed, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.
SECTION 202. Form of Trustee’s Certificate of Authentication.

This is one of the Securities of the series designated herein issued under the within-mentioned Indenture.

The Chase Manhattan Bank
(National Association), as Trustee

By __________
Authorized Officer

ARTICLE THREE
THE SECURITIES

SECTION 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution, and set forth in an Officers’ Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series:

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from the Securities of all other series);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306 906 or 1107);

(3) the date or dates on which the principal of (and premium, if any, on) the Securities of the series is payable;

(4) the rate or rates at which the Securities of the series shall bear interest, if any, the date or dates from which any such interest shall accrue, the Interest Payment Dates on which any such interest shall be payable, the Regular Record Dates, if any, for the payment of interest on any Interest Payment Date and the rate or rates or interest, if any, payable on overdue installments of interest on or principal of (or premium, if any, on) the Securities of the series;
(5) if other than as specified in Section 1005, the place or places where the principal of (and premium, if any) and interest, if any, on Securities of the series shall be payable, provided, however, that, at the option of the Company, any interest on the Securities of any series may be made by check mailed to the address shall appear in the Security Register;

(6) if the Securities of such series are redeemable, the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company;

(7) the obligation, if any, of the Company to redeem or purchase Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(8) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which Securities of the series shall be issuable;

(9) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502; and

(10) any other terms, conditions, rights and preferences (or limitations on such rights and preferences) relating to the Securities of such series.

Each such Officers’ Certificate or supplemental indenture shall contain, if required by the provisions of ORS 82.150 et seq., a notice in substantially the following form (from which there may be deleted, if appropriate, either the second or third sentence thereof);
NOTICE TO THE BORROWER

Do not sign this Loan Agreement before you read it. This Loan Agreement provides for the payment of a penalty if you wish to repay the loan prior to the date provided for repayment in the Loan Agreement. This Loan Agreement authorized the lender to refuse to accept repayment of the Loan prior to the date provided for repayment in the Loan Agreement.

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such Board Resolution and set forth in such Officers’ Certificate or in any such indenture supplemental hereto.

SECTION 302. Denominations.

The Securities of each series shall be issuable in registered form without coupons in such denominations as shall be specified as contemplated by Section 301. In the absence of any such provisions with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of $1,000 and any integral multiple thereof.

SECTION 303. Execution, Authentication, Delivery and Dating

The Securities shall be executed on behalf of the Company by its Chairman of the Board or Vice Chairman, its President or one of its Vice Presidents, under its corporate seal reproduced thereon attested by its Secretary or one or its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver to the Trustee or an Authenticating Agent for authentication Securities of any series executed by the Company, together with a Company Order for the authentication and delivery of such Securities and the documents establishing the form and terms of Securities of the series pursuant to Section 201 or 301, and the Trustee or such Authenticating Agent in accordance with the Company Order shall authenticate and deliver such Securities. If the form or terms of the Securities of the series have been established in or pursuant to one or more Board Resolutions as
permitted by Sections 201 and 301, in authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel Stating,

(a) if the form of such Securities has been established by or pursuant to Board Resolution as permitted by Section 201, that such form has been established in conformity with the provisions of this Indenture; and

(b) if the terms of such Securities have been established by or pursuant to Board Resolution as permitted by Section 301, that such terms have been established in conformity with the provisions of this Indenture.

The Trustee or any Authenticating Agent shall have the right to decline to authenticate and deliver any of such Securities if it, being advised by counsel, determines that such activity may not lawfully be taken, or if it, its board or directors, trustees, executive committee, or a trust committee of directors or trustees and/or Vice President shall determine in good faith that such action would expose it to personal liability to existing Holders.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee or an Authenticating Agent by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture.

SECTION 304. Temporary Securities.

Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee or an Authenticating Agent shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.
If temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency established by the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series the Company shall execute and the Trustee shall authenticate and deliver in exchange therefore a like principal amount of definitive Securities of the same series of authorized denominations. Until so exchanged the temporary Securities of any series shall in all respect be entitled to the same benefits under this Indenture as definitive Securities of such series.

SECTION 305. Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office and in any other office or agency established by the Company in a Place of Payment being herein sometimes collectively referred to as the “Security Register”) in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed “Security Registrar” for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for registration of transfer of any Security of any series at the designated office or agency in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series, of any authorized denominations and of a like tenor, aggregate principal amount and Stated Maturity.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series, of any authorized denominations and of a like tenor, aggregate principal amount and Stated Maturity, upon surrender of the Securities to be exchanged at such office or agency and upon payment, if the Company shall so require, of the charges hereinafter provided. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee or an Authenticating Agent shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

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All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or exchange shall (if so required by the Company or the Trustee or the Security Registrar) be duly endorsed, or by accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar (and, if so required by the Trustee, to the Trustee) duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906 or 1107 not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities of that series selected for redemption under Section 1103 and ending at the close of business on the day of such mailing, or (ii) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

SECTION 306. Mutilated, Destroyed, Lost and Stolen Securities.

If there shall be delivered to the Company and the Trustee (i) mutilated Security or evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice of the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Trustee or an Authenticating Agent shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Security, a new Security of the same series and of like tenor, principal amount and Maturity Date and bearing a number not contemporaneously outstanding.
In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and shall prelude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 307. Payment of Interest; Interest Rights Preserved.

Interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called “Defaulted Interest”) shall forthwith cease to be payable to the registered Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the
Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest of shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, first-class postage prepaid, to each Holder of Securities of such series at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.
Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 308. Persons Deemed Owners.

Prior to due presentment of a Security for registration of transfer, the Company, the Trustee, any Paying Agent, any Authenticating Agent and any other agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of (and premium, if any) and (subject to Section 307) interest on such Security and for all other purposes whatsoever, whether or not any payment with respect to such Security be overdue, and neither the Company, the Trustee, any Paying Agent, any Authenticating Agent nor any other agent of the Company or the Trustee shall be affected by notice to the contrary.

SECTION 309. Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange, or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by the Trustee. No Security shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Securities shall be destroyed by the Trustee and the Trustee shall deliver a certificate of such destruction to the Company, unless the Company by Company order shall direct that such cancelled securities be returned to it.

SECTION 310. Computation of Interest.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a year of twelve 30-day months.
SECTION 401. Satisfaction and Discharge of Securities of Indenture.

This Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, upon Company Request and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in the last paragraph of Section 1003) have been delivered to the Trustee canceled or for cancellation; or

(B) All such Securities described in (A) above not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii), or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount sufficient to pay and discharge the entire indebtedness on such Securities described in (A) above not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest, if any, to the date of such deposit (in the case of
Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) The Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) The Company has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been met.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 607, the obligations of the Trustee to any Authenticating Agent under Section 614 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of Clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

In the event there are Securities of two or more series hereunder, the Trustee shall be required to execute an instrument acknowledging satisfaction and discharge of this Indenture only (i) if requested to do so with respect to Securities of all series as to which it is trustee and (ii) if the other conditions thereto are met. In the event there are two or more Trustees hereunder, then the effectiveness of any such instrument shall be conditioned upon receipt of such instruments from all Trustees thereunder.

SECTION 402. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, or the principal (and premium, if any) and interest, if any, for the payment of which such money has been deposited with the Trustee (but such money need not be segregated from other funds except to the extent required by law).
ARTICLE FIVE
Remedies

SECTION 501. Events of Default; Defaults.

“Event of Default,” wherever used herein, with respect to Securities of any series means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or other of any court or any order, rule or regulation of any administrative or governmental body):

(1) Default in the payment of any interest on any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

(2) Default in the payment of the principal of (or premium, if any, on) any Security of that series at its Maturity; or

(3) Default in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series; or

(4) Default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in the performance or the breach of which is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of a series of Securities other than that series), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25 percent in principal amount of the Outstanding Securities of that series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder; or

(5) A default under any bond, debenture, note or other evidence of indebtedness for money borrowed in excess of $1,000,000 by the Company or any of its Restricted Subsidiaries (including a default with respect to Securities of any series other than that series) or under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed in excess of $1,000,000 by the Company or any of its
Restricted Subsidiaries (including this Indenture), whether such indebtedness now exists or shall hereafter be created which default shall be a result of a failure to pay any portion of the principal of such indebtedness when due and payable after the expiration of any applicable grace period with respect thereto, or shall have resulted in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such indebtedness having been discharged, or such default having been cured or such acceleration having been rescinded or annulled, within a period of 10 days after there shall have been given, by registered or certified mail, to the Company by the trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default and requiring the Company to cause such indebtedness to be discharged or cause such default to be cured or such acceleration to be rescinded or annulled and stating that such notice is a “Notice of Default” hereunder; provided, however, that, subject to the provisions of Sections 601 or 602, the Trustee shall not be deemed to have knowledge of such default unless either (A) a Responsible Officer of the Trustee, as such officer assigned to its corporate trust department shall have actual knowledge of such default or (B) the Trustee shall have received written notice thereof from the Company, from any Holder, from the holder of any such indebtedness or from the trustee under any such mortgage, indenture or other instrument; or

(6) The entry against the Company or a Restricted Subsidiary of a final judgment, decree or order by a United States or Canadian court having jurisdiction in the premises for the payment of money in excess of $1,000,000 and the continuance of such judgment, decree or order unsatisfied and in effect for any period of 60 consecutive days without a stay of execution; or

(7) The entry by a court having jurisdiction in the premises of a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or ordering the winding up or
liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(8) The commencement by the Company of a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or the consent by it to the entry of a decree or order for relief in respect of the Company in any involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under an applicable federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action.

SECTION 502. Acceleration of Maturity; Rescission and Annulment.

If any Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then and in every such case the Trustee or the Holders of not less than 25 percent in principal amount of the Outstanding Securities of that series may declare the principal (or, if the Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of all the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal (or specified portion thereof) shall become immediately due and payable.

Upon payment of such amount, all obligations of the Company in respect of the payment of principal of the Securities of such series shall terminate.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the
Company and the Trustee, may rescind and annual such declaration and its consequences if
(1) The Company has paid or deposited with the Trustee a sum sufficient to pay

(A) All overdue interest, if any, on all Securities of that series,

(B) The principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such
declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Securities,

(C) To the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed
therefor in such Securities, and

(D) All sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and
advances of the Trustee, its agents and counsel; and

(2) All Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of
that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in
Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

(1) Default is made in the payment of any interest on any Security of any series when such interest becomes due and payable
and such default continues for a period of 30 days, or

(2) Default is made in the payment of the principal of (or premium, if any, on) any Security of any series at the Maturity
thereof,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of Securities of such series, the whole amount
then due and payable on Securities of such series for principal (and premium, if any) and interest, to the extent that payment of such
interest shall be legally enforceable, interest on any overdue principal (and premium, if
any) and on any overdue interest, at the rate or rates prescribed therefor such Securities; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of the Securities of such series by such appropriate judicial proceedings as the trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or such Securities or in aid of the exercise of any power granted herein or therein, or to enforce any other proper remedy.

SECTION 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of any overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) To file and prove a claim for the whole amount of principal (or with respect to Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of such Securities), and premium, if any, and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the

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reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the
Holders allowed in such judicial proceeding, and

(ii) To collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the
same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby
authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such
payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and
advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any
Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or
to authorize the Trustee to vote in respect of the claim or any Holder in any such proceeding.

SECTION 505. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the
possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by
the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the
payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable
benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by
the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of
the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:
FIRST: To the payment of all amounts due the Trustee and any predecessor Trustee under Section 607;
SECOND: To the payment of the amounts then due and unpaid for principal of (and premium, if any) and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal (and premium, if any) and interest, respectively; and
THIRD: The balance, if any, to the Person or Persons entitled thereto.

SECTION 507. Limitation on Suits.

No Holder of any Securities of any series shall have any right to institute and proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(1) Any Event of Default shall have occurred and be continuing with respect to the Securities of that series and such Holder shall have previously given written notice thereof to the Trustee;

(2) The Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) Such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) The Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) No direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;
it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other such Holder or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders of Securities of such series.

SECTION 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Section 307) interest, if any, on such Security on the respective Stated Maturities specified in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right of remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

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SECTION 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 512. Control by Holders.

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or owner conferred on the Trustee, with respect to the Securities of such series, provided that

1. Such direction shall not be in conflict with any rule of law with this Indenture, and

2. The Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 513. Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may, on behalf of the Holders of all the Securities of such series, waive any past default hereunder with respect to such series and its consequences, except a default

1. In the payment of the principal of (or premium, if any) or interest, if any, on any Security of such Series; or

2. In respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Securities of such series under this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.
SECTION 514. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys’ fees at trial and on appeal, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Company, to any suit instituted by the Trustees, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any series, or to any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Security on or after the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

SECTION 515. Waiver of Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may effect the covenants or the performance of this Indenture; and the Company (to the extent that it may be lawfully do so) hereby expressly waives all benefit or advantage or any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

The Trustee

SECTION 601. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default,
(1) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the trust of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificate or opinion which by any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligence action, its own negligent failure to act, or its own willful misconduct, except that

(1) This Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) The Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Securities of any series, as provided in Section 512, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Securities of such series; and

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(4) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct of or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 602. Notice of Defaults.

Within 90 days after the occurrence of any default hereunder with respect to the Securities of any series, the Trustee shall transmit by mail to all Holders of Securities of such series, as their names and addresses appear in the Security Register, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that except in the case of a default in the payment of the principal of (or premium, if any) or interest, if any, on any Security of such series or in the payment of any sinking fund installment with respect to Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders of Securities of such series; and provided, further, that in the case of any default of the character specified in Section 501(4) with respect to Securities of such series, no such notice to Holders shall be given until at least 60 days after the occurrence thereof, For the purpose of this Section, the term “default” means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

SECTION 603. Certain Rights of Trustee.

Subject to the provisions of Section 601:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other
evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the property party or parties;

(b) Any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers’ Certificate;

(d) The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney; and
The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney, including any Authenticating Agent, appointed with due care by it hereunder.

The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

SECTION 604. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except in the certificates of authentication, shall be taken as the statements of the Company, and neither the Trustee nor an Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. Neither the Trustee nor any Authentication Agent shall be accountable for the use of application by the Company of the Securities or the proceeds thereof.

SECTION 605. May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, the Security Registrar or any other agent of the Trustee or the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authentication Agent, Paying Agent, Security Registrar or such other agent.

SECTION 606. Money Held in Trust.

Money held by the Trustee and Paying Agent in trust hereunder need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 607. Compensation and Reimbursement.

The Company agrees:

1. To pay to the Trustee from time to time reasonable compensation for all services rendered by
it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) Except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel and any Authenticating Agent), except any such expense, disbursement or advances as may be attributable to its negligence or bad faith; and

(3) To indemnify the Trustee and its agents for, and to hold them harmless against, any loss, liability or expense incurred without negligence or bad faith on their art, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending themselves against any claim or liability in connection with the exercise or performance of any or their powers or duties hereunder.

As security for the performance of the obligations of the Company under this Section, the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (and premium, if any) or interest on Securities.

SECTION 608. Disqualification; Conflicting Interests.

(a) If the Trustee has or shall acquire any conflicting interest, as defined in this Section, with respect to the Securities of any series, it shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign with respect to the Securities of that series in the manner and with the effect hereinafter specified in this Article.

(b) In the event that the Trustee shall fail to comply with the provisions of Subsection (a) of this Section with respect to the Securities of any series, the Trustee shall, within 10 days after the expiration of such 90-day period, transmit by mail to all Holders of Securities of that series, as their names and addresses appear in the Security Register, notice of such failure.
(c) For the purposes of this Section, the Trustee shall be deemed to have a conflicting interest with respect to the Securities of any series if

(1) The Trustee is trustee under this Indenture with respect to the Outstanding Securities of any series other than that series or is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Company are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Securities issued under this Indenture, provided that there shall be excluded from the operation of this paragraph this Indenture with respect to the Securities of any series other than that series or any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding, if

(i) this Indenture and such other indenture or indentures are wholly unsecured and such other indenture or indentures are hereafter qualified under the Trust Indenture Act, unless the Commission shall have found and declared by order pursuant to Section 305(b) or Section 307(c) of the Trust Indenture Act that differences exist between the provisions of this Indenture with respect to Securities of that series and one or more other series or the provisions of such other indenture or indentures which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Securities of that series and such other series or under such other indenture or indentures, or

(ii) the Company shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that trusteeship under this Indenture with respect to the Securities of that series and such other series or such other indenture or indentures is not so likely to involve a material conflict of interest as to make
it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Securities of that series and such other series or under such other indenture or indentures;

(2) The Trustee or any of its directors or executive officers is an obligor upon any Securities of such series or an underwriter for the Company;

(3) The Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with the Company or an underwriter for the Company;

(4) The Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee or representative of the Company, or of an underwriter (other than the Trustee itself) for the Company who is currently engaged in the business of underwriting, except that (i) one individual may be a director or an executive officer, or both, of the Trustee and a director or an executive officer, or both, of the Company but may not be at the same time an executive officer of both the Trustee and the Company; (ii) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director or an executive officer, or both, of the Trustee and a director of the Company; and (iii) the Trustee may be designated by the Company or by any underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depositary, or in any other similar capacity, or, subject to the provisions of paragraph (1) of this Subsection, to act as trustee, whether under an indenture or otherwise;

(5) 10% or more of the voting securities of the Trustee is beneficially owned either by the Company or by any director, partner or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof,
or is beneficially owned, collectively, by any two or more such persons;

(6) The Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), (i) 5% or more of the voting securities, or 10% or more of any other class of security, of the Company not including the Securities issued under this Indenture and securities issued under any other indenture under which the Trustee is also trustee, or (ii) 10% or more of any class of security of an underwriter for the Company;

(7) The Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), a 5% or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Company;

(8) The Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), a 10% or more of any class of security or any person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of the Company; or

(9) The Trustee owns, on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7) or (8) of this Subsection. As to any such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such
voting securities or 25% of any such class of security. Promptly after May 15 in each calendar year, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. If the Company fails to make payment in full of the principal of (or premium, if any) or interest, if any, on any of the Securities when and as the same becomes due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7) and (8) of this Subsection with respect to Securities of such series.

In determining whether the Trustee has a conflicting interest with respect to any series of Securities under this Subsection, each other series of Securities will be treated and having been issued under an indenture other than this Indenture.

The specification of percentages in paragraphs (5) through (9), inclusive, of this Subsection shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this Subsection.

For the purposes of paragraphs (6), (7), (8) and (9) of this Subsection only, (i) the terms “security” and “securities” shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (ii) an obligation shall be deemed to be “in default” when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and (iii) the Trustee shall not be deemed to be the owner or holder of (A) any security which it holds as collateral security, as trustee or otherwise, for an obligation which is not in default as defined in clause (ii) above, or (B) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (C) any security which it holds as agent for collection, or as
(d) For the purposes of this Section:

(1) The term “underwriter,” when used with reference to the Company, means every person who, within three years prior to the time as of which the determination is made, has purchased from the Company with a view to, or has offered or sold for the Company in connection with, the distribution of any security of the Company outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors’ or sellers’ commission.

(2) The term “director” means any director of a corporation or any individual performing similar functions with respect to any organization, whether incorporated or unincorporated.

(3) The term “person” means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an unincorporated organization or a government or political subdivision thereof. As used in this paragraph, the term “trust” shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(4) The term “voting majority” means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.
(5) The term “Company” means any obligor upon the Securities.

(6) The term “executive officer” means the president, every vice president, every trust officer, the cashier, the secretary and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

(e) The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(1) A specified percentage of the voting securities of the Trustee, the Company or any other person referred to in this Section (each of whom is referred to as a “person” in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(2) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(3) The term “amount,” when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares and the number of units if relating to any other kind of security.

(4) The term “outstanding” means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition.

(i) Securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;
(ii) Securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(iii) Securities pledge by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise; and

(iv) Securities held in escrow if placed in escrow by the issuer thereof;

Provided, however, that any voting securities of an issuer shall be deemed outstanding if any Person other than the issuer is entitled to exercise the voting rights thereof.

(5) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; provided, however, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes; and provided, further, that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

SECTION 609. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $100,000,000 subject to supervision or examination by Federal State or District of Columbia authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus as set forth in its most recent report of condition so published. If at any time the
Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 610. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 611.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If an instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Company.

(d) If at any time the Trustee fail to comply with Section 608(a) after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, the Company by a Board Resolution may remove the Trustee with respect to the Securities of such series, or subject to Section 514, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the trustee with respect to the Securities of such series and the appointment of a successor Trustee.

(e) If at any time:

(1) The Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) The Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take
then, in any such case, (i) the Company by or pursuant to a Board Resolution may remove the Trustee with respect to all Securities, or
(ii) subject to Section 514, any Holder who has been a bona fide Holder, of a Security for at least six months may, on behalf of himself
and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities
and the appointment of a successor Trustee or Trustees.

(f) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for
any cause, with respect to the Securities of one or more series, the Company, by or pursuant to a Board Resolution, shall
promptly appoint a Successor Trustee or Trustees with respect to the Securities of that or those series (it being understood
that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that
at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the
applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence
of such vacancy, a successor Trustee will respect to the Securities of any series shall be appointed by Act of the Holders of a
majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee,
the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the
applicable requirements of Section 611, become the successor Trustee with respect to the Securities of such series and to
that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities
of any series shall have been so appointed by the Company or the Holders of Securities of such series and accepted
appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Security of such
series for at least six months may, on behalf of himself and all other similarly situated, petition any court of competent
jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(g) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any
series and each appointment of a successor Trustee with respect to the Securities of any series by mailing written notice of
such event by first-class mail, postage prepaid, to all Holders of Securities of such series as their names and
addresses appear in the Security Register. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 611. Acceptance of Appointment by Successor.

(a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal or the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges due pursuant to Section 607, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its claim, if any, provided for in Section 607.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain which provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart form and trust or trusts hereunder administered by any other such Trustee; and, upon the execution and delivery of such
supplemental indenture, the resignation or removal of the retiring Trustee shall become effective to the extent provided therein, such retiring Trustee shall, with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, have no further responsibility for the exercise of rights and powers or for the performance of the duties and obligations vested in the Trustee under this Indenture other than as hereinafter set forth, and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 612. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 613. Preferential Collection of Claims against Company.

(a) Subject to Subsection (b) of this Section, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Company within four months prior to a default, as defined in Subsection (c) of this Section, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart
and hold in a special account for the benefit of the Trustee individually, the holders of the Securities and the holders of other
indenture securities, as defined in Subsection (c) of this Section:

(1) An amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of
principal or interest, effected after the beginning of such four month period and valid as against the Company and its
other creditors, except any such reduction resulting from the receipt or disposition of any property described in
paragraph (2) of this Subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a
petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) All property received by the Trustee in respect of any claims as such creditor, either as security therefor, or in
satisfaction or composition thereof, or otherwise, after the beginning of such four month period, or an amount equal to
the proceeds of any such property, if disposed of, subject, however, to the rights, if any, of the Company and its other
creditors in such property or such proceeds.

Nothing herein contained, however, shall effect the right of the Trustee:

(A) To retain for its own account (i) payments made on account of any such claim by any Person (other than the Company)
who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third Person, and
(iii) distributions made in cash, securities or other property in respect of claims filed against the Company in bankruptcy
or receivership or in proceedings or reorganization pursuant to the Federal Bankruptcy code or applicable State law;

(B) To realize, for its own account, upon any property held by it as security for any such claim, if such property was so held
prior to the beginning of such four month period;

(C) To realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as
security for any such claim, if such claim was created after the beginning of such four month period and such
property was received as security therefore simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default, as defined in Subsection (c) of this Section, would occur within four months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C), and (D), property substituted after the beginning or such four month period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned among the Trustee, the Holders and the holders of other indenture securities in such manner that the Trustee, the Holders and the holders of the other indenture securities realize, as a result of payments from such special account and payments of dividends of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Code or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Company of the funds and property in such special account and before crediting to the respective claims of the Trustee and the Holders and the holders of other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Code or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term “dividends” shall include any distribution with respect to such claim, in bankruptcy or receivership or proceedings for reorganization pursuant to the Federal Bankruptcy Code or applicable State law, whether such distribution is made in cash, securities or other property, but shall not include any such distribution with respect to the -53-
secured portion, if any, of such claim. The court in which such bankruptcy, receivership or proceeding for reorganization is pending shall have jurisdiction (i) to abortion among the Trustee, the Holders and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee and the Holders and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee which has resigned or been removed after the beginning of such four month period shall be subject to the provisions of this Subsection as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning or such four month period, it shall be subject to the provisions of this Subsection if and only if the following conditions exist:

(i) the receipt of property or reduction of claim, which would have given rise to the obligation to account if such Trustee had continued as Trustee, occurred after the beginning of such four month period; and

(ii) such receipt of property or reduction of claim occurred within four months after such resignation or removal.

(b) There shall be excluded from the operation of Subsection (a) of this Section a creditor relationship arising from:

(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction or by this Indenture, for the purpose of preserving any property which shall at any time by subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrance’s there, if

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notice of such advances and of the circumstances surrounding the making thereof is given to the Holders at the time in the manner provided in this Indenture;

(3) disbursements made in the ordinary course of business in the capacity or trustee under an indenture, transfer agent, registrar, custodian, escrow agent, paying agent, fiscal agent or depositary, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of good or securities sold in a cash transaction, as defined in Subsection (c) of this Section;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company; and

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper, as defined in Subsection (c) of this Section.

(c) For the purposes of this Section only:

(1) the terms “default” means any failure to make payment in full of the principal of (or premium, if any) or interest, if any, on any of the Securities or upon the other indenture securities when and as such principal (or premium, if any) or interest, if any, become due and payable;

(2) the terms “other indenture securities” means securities upon which the Company is an obligor outstanding under any other indenture (i) under which the Trustee is also trustee, (ii) which contains provisions substantially similar to the provisions of this Section, and (iii) under which a default exists at the time of the apportionment of the funds and property held in the special account provided for in this Section;
(3) the term “cash transaction” means any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand;

(4) the term “self-liquidating paper” means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase, processing, manufacturing, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship with the Company arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation;

(5) the term “Company” means any obligor upon the Securities; and


SECTION 614. Appointment of Authenticating Agent.

At any time when any of the Securities remain Outstanding the Trustee may appoint an Authenticating Agent of Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate and deliver Securities of such series with respect to which it has been so designated, and Securities so authenticated and delivered shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authenticating and delivery of Securities by the Trustee or the Trustee’s certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a bank or trust company or corporation organized and doing business and in good standing under the laws of the United States, any State thereof or the District of Columbia, authorized under such laws.
to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and a subject to supervision or examination by Federal, State or District of Columbia authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent reports of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign with respect to one or more series of Securities at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent with respect to one or more series of Securities by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall mail written notice of such appointment by first-class mail, postage prepaid, to all Holders of Securities of the series with respect to which such Authenticating Agent will serve, as their names and addresses appear in the Security Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section, and the Trustee shall be entitled to be reimbursed for such payments, in accordance with the provisions
of Section 607. The provisions of Sections 104, 111, 603 and 604 shall be applicable to any Authenticating Agent.

Pursuant to each appointment made under this Section, the Securities of each series covered by such appointment may have endorsed thereon, in lieu of the Trustee’s certificate of authentication, as alternate certificate or authentication in substantially the following form:

This is one of the Securities, of the series designated herein, issued under the within-mentioned Indenture.

The Chase Manhattan Bank
(National Association), as Trustee

By_________________________
as Authenticating Agent for
the Trustee,

By_________________________
Authorized Officer

ARTICLE SEVEN
HOLDERS’ LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 701. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee with respect to the Securities of each series (a) semi-annually, either (i) not later than June 30 and December 31 in each year in the case of Original Issue Discount Securities which by their terms bear interest only after Maturity, or (ii) not later than 15 days after each Regular Record Date in the case of Securities of any other series, if and so long as Securities of such series are Outstanding, and (b) at such other times as the Trustee may request in writing, within 30 days after receipt by the Company of such request, a list in such form as the Trustee may reasonably require containing all the information in the possession or control of the Company, or any of its Paying Agents other than the Trustee. As to the names and addresses of the Holders obtained since the date as of which the next previous list, if any, was furnished; provided, however, that any such list may exclude names and addresses received by the Trustee in its capacity as Security Registrar if it shall be so acting. Any such list may be dated

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as of a date not more than 15 days prior to the time such information is furnished or caused to be furnished and need not include information received after such date.

SECTION 702. Preservation or Information; Communications to Holders.

(a) The Trustee shall preserve, is as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 701 and the names and address of Holders received by the Trustee in its capacity as Security Registrar or Paying Agent, if so acting.

The Trustee may (i) destroy any list furnished to it as provided in Section 701 upon receipt of a new complete list so furnished, (ii) destroy any information received by it as Paying Agent or Security Registrar (if so acting) hereunder upon delivering to itself as Trustee, not earlier than 45 days after June 30 and December 31 of each year, a list containing the names and addresses of the Holders obtained from such information since the delivery of the next previous list, if any, and (iii) destroy any list delivered to itself as Trustee which was compiled from information received by it as Paying Agent or Security Registrar (if so acting) hereunder upon the receipt of a new complete list so delivered.

(b) If three or more Holders of Securities of any series (herein referred to as “applicants”) apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Security of such series for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders of Securities of such series or with Holders of all Securities with respect to their rights under this Indenture or under such Securities and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five business days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with Section 702(a), or

(ii) inform such applicants as to the approximate number of Holders of Securities of such series or all Securities as the case may be whose names and addresses appear in the information preserved at the time by the Trustee in accordance with Section 702(a), and as to the approximate cost of mailing to such Holders the form of proxy or
other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall upon the written request of such applicants mail to each Holder of Securities of such series or all Securities as the case may be whose name and address appear in the information preserved at the time by the Trustee in accordance with Section 702(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of a material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interest of the Holders of Securities of such series of all Securities as the case may be or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Holders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any Paying Agent nor the Security Registrar nor any agent of any of them shall be held accountable by reason of the disclosure of any such information as to the names and addresses of Holders in accordance with Section 702(b), regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 702(b).

SECTION 703. Reports by Trustee.

(a) Within 60 days after May 15 of each year commencing with the year 1983 if and so long as any Securities are Outstanding hereunder, the Trustee shall transmit by mail to
all Holders, as their names and addresses appear in the Security Register, a brief report dated as of such May 15
with respect to:

(1) Its eligibility under Section 609 and its qualifications under Section 608, or in lieu thereof, if to the best of its
knowledge it has continued to be eligible and qualified under said Sections, a written statement to such effect;

(2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the
making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the
reimbursement of which it claims or may claim a lien or charge prior to that of the Securities on any property or
funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such
advances if such advances so remaining unpaid aggregate not more than 1/2 of 1% of the principal amount of the
Securities Outstanding on the date of such report;

(3) the amount, interest rate and maturity date of all other indebtedness owing by the Company (or by any other
obligor on the Securities) to the Trustee in its individual capacity, on the date of such report, with a brief
description of any property held as collateral security therefore, except an indebtedness based upon a creditor
relationship arising in any manner described in Section 613(b)(2), (3), (4), or (6);

(4) the property and funds, if any, physically in the possession of the Trustee as such on the date of such report;

(5) any additional issue of Securities which the Trustee has not previously reported; and

(6) any action taken by the Trustee in the performance of its duties hereunder which it has not previously reported
and which in its opinion materially affects the Securities, except action in respect of a default, notice of which has
been or is to be withheld by the Trustee in accordance with Section 602.
(b) The Trustee shall transmit by mail and all Holders, as their names and addresses appear in the Security Register, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) since the date of the list reports transmitted pursuant to Subsection (a) of this Section (or if no such report has yet been so transmitted, since the date of execution of this instrument) for the reimbursement of which it claims or may claim a lien or charge prior to that of the Securities on property or funds held or collected by it as Trustee and which it has not previously reported pursuant to this Subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate 10% of less of the principal amount of the Securities Outstanding at such time, such report to be transmitted within 90 days after such time.

(c) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each securities exchange upon which any Securities are listed, with the Commission and with the Company. The Company will notify the Trustee when any Securities are listed on any securities exchange.

SECTION 704. Reports by Company.

The Company shall:

(1) file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it shall file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 or the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;
(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit by mail to all Holders, as their names and addresses appear in the Security Register, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

ARTICLE EIGHT
CONSOLIDATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

SECTION 801. Company May Consolidate, Etc., Only on Certain Terms.

The Company shall not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person, and the Company shall not permit any Person to consolidate with or merge into the Company or to convey, transfer or lease its properties and assets substantially as an entirety to the Company, unless:

(1) in case the Company shall consolidate with or merge into another corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person, the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States, any State thereof or the District of Columbia and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest, if any, on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;
immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of
the Company or a Subsidiary as a result of such transaction as having been incurred by the Company or the
Subsidiary at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time
or both, would become an Event of Default, shall have happened and be continuing;

(3) if, as a result of any such consolidation or merger or such conveyance, transfer or lease, properties or assets of the
Company would become subject to a mortgage, pledge, lien, security interest or other encumbrance which would
not be permitted by Section 1005, the Company or such successor corporation or Person, as the case may be, shall
take such steps as shall be necessary effectively to secure the Securities equally and ratably with (or prior to) all
indebtedness secured thereby; and

(4) the Company has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that
such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in
connection with such transaction, such supplemental indenture comply with this Article and that all conditions
precedent herein provided for relating to such transaction have been complied with.

SECTION 802. Successor Corporation Substituted.

Upon any consolidation by the Company with or merger by the Company into any other corporation or any
conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with
Section 801, the successor corporation formed by such consolidation or into which the Company is merged or to which such
conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the
Company under this Indenture with the same effect as if such successor corporation had been names as the Company herein,
and thereafter, except in the case of a lease, the Company (which term for this purpose shall mean the Person named as the
“Company” in the last paragraph of this Indenture or any successor corporation which shall theretofore have become such in
the manner prescribed in this Article) shall be relieved of all obligations and covenants under this Indenture and the
Securities and may be dissolved and liquidated.
ARTICLE NINE
SUPPLEMENTAL INDENTURE

SECTION 901. Supplemental Indenture Without Consent of Holders.

Without the consent of any Holder, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

1. to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

2. to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company; or

3. to add any additional Events of Default; or

4. to add to or change or eliminate any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal and with or without interest coupons; or

5. to change or eliminate any of the provisions of this Indenture, provided that any such change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; or

6. to secure the Securities pursuant to the requirements of Section 1005 or otherwise; or

7. to establish the form or terms of Securities of any series as permitted by Sections 201 and 301; or
(8) to evidence and provide for the acceptance or appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 311(b); or

(9) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided such action shall not adversely affect the interest of the Holders of Securities of any series in any material respect.

SECTION 902. Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or modify the manner of determination of the rate of interest thereon so as to affect adversely the interest of such Holder or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or change any Place of Payment where, or the coin or currency in which, any Security or any premium or the interest thereon is payable, or impair the rights to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or
(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section, Section 513 or Section 1009, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waiver without the consent of the Holder of each Outstanding Security affected thereby, provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to the “Trustee” and concomitant changes in this Section and Section 1009, or the deletion of this proviso, in accordance with the requirements of Sections 611(b) and 901(8).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more articular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

The Trustee may in its discretion determine whether or not any Securities would be adversely affected by any supplemental indenture and any such determination shall be conclusive upon the Holders of all Securities of any series. The Trustee shall not be liable for any such determination made in good faith.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 903. Execution of Supplemental Indentures.

In executing or accepting the additional trusts created by any supplemental indenture permitted by this Article or the modifications thereby or the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, and Opinion of Counsel stating that the execution of such
supplemental indenture is authorized or permitted by this Indenture and that such supplemental indenture, when executed and delivered by the Company, will constitute a valid and binding obligation of the Company in accordance with its terms. The Trustee may, but shall not be obligated to enter into any such supplemental indenture which affects the Trustee’s own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. Conformity with Trust Indenture Act

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 906. Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee or any Authenticating Agent in exchange for Outstanding Securities of such series.

ARTICLE TEN

COVENANTS

SECTION 1001. Payment of Principal, Premium and Interest.

The Company covenants and agrees that it will duly and punctually pay the principal of (and premium, if any) and interest, if any, on the Securities of each series in accordance with the terms of the Securities of such series and this Indenture.
SECTION 1002. Maintenance of Office or Agency.

The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notice and demand to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. With respect to the Securities of any series such office or agency and each Place of Payment shall be as specified as contemplated in Section 301. In the absence of any such provisions with respect to the Securities of any series (i) the Place of Payment for such securities shall be the Borough of Manhattan, City of New York, New York, and (ii) such office or agency in such Place of Payment shall be the Corporate Trust Office of the Trustee therein. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies (in or outside the Borough of Manhattan, City of New York, New York) where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such office or agency.

SECTION 1003. Money for Securities Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of (and premium, if any) or interest, if any, on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal (and premium, if any) or interest, if any, so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.
Whenever the Company shall have on or more Paying Agents for any series of Securities, it will, prior to each due date of the principal of (and premium, if any) or interest, if any, on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest, if any, so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent other than the Trustee for any series of Securities to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of (and premium, if any) or interest, if any, on Securities of that series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment or principal (and premium, if any) or interest, if any, on the Securities of that series; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any) or interest, if any, on any Security of any series and remaining unclaimed for three years after such principal (and premium, if any) or interest,
if any, has become due and payable shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be paid to the Company on Company Request, of (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in each Place of Paying with respect to Securities of such series, notice that such money remains unclaimed and the, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be repaid to the Company.

SECTION 1004. Corporate Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

SECTION 1005. Restrictions on Secured Debt.

After the date hereof, the Company will not itself, and will not permit any Restricted Subsidiary to, create, incur, issue, assume, or guarantee any loans, whether or not notes, bonds, debentures or other similar evidences of indebtedness for money borrowed (such loans, and such notes, bonds, debentures or other similar evidences of indebtedness for money borrowed being hereinafter in this Section 1005 called “Debt”), secured by pledge of, or mortgage in lien on, any Principal Property of the Company of any Restricted Subsidiary or any shares of Capital Stock of or Debt of any Restricted Subsidiary (such mortgages, ledges and liens being hereinafter in this Section 1003 called “Mortgage” or “Mortgage:”), without effectively providing that the Securities (together with, if the Company shall so determine, any other Debt of the Company of such Restricted Subsidiary then existing or thereafter created which is not subordinate to the Securities) shall be secured equally and ratably with (or, at the option of the Company, prior to) such secured Debt, so long as such secured Debt shall be so secured, unless, after giving
effect thereto, the aggregate amount of all Debt secured by Mortgages plus all Attributable Debt of the Company and its Restricted Subsidiaries with respect to sale and leaseback transaction to which Section 1006 is applicable would not exceed 5% of Consolidated Net Tangible Assets; provided, however that this Section 1005 shall not apply to, and there shall be excluded from Debt secured by Mortgages in any computation under this Section 1005 or Section 1006, Debt secured by:

(1) Mortgages on property of, or on any shares of Capital Stock of or Debt of, any corporation existing at the time such corporation becomes a Restricted Subsidiary;

(2) Mortgages in favor of the Company or any Restricted Subsidiary;

(3) Mortgages in favor of any governmental body to secure progress, advance or other payments pursuant to any contract or provision of any statute;

(4) Mortgages on property, shares of Capital Stock or Debt existing at the time of acquisition thereof, or to secure the payment of all or any part of the purchase price thereof or construction thereon or to secure any Debt incurred prior to, at the time of, or within 180 days after the later of the acquisition of such property, shares of Capital Stock or Debt or the completion of construction for the purpose of financing all or any part of the purchase price thereof or construction thereon; provided, however, that if such financing is in connection with the acquisition of any Timberlands, and the Board of Directors has determined, within 180 days of such acquisition, that the Company will seek such financing (from a lender or investor not including the Company or any Subsidiary), then the applicable Mortgage shall be deemed to be included in this Clause (4) if such Mortgage is created within a further 180 days after the end of such first 180-day period.

(5) Mortgages securing obligations issued by a State, territory or possession of the United States, or any political subdivision of any of the foregoing, or the District of Columbia, to finance the acquisition or construction of property, and on which the interest is not, in the opinion of tax counsel of recognized standing or in accordance with a ruling issued by the Interval Revenue Service, includible in gross income of the holder by reason
of Section 103(a)(1) of the Internal Revenue Code of 1964, as amended (or any successor to such provision) as in effect at the time of the issuance of such obligations; or

(6) Any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Mortgage referred to in the foregoing clauses (1) through (5), inclusive; provided, however, that such extension, renewal or replacement Mortgage shall be limited to all or part of the same property, shares of Capital Stock or Debt that secured the Mortgage extended, renewed or replaced (plus improvements on such property).

For purposes of this Section 1005 and Sections 1006 and 1007, an “acquisition” of property (including real, personal or intangible property or shares of Capital Stock or Debt) shall include any transaction or series of transactions by which the Company or a Restricted Subsidiary acquires, directly or indirectly, an interest, or an additional interest (to the extent thereof), in such property, including without limitation an acquisition through merger or consolidation with, or an acquisition of an interest in, a Person owning an interest in such property.

SECTION 1006. Restrictions on Sales and Leasebacks.

After the date hereof, the Company will not itself, and will not permit any Restricted Subsidiary to, enter into any transaction with any bank, insurance company or other lender or investor, or to which any such bank, company, lender or investor, or to which any such bank, company, lender or investor is a party, providing for the leasing by the Company or a Restricted Subsidiary of any Principal Property which has been or is to be sold or transferred by the Company or any Restricted Subsidiary to such bank, company, lender or investor, or to any person to whom funds have been or are to be advanced by such bank, company, lender or investor on the security of such Principal Property (herein referred to as a “sale and leaseback transaction”) unless, after giving effect thereto, the aggregate amount of all Attributable Debt with respect to such sale and leaseback transactions plus all Debt secured by Mortgages to which Section 1005 is applicable would not exceed 5% of Consolidated Net Tangible Assets, provided, however, that this Section 1006 shall not apply to, and there shall be excluded from Attributable Debt in any computation under this Section 1006 or Section 1005, Attributable Debt with respect to any sale and leaseback transaction if:
(1) the lease is such sale and leaseback transaction if for a period, including renewal rights, of not in excess of three years.

(2) the Company or a Restricted Subsidiary, within 180 days after the sale or transfer shall have been made by the Company or by a Restricted Subsidiary, applies an amount equal to the greater of the net proceeds of the sale of the Principal Property leased pursuant to such arrangement or the fair market value of the Principal Property so leased at the time of entering into such arrangement (as determined in any manner approved by the Board of Directors) to (a) the retirement of Funded Debt of the Company ranking on a parity with or senior to the Securities or the retirement of Funded Debt of a Restricted Subsidiary; provided however, that the amount to be applied to the retirement of such Funded Debt of the Company or a Restricted Subsidiary shall be reduced by (i) the principal amount of any Securities (or other notes or debentures constituting such Funded Debt) delivered within such 180-day period to the Trustee or other applicable trustee for retirement and cancellation (for purposes of making such calculation, the principal amount of Original Issue Discount Securities so retired or canceled shall mean the portion thereof that could have been declared due and payable pursuant to Section 502 at the time retired and canceled) and (ii) the principal amount of such Funded Debt, other than items referred to in the preceding clause (i), voluntarily retired by the Company or a Restricted Subsidiary within 180 days after such sale; and provided, further, that notwithstanding the foregoing, no retirement referred to in this clause (a) may be effected by payment at maturity or pursuant to any mandatory sinking fund payment of any mandatory prepayment provision, or (b) the purchase of other property which will constitute Principal Property having a fair market value, in the opinion of the Board of Directors, at least equal to the fair market value of the Principal Property leased in such sale and leaseback transaction;

(3) such sale and leaseback transaction is entered into prior to, at the time of or within 180 days after the later of the acquisition of the Principal Property of the completion of construction thereon; provided, however, that if such transaction is in connection with the acquisition of any Timberlands, and the Board of Directors of the Company has determined, within 180 days of such acquisition, that the Company will seek to enter into such transaction (with a lender or investor not
including the Company or any Subsidiary), then such transaction shall be deemed to be included in this clause (3) if such transaction is entered into within a further 180 days after the end of such first 180-day period;

(4) the lease in such sale and leaseback transaction secures or relates to obligations issued by a State, territory or possession of the United States or any political subdivision of any of the foregoing, or the District of Columbia, to finance the acquisition or construction of property, and on which the interest is not, in the opinion of tax counsel of recognized standing or in accordance with a ruling issued by the Internal Revenue Service, includible in gross income of the holder by reason of Section 103(a)(1) of the Internal Revenue Code of 1954, as amended (or any successor to such provision) as in effect at the time of the issuance of such obligations; or

(5) such sale and leaseback transaction is entered into between the Company and a Restricted Subsidiary or between Restricted Subsidiaries.

SECTION 1007. Restrictions on Funded Debt of Restricted Subsidiaries.

The Company will not permit any Restricted Subsidiary to create, incur, issue, assume or guarantee any Funded Debt unless, after giving effect thereto, the aggregate principal amount of all such Funded Debt of all Restricted Subsidiaries would not exceed 5% of Consolidated Net Tangible Assets; provided, however, that this Section 1007 shall not apply to and there shall be excluded from Funded Debt in any computation under this Section 1007:

1. Funded Debt owed to the Company or a Restricted Subsidiary;
2. Funded Debt secured by Mortgages permitted under Section 1005;
3. Funded Debt of any corporation existing at the time such corporation becomes a Restricted Subsidiary;
4. Funded Debt of any Person outstanding at the time of its acquisition, or the acquisition of substantially all its assets, by such Restricted Subsidiary;
5. Funded Debt constituting Attributable Debt permitted under Section 1006; or
(6) Any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of not more than an equal principal amount of any Funded Debt (or any other indebtedness which at the time of its creation was Funded Debt) referred to in the foregoing clauses (1) through (5) inclusive.

SECTION 1008. Statement as to Compliance.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company ending after the date hereof, an Officers’ Certificate, stating as to each signer thereof that

(1) a review of the activities of the Company during such year and of performance under this Indenture has been made under his supervision, and

(2) to the best of his knowledge, based on such review, the Company is not in default in the fulfillment of any of its obligations under this Indenture, or specifying each such default known to him and the nature and status thereof.

SECTION 1009. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any covenant or condition set forth in Sections 1002 or 1008, inclusive, with respect to the Securities of any series if before the time for such compliance the Holders of at least a majority in principal amount of the Outstanding Securities of such series shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition, but no such waiver shall extend to or affects such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee with respect to any such covenant or condition shall remain in full force and effect.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

SECTION 1101. Applicability of Article.

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with
their terms and (except as otherwise specified as contemplated by Section 302 for Securities of any series) in accordance with this Article;

SECTION 1102. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of less than all the Securities of any series, the Company shall, at least 45 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount of Securities of such series to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities of elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers’ Certificate evidencing compliance with such restriction.

SECTION 1103. Selection by Trustee of Securities to be Redeemed.

If less than all the Securities of any series are to be redeemed, the particular Securities to be redeemed shall be selected by the Trustee not more than 60 days prior to the Redemption Date, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of that series of any integral multiple thereof) of the principal amount of Securities of such series of a denomination larger than the minimum authorized denomination for Securities of that series. In any case where Securities of such series are registered in the same name, the Trustee in its discretion may treat the aggregate principal amount so registered as if it were represented by one Security of such series.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Security redeem or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.
SECTION 1104. Notice of Redemption,

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 not more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state;

(1) the Redemption Date,

(2) the Redemption Price,

(3) if less than all the Outstanding Securities of any series are to be redeemed, the identification (and, in the case or partial redemption, the principal amounts) of the particular Securities to be redeemed,

(4) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(5) the place or places where such Securities are to be surrendered for payment of the Redemption Price, and

(6) that the redemption is for a sinking fund, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company’s request, by the Trustee in the name and at the expense of the Company.

SECTION 1105. Deposit of Redemption Price.

Prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest, if any, on, all the Securities which are to be redeemed on that date.
SECTION 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest, if any) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided, however, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate or rates prescribed therefore in the Security.

SECTION 1007. Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at a Place of Payment therefore (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee or an Authenticating Agent shall authenticate and deliver to the Holders of such Security without service charge, a new Security or Securities of the same series of like tenor and of any authorized denomination as requested by such Holder, in aggregate principal amount equal to end in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE TWELVE
SINKING FUNDS

SECTION 1201. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 301 for Securities of such series.
The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a “mandatory sinking fund payment,” and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an “optional sinking fund payment.” If provided for by the terms of Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

SECTION 1202. Satisfaction of Sinking Fund Payments with Securities.

The Company (1) may deliver Outstanding Securities of a series (other than any previously called for redemption) and (2) may apply as a credit Securities of a series which have been redeemed (or called for redemption and for which the Redemption Price, together with accruing interest, if any, has been deposited pursuant to Section 1005), either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any mandatory sinking fund payment with respect to the Securities of such series as provided for by the terms of such series; provided that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

SECTION 1203. Redemption of Securities for Sinking Fund.

Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers’ Certificate specifying the [illegible] of the next ensuing mandatory sinking fund payment for [illegible] series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 1202 and will also deliver to the Trustee any Securities to be so delivered and the optional amount, if any, to be added in cash to the next ensuing mandatory sinking fund payment, and will also deliver to the Trustee any Securities to be so delivered. If such Officers’ Certificate shall specify an optional amount to be added in cash to the next ensuing mandatory sinking fund payment, the Company shall thereupon be obligated to pay the amount therein specified. Not less than
45 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. The Company shall deposit the amount of cash, if any, required for such sinking fund payment in the manner provided in Section 1005. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.

***

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

WILLAMETTE INDUSTRIES, INC.

By /s/ 
[Seal]  President and Chief Executive Officer

Attest:

/s/ Secretary (National Association) as Trustee

By /s/ 
[Seal]  Vice President

Attest:

/s/ Assistant Secretary

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On the 11th day of April, 1983, before me personally came ___________________________, to me know, who, being by me duly sworn, did depose and say that he resides at Portland, Oregon: that he is President and Chief Executive Officer of Willamette Industries, Inc., one of the corporations described in and which executed the above instrument; that he knows the corporate seal of said corporation; that one of the seals affixed to the said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

/s/ ____________
Notary Public

[Seal]

State of New York )
) SS;
County of New York )

On the ____ day of _____, 1983, before me personally came _____________, who, being by me duly sworn, did depose and say that he resides at ___________________, that he is a Vice President of The Chase Manhattan Bank (National Association), one of the corporations described in and which executed the above, instrument; that he knows the corporate seal of said corporation; that one of the seals affixed to the said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

IT WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first about written.

/s/ ____________
Notary Public

[Seal]
WILLAMETTE INDUSTRIES, INC.

TO

THE CHASE MANHATTAN BANK

(National Association),

Trustee

__________

INDENTURE

Dated as of January 30, 1993

__________

Senior Debt Securities
### Reconciliation and tie between Trust Indenture Act of 1939 and Indenture, dates as of January 30, 1993

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**NOTE:** This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.
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**ARTICLE ONE**

**DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION**

**SECTION 101.** Definitions:

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INDENTURE, dated as of January 30, 1993, between Willamette Industries, Inc., a corporation duly organized and existing under the laws of the state of Oregon (herein called the “Company”), having its principal office at First Interstate Bank Tower, 1300 S.W. Fifth Avenue, Portland, Oregon 97201, and The Chase Manhattan Bank (National Association), a national banking association duly organized and existing under the laws of the United States, as Trustee (herein called the “Trustee”).

RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured debentures, notes or other evidences of indebtedness (herein called the “Securities”) unlimited as to principal amount, to be issued in one or more series as in this Indenture provided.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders (as herein defined) thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or of any series thereof, as follows:

ARTICLE ONE
Definitions and Other Provisions of General Application

SECTION 101. Definitions.

For all purposes of this Indenture, expect as otherwise expressly provided or unless the context otherwise requires:

(1) The terms defined in this Article have the meaning assigned to them in this Article and include the plural as well as the singular;

(2) All other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meaning assigned to them therein;

(3) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles and, except as otherwise herein expressly provided, the term
"generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation; and

(4) The words “herein,” “hereof,” “hereto,” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms used principally in certain Articles are defined in those Articles.

“Act” when used with respect to any Holder has the meaning specified in Section 104.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Attributable Debt” means, as to any particular lease under which any Person is at the time liable and at any date as of which the amount thereof is to be determined, the total net amount or rent required to be paid by such Person under such lease during the remaining primary term thereof, discounted from the respective due dates thereof to such date at the rate of 15 percent per annum. The net amount of rent required to be paid under any such lease for any such period shall be the aggregate amount of rent payable by the lessee with respect to such period after excluding amounts required to be paid on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges. In the case of any lease which is terminable by the lessee upon the payment of a penalty, such set amount shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

“Authenticating Agent” means any Person designated by the Trustee which at the time shall be designated and acting pursuant to Section 610.

“Board of Directors” means either the board of directors of the Company or any duly authorized committee of that board.
“Board Resolution” means a copy of a resolution certified by the Secretary or any Assistant Secretary of the Company to have been duly adopted by the Board of Directors and certification, and delivered to the Trustee.

“Business Day,” when used with respect to any Place of Payment, means each Monday, Tuesday, Wednesday, Thursday, and Friday which is not a day on which banking institutions in that Place of Payment are authorized or obligated by law to close.

“Capital Stock,” as applied to the stock of any corporation, means the capital stock of every class whether now or hereafter authorized, regardless of whether such capital stock shall be limited to a fixed sum or percentage with respect to the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of such corporation.

“Commission” means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act or 1934 or, if at any time after the execution of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

“Company” means the Person names as the “Company” in the first paragraph of this instrument until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Company” shall mean such successor corporation.

“Company Request” or “Company Order” means a written request or order signed in the name of the Company by its Chairman of the Board, a Vice Chairman, its Chief Executive Officer, its President or a Vice President, and by it Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

Consolidated Net Tangible Assets” means the aggregate amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom (i) all liabilities other than deferred income taxes, Funded Debt and shareholders’ equity and (ii) all goodwill, trade names, trademarks, patents, organization expenses and other like intangibles, all as set forth on the most recent balance sheet of the Company and its consolidated Subsidiaries and computed in accordance with generally accepted accounting principles.
“Corporate Trust Office” means the principal office of the Trustee, any Authenticating Agent, or any Paying Agent, as the case may be, at which at any particular time its corporate trust business shall be administered. Until notice of change thereof is given as provided in this Indenture, the Corporate Trust Office of the Trustee is located in the Borough of Manhattan, at 1 Chase Manhattan Plaza, New York, New York 10081.

“corporation” includes corporations, associations, companies and business trusts.

“Defaulted Interest” has the meaning specified in Section 307.

“Depository” means, with respect to the Securities of any series issuable or issued in the form of one or more Global Securities, the Person designated as Depository by the Company pursuant to Section 301 until a successor Depository shall have been appointed pursuant to Section 305 until a successor Depository shall have been appointed pursuant to Section 305, and thereafter “Depository” shall mean or include each Person who is then a Depository hereunder.

“Event of Default” has the meaning specified in Section 501.

“Funded Debt” means (i) all indebtedness for money borrowed having a maturity of more than 12 months from the date as of which the determination is made or having a maturity of 12 months or less but by its terms being renewable or extendible beyond 12 months from such date at the option or the borrower (excluding any amount thereof included in current liabilities) and (ii) rental obligations payable more than 12 months from such date under leases which are capitalized in accordance with generally accepted accounting principles (such rental obligations to be included as Funded Debt at the amount so capitalized and to be included for the purposes of the definition of the Consolidated Net Tangible Assets both as an asset and as Funded Debt at the amount so capitalized).

“Global Security” means a Security evidencing all or part of a series of Securities, issued to the Depository for such series or its nominee, and registered in the name of such Depository or nominee.

“Holder” means a Person in whose name a Security is registered in the Security Register.

“Indenture” means this instrument as originally executes or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and, with respect to any Security, by the terms and provisions of such

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Security established pursuant to Section 301 (as such terms and provisions may be amended pursuant to the applicable provisions hereof).

“interest,” when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity.

“Interest Payment Date,” when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

“Maturity” when used with respect to any Security means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

“Officers’ Certificate” means a certificate signed by the Chairman of the Board, a Vice Chairman, the Chief Executive Officer, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company, that complies with the requirements of Section 314 (e) of the Trust Indenture Act and is delivered to the Trustee. One of the officers signing the Officers’ Certificate given pursuant to Section 1008 shall be the principal executive, financial, or accounting officer of the Company.

“Opinion of Counsel” means a written opinion of counsel, who may be an employee of or counsel for the Company.

“Original Issue Discount Security” means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

“Outstanding” when used with respect to Securities means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities for whose payment or redemption money is the necessary amount has theretofore been deposited in trust with the Trustee or any Paying Agent (other than the Company) or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed;
notice of such redemption has been duly given pursuant to this Indenture or provision therefore satisfactory to the Trustee has been made; and

(iii) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities is respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, (i) the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding shall be equal to the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof pursuant to Section 502, (ii) the principal amount of Security denominated in one or more foreign currencies or currency units shall be the U.S. dollar equivalent, determine din the manner provided as contemplated by Section 301 on the date of original issuance of such Security, of the principal amount (or, in the case of an Original Issue Discount Security, the U.S. dollar equivalent one date of original issuance of such Security of the amount determined as provided in (i) above) of such Security, and (iii) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

“Paying Agent” means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Security on behalf of the Company.

“Person” means any individual, corporation, partnership, joint venture, association, joint-stock company,
trust, unincorporated organization or government or any agency or political subdivision thereof.

“Place of Payment” when used with respect to Securities of any series means the place or places where the principal of (and premium, if any) or interest on the Securities of such series is payable as specified pursuant to Section 301 or, if not so specified, as specified in Section 1002.

“Predecessor Security” of any particular Security means ever previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for on in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

“Principal Property” means (a) any mill, converting plant, manufacturing plant or other facility owned at the date hereof or hereafter acquired by the Company or any Restricted Subsidiary which is located within the present 50 States of the Untied States or in Canada and the gross book value (including related land and improvements thereon and all machinery and equipment included therein without deduction of any depreciation reserves) of which on the date as of which the determination is being made exceeds 1 percent of Consolidated Net Tangible Assets, and (b) Timberlands, in each case other than (i) any property which in the opinion of the Board of Directors is not of material importance to the total business conducted by the Company and its Restricted Subsidiaries as an entirety or (ii) any portion of a particular property which is similarly found not to be of material importance to the use or operation of such property or (iii) any oil, gas or other minerals or mineral rights.

“Realty Subsidiary” means a Subsidiary of the Company engaged primarily in the development and sale or financing of real property.

“Redemption Date,” when used with respect to any Security or portion thereof to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

“Redemption Price,” when used with respect to any Security or portion thereof to be redeemed, means the price at which it is to be redeemed as determined by or pursuant to this Indenture.

“Regular Record Date” for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 301.
“Responsible Officer,” when used with respect to the Trustee, means the chairman or any vice-chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“Restricted Subsidiary” means a Subsidiary of the Company (i) substantially all the property of which is located, or substantially all the business of which is carried on, within the present 50 States of the United States or in Canada and (ii) which owns a Principal Property, but does not include a Realty Subsidiary.

“Securities” has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

“Security Register” and “Security Registrar” have the respective meanings specified in Section 305.

“Special Record Date” for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

“Stated Maturity,” when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of principal thereof or interest is due and payable.

“Subsidiary” means a corporation more than 50 percent of the outstanding Voting Stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries.

“Timberlands” means any real property of the Company or any Restricted Subsidiary of the Company located within the present 50 States of the United States or in Canada which contains standing timber which is (or upon completion of a growth cycle then in process is expected to become) of a commercial quantity and of merchantable quality, excluding, however, any such real property which at the time of determination is held primarily for development or sale, and not
primarily for the production of lumber or any other timber products.

“Trustee” means the Person names as the “Trustee” in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, “Trustee” as used with respect to the Securities of any series shall mean the Trustee with respect to the Securities of such series.

“Trustee Indenture Act” means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, “Trust Indenture Act” means to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

“Vice President,” when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title “vice president”.

“Voting Stock,” as applied to the stock (or the equivalent thereof) of any corporation, means stock (or such equivalent) of any class or classes, however designated, having ordinary voting power (whether at all times or only so long as no senior class of stock has such voting power by reason of the happening of a contingency) for the election of a majority of the directors of such corporation, other than stock (or such equivalent) having such power only by reason of the happening of a contingency.

SECTION 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers’ Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished. Each such Officers’ Certificate and Opinion of Counsel shall comply with Section 314 (e) of the Trust Indenture Act.

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SECTION 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by counsel, unless such officer knows or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it related to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matter is in the possession of the Company, unless such counsel knows or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and from one instrument.


(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by or pursuant to this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “Act” of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 315 of the Trust Indenture Act) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.
Without limiting the generality of the foregoing, a Holder, including a Depository that is a Holder of a Global Security, may make, give, or take, by a proxy, or proxies, duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver, or other action provided or permitted in this Indenture to be made, given, or taken by Holders, and a Depository that is a Holder of a Global Security may provide its proxy or proxies to the beneficial owners of interest in any such Global Security.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness or such execution or by a certificate or a notary public or other officer authorized by law to take acknowledgments of deed, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The face and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other reasonable manner which the Trustee deems sufficient.

(c) The ownership of Securities shall be proved by the Securities Register.

(d) Except as provided in the next paragraph, the Company may, in the circumstances permitted by the Trust Indenture Act, set any day as the record date for the purpose of determining the Holders of Securities of any series entitled to give or take any request, demand, authorization, direction, notice, consent, waiver or other action, or to vote on any action, authorized or permitted to be given or taken by Holders of Securities of such series. With regard to any record date set pursuant to this paragraph, the Holders of Outstanding Securities of the relevant series on such record date (or their duly appointed agents), and only such Persons, shall be entitled to give or take the relevant action, whether or not such Holders remain Holders after such record date. With regard to any action that may be given or taken hereunder only by Holders of a requisite principal amount of Outstanding Securities of any series (or their duly appointed agents) and for which a record date is set pursuant to this paragraph, the Company may, at its option, set an expiration date after which no such action purported to be given or taken by an Holder shall be effective hereunder unless given or taken on or prior to such expiration date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date (or their duly appointed agents). On or prior to any expiration date set pursuant to this paragraph, the Company may, on one or more occasions at its option, extend such date to any later date.
Nothing in this paragraph shall prevent any Holder (or any duly appointed agent thereof) from giving or taking, after any expiration date, any action identical to, or, at any time, contrary to or different from any action given or taken, or purported to have been given or taken, hereunder by a Holder on or prior to such date, in which event the Company may set a record date in respect thereof pursuant to this paragraph.

Notwithstanding the foregoing, upon receipt by the Trustee, with respect to Securities of any series, of (i) any Notice of Default as described in Section 501, (ii) any declaration of acceleration, on any rescission and annulment of any such declaration pursuant to Section 502, or (iii) any direction given pursuant to Section 512 (any such notice, declaration, rescission and annulment, or direction being referred to herein as a “Direction), a record date shall automatically and without any other action by any Person be set for the purpose of determining the Holders of Outstanding Securities of such series entitled to join in such Direction, which record date shall be the close of business on the day the Trustee receives such Direction. The Holders of Outstanding Securities of such series on such record date (or their duly appointed agents), and only such Persons, shall be entitled to join in such Direction, whether or not such Holders remain Holders after such record date; provided that, unless such Direction shall have become effective by virtue of Holders of the requisite principal amount of Outstanding Securities of such series on such record date (or their duly appointed agents) having joined therein on or prior to the 90th day after such record date, such Direction shall automatically and without any action by any Person be canceled and of no further effect. Nothing in this paragraph shall prevent a Holder (or a duly appointed agent thereof) from giving, before or after the expiration of such 90-day period, a Direction contrary to or different from, or, after the expiration of such period, identical to, a Direction that has been canceled pursuant to the proviso to the preceding sentence, in which event a new record date in respect thereof shall be set pursuant to this paragraph.

Without limiting the foregoing, a Holder entitled hereunder to give or take any action hereunder with regard to any particular Security may do so with regard to all or any part appointed agents each of which may do so pursuant to such appointment with regard to all or any different part of such principal amount.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other action of the Holder of any Securities shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefore or in lieu thereof in
SECTION 105. Notices, Etc., to Trustee and Company

Except as otherwise specifically provided herein, any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with

(1) The Trustee by any Holder of or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Administration Division; or

(2) The Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid to the Company addressed to the attention of its Secretary at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 106. Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders and any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.
In any case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.


If any provision hereof limits, qualifies or conflicts with any duties under any required provision of the Trust Indenture Act imposed hereon by Section 318 (c) thereof, such required provision shall control.

SECTION 108. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 110. Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 111. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto, any Paying Agent, any Security Registrar, any Authentication Agent and their respective successors hereunder, and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the laws of the state of New York.

SECTION 113. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date, the Stated Maturity of any Security or any date upon which
any Defaulted Interest is proposed to be paid shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities) payment or interest, if any, or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date, Redemption Date, at the Stated Maturity, or on the date for payment of Defaulted Interest, provided that no interest shall accrue for the period from the after such Interest Payment Date, Redemption Date, Stated Maturity or date for the payment of Defaulted Interest, as the case may be.

SECTION 114. Indenture and Securities Solely Corporate Obligations.

No recourse for the payment of the principal or (or premium, if any) or interest on any Security, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligations, covenant or agreement of the Company in this Indenture or in any supplemental indenture, or in any Security, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, shareholder, officer or director, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Securities.

SECTION 115. No Security Interest Created.

Nothing in this Indenture or in the Securities, expressed or implied, shall be construed to constitute a security interest under the Uniform Commercial Code or similar legislation as not or hereafter enacted and in effect, in any jurisdiction where the property of the Company or its Subsidiaries is located.

ARTICLE TWO

Security Forms

SECTION 201. Forms Generally.

The Securities of each series shall be in substantially the from as shall be established in or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case, with such appropriate insertions, omissions,
substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution of the Securities. Global Securities shall bear a legend respecting the restrictions on transfer thereof in such form as may be determined by the officers executing such Global Securities, as evidenced by their execution of the Global Securities. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, an appropriate Officers’ Certificate setting forth such from together with a copy of the Board Resolution shall be delivered to the Trustee and any Authentication Agent at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

The definitive Securities shall be printed, lithographed or engraved or produced by any combination of these methods or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 202. Form of Trustee’s Certificate of Authentication.

Subject to Section 610, the Trustee’s certificate of authentication shall be in substantially the following form:

This one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

____________________________________
as Trustee

By _________________________________
Authorized Officer

ARTICLE THREE

The Securities

SECTION 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited. The Securities may be issued in one or more series.
There shall be established in or pursuant to a Board Resolution, and set forth in an Officer’s Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series:

(1) The title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);

(2) Any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306, 905 or 1007);

(3) The date or dates on which the principal of (and premium, if any, on) the Securities of the series is payable;

(4) The rate or rates at which the Securities of the series shall bear interest, if any, or the method or methods, if any, by which such rate or rates are to be determined, the date or dates, if any, from which such interest shall accrue, the Interest Payment Dates, if any, on which such interest shall be payable, the Regular Record Dates, if any, for the interest payable on any Interest Payment Date, the rate or rates of interest, if any, payable on overdue installments of interest on or principal of (and premium, if any, on) the Securities of the series and the basis upon which interest shall be calculated if other than a 360-day year of twelve 30-day months;

(5) If in addition to or other than the Borough of Manhattan, the City or New York, New York, the place or places where the principal of (and premium, if any) and interest, if any, on the Securities of the series shall be payable, any of such Securities of the series shall be payable, any of such Securities may be surrendered for registration of transfer or exchange, and notices or demand to or upon the Company in respect of such Securities and this Indenture may be served; provided, however, that at the option of the Company, any interest on such Securities may be paid by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register;

(6) If the Securities of the series are redeemable, the period or periods within which, the price or prices at which and the terms and conditions
(7) The obligation, if any, of the Company to redeem or purchase Securities of the series pursuant to any sinking fund or analogous provisions or at the option of any Holder thereof and the period or periods within which, the price or prices at which and the other terms and conditions upon which such Securities shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(8) If any of the Securities of the series are issuable upon original issuance in whole or in part in the form of one or more Global Securities, the Depository for such Global Security or Securities and the circumstances, if any, under which any such Global Security may be exchanged for Securities registered in the name of, and any transfer of such Global Security may be registered to, a Person other than such Depository or its nominee, if other than as set forth in Section 305;

(9) If other than denominations of $1,000 and any integral multiple thereof, the denominations in which Securities of the series shall be issuable;

(10) If either or both of (a) defeasance of the Securities of the series under Section 1302 or (b) covenant defeasance of the Securities of such series under Section 1303 are applicable; and if covenant defeasance of the Securities of such series under Section 1030 is applicable any covenants in addition to those specified in Section 1303;

(11) If other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502 or the method by which such portion is to be determined;

(12) The currency, currencies, or currency units in which payment of the principal of and any premium and interest on any Securities of the series shall be payable if other than the currency of the Untied States of America and the manner of determining the equivalent thereof in the currency of the United States of America for purposes of the definition of “Outstanding” in Section 101;
(13) If the amount of payments of principal of or any premium or interest on any Securities of the series may be determined with reference to an index, the manner in which such amount shall be determined;

(14) The additional covenants of the Company, if any, for the benefit of the Holders of the Securities of the series and the additional Event of Default, if any, with respect to the Securities of the series; and

(15) Any other terms, conditions, rights and preferences (or limitations on such rights and preferences) relating to Securities of the series.

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such Board Resolution and set forth in such Officers’ Certificate or in any such indenture supplemental hereto.

If any of the terms of the Securities of the series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers’ Certificate setting forth the terms of the series.

SECTION 302. Denominations.

The Securities of each series shall be issuable in registered form without coupons in such denominations as shall be specified as contemplated by Section 301. In the absence of any such provisions with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of $1,000 and any integral multiple thereof.

SECTION 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by its Chairman of the Board, one of its Vice Chairmen, its Chief Executive Officer, its President or one of its Vice Presidents, under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures or individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold offices at the date of such Securities.
At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with the Board Resolution and Officers’ Certificate or supplemental indenture with respect to such Securities referred to in Section 301 and a Company Order for the authentication and delivery of such Securities; and the Trustee, in accordance with such Company Order, shall authenticate and deliver such Securities. If all the Securities of any series are not to be issued at one time, and if the Board Resolution, Officers’ Certificate or supplemental indenture establishing such series shall so permit, such Company Order may set forth procedures acceptable to the Trustee for the issuance of such Securities and the determination of the terms of particular Securities of such series such as interest rate, maturity date, date of issuance and date from which interest shall accrue. If the form or forms or terms of the Securities of the series have been established in or pursuant to one or more Board Resolutions or supplemental indenture as permitted by Sections 201 and 301, in authentication such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Sections 315 (a) through 315 (d) of the Trust Indenture Act) shall be fully protected in relying upon, an Opinion of Counsel stating that:

(1) The form or forms and terms of such Securities have been established in conformity with the provisions of this Indenture; and

(2) All conditions precedent described herein to the authentication and delivery of such Securities have been complied with.

If all the Securities of any series are not to be issued at one time, it shall not be necessary to deliver an Opinion of Counsel at the time of issuance of each Security, but such Opinion of Counsel, with appropriate modifications, may instead be delivered at or prior to the time of issuance of the first Security of such series.

The Trustee shall not be required to authenticate any Securities if it, being advised by counsel, determines that such action may not lawfully be taken, or the Trustee shall determine in good faith that such action would expose it to personal liability to existing Holders or if the issue of such Securities pursuant to this Indenture will affect the Trustee’s own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.
If the Company shall establish pursuant to Section 301 that the Securities of a series are to be issued in whole or in part in the form of one or more Global Securities, then the Company shall execute, and the Trustee shall, in accordance with this Section and a Company Order for the authentication and delivery of a Global Security or Securities of such series, authenticate and deliver one or more Global Securities that (i) shall represent and shall be denominated in an aggregate amount equal to the aggregate principal amount of the Outstanding Securities of such series to be represented by such Global Security or Securities, and (ii) shall be registered in the name of the Depository for such Global Security or Securities or the nominee of such Depository.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature. Such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

Notwithstanding the foregoing, if any Security shall have been duly authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 309 together with a written statement (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall not be entitled to the benefits of this Indenture.

SECTION 304. Temporary Securities.

Pending the preparation of definitive Securities of any series, the Company may execute and deliver to the Trustee and, upon Company Order, the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers of the Company executing such Securities may determine, as evidenced by their execution of such Securities. Such temporary Securities may be Global Securities.
If temporary Securities of any series are issued, the Company shall cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series of like tenor and aggregate principal amount upon surrender of the temporary Securities of such series at any office or agency of the Company designated pursuant to Section 1002 without charge to the Holders. Upon surrender for cancellation of any one or more temporary Securities of any series, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefore definitive Securities of the same series of authorized denominations of a like tenor and aggregate principal amount. Until so exchanged the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series and tenor.

SECTION 305. Registration; Registration of Transfer and Exchange.

With respect to each series of Securities, the Company shall cause to be kept at one of the offices or agencies to be maintained by the Company as provided in Section 1002 a register (herein sometimes referred to as the “Security Register”) in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of that series of Securities and of transfer of that series of Securities. Such office or agency shall be the “Security Registrar” for that series of Securities. In the event that the Trustee shall not be the Security Registrar, the Security Registrar and the records of the Security Registrar relating to the performance of its duties as such shall be open for inspection by the Trustee at all reasonable times. The Trustee in hereby initially appointed as Security Registrar for each series of Securities.

Upon surrender for registration of transfer of any Security of any series at said office or agency for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series of any authorized denominations, of a like tenor and aggregate principal amount.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series, of any authorized denominations, of a like tenor and aggregate principal amount, upon surrender of the Securities to be exchanged at any office or agency for such series. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the
Securities which the Holder making the exchange is entitled to receive.

Notwithstanding the foregoing and except as otherwise provided in or pursuant to this Indenture, any Global Security shall be exchangeable pursuant to this Section or Sections 304, 306, 905 and 1107 for Securities registered in the name of, and a transfer of a Global Security of any series may be registered to, any Person other than the Depository for such Security or its nominee only if (i) such Depository notifies the Company that it is unwilling or unable to continue as Depository for such Global Security or if at any time such Depository ceases to be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and the Company within 90 days after receiving such notice or becoming aware that the Depository is no longer so registered, does not appoint a successor Depository for such Global Security; (ii) the Company executes and delivers to the Trustee a Company Order to the effect that such Global Security shall be so exchangeable and the transfer thereof so registrable; or (iii) there shall have occurred and be continuing with respect to the Securities of such series, an Event of Default or an event which after notice or lapse of time would be an Event of Default. Upon the occurrence in respect of any Global Security of any series of any one or more of the conditions specified in clauses (i), (ii), or (iii) of the preceding sentence or such other conditions as may be specified as contemplated by Section 301 for such series, (A) such Global Security may be exchanged in accordance with the foregoing provisions of this Section for a Security which is not a Global Security and (B) in accordance with the foregoing provisions of this Section the transfer of such Global Security may be registered to such Persons (including Persons other than the Depository with respect to such series and its nominees) as such Depository shall designate. Notwithstanding any other provision of this Indenture, any Security authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, any Global Security shall also be a Global Security except for any Security authenticated and delivered in exchange for, or upon registration of transfer of, a Global Security pursuant to the preceding sentence.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitling the Holders thereof to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer of exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee or the Security Registrar for such series of Securities) be duly endorsed, or be accompanied by a
written instrument of transfer if form satisfactory to the Company, and the Security Registrar (and, if so required by the
Trustee, to the Trustee) duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may
require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with
any registration of transfer or exchange of Securities, other than exchanges expressly provided in this Indenture to be made
at the Company’s own expense or without expense or without charge to Holders.

The Company shall not be required (i) to issue, register the transfer of or exchange any Security of any series during
a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities of
that series selected for redemption under Section 1103 and ending at the close of business on the day of such mailing, or (ii)
to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed
portion of any Security being redeemed in part.

SECTION 306. Mutilated, Destroyed, Lost and Stolen Securities.

If there shall be delivered to the Company and the Trustee (i) a mutilated Security or evidence to their satisfaction of
the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of
them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona
fide purchaser, the Company shall execute and upon its request of the Trustee shall authenticate and deliver, in exchange for
or in lieu of any such mutilated, destroyed, lost or stolen Security, a new Security of the same series and of like tenor and
principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the
Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient
to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the
fees and expenses of the Trustee) connected therewith.
Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 307. Payment of Interest; Interest Rights Preserved.

Except as otherwise provided or contemplated by Section 301 with respect to any series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called “Defaulted Interest”) shall forthwith cease to be payable to the Holder thereof on the relevant Regular Record Date by virtue of having been such Holders, and such Defaulted Interest may be paid by the Company, as its election in each case, as provided in Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest of shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted
Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be mailed, first-class postage prepaid, to each Holder of Securities of such series at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 308. Persons Deemed Owners.

The Company, the Trustee, any Paying Agent, any Authenticating Agent and any other agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of (and premium, if any) and (subject to Section 307) interest on such Security and for all other purposes whatsoever, whether or not any payment with respect to such Security be overdue, and neither the Company, the Trustee, any Paying Agent, any Authenticating Agent nor any other agent of the Company or the Trustee shall be affected by notice to the contrary.
None of the Company, the Trustee, any Paying Agent, any Authenticating Agent, or any other agent of the Company or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests, and they shall be fully protected in acting or refraining from acting on any information provided by the Depository.

Notwithstanding the foregoing, with respect to any Global Security, nothing herein shall prevent the Company, the Trustee, any Paying Agent, any Authenticating Agent, or any other agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by a Depository or impair the operation of customary practices governing the exercise of the rights of the Depository (or its nominee) as Holder of such Global Security.

SECTION 309. Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange, or for credit against any sinking fund payment shall, if surrendered to the Company, the Security Registrar, any Paying Agent, any Authenticating Agent or any other agent of the Company, be delivered to the Trustee and, if not already canceled, shall be promptly canceled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by the Trustee. No Security shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Securities held by the Trustee shall be destroyed unless otherwise directed by a Company Order and a certificate of such destruction shall be delivered to the Company and to the Trustee.

SECTION 310. Computation of Interest.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.
ARTICLE FOUR
Satisfaction and Discharge

SECTION 401. Satisfaction and Discharge of Securities of any Series.

The Company shall be deemed to have satisfied and discharged and entire indebtedness on all the Securities of any particular series and the Trustee, upon Company request and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of such indebtedness, when

(1) Either

(A) All Securities of such series theretofore authenticated and delivered (other than (i) Securities of such series which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306 and (ii) Securities of such series for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in the last paragraph of Section 1003) have been delivered to the Trustee canceled or for cancellation; or

(B) All such Securities of such series not theretofore delivered to the Trustee canceled or for cancellation

(i) Have become due and payable, or

(ii) Will become due and payable at their Stated Maturity within one year, or

(iii) Are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving or notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii), or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose money in an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee canceled or for cancellation, including the principal of (and premium, if any) and interest on such Securities to the date of such deposit (in the case of Securities which have become due and

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payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) The Company has aid or caused to be paid all other sums payable with respect to the Securities of such series;

(3) The Company has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of the entire indebtedness on all Securities of such series have been complied with.

SECTION 402. Satisfaction and Discharge of Indenture.

Upon compliance by the Company with the provisions of Section 401 as to the satisfaction and discharge of each series of Securities issued hereunder, this Indenture shall cease to be of any further effect (except as otherwise provided herein). Upon Company Request (and at the same expense of the Company), the Trustee shall execute proper instruments acknowledging satisfaction and discharge of this Indenture. In the event there are two or more Trustees hereunder, then the effectiveness of any such instrument shall be conditioned upon receipt of such instruments from all Trustees hereunder.

Notwithstanding the satisfaction and discharge of this Indenture, any obligations of the Company under Section 606 and 611 and of the Trustee under Section 403 and the last paragraphs of Section 1003 and Section 1305, shall survive, and any obligations of the Company under Sections 305, 306, 608, and 1002 with respect to the Securities of a series shall survive until the Maturity of such series.

SECTION 403. Application of Trust Money.

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of all sums due and to become due with respect to Securities for which such money has been deposited for principal (and premium, if any) and interest; but such money need not be segregated from other funds except to the extent required by law.
ARTICLE FIVE

Remedies

SECTION 501. Events of Default; Defaults.

“Event of Default,” wherever used herein, with respect to Securities of any series means any one of the following event (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or other of any court or any order, rule or regulation of any administrative or governmental body):

(1) Default in the payment of any interest on any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

(2) Default in the payment of the principal of (or premium, if any, on) any Security of that series at its Maturity; or

(3) Default in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series; or

(4) Default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in the performance or the breach of which is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of a series of Securities other than that series), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25 percent in principal amount of the Outstanding Securities of that series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder; or

(5) The entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law of (B) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composting of or in respect of the Company under...
any applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(6) The commencement by the Company of a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company to the entry of a decree or order for relief in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by the Company of a petition or answer or consent seeking reorganization or relief under an applicable federal or state law, or the consent by the Company to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by the Company of an assignment for the benefit of creditors, or the admission by the Company in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action; or

(7) Any other Event of Default provided pursuant to Section 301 with respect to Securities of that series.

SECTION 502. Acceleration of Maturity; Rescission and Annulment.

If any Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then and in every such case the Trustee or the Holders of not less than 25 percent in principal amount of the Outstanding Securities of that series may declare the principal (or, if the Securities, such portion of the principal as may be specified in the terms of that series) of all the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal (or specified portion thereof) shall become immediately due and payable. Upon payment of such
amount, all obligations of the Company in respect of the payment of principal of the Securities of such series shall terminate.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of not less than a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) The Company has paid or deposited with the Trustee a sum sufficient to pay

(A) All overdue installments of interest on all Securities of that series,

(B) The principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates borne by or provided for in such Securities,

(C) To the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates borne by or provided for in such Securities, and

(D) All sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) All Events of Default with respect to Securities of that series, other than the nonpayment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if

(1) Default is made in the payment of any installment of interest on any Security of any series when such interest becomes due and payable and such default continues for a period of 30 days, or
(2) Default is made in the payment of the principal of (or premium, if any, on) any Security of any series at the Maturity thereof,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of Securities of such series, the whole amount then due and payable on Securities of such series for principal (and premium, if any) and interest, with interest upon the overdue principal (and premium, if any) and, to the extent that payment of such interest shall be legally enforceable, upon overdue installments of interest, at the rate or rates borne by or provided for in such Securities; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of the Securities of such series by such appropriate judicial proceedings as the trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or such Securities or in aid of the exercise of any power granted herein or therein, or to enforce any other proper remedy.

SECTION 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of any overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,
To file and prove a claim for the whole amount of principal (or with respect to Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of such Securities), and premium, if any, and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

To collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 606.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim or any Holder in any such proceeding.

SECTION 505. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or
dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee and any predecessor Trustee under Section 606;

SECOND: To the payment of the amounts then due and unpaid for principal of (and premium, if any) and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal (and premium, if any) and interest, respectively; and

THIRD: The balance, if any, to the Person or Persons entitled thereto.

SECTION 507. Limitation on Suits.

No Holder of any Securities of any series shall have any right to institute and proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(1) Such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to Securities of that series;

(2) The Holders of not less than 25 percent in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) Such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) The Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) No direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;
it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue or, or by
availing of, any provision of this Indenture or any Security to affect, disturb or prejudice the rights of any other such Holders
or Holders of Securities of any other series, or to obtain or to seek to obtain priority or preference over any other Holders or
to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the
Holders.

SECTION 508. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is
absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Section 307)
interest, if any, on such Security on the respective Stated Maturities specified in such Security (or, in the case of redemption,
on the Redemption Date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired
without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and
such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to
such Holder, then and in every such case. Subject to any determination in such proceeding, the Company, the Trustee and the
Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies
of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated destroyed, lost or stolen
Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the
Holders is intended to be exclusive of any other right of remedy, and every right and remedy shall, to the extent permitted by
law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in
equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the
concurrent assertion or employment of any other appropriate right or remedy.
SECTION 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 512. Control by Holders.

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or owner conferred on the Trustee, with respect to the Securities of such series, provided that

(1) Such direction shall not be in conflict with any rule of law, with this Indenture or with the Securities of any such series; and

(2) The Trustee may take any other action deemed proper by the Trustee which is no inconsistent with such direction.

SECTION 513. Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may, on behalf of the Holders of all the Securities of such series, waive any past default hereunder with respect to such series and its consequences, except a default

(1) In the payment of the principal of (or premium, if any) on interest, if any, on any Security of such Series; or

(2) In respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.
SECTION 514. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered, or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, in the manner and to the extent provided in the Trust Indenture Act; provided that neither this Section nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Company.

SECTION 515. Waiver of Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may effect the covenants or the performance of this Indenture; and the Company (to the extent that it may be lawfully do so) hereby expressly waives all benefit or advantage or any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX
The Trustee

SECTION 601. Certain Rights of Trustee.

Subject to Sections 315(a) through 315(d) of the Trust Indenture Act:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) Any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order (in each case, other than delivery of any Security to the Trustee for authentication and delivery pursuant to Section 303, which shall be sufficiently evidenced as provided therein) and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;
(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers’ Certificate;

(d) The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by or pursuant to this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine, during business hours and upon reasonable notice, the books, records and premises of the Company, personally or by agent or attorney;

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any Authenticating Agent; and

(h) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.
SECTION 602. Notice of Defaults.

Within 90 days after the occurrence of any default hereunder with respect to the Securities of any series, the Trustee shall transmit by mail to all Holders of Securities of such series, as their names and addresses appear in the Security Register, notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that except in the case of a default in the payment of the principal of (or premium, if any) or interest, if any, on any Security of such series or in the payment of any sinking fund installment with respect to Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders of Securities of such series; and provided, further, that in the case of any default of the character specified in Section 501(4) with respect to Securities of such series, no such notice to Holders shall be given until at least 60 days after the occurrence thereof. For the purpose of this Section, the term “default” means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

SECTION 603. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except in the certificates of authentication, shall be taken as the statements of the Company, and neither the Trustee nor an Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Securities and perform its obligations hereunder and that the statements made by it in a Statement of Eligibility and Qualification on Form T-1 supplied to the Company are true and accurate, subject to the qualifications set forth therein. Neither the Trustee nor any Authentication Agent shall be accountable for the use of application by the Company of the Securities or the proceeds thereof.

SECTION 604. May Hold Securities.

The Trustee, any Paying Agent, Authenticating Agent, Security Registrar or any other agent of the Trustee or the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 310(b) and 311 of the Trust Indenture Act, may otherwise deal with the Company with the same rights it would have if it were not
SECTION 605. Money Held in Trust.

Except as provided in Section 1003, money held by the Trustee or any Paying Agent in trust hereunder need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 606. Compensation and Reimbursement.

The Company agrees:

(1) To pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) Except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbarments of its agents and counsel and any Authenticating Agent), except any such expense, disbursement or advances as may be attributable to its negligence or bad faith; and

(3) To indemnify the Trustee and its agents for, and to hold them harmless against, any loss, liability or expense incurred without negligence or bad faith on their art, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending themselves against any claim or liability in connection with the exercise or performance of any or their powers or duties hereunder.

As security for the performance of the obligations of the Company under this Section, the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (and premium, if any) or interest on Securities.
SECTION 607. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a corporation permitted by the Trust Indenture Act to act as trustee under an indenture qualified under the Trust Indenture Act and that has a combined capital and surplus (which may be determined pursuant to Section 301(a)(2) of the Trust Indenture Act) of at least $20,000,000. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 608. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 609.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Company.

(d) If at any time:

(1) The Trustee shall cease to be eligible under Section 607 and shall fail to resign after written request therefore by the Company or by any Holder who has been a bona fide Holder of a Security of such series for at least six months; or

(2) The Trustee shall (a) become incapable of acting with respect to any series of Securities or (b) be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, (i) the Company by or pursuant to a Board Resolution may remove the Trustee with respect, in the case of (a) above, to the Securities of such series, and, in the
case of (b) above, to all Securities or (ii) any Holder who has been a bona fide Holder, in the case of (a) above, of a Security of such series and, in the case of (b) above, of any security, for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee with respect to such series or all Securities, as the case may be.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by or pursuant to a Board Resolution, shall promptly appoint a Successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one ore more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 609. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee will respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 309, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders of Securities of such series and accepted appointment in the manner required by Section 609, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all other similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series by mailing written notice of such event by first-class mail, postage prepaid, to all Holders of Securities of such series as their names and addresses appear in the Security Register. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.
(a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its claim, if any, provided for in Section 606.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain which provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart form and trust or trusts hereunder administered by any other such Trustee; and, upon the execution and delivery of such supplemental indenture, the resignation or removal of the retiring Trustee shall become effective to the extent provided therein, such retiring Trustee shall, with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, have no further responsibility for the exercise of rights and powers or for the performance of the duties and obligations vested in the Trustee.
under this Indenture other than as hereinafter set forth, and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, subject nevertheless to its claim, if any, provided for in Section 606.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 610. Merger, Conn, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting form any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 611. Appointment and Qualification of Authentication Agent.

At any time when any of the Securities remain Outstanding, the Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate and deliver Securities of that or those series issued upon original time, exchange, registration of transfer or partial redemption thereof or pursuant to Section 306, and
Securities so authenticated and delivered shall be entitled to the benefits of the Indenture and shall be valid and obligatory for all purposes as if authenticated and delivered by the Trustee hereunder. Wherever reference is made in this indenture to the authentication and delivery of Securities by the Trustee or the Trustee’s certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by and Authenticating Agent and certificate of authentication executed on behalf of the Trustee by an Authentication Agent.

Each such Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation that would be permitted by the Trust Indenture Act to act as trustee under an indenture qualified under the Trustee Indenture Act, is authorized under applicable law and its charter to act as an Authenticating Agent and has a combined capital and surplus (which may be determined pursuant to Section 310(a)(2) of the Trust Indenture Act) of at least $20,000,000. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which any Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of any Authenticating Agent, shall continue to be the Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

Any Authenticating Agent may resign at any time by giving written notice of resignation to the Trustee and to the Company. The Trustee at any time may, or in case at any time any Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee promptly shall, terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company. Upon such a resignation or termination, the Trustee may appoint a successor Authenticating Agent which must be acceptable to the Company and shall mail notice of such appointment go all Holders of Securities of the series with respect to which such Authenticating Agent, will serve as the names and address of such Holders appear in the Security Register. Any successor Authenticating Agent, upon acceptance of its appointment hereunder, shall become vested with all the rights, powers, duties and responsibilities of its predecessor hereunder, with like effect as if originally named.
as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section, and the Trustee shall be entitled to reimbursement for such payments in accordance with the provisions of Section 606. The provisions of Sections 104, 308, 601, 603, and 606(3) shall also be applicable to any Authenticating Agent.

If an appointment with respect to one or more series of Securities is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to or in lieu of the Trustee’s certificate of authentication, an alternate certificate of authentication in the following form:

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

The Chase Manhattan Bank (National Association), as Trustee

By____________________________
as Authenticating Agent

for the Trustee

By____________________________

Authorized Officer

ARTICLE SEVEN

Holders’ Lists and Reports by Trustee and Company

SECTION 701. Company to Furnish Trustee Names and Addresses of Holders

In accordance with Section 312(a) of the Trust Indenture Act, the Company will furnish or cause to be furnished to the Trustee with respect to the Securities of each series (a) semi-annually, either (i) not later than June 30 and December 31 in each year in the case of Original Issue Discount Securities which by their terms bear interest only after Maturity, or (ii) not later than 15 days after each Regular Record Date in the case of Securities of any other series, if and so long as Securities of such series are Outstanding, and (b) at such other times as the Trustee may request in writing, within 30 days after receipt by the Company of any such request, a list in such form as the Trustee may reasonable require containing all the information in the possession or control of the Company, or any of its Paying Agents other than the Trustee, as to the names and
addresses of the Holders of such series; provided, however, that no such list need be furnished if the Trustee shall be the Security Registrar. Any such list shall be dated as of a date nor more than 15 days prior to the time such information is furnished or caused to be furnished and need not include information received after such date; provided, however, that with respect to any list furnished pursuant to subclause (a)(ii) above, any such list shall be dated as of the Regular Record Date.

SECTION 702. Preservation of Information; Communications to Holders.

The Trustee shall comply with the obligations imposed upon it pursuant to Section 312 of the Trust Indenture Act.

Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any Paying Agent nor any Security Registrar shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with Section 312 of the Trust Indenture Act, regardless of the source from which such information was derived and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 312(b) of the Trust Indenture Act.

SECTION 703. Reports by Trustee.

(a) Within 60 days after February 1 of each year, if required by Section 313(a) of the Trust Indenture Act, the Trustee shall transmit, pursuant to Section 313(c) of the Trust Indenture Act, a brief report dated as of such February 1 with respect to any of the events specified in said Section 313(a) which may have occurred since the later of the immediately preceding February 1 and the date of this Indenture.

(b) The Trustee shall transmit the reports required by Section 313(b) of the Trust Indenture Act at the times specified therein.

(c) Reports pursuant to this Section shall be transmitted in the manner and to the Persons required by Sections 313(c) and 313(d) of the Trust Indenture Act.

SECTION 704. Reports by Company.

The Company, pursuant to Section 314(a) of the Trust Indenture Act, shall:

(1) File with the Trustee, within 15 days after the Company is required to file the same with the
Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time be rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it shall file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) File with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) Transmit to the Holders within 30 days after the filing thereof with the Trustee, in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act, such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

ARTICLE EIGHT
Consolidation, Merger, Conveyance, Transfer or Lease

SECTION 801. Company May Consolidate, Etc., Only on Certain Terms.

The Company shall not consolidate with or merge into any other corporation or convey, transfer, or lease its properties and assets substantially as an entirety to any Person, and the Company shall not permit any Person to consolidate with or merge into the Company or to convey, transfer, or lease its properties and assets substantially as an entirety to the Company, unless;

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(1) In case the Company shall consolidate with or merge into another corporation or convey, transfer, or lease its properties and assets substantially as an entirety to any Person, the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States, any State thereof, or the District of Columbia and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest, if any, on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) Immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Company or a Subsidiary as a result of such transaction as having been incurred by the Company or the Subsidiary at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing;

(3) If, as a result of any such consolidation or merger or such conveyance, transfer or lease, properties or assets of the Company would become subject to a mortgage, ledge, lien, security interest or other encumbrance which would not be permitted by Section 1005, the Company or such successor corporation, as the case may be, shall take such steps as shall be necessary effectively to secure the Securities equally and ratably with (or prior to) all indebtedness secured thereby; and

(4) Either the Company or the successor corporation shall have delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, merger (other than a merger with a Restricted Subsidiary in which the Company is the surviving corporation), conveyance, transfer, or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

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SECTION 802. Successor Corporation Substituted.

Upon any consolidation or merger or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein; and thereafter, except in the case of a lease, the predecessor corporation shall be released from all obligations and covenants under this Indenture and the Securities.

ARTICLE NINE
Supplemental Indentures

SECTION 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company (when authorized by or pursuant to a Board Resolution) and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) To evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

(2) To add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company; or

(3) To add any additional Events of Default with respect to all or any series of Securities (as shall be specified in such supplemental indenture); or

(4) To add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons; or
(5) To change or eliminate any of the provisions of this Indenture, provided that any such change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; or

(6) To secure the Securities; or

(7) To establish the form or terms of Securities of any series as permitted by Sections 201 and 301; or

(8) To evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 609; or

(9) To cure and ambiguity, to correct or supplemental any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided such action shall not adversely affect the interests of the Holders of Securities of any series in any material respect.

SECTION 902. Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company (when authorized by or pursuant to a Board Resolution) and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any or the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) Change the Stated Maturity of the principal of, or any premium or installment of interest on, any Security, or reduce the principal amount thereof or the rate or interest thereon or any premium payable upon redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon a declaration of
acceleration of the Maturity thereof pursuant to Section 502, or change the Place of Payment where, or the coin or currency in which, any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date) or change the provisions made for the covenant applicable to any Security; or

(2) Reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (or compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture; or

(3) Modify any of the provisions of this Section, Section 513 or Section 1009, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenants or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 903. Execution of Supplemental Indentures.

As a condition to executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 315 of the Trust Indenture Act) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and that such supplemental indenture, when executed and delivered by the Company, will constitute a valid and binding obligation of the
Company in accordance with its terms. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee’s own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of an Security theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 905. Reference in Securities to Supplemental Indentures.

Securities of any series authenticated and delivered after this execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series without charge to the Holders.

ARTICLE TEN
Covenants

SECTION 1001. Payment of Principal, Premium and Interest.

The Company will duly and punctually pay the principal of (and premium, if any) and interest, if any, on the Securities of each series in accordance with the terms of the Securities of such series and this Indenture.

SECTION 1002. Maintenance of Office or Agency.

The Company will maintain an office or agency in each Place of Payment for any series of Securities where Securities of that series may be presented or surrendered for payment where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. Unless otherwise designated by the Company in written notice to the
Trustee, the Place of Payment shall be the Borough or Manhattan, City of New York, New York, and such office or agency in such Place of Payment shall be the Corporate Trust Office of the Trustee therein. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee and, effective at that time, the Company hereby appoints the Trustee as its agent to receive all presentations, surrenders, notices and demands under this Indenture.

The Company may also from time to time designate one or more other offices or agencies (in or outside the Borough of Manhattan, City of New York, New York) where the Securities of one or more series may be presented or surrendered for any of or all the purposes specified above in this Section, and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 1003. Money for Securities Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of (and premium, if any) or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay such principal (and premium, if any) or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, on or prior to each due date of the principal of (and premium, if any) or interest on any Securities of that series, deposit with any Paying Agent for that series a sum sufficient to pay such principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled thereto and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to
the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) Hold any sums held by it for the payment of the principal of (and premium, if any) or interest on Securities of that series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) Give the Trustee notice of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment of principal (and premium, if any) or interest on the Securities of that series; and

(3) At any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any) or interest on any Security of any series and remaining unclaimed for two years after such principal (and premium, if any) or interest has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company, mail to the Holders at their addresses as set forth in the Security Register, or cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation at each Place of Payment with respect to Securities of such series, notice that such money remains unclaimed and
that, after a date specified therein, which shall not be less than 30 days from the date of such publication or mailing, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. Corporate Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (character and statutory) and material franchises; provided, however, that the Company shall not be required to receive any such right or franchise if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION 1005. Restrictions on Secured Debt.

After the date hereof, the Company will not itself, and will not permit any Restricted Subsidiary to, create, incur, issue, assume or guarantee any loans, whether or not evidenced be negotiable instruments or securities, or any notes, bonds, debentures or other similar evidences of indebtedness for money borrowed (such loans, and such notes, bonds, debentures or other similar evidences of indebtedness for money borrowed being hereinafter in this Section called “Debt”), secured by pledge of or mortgage or lien on, any Principal Property of the Company or any Restricted Subsidiary or any shares of Capital Stock of or Debt of any Restricted Subsidiary (such mortgages, pledges and liens being hereinafter in this Section called “Mortgage” or “Mortgages”), without effectively providing that the Securities (together with, if the Company shall so determine, any other Debt of the Company or such Restricted Subsidiary then existing or thereafter created which is not subordinate to the Securities) shall be secured equally and ratably with (or, at the option of the Company, prior to) such secured Debt, so long as such secured Debt shall be so secured, unless, after giving effect thereto, the aggregate amount of all Debt secured by Mortgages plus all Attributable Debt of the Company and its Restricted Subsidiaries with respect to sale and leaseback transactions to which Section 1006 is applicable would not exceed 10% of Consolidated Net Tangible Assets; provided, however, that this Section 1005 shall not apply to, and there shall be excluded from Debt secured by Mortgages in any computation under this Section 1005 or Section 1006, Debt secured by:

1. Mortgages on property of, or on any shares of Capital Stock of or Debt of, any corporation existing at the time such corporation becomes a Restricted Subsidiary;
(2) Mortgages in favor of the Company or any Restricted Subsidiary;

(3) Mortgages in favor of any governmental body to secure progress, advance or other payments pursuant to any contract or provision of any statute;

(4) Mortgages on property, shares of Capital Stock or Debt existing at the time of acquisition thereof, or to secure the payment of all or any part of the purchase price thereof or construction thereon or to secure any Debt incurred prior to, at the time of, or within 180 days after the later of the acquisition of such property, shares of Capital Stock or Debt or the completion of construction for the purpose of financing all or any part of the purchase price thereof or construction thereon; provided, however, that if such financing is in connection with the acquisition of any Timberlands, and the Board of Directors has determined, within 180 days of such acquisition, the Company will seek such financing (from a lender or investor not including the Company or any Subsidiary), then the applicable Mortgage shall be deemed to be included in this Clause (4) if such Mortgage is created within a further 180 days after the end of such first 180-day period.

(5) Mortgages securing obligations issued by a State, territory or possession of the United States, or any political subdivision of any of the foregoing, or the District of Columbia, to finance the acquisition or construction of property, and on which the interest is not in the opinion of tax counsel of recognized standing or in accordance with a ruling issued by the Internal Revenue Service, includable in gross income of the holder by reason of Section 103(a) of the Internal Revenue Code of 1986, as amended (or any successor to such provision), as in effect at the time of the issuance of such obligations; or

(6) Any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Mortgage referred to in the foregoing Clauses (1) through (5), inclusive; provided, however, that such extension, renewal or replacement Mortgage shall be limited to all or part of the same property, shares of Capital Stock or Debt that secured the Mortgage extended, renewed or replaced (plus improvements on such property).

For purposes of this Section 1005 and Sections 1006 and 1007, an “acquisition” of property (including real, personal...
intangible property or shares of Capital Stock or Debt) shall include any transaction or series of transactions by which the Company or a Restricted Subsidiary acquires, directly or indirectly, an interest, or an additional interest (to the extent thereof), in such property, including without limitation an acquisition of an interest in, a Person owning an interest in such property.

SECTION 1006. Restrictions on Sales and Leasebacks.

After the date hereof, the Company will not itself, and will not permit any Restricted Subsidiary to, enter into any transaction with any bank, insurance company or other lender or investor, or to which any such bank, company, lender or investor is a party, providing for the leasing by the Company or a Restricted Subsidiary of any Principal Property which has been or is to be sold or transferred by the Company or any Restricted Subsidiary to such bank, company, lender or investor, or to any person to whom funds have been or are to be advanced by such bank, company, lender or investor on the security of such Principal Property (herein referred to as a “sale and leaseback transaction”) unless, after giving effect thereto, the aggregate amount of all Attributable Debt with respect to such sale and leaseback transactions plus all Debt secured by Mortgages to which Section 1005 is applicable would not exceed 10 percent of Consolidated Net Tangible Assets, provided, however, that this Section 1006 shall not apply to, and there shall be excluded from Attributable Debt in any computation under this Section 1006 or Section 1005, Attributable Debt with respect to any sale and leaseback transaction if:

1. The lease in such sale and leaseback transaction is not a period, including renewal rights, of not in excess of three years;

2. The Company or a Restricted Subsidiary, within 180 days after the sale or transfer shall have been made by the Company or by a Restricted Subsidiary, applies an amount equal to the greater of the net proceeds of the sale of the Principal Property leased pursuant to such arrangement or the fair market value of the Principal Property so leased at the time of entering into such arrangements (as determined in any manner approved by the Board of Directors) to (a) the retirement of Funded Debt of the Company ranking on a parity with or senior to the Securities, or the retirement of Funded Debt of Restricted Subsidiary; provided, however, that the amount to be applied to the retirement of such Funded Debt of the Company or a Restricted Subsidiary shall be reduced by (i) the principal amount of any Securities (or other notes or debentures constituting such Funded Debt) delivered within such 180-day period to the
Trustee or other applicable trustee for retirement and cancellation (for purposes of making such calculation, the principal amount of Original Issue Discount Securities so retired or canceled shall mean the portion thereof that could have been declared due and payable pursuant to Section 502 at the time retired and canceled) and (ii) the principal amount of such Funded Debt, other than items referred to in the preceding Clause (i), voluntarily retired by the Company or a Restricted Subsidiary within 180 days after such sale; and provided, further, that, notwithstanding the foregoing, no retirement referred to in this Clause (a) may be effected by payment at maturity or pursuant to any mandatory sinking fund payment or any mandatory prepayment provision, or (b) the purchase of other property which will constitute Principal Property having a fair market value, in the opinion of the Board of Directors, at least equal to the fair market value of the Principal Property leased in such sale and leaseback transaction;

(3) Such sale and leaseback transaction is entered into prior to, at the time of, or within 180 days after the later of the acquisition of the Principal Property or the completion of construction thereon; provided, however, that if such transaction is in connection with the acquisition of any Timberlands, and the Board of Directors of the Company has determined, within 180 days of such acquisition, that the Company will seek to enter into such transaction (with a lender or investor not including the Company or any Subsidiary), then such transaction shall be deemed to be included in this Clause (3) if such transaction is entered into within a further 180 days after the end of such first 180-day period;

(4) The lease in such sale and leaseback transaction secures or related to obligations issued by a State, territory or possession of the United States, or any political subdivision of any or the foregoing, or the District of Columbia, to finance the acquisition or construction of property, and on which the interest is not, in the opinion of tax counsel of recognized standing or in accordance with a ruling issued by the Internal Revenue Service, includable in gross income of the holder by reason of Section 103(a) of the Internal Revenue Code of 1986, as amended (or any successor to such provision), as in effect at the time of the issuance of such obligations; or
(5) Such sale and leaseback transaction is entered into between the Company and a Restricted Subsidiary or between Restricted Subsidiaries.

SECTION 1007. Restrictions on Funded Debt of Restricted Subsidiaries.

The Company will not permit any Restricted Subsidiary to create, incur, issue, assume or guarantee any Funded Debt unless, after giving effect thereto, the aggregate principal amount of all such Funded Debt of all Restricted Subsidiaries would not exceed 10 percent of Consolidated Net Tangible Assets; provided, however, that this Section 1007 shall not apply to and there shall be excluded from Funded Debt in any computation under this Section 1007:

1. Funded Debt owed to the Company or a Restricted Subsidiary;

2. Funded Debt secured by Mortgages permitted under Section 1005;

3. Funded Debt of any corporation existing at the time such corporation becomes a Restricted Subsidiary;

4. Funded Debt of any Person outstanding at the time of its acquisition, or the acquisition of substantially all its assets, by such Restricted Subsidiary;

5. Funded Debt constituting Attributable Debt permitted under Section 1006; or

6. Any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of not more than an equal principal amount of any Funded Debt (or any other indebtedness which at the time of its creation was Funded Debt) referred to in the foregoing Clauses (1) through (5), inclusive.

SECTION 1008. Statement by Officers as to Default.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company ending after the date hereof, an Officers’ Certificate, stating whether or not to the best knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions, and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in default, specifying
SEC 1009. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any covenant or condition set forth in Section 1005 to 1007, inclusive, with respect to the Securities of any series if before or after the time for such compliance the Holders of not less than a majority in principal amount of the Securities of such series at the time Outstanding shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

ARTICLE ELEVEN
Redemption of Securities

SECTION 1101. Applicability of Article.

Redemption of Securities of any series at the election of the Company as permitted or required by the terms of such Securities shall be made in accordance with the terms of such Securities and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

SECTION 1102. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by or pursuant to a Board Resolution. In case of any redemption at the election of the Company of less than all the Securities of any series, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date and of the principal amount and tenor of Securities of such series to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers’ Certificate evidencing compliance with such restriction.

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SECTION 1103. Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities of any series are to be redeemed, the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal amount of Securities of such series; provided, however, that no such partial redemption shall reduce the portion of the principal amount of a Security not redeemed to less than the minimum authorized denomination for Securities of that series. If the Securities are to be redeemed consist of Securities having different Stated Maturities or different rates of interest (or methods of computing interest), then the Company may, by written notice to the Trustee, direct that the Securities of such series to be redeemed shall be selected from among groups of such Securities have specified Stated Maturities or rates of interest (or methods of computing interest) and the Trustee shall thereafter select the particular Securities to be redeemed in the manner set forth above from among the groups of such Securities so specified.

The Trustee shall promptly notify the Company and the Security Registrar (if other than itself) in writing of the Securities selected for redemption and, in the case of any Security selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION 1104. Notice of Redemption.

Notice of redemption shall be given in the manner provided in Section 106, not less than 30 nor more than 60 days prior to the Redemption Date, unless a shorter period is specified in the Securities to be redeemed, to each Holder of Securities to be redeemed.

All notices of redemption shall state:

(1) The Redemption Date;

(2) The Redemption Price;
(3) If less than all the Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Securities to be redeemed;

(4) That, on the Redemption Date, the Redemption Price will become due and payable upon each such Security or portion thereof to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date;

(5) The place or places where such Securities are to be surrendered for payment of the Redemption Price; and

(6) That the redemption is for a sinking fund, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company’s request, by the Trustee in the name and at the expense of the Company.

SECTION 1105. Deposit of Redemption Price.

On or prior to any Redemption Date, the Company shall deposit in trust with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date accrued interest, if any, on, all the Securities or portions thereof which are to be redeemed on that date.

SECTION 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided, however, that installments of interest whose Stated Maturity if on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the Regular Record Dates therefore according to their terms and the provisions of Section 307.
If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate or rates prescribed therefore is such Security.

SECTION 1007. Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at an office or agency of the Company designated for that purpose pursuant to Section 1002 (with, if the Company, the Trustee or the Security Registrar so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company, the Trustee or the Security Registrar duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series, of like tenor and of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered. If a Global Security is so surrendered, the Company shall execute, and the Trustee shall authenticate and deliver to the Depository for such Global Security, without service charge, a new Global Security in a denomination equal to and in exchange for the unredeemed portion of the principal of the Global Security so surrendered.

ARTICLE TWELVE

Sinking Funds

SECTION 1201. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 301 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of the Securities of any series is herein referred to as a “mandatory sinking fund payment”, and any payment in excess or such minimum amount provided for by the terms of Securities of any series is herein referred to as an “optional sinking fund payment.” If provided for by the terms of Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.
SECTION 1202. Satisfaction of Sinking Fund Payments with Securities.

The Company may, in satisfaction of all or any party of any sinking fund payment with respect to the Securities of any series to be made pursuant to the terms of such Securities, (1) deliver Outstanding Securities of such series (other than any previously called for redemption) and (2) apply as a credit Securities of such series which have been redeemed (or called for redemption and for which the Redemption Price, together with accrued interest, if any, has been deposited pursuant to Section 1105) either at the election of the Company pursuant to the terms of such Securities; provided that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

SECTION 1203. Redemption of Securities for Sinking Fund.

Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers’ Certificate specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 1202, and the optional amount, if any, to be added in cash to the next ensuing mandatory sinking fund payment, and will also deliver to the Trustee any Securities to be credited and not theretofore so delivered. If such Officers’ Certificate shall specify an optional amount be added to the next ensuing mandatory sinking fund payment, the Company shall thereupon be obligated to pay the amount therein specified. Not less than 45 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. The Company shall deposit the amount of cash, if any, required for such sinking fund payment in the manner provided in Section 1105. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.
ARTICLE THIRTEEN
Defeasance and Covenant Defeasance

SECTION 1301. Applicability of Article; Company’s Option to Effect Defeasance or Covenant Defeasance.

If pursuant to Section 301 provision is made for either or both of (a) defeasance of the Securities of a series under Section 1302 or (b) covenant defeasance of the Securities of a series under Section 1303, then the provisions of such Section or Sections, as the case may be, together with the other provisions of this Article Thirteen, shall be applicable to the Securities of such series, and the Company may at its option by Board Resolution, at any time, with respect to the Securities of such series, elect to have either Section 1302 (if applicable) be applied to the Outstanding Securities of such series upon compliance with the conditions set forth below in this Article Thirteen.

SECTION 1302. Defeasance and Discharge.

Upon the Company’s exercise of the above option applicable to this Section with respect to defeasance of the Outstanding Securities of a particular series, the Company shall be deemed to have been discharged from its obligations with respect to the Outstanding Securities of such series on and after the date the conditions precedent set forth below and satisfied (hereinafter, “defeasance”). For this purpose, such defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by the Outstanding Securities of such series and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of Securities of such series to receive, solely from the trust fund described in Section 1304 as more fully set forth in such Section, payments as set forth therein, (B) the Company’s obligations with respect to such Securities under Sections 304, 305, 306, 608, 1002, and 1003 and such obligations as shall be ancillary thereto, (C) the rights, powers, trusts, duties, immunities, indemnities, and other provisions in respect of the Trustee hereunder, and (D) this Article Thirteen. Subject to the compliance with this Article Thirteen, the Company may exercise its option under this Section 1302 notwithstanding the prior exercise of its option under Section 1303 with respect to the Securities of such series.
SECTION 1303. Covenant Defeasance.

Upon the Company’s exercise of the above option applicable to this Section with respect to covenant defeasance of the Outstanding Securities of a particular series, the Company shall be released from its obligations under Sections 801, 1005, 1006, and 1007 (and any other covenant applicable to such Securities that is determined pursuant to Section 301 to be subject to covenant defeasance under this Section) and the occurrence of an event specified in Clause (4) of Section 501 with respect to any of Sections 801, 1005, 1006, or 1007 (and any other Event of Default applicable to such Securities that is determined pursuant to Section 301 to be subject to covenant defeasance under this Section) shall not be deemed to be an Event of Default with respect to the Outstanding Securities of such series on and after the date the conditions set forth below are satisfied (hereinafter, “covenant defeasance”). For this purpose, such covenant defeasance means that, with respect to the Outstanding Securities of such series, the Company may omit to comply with and shall have no liability in respect of any term, condition, or limitation set forth in any such Section or Clause whether directly or indirectly by reason of any reference elsewhere herein to any such Section or Clause or by reason of any reference to any such Section or Clause to any other provision herein or in any other document, but the remainder of this Indenture and such Securities shall be unaffected thereby.

SECTION 1304. Conditions to Defeasance or Covenant Defeasance.

The following shall be the conditions precedent to application of either Section 1302 or Section 1303 to the Outstanding Securities of a particular series:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 607 who shall agree to comply with the provisions of this Article Thirteen applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities, (A) money in an amount, or (B) Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (C) a combination thereof, sufficient, without reinvestment, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereto delivered to the Trustee, to pay and discharge, and which shall be applied by the
Trustee (or other qualifying trustee) to pay and discharge, (i) the principal of and any premium and interest on the Outstanding Securities of such series on the Stated Maturity of such principal, premium, or interest and (ii) any mandatory sinking fund payments of analogous payments applicable to the Outstanding Securities of such series on the day on which such payments are due in accordance with the terms of this Indenture and of such Securities. Before such a deposit, the Company may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date or dates in accordance with Article Eleven, which shall be given effect in applying the foregoing. For this purpose, “Government Obligations” means (A) with respect to any series of Securities the principal of and any premium and interest on which are payable in U.S. dollars securities that are (x) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (y) obligations of a Person the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933) as custodian with respect to any such Government Obligation or a specific payment of principal of or interest on any such Government Obligation held by such custodian for the account of the holder of such depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt form any amount received by the custodian in respect of the Government Obligation or the specific payment of principal of or interest on the Government Obligation evidenced by such depository receipt and (B) with respect to any other series of Securities, the meaning specified therefore pursuant to Section 301.

(2) No Event of Default or event which with notice or lapse of time or both would become an Event of Default with respect to the Securities of such series shall have occurred and be continuing (A) on the date of such deposit or (B) insofar as subsections 501(5) and (6) are concerned, at any time during the period ending on the 90th day after the date of such deposit or, if longer, ending on the day following the expiration of the longest preference period applicable to the Company in respect of such deposit (it being understood that the condition in this condition shall not be deemed satisfied until the expiration of such period).
(3) Such defeasance or covenant defeasance shall not (A) cause the Trustee for the Securities of such series to have a conflicting interest as provided in the Trust Indenture Act with respect to any securities of the Company or (B) result in the trust arising from such deposit to constitute, unless it is qualified as, a regulated investment company under the Investment Company Act of 1940, as amended.

(4) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound.

(5) In the case of an election under Section 1302, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (x) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (y) since the date of this Indenture there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the Outstanding Securities of such series will not recognize income, gain, or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amounts, in the same manner, and at the same times as would have been the case if such defeasance had not occurred.

(6) In the case of an election under Section 1303, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of the Outstanding Securities of such series will not recognize income, gain, or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner, and at the same times as would have been the case if such covenant defeasance had not occurred.

(7) Such defeasance or covenant defeasance shall be effected in compliance with any additional terms, conditions, or limitations which may be imposed on the Company in connection therewith pursuant to Section 301.

(8) The Company shall have delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to either the defeasance under Section 1302 or the covenant defeasance under

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Section 1303 (as the case may be) have been complied with.

(9) The Company shall have delivered to the Trustee an Officers’ Certificate to the effect that the Securities of such series, if listed on any securities exchange, will not be delisted as a result of such deposit.

SECTION 1305. Deposited Money and Government Obligations to be Held in Trust; Other Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 1003, all money and Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee—collectively, for purposes for this Section 1305, the “Trustee”) pursuant to Section 1304 in respect of the Outstanding Securities of such series shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (but not including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal, premium, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee, or other charge imposed on or assessed against the money or Government Obligations deposited pursuant to Section 1304 or the principal and interest received in respect thereof.

Anything herein to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or Government Obligations held by it as provided in Section 1304 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect an equivalent defeasance or covenant defeasance.

SECTION 1306. Reinstatement.

If the Trustee or the Paying Agent is unable to apply any money in accordance with Section 1302 or 1303 with respect to the Securities of any series by reason of any order or judgment of any court or governmental authority enjoining, restraining, or otherwise prohibiting such application, then the Company’s obligations under this Indenture and the Securities of such series shall be revived and reinstated as though no deposit
IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

WILLAMETTE INDUSTRIES, INC.

[SEAL] By /s/ J.A. Parson
Executive Vice President

Attest: /s/ Duane D. McDougall
Assistant Secretary

THE CHASE MANHATTAN BANK
(National Association), as Trustee

[SEAL] By /s/ __________
Vice President

Attest: /s/ __________
Assistant Secretary

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STATE OF OREGON )
 ) ss
COUNTY OF MULTNOMAH)

On this 4th day of February, 1993, before me, a Notary Public in and for said County and State, personally appeared
the within name J. A. PARSONS and DUANE C. McDOUGALL, to me known, who being first duly and severally sworn
did say that he, said J. A. Parsons, is Executive Vice President, and that he, said Duane C. McDougall, is Assistant Secretary
of WILLAMETTE INDUSTRIES, INC., one of the corporations described in and which executed the above instrument; that
the seal affixed to the foregoing instrument is the seal of said corporation; that said instrument is the seal of said corporation;
that said instrument was singed and sealed in behalf of said corporation by authority of its Board of Directors; and that J. A.
Parsons and Duane C. McDougall acknowledged and execution of said instrument to be the free act and deed of said
corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the date first hereinabove
written.

[SEAL]  /s/ Donna Wecker______  Notary Public for Oregon
My commission Expires: 12-17-95

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On this _____ day of _______, 1993, before me, a Notary Public in and for said County and State, personally appeared the within named __________________ and __________________, to me known who being first duly and severally sworn did say that he, said _______________________, is Vice President, and that he, said ________________________, is Assistant Secretary of THE CHASE MANHATTAN BANK (National Association), one of the corporations described in and which executed the above instrument; that the seal affixed to the foregoing instrument is the seal of said corporation; that said instrument was signed and sealed in behalf of said corporation by authority or its Board of Directors; and that _________________________ and __________________________, acknowledged the execution of said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the date first hereinabove written.

[SEAL] __________

NOTARY PUBLIC, State of New York
No. ____
Qualified in _____ County
Certificate Filed in Kings County Commission expires _____________
This First Supplemental Trust Indenture, dated as of March 12, 2002, among Willamette Industries, Inc., an Oregon corporation (the "Company"), Weyerhaeuser Company, a Washington corporation (the "Successor"), and J.P. Morgan Chase Bank, a New York Banking Corporation and the successor in interest to The Chase Manhattan Bank (National Association), as Trustee (the "Trustee").

**RECITALS**

A. On March 15, 1983, the Company and the Trustee entered into an Indenture providing for the issuance from time to time of the Company's unsecured debentures, notes or other evidences of indebtedness, to be issued in one or more series (the "1983 Indenture").

B. The Successor acquired the Company on February 11, 2002, when holders of approximately 97% of the Company's common stock, accepted the tender offer of Company Holdings, Inc., a Washington corporation ("CHI"), a wholly-owned subsidiary of the Successor.

C. The Successor intends to merge CHI with and into the Company with the Company as the surviving entity (the "First Merger").

D. Subsequent to the First Merger, the Successor intends to merge the Company into the Successor with the Successor as the surviving entity.

E. Section 901(1) of the 1983 Indenture provides that the Company and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities.

F. Section 901(9) of the 1983 Indenture provides that the Company and the Trustee may, without the consent of any Holder, enter into a supplemental indenture to cure any ambiguity or to make any other provisions with respect to matters or questions arising under the 1983 Indenture, provided such action shall not adversely affect the interests of the Holders of Securities in any series in any material respect.

G. The Company, the Successor and the Trustee desire to enter into this First Supplemental Trust Indenture to amend the 1983 Indenture in order to evidence the assumption by the Successor of the covenants of the Company and to cure ambiguities regarding the covenant to provide Company financial reports.
NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto agree as follows:

ARTICLE ONE

DEFINITIONS

Except as otherwise provided in this First Supplemental Trust Indenture, all words and terms defined in the 1983 Indenture shall have their same respective meanings in this First Supplemental Trust Indenture.

ARTICLE TWO

ASSUMPTION OF OBLIGATIONS OF THE COMPANY

Successor hereby assumes the due and punctual payment of the principal of (and premium, if any) and interest, if any, on all the Securities and the performance of every covenant of the 1983 Indenture on the part of the Company to be performed or observed.

ARTICLE THREE

AMENDMENTS TO THE 1983 INDENTURE

Section 3.1 Amendment to Section 802 of the 1983 Indenture.

Section 802 of the 1983 Indenture is hereby amended in its entirety to read as follows:

"Upon any consolidation by the Company with or merger by the Company into any other corporation or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 801, or upon the express assumption by any corporation holding a majority of the voting securities of the Company of due and punctual payment of the principal of (and premium, if any) and interest, if any, on all the Securities and the performance of every covenant of the 1983 Indenture on the part of the Company to be performed or observed, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made or which assumes such obligations shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein, and thereafter, except in the case of a lease, the Company (which term for this
purpose shall mean the Person name as the "Company" in the first paragraph of this Indenture or any successor corporation which shall theretofore have become such in the manner prescribed in this Article) shall be relieved of all obligations and covenants under this Indenture and the Securities and may be dissolved and liquidated."

ARTICLE FOUR

MISCELLANEOUS

Section 4.1 Indenture Confirmed.

Except as amended by this First Supplemental Trust Indenture, all of the provisions of the 1983 Indenture shall remain in full force and effect, and from and after the effective date of this First Supplemental Trust Indenture shall be deemed to have been amended as herein set forth.

Section 4.2 Severability

If any provision of this First Supplemental Trust Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent.

Section 4.3 Counterparts

This First Supplemental Trust Indenture may be executed in any number of counterparts (or upon separate signature pages bound together into one or more counterparts), each of which counterparts, when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument. Delivery of an executed signature page to this First Supplemental Trust Indenture by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this First Supplemental Trust Indenture.

Section 4.4 Governing Law

This First Supplemental Trust Indenture shall be governed by and construed in accordance with the laws of the State of New York.
IN WITNESS WHEREOF, the parties hereto have each caused this First Supplemental Trust Indenture to be executed by its duly authorized officer as of the date first set forth above.

WILLAMETTE INDUSTRIES, INC.

/s/ Jeffrey W. Nitta
By (print name): Jeffrey W. Nitta
Its: Vice President/Treasurer

WEYERHAEUSER COMPANY

/s/ Jeffrey W. Nitta
By (print name): Jeffrey W. Nitta
Its: Vice President/Treasurer

J.P. MORGAN CHASE BANK, a New York Banking Corporation, as Trustee

/s/ Jennifer Richardson
By (print name): Jennifer Richardson
Its: Vice President
MACMILLAN BLOEDEL LIMITED
TO
BANK OF MONTREAL TRUST COMPANY,
Trustee

Indenture

Dated as of January 15, 1996
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INDENTURE, dated as of January 15, 1996, between MacMillan Bloedel Limited, a corporation organized under the laws of British Columbia, Canada (herein called the “Company”), having its principal office at 925 West Georgia Street, Vancouver, British Columbia V6C3L2, Canada, and Bank of Montreal Trust Company, a corporation duly organized and existing under the laws of the State of New York, as Trustee (herein called the “Trustee”).

RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured debentures, notes or other evidences of indebtedness (herein called the “Securities”), to be issued in one or more series as in this Indenture provided

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE ONE
DEFINITIONS AND OTHER PROVISIONS
OF GENERAL APPLICATION

SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly of by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with Canadian generally accepted accounting principles, and, except as otherwise herein expressly provided, the term “Canadian generally accepted accounting principles” with respect to any computation requires or permitted
hereunder shall mean such accounting principles are as generally accepted in Canada at the date of such computation;

(4) unless the context otherwise requires, any reference to an “Article” or a “Section” refers to an
Article or a Section, as the case may be, of this Indenture; and

(5) the words “herein”, “hereof”, and “hereunder” and other words of similar import refer to this
Indenture as a whole and not to any particular Article, Section or other subdivision.

“Act”, when used with respect to any Holder, has the meaning specified in Section 104.

“Additional Amount” has the meaning specified in Section 1001.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or
under direct or indirect common control with such specified Person. For the purposes of this definition, “control”
when used with respect to any specified Person means the power to direct the management and policies of such
Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the
terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Authenticating Agent” means any Person authorized by the Trustee pursuant to Section 614 to act on behalf of
the Trustee to authenticate Securities of one or more series.

“Board of Directors” means either the board of directors of the Company or any duly authorized committee of
that board.

“Board Resolution” means a copy of a resolution certified by the Secretary or an Assistant Secretary of the
Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such
certification, and delivered to the Trustee.

“Business Day”, when used with respect to any Place of Payment, means each Monday, Tuesday, Wednesday,
Thursday and Friday which is not a day on which banking institution in that Place of Payment are authorized or
obligated by law or executive order to close.

“Commission” means the Securities and Exchange Commission, from time to time constituted, created under the
Exchange Act, or, if at any time after the execution of this instrument such Commission is not existing and
performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such
time.

“Company” means the Person names as the “Company” in the first paragraph of this instrument until a successor
Person shall have become such pursuant to the applicable
provisions of this Indenture, and thereafter “Company” shall mean such successor Person.

“Company Request” or “Company Order” means a written request or order signed in the name of the Company by its Chairman of the Board, its Vice Chairman of the Board, its President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee.

“Consolidated Common Shareholders’ Equity” means, as of any particular time, the Consolidated Shareholders’ Equity at that time less the amount, if any, of preferred share capital included therein, determined in accordance with Canadian generally accepted accounting principles.

“Consolidated Shareholders’ Equity” means, as of any particular time, the shareholders’ equity of the Company at that time determined on a consolidated basis in accordance with Canadian generally accepted accounting principles.

“Corporate Trust Office” means the principal office of the Trustee in the Borough of Manhattan, The City of New York at which at any particular time its corporate trust business shall be administered.

“corporation” means a corporation, association, company, joint-stock company or business trust.

“Covenant Defeasance” has the meaning specified in Section 1303.

“Defaulted Interest” has the meaning specified in Section 307.

“Defeasance” has the meaning specified in Section 1302.

“Depositary” means, with respect to Securities of any series issuable in whole or in part in the form of one or more Global Securities, a clearing agency registered under the Exchange Act that is designated to act as Depositary for such Securities as contemplated by Section 301.

“Dollar” or “$” means a dollar or other equivalent unit in such coin or currency of the United States of America as at the time shall be legal tender in such United States for the payment of public and private debts, except that “Cdn. $” means a dollar or other equivalent unit in such coin or currency of Canada as at the time shall be legal tender in Canada for the payment of public and private debts.

“Event of Default” has the meaning specified in Section 501.

“Exchange Act” means the Securities Exchange Act of 1934 and any statute successor thereto, in each case as amended from time to time.

“Expiration Date” has the meaning specified in Section 104.
“Foreign Currency” means a currency or cash issued by the government of any country other than the United States of America.

“Foreign Government Securities” means with respect to Securities of any series that are denominated in a Foreign Currency, non-callable (i) direct obligations of the government that issued such Foreign Currency for the payment of which obligations its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and action as an agency or instrumentality of such government, the timely payment of which obligations is unconditionally guaranteed as a full faith and credit obligation of such government.

“Global Security” means a Security that evidences all or part of the Securities of any series and bears the legend set forth in Section 204 (or such legend as may be specified as contemplated by Section 301 for such Securities),

“Holder” means a Person in whose name a Security is registered in the Security Register.

“Indebtedness for Borrowed Money” means any indebtedness for money borrowed but, for greater certainty, shall not include any indebtedness, liabilities or obligations of the Company or any Subsidiary under any lease by the Company or a Subsidiary, as lessee, or the liability, contingent or otherwise, of the Company of any Subsidiary under any guarantee in respect of a lease.

“Indenture” means this instrument as originally executed and as it may for time to time by supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively. The term “Indenture” shall also include the terms of particular series of Securities established as contemplated by Section 301.

“interest”, when used with respect to an Original Issue Discount which by its terms bears interest only after Maturity, means interest payable after Maturity.

“Interest Payment Date”, when used with respect to any Security, means the Stated Maturity or an installment of interest on such Security.

“Investment Company Act” means the Investment Company Act of 1940 and any statute successor thereto, in each case as amended from time to time.

“Material Subsidiary” means, as of any time, any Subsidiary whose total assets, determined on a consolidated basis if such Subsidiary itself has subsidiaries, in accordance with Canadian generally accepted accounting principles, represent more than 3 1/2% of the then Consolidated Shareholders’ Equity.
“Maturity”, when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

“Mortgage” means any mortgage, lien, hypothec, pledge, security interest, floating charge of other encumbrance.

“Notice of Default” means a written notice of the kind specified in Section 501(5) or 501(6) or in any Event of Default referred to in Section 501(9).

“Officers’ Certificate” means a certificate signed by the Chairman of the Board, a Vice Chairman of the Board, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee. One of the officers signed an Officers’ Certificate given pursuant to Section 1004 shall be the principal executive, financial or accounting officer of the Company.

“Opinion of Counsel” means a written opinion of counsel, who may be counsel for the Company, and who shall be acceptable to the Trustee.

“Original Issue Discount Security” means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

“Outstanding”, when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(1) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(2) Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice or such redemption has been duly given pursuant to this Indenture or provision therefore satisfactory to the Trustee has been made;

(3) Securities as to which Defeasance has been effected pursuant to Section 1302; and

(4) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been pre-
provided, however, that in determining whether the Holders of the requisite principle amount of the Outstanding Securities have given, made or taken any request, demand, authorization, direction, notice, consent, waiver or other action hereunder as of any date, (A) the principal amount of an Original Issue Discount Security which shall be deemed to by Outstanding shall be the amount of the principle thereof which would be due and payable as of such date upon acceleration of the Maturity thereof to such date pursuant to Section 502, (B) if, as of such date, the principal amount payable at the Stated Maturity of a Security is not determinable, the principal amount of such Security which shall be deemed to be Outstanding shall be the amount as specified or determined as contemplated by Section 301, (C) the principal amount of a Security denominated in one or more foreign currencies or currency units which shall be deemed to be Outstanding shall be the U.S. dollar equivalent, determined as of such date in the manner provided as contemplated by Section 301, of the principal amount of such Security (or, in the case of a Security described in Clause (A) or (B) above, of the amount determined as provided in such Clause), and (D) Securities owned by the Company or any other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee’s right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

“Paying Agent” means any Person authorized by the Company to pay the principal of or any premium or interest on any Securities on behalf of the Company.

“Person” means any individual, corporation, partnership, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Pine Hill Complex” means the facility generally know by the name consisting of the lands described in Schedule A-1 hereof and all buildings and other fixtures now or hereafter erected thereon or affixed thereto.

“Place of Payment”, when used with respect to the Securities of any series, means the place or places where the principal of and any premium and interest on the Securities of that series are payable as specified as contemplated by Section 301.

“Port Alberni Complex” means the facility generally known by that name consisting of the lands described in Schedule A-2 hereof and all buildings and other fixtures now or hereafter erected thereon or affixed thereto.
“Powell River Complex” means the facility generally known by that name consisting of the lands described in Schedule A-3 hereof and all buildings and other fixtures now or hereafter erected thereon or affixed thereto.

“Predecessor Security” of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

“Principal Plant” means

(1) each of the Pine Hill Complex, the Port Alberni Complex and the Powell River Complex, and

(2) each mill, converting plant and manufacturing plant, including the land on which it is constructed and all fixtures forming part thereof, acquired by the Company or any Subsidiary after the date, hereof, the book value of which, less all reserves for depreciation relating thereto, is, as at the time of determination thereof, is an amount not less than 15% of the then Consolidated Common Shareholders’ Equity.

“Principal Property” means each Principal Plant and each Timberland.

“Purchase Money Obligation” means any indebtedness incurred in respect of the cost of acquisition of any property or of the cost of construction or improvement of any property acquired, constructed or improved after the date hereof, which indebtedness existed at the time of acquisition or was created, issued, incurred, assumed or guaranteed contemporaneously with the acquisition, construction or improvement or within 180 days after the completion thereof.

“Redemption Date”, when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

“Redemption Price”, when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

“Regular Record Date” for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 301.

“Responsible Officer”, when used with respect to the Trustee, means the chairman or any vice-chairman of the board of directors, the chairman or any vice-chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, the secretary, any assistant secretary the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee
customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of the familiarity with the particular subject.

“Secretary”, when used with respect to the Company or the Trustee, means any secretary, whether or not designated by a number or a word or words added before or after the title “secretary”.

“Securities” has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

“Securities Act” means the Securities Act of 1933 and any statute successor thereto, in each case as amended from time to time.

“Security Register” and “Security Registrar” have the respective meanings specified in Section 305.

”Special” Record Date” for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 307.

“Stated Maturity”. When used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable.

“Subsidiary” means any corporation of which at least a majority of the outstanding shares having voting rights under ordinary circumstances to elect a majority of the board of directors of said corporation are owned by and for (a) the Company, (b) the Company and one or more Subsidiaries or (c) any one or more Subsidiaries.

“Timberland” mean any real property which

(1) is now or hereafter owned by the Company or any Subsidiary or in respect of which the Company or any Subsidiary now or hereafter has, under any lease, license or similar agreement, the right to cut and remove standing timber.

(2) is located within Canada or the continental United States of America, and

(3) contains standing timber which is (or upon completion of a growth cycle then in process is expected to become) of a commercial quantity and of merchantable quality;

other than (A) any such property which at the time of determination is held primarily for development or sale, and not primarily for the production of any lumber or other timber products; (B) any property which is not material importance to the total business conducted by the Company and its Subsidiaries as an entirety; (C) any portion of a
particular property which is similarly not of material importance to the use or operation of such property or (D) any oil, gas or other minerals or mineral rights.

“Trust Indenture Act” means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, “Trust Indenture Act” means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

“Trustee” means the Person named as the “Trustee” in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Trustee” shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, “Trustee” as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

“U.S. Government Obligation” means (x) any security which is (i) a direct obligation of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (ii) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case (i) or (ii), is not callable or redeemable at the option of the issuer thereof, and (y) any depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any U.S. Government Obligation which is specified in Clause (x) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal or interest evidenced by such depositary receipt.

“Vice President”, when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title “vice president”.

SECTION 102. Compliance Certificates and Opinions.

Upon any application or request by the Company of the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee such certificates and opinions as may be required under the Trust Indenture Act. Each such certificate or opinion shall be given in the form of an Officers’ Certificate, if to be given by an officer of the Company, or an Opinion of Counsel, if to be given by counsel, and shall comply with the requirements of the Trust Indenture Act and any other requirements set forth in this Indenture.
Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for certificates provided for in Section 1004) shall include,

1. a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

2. a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

3. a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

4. a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters are one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.
Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “Act” of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 601) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

The face and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The face and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other matter which the Trustee deems sufficient.

The ownership of Securities shall be proved by the Security Register.

Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefore or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee of the Company in reliance thereon, whether or not of such action is made upon such Security.

The Company may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to give, make or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given, made or taken by Holders of Securities of such series, provided that the Company may not set a record date for, and the provisions of this paragraph shall not apply with respect to, the giving or making of any notice, declaration, request or direction referred to in the next paragraph. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of the relevant series on such record date, and no other Holders, shall be entitled to take the relevant action, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be constructed to prevent the
Company from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and of no effect), and nothing in this paragraph, the Company, at its own expense, shall cause notice or such record date, the proposed action by Holders and the applicable. Expiration Date to be given to the Trustee in writing and to each Holder of Securities of the relevant series in the matter set forth in Section 106.

The Trustee may set any day as a record date for the purpose of determining the Holders of Outstanding Securities of any series entitled to join in the giving or making of (i) any Notice of Default, (ii) any declaration of acceleration referred to in Section 502, (iii) any request to institute proceedings referred to in Section 507(2) or (iv) any direction referred to in Section 512, in each case with respect to Securities of such series. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities of such series on such record date, and no other Holders, shall be entitled to join in such notice, declaration, request or direction, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken on or prior to the applicable Expiration Date by Holders of the requisite principal amount of Outstanding Securities of such series on such record date. Nothing in this paragraph shall be construed to prevent the Trustee from setting a new record date for an action for which a record date has previously set shall automatically and with no action by and Person be cancelled and of no effect), and nothing in this paragraph shall be construed to render ineffective any action taken by Holders of the requisite principal amount of Outstanding Securities of the relevant series on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Trustee, at the Company’s expense shall cause notice of such record date, the proposed action by Holders and the applicable Expiration Date to be given to the Company in writing and to each Holder of Securities of the relevant series in the manner set forth in Section 106.

With respect to any record date set pursuant to this Section, the party hereto which sets such record dates may designate any day as the “Expiration Date” and from time to time may change the Expiration Date to any earlier or later day; provided that no such change shall be effective unless notice of the proposed new Expiration Date is given to the other party hereto in writing, and to each Holder of Securities of the relevant series in the manner set forth in Section 106, on or prior to the existing Expiration Date. If an Expiration Date is not designated with respect to any record date set pursuant to this Section, the party hereto which set such record date shall be deemed to have initially designated the 180th day after such record date as the Expiration Date with respect thereto, subject to its right to change the Expiration Date as provided in this paragraph.

Without limiting the foregoing, a Holder entitled hereunder to take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each
of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

SECTION 105. Notices, Etc., to Trustee and Company

Any request, demand, authorization, direction, notice consent, waiver or act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with.

(1) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention” Corporate Trust Department or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to it at the address of its principal office specified in the first paragraph of this instrument, to the attention of its Corporate Secretary, or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 106. Notice to Holders; Waiver

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest day (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

If any provisions hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act which is required under such Act to be a part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act which may be so modified or excluded, the later provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

SECTION 108. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successor and assigns, whether so expressed or not.

SECTION 110. Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 111. Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the law of the State of New York.

SECTION 113. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities (other than a provision
of any Security which specifically states that such provision shall apply in lieu of this Section) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity.

SECTION 114. Appointment of Agent for Service.

The Company agrees that any legal suit, action or proceeding arising out of or relating to the Securities or this Indenture, but for that purpose only and not with respect to any action or proceeding predicated upon the Securities Act of 1933, as amended, may be instituted in any State or Federal court in The City of New York, State of New York, United States of America, waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, acting or proceeding, and irrevocably submits to the nonexclusive jurisdiction of any such court in any such suit, action or proceeding. The Company has designated and appointed the Trustee (or any successor corporation) as the Company’s authorized agent to accept and acknowledge on its behalf service of any and all process which may be served in any such suit, action or proceeding in any such court and agrees that service of process upon said agent at its office at 77 Water Street, New York, New York 10005 (or at such other address in The City of New York as the Company may designate by written notice to the Trustee), and written notice of said service to the Company, by the Person serving the same addressed as provided by Section 105, shall be deemed in every respect effective service of process upon the Company in any such suit, action or proceeding and shall be taken and held to be valid personal service upon the company. Said designation and appointment shall be irrevocable until the Indenture shall have been satisfied and discharged in accordance with Article Four. The Company agrees to take all action as may be necessary to continue the designation and appointment of said agent or any successor corporation in full force and effect so that the Company shall at all times have an agent for service of process for the above purposes in The City of New York, State of New York, United States of America.

By the execution and delivery of this Indenture, the Trustee hereby agrees to act as such agent and undertakes promptly to notify the Company of receipt by it of service of process in accordance with this Section.

ARTICLE TWO
SECURITY FORMS

SECTION 201. Forms Generally.

The Securities of each series shall be in substantially the form set forth in this Article, or in such other form as shall be established by or pursuant to a Board Reso-
lution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or Depositary therefore or as may, consistently herewith, the determined by the officers executing such Securities, as evidenced by their execution thereof. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.


[Insert any legend required by the Internal Revenue Code and the regulations thereunder.]

MACMILLAN BLOEDEL LIMITED

[TITLE OF SECURITY]

No. …… $ ……

MacMillan Bloedel Limited, a corporation organized under the laws of British Columbia, Canada (herein called the “Company”, which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to ………………, or registered assigns, the principal sum of ……………… D o l l a r s o n ……………… [if the Security is to bear interest prior to Maturity, insert - , and to pay interest thereon from …….. or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on ……… and …………… in each year, commencing …………, at the rate of ….% per annum, until the principal hereof is paid or made available for payment [if applicable, inter -, provided that any principal and premium, and any such installment of interest, which is overdue shall bear interest at the rate of …% per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or made available for payment, and such interest shall be payable on demand]. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the ….. or …… (whether or not a Business Day), as the case may be, next preceding such Interest
Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holders on such Regular Record Date and may either be paid to the Person in whose name this Security for one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, to be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

[If the Security is not to bear interest prior to Maturity, insert – The principal of this Security shall not bear interest except in the case of a default in payment or principal upon acceleration, upon redemption or at Stated Maturity and in such case the overdue principal and any overdue premium shall bear interest at the rate of …% per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are aid or made available for payment. Interest on any overdue principal or premium shall be payable on demand. [Any such interest on overdue principal or premium which is not paid on demand shall bear interest at the rate of …..% per annum (extent that the payment of such interest on interest shall be legally enforceable), from the date of such demand until the amount so demanded is paid or made available for payment. Interest on any overdue interest shall be payable on demand.]]

Payment of the principal of (and premium, if any) and [if applicable, insert – any such] interest on this Security will be made at the office or agency of the Company maintained for that purpose in ……… in such coin or currency of the United Stated of America [if applicable, insert - , or one or more other designated foreign currencies or currency units,] as at the time of payment is legal tender for payment of public and private debts [if applicable, insert - ; provided, however, that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.]

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

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Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its corporate seal.

Dated:

MACMILLAN BLOEDEL LIMITED

By...........................................

Attest:

..................................................

SECTION 203. Form of Reverse of Security

This Security is one of a duly authorized issue of securities of the Company (herein called the “Securities”), issued and to be issued in one or more series under an Indenture, dated as of January 15, 1996 (herein called the “Indenture”, which term shall have the meaning assigned to it in such instrument), between the Company and Bank of Montreal Trust Company, as Trustee (herein called the “Trustee”, which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof [if applicable, insert - , limited in aggregate principal amount to $......]

The Securities of this series are subject to redemption upon not less than 30 days’ notice by mail, as a whole but not in part, at the election of the Company at 100% of the principal amount thereof, together with accrued interest to the Redemption Date, in the event that the Company has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Securities, any [insert either – Additional Amount- or – increased Additional Amount over and above the amount of the Additional Amount which was payable on the Securities of this series on the date of their original issuance] as a result of a change in or any amendment to the laws (including any regulations promulgated thereunder) or Canada (or any political subdivision or taxing authority thereof or therein), or any change in or amendment to any official position regarding the application or interpretation of such laws or regulations which change or amendment is announced or becomes effective on or after the first date which any person (including any person acting as underwriter, broker or dealer) agreed

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to purchase any Securities of this series upon the original issuance of the Securities of this series.

[If applicable, insert – The Securities of this series are [if applicable, insert – also] subject to redemption upon not
less than 30 days’ notice by mail, [if applicable, insert – (1) on …… in any year commencing with the year …. and ending
with the year …. through operation of the sinking fund for this series at a Redemption Price equal to 100% of the principal
among, and (2)] at any time [if applicable, insert – on or after …., 19..], as a whole or in part, at the election of the
Company, at the following Redemption Prices (expressed as percentages of the principal amount): If redeemed [if
applicable, insert – on or before ………, …%, and if redeemed] during the 12-month period beginning …. of the years
indicated,

<table>
<thead>
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<th>Year</th>
<th>Redemption Price</th>
<th>Year</th>
<th>Redemption Price</th>
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</table>

and thereafter as a Redemption Price equal to ….% of the principal amount, together in the case of any such redemption [if
applicable, insert – (whether through operation of the sinking fund or otherwise)] with accrued interest to the Redemption
Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders
of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates
referred to on the face hereof, all as provided in the Indenture.]

[If applicable, insert – The Securities of this series are subject to redemption upon not less than 30 days’ notice by mail, (1)
on …………… in any year commencing with the year…… and ending with the year …. through operation of the sinking fund
for this series at the Redemption Prices for redemption through operations of the sinking fund (expressed as percentages of
the principal amount) set forth in the table below, and (2) at any time [if applicable, insert – on or after …………..], as a whole
or in part, at the election of the Company, at the Redemption Prices for redemption otherwise than through operation of the
sinking fund (expressed as percentages of the principal amount) set forth in the table below; If redeemed during the 12-
month period beginning ….. of the years indicated,
and thereafter at a Redemption Price equal to ……% of the principal amount, together in the case of any such redemption (whether through operation of the sinking fund or otherwise) with accrued interest to the Redemption Date, but interest installments whose Stated Maturity is on or prior to such Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, of record at the close of business on the relevant Record Dates referred to on the face hereof, all as provide in the Indenture.]

If applicable, insert – Notwithstanding the foregoing, the Company may not, prior to …….., redeem any Securities of this series as contemplated by [if applicable, insert – Clause (2) of] the preceding paragraph as a part of, or in anticipation of, any refunding operation by the application, directly or indirectly, of moneys borrowed having an interest cost to the Company (calculated in accordance with generally accepted financial practice) or less than ……% per annum.]

[If applicable, insert- The sinking fund for this series provides for the redemption on …….. in each year beginning with the year …. and ending with the year ….. of [if applicable, insert -not less than $ ….. (“mandatory sinking fund”) and not more than] $….. aggregate principal amount of Securities of this series. Securities of this series acquired or redeemed by the Company otherwise than through [if applicable, insert- mandatory] sinking fund payments may be credited against subsequent [if applicable, insert – mandatory] sinking fund payments otherwise required to be made [if applicable, insert - , in the inverse order in which they become due].]

[If the Security is subject to redemption of any kind, insert – In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.]

[If applicable, insert – The Indenture contains provisions for defeasance at any time of (1) the entire indebtedness of this Security or (2) certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.]
If the Security is not an Original Issue Discount Security, insert – If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

If the Security is an Original Issue Discount Security, insert – If an Event of Default with respect to Securities of this series shall occur and be continuing, an amount of principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture. Such amount shall be equal to – insert formula for determining the amount. Upon payment (i) of the amount of principal so declared due and payable and (ii) of interest on any overdue principal, premium and interest (in each case to the extent that the payment of such interest shall be legally enforceable), all of the Company’s obligations in respect of the payment of the principal of and premium and interest, if any, on the Securities of this series shall terminate.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of at least 66 2/3% in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder or this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than 25% in principal amount of the Securities of this series at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in principal amount of Securities of this series at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and
unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in any place where the principal of and any premium and interest on this Security are payable, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form without coupons in denominations of $....... and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

All terms are used in this Security which are defined in the Indenture shall have the meaning assigned to them in this Indenture.

SECTION 204. Form of Legend for Global Securities.

Unless otherwise specified as contemplated by Section 301 for the Securities evidenced thereby, every Global Security authenticated and delivered hereunder shall bear a legend in substantially the following form:

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE THEREOF. THIS SECURITY MAY NOT BE EXCHANGED IN WHOLE OR IN PART FOR A SECURITY REGISTERED, AND NO TRANSFER OF THIS SECURITY IN WHOLE OR IN PART MAY BE REGISTERED, IN THE NAME OF ANY PERSON OTHER THAN SUCH DEPOSITARY OF A NOMINEE THEREOF, EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.
SECTION 205. Form of Trustee’s Certificate of Authentication.

The Trustee’s certificates of authentication shall be in substantially the following form:

The is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

BANK OR MONTREAL TRUST COMPANY,

As Trustee

By………………………………………………

Authorized Officer

ARTICLE THREE

THE SECURITIES

SECTION 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The securities may be issued in one or more series. There shall be established in or pursuant to a Board Resolution and, subject to Section 303, set forth, or determined in the manner provided, in an Officers’ Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from Securities of any other series);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306, 906 or 1107 and except for any Securities which, pursuant to Section 303, are deemed never to have been authenticated and delivered hereunder);

(3) the Person to whom any interest on a Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest;
(4) the date or dates on which the principal of any Securities of the series is payable;

(5) the rate or rates at which any Securities of the series shall bear interest, if any, the date or dates from which any such interest shall accrue, the Interest Payment Dates on which any such interest shall be payable and the Regular Record Date for any such interest payable on any Interest Payment Date;

(6) the place or places where the principal of and any premium and interest on any Securities of the series shall be payable;

(7) the period or periods within which, the price or prices at which and the terms and conditions upon which any Securities of the series may be redeemed, in whole or in part, at the option of the Company and, if other than by a Board Resolution, the manner in which any election by the Company to redeem the Securities shall be evidenced;

(8) the obligation, if any, of the Company to redeem or purchase any Securities of the series pursuant to any sinking fund or analogous provisions or at the option of the Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which any Securities of the series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(9) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which any Securities of the series shall be issuable;

(10) if the amount of principal of or any premium or interest on any Securities of the series may be determined with reference to an index or pursuant to a formula, the manner in which such amounts shall be determined;

(11) if other than the currency of the United States of America, the currency, currencies or currency units in which the principal of or any premium or interest on any Securities of the series shall be payable and the manner of determining the equivalent thereof in the currency of the United States of America for any purpose, including for purposes of the definition of "Outstanding" in Section 101;

(12) if the principal of or any premium or interest on any Securities of the series is to be payable, at the election of the Company or the Holder thereof, in one or more currencies or currency units other than that or those in which such Securities are stated to by payable, the currency, currencies or currency units in which the principal or of any premium or interest on such Securities as to which such election is made shall be payable, the periods within which and terms and conditions upon which such election is to be made and the amount is payable (or the manner in which such amount shall be determined);
if other than the entire principal amount thereof, the portion of the principal amount of any Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502;

if the principal amount payable at the Stated Maturity of any Securities of the series will not be determinable as of any one or more dates prior to the Stated Maturity, the amount which shall be deemed to be the principal amount of such Securities as of any such date for any purpose thereunder or hereunder, including the principal amount thereof which shall be due and payable upon any Maturity other than the Stated Maturity or which shall be deemed to be Outstanding as of any date prior to the Stated Maturity (or, in any such case, the manner in which such amount deemed to be the principal amount shall be determined);

if applicable, that the provisions of Section 1006, relating to negative pledge, shall apply to the Securities of the series;

if applicable, that the Securities of the series, in whole or any specified part, shall be defeasible pursuant to Section 1302 or Section 1303 or both such Sections and, if other than by a Board Resolution, the manner in which any election by the Company to defease such Securities shall be evidenced;

if applicable, that any Securities of the series shall be issuable in whole or in part in the form of one or more Global Securities and, in such case, the respective Depositaries for such Global Securities, the form of any legend or legends which shall be borne by any such Global Security in addition to or in lieu of that set forth in Section 204 and any circumstances in addition to or in lieu of those set forth in Clause (2) of the last paragraph of Section 305 in which any such Global Security may be exchanged in whole or in part for Securities registered, and any transfer of such Global Security in whole or in part may be registered, in the name or names of Persons other than the Depositary for such Global Security or a nominee thereof;

any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture, except as permitted by Section 901(5)).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to the Board Resolution referred to above and (subject to Section 303) set forth, or determined in the manner provided, in the Officers’ Certificate referred to above or in any such indenture supplemental hereto.

If any of the terms of the series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers’ Certificate setting forth the terms of the series.
SECTION 302. Denominations.

The Securities of each series shall be issuable only in registered form without coupons and only in such denominations as shall be specified as contemplated by Section 301. In the absence of any such specified denomination with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of $1,000 and any integral multiple thereof.

SECTION 303. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by its Chairman of the Board, its Vice Chairman of the Board, its President or one of its Vice Presidents, under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities. If the form or terms of the Securities of the series have been established by or pursuant to one or more Board Resolutions as permitted by Section 201 and 301, in authentication such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive and, (subject to Section 601) shall be fully protected in relying upon, and Opinion of Counsel stated,

(1) if the form of such Securities has been established by or pursuant to Board Resolution as permitted by Section 201, that such form has been established in conformity with the provisions of this Indenture;

(2) if the terms of such Securities have been established by or pursuant to Board Resolution as permitted by Section 301, that such terms have been established in conformity with the provisions of this Indenture; and

(3) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company enforceable in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general
applicability relating to or affecting creditors’ rights and to general equity principles or subject to such other qualifications as may be set forth in such Opinion of Counsel.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee’s own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonable acceptable to the Trustee.

Notwithstanding the provisions of Section 301 and of the preceding paragraph, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officers’ Certificate otherwise requires pursuant to Section 301 of the Company Order and Opinion of Counsel otherwise required pursuant to such preceding paragraph at or prior to the authentication of each Security of such series if such documents are delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee and cancellation as provided in Section 309, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

SECTION 304. Temporary Securities.

Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities, which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities on any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one
or more temporary Securities of any series, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefore one or more definitive Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series and tenor.

SECTION 305. Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office and in any other office or agency of the Company in a Place of Payment being herein sometimes collectively referred to as the “Security Register”) in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registrations of Securities and of transfers of Securities. The Trustee is hereby appointed “Security Registrar” for the purpose of registering Securities and transfers of Securities as herein provided.

Upon surrender for registration of transfer of any Security of a series at the office or agency of the Company in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount.

At the option of the Holder, Securities of any series may be exchanged for other Securities of the same series, of any authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registrations of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) by duly endorsed, or be accompanied by a written instrument of transfer in from satisfactory to the Company and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 30, 906 or 1107 not involving any transfer.
If the Securities of any series (or of any series and specified tenor) are to be redeemed in part, the Company shall not be required (A) to issue, register the transfer of or exchange any Securities of that series (or of that series and specified tenor, as the case may be) during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of any such Securities selected for redemption under Section 1103 and ending at the close of business on the day of such mailing, or (B) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

The provisions of Clauses (1), (2), (3) and (4) below shall apply only to Global Securities:

(1) Each Global Security authenticated under this Indenture shall be registered in the name of the Depositary designated for such Global Security or a nominee thereof and delivered to such Depositary or a nominee thereof or custodian therefore, and each such Global Security shall constitute a single Security for all purposes of this Indenture.

(2) Notwithstanding any other provision in this Indenture, no Global Security may be exchanged in whole or in part for Securities registered, and no transfer of a Global Security in whole or in part may be registered, in the name of any Person other than the Depository for such Global Security or a nominee thereof unless (A) such Depository (i) has notified the Company that it is unwilling to or unable to continue as Depositary for such Global Security or (ii) has ceased to be a clearing agency registered under the Exchange Act, (B) there shall have occurred and be continuing an Event of Default with respect to such Global Security of (C) there shall exist such circumstances, if any, in addition to or in lieu of the foregoing as have been specified for this purpose as contemplated by Section 301.

(3) Subject to Clause (2) above, any exchange of a Global Security for other Securities may be made in whole or in part, and all Securities issued in exchange for a Global Security or any portion thereof shall be registered in such names as the Depositary for such Global Security shall direct.

(4) Every Security authenticated and delivered upon registration of transfer of, or in exchange for or in lieu of, a Global Security or any portion thereof, whether pursuant to this Section, Section 304, 306, 906 or 1107 or otherwise, shall be authenticated and delivered in the form of, and shall be, a Global Security, unless such Security is registered in the name of a Person other than the Depositary for such Global Security or a nominee thereof.

SECTION 306. MUTILATED, DESTROYED, LOST AND STOLEN SECURITIES

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefore a new Security of the
same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either or them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 307. Payment of Interest; Interest Rights Preserved.

Except as otherwise provided as contemplated by Section 301 with respect to any series of Securities, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Security of any series which is payable, but not punctually paid or duly provided for, on any Interest Payment Date (herein called “Defaulted Interest”) shall forthwith cease to be payable to the Holder on the relevant Regular
Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose name the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefore to be given to each Holder or Securities of such series in the manner set forth in Section 106, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer by payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of an other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 308. Persons Deemed Owners.

Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of
receiving payment of principal of and any premium and (subject to Section 307) any interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

SECTION 309. Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be disposed of as directed by a Company Order.

SECTION 110. Computation of Interest

Except as otherwise specified as contemplated by Section 301 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

For the purposes of the Internet Act (Canada) only, the yearly rate of interest which is equivalent to the rate of interest for any period or less than one year is obtained by dividing the amount of interest calculated as aforesaid by the principal amount in respect of which such interest is calculated multiplied by a fraction the numerator of which is the actual number of days in the twelve-month period constituting such year and the denominator of which is the actual number of days elapsed in such twelve-month period. For the foregoing purposes, with respect to any particular series of Securities, each year of 360 days and the period or twelve 30-day months comprised in such year shall be deemed to commence on the day of the month from which interest on the Securities of the series is expressed to accrue upon the original issue thereof.
SECTION 401. Satisfaction and Discharge of Indenture

This Indenture shall upon Company Request cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of the Indenture, when

(1) Either

(A) all Securities theretofore authenticated and delivered (other than (i) Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306, and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, at the expense of the Company.

and the Company, in the case of (i), (ii) or (iii) above, have been deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose money in an amount sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal and any premium and interest to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company had paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee and Officers’ Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 607, the obligations of the Trustee to any
SECTION 402. Application of Trust Money

Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and any premium and interest for whose payment such money has been deposited with the Trustee.

ARTICLE FIVE

REMEDIES

SECTION 501. Events of Default.

“Event of Default”, wherever used herein with respect to Securities of any series, means any one of the following event (whatever the reason for such Event of Default and whether it shall be voluntary or in voluntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

1. default in the payment of any interest upon any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

2. default in the payment of the principal of or any premium on any Security of that series at its Maturity; or

3. default in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series or;

4. default in the performance, or breach, of the covenant set forth in Section 1006 (Negative Pledge), if applicable to such series, provided that the Mortgage created, incurred or assumed in contravention of Section 1006 secures Indebtedness for Borrowed Money in excess of Cdn. $5,000,000; or

5. default in the performance, or breach, of any other covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of series of
Securities other than that series), and continuance of such default or breach for a period of 60 days after there has
been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the
Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying
such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder;
or

(6) a default under any bond, debenture, note or other Indebtedness for Borrowed Money of the Company or
any Subsidiary (including a default with respect to Securities of any series other than that series) having an aggregate
principal amount outstanding in excess of 3 1/2% of the then Consolidated Shareholders’ Equity, or under any
mortgage, indenture or instrument (including this Indenture) under which there may be issued or by which there may be
secured or evidenced any Indebtedness for Borrowed Money of the Company having an aggregate principal
amount outstanding in excess of 3 1/2% of the then Consolidated Shareholders’ Equity, whether such indebtedness
now exists or shall hereafter be created, which default (A) shall constitute a failure to pay any portion of the principal
of such indebtedness when due and payable after the expiration of any applicable grace period with respect thereto or
(B) such indebtedness having been discharged or such acceleration having been rescinded or annulled, in each such
case within a period of 10 days after there shall have been given, by registered or certified mail, to the Company by
the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding
Securities of that series a written notice specifying such default and requiring the Company to cause such
indebtedness to be discharged or cause such acceleration to be rescinded or annulled, as the case may be, and stating
that such notice is a “Notice of Default” hereunder; provided, however, that, subject to the provisions of Section 601
and 602, the Trustee shall not be deemed to have knowledge of such default unless either (A) a Responsible Officer
of the Trustee shall have actual knowledge of such default or (B) the Trustee shall have received written notice
thereof from the Company, from any Holder, from the holder of any such indebtedness or from the trustee under any
such mortgage, indenture or other instrument; or

(7) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the
Company or any Material Subsidiary in an involuntary case or proceeding under any applicable Federal, State or
Canadian Federal or Provincial bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order
adjudging the Company or any Material Subsidiary a bankrupt or insolvent, or approving as properly filed a petition
seeking reorganization, arrangement, adjustment or composition of or in respect to the Company or any Material
Subsidiary under any applicable Federal, State or Canadian Federal or Provincial law, or appointing a custodian,
receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any Material Subsidiary
or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance
of any
such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive
days; or

(8) the commencement by the Company or any Material Subsidiary of a voluntary face or proceeding under
any applicable Federal, State or Canadian Federal or Provincial bankruptcy, insolvency, reorganization or other
similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by any of
them to the entry of a decree or order for relief in respect of the Company or any Material Subsidiary in an
involuntary case or proceeding under any applicable Federal, State or Canadian Federal or Provincial bankruptcy,
isolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or
proceeding against it, or the filing by any of them of a petition or answer or consent seeking reorganization or relief
under any applicable Federal, State or Canadian Federal or Provincial law, or the consent by any of them to the filing
of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee,
trustee, sequestrator or other similar official of the Company or any Material Subsidiary or of any substantial part of
the property of any of them, or the making by any of them of an assignment for the benefit of creditors, or the
admission by any of them in writing of its inability to pay its debts generally as they become due, or the taking or
corporate action by any of them in furtherance of any such action; or

(9) any other Event of Default provided with respect to Securities of that series.

SECTION 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than an Event of Default specified in Section 501(7) or 501(8)) with respect to
Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders
of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount of all
the Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion of the
principal amount of such Securities as may be specified by the terms thereof) to be due and payable immediately, by a notice
in wiring to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount (or
specified amount) shall become immediately due and payable. If an Event of Default specified in Section 501(7) or 501 (8)
with respect to Securities of that series (or, if any Securities of that series are Original Issue Discount Securities, such portion
of the principal amount of such Securities as may be specified by the terms thereof) shall automatically, and without any
declaration or other action on the part of the Trustee of any Holder, become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before
a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided,
the Holders of a
majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company had paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest on all Securities of that series,

(B) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and any interest thereon at the rate or rates prescribed therefore in such Securities, and

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefore in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon

SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee

The Company covenants that if

(1) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount when due and payable on such Securities for principal and any premium and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and premium and on any overdue interest, at the rate or rates prescribed therefore in such Securities, and, in addition thereto, such furthers amount as shall be sufficient to cover the costs and

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expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its
agents and counsel.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its
discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such
appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce such rights, whether for the
specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or
to enforce any other proper remedy.

SECTION 504. Trustee May File Proofs of Claims.

In case of any judicial proceeding relative to the Company (or any other obligor upon the Securities), its property or
its creditors, the Trustee shall be entitled and empowered, by the intervention in such proceeding or otherwise, to take any
and all actions authorized under the Trust Indenture Act in order to have claims of the Holders and the Trustee allowed in
any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property
payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee,
liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make
such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the
Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of
the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt
on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the
rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding;
provided, however, that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankruptcy or similar
official and be a member of a creditors’ or other similar committee.

SECTION 505. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee
without the possession of any of the Securities of the production thereof in any proceeding relating thereto, and any such
proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of
judgment shall, after provision for the payment of the reasonable compensation expenses, disbursements and advances of the
Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment
has been recovered.

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SECTION 506. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or any premium or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under Section 607; and

SECOND: To the payment of the amounts then due and unpaid for principal of and any premium and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal and any premium and interest, respectively.

SECTION 507. Limitation on Suits.

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any rights in any manner whatever by virtue or, or by availing or any provision of this Indenture to affect, disturb or prejudice the rights of any other such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to
enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all or such Holders.

SECTION 508. Unconditional Right of Holders to Receive Principal Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and any premium and (subject to Section 307) interest on such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or so such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Securities to exercise any rights or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.
SECTION 512. Control by Holders.

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series, provided that

(1) such direction shall not be in conflict with any rule or law or with this Indenture, and

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 513. Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default

(1) in the payment of the principal of or any premium or interest on any Security of such series, or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 514. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit, and may assess costs against any such party litigant, in the manner and to the extent provided in the Trust Indenture Act; provided that neither this Section nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Company.
SECTION 515. Waiver of Usury, Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, and usury, stay or extension law wherever enacted, now or at any time hereafter is force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

THE TRUSTEE

SECTION 601. Certain Duties and Responsibilities

The duties and responsibilities of the Trustee shall be provided by the Trust Indenture Act. Notwithstanding the foregoing, no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance on any of its duties hereunder, or in the exercise of any of its rights of powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Whether or not therein expressly so provided, every provision of this Indenture relation to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 602. Notice of Default.

If a default occurs hereunder with respect to Securities of any series, the Trustee shall give the Holders of Securities of such series notice of such default as and to the extent provided by the Trustee Indenture Act; provided, however, that in the case of any default of the character specified in Section 501(5) with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term “default” means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.
SECTION 603. Certain Rights of Trustee.

Subject to the provisions of Section 601:

(1) the Trustee may rely and shall be protected in action or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, not, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(2) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order, and any resolution of the Board of Directors shall be sufficiently evidenced by a Board Resolution;

(3) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers’ Certificate;

(4) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(5) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(6) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, not, other evidence of indebtedness or other paper document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney; and

(7) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.
SECTION 604. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except the Trustee’s certificates of authentication, shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. Neither the Trustee not any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 605. May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledge of Securities and, subject to Section 608 and 613, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

SECTION 606. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 607. Compensation and Reimbursement.

The Company agrees

(1) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder,
including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers of duties hereunder.

SECTION 608. Conflicting Interests.

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture. To the extent permitted by such Act, the Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under this Indenture with respect to Securities of more than one series or a trustee under the Indenture, dated as of December 1, 1991, as amended, of MacMillan Bloedel (Delaware) Inc., Issuer and MacMillan Bloedel Limited, Guarantor, to Montreal Trust Company of Canada and Bank of Montreal Trust Company, as Co-Trustees with respect to securities issued or that may be issued from time to time thereunder.

SECTION 609. Corporate Trustee Required; Eligibility.

There shall at all times be one (and only one) Trustee hereunder with respect to the Securities of each series, which may be Trustee hereunder for Securities of one or more other series. Each Trustee shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such, and has a combined capital and surplus of at least $5,000,000. If any such Person publishes reports of condition at least annually, pursuant to law or to the requirements of its supervising or examining authority, then for the purposes of this Section and to the extent permitted by the Trust Indenture Act, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee with respect to the Securities of any series shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 610. Resignation and Removal; Appointment of Successor.

No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 611.

The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 611 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.
The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and to the Company

If at any time:

(1) the Trustee shall fail to comply with Section 608 after written request therefore by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 609 and shall fail to resign after written request therefore by the Company or by any such Holder, or

(3) the Trustee shall become incapable of action or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be anointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Company by a Board Resolution may remove the Trustee with respect to all Securities, or (B) subject to Section 514, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more of all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 611. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 611, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 611, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

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The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series to all Holders of Securities of such series in the manner provided in Section 106. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 611. Acceptance of Appointment by Successor.

In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.
with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in the confirming to such successor Trustee all such rights, powers and trusts referred to in the first or second preceding paragraph, as the case may be.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 612. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing off any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 613. Preferential Collection of Claims Against Company.

If and when the Trustee shall be or become a creditor of the Company (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company (or any such other obligor).

SECTION 614. Appointment of Authenticating Agent.

The Trustee may appoint an Authentication Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue and upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee’s certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authentication Agent and a certificate of authentication executed on behalf of the Trustee
by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a
corporation organized and doing business under the laws of the United States of America, any State thereof or the District of
Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than
$5,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes
reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then
for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its
combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating
Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign
immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated,
or any corporation resulting from any merger, conversion or consolidating to which such Authenticating Agent shall be a
party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall
continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the
execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company.
The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such
Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case
at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee
may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall give notice of such
appointment in the manner provided in Section 106 to all Holders of Securities of the series with respect to which such
Authenticating Agent will serve. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall
become vested with all the rights, powers and duties of its predecessor hereunder, with the effect as if originally names as an
Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this
Section.

The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensating for its services under
this Section, and the Trustee shall be entitled to be reimbursed for such payments, subject to the provisions of Section 607.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of each series may
have endorsed thereon, in addition to the Trustee’s certificate of authentication, an alternative certificate of authentication in
the following form:
ARTICLE SEVEN

HOLDERS’ LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 701. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee

(1) semi-annually, not later that June 30 and December 31 in each year, a list, in such form as the Trustee may reasonable require, of the names and addressed of the Holders of Securities of each series as of the preceding June 15 or December 15, as the case may be, and

(2) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list if furnished;

excluding from any such list names and addresses received by the Trustee in its capacity as Security Registrar.

SECTION 702. Preservation of Information; Communications of Holders.

The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 701 and the names and addresses of Holders received by the
Trustee in its capacity as Security Registrar. The trustee may destroy any list furnished to it as provided in Section 701 upon receipt of a new list so furnished.

The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and privileges of the Trustee, shall be as provided by the Trust Indenture Act.

Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

SECTION 703. Reports by Trustee.

The Trustee shall transmit to Holder such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto.

A company of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Company. The Company will notify the Trustee when any Securities are listed on any stock exchange.

SECTION 704. Reports by Company

The Company shall file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to such Act; provided that any such information, documents or reports required to be filed with the Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 days after the same is so required to be filed with the Commission.

ARTICLE EIGHT

CONSOLIDATION, AMALGAMATION, MERGER, CONVEYANCE, TRANSFER OR LEASE

SECTION 801. Company May Consolidate, Etc., Only on Certain Terms.

The Company shall not consolidate or amalgamate with or merge into any other Person or convey, transfer or lease in properties and assets substantially as an entirely to any Person, and the Company shall not permit any Person to consolidate or
amalgamate with or merge into the Company or convey, transfer or lease its properties and assets substantially as an entirety to the Company, unless:

(1) if the Company shall consolidate or amalgamate with or merge into another Person or convey transfer or lease its properties and assets substantially as an entirety to any Person, the Person formed by such consolidation or amalgamation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation, partnership or trust, shall be organized and validly existing under the laws of Canada or any province or territory thereof or the United States of America, any State thereof or the District of Columbia, and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in from satisfactory to the Trustee, the due and punctual payment of the principal of and any premium and interest on all the Securities and the performance or observance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction and treating any indebtedness which becomes an obligation of the Company or any Subsidiary as a result of such transaction as having been incurred by the Company or such Subsidiary at the time of such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and be continuing;

(3) if, on the date of any such consolidation, amalgamation or merger or such conveyance, transfer or lease, Section 1006 shall be applicable in respect of any Securities then outstanding and if as a result of such transaction any properties or assets of the Company or any Subsidiary would become subject to a Mortgage which if it had been created on the date of the transaction would be subject to the negative pledge covenant under Section 1006, the Company of such successor Person, as the case may be, shall take such steps as shall be necessary effectively to secure such Securities (together with, if and to the extent the Company shall so determine, any other indebtedness or other obligations then existing or thereafter created) equally and ratably with (or prior to) all indebtedness or obligations secured and to be secured thereby; and

(4) the Company has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that such consolidation, amalgamation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.
SECTION 802. Successor Substituted.

Upon any consolidation or amalgamation of the Company with, or merger of the Company into, any other Person or any conveyance, transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the successor Person formed by such consolidation or amalgamation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substitute for, and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

SECTION 901. Supplemental Indentures without Consent of Holders.

Without the consent of any Holders, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities; or

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company; or

(3) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such additional Events of Default are to be for the benefit of less than all series of Securities, stating that such additional Events of Default are expressly being included solely for the benefit of such series); or

(4) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the issuance of Securities in bearer form, registrable or not registrable as to principal, and with or without interest coupons, or to permit or facilitate the issuance of Securities in uncertificated form; or

(5) to add to, change or eliminate any of the provisions of this Indenture in respect of one or more series of Securities, provided that any such addition, change or
elimination (A) shall neither (i) apply to any Security of any series created prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (ii) modify the rights of the Holder of any such Security with respect to such provision or (B) shall become effective only when there is no such Security Outstanding; or

(6) to secure the Securities pursuant to the requirements of Section 1006 or otherwise; or

(7) to establish the form or terms of Securities of any series as permitted by Sections 201 and 301; or

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 611; or

(9) to cure any ambiguity, to correct or supplement any provisions herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided that such action pursuant to this Clause (9) shall not adversely affect the interests of the Holders of Securities of any series in any material respect.

SECTION 902. Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than 66 2/3% in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby.

(1) Change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security or any sinking fund payment in respect thereof, or reduce the principal amount thereof or any sinking fund payment in respect thereof or the rate of interest thereon or any premium payable under the redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security or any other Security which would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or change any Place of Payment where, or the coin or currency in which, any Security or any premium or interest thereon or any sinking fund payment in respect thereof is payable or impair the right of institute suit
for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date), or

(2) Reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section, Section 513 or Section 1007, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to “the Trustee” and concomitant changes in this Section and Section 1007, or the deletion of this proviso, in accordance with the requirements of Section 611 and 901(8).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit or one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustees shall be entitled to receive, and (subject to Section 601) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.
SECTION 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act.

SECTION 906. Reference in Securities to Supplemental Indentures

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN

COVENANTS

SECTION 1001. Payment of Principal, Premium and Interest.

The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of and any premium and interest on the Securities of that series in accordance with the terms of the Securities and this Indenture.

The Company hereby agrees that any amounts to be paid by it hereunder or in respect of the Securities shall be paid without deduction or withholding for or on account of any and all present or future tax, duty, assessment or governmental charge imposed upon or as a result of such payment by the Government of Canada, or any province or other political subdivision or taxing authority thereof or therein, or if deduction or withholding of any such tax, duty, assessment or charge shall at any time be required by or on behalf of the Government of Canada or any such province, political subdivision or taxing authority, the Company shall pay such additional amount (“Additional Amount”) in respect of principal, premium, if any, and interest, if any, as may be necessary in order that the net amounts paid to the Holder of a Security or the Trustee on behalf of the Holder of such Security, as the case may be, in respect of such Security after such deduction or withholding shall not be less than the amount provided for in such Security to be then due and payable; except that not such Additional Amount shall be payable in respect of any Security to any Holder (a) who is subject to such tax, duty, assessment or governmental charge in respect of such Security by reason of his being connected with Canada otherwise than merely by the holding or ownership of such Security, or (b) who is not dealing at arm’s length with the Company (within the meaning of the Income Tax Act (Canada) as reenacted or amended from time to time).
SECTION 1002. Maintenance of Office or Agency.

The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in each Place of Payment for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 1003. Money for Securities Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of or any premium or interest on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and any premium and interest so becoming due until such sums shall be aid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, prior to each due date of the principal of or any premium or interest on any Securities of that series, deposit with a Paying Agent of sum sufficient to pay such amount, such cum to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of the Section, that such Paying Agent will (1) comply with the provisions of the Trust Indenture Act applicable to it as a Paying Agent and (2) during the continuance of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment in...
respect to the Securities of that series, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Securities of that series.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee of any Paying Agent, or then held by the Company, in trust for the payment of the principal of or any premium or interest on any Security of any series an remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be aid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the Borough of Manhattan, The City of New York, New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. Statement by Officers as to Default.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year of the Company ending after the date hereof, an Officers’ Certificate, stating whether or not to the best knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder) and, if the Company shall be in default, specifying all such defaults and the nature and status thereof of which they may have knowledge.

SECTION 1005. Existence.

Subject to Article Eight, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect in existence, rights (charter and statutory) and franchises; provided however, that the Company shall not be required to preserve any such right or franchise if the Board of Directors shall determine that the
preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION 1006. Negative Pledge.

The Company covenants and agrees for the benefit of each series of Securities, with respect to which the provisions of this Section are determined pursuant to Section 3010 to be applicable, that, so long as Securities of such series are Outstanding, the Company will not, and will not permit any Subsidiary to, create, incur or assume any Mortgage securing any Indebtedness for Borrowed Money charging the interest of the Company or any Subsidiary in a Principal Property without making effective provision, and the Company covenants that in any such case it will make, or cause to be made, effective provision, whereby the Securities of such series (together with, if and to the extent the Company shall so determine, any other indebtedness or other obligations then existing or thereafter created) shall be secured equally and ratably with (or prior to) any and all indebtedness and obligations secured or to be secured by such Mortgage, for so long as such Indebtedness for Borrowed Money shall be so secured, provided, however, that the foregoing covenants shall not prevent, restrict or apply to any of the following:

1. any Mortgage created, incurred or assumed to secure any Purchase Money Obligation, provided that:
   
   A. in the case of the acquisition of any property, the Mortgage does not extend to any property of the Company or any Subsidiary other than the property so acquired and fixed improvements thereto; and
   
   B. in case of the construction or improvement of any Principal Property, the Mortgage does not extend to any property of the Company or any Subsidiary other than the Principal Property on which or in respect of which the construction or improvement takes place and other fixed improvements thereto;

2. any Mortgage in favor of the Company or any wholly-owned Subsidiary;

3. any Mortgage on any property existing at the time such property becomes a Principal Property;

4. any Mortgage on the property of any corporation at the time such corporation becomes a Subsidiary;

5. any Mortgage on the property of any corporation at the time such corporation is consolidated or amalgamated with or merged into the Company or any Subsidiary, provided that such Mortgage shall not constitute or become a charge on any Principal Property existing prior thereto; and

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(6) any extension, renewal, replacement or refunding of any of the foregoing, provided that the principal amount secured thereby outstanding immediately before such extension, renewal, replacement or refunding is not thereby increased.

SECTION 1007. Waiver of Certain Covenants.

Except as otherwise specified as contemplated by Section 301 for Securities of such series, the Company may, with respect to the Securities of any series, omit in any particular instance to comply with any term, provision or condition set forth in any covenant provided pursuant to Section 301(18), 901(2) or 901(7) for the benefit of the Holders of such series or in Section 1006 if before the time for such compliance the Holders of at least 66 2/3% in principal amount of the Outstanding Securities of such series shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

SECTION 1101. Applicability of Article.

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for such Securities) in accordance with this Article.

SECTION 1102. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution or in another manner specified as contemplated by Section 301 for such Securities. In case of any redemption at the election of the Company of less than all the Securities of any series (including any such redemption affecting only a single Security), the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date, of the principal amount of Securities of such series to be redeemed and, if applicable, of the principal amount of Securities to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers’ Certificate evidencing compliance with such restriction.
SECTION 1103. Selection by Trustee of Securities to Be Redeemed.

If less than all the Securities of any series are to be redeemed (unless all the Securities of such series and of a specified tenor are to be redeemed or unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of a portion of the principal amount of any Security of such series, provided that the unredeemed portion of the principal amount of any Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security. If less than all the Securities of such series and of a specified tenor are to be redeemed (unless such redemption affects only a single Security), the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series and specified tenor not previously called for redemption in accordance with the preceding sentence.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption as aforesaid and, in case of any Securities selected for partial redemption as aforesaid, the principal amount thereof to be redeemed.

The provisions of the two preceding paragraphs shall not apply with respect to any redemption affecting only a single Security, whether such Security is to be redeemed in whole or in part. In the case of any such redemption in part, the unredeemed portion of the principal amount of the Security shall be in an authorized denomination (which shall not be less than the minimum authorized denomination) for such Security.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION 1104. Notice of Redemption.

Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price,
(3) if less than all the Outstanding Securities of any series consisting of more than a single Security are to be redeemed, the identification (and, in the case of partial redemption of any such Securities, the principal amounts) of the particular Securities to be redeemed and, if less than all the Outstanding Securities of any series consisting of a single Security are to be redeemed, the principal amount of the particular Security to be redeemed,

(4) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(5) the place of places where each such Security is to be surrendered for payment of the Redemption Price, and

(6) that the redemption is for a sinking fund, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company’s request, by the Trustee in the name and at the expense of the Company and shall be irrevocable.

SECTION 1105. Deposit of Redemption Price.

Prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities which are to be redeemed on that date.

SECTION 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be aid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that, unless otherwise specified as contemplated by Section 301, installments of interest whose Stated Maturity is on or prior to the Redemption Date will be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

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If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the Redemption Date at the rate prescribed therefore in the Security.

SECTION 1107. Securities Redeemed in Part.

Any Security which is to be redeemed only in party shall be surrendered at a Place or Payment therefore (with, if the Company or the Trustee to requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

SECTION 1108. Redemption for Changes in Canadian Withholding Taxes.

The Securities of any series shall be redeemable, in accordance with this Article, as a whole but not in part at the election of the Company at 100% of the principal amount thereof, together with accrued interest to the Redemption Date, in the event that the Company has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Securities of such series, any Additional Amount or, if any Additional Amount was payable on the date of original issuance of the Securities of such series, any increased Additional Amount over and above the amount of the Additional Amount which was payable on the Securities of such series on the date of their original issuance as a result of a change in or any amendment to the laws (including any regulations promulgated thereunder) of Canada (or any political subdivision or taxing authority thereof or therein), or any change in or amendment to any official position regarding the application or interpretation of such laws or regulations, which change or amendment in announced or becomes effective on or after the first date which any person (including any person acting as underwriter, broker or dealer) agreed to purchase any Securities of series upon the original issuance of the Securities of such series.
SECTION 1201. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of any series except as otherwise specified as contemplated by Section 301 for such Securities.

The minimum amount of any sinking fund payment provided for by the terms of any Securities is herein referred to as a “mandatory sinking fund payment”, and any payment in excess of such minimum amount provided for by the terms of such Securities is herein referred to as an “optional sinking fund payment”. If provided for by the terms of any Securities, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 1202. Each sink fund payment shall be applied to the redemption of Securities as provided for by the terms of such Securities.

SECTION 1202. Satisfaction of Sinking Fund Payments with Securities.

The Company (1) may deliver Outstanding Securities of a series (other than any previously called for redemption) and (2) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to any Securities to be so credited have not been previously so credited. The Securities to be so credited shall be received and credited for such purpose by the Trustee at the Redemption Price, as specified in the Securities so to be redeemed, for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

SECTION 1203. Redemption of Securities for Sinking Fund.

Not less than 60 days prior to each sinking fund payment date for any Securities, the Company will deliver to the Trustee an Officers’ Certificate specifying the amount of the next ensuing sinking fund payment for such Securities pursuant to the terms of such Securities, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any which is to be satisfied by delivering and crediting Securities pursuant to Section 1202 and will also deliver to the Trustee any Securities to be so delivered. Not less than 60 days prior to each such sinking fund payment date, the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be
given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been
duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and
1107.

ARTICLE THIRTEEN

DEFEASANCE AND COVENANT DEFEASANCE

SECTION 1301. Company’s Option to Effect Defeasance or Covenant Defeasance.

The Company may elect, at its option at any time, to have Section 1302 or Section 1303 applied to any Securities or any
series of Securities, as the case may be, designated pursuant to Section 301 as being defeasible pursuant to such Section 1302
or 1303, in accordance with any applicable requirements provided pursuant to Section 301 and upon compliance with the
conditions set forth below in this Article. Any such election shall be evidenced by a Board Resolution or in another manner
specified as contemplated by Section 301 for such Securities.

SECTION 1302. Defeasance and Discharge.

Upon the Company’s exercise of its option (if any) to have this Section applied to any Securities or any series of
Securities, as the case may be, the Company shall be deemed to have been discharged from its obligations with respect to
such Securities as provided in this Section on and after the date the conditions set forth in Section 1304 are satisfied
(hereinafter called “Defeasance”). For this purpose, such Defeasance means that the Company shall be deemed to have aid
and discharged the entire indebtedness represented by such Securities and to have satisfied all its other obligations under
such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company,
shall execute proper instruments acknowledging the same), subject to the following which shall survive until otherwise
terminated or discharged hereunder: (1) the rights of the Holders of such Securities to receive, solely from the trust fund
described in Section 1304 and as more fully set for in such Section, payments in respect of the principal of and any premium
and interest on such Securities when payments are due, (2) the Company’s obligations with respect to such Securities under
Sections 304, 305, 306, 1002 and 1003, (3) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (4)
this Article. Subject to compliance with this Article, the Company may exercise its option (if any) to have this Section
applied to any Securities notwithstanding the prior exercise of its option (if any) to have Section 1303 applied to such
Securities.
SECTION 1303. Covenant Defeasance.

Upon the Company’s exercise of its option (if any) to have this Section applied to any Securities or any series of Securities, as the case may be, (1) the Company shall be released from its obligations under Section 801 and Section 1006 and any covenants provided pursuant to Section 301(8), 901(2) or 901(7) for the benefit of the Holders of such Securities, and (2) the occurrence of any event specified in Sections 501(4), 501(5) (with respect to Section 801 and any such covenants provided pursuant to Section 301(18), 901(2) or 901(7), 501(6) and 501(9) shall be deemed not to be or result in an Event of Default, in each case with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 1304 are satisfied (hereinafter called “Covenant Defeasance”). For this purpose, such Covenant Defeasance means that, with respect to such Securities, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified Section (to the extent so specified in the case of Section 501(5)), whether directly or indirectly by reason of any reference elsewhere herein to any such Section or by reason of any reference in any such Section to any other provision herein or in any other document, but the remainder of this Indenture and such Securities shall be unaffected thereby.

SECTION 1304. Conditions to Defeasance of Covenant Defeasance.

The following shall be the conditions to the application of Section 1302 or Section 1303 to any Securities or any series of Securities, as the case may be:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee which satisfies the requirements contemplated by Section 609 and agrees to comply with the provisions of this Article applicable to it) as trust funds, in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefits of the Holders of such Securities, (A) in the case of Securities of such series denominated in Dollars, U.S. money in an amount, or U.S. Government Obligations (which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than the opening of business on the due day of any payment U.S. money is an amount), or a combination thereof, or (B) in the case of Securities of such series denominated in a Foreign Currency money in the same Foreign Currency (which through the scheduled payment of interest and principal in respect thereof in accordance with their terms will provide, not later than the opening of business on the due date of any payment, money in the Foreign Currency in an amount), or a combination thereof, or (B) in the case of Securities of such series denominated in a Foreign Currency money in the same Foreign Currency (which through the scheduled payment of interest and principal in respect thereof in accordance with their terms will provide, not later than the opening of business on the due date of any payment, money in the Foreign Currency in an amount), or a combination thereof, in each case sufficient, in the opinion of a nationally recognized firm or independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or any such other qualifying trustee) to pay and discharge, the principal of and any premium and interest on such Securities on the respective Stated Maturities, in accordance with the terms of this Indenture and such Securities.
In the event of an election to have Section 1302 apply to any Securities or any series of Securities, as the case may be, the Company shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States stating that (A) the Company has received from, or there had been published by, the Internal Revenue Service or ruling or (B) since the date of this instrument, there has been a change in the applicable U.S. Federal income tax law, in either case (A) or (B) to the effect that, and based thereon such opinion shall confirm that, the Holders of such Securities will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of the deposit, Defeasance and discharge to be effected with respect to such Securities and will be subject to U.S. Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit, Defeasance and discharge were not to occur.

In the event of an election to have Section 1303 apply to any Securities of any series of Securities, as the case may be, the Company shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in the United States to the effect that the Holders of such Securities will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of the deposit and Covenant Defeasance to be effected with respect to such Securities and will be subject to U.S. Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit and Covenant Defeasance were not to occur.

The Company shall have delivered to the Trustee an Opinion of Counsel qualified to practice law in Canada or a ruling from Revenue Canada, Taxation to the effect that (a) the Holders of Outstanding Securities of such series will not recognize income, gain or loss for Canadian federal or provincial income tax or other tax purposes as a result of such Defeasance or Covenant Defeasance, as applicable and will be subject to Canadian federal or provincial income tax on the same amounts, in the same manner and at the same times as would have been the case had such Defeasance or Covenant Defeasance, as the case may be, not occurred and (b) payments out of the trust fund described in clause (1) above will be free and exempt from any and all withholding and other income taxes of whatever nature of Canada or any province thereof political subdivision thereof or therein having the power to tax, except in the case of a payment made to a holder of the Securities of such series (i) with which the Company does not deal an arm’s length (within the meaning of the Income Tax Act (Canada)) at the time of the making of such payment or (ii) which is subject to such taxed by reason of its being connected with Canada or any province or territory thereof otherwise then by the mere holding or ownership of the Securities of such series or the receipt of payments thereunder.

The Company shall have delivered to the Trustee an Officers’ Certificate to the effect that neither such Securities not any other Securities of the same series, if then listed on any securities exchange, will be delisted as a result of such deposit.

No event which is, or after notice or lapse of time or both would become, an Event of Default with respect to such Securities or any other Securities shall have occurred and be continuing at the time of such deposit or, with regard to any such
event specified in Section 501(7) and (8), at any time on or prior to the 90th day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until after such 90th day).

(7) Such Defeasance or Covenant Defeasance shall not cause the Trustee to have a conflicting interest within the meaning of the Trust Indenture Act (assuming all Securities are in default within the meaning of such Act).

(8) Such Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company is a party or by which it is bound.

(9) Such Defeasance or Covenant Defeasance shall not result in the trust arising from such deposit constituting an investment company within the meaning of the Investment Company Act unless such trust shall be registered under such Act or exempt from registration thereunder.

(10) The Company shall have delivered to the Trustee and Officers’ Certificate and the Opinion of Counsel, each stating that all conditions precedent with respect to such Defeasance or Covenant Defeasance have been complied with.


Subject to the provisions of the last paragraph of Section 1003, all U.S. money, Foreign Currency, U.S. Government Obligations and Foreign Government Securities (including the proceed thereof) deposited with the Trustee or other qualifying trustee (solely for purposes of this Section and Section 1306, the Trustee and any such other trustee are referred to collectively as the “Trustee”) pursuant to Section 1304 in respect of any Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any such Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal and any premium and interest, but money so held in trust need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations or Foreign Government Securities deposited pursuant to Section 1304 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Securities.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any U.S. money, Foreign Currency, U.S. Government Obligations or Foreign Government Securities held
by it as provided in Section 1304 with respect to any Securities which, in the opinion of a rationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect the Defeasance or Covenant Defeasance, as the case may be, with respect to such Securities.

SECTION 1306. Reinstatement.

If the Trustee or the Paying Agent is unable to apply any money in accordance with this Article with respect to any Securities by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the obligations under this Indenture and such Securities from which the Company has been discharged or released pursuant to Section 1302 or 1303 shall be revived and reinstated as though no deposit had occurred pursuant to this Article with respect to such Securities, unless such time as the Trustee or Paying Agent is permitted to apply all money held in trust pursuant to Section 1305 with respect to such Securities in accordance with this Article; provided, however, that if the Company makes any payment of principal of or any premium or interest on any such Security following such reinstatement of its obligations, the Company shall be subrogated to the rights (if any) of the Holders of such Securities to receive such payment from the money so held in trust.
Begin at a stone corner at the southwest corner of section 28, T 12 N, R 6 E, Wilcox County, Alabama, thence run North along the west line of said Section 28 for 80.92 chains to a stone corner at the northwest corner thereof; thence run East along the north line of said Section 28 for 76.25 chains of the west bank of the Alabama River; thence run in a Southeasterly direction along the west bank of the Alabama River for 31.60 chains, more or less to the northeast corner of the 10 acre tract of land formerly owned by Mary Jane Davis and husband Rovert H. Davis; thence continue in a Southeasterly direction along the west bank of the Alabama River for 69.00 chains more or less to the south line of Section 27; thence run in an Easterly direction downstream along the low water line of the Alabama River for 43.50 chains to a point; thence run South 9 degrees 15 minutes West for 0.91 chains to a stone corner on to of the bluff of the Alabama River' thence run South 9 degrees 15 minutes West for 4.24 changes to a stone corner; thence run South 83 degrees 15 minutes West for 13.97 chains to a stone corner; (said stone being 6.51 chains north of the Southeast corner of the NE ¼ of said Section 34); thence run South 71 degrees West for 21.15 chains to a stone corner; (said stone being 0.37 chains south of the southwest corner of the NE ¼ or the NE ¼ of said Section 34); thence run South 85 degrees West for 20.08 chains to a stone corner; (said stone being 2.12 chains south of the northeast corner of the SW ¼ of the NE ¼ of the said Section 34); thence run along the east line of the SE ¼ of the NE ¼ of said Section 34 for 14.12 chains to a stone corner on the north margin of the Wilcox County Road No. 18; thence run along the north margin of said road the following courses and distances; North 80 degrees West for 3.78 chains, South 82 degrees West for 3.775 chains, South 87 degrees 30 minutes West for 2.76 chains; and South 84 degrees West for 9.85 chains to an iron pipe on the west line of the SE ¼ of the NW ¼ of said Section 34; said iron pipe being 4.88 chains north of the south margin of said SE ¼; thence run North for 0.31 chains to a stone corner on the north margin of the Pine Hill-Yellow Bluff paved road SACP 6108-H; said stone being the southeast corner of the Dunn Store lot; thence run North along the west line of the SE ¼ of the NW ¼ of Section 34, and along the east line of the Dunn Store log for 2.00 chains to a stone corner; thence run South 84 degrees West along the north line of said stone log for 5.03 chains parallel to the north margin of the paved road to a stone corner; thence run south along the west ling of the Dunn Store lot and parallel the west line of the SE ¼ of the NW ¼ of said Section 34 for 2.00 chains to a stone corner on the south margin of the paved road described about; thence run along the north margin of said road South 80 degrees 32 minutes West (Variation Zero) for 22.46 chains to a right of way stone; thence run along the north margin of said road South 80 degrees 32 minutes West (Variation Zero) for 16.33 chains to a right of way stone station P. T. 377+99.8; thence continue in a Westerly direction on a 1 degree 30 minute curve to the left for 11.36 chains to a right of way stone station P.C. 370+56.5; thence run along the north margin of said road South 69 degrees 23 minutes West (Variation Zero) for 6.17 chains to a right of way stone station P.T. 366+46.7; thence continue along the said north right of way line of a 2 degree 30 minute curve to the right for 12.02 chains to a right o way stone station P.C. 358+34.7; thence continue along said right of way line North 89 degrees 41 minutes West (Variation Zero) for 20.09 chains to a right of way stone station P.T. 345+06.0; thence continue in a Westerly direction along said north margin on a
4 degree curve to the right for 10.69 chains to a right of way stone station P.C. 337+78.9; thence continue along said right of way North 61 degrees 14 minutes West (Variation Zero) for 1.46 chains to a right of way stone P.T. station 336+82.61; thence continue in a Westerly direction on a 1 degree curve to the left for 10.66 chains to a right of way stone station P.C. 329+82.6; thence run North 68 degrees 14 minutes West (Variation Zero) for 2.23 chains to a right of way stone station P.T. 328+35.7; thence continue in a northwesterly direction on a 3 degree curve to the right for 10.95 chains to a right of way stone station P.C. 320+95.7; thence continue along said right of way line north 46 degrees 02 minutes West (Variation Zero) for 18.25 chains to an iron pipe on the South line of the north half of the northeast quarter of Section 32, T 12 N, R 6E; thence run East along said south line for 4.14 chains to a stone corner at the southeast corner of the W.J. Campbell 10 acre tract; thence run along the east line of said Campbell tract North zero degrees zero minutes East for 20.00 chains to a stone corner on the north line of the NE ¼ of the NE ¼ of said Section 32; thence run North 89 degrees 39 minutes East along the north line of said Section 32 for 30.36 chains to a stone corner thereof, said stone being the point of beginning of the lands herein described. The about described lands containing in aggregate 1,461.64 acres, more or less.

Starting at the NE Corner of the NW ¼ of the NE ¼ of Section 32, T. 12N., R. 6E., St. Stephen's Meridian, Wilcox County, Alabama; thence West for 693.66 ft.; thence S. 4° 00' E. for 90.81 ft. to the True Point of Beginning; thence S. 4° 00' E. for 177.60 ft.; thence N. 41° 00' West. For 51.00 ft.; thence N. 45° 52’ W. for 100.00 ft.; thence N. 55° 34’ W. for 100.00 ft.; thence N. 65° 18’ W. for 100.00 ft.; thence N. 75° 00’ W. for 100.00 ft.; thence N. 84° 44’ W. for 100.00 ft.; thence S. 88° 15’ W. for 44.60 ft.; thence N. 86° 05’ E. for 393.76 ft.; thence S. 64° 00’ E. for 60.00 ft.; thence S. 46° 50’ E for 86.00 ft. to the point of Beginning. Said tract lying and being in the NW ¼ of the NE ¼ of Sec. 32, T. 12N., R. 6E. Wilcox County, Alabama, and containing 0.842 acres, more or less.

Commence at the SW corner of SE ¼ of NE ¼ of Section 32, thence run north along the west line of said SE ¼ of NE ¼ 4.95 chains to the R.O.W. 11.05 chains to the south line 9.85 chains to the point of beginning, containing 2.438 acres, more or less.

SE ¼ of SW ¼, and the S ½ of SE ¼ of Section 29, T-12-N, R-6-E, containing 120 acres, more or less.

Being a total of 1,584.92 acres, more or less, in Wilcox Count, Alabama.
SCHEDULE A-2

PORT ALBERNI COMPLEX

Parcel Identifier Number

ALBERNI SPECIALTIES

004-172-981  Lot 1, District Lo 1, Alberni District, Plan 15070, EXCEPT the part in Plan 31593 and 51178

008-367-655  Parcel Y, (DD 20147N), of District Lot 1, Alberni District, Except Part in Plan VIP55221

008-376-042  That part of the bed of the Public Harbour of Alberni, containing 0.63 of an acre more or less as shown outlined in red on Plan 1045R

008-370-231  That part of District Lot 1, Alberni District, shown outlined in red on Plan 853R

008-371-369  Those parts of District Lot 1, Alberni District, show outlined in red on Plan 883R

008-376-221  That part of the bed of the Public Harbour of Alberni, containing 11.84 acres more or less, shown outlined in red on Plan 1043R

000-987-395  Lot A, District Lot 1, Alberni District, Plan 41766

000-987-417  Lot C, District Lot 1, Alberni District Plan 41766

008-371-342  That part of District Lot 1, Alberni District, show outlined in red on Plan 1186R

Legal Notations"

Hereto is annexed Restrictive Covenant 346214G over Lot 5, Alberni District, Plan 11132

SOMASS

008-376-140  That part of the bed on the Public Harbour of Alberni, containing 19.49 acres more or less, as shown outlined in red on Plan 1044R, EXCEPT part in Plan 37716

Legal Notations:

Hereto in annexed Easement L66190 over part of Lot 1, Plan 37716 as shown on Plan 38682

008-367-337  Parcel W, (DD 17522N) of District Lot 1, Alberni District, containing 21.9 acres, more or less, EXCEPT part in Plan 37716

Legal Notations:

Hereto in annexed Easement L66190 over part of Lot 1, Plan 37716 as shown on Plan 38682
That part of District Lot 1, Alberni District, shown outlined in red on Plan 820R

That part of District Lot 1, Alberni District, shown outlined in red and marked “C” on Plan 1468R

Parcel G, (DD 18540N) of District Lot 1, Alberni District, containing 0.724 of an acre, more or less, EXCEPT that art shown outlined in green and marked “A” on Plan 1468R

That part of District Lot 1 (DD J99892), Alberni District, shown coloured green on Plan 511R EXCEPT part in Plan 37716, containing 2.38 acres

Legal Notations:
Hereto inter alia is annexed Easement L66190 over part of Lot 1, Plan 37716, as shown on Plan 38682

Lot 3, District Lot 1, Alberni District, Plan 27419

ALBERNI PACIFIC
Lot 1, District 1, Alberni District, Plan VIP55507

Legal Notations:
Hereto in annexed EG19087 over Lot 1, Plan 14312, Except Part in Plans 32635, 41033 and VIP55507, Inter Alia

Hereto in annexed Easement EG19089 over Lot 3, Plan VIP 55507, Inter, Alia

Lot 2, District Lot 1, Alberni District, Plan VIP55507

Legal Notations:
Hereto is annexed EG19087 over Lot 1, Plan 13412, Except Part in Plans 32635, 41033 and VIP55507, Inter Alia

Hereto is annexed Easement EG19089 over Lot 3, Plan VIP 55507, Inter Alia

That part of District Lot 1, Alberni District, containing 1.24 acres more or less, as shown coloured red on Plan 102 RW, EXCEPT parts in Plans 8325 and 32635 And EXCEPT art marked ‘6’ on Plan 985 RW and EXCEPT part lying East of the East Boundary of Third Avenue, and EXCEPT part in Plan VIP55507

-73-
Alberni Specialties and Somass - Foreshore Lots (Leases)

<table>
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<th>Lease Type</th>
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Alberni Specialties – Foreshore Lots (Lease)

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<tr>
<td>Federal Lease 147</td>
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<tr>
<td>Federal Lease #30812</td>
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</tbody>
</table>
SCHEDULE A-3

POWELL RIVER COMPLEX

Parcel Identifier Numbers

002-554-682  Block 43, EXCEPT those portions in Plans 12273 and 14778, Explanatory Plans 5457 and 7624, District Lot 450, Plan 8096

Legal Notations:

Land herein within building scheme, see 356713L

Hereto is annexed Restrictive Covenant 225745M over Block 39, see 221882L

Hereto is annexed Restrictive Covenant 225746M over Lots 1 to 4, Subdivision A, Block 38, Plan 3212, see 233042L

Hereto is annexed Restrictive Covenant 128516M over Block C, Plan 8368, see 242190L

Hereto is annexed Restrictive Covenant 140228M over Block E, Plan 8519, see 254429L

Hereto is annexed Restrictive Covenant 140229M over Parcel 1 (Reference Plan 3573), Block 46, see 254428L

Hereto is annexed Restrictive Covenant 148791M over Lot 20, Block 15, Plan 4533, see 265798L

Hereto is annexed Restrictive Covenant 148793M over Lots 4 to 6, Block 14, Plan 4533, see 265800L

Hereto is annexed Easement 284376M over Lot 7, EXCEPT portion included in Reference Plan 5142, Block 13, Plan 6606, see 483045L

Hereto is annexed Restrictive Covenant 384375M over Lot 7, EXCEPT part included in Reference Plan 5142, Block 13, Plan 6606, see 483045L

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O, and P, Block 9, Plan 9246, see 494552L

Hereto is annexed Restrictive Covenant G27264 over Lots 1, 2, and 3, Block 14, Plan 4533

Hereto is annexed Restrictive Covenant H22912 over Lot H, Lots 13 to 21 Block 21 District Lot 450 Plan 9247
Legal Notations

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, District Lot 450, Plan 9246, see 494552L

Legal Notations:

Hereto is annexed Restrictive Covenant 384375M over Lot 7, EXCEPT part included in Reference Plan 5142, now Road, Block 13, District Lot 450, Plan 6606, see 483045L

Hereto is annexed Easement 384276M over Lot 7, EXCEPT part included in Reference Plan 5142, now Road, Block 13, District Lot 450, Plan 6606, see 483045L

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, District Lot 450, Plan 9246, see 494552L

Legal Notations:

Hereto is annexed Easement 384376M over Lot 7, EXCEPT that part included in Reference Plan 5142, now road, Block 13, District Lot 450, Plan 6606, see 483045L

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, District Lot 450, Plan 9246, see 494552L

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, District Lot 450, Plan 9246, see 494552L

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, District Lot 450, Plan 9246, see 494552L

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, District Lot 450, Plan 9246, see 494552L

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, District Lot 450, Plan 9246, see 494552L

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, District Lot 450, Plan 9246, see 494552L

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, District Lot 450, Plan 9246, see 494552L

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, District Lot 450, Plan 9246, see 494552L
Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, District Lot 450, Plan 9246, see 494552L

EXCEPT

(A) Those portions in Plans 8230, 8368, 8765, 9240, 10196, 12203, 12273 13678, 13855, 13904, 14438, 14728, 14857, 15509 and 15920

(B) Part outlined green on Explanatory Plan 3126

(C) Parcel 7 (Reference Plan 5651) and part subdivided by plan LMD25234

District Lot 450 group 1, New Westminster District, Plan 8096

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O, and P Block 9, Plan 9246, see 494552L

This Certificate of Title may be affected by the Agricultural Land Commission Act, see Agricultural Land Reserve Plan No. 4, deposited 12.12.1947 part excluded 23.10.1984, see DF M82368 filed with Agricultural Land Reserve Plan No.4

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P Block 9 District Lot 450 Plan 9246, see 494552L

Block 47 District Lot 1901 A Plan 8096

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P Block 9 District Lot 450 Plan 9246, see 494552L

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P Block 9 District Lot 450 Plan 9246, see 494552L

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, Plan 9246, see 494552L

Block 55 EXCEPT portions in Plans 13475, 14965 and 16963, District Log 450, Plan 8096

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, Plan 9246, see 494552L

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This Certificate of Title may be affected by the Agricultural Land Commission Act, see Agricultural Land Reserve Plan No. 4, deposited 12/12/1974

010-267-409

Block 56, EXCEPT part in Plan 12727, District Lot 450, Plan 8096

Legal Notations:

Hereto is annexed Restrictive Covenant 388796
and P, Block 9 Plan 9246, see 494552L

This Certificate of Title may be affected by the Agricultural Land Commission Act, see Agricultural Land Reserve Plan No. 4, deposited 12/12/1974

010-267-760

Block 57 District Lot 450 Plan 8096

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O, and P, Block 9 Plan 9246, see 494552L

010-267-727

Block 58 District Lot 450 Plan 8096

Legal Notations:

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O, and P, Block 9 Plan 9246, see 494552L

010-264-604

Block 45, EXCEPT portions in Plans 8212, 9209, 9607, 13474 and Reference Plan 3351, District Lot 450, Plan 8096

Legal Notations:

Hereto is annexed Easement 382376M over Lot 7, EXCEPT in Reference Plan 5142, Block 13, Plan 6606, see 483045L

Hereto is annexed Restrictive Covenant 384375M over Lot 7, EXCEPT part in Reference Plan 5142, Block 13, Plan 6606, see 483045L

Hereto is annexed Restrictive Covenant 388796M over Lots A, B, G, H, I, J, O and P, Block 9, Plan 9246, see 494552L

This Certificate of Title may be affected by the Agricultural Land Commission Act, see Agricultural Land Reserve Plan No. 4, deposited 12/12/1094 part Excluded 23/10/1984, see DF M82368 files with Agricultural Land Reserve Plan No. 4

Provincial Lease #233204

Lease Lot 4071 NWD, Lots 4072, 5923 and 5924, NWD, Lot 6071, NWD, Lots 5922 and 6237A, NWD and Lot 6174, NWD.
This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the date and year first above written.

MACMILLAN BLOEDEL LIMITED

By: /s/ 

By: /s/ 

Attest: 

/s/ 

BANK OF MONTREAL TRUST COMPANY

By: /s/ 

Attest: 

/s/ 

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PROVINCE OF BRITISH COLUMBIA )

) ss.:

CITY OF VANCOUVER )

On the 7th day of February, 1996, before me personally came G.E. Mynet to me known, who, being by me duly sworn, did repose and say that he is Secretary of MacMillan Bloedel Limited, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

/s/ Gary R. Sollis

STATE OF NEW YORK )

) ss.:

COUNTY OF NEW YORK )

On the 7th day of February, 1996, before me personally came Frances Rasankasky, to me known, who, being by me duly sworn, did depose and say that she is Assistant Secretary of Bank of Montreal Trust Company, one of the corporations described in and which executed the foregoing instrument; that she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation and the he signed his name thereto by like authority.

/s/ Maureen Radian

-80-
WEYERHAEUSER COMPANY LIMITED

-and-

HARRIS TRUST COMPANY OF NEW YORK

FIRST SUPPLEMENTAL INDENTURE TO
INDENTURE DATED AS OF JANUARY 15, 1996
November 1, 1999
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THIS SUPPLEMENTAL INDENTURE made as of the 1st day of November, 1999.

BETWEEN:

WEYERHAEUSER COMPANY LIMITED, a corporation amalgamated under the laws of Canada (hereinafter called the “Corporation”)

OF THE FIRST PART

- and –

HARRIS TRUST COMPANY OF NEW YORK, (Formerly Bank of Montreal Trust Company), a corporation existing under the laws of the State of New York (hereinafter called the “Trustee”)

OF THE SECOND PART

WHEREAS:

A. MacMillan Bloedel Limited (“MB”) and the Trustee entered into an indenture dated January 15, 1996 (the “Principal Indenture”), providing for the issuance from time to time, of MB’s unsecured debentures, notes, or other evidences of indebtedness (the “Securities”).

B. As of the date hereof, there are issued and outstanding up to U.S. $150,000,000 6.75% Notes due February 15, 2006 and up to U.S. $150,000,000 7.70% Debentures due February 15, 2026.

C. MB entered into a merger agreement dated as of June 20, 1999, as amended and restated (the “Merger Agreement”) with Weyerhaeuser Company (“Weyerhaeuser”) and Weyerhaeuser Company Limited, a corporation existing under the laws of the province of British Columbia (“Exchangeco”).

D. Pursuant to the Merger Agreement, MB, Weyerhaeuser, Weyerhaeuser Holdings Limited and Exchangeco entered into a plan of arrangement (the “Arrangement”) under Section 192 of the Canada Business Corporations Act (“CBCA”) pursuant to which, among other things, Exchangeco acquired all of the common shares of MB other than shares held by dissenting shareholders in accordance with the provisions of Arrangement (“MB Common Shares”).
E. On the effective date of the Arrangement, holders of the MB Common Shares (excluding Exchangeco and holders who have exercised their rights of dissent in accordance with the provisions of the Arrangement) received non-voting exchangeable shares in the capital of Exchangeco (“Exchangeable Shares”) and/or common shares of Weyerhaeuser.

F. Exchangeco is an indirect, wholly-owned subsidiary of Weyerhaeuser and was continued under the CBCA on November 1, 1999.

G. MB and Exchangeco entered into an amalgamation agreement dated November 1, 1999, providing for the amalgamation of MB and Exchangeco under the CBCA to form the Corporation (the “Amalgamation”).

H. Pursuant to Section 801 of the Principal Indenture, the Corporation is required to assume the due and punctual payment of the principal of and any premium and interest on all of the Securities and the performance or observance of every covenant of the Principal Indenture on the part of MB to be performed or observed.

I. Immediately after the Amalgamation and after treating any indebtedness which becomes an obligation of MB or any Subsidiary as a result of the Amalgamation as having been incurred by MB or such Subsidiary at the time of the Amalgamation, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have happened and is continuing.

J. On the date of the Amalgamation, Section 1006 of the Principal Indenture shall not be applicable in respect of any Securities then outstanding.

K. MB has delivered to the Trustee an Officers’ Certificate and an Opinion of Counsel, each stating that the Amalgamation and this Supplemental Indenture comply with Article 8 of the Principal Indenture and that all conditions precedent provided for in Section 801 of the Principal Indenture relating to the Amalgamation have been complied with.

L. In addition, under Section 802 of the Principal Indenture, the successor Person formed by an amalgamation effected in accordance with Section 801 of the Principal Indenture shall succeed to, and be substituted for, and may exercise every right and power of, MB under the Principal Indenture with the same effect as if such successor Person had been named as the Company in the Principal Indenture, and thereafter.

M. All things necessary have been done and performed to authorize the execution of this Supplemental Indenture and to make the same effective and binding upon the Corporation and the Trustee.
NOW THEREFORE, and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

Unless defined herein or the context otherwise requires of specifies, all expressions and terms used in this Supplemental Indenture (including recitals) shall, for all purposes hereof have the same meaning as ascribed to such expressions and terms in the Principal Indenture.

Section 1.2 Supplemental Nature of Indenture

This Supplemental Indenture is an indenture supplemental to the Principal Indenture within the meaning of the Principal Indenture, and the Principal Indenture and this Supplemental Indenture shall be read together and have effect so far as practicable as though all the provisions thereof and hereof were contained in one instrument.

Section 1.3 Supplemental to Indenture

The Principal Indenture is hereby amended and supplemented by the provisions and, as so amended and supplemented, is herein referred to as the “Indenture”.

Section 1.4 Supplemental Indenture

The terms “this Supplemental Indenture” and similar expressions, unless the context otherwise specifies or requires, refer to this Supplemental Indenture and not to any particular article, section, subsection or other portion thereof, and include any and every instrument supplementary or ancillary hereto or in implement hereof. The terms “Indenture”, “hereto”, “herein”, “hereby”, “hereunder” and similar expressions refer to the Principal Indenture and every instrument supplementary or ancillary thereto or in implement thereof, including this Supplemental Indenture. The division on this Supplemental Indenture into articles, sections subsections and other portions thereof and the insertion of headings and the provision of a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Supplemental Indenture or the Principal Indenture. Unless the context otherwise requires or is inconsistent herewith, references herein to articles, sections or subsections are to articles, sections and subsections of this Supplemental Indenture.

Section 1.5 Confirmation

The parties to this Supplemental Indenture hereby acknowledge and confirm that, except as specifically amended by the provisions of this Supplemental Indenture, all the terms and conditions contained in the Principal Indenture are and remain in full force and effect, unamended, in accordance with the provisions thereof.
ARTICLE 2
AMENDMENTS

Section 2.1 Amendment

From the date hereof, “Company” in Section 101 of the Principal Indenture shall mean Weyerhaeuser Company Limited, a corporation organized under the laws of Canada, which has become the successor Person to MacMillan Bloedel Limited in accordance with the applicable provisions of the Principal Indenture.

ARTICLE 3
CONFIRMATION

Section 3.1 Assumption of Liability

The Corporation hereby covenants and agrees with the Trustee:

a) to pay punctually when due the principal of, premium, if any, and interest on all of the Securities issued and certified under the Indenture and for the time being outstanding, according to their tenor, and all other amounts from time to time payable under the Indenture; and

b) to observe and perform, duly and punctually, all the covenants and obligations of MacMillan Bloedel Limited under the Principal Indenture as fully and completely as if the Corporation had itself executed the Principal Indenture as party of the first part thereto and had expressly agreed to observe and perform the same.

ARTICLE 4
GUARANTY OF WEYERHAEUSER

Section 4.1 Guaranty

The Securities shall be guaranteed by Weyerhaeuser pursuant to a guaranty dated as of the date hereof substantially in the form attached hereto as Exhibit A.

ARTICLE 5
ACKNOWLEDGEMENT AND AGREEMENTS OF TRUSTEE

Section 5.1 Acknowledgement and Agreements

The Trustee hereby determines, acknowledges, confirms and agrees that this Supplemental Indenture has been entered into by the Corporation and the Trustee contemporaneously with the completion of the Arrangement.
Section 5.2    Acceptance by Trustee

The Trustee hereby accepts the trusts in this Supplemental Indenture declared and created and agrees to perform the same upon the terms and conditions hereinbefore set forth but subject to the provisions of the Principal Indenture as the same have been amended or supplemented by this Supplemental Indenture.

ARTICLE 6

MISCELLANEOUS

Section 6.1    Confirmation of Principal Indenture

The terms and provisions of the Principal Indenture, as amended and supplemented by this Supplemental Indenture, are in all respects confirmed. Upon the execution of this Supplemental Indenture under Article Nine of the Principal Indenture, the Principal Indenture shall be modified in accordance herewith, and this Supplemental Indenture shall form a part of the Principal Indenture for all purposes; and every Holder of Securities heretofore or hereafter authenticated and delivered under the Principal Indenture shall be bound hereby.

Section 6.2    Conflict with Trust Indenture Act

If any provision of this Supplemental Indenture limits, qualifies or conflicts with any provision of the Trust Indenture Act of 1939, as amended (the “TIA”), that is required under the TIA to be part of and to govern any provision of this Supplemental Indenture, such provision of the TIA shall control. If any provision of this Supplemental Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, such provision of the TIA shall be deemed to apply to the Principal Indenture as so modified or to be excluded by this Supplemental Indenture, as the case may be.

Section 6.3    Further Assurances

The parties hereto hereby covenant and agree to execute and deliver such further and other instruments and to take such further or other action as may be necessary of advisable to give effect to this Supplemental Indenture and the provisions hereof.

Section 6.4    Successors and Assigns

All covenants and agreements in this Supplemental Indenture by the Corporation or the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 6.5    Severability

If any provision of this Supplemental Indenture (or any portion thereof) or the application of any such provision (or any portion thereof) to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by the court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other
provision hereof (or the remaining portion thereof) or the application of such provision to any other persons of circumstances.

Section 6.6 No Third Party Beneficiaries

Nothing in this Supplemental Indenture express or implied, shall give to any Person, other that the parties hereto and their successors under the Principal Indenture and the Holders of the Securities, any benefit or any legal or equitable right, remedy of claim under the Principal Indenture.

Section 6.7 Notices

All demands, notices, approvals, consents, requests and other communications to the Company under the Principal Indenture of this Supplemental Indenture shall be in writing addressed to:

Treasurer
Weyerhaeuser Company-CH 2E31
P.O. Box 2999
Tacoma, WA 98477-2999
Facsimile: 253-924-3543

Overnight Delivery
Treasurer
Weyerhaeuser Company – CH2E31
33663 Weyerhaeuser Way South
Federal Way 98003

Section 6.8 Counterparts

This Supplemental Indenture may be executed in several counterparts (including counterparts by facsimile), each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Supplemental Indenture as of the date first written above.

WEYERHAEUSER COMPANY
LIMITED
By: /s/ Richard J. Taggert

HARRIS TRUST COMPANY
OF NEW YORK
By: /s/
Pursuant to your Grant Notice (the “Grant Notice”) and these Restricted Stock Unit Award Terms and Conditions, Weyerhaeuser Company has granted to you under its 2013 Long-Term Incentive Plan (the “Plan”) the number of restricted stock unit awards (“Awards”) indicated in your Grant Notice at the market value indicated in your Grant Notice (the “Grant”). The Grant was made as of the date of the Compensation Committee action authorizing the Grant (the “Grant Date”). You may decline this Grant by notifying the Compensation and Benefits Department at bened@weyerhaeuser.com within one month of the Grant Date. If you decline this Grant, you will not be entitled to any award, benefit, or other compensation in lieu thereof.

Capitalized terms used but not defined in this document have the definitions given to such terms in the Plan. Awards represent the Company’s unfunded and unsecured promise to issue shares of Company Common Stock to you at a future date, subject to the terms of this document and the Plan. You have no rights to or under the Awards other than the rights of a general unsecured creditor of the Company. In addition, the Awards have the following terms and conditions:

1. **Vesting.** Subject to the provisions of Section 3, the following vesting schedule will apply to the Awards: The Awards will vest over a period of four years. No part of the Awards will vest until the one-year anniversary of the Grant Date. On the one-year anniversary of the Grant Date, 25% of the Awards will vest, with an additional 25% of the Awards vesting on each of the second, third and fourth anniversaries of the Grant Date, respectively. As of the fourth anniversary of the Grant Date, 100% of the Awards will be vested.

Awards that have not vested in accordance with the preceding paragraph are subject to forfeiture as described in Section 3.

2. **Conversion of Awards and Issuance of Shares.** Upon each vesting of Awards in accordance with Section 1, one share of Company Common Stock shall be issued for each Award that vests on such date (the “Shares”), subject to the terms of the Plan and this document. The Company will subtract from the vested Shares the whole number of Shares necessary to satisfy any required Tax Withholding Obligations, as described in Section 9, and transfer the balance of the vested Shares to you. No fractional shares of Common Stock shall be issued under this Grant. The delivery of vested Shares shall occur as soon as practicable after the vesting date specified in Section 1, but in all events by a date which is within 30 days following such date, subject to Section 3.

3. **Termination of Employment; Death; Disability; Change in Control.** In the event of your termination of employment, death or Disability or a Change in Control while Awards are outstanding, the following vesting and payment provisions will apply. Within 30 days following each applicable release date specified below, one Share will be issued for each Award that is subject to release on such date in accordance with the terms of the Plan and this document, subject to any Tax Withholding Obligations as described in Section 9.

   (a) **Termination of Employment at Age 62.** If you terminate employment at age 62 or older (such termination being referred to herein as “retirement”) and if clause (ii) in the second paragraph of Section 3(f) is not applicable, you will be entitled to receive all or a portion of your Awards as set forth below, to
be released on the same dates as provided for in Sections 1 and 2. Specifically, your Awards will vest and be released according to the following schedule:

i. If your retirement occurs on or after the one-year anniversary of the Grant Date, your Awards will continue to vest and be released as provided in Sections 1 and 2 above.

ii. If your retirement occurs before the one-year anniversary of the Grant Date, the number of Awards will be pro-rated based on the number of months you worked after the Grant Date. The number of Awards will be calculated by multiplying (x) the original number of Awards indicated in the Grant Notice by (y) a fraction, the numerator of which is the number of months worked after the Grant Date (and before your retirement) and the denominator of which is 12. The remaining Awards will be forfeited and no Shares will be issued or issuable with respect to such forfeited portion of the Awards. The pro-rated Awards will vest and be released as provided in Sections 1 and 2 above.

(b) Termination of Employment Due to Job Elimination. If your employment is involuntarily terminated due to the elimination of your position with the Company or any Related Company, and if clause (ii) in the second paragraph of Section 3(f) is not applicable, your Awards will continue to vest as provided in Section 1 for one year following your termination and your vested Awards will be released as provided in Section 2. The remaining unvested portion of your Awards as of the one-year anniversary of your termination date will be forfeited and no Shares will be issued or issuable with respect to such forfeited portion of the Awards.

(c) Termination of Employment for Other Reasons. If your employment is terminated before your Awards fully vest as provided in Section 1 and none of the other provisions of this Section 3 apply, any Awards that are not vested on the date of your termination are immediately forfeited and no Shares will be issued or issuable with respect to such forfeited portion of the Awards.

(d) Termination of Employment for Cause. If your employment is terminated for Cause (defined below), then notwithstanding anything to the contrary herein, including but not limited to, Section 3(a), any outstanding Awards will be immediately forfeited at the time the Company or Related Company first notifies you of your termination for Cause and no Shares will be issued or issuable with respect to such forfeited Awards. In addition, if your employment or service relationship is suspended pending an investigation of whether you will be terminated for Cause, payment of all outstanding Awards may be suspended during such period of investigation to the extent permissible under Section 409A of the U.S. Internal Revenue Code of 1986, as amended (“Section 409A”). If, at the conclusion of such investigation, your employment or service relationship is terminated for Cause, all outstanding Awards shall be immediately forfeited as provided above and you shall be required to promptly repay to the Company any Shares relating to such Awards that were previously paid to you during the period of investigation. If any facts that would constitute termination for Cause are discovered after your termination of service, any outstanding Awards may be immediately terminated by the Compensation Committee.

“Cause” means: (i) willful and continued failure to perform substantially your duties with the Company or any Related Company after the Company or Related Company delivers to you written demand for substantial performance specifically identifying the manner in which you have not substantially performed your duties; (ii) conviction of a felony; or (iii) willfully engaging in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company or any Related Company.

(e) Death or Disability. In the event of your death or Disability while actively employed, you will receive 100% of your Awards. Subject to Section 15, all Awards not already released in accordance with
Section 2 above will be released as of the date of your death or Disability. In the event of your death, payment will be made to your estate. “Disability” means a “disability” as defined in Treas. Reg. § 1.409A-3(i)(4) (or successor provisions).

(f) Change in Control. If a Change in Control occurs, your Awards will vest as set forth in Section 1 and be released as set forth in Section 2, subject to the following provisions of this Section 3(f) and Section 15:

(i) If the Awards are not assumed, converted or replaced by the successor entity to the Company, your then-outstanding Awards will immediately vest in full as of the effective date of the Change in Control and shall be converted to a non-forfeitable right to receive an amount in cash equal to the Fair Market Value of one share of Common Stock on the date of the Change in Control times the number of Shares. The amount shall be accumulated with interest compounded annually from the date of the Change in Control until the payment date at a rate of 120 percent of the Federal mid-term rate (as in effect under section 1274 of the Code for the month in which the Change in Control occurs). Payment will be made at the time specified in Section 2 that would apply absent this Section 3(f) or, if earlier, at the time of your separation from service as specified clause (ii) below.

(ii) If you separate from service within two years following the effective date of a 409A Change in Control (defined below):

(1) your Awards will immediately vest in full as of the date of your separation from service, provided that such separation is either an involuntary separation by the Company other than for Cause (as defined in Section 3(d)) or a voluntary separation by you for Good Reason (as defined below); and

(2) your Awards, to the extent vested (or, in the case of a retirement, that will vest following retirement), shall be released (or paid) as of the date of your separation from service.

For purposes of this Section 3(f), a separation from service by the Company includes a separation from service by any Related Company and any successor entity, and a “409A Change in Control” means a Change in Control that qualifies as a “change in control event” for purposes of Treas. Reg. § 1.409A-3(i)(5).

“Good Reason” means, without your express written consent, the occurrence of any one or more of the following events:

i. a material reduction in your authority, duties, or responsibilities existing immediately prior to the Change in Control;

ii. within two years following a Change in Control, the Company’s requiring you to be based at a location that is at least 50 miles farther from your primary residence immediately prior to a Change in Control than is such residence from the Company’s headquarters immediately prior to a Change in Control, except for required travel on the Company’s business to an extent substantially consistent with your business obligations as of the Grant Date;

iii. a material reduction by the Company of your base salary as in effect immediately prior to the Change in Control;
iv. a material reduction in the benefits coverage in the aggregate provided to you immediately prior to the Change in Control; provided, however, that reductions in the level of benefits coverage will not be deemed to be “Good Reason” if your overall benefits coverage is substantially consistent with the average level of benefits coverage of other executives who have positions commensurate with your position at the acquiring company; or

v. a material reduction in your level of participation, including your target-level opportunities, in any of the Company’s short- and/or long-term incentive compensation plans in which you participate as of the Grant Date (for this purpose a material reduction shall be deemed to have occurred if the aggregate “incentive opportunities” are reduced by 10% or more), or a material increase in the relative difficulty of the measures used to determine the payouts under such plans; provided, however, that reductions in the levels of participation or increase in relative difficulty of payout measures will not be deemed to be “Good Reason” if your reduced level of participation or difficulty of measures in each such program remains substantially consistent with the level of participation or difficulty of the measures of some or all other executives who have positions commensurate with your position at the acquiring company.

In no event will your resignation be for Good Reason unless: (A) an event set forth above has occurred and you provide the Company with written notice thereof within 30 days after you have knowledge of the occurrence or existence of such event, which notice specifically identifies the event that you believe constitutes Good Reason; (B) the Company fails to correct the event so identified in all material respects within 30 days after receipt of such notice; and (C) you resign within two years after the occurrence of such event.

4. Dividends. Except as otherwise specifically provided in this document, you will not be entitled to any rights of a shareholder with respect to any outstanding Awards. Notwithstanding the foregoing, if the Company declares and pays dividends on Common Stock during the time period when Awards are outstanding, you will be credited with additional amounts for each Award equal to the dividend that would have been paid with respect to such Award if it had been an actual share of Common Stock, which amount shall remain subject to any restrictions (and as determined by the Administrator may be reinvested in Awards or may be accrued as cash with or without interest) and shall vest and be paid concurrently with the vesting and payment of the Awards upon which such dividend equivalent amounts were paid.

5. No Rights as Shareholder until Vesting and Issuance of Shares. You will not have any voting or any other rights as a shareholder of the Common Stock with respect to the outstanding Awards. Upon vesting of the Awards and issuance of shares of Common Stock, you will obtain full voting and other rights as a shareholder of the Company.

6. Securities Law Compliance. Notwithstanding any other provision of this document, you may not sell the Shares acquired upon vesting and issuance of the Awards unless such Shares are registered under the Securities Act of 1933, as amended (the “Securities Act”), or, if such Shares are not then so registered, such sale is exempt from the registration requirements of the Securities Act. The sale of such Shares must also comply with other applicable laws and regulations governing the Shares and you may not sell the Shares if the Company determines that such sale would not be in material compliance with such laws and regulations.
7. **Non-Transferability of Awards.** Notwithstanding any other provision of this document, you may not sell, pledge, assign, hypothecate, transfer or dispose of your Awards in any manner prior to the distribution to you of shares of Company common stock in respect of such Awards. Awards shall not be subject to execution, attachment or other process. Notwithstanding the foregoing, pursuant to Section 3(e), Shares may be issued to your estate in the event of your death.

8. **Independent Tax Advice.** Determining the actual tax consequences of receiving or disposing of the Awards and Shares may be complicated. These tax consequences will depend, in part, on your specific situation and also may depend on the resolution of currently uncertain tax law and other variables not within the control of the Company. You should consult a competent and independent tax advisor for a full understanding of the specific tax consequences to you of receiving or disposing of Awards and Shares. You are encouraged to consult with a competent tax advisor independent of the Company to obtain tax advice concerning the receipt, vesting or disposition of the Awards or Shares in light of your specific situation.

9. **Taxes and Withholding.** You are ultimately liable and responsible for all taxes owed in connection with the Awards, including federal, state, local, FICA, or foreign taxes of any kind required by law, regardless of any action the Company takes with respect to any tax withholding obligations that arise in connection with the Awards. The Company makes no representation or undertaking regarding the treatment of any tax withholding in connection with the Grant or vesting of the Awards or the subsequent sale of Shares issuable pursuant to the Awards. The Company does not commit and is under no obligation to structure the Awards to reduce or eliminate your tax liability.

When an event occurs in connection with the Awards (e.g., vesting) that the Company determines results in any domestic or foreign tax withholding obligation, whether national, federal, state or local, including any social tax obligation (a “Tax Withholding Obligation”), to the extent required by law, and to the extent permitted by Section 409A, the Company may retain without notice from Shares issuable under the Awards or from salary or other amounts payable to you, whole Shares or cash having a value sufficient to satisfy your Tax Withholding Obligation.

The Company may refuse to issue any Shares to you until your Tax Withholding Obligation is satisfied. You should be aware that, in accordance with the Plan, a delay in satisfying your Tax Withholding Obligation could cause a forfeiture of the Shares.

10. **Grant Not an Employment or Service Contract.** Nothing in the Plan or any Award granted under the Plan will be deemed to constitute an employment contract or confer or be deemed to confer any right for you to continue in the employ of, or to continue any other relationship with, the Company or any Related Company or limit in any way the right of the Company or any Related Company to terminate your employment or other relationship at any time, with or without cause.

11. **No Right to Damages.** You will have no right to bring a claim or to receive damages if any portion of the Grant is forfeited. The loss of existing or potential profit in Awards will not constitute an element of damages in the event of your termination of service for any reason even if the termination is in violation of an obligation of the Company or a Related Company to you.

12. **Binding Effect.** The terms and conditions of this Grant will inure to the benefit of the successors and assigns of the Company and be binding upon you and your heirs, executors, administrators, successors and assigns.
13. **Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation.** (a) All Awards under the Plan are discretionary in nature and may be suspended or terminated by the Company at any time. (b) Each Grant is a one-time benefit that does not create any contractual or other right to receive future grants of Awards. (c) All determinations with respect to any such future grants, including but not limited to, the times when grants will be made, the number of Awards subject to each grant, the grant price, vesting and other terms applicable to the grant, and the time or times when each grant will be exercisable, will be at the sole discretion of the Company. (d) Your participation in the Plan is voluntary. (e) The value of the Grant is an extraordinary item of compensation that is outside the scope of your employment contract, if any. (f) The Grant is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments. (g) Except as may otherwise be explicitly provided in the terms and conditions of this Grant, the vesting of the Grant ceases upon your termination of employment for any reason and any unvested Awards will be forfeited. (h) The future value of the Shares underlying the Grant is unknown and cannot be predicted with certainty.

14. **Employee Data Privacy.** By accepting this Grant, you: (a) authorize the Company and your employer, if different, and any agent of the Company administering the Plan or providing Plan recordkeeping services, to disclose to the Company or any of its affiliates, and their respective agents in connection with administering the Plan, any information and data the Company requests (including personal data) in order to facilitate the grant of the Award and the administration of the Plan; (b) agree that the Company (and your employer, if different, and any of their respective agents in connection with administering the Plan) may act as a data controller and/or data processor with respect to such information and data and waive to the maximum extent permissible by law any data privacy rights you may have with respect to such information and data; and (c) authorize the Company and its agents to store and transmit such information, including in electronic form, to its affiliates or agents in any country (including countries which may not provide for data protection equivalent to the United States).

15. **Compliance with Section 409A.** To the extent that the Company determines that the Awards are subject to Section 409A, these Terms and Conditions will be interpreted and administered in such a way as to comply with the applicable provisions of Section 409A to the maximum extent possible. The term “separation from service” means a “separation from service” as defined in Treas. Reg. § 1.409A-1(h) (or successor provisions). In addition, if the Awards are subject to Section 409A and you must be treated as a “specified employee” within the meaning of Section 409A, any payments made on account of your separation from service for purposes of Section 409A will be made at the time specified above in these Terms and Conditions or, if later and to the extent required by Section 409A, on the date that is six months and one day following the date of your separation from service. When the period during which payment may be made straddles two taxable years, in no event are you permitted, directly or indirectly, to designate the taxable year of any payment. To the extent that the Company determines that the Awards are subject to Section 409A and fail to comply with the requirements of Section 409A, the Company reserves the right (without any obligation to do so) to amend, restructure, terminate or replace the Awards in order to cause the Awards to either not be subject to Section 409A or to comply with the applicable provisions of Section 409A.
Grant

Weyerhaeuser Company (the “Company”) hereby grants to [_________________] (“Director”) an award of [_____] restricted stock units (the “Awards”). The grant date for the Awards is [___] (the “Grant Date”).

Terms and Conditions

The Awards are granted pursuant to the Weyerhaeuser Company 2013 Long-Term Incentive Plan (the “2013 Plan”) and the 2011 Fee Deferral Plan for Directors of Weyerhaeuser Company (Amended and Restated Effective January 1, 2016) (the “Deferral Plan, and together with the 2013 Plan, the “Plans”).

The Awards are subject to all terms and conditions set forth in the Plans and in this Grant Notice and Terms and Conditions (this “Agreement”). Awards represent the Company’s unfunded and unsecured promise to issue shares of the Company’s Common Stock to the Director at a future date.

Copies of the Plans are available upon request to the Company’s Corporate Secretary. In the event of any conflict between the terms of the Plans, the terms of the 2013 Plan shall govern. Capitalized terms not explicitly defined in this Agreement but defined in the Plans have the definitions given to such terms in the Plans.

1. Vesting. Subject to the provisions of Section 4, the following vesting schedule will apply to the Awards: on the one-year anniversary of the Grant Date, 100% of the Awards will vest. Awards that have not vested in accordance with this paragraph are subject to forfeiture as described in Section 4.

2. Conversion of Awards and Issuance of Shares. Subject to any limitations set forth in this Agreement (including Sections 4, 8 and 10) and the Plans, and subject to any deferral election made pursuant to Section 3, one share of Company Common Stock shall be issued to the Director for each Award that vests (the “Shares”) on or as soon as practicable after (but in all events by a date which is within 30 days following) the earliest of the following release events: (a) the one-year anniversary of the Grant Date, (b) a Termination Event, and (c) the date of a Change in Control that qualifies as a “change in control event” for purposes of Treas. Reg. § 1.409A-3(i)(5) (each a “Release Event”). No fractional shares of Common Stock shall be issued under this Agreement. If the Director elects to defer settlement of a percentage of the Awards pursuant to Section 3, such percentage of the Awards shall be settled in accordance with such deferral.

3. Deferral of Payment of Awards. The Director may elect to defer settlement of a percentage of the Awards in accordance with the procedures set forth in Section 4(c) of the Deferral Plan.

4. Termination of Service; Death; Disability; Change in Control. In the event of the Director’s Separation from Service, death, Disability, or a Change in Control while Awards are outstanding, the following vesting provisions will apply.

(a) Termination of Service Other than Due to Death or Disability. In the event of the Director’s Separation from Service for any reason other than death or Disability prior to the occurrence of a Release Event, the Director will receive a pro-rated number of Awards based on the number of days of service as a
member of the Board after the Grant Date. The pro-rated number of Awards will be calculated by multiplying the number of Awards by a fraction, the numerator of which equals the number of days that have elapsed since the Grant Date and the denominator of which equals 365. Subject to Section 10, the pro-rated number of Awards will be released pursuant to Section 2 above. The remaining Awards will be forfeited and no Shares will be issued or issuable with respect to such forfeited portion of the Awards.

(b) **Termination of Service for Cause.** In the event of the Director’s Separation from Service for Cause prior to the occurrence of any Release Event, then notwithstanding anything to the contrary herein, including, but not limited to, Section 4(a), any outstanding Awards will be immediately forfeited at the time the Company first notifies the Director of the termination of the Director’s service for Cause.

(c) **Death or Disability.** In the event of the Director’s death or Disability while actively serving as a member of the Board and prior to the occurrence of any other Release Event (a “**Termination Event**”), the Director will receive 100% of the Awards. Subject to Section 10, the Awards will be released pursuant to Section 2 above. In the event of the Director’s death, payment will be made to the Director’s Beneficiary (as such term is defined in the Deferral Plan).

(d) **Change in Control.** In the event of a Change in Control prior to the occurrence of any other Release Event, the Director will receive 100% of the Awards. Subject to Section 10, the Awards will be released pursuant to Section 2 above.

(e) **Definitions.** For purposes of this Section 4, and subject to Section 10, the following defined terms have the following meanings:

i. “**Cause**” means (i) conviction of a felony or (ii) willfully engaging in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company.

ii. “**Change in Control**” has the meaning assigned to such term in the 2013 Plan.

iii. “**Disability**” means a “disability” as defined in Treas. Reg. § 1.409A-3(i)(4) (or successor provisions).

iv. “**Separation from Service**” has the meaning assigned to such term in the Deferral Plan.

5. **Dividends.** If the Company declares and pays dividends on Common Stock during the time period when Awards are outstanding, each such Award shall be credited with an additional amount equivalent to the dividend that would have been paid with respect to such Award if it had been an actual share of Common Stock. The amount of such dividend equivalents shall be converted into additional Awards in the manner provided in Section 6(b) of the Deferral Plan, such additional Awards to be subject to the same vesting, payment and forfeiture provisions as the original Awards upon which such dividend equivalent amounts were credited.

6. **No Rights as Shareholder until Vesting and Issuance of Shares.** Except as otherwise specifically provided in this Agreement, the Director will not be entitled to any voting or other rights of a shareholder of Common Stock with respect to any outstanding Awards. Upon vesting of the Awards and issuance of Shares, the Director will obtain full voting and other rights as a shareholder of the Company.

7. **Compliance.** The Director may sell, pledge, assign, hypothecate, transfer or dispose of the Awards or Shares issued in respect of the Awards only in compliance with the Company’s policies and applicable laws and regulations, including the registration requirements of the Securities Act of 1933, as amended.
8. **Taxes.** The Company may withhold from any payment under the Plan or from any other compensation payable by the Company to the Director any federal, state or local taxes required by law to be withheld with respect to a deferral, payment or accrual under the Plans, and shall report such payments and other Plan-related information to the appropriate governmental agencies as required under applicable law. Tax consequences of receiving or disposing of Awards and Shares may be complicated, depending in part on the Director’s specific situation. The Director is encouraged to consult with a competent tax advisor independent of the Company to obtain tax advice concerning the receipt, vesting or disposition of the Awards or Shares in light of the Director’s specific situation.

9. **Data Privacy.** By receiving the Awards, the Director: (a) authorizes the Company and any agent of the Company administering the Plans or providing Plan recordkeeping services, to disclose to the Company or any of its affiliates any information and data the Company requests in order to facilitate the grant of the Awards and the administration of the Plans, (b) waives any data privacy rights the Director may have with respect to such information, and (c) authorizes the Company and its agents to store and transmit such information in electronic form.

10. **Compliance with Section 409A.** To the extent that the Company determines that the Awards are subject to Section 409A, these Terms and Conditions will be interpreted and administered in such a way as to comply with the applicable provisions of Section 409A to the maximum extent possible. When the period during which payment may be made straddles two taxable years, in no event are you permitted, directly or indirectly, to designate the taxable year of any payment. To the extent that the Company determines that the Awards are subject to Section 409A and fail to comply with the requirements of Section 409A, the Company reserves the right (without any obligation to do so) to amend, restructure, terminate or replace the Awards in order to cause the Awards to either not be subject to Section 409A or to comply with the applicable provisions of Section 409A.

11. **Binding Effect; Entire Agreement.** This document will inure to the benefit of the successors and assigns of the Company and be binding upon the Director and the Director’s heirs, executors, administrators, successors and assigns. This document and the Plans constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior discussions, understandings and agreements with respect to such matters.
### DOLLAR AMOUNTS IN MILLIONS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated pretax income from continuing operations, before equity earnings</td>
<td>$716</td>
<td>$504</td>
<td>$353</td>
<td>$687</td>
<td>$108</td>
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<tr>
<td>Add: fixed charges</td>
<td>419</td>
<td>489</td>
<td>410</td>
<td>421</td>
<td>386</td>
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<tr>
<td>Add: distributed income from equity investments</td>
<td>1</td>
<td>38</td>
<td>—</td>
<td>5</td>
<td>(3)</td>
</tr>
<tr>
<td>Less: capitalized interest</td>
<td>9</td>
<td>8</td>
<td>7</td>
<td>13</td>
<td>17</td>
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<tr>
<td>Less: preference dividends(2)</td>
<td>—</td>
<td>27</td>
<td>44</td>
<td>54</td>
<td>23</td>
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<tr>
<td><strong>Total earnings</strong></td>
<td>$1,127</td>
<td>$996</td>
<td>$712</td>
<td>$1,046</td>
<td>$451</td>
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<tr>
<td><strong>Fixed charges</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and other financial charges(1)</td>
<td>$402</td>
<td>$444</td>
<td>$353</td>
<td>$357</td>
<td>$350</td>
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<td>Add: interest portion of rental expense</td>
<td>17</td>
<td>18</td>
<td>13</td>
<td>10</td>
<td>13</td>
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<tr>
<td>Add: preference dividends(2)</td>
<td>—</td>
<td>27</td>
<td>44</td>
<td>54</td>
<td>23</td>
</tr>
<tr>
<td><strong>Total fixed charges</strong></td>
<td>$419</td>
<td>$489</td>
<td>$410</td>
<td>$421</td>
<td>$386</td>
</tr>
<tr>
<td>Ratio of earnings to fixed charges</td>
<td>2.69</td>
<td>2.04</td>
<td>1.74</td>
<td>2.48</td>
<td>1.17</td>
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<tr>
<td>Ratio of earnings to fixed charges (excluding preference dividends)</td>
<td>2.69</td>
<td>2.16</td>
<td>1.95</td>
<td>2.85</td>
<td>1.24</td>
</tr>
</tbody>
</table>

(1) Interest expensed and capitalized, as well as amortized premiums, discounts and capitalized expenses related to indebtedness.
(2) The preference security dividend has been calculated without adjustment for income taxes as a result of the negative effective tax rate in 2013. Additionally, all preference shares were converted to common shares during 2016.
<table>
<thead>
<tr>
<th>Name</th>
<th>State or Country of Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weyerhaeuser Timber Operations I, L.L.C.</td>
<td>Delaware</td>
</tr>
<tr>
<td>Weyerhaeuser SDT, LLC</td>
<td>Delaware</td>
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<tr>
<td>Weyerhaeuser Timber Operations II, Inc.</td>
<td>Delaware</td>
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<tr>
<td>Weyerhaeuser Timber Operations I, LLC</td>
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<tr>
<td>Weyerhaeuser NR Company</td>
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<td>B&amp;C Water Resources, LLC</td>
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<td>D&amp;E Water Resources, LLC</td>
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<td>Highland Mineral Resources, LLC</td>
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<tr>
<td>King Road Aggregates LLC</td>
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</tr>
<tr>
<td>ver Bes’ Insurance Company</td>
<td>Vermont</td>
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<tr>
<td>Weyerhaeuser Asset Management LLC</td>
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<tr>
<td>Weyerhaeuser Realty Investors, Inc.</td>
<td>Washington</td>
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<tr>
<td>Weyerhaeuser International, Inc.</td>
<td>Washington</td>
</tr>
<tr>
<td>Weyerhaeuser (Asia) Limited</td>
<td>Hong Kong</td>
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<tr>
<td>Weyerhaeuser China, Ltd.</td>
<td>Washington</td>
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<tr>
<td>Weyerhaeuser Company Limited</td>
<td>Canada</td>
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<tr>
<td>317298 Saskatchewan Ltd.</td>
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</tr>
<tr>
<td>Weyerhaeuser (Carlisle) Ltd.</td>
<td>Barbados</td>
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<tr>
<td>Camarin Limited</td>
<td>Barbados</td>
</tr>
<tr>
<td>Weyerhaeuser Japan Ltd.</td>
<td>Japan</td>
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<td>Weyerhaeuser Japan Ltd.</td>
<td>Delaware</td>
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<td>Weyerhaeuser Products Limited</td>
<td>United Kingdom</td>
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<td>WREDKO I LLC</td>
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<tr>
<td>WREDKO II LLC</td>
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<tr>
<td>Weyerhaeuser SC Company</td>
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<tr>
<td>Weyerhaeuser SDT, LLC</td>
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<tr>
<td>Weyerhaeuser Services, Inc.</td>
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<tr>
<td>Weyerhaeuser WPF LLC</td>
<td>Washington</td>
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<tr>
<td>WY Carolina Holdings LLC</td>
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<td>WY Georgia Holdings 2004 LLC</td>
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</tr>
<tr>
<td>WY Tennessee Holdings LLC</td>
<td>Delaware</td>
</tr>
</tbody>
</table>
EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Weyerhaeuser Company:

We consent to the incorporation by reference in the registration statement (No. 333-204721 on Form S-3 and Nos. 333-209617, 333-188256, 333-183980, 333-182810, 333-182224 on Form S-8) of Weyerhaeuser Company of our reports dated February 16, 2018, with respect to the consolidated balance sheets of Weyerhaeuser Company as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2017, which reports appear in the December 31, 2017 annual report on Form 10-K of Weyerhaeuser Company.

/s/ KPMG LLP
Seattle, Washington
February 16, 2018
CERTIFICATIONS

EXHIBIT 31

Certification Pursuant to Rule 13a-14(a)
Under the Securities Exchange Act of 1934

I, Doyle R. Simons, certify that:

1. I have reviewed this annual report on Form 10-K of Weyerhaeuser Company.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 16, 2018

/s/ DOYLE R. SIMONS
Doyle R. Simons
President and Chief Executive Officer
Certification Pursuant to Rule 13a-14(a)
Under the Securities Exchange Act of 1934

I, Russell S. Hagen, certify that:

1. I have reviewed this annual report on Form 10-K of Weyerhaeuser Company.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 16, 2018

/s/ RUSSELL S. HAGEN

Russell S. Hagen
Senior Vice President and Chief Financial Officer
Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and Section 1350, Chapter 63 of Title 18, United States Code, each of the undersigned officers of Weyerhaeuser Company, a Washington corporation (the “Company”), hereby certifies that:

The Company’s Annual Report on Form 10-K dated February 16, 2018 (the "Form 10-K") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/  DOYLE R. SIMONS  
Doyle R. Simons  
President and Chief Executive Officer

Dated: February 16, 2018

/s/  RUSSELL S. HAGEN  
Russell S. Hagen  
Senior Vice President and Chief Financial Officer

Dated: February 16, 2018

The foregoing certification is being furnished solely pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and Section 1350, Chapter 63 of Title 18, United States Code, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, and is not being filed as part of the Form 10-K or as a separate disclosure document.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.