

DELTIC TIMBER CORP  
Form 425  
October 23, 2017

Filed by Potlatch Corporation

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of the Securities Exchange Act of 1934

Subject Company: Deltic Timber Corporation

(Commission File No. 001-12147)

Potlatch Corporation ( Potlatch ) issued the following letter to employees relating to the proposed transaction contemplated by that certain Agreement and Plan of Merger, dated as of October 22, 2017 (the Merger Agreement ), by and among Potlatch, Portland Merger LLC, a wholly owned subsidiary of Potlatch and Deltic Timber Corporation.

Fellow Employees:

Today, we announced that Potlatch has entered into a merger agreement with Deltic Timber, an Arkansas based company with 530,000 acres of timberland, a real estate business and three manufacturing facilities. This transaction marks a major milestone for our company and our industry as we bring together two great timber companies uniquely positioned to drive value for our stockholders and benefits for our customers, partners and you. Potlatch and Deltic's similar business models and overlapping geographic footprint make us a natural fit. For additional details, see the attached press release and visit the Potlatch intranet site for an employee Q&A and investor presentation, which will be posted on our intranet site later this morning.

The combined company will be named PotlatchDeltic, and will be headquartered in Spokane, Washington. Upon completion of the transaction, I will continue to serve as Chairman and CEO, with Eric Cremers as President and COO. Joining the combined company will be John Enlow, the current CEO of Deltic. In his new role, John will lead the integration process, driving our effort to optimize harvest levels on the Deltic timberlands and increase the output from the two southern pine sawmills and a MDF facility.

With the Deltic transaction, which is valued at approximately \$1.2 billion, we gain significant scale and diversification particularly through nearly one million timberland acres in Arkansas and substantially expanded sawmill capacity. The combined company will have a strong platform for continued growth and success, including a market capitalization of over \$3 billion; a diversified timberland base of almost 2 million acres; production of over 1.2 billion board feet of lumber and 300 million square feet of panel products; and a dynamic real estate portfolio. I hope you share my excitement for the many opportunities that lie ahead for us through this combination.

Today's announcement is just the first step towards completing the transaction, which we expect will be sometime in the first half of 2018. Until that time, both companies will continue to operate independently and compete as normal. Over the next few months, we will determine how best to merge our two great companies and the best organizational structure for the combined entity.

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**Potlatch Corporation**

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Without your continued dedication to make Potlatch successful, this merger would not have been possible. Thanks to your efforts, Potlatch has had an outstanding year in each of our business segments leading to the strong earnings we reported today. I know many of you will play a key role in making the merger successful in the months ahead.

If you have any questions, please speak with your supervisor or HR representative. You can also visit the investor page on our website for an investor presentation, which we will review with investors later this morning.

This is an exciting combination and we look forward to realizing the many benefits it will produce.

Sincerely,

## **ADDITIONAL INFORMATION**

This communication is being made in respect of the proposed merger transaction involving Potlatch Corporation ( Potlatch ) and Deltic Corporation ( Deltic ). This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. In connection with the proposed merger, Potlatch and Deltic will file relevant materials with the Securities and Exchange Commission ( SEC ), including a Potlatch registration statement on Form S-4 that will include a joint proxy statement of Potlatch and Deltic and also constitutes a prospectus of Potlatch. Potlatch and Deltic also plan to file other documents with the SEC regarding the proposed merger transaction and a definitive joint proxy statement/prospectus will be mailed to stockholders of Potlatch and Deltic. **BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, SECURITY HOLDERS OF POTLATCH AND DELTIC ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE PROPOSED TRANSACTION AND ANY OTHER RELEVANT DOCUMENTS CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED**

TRANSACTION. The joint proxy statement/prospectus, as well as other filings containing information about Potlatch and Deltic will be available without charge, at the SEC's Internet site (<http://www.sec.gov>). Copies of the joint proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the joint proxy statement/prospectus can also be obtained, when available, without charge, from Potlatch's website at <http://www.Potlatchcorp.com> under the Investor Resources tab (in the case of documents filed by Potlatch) and on Deltic's website at <https://www.Deltic.com> under the Investor Relations tab (in the case of documents filed by Deltic).

Potlatch and Deltic, and certain of their respective directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from the stockholders of Deltic and Potlatch in respect of the proposed merger transaction. Certain information about the directors and executive officers of Potlatch is set forth in its Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on February 17, 2017, its proxy statement for its 2017 annual meeting of stockholders, which was filed with the SEC on April 3, 2017 and its Current Report on Form 8-K, which was filed on May 1, 2017. Certain information about the directors and executive officers of Deltic is set forth in its Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on March 7, 2016, its proxy statement for its 2017 annual meeting of stockholders, which was filed with the SEC on March 20, 2017, its supplement to the proxy statement for its 2017 annual meeting of the stockholders, which was filed with the SEC on March 30, 2017 and its Current Reports on Form 8-K, which were filed with the SEC on September 1, 2017, May 2, 2017, March 8, 2017 and February 27, 2017. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be included in the joint proxy statement/prospectus and other relevant documents filed with the SEC when they become available.

#### **CAUTION ABOUT FORWARD-LOOKING STATEMENTS**

This communication contains certain forward-looking information about Potlatch and Deltic that is intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are forward-looking statements. In some cases, you can identify forward-looking statements by words such as may, hope, will, should, expect, plan, anticipate, in estimate, predict, potential, continue, could, future or the negative of those terms or other words of similar meaning. These forward-looking statements include, without limitation, statements relating to the terms and closing of the proposed transaction between Potlatch and Deltic, the proposed impact of the merger on Potlatch's financial results, and the integration of Deltic's operations. You should carefully read forward-looking statements, including statements that contain these words, because they discuss the future expectations or state other forward-looking information about Potlatch and Deltic. A number of important

factors could cause actual results or events to differ materially from those indicated by such forward-looking statements, many of which are beyond the parties' control, including the parties' ability to consummate the transaction or satisfy the conditions to the completion of the transaction, including the receipt of stockholder approvals, the receipt of regulatory approvals required for the transaction on the terms expected or on the anticipated schedule; the parties' ability to meet expectations regarding the timing, completion and accounting and tax treatments of the transaction; the possibility that any of the anticipated benefits of the proposed merger will not be realized or will not be realized within the expected time period; the risk that integration of Deltic's operations with those of Potlatch will be materially delayed or will be more costly or difficult than expected; the failure of the proposed merger to close for any other reason; the effect of the announcement of the merger on customer relationships and operating results (including, without limitation, difficulties in maintaining relationships with employees or customers); dilution caused by Potlatch's issuance of additional shares of its common stock in connection with the merger; the possibility that the merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events; the diversion of management time on transaction related issues; general competitive, economic, political and market conditions and fluctuations, including changes in interest rates, credit availability, adverse weather, cost and availability of materials used to manufacture products, natural gas pricing and volumes produced; changes in the regulatory environment; the cyclical nature of the industry in which the parties operate; and the other factors described in Potlatch's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and in its most recent Quarterly Reports on Form 10-Q filed with the SEC, or described in Deltic's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and its most recent Quarterly Reports on Form 10-Q filed with the SEC. Potlatch and Deltic assume no obligation to update the information in this communication, except as otherwise required by law. Readers are cautioned not to place undue reliance on these forward-looking statements, all of which speak only as of the date hereof.