

2020

WEYERHAEUSER EARNINGS RESULTS

FIRST QUARTER 2020 | May 1, 2020



FORWARD-LOOKING STATEMENTS

This presentation contains statements concerning the company's future results and performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, including, but not limited to, with respect to our second quarter 2020 outlook and expectations concerning the following: earnings and Adjusted EBITDA for each of our businesses; domestic sawlog demand; log sale realizations and sales volumes; log export sales volumes; fee harvest volumes; road and forestry costs; sales volumes across all of our wood products lines; capacity reductions of our lumber, oriented strand board and engineered wood products lines; and updated full-year 2020 outlook for Adjusted EBITDA for our Real Estate and Energy and Natural Resources segment, interest expense, consolidated tax rate and capital expenditures. Forward-looking statements may be identified by our use of certain words in such statements, including without limitation words such as “anticipate,” “believe,” “continue,” “continued,” “could,” “forecast,” “estimate,” “outlook,” “goal,” “will,” “plan,” “expect,” “target,” “would” and similar words and terms and phrases using such terms and words. We may refer to assumptions, goals or targets, or we may reference expected performance through, or events to occur by or at, a future date, and such references may also constitute forward-looking statements. Forward-looking statements are based on our current expectations and assumptions. The realization of our expectations and the accuracy of our assumptions are subject to a number of risks and uncertainties that are difficult to predict and often are beyond the company's control. These and other factors could cause one or more of our expectations to be unmet, one or more of our assumptions to be materially inaccurate or actual results to differ materially from those expressed or implied in our forward-looking statements, or all of the foregoing. Such uncertainties and other factors include, without limitation: 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; the effect of COVID-19 and other viral or disease outbreaks and their potential effects on our business, results of operations, cash flows, financial condition and future prospects; 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 Japanese yen, the Chinese yuan, and the Canadian dollar, and the relative value of the euro to the yen; restrictions on international trade and tariffs imposed on imports or exports; 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; our operational excellence 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; changes in global or regional climate conditions and governmental response to such changes; 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 risks and uncertainties identified in our 2019 Annual Report on Form 10-K, as well as those set forth from time to time in our other public statements, reports, registration statements, prospectuses, information statements and other filings with the SEC.

It is not possible to predict or identify all risks and uncertainties that might affect the accuracy of our forward-looking statements and, consequently, our descriptions of such risks and uncertainties should not be considered exhaustive. There is no guarantee that any of the events anticipated by these forward-looking statements will occur, and if any of the events do occur, there is no guarantee what effect they will have on the company's business, results of operations, cash flows, financial condition and future prospects.

Forward-looking statements speak only as of the date they are made, and we undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events, or otherwise. Nothing on our website is intended to be included or incorporated by reference into, or made a part of, this presentation.

Also included in this presentation are certain non-GAAP financial measures, which management believes complement the financial information presented in accordance with U.S. generally accepted accounting principles. Management believes such non-GAAP measures may be useful to investors. Our non-GAAP financial measures may not be comparable to similarly named or captioned non-GAAP financial measures of other companies due to potential inconsistencies in how such measures are calculated. A reconciliation of each presented non-GAAP measure to its most directly comparable GAAP measure is provided in the appendices to this presentation.



2020 Q1 CONSOLIDATED RESULTS

\$ Millions	2019	2020	
Adjusted EBITDA	Q4	Q1	Change
Timberlands	\$ 158	\$ 173	\$ 15
Real Estate, Energy & Natural Resources	37	101	64
Wood Products	110	184	74
Unallocated Items	(45)	(45)	—
Total Adjusted EBITDA¹	\$ 260	\$ 413	\$ 153
Net Contribution to Earnings Before Special Items	\$ 114	\$ 220	\$ 106

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 19](#).
2. Includes other operating (costs) income, net; non-operating pension and other postretirement benefit costs; and interest income and other. Interest income and other includes approximately \$5 million and \$0.2 million of income from SPE investments for fourth quarter 2019 and first quarter 2020, respectively.
3. Interest expense is net of capitalized interest.
4. An explanation of special items and a reconciliation to GAAP are set forth on [Slide 4](#). Income taxes attributable to special items are included in Special items, after-tax.

\$ Millions (except EPS)	2019	2020
Consolidated Statement of Operations Before Special Items	Q4	Q1
Net sales	\$ 1,548	\$ 1,728
Costs of sales	1,301	1,382
Gross margin	247	346
SG&A expenses	116	96
Other expense, net ²	17	30
Net Contribution to Earnings Before Special Items	\$ 114	\$ 220
Interest expense, net ³	(89)	(85)
Income taxes ⁴	(2)	3
Net Earnings Before Special Items⁴	\$ 23	\$ 138
Special items, after-tax ⁴	(37)	12
Net Earnings (Loss)	\$ (14)	\$ 150
Diluted EPS Before Special Items⁴	\$ 0.03	\$ 0.18
Diluted EPS	\$ (0.02)	\$ 0.20



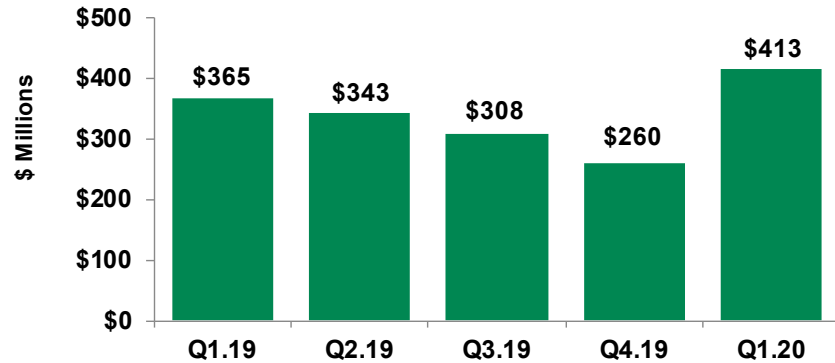
EARNINGS BEFORE SPECIAL ITEMS

\$ Millions (except EPS)	2019 Q4			2020 Q1		
	Pretax Earnings	After-Tax Earnings	Diluted EPS	Pretax Earnings	After-Tax Earnings	Diluted EPS
Earnings Before Special Items	\$ 25	\$ 23	\$ 0.03	\$ 135	\$ 138	\$ 0.18
Special Items:						
Gain on sale of nonstrategic timberlands	48	48	0.07	—	—	—
Pension settlement charge	(6)	(5)	(0.01)	—	—	—
Legal benefit	—	—	—	12	12	0.02
Restructuring, impairments and other charges	(80)	(80)	(0.11)	—	—	—
Total Special Items	(38)	(37)	(0.05)	12	12	0.02
Earnings (Loss) Including Special Items (GAAP)	\$ (13)	\$ (14)	\$ (0.02)	\$ 147	\$ 150	\$ 0.20

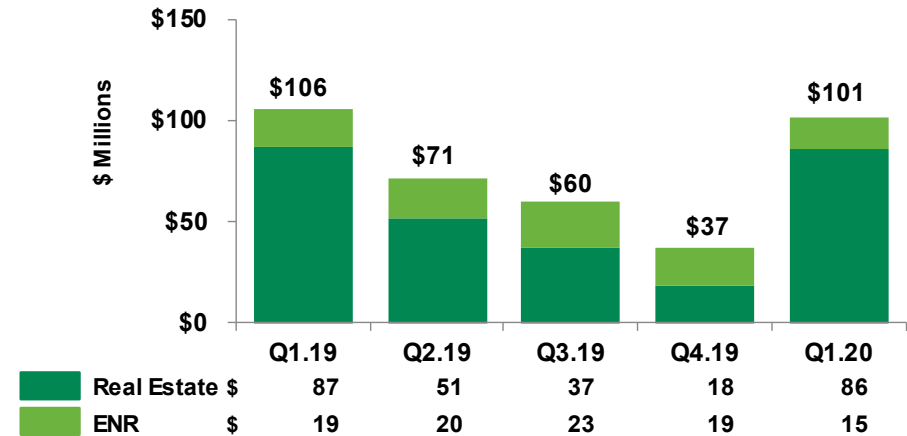


ADJUSTED EBITDA¹

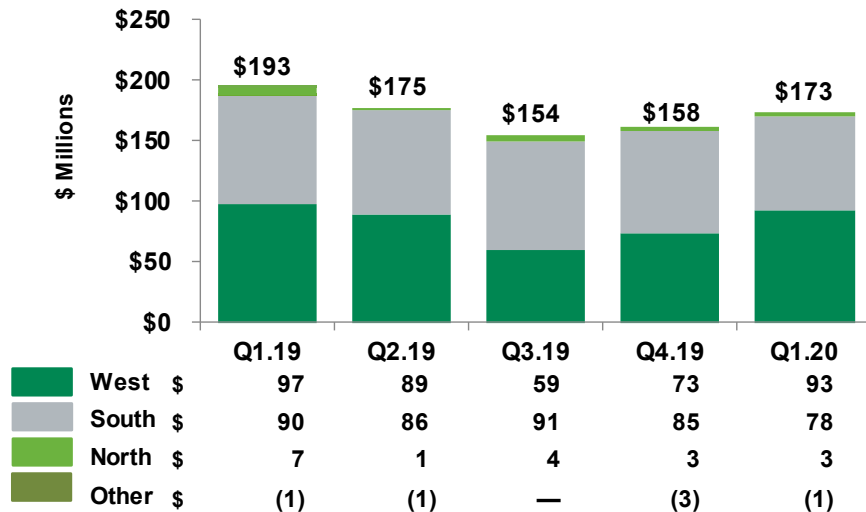
Total Company²



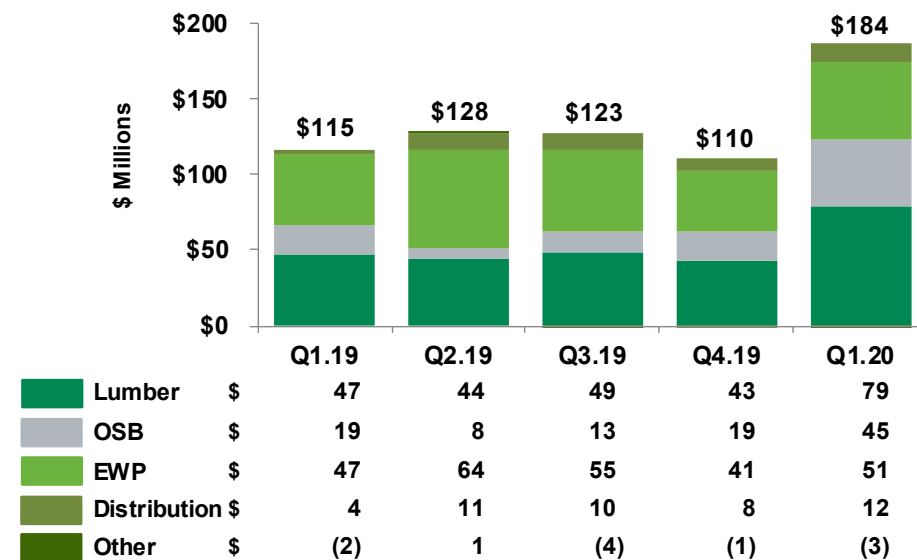
Real Estate & ENR



Timberlands



Wood Products



1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 19](#), [Slide 20](#), [Slide 21](#), [Slide 22](#) and [Slide 23](#).
 2. Total Company Adjusted EBITDA includes Timberlands; Real Estate, Energy & Natural Resources; Wood Products and Unallocated.



TIMBERLANDS SEGMENT

TIMBERLANDS (\$ Millions)	2019	2020
Adjusted EBITDA by Region	Q4	Q1
West	\$ 73	\$ 93
South	85	78
North	3	3
Other	(3)	(1)
Total Adjusted EBITDA¹	\$ 158	\$ 173

First Quarter Notes

- Increased average sales realizations and volumes for Japan export logs
- Modestly higher average Western domestic sales realizations
- Lower Southern fee harvest volumes and slightly lower average log sales realizations
- Seasonally lower forestry and Western unit logging, hauling and road costs

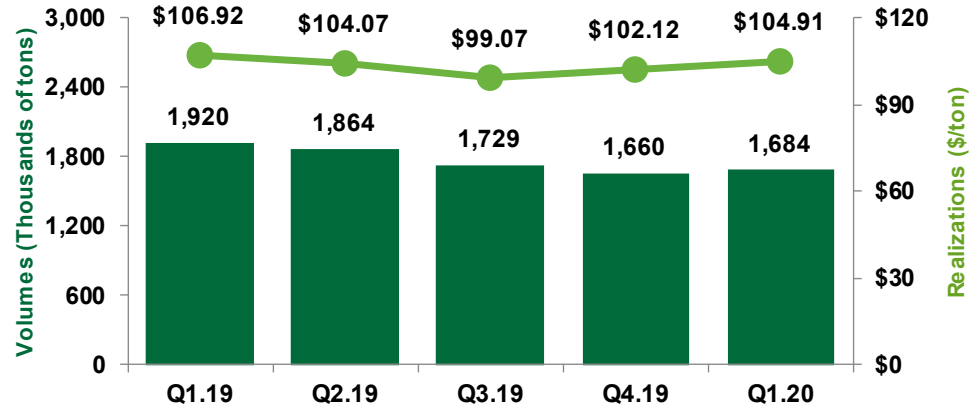
1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 20](#).
2. Adjusted EBITDA divided by total sales.
3. Net contribution to earnings before special items divided by total sales.

TIMBERLANDS (\$ Millions)	2019	2020
Segment Statement of Operations	Q4	Q1
Third-party sales	\$ 388	\$ 381
Intersegment sales	122	122
Total Sales	510	503
Costs of sales	402	375
Gross margin	108	128
SG&A expenses	23	24
Other (income) expense, net	—	(1)
Net Contribution to Earnings Before Special Items	\$ 85	\$ 105
Special items, pretax	(32)	—
Net Contribution to Earnings	\$ 53	\$ 105
Adjusted EBITDA¹	\$ 158	\$ 173
Adjusted EBITDA Margin Percentage²	31%	34%
Operating Margin Percentage³	17%	21%

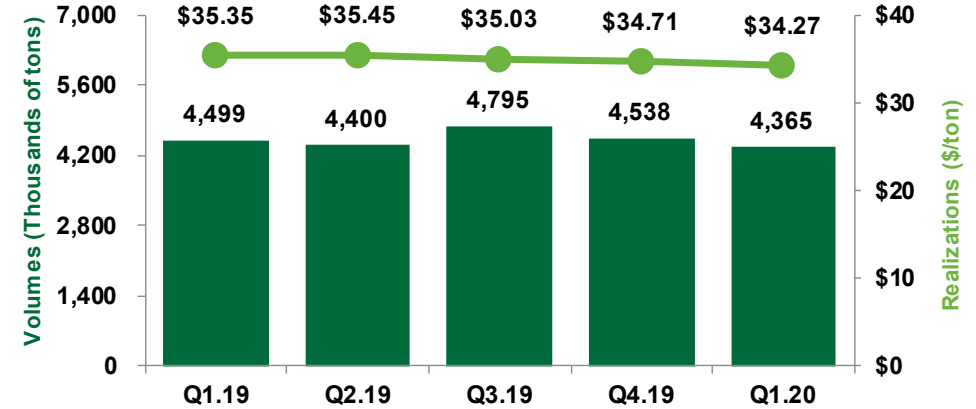


SALES VOLUMES, REALIZATIONS AND EXPORT REVENUE

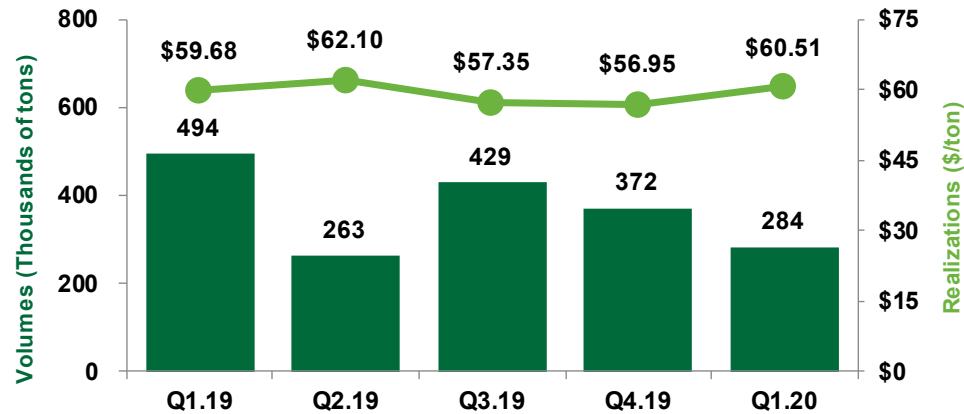
3rd-Party Log Sales and Realizations - West¹



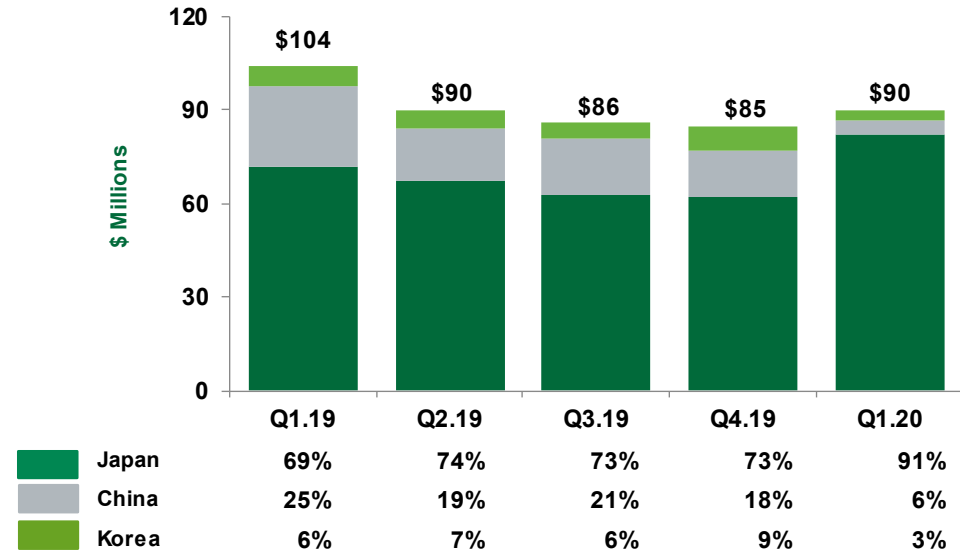
3rd-Party Log Sales and Realizations - South



3rd-Party Log Sales and Realizations - North



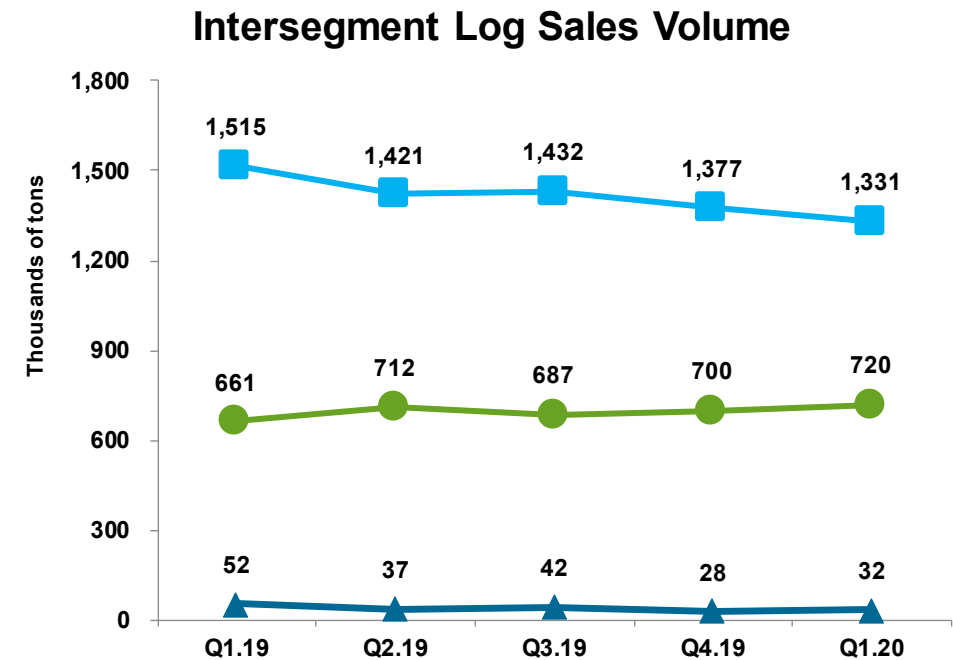
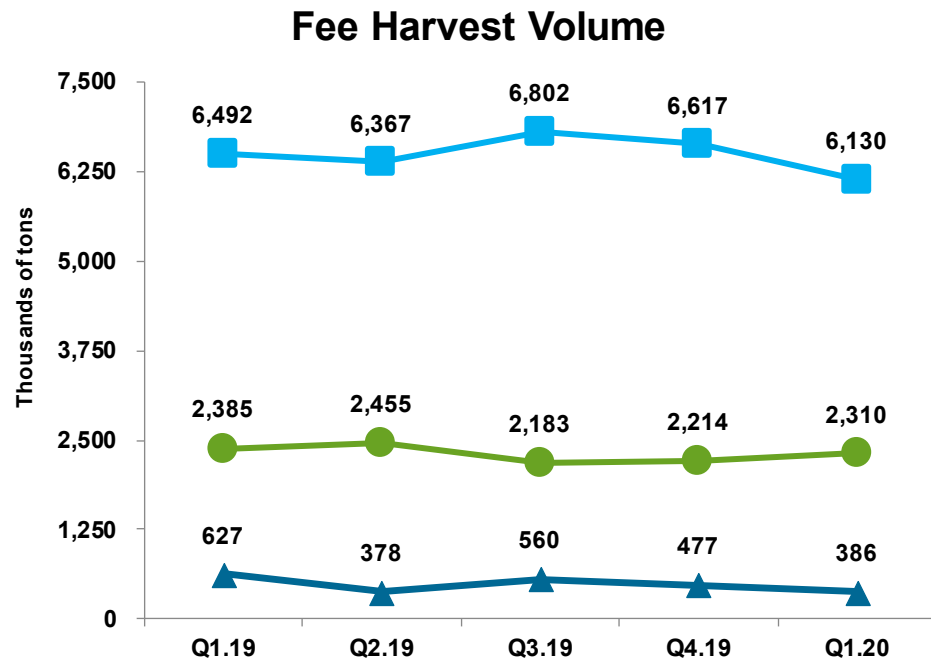
Western Export Log Revenue



1. Western logs are primarily transacted in MBF but are converted to ton equivalents for external reporting purposes.



FEE HARVEST VOLUME AND INTERSEGMENT SALES VOLUME



■ South
 ● West
 ▲ North



REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

Real Estate & ENR (\$ Millions)	2019	2020
Adjusted EBITDA by Business	Q4	Q1
Real Estate	\$ 18	\$ 86
Energy & Natural Resources	19	15
Total Adjusted EBITDA¹	\$ 37	\$ 101

First Quarter Notes

- Increased real estate sales due to a higher number of acres sold
- Lower average price per acre and higher average land basis due to mix

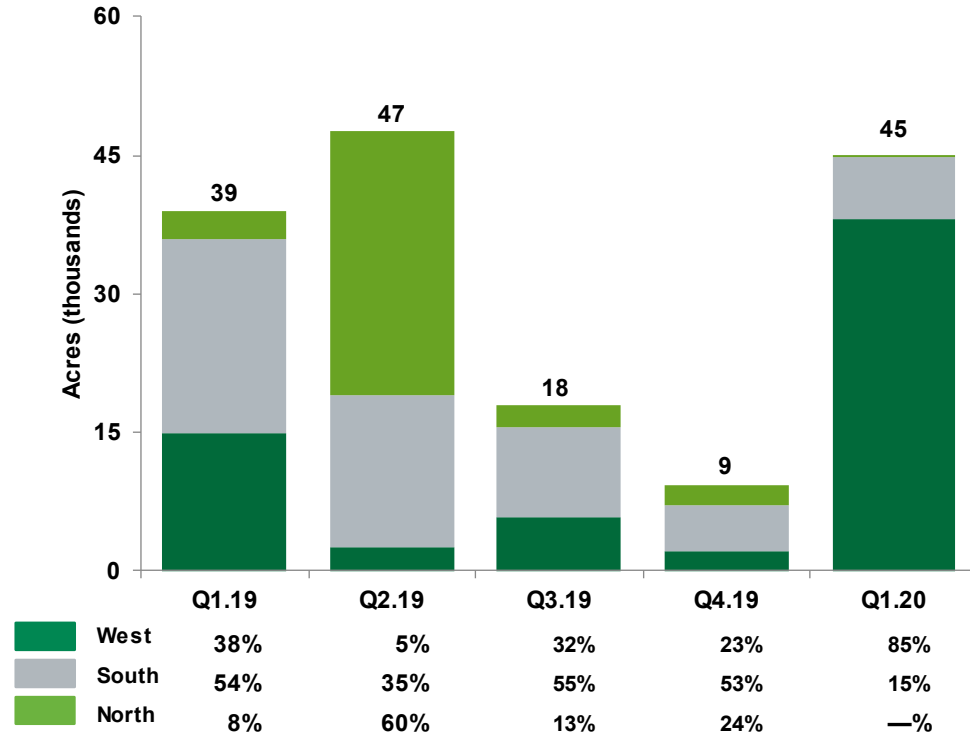
1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 21](#).

Real Estate & ENR (\$ Millions)	2019	2020
Segment Statement of Operations	Q4	Q1
Total sales	\$ 46	\$ 112
Costs of sales	18	70
Gross margin	28	42
SG&A expenses	7	6
Other (income) expense, net	(1)	—
Net Contribution to Earnings	\$ 22	\$ 36
Adjusted EBITDA¹	\$ 37	\$ 101

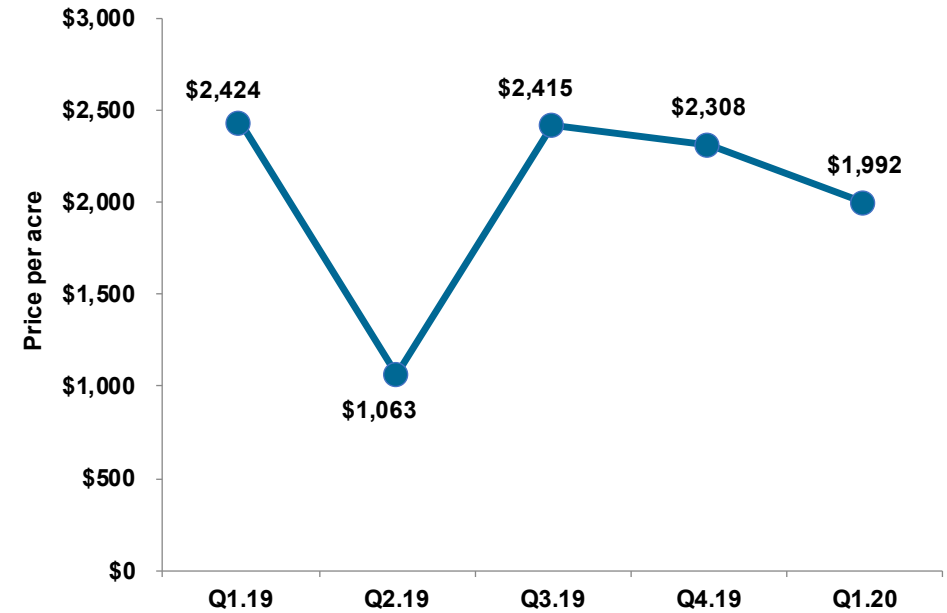


REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

Acres Sold



Average Price per Acre



WOOD PRODUCTS SEGMENT

WOOD PRODUCTS (\$ Millions)	2019	2020
Adjusted EBITDA by Business	Q4	Q1
Lumber	\$ 43	\$ 79
OSB	19	45
Engineered Wood Products	41	51
Distribution	8	12
Other	(1)	(3)
Total Adjusted EBITDA¹	\$ 110	\$ 184

First Quarter Notes

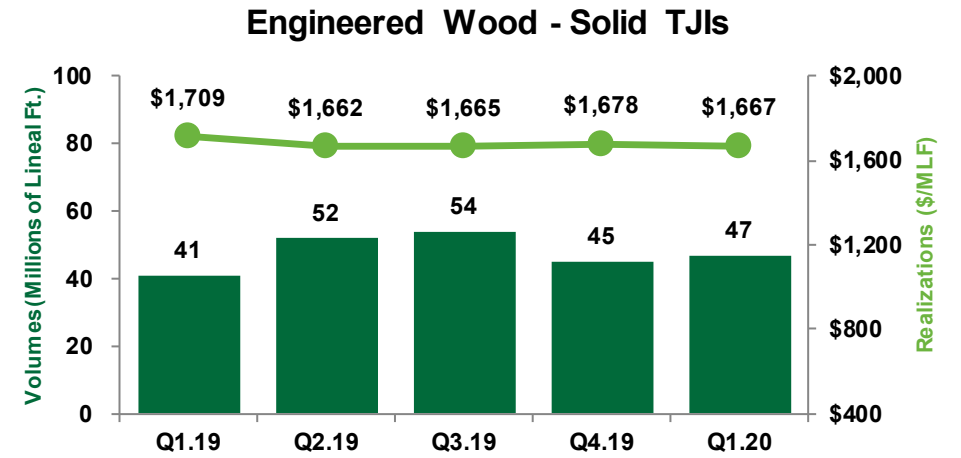
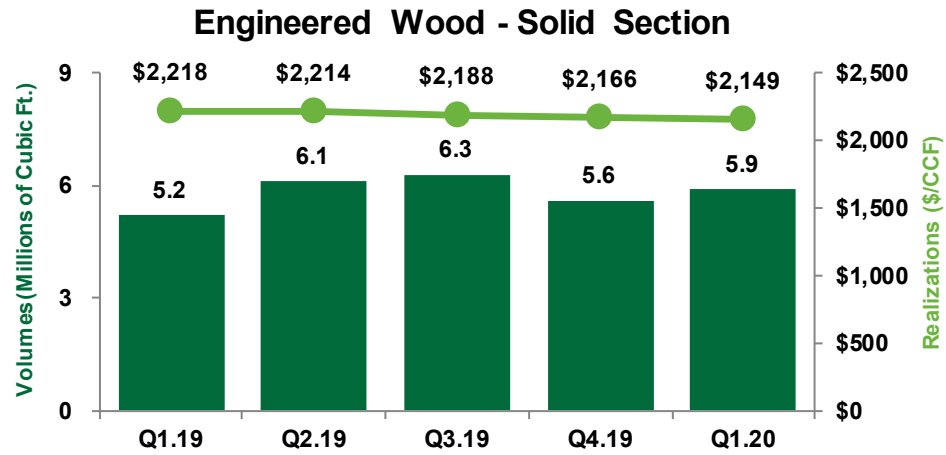
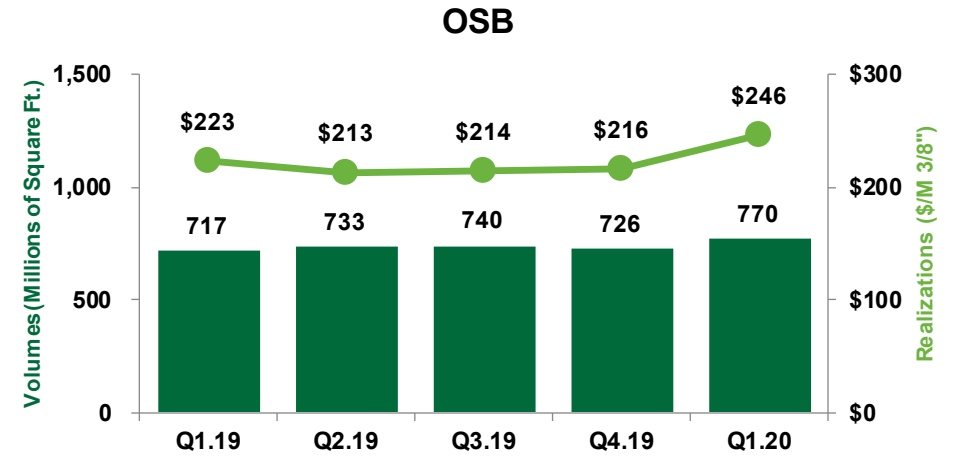
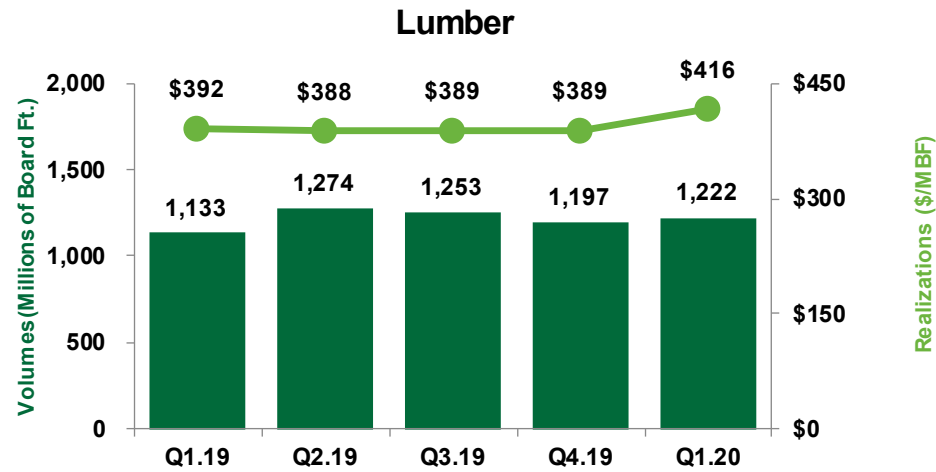
- Higher average sales realizations for lumber and OSB
- Increased sales volumes across all product lines
- Improved per unit manufacturing costs

WOOD PRODUCTS (\$ Millions)	2019	2020
Segment Statement of Operations	Q4	Q1
Total sales	\$ 1,115	\$ 1,235
Costs of sales	994	1,040
Gross margin	121	195
SG&A expenses	56	57
Other expense, net	5	4
Net Contribution to Earnings	\$ 60	\$ 134
Adjusted EBITDA¹	\$ 110	\$ 184
Adjusted EBITDA Margin Percentage²	10%	15%
Operating Margin Percentage³	5%	11%

1. Adjusted EBITDA for Wood Products businesses include earnings on internal sales, primarily from the manufacturing businesses to Distribution. These sales occur at market price. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 22](#).
2. Adjusted EBITDA divided by total sales.
3. Net contribution to earnings divided by total sales.



THIRD-PARTY SALES VOLUMES AND REALIZATIONS¹



1. Sales volumes include sales of internally produced products and products purchased for resale primarily through our Distribution business. These sales occur at market price.



UNALLOCATED ITEMS

UNALLOCATED ITEMS (\$ Millions) ¹	2019		2020	
	Q4	Q1	Q4	Q1
Unallocated corporate function expenses and variable compensation expense	\$ (30)	\$ (19)		
Liability classified share-based compensation	(2)	10		
Foreign exchange gains (losses)	—	(8)		
Elimination of intersegment profit in inventory and LIFO	(1)	(13)		
Non-operating pension and other postretirement benefit costs	(15)	(9)		
Other, including interest income	(5)	(16)		
Net Charge to Earnings Before Special Items	\$ (53)	\$ (55)		
Special items, pretax	(6)	12		
Net Charge to Earnings	\$ (59)	\$ (43)		
Adjusted EBITDA²	\$ (45)	\$ (45)		

UNALLOCATED ITEMS (\$ Millions) ¹	2019		2020	
	Q4	Q1	Q4	Q1
Costs of sales ³	\$ (10)	\$ (19)		
G&A expense ⁴	(29)	(8)		
Other expense, net	(14)	(28)		
Net Charge to Earnings Before Special Items	\$ (53)	\$ (55)		
Special items, pretax	(6)	12		
Net Charge to Earnings	\$ (59)	\$ (43)		

1. Unallocated items are gains or charges not related to or allocated to an individual operating segment.
2. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 23](#).
3. Costs of sales is composed primarily of elimination of intersegment profit in inventory and LIFO and incentive compensation.
4. G&A expense is comprised primarily of share-based compensation, pension service costs, corporate function expenses and incentive compensation.



FINANCIAL ITEMS

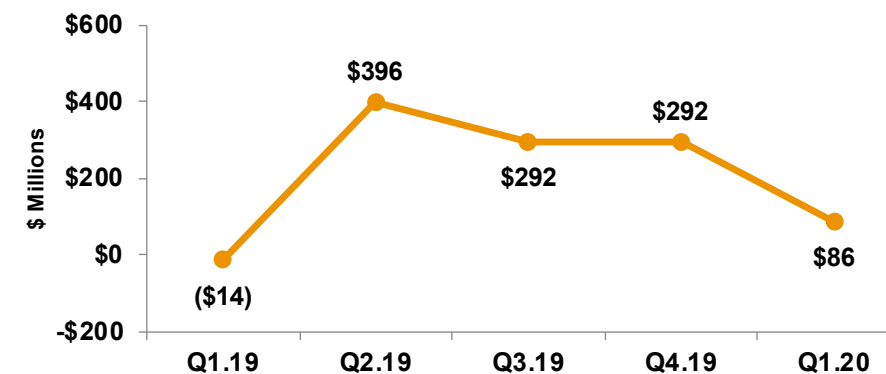
KEY FINANCIAL METRICS (\$ Millions) ¹	2019	2020
	Q4	Q1
Ending Cash Balance	\$ 139	\$1,458
Total Debt ²	\$6,377	\$7,426
Net Debt to Adjusted EBITDA (LTM) ^{3,4}	4.9	4.5
Net Debt to Enterprise Value ⁵	22%	32%

Scheduled Debt Maturities as of March 31, 2020

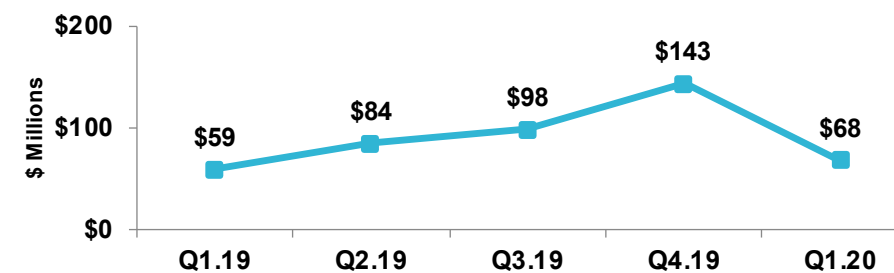
(\$ Millions)	2020	2021 ⁶	2022	2023	2024
Debt Maturities	\$ —	\$ 719	\$ —	\$1,876	\$ —

- Total debt includes \$750 million of notes issued on March 30, 2020 with proceeds to be used to repay our outstanding 2021 maturities. Proceeds from these notes are included in first quarter ending cash balance.
- Total debt includes \$230 million and \$550 million of borrowings on our line of credit in fourth quarter 2019 and first quarter 2020, respectively, as well as \$577 million for the current portion of long-term debt in first quarter 2020.
- LTM = last twelve months. A reconciliation to GAAP is set forth on [Slide 24](#).
- During first quarter 2020, we received \$362 million in proceeds related to our final buyer-sponsored SPE. There are no remaining SPEs outstanding as of March 31, 2020.
- Total debt, net of cash and equivalents, divided by enterprise value. Enterprise value is defined as total debt, net of cash and equivalents, plus market capitalization as of the end of the quarter.
- In April 2020, we notified holders of our notes due in March 2021 that we will redeem the \$569 million of principal outstanding in May 2020.

Cash Flow from Operations



Capital Expenditures



2019: \$384 million

2020 YTD: \$68 million



OUTLOOK: 2020 Q2 vs. 2020 Q1

SEGMENT	COMMENTS
TIMBERLANDS	<ul style="list-style-type: none">• Lower domestic sawlog demand due to economic impact of COVID-19• Lower average Western sales realizations, comparable domestic log sales volumes and seasonally higher road and forestry costs, partially offset by higher sales volumes for China export logs• Lower Southern fee harvest volumes and slightly lower average log sales realizations• Anticipate earnings and adjusted EBITDA will be significantly lower than 2020 Q1
REAL ESTATE, ENERGY & NATURAL RESOURCES	<ul style="list-style-type: none">• Expect 2020 Q2 earnings and Adjusted EBITDA will be approximately \$20 million lower than 2019 Q2• Expect full year 2020 Adjusted EBITDA of approximately \$200 million
WOOD PRODUCTS	<ul style="list-style-type: none">• Lower sales volumes across all product lines due to economic impact of COVID-19• To date, second quarter benchmark pricing for lumber and oriented strand board is lower than the 2020 Q1 average• Reduced operating capacity for lumber, oriented strand board and engineered wood products• Anticipate earnings and Adjusted EBITDA will be significantly lower than 2020 Q1 and 2019 Q2



2020 OUTLOOK: UPDATE

DRIVER	UPDATED 2020 OUTLOOK	PRIOR 2020 OUTLOOK
FEE HARVEST VOLUME	Approximately 33-34 million tons: <ul style="list-style-type: none"> • South: 10% lower than 2019 • West: <i>Unchanged</i> • North: <i>Unchanged</i> 	Slightly over 36 million tons: <ul style="list-style-type: none"> • South: Comparable to 2019 • West: Slightly lower than 2019 • North: Approximately 40% lower than 2019 due to Michigan and Montana divestitures
REAL ESTATE & ENR EBITDA	\$200 million	\$255 million
BASIS OF REAL ESTATE SOLD	<i>Unchanged</i>	55-65% of Real Estate sales
OPERATIONAL EXCELLENCE IMPROVEMENTS	<i>Unchanged</i>	\$50-\$70 million
INTEREST EXPENSE	\$360 million, excluding special items	\$345 million
CONSOLIDATED TAX RATE	Modest benefit	10-15% expense
NON-OPERATING PENSION AND POSTRETIREMENT EXPENSE	<i>Unchanged</i>	\$40 million, noncash
CASH CONTRIBUTION FOR PENSION AND POSTRETIREMENT PLANS	<i>Unchanged</i>	No contributions to US qualified plan \$30 million for all other plans
CAPITAL EXPENDITURES	\$270 million	\$360 million



EARNINGS SUMMARY

\$ Millions (except EPS)	2019				2020
	Q1	Q2	Q3	Q4	Q1
Adjusted EBITDA by Segment					
Timberlands	\$ 193	\$ 175	\$ 154	\$ 158	\$ 173
Real Estate, Energy & Natural Resources	106	71	60	37	101
Wood Products	115	128	123	110	184
Unallocated Items	(49)	(31)	(29)	(45)	(45)
Total Adjusted EBITDA¹	\$ 365	\$ 343	\$ 308	\$ 260	\$ 413
DD&A, basis of real estate sold, non-operating pension and postretirement costs, and interest income and other ²	(176)	(167)	(168)	(146)	(193)
Net Contribution to Earnings Before Special Items	\$ 189	\$ 176	\$ 140	\$ 114	\$ 220
Interest expense, net ³	(95)	(91)	(91)	(89)	(85)
Income taxes ⁴	(14)	38	10	(2)	3
Net Earnings Before Special Items⁵	\$ 80	\$ 123	\$ 59	\$ 23	\$ 138
Special items, after-tax ⁴	(369)	5	40	(37)	12
Net Earnings (Loss)	\$ (289)	\$ 128	\$ 99	\$ (14)	\$ 150
Diluted EPS Before Special Items⁵	\$ 0.11	\$ 0.16	\$ 0.08	\$ 0.03	\$ 0.18
Diluted EPS	\$ (0.39)	\$ 0.17	\$ 0.13	\$ (0.02)	\$ 0.20

1. See [Slide 19](#) for our definition of Adjusted EBITDA.

2. First quarter 2019 and second quarter 2019 exclude a pension settlement charge and benefit, respectively. Fourth quarter 2019 excludes a pension settlement charge. These are included in Special items, after-tax.

3. Interest expense is net of capitalized interest and includes approximately \$4 million of expense on special purpose entity (SPE) notes for the first, second and third quarter in 2019. First quarter 2019 excludes a charge for early extinguishment of debt. This charge is included in Special items, after-tax.

4. Income taxes excludes taxes related to special items.

5. A reconciliation to GAAP EPS is set forth on [Slide 18](#).



EARNINGS PER SHARE RECONCILIATION

	2019				2020
	Q1	Q2	Q3	Q4	Q1
Diluted EPS Before Special Items	\$ 0.11	\$ 0.16	\$ 0.08	\$ 0.03	\$ 0.18
Special Items:					
Pension settlement charges	(0.47)	0.01	—	(0.01)	—
Early extinguishment of debt charge	(0.01)	—	—	—	—
Legal (charges) benefits	(0.02)	—	(0.02)	—	0.02
Product remediation recovery	—	—	0.07	—	—
Gain on sale of timberlands	—	—	—	0.07	—
Restructuring, impairments and other charges	—	—	—	(0.11)	—
Diluted EPS (GAAP)	\$ (0.39)	\$ 0.17	\$ 0.13	\$ (0.02)	\$ 0.20



ADJUSTED EBITDA RECONCILIATION BY SEGMENT

\$ Millions	2019				2020
	Q1	Q2	Q3	Q4	Q1
Timberlands	\$ 193	\$ 175	\$ 154	\$ 158	\$ 173
Real Estate & ENR	106	71	60	37	101
Wood Products	115	128	123	110	184
Unallocated Items	(49)	(31)	(29)	(45)	(45)
Adjusted EBITDA¹	\$ 365	\$ 343	\$ 308	\$ 260	\$ 413
Depletion, depreciation & amortization	(123)	(124)	(135)	(128)	(123)
Basis of real estate sold	(48)	(33)	(24)	(11)	(62)
Special items in operating income	(20)	—	53	(32)	12
Operating Income (GAAP)	\$ 174	\$ 186	\$ 202	\$ 89	\$ 240
Non-operating pension and other postretirement benefit costs	(470)	(10)	(15)	(21)	(9)
Interest income and other	10	6	6	8	1
Net Contribution (Charge) to Earnings (Loss)	\$ (286)	\$ 182	\$ 193	\$ 76	\$ 232
Interest expense, net	(107)	(91)	(91)	(89)	(85)
Income taxes ²	104	37	(3)	(1)	3
Net Earnings (Loss) (GAAP)	\$ (289)	\$ 128	\$ 99	\$ (14)	\$ 150

- Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, basis of real estate sold and special items. Adjusted EBITDA should not be considered in isolation from, and is not intended to represent an alternative to, our GAAP results.
- The income tax effects of special items can be found in a reconciliation set forth in [Slide 4](#).



ADJUSTED EBITDA RECONCILIATION: TIMBERLANDS

\$ Millions	2019				2020
	Q1	Q2	Q3	Q4	Q1
West	\$ 97	\$ 89	\$ 59	\$ 73	\$ 93
South	90	86	91	85	78
North	7	1	4	3	3
Other	(1)	(1)	—	(3)	(1)
Total Timberlands Adjusted EBITDA¹	\$ 193	\$ 175	\$ 154	\$ 158	\$ 173
West	(29)	(30)	(27)	(27)	(28)
South	(40)	(39)	(51)	(42)	(37)
North	(4)	(3)	(4)	(3)	(3)
Other	—	(1)	—	(1)	—
Total depletion, depreciation & amortization	\$ (73)	\$ (73)	\$ (82)	\$ (73)	\$ (68)
Special items	—	—	—	(32)	—
Operating Income and Net Contribution to Earnings (GAAP)	\$ 120	\$ 102	\$ 72	\$ 53	\$ 105

1. Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, basis of real estate sold and special items. Adjusted EBITDA should not be considered in isolation from, and is not intended to represent an alternative to, our GAAP results.



ADJUSTED EBITDA RECONCILIATION: REAL ESTATE, ENERGY & NATURAL RESOURCES

\$ Millions	2019				2020
	Q1	Q2	Q3	Q4	Q1
Real Estate	\$ 87	\$ 51	\$ 37	\$ 18	\$ 86
Energy & Natural Resources	19	20	23	19	15
Total Real Estate & ENR Adjusted EBITDA¹	\$ 106	\$ 71	\$ 60	\$ 37	\$ 101
Depletion, depreciation & amortization	(3)	(3)	(4)	(4)	(3)
Basis of real estate sold	(48)	(33)	(24)	(11)	(62)
Operating Income and Net Contribution to Earnings (GAAP)	\$ 55	\$ 35	\$ 32	\$ 22	\$ 36

1. Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, basis of real estate sold and special items. Adjusted EBITDA should not be considered in isolation from, and is not intended to represent an alternative to, our GAAP results.



ADJUSTED EBITDA RECONCILIATION: WOOD PRODUCTS

\$ Millions	2019				2020
	Q1	Q2	Q3	Q4	Q1
Lumber	\$ 47	\$ 44	\$ 49	\$ 43	\$ 79
OSB	19	8	13	19	45
EWP	47	64	55	41	51
Distribution	4	11	10	8	12
Other	(2)	1	(4)	(1)	(3)
Total Wood Products Adjusted EBITDA^{1, 2}	\$ 115	\$ 128	\$ 123	\$ 110	\$ 184
Lumber	(24)	(25)	(26)	(26)	(27)
OSB	(9)	(8)	(9)	(9)	(9)
EWP	(10)	(11)	(11)	(11)	(10)
Distribution	(1)	(2)	(1)	(2)	(1)
Other	(2)	(1)	(1)	(2)	(3)
Total depletion, depreciation & amortization	\$ (46)	\$ (47)	\$ (48)	\$ (50)	\$ (50)
Special items	—	—	68	—	—
Operating Income and Net Contribution to Earnings (GAAP)	\$ 69	\$ 81	\$ 143	\$ 60	\$ 134

- Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, basis of real estate sold and special items. Adjusted EBITDA should not be considered in isolation from, and is not intended to represent an alternative to, our GAAP results.
- Adjusted EBITDA for each Wood Products business includes earnings on internal sales, primarily from the manufacturing businesses to Distribution. These sales occur at market price.



ADJUSTED EBITDA RECONCILIATION: UNALLOCATED

\$ Millions	2019				2020
	Q1	Q2	Q3	Q4	Q1
Total Unallocated Adjusted EBITDA¹	\$ (49)	\$ (31)	\$ (29)	\$ (45)	\$ (45)
Total depletion, depreciation & amortization	(1)	(1)	(1)	(1)	(2)
Special items included in operating income (loss)	(20)	—	(15)	—	12
Operating Income (Loss) (GAAP)	\$ (70)	\$ (32)	\$ (45)	\$ (46)	\$ (35)
Non-operating pension and other postretirement benefit costs	(470)	(10)	(15)	(21)	(9)
Interest income and other	10	6	6	8	1
Net Charge to Earnings (Loss) (GAAP)	\$ (530)	\$ (36)	\$ (54)	\$ (59)	\$ (43)

1. Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, basis of real estate sold and special items. Adjusted EBITDA should not be considered in isolation from, and is not intended to represent an alternative to, our GAAP results.



NET DEBT TO ADJUSTED EBITDA RECONCILIATION

\$ Millions	2019		2020	
		Q4		Q1
Net Debt to Adjusted EBITDA (LTM)^{1,2,3}		4.9		4.5
Total debt ⁴	\$	6,377	\$	7,426
Less: cash and cash equivalents ⁴		139		1,458
Net Debt	\$	6,238	\$	5,968
Adjusted EBITDA (LTM)	\$	1,276	\$	1,324
Depletion, depreciation & amortization		(510)		(510)
Basis of real estate sold		(116)		(130)
Special items in operating income		1		33
Operating Income (LTM) (GAAP)	\$	651	\$	717
Non-operating pension and other postretirement benefit costs		(516)		(55)
Interest income and other		30		21
Net Contribution to Earnings (LTM)	\$	165	\$	683
Interest expense, net of capitalized interest		(378)		(356)
Income taxes ⁵		137		36
Net Earnings (Loss) (LTM) (GAAP)	\$	(76)	\$	363

1. LTM = last twelve months.

2. Net debt to Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Net debt to Adjusted EBITDA, as we define it, is long-term debt and borrowings on line of credit, net of cash and equivalents divided by the last twelve months of Adjusted EBITDA. See [Slide 19](#) for our definition of Adjusted EBITDA.

3. During first quarter 2020, we received \$362 million in proceeds related to our final buyer-sponsored SPE. There are no remaining SPEs outstanding as of March 31, 2020.

4. Total debt includes \$230 million and \$550 million of borrowings on our line of credit in fourth quarter 2019 and first quarter 2020, respectively, as well as \$577 million for the current portion of long-term debt in first quarter 2020. Total debt also includes \$750 million of notes issued on March 30, 2020 with proceeds to be used to repay our outstanding 2021 maturities. Proceeds from these notes are included in first quarter ending cash balance.

5. The income tax effects of special items can be found in a reconciliation set forth in [Slide 4](#).

