

2020

WEYERHAEUSER EARNINGS RESULTS

SECOND QUARTER 2020 | July 31, 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 third quarter 2020 outlook and expectations concerning the following: earnings and Adjusted EBITDA for each of our businesses; log sale realizations and sales volumes; log export sales volumes; fee harvest volumes; road, forestry and logging and hauling costs; and sales volumes across all of our wood products lines. 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 Q2 CONSOLIDATED RESULTS

\$ Millions	2020		Change
	Q1	Q2	
Adjusted EBITDA			
Timberlands	\$ 173	\$ 140	\$ (33)
Real Estate, Energy & Natural Resources	101	57	(44)
Wood Products	184	198	14
Unallocated Items	(45)	(9)	36
Total Adjusted EBITDA¹	\$ 413	\$ 386	\$ (27)
Net Contribution to Earnings Before Special Items	\$ 220	\$ 227	\$ 7

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 18](#).
2. Includes other operating (costs) income, net; non-operating pension and other postretirement benefit costs; and interest income and other.
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)	2020	
	Q1	Q2
Consolidated Statement of Operations Before Special Items		
Net sales	\$ 1,728	\$ 1,631
Costs of sales	1,382	1,283
Gross margin	346	348
SG&A expenses	96	102
Other expense, net ²	30	19
Net Contribution to Earnings Before Special Items	\$ 220	\$ 227
Interest expense, net ³	(85)	(92)
Income taxes ⁴	3	(58)
Net Earnings Before Special Items⁴	\$ 138	\$ 77
Special items, after-tax ⁴	12	(5)
Net Earnings	\$ 150	\$ 72
Diluted EPS Before Special Items⁴	\$ 0.18	\$ 0.11
Diluted EPS	\$ 0.20	\$ 0.10



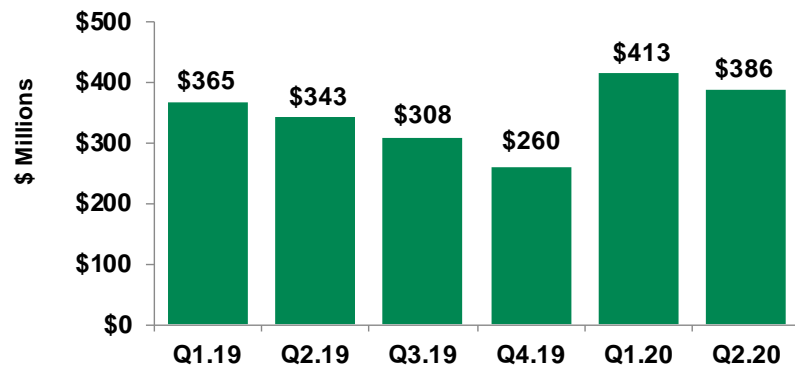
EARNINGS BEFORE SPECIAL ITEMS

\$ Millions (except EPS)	2020 Q1			2020 Q2		
	Pretax Earnings	After-Tax Earnings	Diluted EPS	Pretax Earnings	After-Tax Earnings	Diluted EPS
Earnings Before Special Items	\$ 135	\$ 138	\$ 0.18	\$ 135	\$ 77	\$ 0.11
Special Items:						
Early extinguishment of debt charge	—	—	—	(11)	(11)	(0.02)
Legal benefit	12	12	0.02	—	—	—
Product remediation recovery	—	—	—	8	6	0.01
Total Special Items	12	12	0.02	(3)	(5)	(0.01)
Earnings Including Special Items (GAAP)	\$ 147	\$ 150	\$ 0.20	\$ 132	\$ 72	\$ 0.10

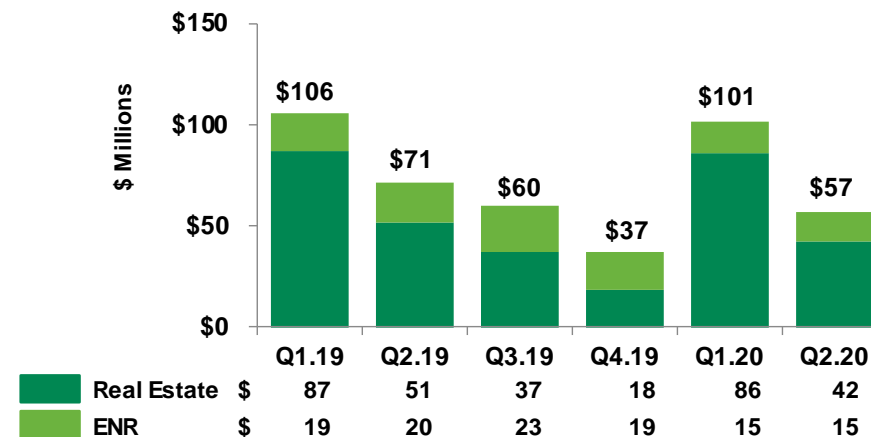


ADJUSTED EBITDA¹

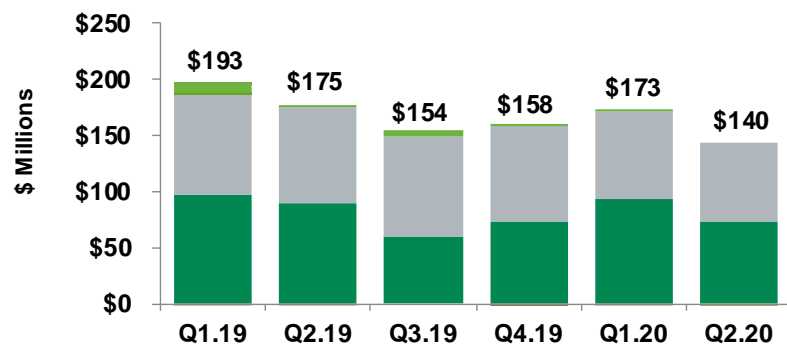
Total Company²



Real Estate & ENR

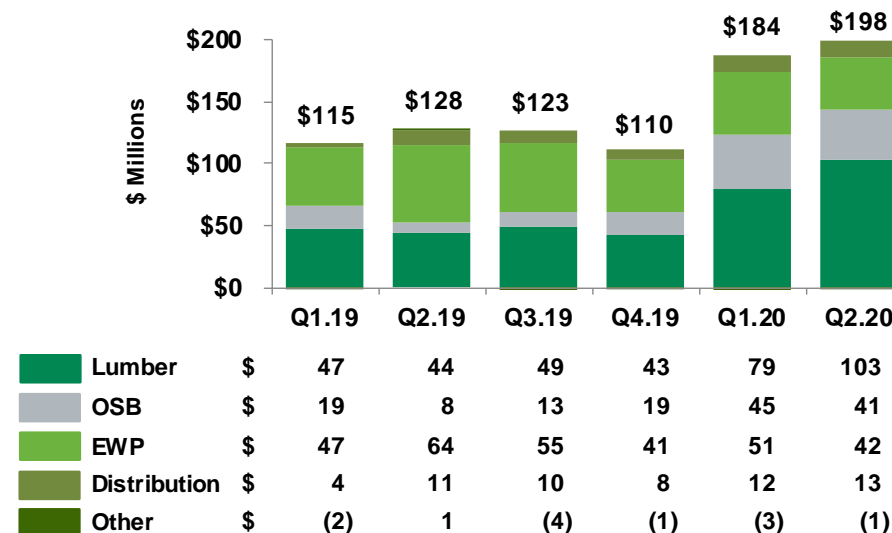


Timberlands



Region	Q1.19	Q2.19	Q3.19	Q4.19	Q1.20	Q2.20
West	\$ 97	\$ 89	\$ 59	\$ 73	\$ 93	\$ 73
South	\$ 90	\$ 86	\$ 91	\$ 85	\$ 78	\$ 70
North	\$ 7	\$ 1	\$ 4	\$ 3	\$ 3	\$ (1)
Other	\$ (1)	\$ (1)	\$ —	\$ (3)	\$ (1)	\$ (2)

Wood Products



1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 18](#), [Slide 19](#), [Slide 20](#), [Slide 21](#) and [Slide 22](#).
 2. Total Company Adjusted EBITDA includes Timberlands; Real Estate, Energy & Natural Resources; Wood Products and Unallocated.



TIMBERLANDS SEGMENT

TIMBERLANDS (\$ Millions)	2020	2020
Adjusted EBITDA by Region	Q1	Q2
West	\$ 93	\$ 73
South	78	70
North	3	(1)
Other	(1)	(2)
Total Adjusted EBITDA¹	\$ 173	\$ 140

Second Quarter Notes

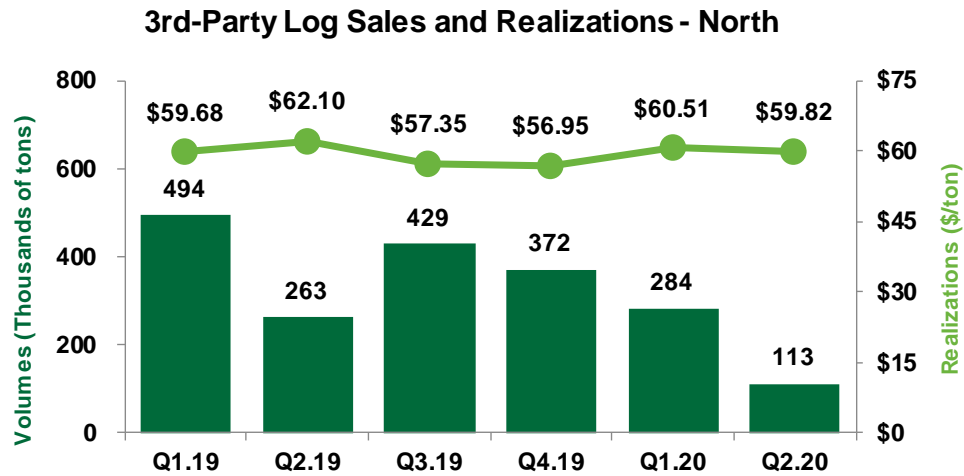
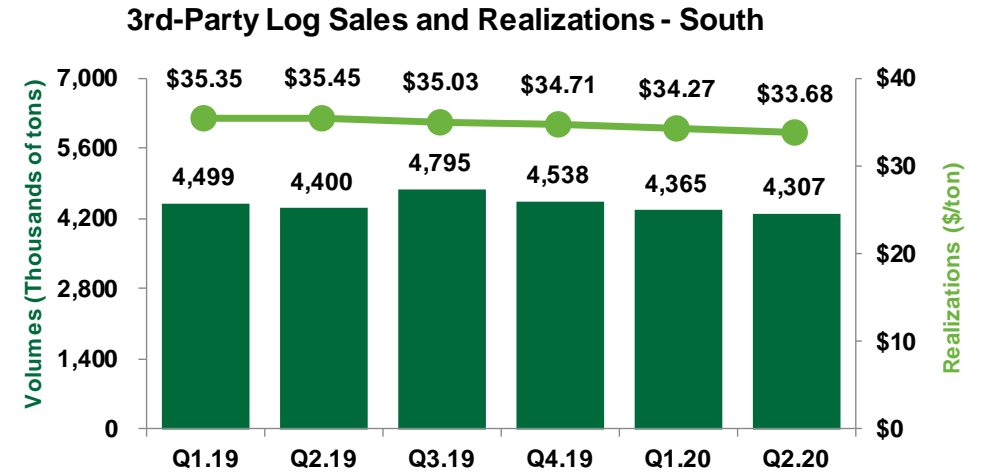
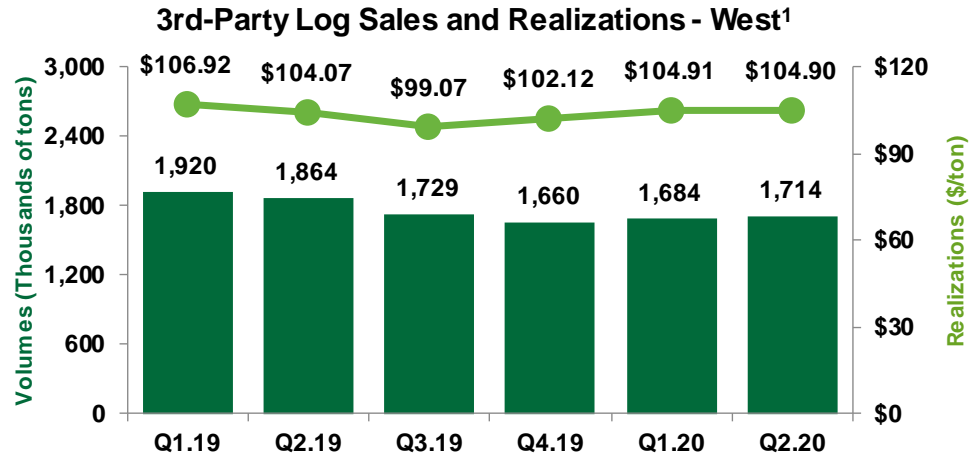
- Comparable Western log sales volumes and average sales realizations
- Shift in Western sales mix from domestic to China export sales
- Seasonally higher Western forestry and road spending and higher export costs
- Reduced Southern harvest volumes and slightly lower average realizations due to mix
- Lower Northern harvest volume due to spring breakup

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 19](#).
2. Adjusted EBITDA divided by total sales.
3. Net contribution to earnings divided by total sales.

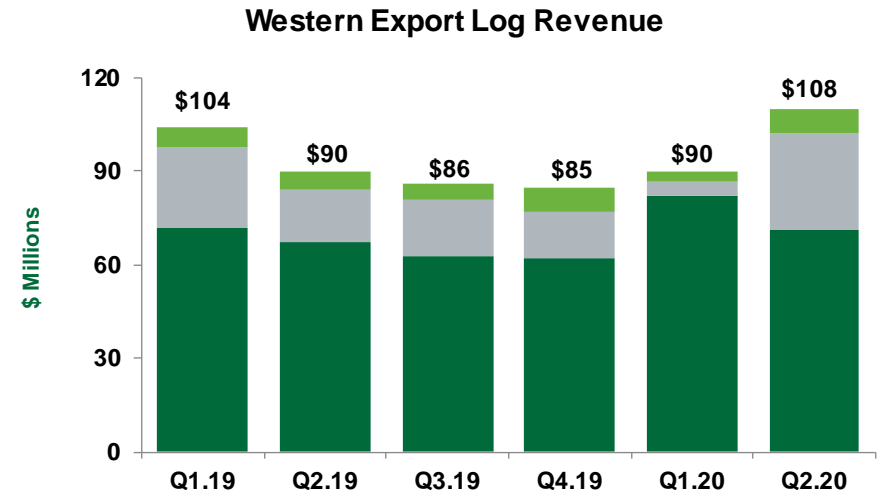
TIMBERLANDS (\$ Millions)	2020	2020
Segment Statement of Operations	Q1	Q2
Third-party sales	\$ 381	\$ 359
Intersegment sales	122	121
Total Sales	503	480
Costs of sales	375	383
Gross margin	128	97
SG&A expenses	24	23
Other (income) expense, net	(1)	(1)
Net Contribution to Earnings	\$ 105	\$ 75
Adjusted EBITDA¹	\$ 173	\$ 140
Adjusted EBITDA Margin Percentage²	34%	29%
Operating Margin Percentage³	21%	16%



SALES VOLUMES, REALIZATIONS AND EXPORT REVENUE



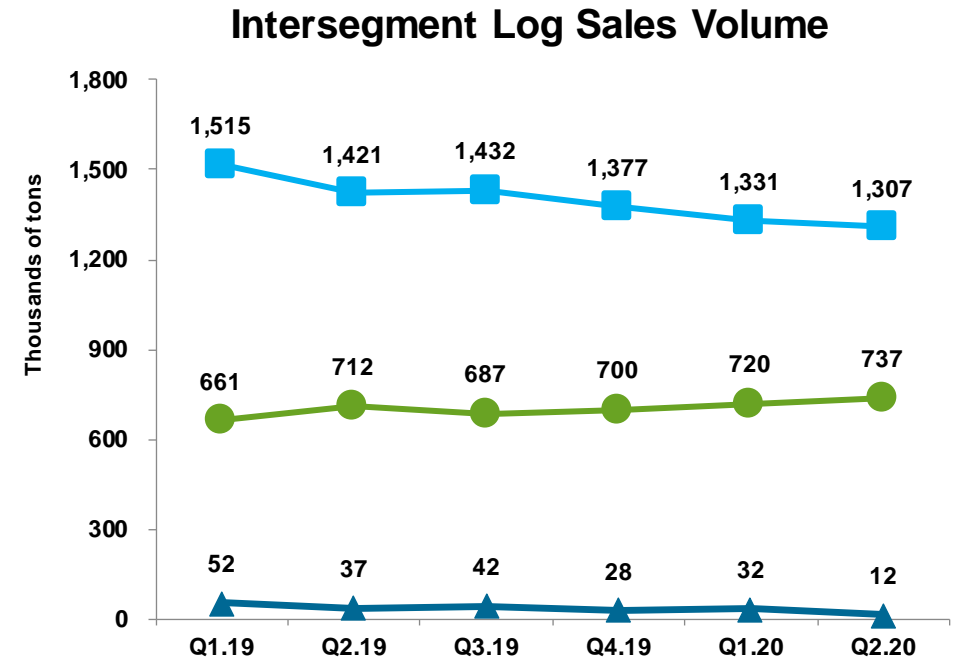
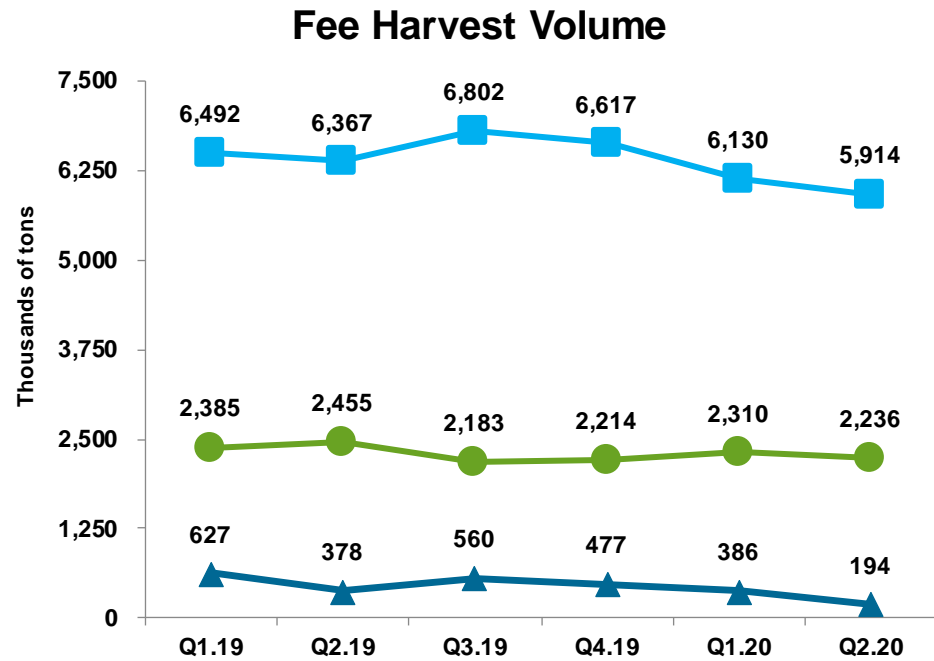
1. Western logs are primarily transacted in MBF but are converted to ton equivalents for external reporting purposes.



	Q1.19	Q2.19	Q3.19	Q4.19	Q1.20	Q2.20
Japan	69%	74%	73%	73%	91%	65%
China	25%	19%	21%	18%	6%	28%
Korea	6%	7%	6%	9%	3%	7%



FEE HARVEST VOLUME AND INTERSEGMENT SALES VOLUME



■ South ● West ▲ North



REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

Real Estate & ENR (\$ Millions)	2020	2020
Adjusted EBITDA by Business	Q1	Q2
Real Estate	\$ 86	\$ 42
Energy & Natural Resources	15	15
Total Adjusted EBITDA¹	\$ 101	\$ 57

Second Quarter Notes

- Fewer real estate acres sold
- Lower average price per acre due to mix of properties sold
- Slightly higher average land basis as a percentage of sales due to mix

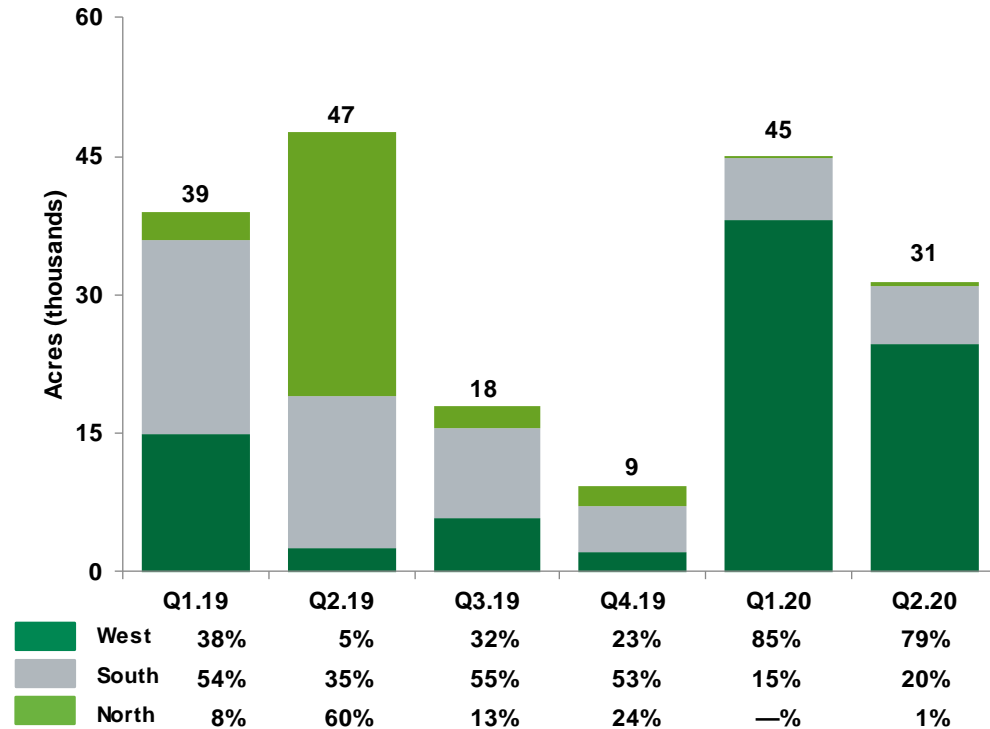
Real Estate & ENR (\$ Millions)	2020	2020
Segment Statement of Operations	Q1	Q2
Total sales	\$ 112	\$ 65
Costs of sales	70	40
Gross margin	42	25
SG&A expenses	6	6
Net Contribution to Earnings	\$ 36	\$ 19
Adjusted EBITDA¹	\$ 101	\$ 57

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 20](#).

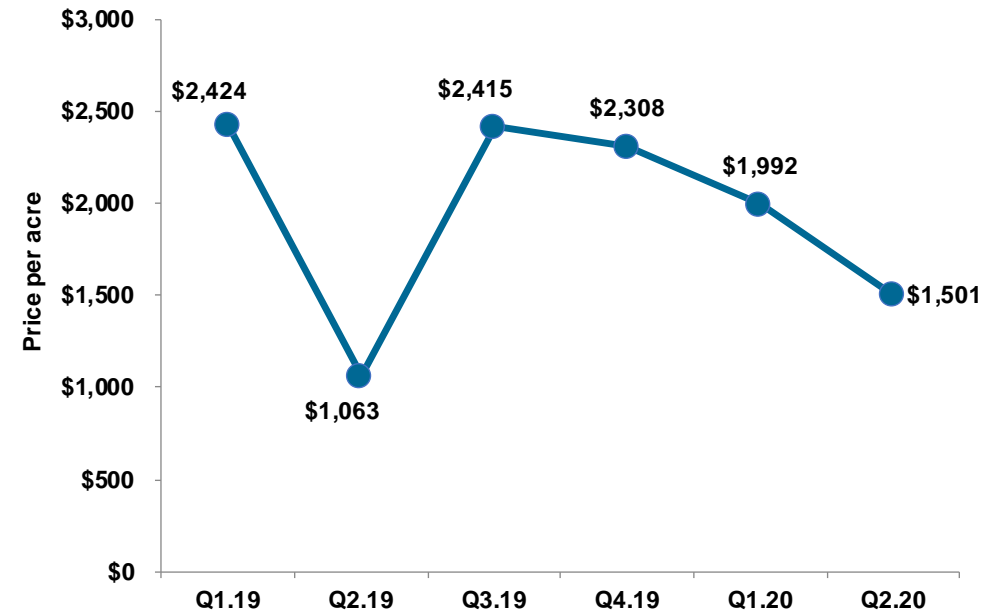


REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

Acres Sold



Average Price per Acre



WOOD PRODUCTS SEGMENT

WOOD PRODUCTS (\$ Millions)	2020	2020
Adjusted EBITDA by Business	Q1	Q2
Lumber	\$ 79	\$ 103
OSB	45	41
Engineered Wood Products	51	42
Distribution	12	13
Other	(3)	(1)
Total Adjusted EBITDA¹	\$ 184	\$ 198

Second Quarter Notes

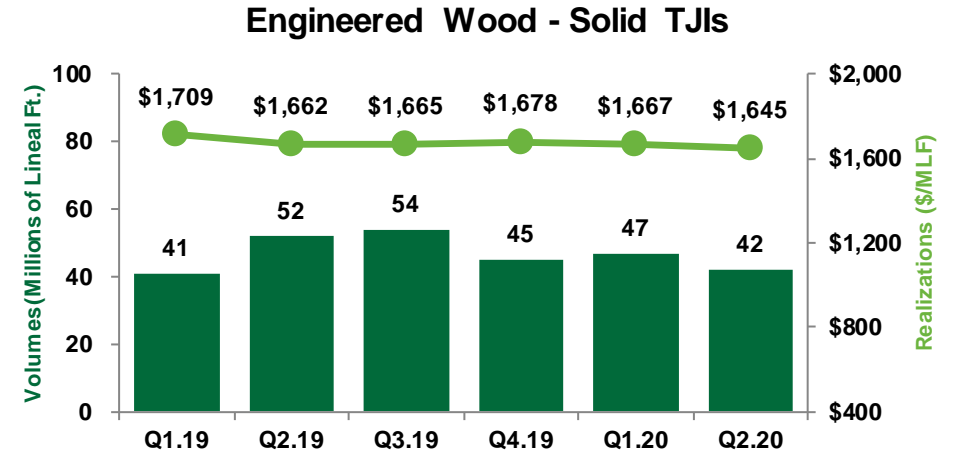
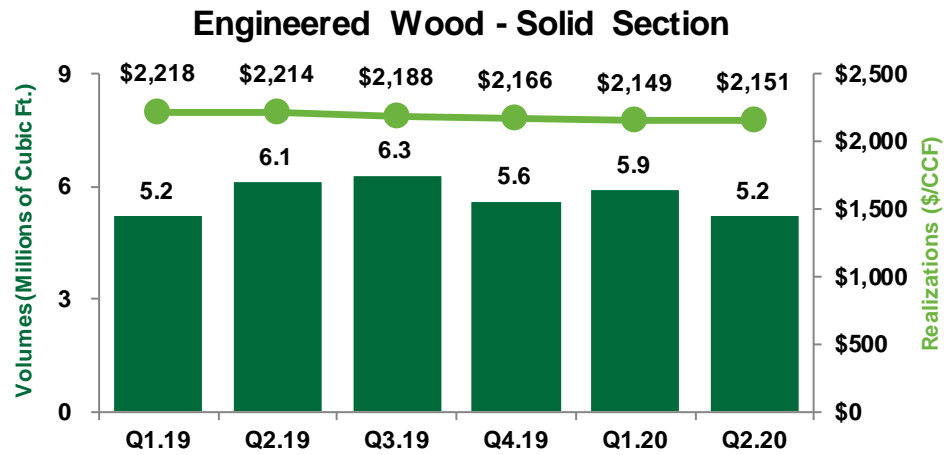
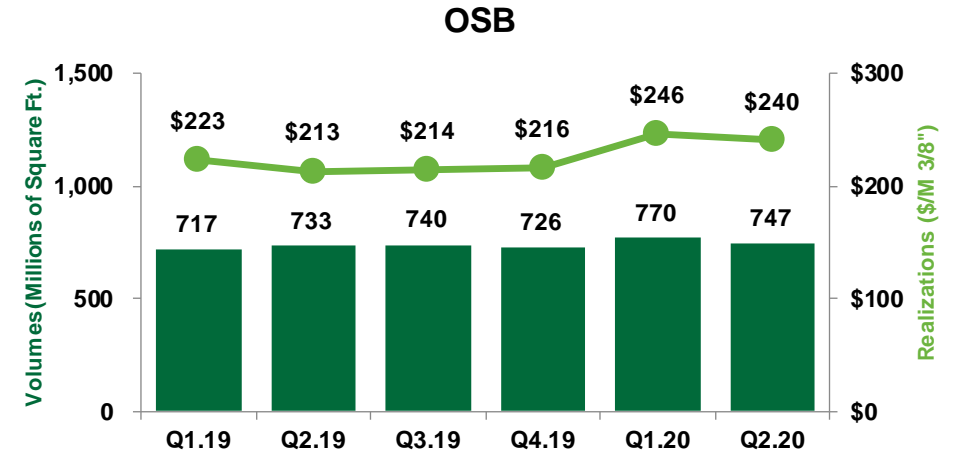
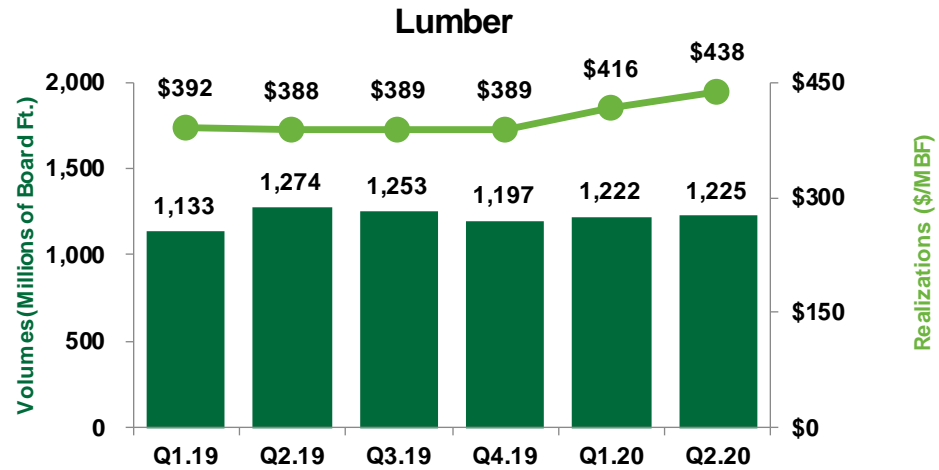
- Lower sales volumes for most products
- Higher average sales realizations for lumber
- Improved manufacturing costs across all product lines

WOOD PRODUCTS (\$ Millions)	2020	2020
Segment Statement of Operations	Q1	Q2
Total sales	\$ 1,235	\$ 1,207
Costs of sales	1,040	997
Gross margin	195	210
SG&A expenses	57	51
Other expense, net ²	4	8
Net Contribution to Earnings Before Special Items	\$ 134	\$ 151
Special items, pretax	—	8
Net Contribution to Earnings	\$ 134	\$ 159
Adjusted EBITDA¹	\$ 184	\$ 198
Adjusted EBITDA Margin Percentage³	15%	16%
Operating Margin Percentage⁴	11%	13%

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 21](#).
2. Other expense, net excludes an \$8 million pretax product remediation insurance recovery. This is included in Special items, pretax.
3. Adjusted EBITDA divided by total sales.
4. Net contribution to earnings before special items 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	2020	
	Q1	Q2
Unallocated corporate function expenses and variable compensation expense	\$ (19)	\$ (23)
Liability classified share-based compensation	10	(4)
Foreign exchange gains (losses)	(8)	3
Elimination of intersegment profit in inventory and LIFO	(13)	18
Non-operating pension and other postretirement benefit costs	(9)	(10)
Other, including interest income	(16)	(2)
Net Charge to Earnings Before Special Items	\$ (55)	\$ (18)
Special items, pretax	12	—
Net Charge to Earnings	\$ (43)	\$ (18)
Adjusted EBITDA²	\$ (45)	\$ (9)

UNALLOCATED ITEMS (\$ Millions) ¹	2020	
	Q1	Q2
Costs of sales ³	\$ (19)	\$ 16
G&A expense ⁴	(8)	(23)
Other expense, net	(28)	(11)
Net Charge to Earnings Before Special Items	\$ (55)	\$ (18)
Special items, pretax	12	—
Net Charge to Earnings	\$ (43)	\$ (18)

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 22](#).
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.



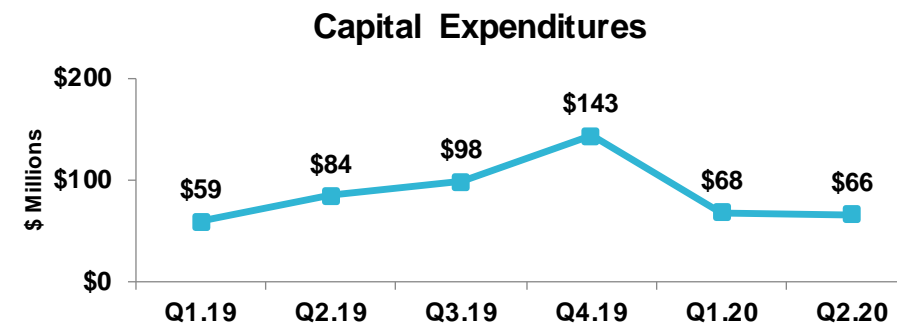
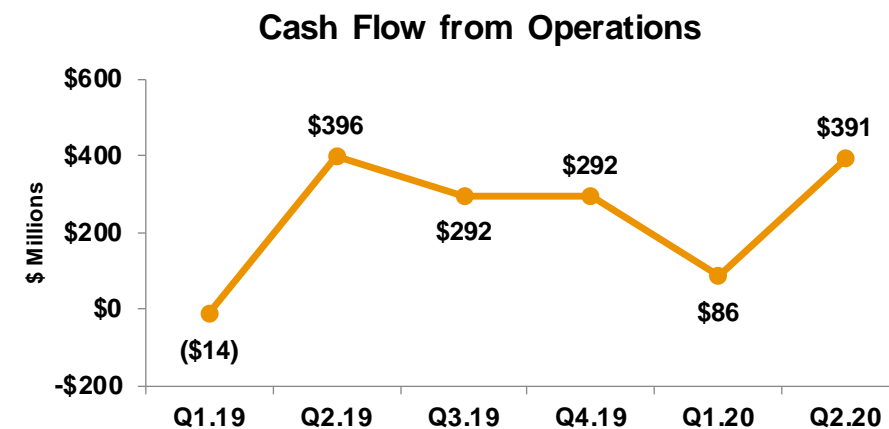
FINANCIAL ITEMS

KEY FINANCIAL METRICS (\$ Millions) ¹	2020	
	Q1	Q2
Ending Cash Balance	\$1,458	\$ 643
Total Debt ²	\$7,426	\$6,299
Net Debt to Adjusted EBITDA (LTM) ³	4.5	4.1
Net Debt to Enterprise Value ⁴	32%	25%

Scheduled Debt Maturities as of June 30, 2020

(\$ Millions)	2020	2021	2022	2023	2024
Debt Maturities	\$ —	\$ 150	\$ —	\$1,876	\$ —

1. First quarter 2020 total debt includes \$750 million of notes issued on March 30, 2020 with proceeds to be used to repay our outstanding 2021 maturities. The proceeds from these notes were included in our first quarter 2020 ending cash balance. In second quarter 2020, a portion of the proceeds was used to redeem our \$569 million notes due in March 2021.
2. Total debt for first quarter 2020 includes \$550 million of borrowings on our line of credit and \$577 million for the current portion of long-term debt.
3. LTM = last twelve months. A reconciliation to GAAP is set forth on [Slide 23](#).
4. 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.



2019: \$384 million

2020 YTD: \$134 million



OUTLOOK: 2020 Q3 vs. 2020 Q2

SEGMENT	COMMENTS
TIMBERLANDS	<ul style="list-style-type: none">• Slightly lower average Western log sales realizations, including higher domestic realizations, slightly lower export realizations, and a higher proportion of domestic log sales• Seasonally higher Western road, forestry and per unit logging and hauling costs• Decreased Southern fee harvest volumes, seasonally higher forestry costs, and slightly lower average log sales realizations due to mix• Anticipate earnings and EBITDA will be \$20-25 million lower than 2020 Q2
REAL ESTATE, ENERGY & NATURAL RESOURCES	<ul style="list-style-type: none">• Expect 2020 Q3 earnings and Adjusted EBITDA will be comparable to 2020 Q2• Expect full year 2020 Adjusted EBITDA of approximately \$235 million, an increase from the \$200 million previously expected
WOOD PRODUCTS	<ul style="list-style-type: none">• Increased sales volumes across most product lines• To date, 2020 Q3 benchmark pricing for lumber and oriented strand board is significantly higher than 2020 Q2 average• Anticipate earnings and Adjusted EBITDA will be significantly higher than 2020 Q2



EARNINGS SUMMARY

\$ Millions (except EPS)	2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2
Adjusted EBITDA by Segment						
Timberlands	\$ 193	\$ 175	\$ 154	\$ 158	\$ 173	\$ 140
Real Estate, Energy & Natural Resources	106	71	60	37	101	57
Wood Products	115	128	123	110	184	198
Unallocated Items	(49)	(31)	(29)	(45)	(45)	(9)
Total Adjusted EBITDA¹	\$ 365	\$ 343	\$ 308	\$ 260	\$ 413	\$ 386
DD&A, basis of real estate sold, non-operating pension and postretirement costs, and interest income and other ²	(176)	(167)	(168)	(146)	(193)	(159)
Net Contribution to Earnings Before Special Items	\$ 189	\$ 176	\$ 140	\$ 114	\$ 220	\$ 227
Interest expense, net ³	(95)	(91)	(91)	(89)	(85)	(92)
Income taxes ⁴	(14)	38	10	(2)	3	(58)
Net Earnings Before Special Items⁵	\$ 80	\$ 123	\$ 59	\$ 23	\$ 138	\$ 77
Special items, after-tax ⁴	(369)	5	40	(37)	12	(5)
Net Earnings (Loss)	\$ (289)	\$ 128	\$ 99	\$ (14)	\$ 150	\$ 72
Diluted EPS Before Special Items⁵	\$ 0.11	\$ 0.16	\$ 0.08	\$ 0.03	\$ 0.18	\$ 0.11
Diluted EPS	\$ (0.39)	\$ 0.17	\$ 0.13	\$ (0.02)	\$ 0.20	\$ 0.10

1. See [Slide 18](#) 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 and second quarter 2020 exclude charges for early extinguishment of debt. These charges are 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 17](#).



EARNINGS PER SHARE RECONCILIATION

	2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2
Diluted EPS Before Special Items	\$ 0.11	\$ 0.16	\$ 0.08	\$ 0.03	\$ 0.18	\$ 0.11
Special Items:						
Pension settlement charges	(0.47)	0.01	—	(0.01)	—	—
Early extinguishment of debt charges	(0.01)	—	—	—	—	(0.02)
Legal (charges) benefits	(0.02)	—	(0.02)	—	0.02	—
Product remediation recoveries	—	—	0.07	—	—	0.01
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	\$ 0.10



ADJUSTED EBITDA RECONCILIATION BY SEGMENT

\$ Millions	2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2
Timberlands	\$ 193	\$ 175	\$ 154	\$ 158	\$ 173	\$ 140
Real Estate & ENR	106	71	60	37	101	57
Wood Products	115	128	123	110	184	198
Unallocated Items	(49)	(31)	(29)	(45)	(45)	(9)
Adjusted EBITDA¹	\$ 365	\$ 343	\$ 308	\$ 260	\$ 413	\$ 386
Depletion, depreciation & amortization	(123)	(124)	(135)	(128)	(123)	(117)
Basis of real estate sold	(48)	(33)	(24)	(11)	(62)	(34)
Special items in operating income	(20)	—	53	(32)	12	8
Operating Income (GAAP)	\$ 174	\$ 186	\$ 202	\$ 89	\$ 240	\$ 243
Non-operating pension and other postretirement benefit costs	(470)	(10)	(15)	(21)	(9)	(10)
Interest income and other	10	6	6	8	1	2
Net Contribution (Charge) to Earnings (Loss)	\$ (286)	\$ 182	\$ 193	\$ 76	\$ 232	\$ 235
Interest expense, net	(107)	(91)	(91)	(89)	(85)	(103)
Income taxes ²	104	37	(3)	(1)	3	(60)
Net Earnings (Loss) (GAAP)	\$ (289)	\$ 128	\$ 99	\$ (14)	\$ 150	\$ 72

- 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	Q2
West	\$ 97	\$ 89	\$ 59	\$ 73	\$ 93	\$ 73
South	90	86	91	85	78	70
North	7	1	4	3	3	(1)
Other	(1)	(1)	—	(3)	(1)	(2)
Total Timberlands Adjusted EBITDA¹	\$ 193	\$ 175	\$ 154	\$ 158	\$ 173	\$ 140
West	(29)	(30)	(27)	(27)	(28)	(27)
South	(40)	(39)	(51)	(42)	(37)	(36)
North	(4)	(3)	(4)	(3)	(3)	(1)
Other	—	(1)	—	(1)	—	(1)
Total depletion, depreciation & amortization	\$ (73)	\$ (73)	\$ (82)	\$ (73)	\$ (68)	\$ (65)
Special items	—	—	—	(32)	—	—
Operating Income and Net Contribution to Earnings (GAAP)	\$ 120	\$ 102	\$ 72	\$ 53	\$ 105	\$ 75

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	Q2
Real Estate	\$ 87	\$ 51	\$ 37	\$ 18	\$ 86	\$ 42
Energy & Natural Resources	19	20	23	19	15	15
Total Real Estate & ENR Adjusted EBITDA¹	\$ 106	\$ 71	\$ 60	\$ 37	\$ 101	\$ 57
Depletion, depreciation & amortization	(3)	(3)	(4)	(4)	(3)	(4)
Basis of real estate sold	(48)	(33)	(24)	(11)	(62)	(34)
Operating Income and Net Contribution to Earnings (GAAP)	\$ 55	\$ 35	\$ 32	\$ 22	\$ 36	\$ 19

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	Q2
Lumber	\$ 47	\$ 44	\$ 49	\$ 43	\$ 79	\$ 103
OSB	19	8	13	19	45	41
EWP	47	64	55	41	51	42
Distribution	4	11	10	8	12	13
Other	(2)	1	(4)	(1)	(3)	(1)
Total Wood Products Adjusted EBITDA^{1,2}	\$ 115	\$ 128	\$ 123	\$ 110	\$ 184	\$ 198
Lumber	(24)	(25)	(26)	(26)	(27)	(26)
OSB	(9)	(8)	(9)	(9)	(9)	(8)
EWP	(10)	(11)	(11)	(11)	(10)	(10)
Distribution	(1)	(2)	(1)	(2)	(1)	(2)
Other	(2)	(1)	(1)	(2)	(3)	(1)
Total depletion, depreciation & amortization	\$ (46)	\$ (47)	\$ (48)	\$ (50)	\$ (50)	\$ (47)
Special items	—	—	68	—	—	8
Operating Income and Net Contribution to Earnings (GAAP)	\$ 69	\$ 81	\$ 143	\$ 60	\$ 134	\$ 159

- 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	Q2
Total Unallocated Adjusted EBITDA¹	\$ (49)	\$ (31)	\$ (29)	\$ (45)	\$ (45)	\$ (9)
Total depletion, depreciation & amortization	(1)	(1)	(1)	(1)	(2)	(1)
Special items included in operating income (loss)	(20)	—	(15)	—	12	—
Operating Income (Loss) (GAAP)	\$ (70)	\$ (32)	\$ (45)	\$ (46)	\$ (35)	\$ (10)
Non-operating pension and other postretirement benefit costs	(470)	(10)	(15)	(21)	(9)	(10)
Interest income and other	10	6	6	8	1	2
Net Charge to Earnings (Loss) (GAAP)	\$ (530)	\$ (36)	\$ (54)	\$ (59)	\$ (43)	\$ (18)

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	2020	
	Q1	Q2
Net Debt to Adjusted EBITDA (LTM)^{1,2}	4.5	4.1
Total debt ³	\$ 7,426	\$ 6,299
Less: cash and cash equivalents ³	1,458	643
Net Debt	\$ 5,968	\$ 5,656
Adjusted EBITDA (LTM)	\$ 1,324	\$ 1,367
Depletion, depreciation & amortization	(510)	(503)
Basis of real estate sold	(130)	(131)
Special items in operating income	33	41
Operating Income (LTM) (GAAP)	\$ 717	\$ 774
Non-operating pension and other postretirement benefit costs	(55)	(55)
Interest income and other	21	17
Net Contribution to Earnings (LTM)	\$ 683	\$ 736
Interest expense, net of capitalized interest	(356)	(368)
Income taxes ⁴	36	(61)
Net Earnings (LTM) (GAAP)	\$ 363	\$ 307

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 18](#) for our definition of Adjusted EBITDA.
3. Total debt for first quarter 2020 includes \$550 million of borrowings on our line of credit and \$577 million for the current portion of long-term debt. In second quarter 2020, we redeemed our \$569 million notes due March 2021.
4. The income tax effects of special items can be found in a reconciliation set forth in [Slide 4](#).

