

2021

WEYERHAEUSER EARNINGS RESULTS

SECOND QUARTER 2021 | July 30, 2021



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 including, but not limited to, with respect to: future quarterly cash dividends and dividend framework and targeted percentage return to shareholders of Adjusted Funds Available for Distribution (Adjusted FAD); our full year 2021 capital expenditures outlook; our third quarter 2021 and updated full-year 2021 outlook and expectations concerning earnings and Adjusted EBITDA for each of our businesses and expected key drivers. 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. They may use the positive, negative or another variation of those and similar words. These forward-looking statements are based on our current expectations and assumptions and are not guarantees of future events or performance. These risks and uncertainties 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; 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 or the occurrence of any event, change or other circumstances that could give rise to a termination of any acquisition or divestiture transaction under the terms of the governing transaction agreements; 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 and the accuracy of our estimates of charges related to casualty losses; changes in accounting principles; and other risks and uncertainties identified in our 2020 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.

2021 Q2 CONSOLIDATED RESULTS

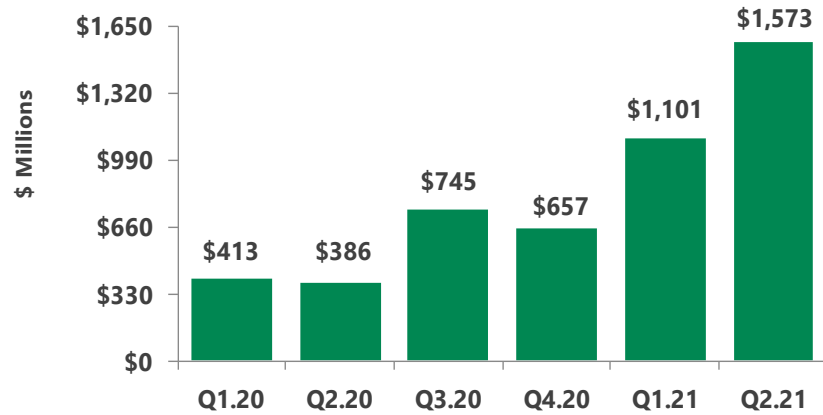
\$ Millions	2021		2021 Change
	Q1	Q2	
Adjusted EBITDA			
Timberlands	\$ 172	\$ 180	\$ 8
Real Estate, Energy & Natural Resources	96	91	(5)
Wood Products	889	1,386	497
Unallocated Items	(56)	(84)	(28)
Total Adjusted EBITDA¹	\$ 1,101	\$ 1,573	\$ 472
Net Contribution to Earnings	\$ 949	\$ 1,430	\$ 481

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 21](#).
2. Includes other operating (costs) income, net; non-operating pension and other post-employment benefit costs; and interest income and other.
3. Interest expense is net of capitalized interest.

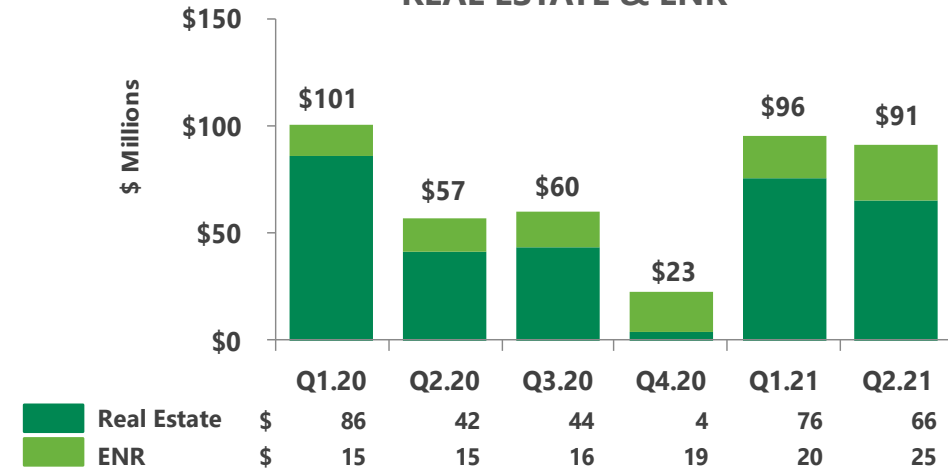
\$ Millions (except EPS)	2021		2021 Q2
	Q1	Q2	
Consolidated Statement of Operations			
Net sales	\$ 2,506	\$ 3,144	
Costs of sales	1,430	1,583	
Gross margin	1,076	1,561	
SG&A expenses	110	119	
Other expense, net ²	17	12	
Net Contribution to Earnings	\$ 949	\$ 1,430	
Interest expense, net ³	(79)	(78)	
Income taxes	(189)	(324)	
Net Earnings	\$ 681	\$ 1,028	
Diluted EPS	\$ 0.91	\$ 1.37	

ADJUSTED EBITDA¹

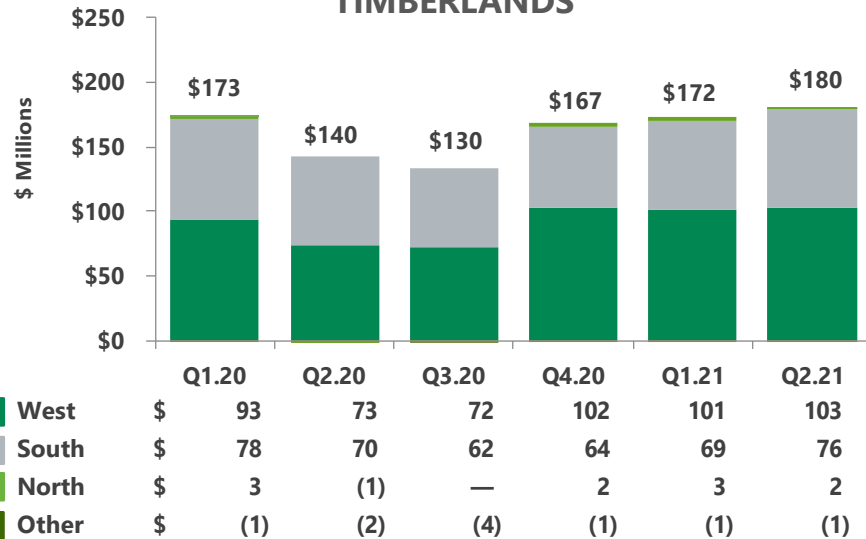
TOTAL COMPANY²



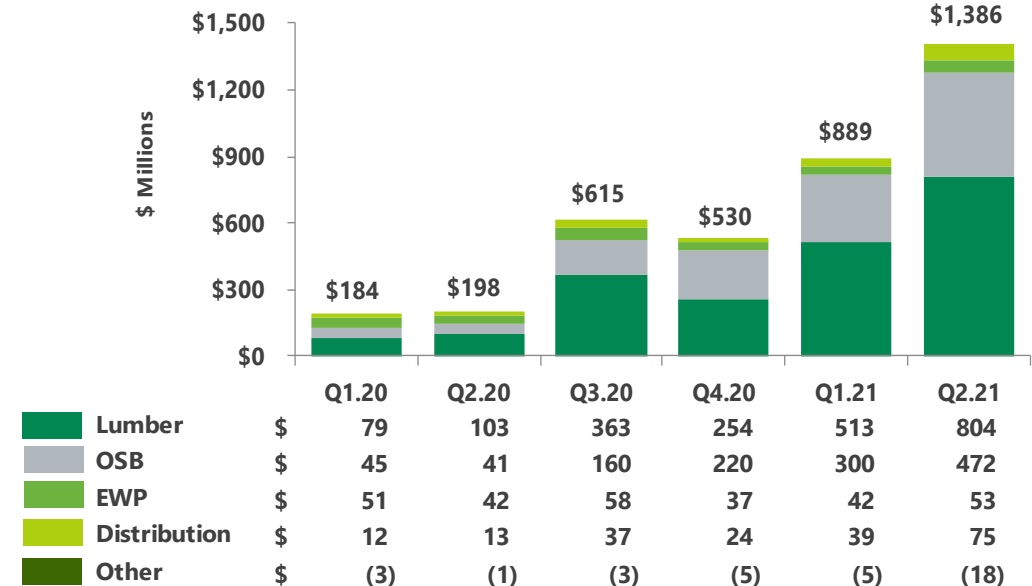
REAL ESTATE & ENR



TIMBERLANDS



WOOD PRODUCTS



1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 21](#), [Slide 22](#), [Slide 23](#), [Slide 24](#) and [Slide 25](#).
 2. Total Company Adjusted EBITDA includes Timberlands; Real Estate, Energy & Natural Resources; Wood Products and Unallocated.

TIMBERLANDS SEGMENT

TIMBERLANDS (\$ Millions)	2021	2021
Adjusted EBITDA by Region	Q1	Q2
West	\$ 101	\$ 103
South	69	76
North	3	2
Other	(1)	(1)
Total Adjusted EBITDA¹	\$ 172	\$ 180

1. 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.

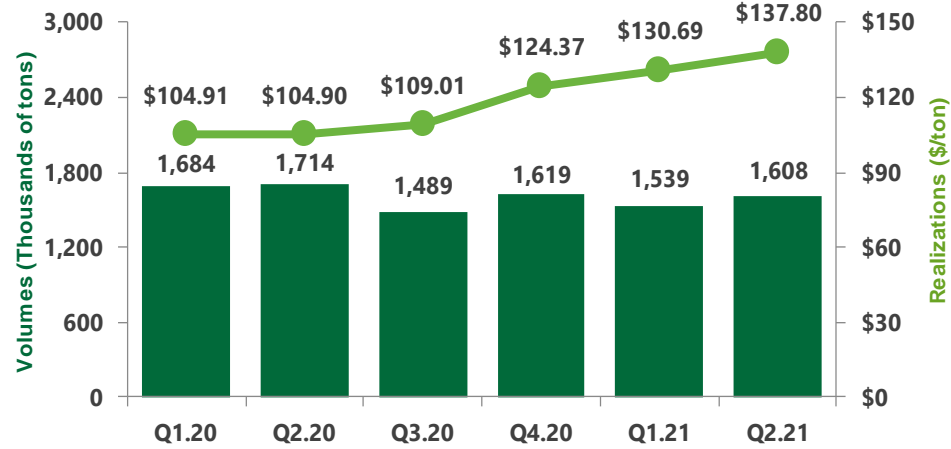
TIMBERLANDS (\$ Millions)	2021	2021
Segment Statement of Operations	Q1	Q2
Third-party sales	\$ 379	\$ 405
Intersegment sales	134	136
Total Sales	513	541
Costs of sales	383	407
Gross margin	130	134
SG&A expenses	23	23
Other (income) expense, net	(1)	(2)
Net Contribution to Earnings	\$ 108	\$ 113
Adjusted EBITDA¹	\$ 172	\$ 180
Adjusted EBITDA Margin Percentage²	34%	33%
Operating Margin Percentage³	21%	21%

TIMBERLANDS KEY DRIVERS: 2021 Q2 vs. 2021 Q1

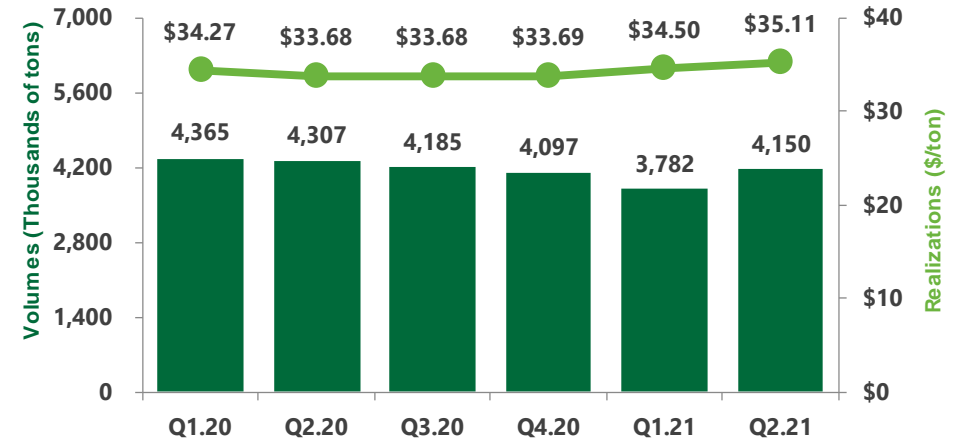
REGION	KEY DRIVERS
WEST	<ul style="list-style-type: none">• Fee Harvest Volumes: Comparable, continued salvage operations• Export Sales Volumes: Modestly higher, particularly to China• Export Sales Realizations: Significantly higher in all markets• Forestry and Road Costs: Seasonally higher
SOUTH	<ul style="list-style-type: none">• Fee Harvest Volumes: Significantly higher• Sales Realizations: Slightly higher for sawlogs and fiber logs• Forestry and Road Costs: Seasonally higher
NORTH	<ul style="list-style-type: none">• Fee Harvest Volumes: Significantly lower, spring break-up• Sales Realizations: Significantly higher

SALES VOLUMES, REALIZATIONS AND EXPORT REVENUE

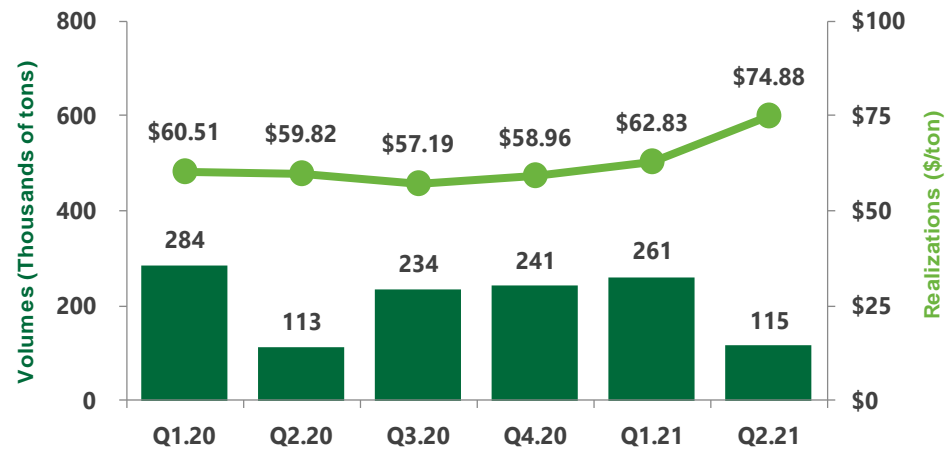
3rd-Party Log Sales and Realizations - West¹



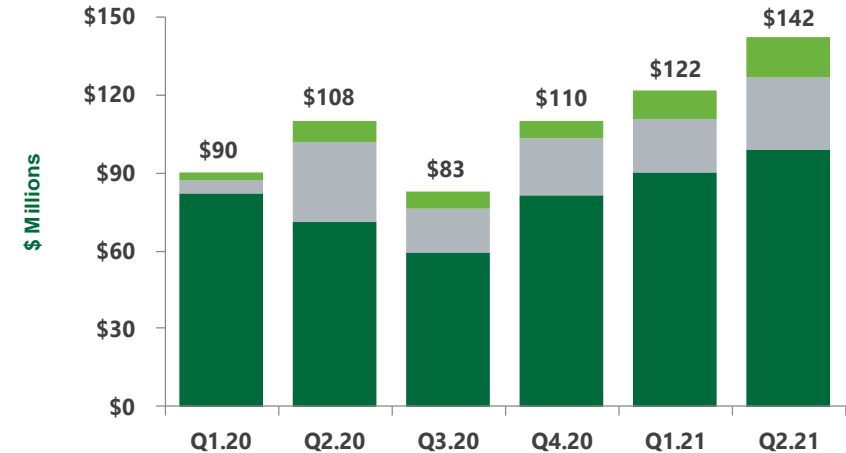
3rd-Party Log Sales and Realizations - South



3rd-Party Log Sales and Realizations - North



Western Export Log Revenue

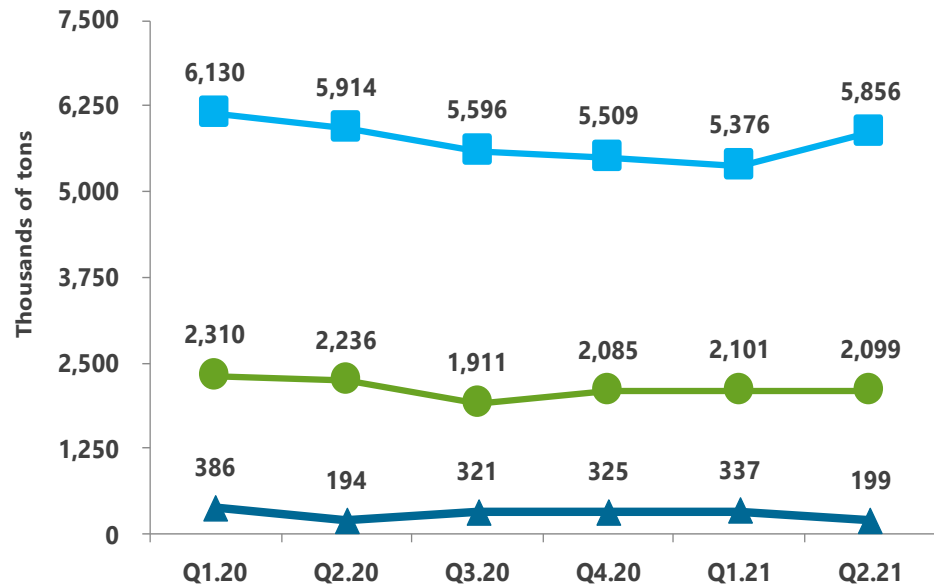


	Q1.20	Q2.20	Q3.20	Q4.20	Q1.21	Q2.21
Japan	91%	65%	71%	74%	74%	70%
China	6%	28%	21%	20%	17%	20%
Korea	3%	7%	8%	6%	9%	10%

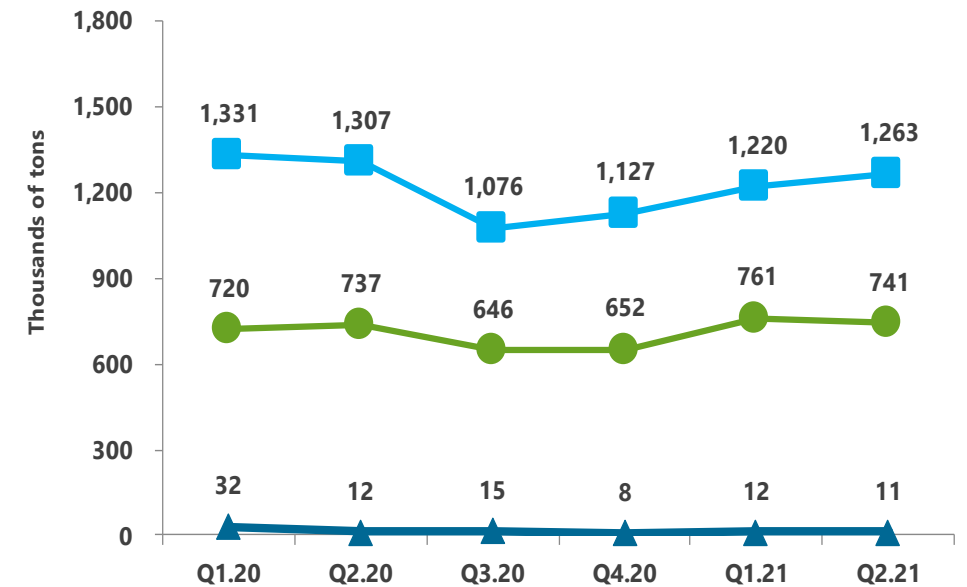
1. Western logs are primarily transacted in MBF but are converted to ton equivalents for external reporting purposes.

FEE HARVEST VOLUMES AND INTERSEGMENT SALES VOLUMES

FEE HARVEST VOLUMES



INTERSEGMENT LOG SALES VOLUMES



■ South
 ● West
 ▲ North

REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

REAL ESTATE & ENR (\$ Millions)	2021	2021
Adjusted EBITDA by Business	Q1	Q2
Real Estate	\$ 76	\$ 66
Energy & Natural Resources	20	25
Total Adjusted EBITDA¹	\$ 96	\$ 91

KEY DRIVERS: 2021 Q2 vs. 2021 Q1

Real Estate

Timing of real estate sales and mix of properties sold

Energy & Natural Resources

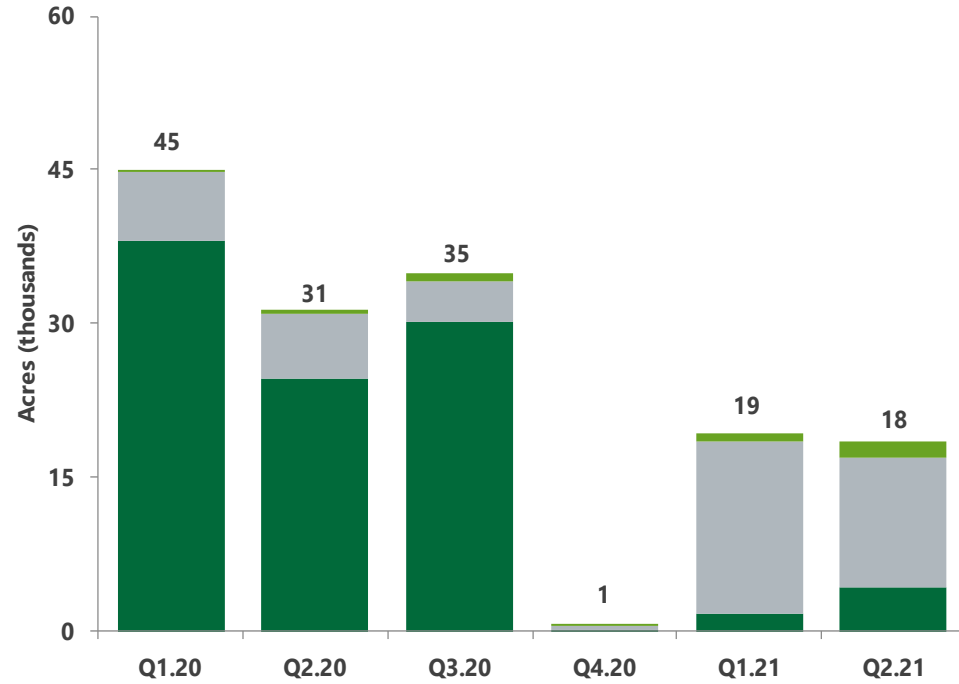
Higher production of construction materials

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 23](#).

REAL ESTATE & ENR (\$ Millions)	2021	2021
Segment Statement of Operations	Q1	Q2
Total sales	\$ 106	\$ 110
Costs of sales	34	41
Gross margin	72	69
SG&A expenses	6	6
Net Contribution to Earnings	\$ 66	\$ 63
Adjusted EBITDA¹	\$ 96	\$ 91

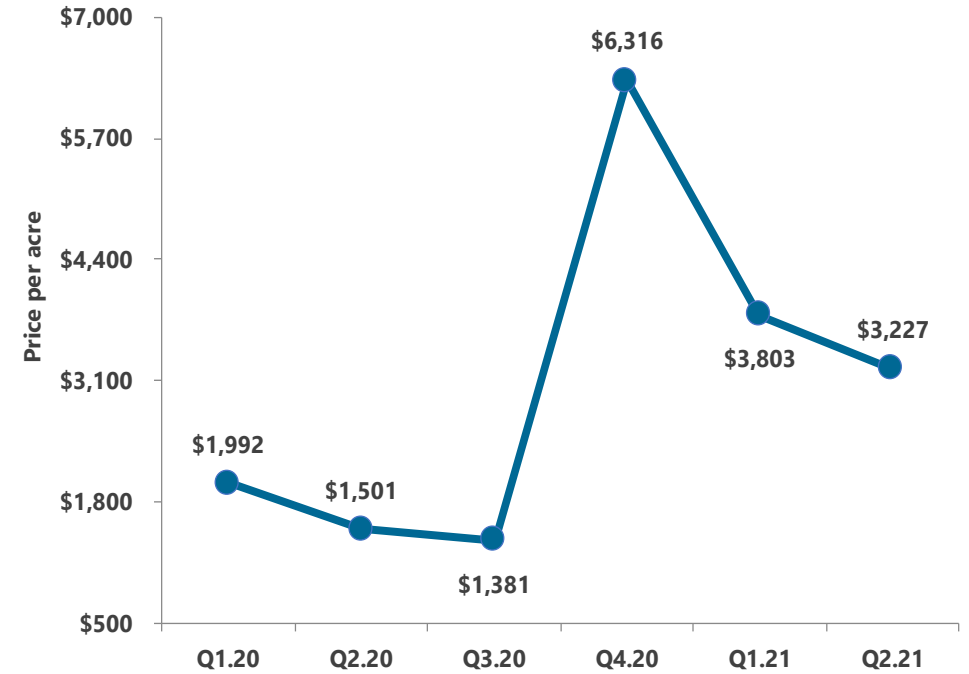
REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

ACRES SOLD



	Q1.20	Q2.20	Q3.20	Q4.20	Q1.21	Q2.21
West	85%	79%	86%	26%	9%	24%
South	15%	20%	11%	54%	87%	68%
North	—%	1%	3%	20%	4%	8%

AVERAGE PRICE PER ACRE



WOOD PRODUCTS SEGMENT

WOOD PRODUCTS (\$ Millions)	2021	2021
Adjusted EBITDA by Business	Q1	Q2
Lumber	\$ 513	\$ 804
OSB	300	472
Engineered Wood Products	42	53
Distribution	39	75
Other	(5)	(18)
Total Adjusted EBITDA¹	\$ 889	\$ 1,386

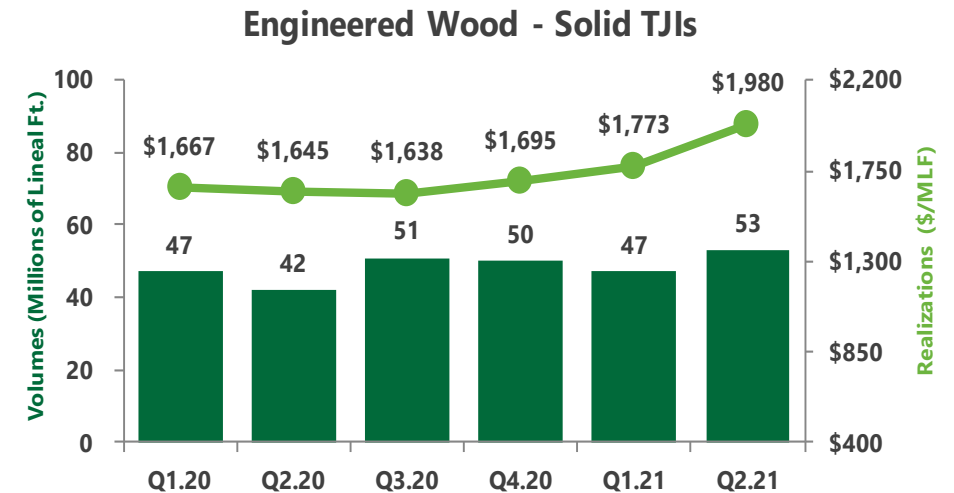
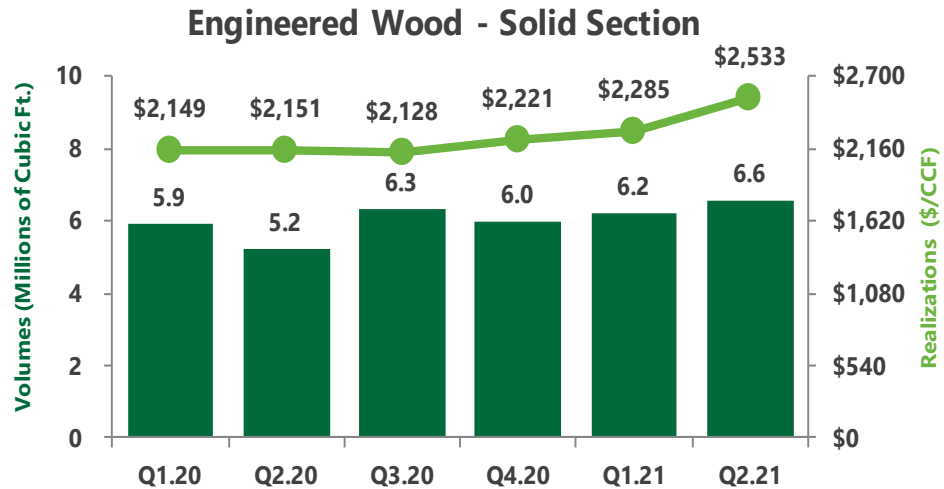
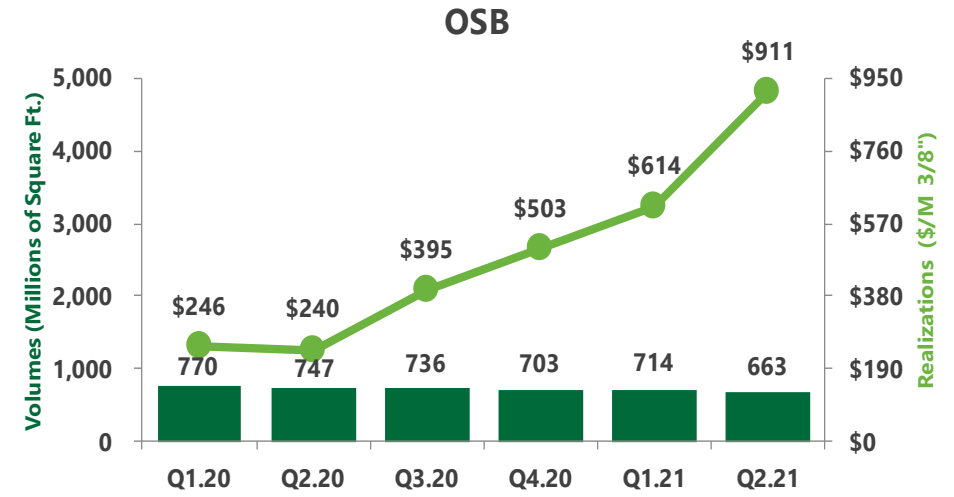
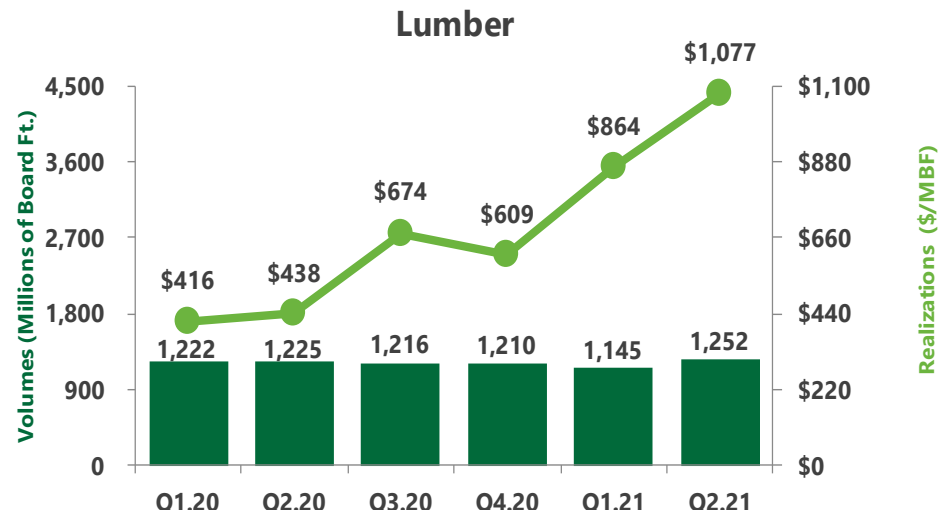
- Adjusted EBITDA for Wood Products businesses include earnings on internal sales, primarily from the manufacturing businesses to Distribution. These sales occur at market price. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 24](#).
- Adjusted EBITDA divided by total sales.
- Net contribution to earnings divided by total sales.

WOOD PRODUCTS (\$ Millions)	2021	2021
Segment Statement of Operations	Q1	Q2
Total sales	\$ 2,021	\$ 2,629
Costs of sales	1,124	1,229
Gross margin	897	1,400
SG&A expenses	54	56
Other expense, net	3	6
Net Contribution to Earnings	\$ 840	\$ 1,338
Adjusted EBITDA¹	\$ 889	\$ 1,386
Adjusted EBITDA Margin Percentage²	44%	53%
Operating Margin Percentage³	42%	51%

WOOD PRODUCTS KEY DRIVERS: 2021 Q2 vs. 2021 Q1

BUSINESS	KEY DRIVERS
LUMBER	<ul style="list-style-type: none"> • Sales Volumes: Increased moderately, home center takeaway lower than expected • Sales Realizations: Increased 25% • Production Volumes: Increased slightly • Log Costs: Increased slightly, primarily for Canadian logs
ORIENTED STRAND BOARD	<ul style="list-style-type: none"> • Sales Realizations: Increased 48% • Production and Sales Volumes: Modestly lower due to planned maintenance outages • Unit Manufacturing Costs: Higher due to planned maintenance outages • Fiber Costs: Increased slightly, primarily for Canadian logs
ENGINEERED WOOD PRODUCTS	<ul style="list-style-type: none"> • Sales Realizations: Improved, capturing benefit of previously announced price increases • Sales and Production Volumes: Higher for solid section and I-joist products • Raw Material Costs: Higher for OSB webstock, resin and veneer
DISTRIBUTION	<ul style="list-style-type: none"> • Sales Volumes: Higher for most products • Product Margin: Modestly higher

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	2021	
	Q1	Q2
Unallocated corporate function expenses and variable compensation expense	\$ (25)	\$ (36)
Liability classified share-based compensation	(1)	—
Foreign exchange gains (losses)	(2)	(1)
Elimination of intersegment profit in inventory and LIFO	(17)	(28)
Non-operating pension and other post-employment benefit costs	(8)	(1)
Other, including interest income	(12)	(18)
Net Charge to Earnings	\$ (65)	\$ (84)
Adjusted EBITDA²	\$ (56)	\$ (84)

UNALLOCATED ITEMS (\$ Millions) ¹	2021	
	Q1	Q2
Costs of sales ³	\$ (23)	\$ (42)
G&A expense ⁴	(26)	(31)
Other expense, net	(16)	(11)
Net Charge to Earnings	\$ (65)	\$ (84)

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 25](#).
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

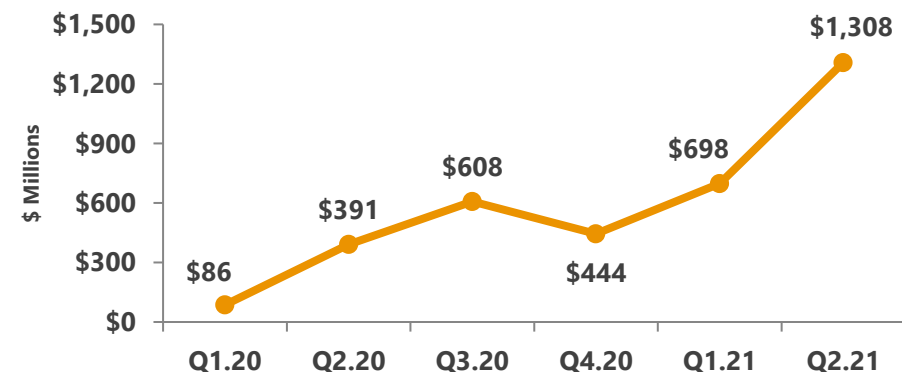
KEY FINANCIAL METRICS (\$ Millions)	2021	
	Q1	Q2
Ending Cash Balance	\$ 1,016	\$ 1,777
Total Debt ¹	\$ 5,475	\$ 5,250
Net Debt to Adjusted EBITDA (LTM) ²	1.5	0.9
Net Debt to Enterprise Value ³	14%	12%

Scheduled Debt Maturities as of June 30, 2021

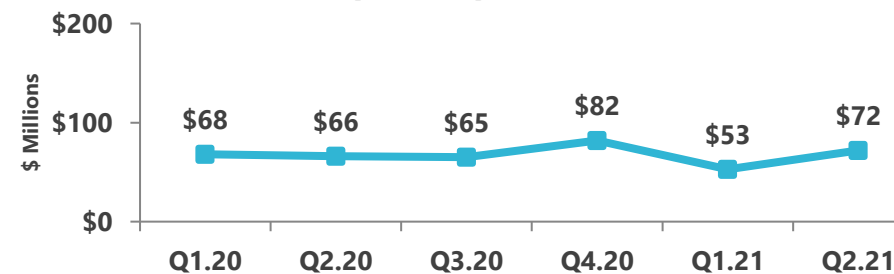
(\$ Millions)	2021	2022	2023	2024	2025
Debt Maturities	\$ 150	\$ —	\$ 1,051	\$ —	\$ 436

1. Total debt for first and second quarter 2021 includes \$150 million for the current portion of long-term debt.
2. LTM = last twelve months. A reconciliation to GAAP is set forth on [Slide 26](#).
3. Total debt, net of cash and cash equivalents, divided by enterprise value. Enterprise value is defined as total debt, net of cash and cash equivalents, plus market capitalization as of the end of the quarter.

Cash Flow from Operations



Capital Expenditures



2020: \$281 million

2021 YTD: \$125 million

ADJUSTED FUNDS AVAILABLE FOR DISTRIBUTION¹

ADJUSTED FUNDS AVAILABLE FOR DISTRIBUTION (\$ Millions)	2021	
	Q2	Q2 YTD
Net Cash from Operations	\$ 1,308	\$ 2,006
Capital Expenditures ²	(72)	(125)
Adjustments to FAD	—	—
Adjusted Funds Available for Distribution	\$ 1,236	\$ 1,881

RETURNING CASH TO SHAREHOLDERS (\$ Millions)	2021	
	Q2	Q2 YTD
Total Return of Cash to Shareholders	\$ 128	\$ 255

1. Our definition of Adjusted funds available for distribution (Adjusted FAD) and a reconciliation to GAAP are set forth on [Slide 27](#).
2. Full year 2021 capital expenditures are expected to be \$460 million.
3. Weyerhaeuser may also utilize opportunistic share repurchase to return cash under certain circumstances.

TARGETED RETURN OF CASH TO SHAREHOLDERS

Calculated on an Annual Basis



Annual Adjusted FAD

75-80% Payout



Targeted Annual Return to Shareholders



Quarterly Base Cash Dividends



**Variable
Supplemental
Cash
Dividend³**

OUTLOOK: 2021 Q3 vs. 2021 Q2

SEGMENT	EXPECTED EARNINGS & ADJUSTED EBITDA	KEY DRIVERS		
TIMBERLANDS	Significantly lower than 2021 Q2	West Fee Harvest Volumes: Slightly lower Sales Realizations: <ul style="list-style-type: none"> Domestic: Slightly lower Export: Moderately higher Per Unit Log and Haul Costs: Higher Forestry and Road Costs: Seasonally higher	South Fee Harvest Volumes: Significantly higher Sales Realizations: Slightly lower, mix Per Unit Log and Haul Costs: Slightly higher Forestry and Road Costs: Seasonally higher	North Fee Harvest Volumes: Significantly higher, coming out of spring break-up Sales Realizations: Significantly lower, mix
REAL ESTATE, ENERGY & NATURAL RESOURCES	Earnings significantly higher than 2020 Q3 Adjusted EBITDA comparable to 2020 Q3	Real Estate Land Basis: Lower compared to 2020 Q3, mix of properties sold		
WOOD PRODUCTS	Significantly lower than 2021 Q2 To date, 2021 Q3 benchmark pricing for lumber and OSB significantly lower than 2021 Q2 average	Lumber Sales Volumes: Higher Log Costs: Slightly higher Unit Manufacturing Costs: Improved	OSB Sales Volumes: Higher Fiber Costs: Higher Operating Rates and Unit Manufacturing Costs: Improved	Engineered Wood Products Sales Realizations: Higher for solid section and I-joist products Raw Material Costs: Significantly higher Distribution Significantly lower, reduced commodity margins

2021 OUTLOOK: UPDATE

DRIVER	UPDATED 2021 OUTLOOK	PRIOR 2021 OUTLOOK
FEE HARVEST VOLUME	<i>Unchanged</i>	Approximately 34.5 million tons: <ul style="list-style-type: none"> • South: Approximately 10% higher than 2020 • West: Approximately 5% lower than 2020, attributable to Oregon salvage activity • North: Moderately lower than 2020
REAL ESTATE & ENR ADJUSTED EBITDA	\$290 million	\$255 million
BASIS OF REAL ESTATE SOLD	30-35% of Real Estate sales, due to the mix of properties expected to be sold	35-45% of Real Estate sales
OPERATIONAL EXCELLENCE IMPROVEMENTS	<i>Unchanged</i>	\$50-\$75 million
INTEREST EXPENSE	<i>Unchanged</i>	\$315 million
CONSOLIDATED TAX RATE	20-24% expense, excluding special items	18-22% expense, excluding special items
CASH TAXES	<i>Unchanged</i>	Comparable to overall tax expense, excluding a \$90 million tax refund associated with our 2018 pension contribution
NON-OPERATING PENSION AND POST-EMPLOYMENT EXPENSE	Approximately \$20 million, noncash	Approximately \$35 million, noncash
CASH CONTRIBUTION FOR PENSION AND POST-EMPLOYMENT PLANS	Approximately \$55 million	Approximately \$25 million
CAPITAL EXPENDITURES	\$460 million	\$420 million

EARNINGS SUMMARY

\$ Millions (except EPS)	2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2
Adjusted EBITDA by Segment						
Timberlands	\$ 173	\$ 140	\$ 130	\$ 167	\$ 172	\$ 180
Real Estate, Energy & Natural Resources	101	57	60	23	96	91
Wood Products	184	198	615	530	889	1,386
Unallocated Items	(45)	(9)	(60)	(63)	(56)	(84)
Total Adjusted EBITDA¹	\$ 413	\$ 386	\$ 745	\$ 657	\$ 1,101	\$ 1,573
DD&A, basis of real estate sold, non-operating pension and post-employment costs, and interest income and other ²	(193)	(159)	(162)	(131)	(152)	(143)
Net Contribution to Earnings Before Special Items	\$ 220	\$ 227	\$ 583	\$ 526	\$ 949	\$ 1,430
Interest expense, net ³	(85)	(92)	(88)	(86)	(79)	(78)
Income taxes ⁴	3	(58)	(109)	(79)	(189)	(324)
Net Earnings Before Special Items⁵	\$ 138	\$ 77	\$ 386	\$ 361	\$ 681	\$ 1,028
Special items, after-tax ⁴	12	(5)	(103)	(69)	—	—
Net Earnings	\$ 150	\$ 72	\$ 283	\$ 292	\$ 681	\$ 1,028
Diluted EPS Before Special Items⁵	\$ 0.18	\$ 0.11	\$ 0.52	\$ 0.48	\$ 0.91	\$ 1.37
Diluted EPS	\$ 0.20	\$ 0.10	\$ 0.38	\$ 0.39	\$ 0.91	\$ 1.37

1. See [Slide 21](#) for our definition of Adjusted EBITDA.

2. Fourth quarter 2020 excludes a pension settlement charge. This is included in Special items, after-tax.

3. Interest expense is net of capitalized interest and excludes charges for early extinguishment of debt for the second, third and fourth quarter in 2020. 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 20](#).

EARNINGS PER SHARE RECONCILIATION

	2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2
Diluted EPS Before Special Items	\$ 0.18	\$ 0.11	\$ 0.52	\$ 0.48	\$ 0.91	\$ 1.37
Special Items:						
Pension settlement charge	—	—	—	(0.26)	—	—
Early extinguishment of debt charges	—	(0.02)	(0.03)	(0.07)	—	—
Legal benefit	0.02	—	—	—	—	—
Product remediation recovery	—	0.01	—	—	—	—
Gain on sale of timberlands	—	—	—	0.24	—	—
Timber casualty loss	—	—	(0.11)	—	—	—
Diluted EPS (GAAP)	\$ 0.20	\$ 0.10	\$ 0.38	\$ 0.39	\$ 0.91	\$ 1.37

ADJUSTED EBITDA RECONCILIATION

By Segment

\$ Millions	2018		2019		2020				2021		
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	LTM	
Timberlands	\$ 902	\$ 680	\$ 173	\$ 140	\$ 130	\$ 167	\$ 610	\$ 172	\$ 180	\$ 649	
Real Estate & ENR	264	274	101	57	60	23	241	96	91	270	
Wood Products	987	476	184	198	615	530	1,527	889	1,386	3,420	
Unallocated Items	(121)	(154)	(45)	(9)	(60)	(63)	(177)	(56)	(84)	(263)	
Adjusted EBITDA¹	\$ 2,032	\$ 1,276	\$ 413	\$ 386	\$ 745	\$ 657	\$ 2,201	\$ 1,101	\$ 1,573	\$ 4,076	
Depletion, depreciation & amortization	(486)	(510)	(123)	(117)	(115)	(117)	(472)	(118)	(120)	(470)	
Basis of real estate sold	(124)	(116)	(62)	(34)	(40)	(5)	(141)	(27)	(24)	(96)	
Special items in operating income	(28)	1	12	8	(80)	182	122	—	—	102	
Operating Income (GAAP)	\$ 1,394	\$ 651	\$ 240	\$ 243	\$ 510	\$ 717	\$ 1,710	\$ 956	\$ 1,429	\$ 3,612	
Non-operating pension and other post-employment benefit costs	(272)	(516)	(9)	(10)	(9)	(262)	(290)	(8)	(1)	(280)	
Interest income and other	60	30	1	2	2	—	5	1	2	5	
Net Contribution to Earnings	\$ 1,182	\$ 165	\$ 232	\$ 235	\$ 503	\$ 455	\$ 1,425	\$ 949	\$ 1,430	\$ 3,337	
Interest expense, net	(375)	(378)	(85)	(103)	(111)	(144)	(443)	(79)	(78)	(412)	
Income taxes	(59)	137	3	(60)	(109)	(19)	(185)	(189)	(324)	(641)	
Net Earnings (Loss) (GAAP)	\$ 748	\$ (76)	\$ 150	\$ 72	\$ 283	\$ 292	\$ 797	\$ 681	\$ 1,028	\$ 2,284	

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

Timberlands

\$ Millions	2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2
West	\$ 93	\$ 73	\$ 72	\$ 102	\$ 101	\$ 103
South	78	70	62	64	69	76
North	3	(1)	—	2	3	2
Other	(1)	(2)	(4)	(1)	(1)	(1)
Total Timberlands Adjusted EBITDA¹	\$ 173	\$ 140	\$ 130	\$ 167	\$ 172	\$ 180
West	(28)	(27)	(25)	(26)	(28)	(28)
South	(37)	(36)	(34)	(34)	(34)	(37)
North	(3)	(1)	(2)	(2)	(2)	(2)
Other	—	(1)	—	(1)	—	—
Total depletion, depreciation & amortization	\$ (68)	\$ (65)	\$ (61)	\$ (63)	\$ (64)	\$ (67)
Special items	—	—	(80)	182	—	—
Operating Income (Loss) and Net Contribution (Charge) to Earnings (GAAP)	\$ 105	\$ 75	\$ (11)	\$ 286	\$ 108	\$ 113

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	2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2
Real Estate	\$ 86	\$ 42	\$ 44	\$ 4	\$ 76	\$ 66
Energy & Natural Resources	15	15	16	19	20	25
Total Real Estate & ENR Adjusted EBITDA¹	\$ 101	\$ 57	\$ 60	\$ 23	\$ 96	\$ 91
Depletion, depreciation & amortization	(3)	(4)	(3)	(4)	(3)	(4)
Basis of real estate sold	(62)	(34)	(40)	(5)	(27)	(24)
Operating Income and Net Contribution to Earnings (GAAP)	\$ 36	\$ 19	\$ 17	\$ 14	\$ 66	\$ 63

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	2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2
Lumber	\$ 79	\$ 103	\$ 363	\$ 254	\$ 513	\$ 804
OSB	45	41	160	220	300	472
EWP	51	42	58	37	42	53
Distribution	12	13	37	24	39	75
Other	(3)	(1)	(3)	(5)	(5)	(18)
Total Wood Products Adjusted EBITDA^{1,2}	\$ 184	\$ 198	\$ 615	\$ 530	\$ 889	\$ 1,386
Lumber	(27)	(26)	(28)	(26)	(28)	(28)
OSB	(9)	(8)	(9)	(9)	(8)	(9)
EWP	(10)	(10)	(9)	(10)	(10)	(9)
Distribution	(1)	(2)	(1)	(2)	(1)	(1)
Other	(3)	(1)	(2)	(2)	(2)	(1)
Total depletion, depreciation & amortization	\$ (50)	\$ (47)	\$ (49)	\$ (49)	\$ (49)	\$ (48)
Special items	—	8	—	—	—	—
Operating Income and Net Contribution to Earnings (GAAP)	\$ 134	\$ 159	\$ 566	\$ 481	\$ 840	\$ 1,338

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.

2. 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	2020				2021	
	Q1	Q2	Q3	Q4	Q1	Q2
Total Unallocated Adjusted EBITDA¹	\$ (45)	\$ (9)	\$ (60)	\$ (63)	\$ (56)	\$ (84)
Total depletion, depreciation & amortization	(2)	(1)	(2)	(1)	(2)	(1)
Special items included in operating income (loss)	12	—	—	—	—	—
Operating Loss (GAAP)	\$ (35)	\$ (10)	\$ (62)	\$ (64)	\$ (58)	\$ (85)
Non-operating pension and other post-employment benefit costs	(9)	(10)	(9)	(262)	(8)	(1)
Interest income and other	1	2	2	—	1	2
Net Charge to Earnings (GAAP)	\$ (43)	\$ (18)	\$ (69)	\$ (326)	\$ (65)	\$ (84)

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				2021	
	Q1	Q2	Q3	Q4	Q1	Q2
Net Debt to Adjusted EBITDA (LTM)^{1,2}	4.5	4.1	2.9	2.3	1.5	0.9
Total debt	\$ 7,426	\$ 6,299	\$ 5,974	\$ 5,475	\$ 5,475	\$ 5,250
Less: cash and cash equivalents	1,458	643	787	495	1,016	1,777
Net Debt	\$ 5,968	\$ 5,656	\$ 5,187	\$ 4,980	\$ 4,459	\$ 3,473
Adjusted EBITDA (LTM)	\$ 1,324	\$ 1,367	\$ 1,804	\$ 2,201	\$ 2,889	\$ 4,076
Depletion, depreciation & amortization	(510)	(503)	(483)	(472)	(467)	(470)
Basis of real estate sold	(130)	(131)	(147)	(141)	(106)	(96)
Special items in operating income	33	41	(92)	122	110	102
Operating Income (LTM) (GAAP)	\$ 717	\$ 774	\$ 1,082	\$ 1,710	\$ 2,426	\$ 3,612
Non-operating pension and other post-employment benefit costs	(55)	(55)	(49)	(290)	(289)	(280)
Interest income and other	21	17	13	5	5	5
Net Contribution to Earnings (LTM)	\$ 683	\$ 736	\$ 1,046	\$ 1,425	\$ 2,142	\$ 3,337
Interest expense, net of capitalized interest	(356)	(368)	(388)	(443)	(437)	(412)
Income taxes	36	(61)	(167)	(185)	(377)	(641)
Net Earnings (LTM) (GAAP)	\$ 363	\$ 307	\$ 491	\$ 797	\$ 1,328	\$ 2,284

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 cash equivalents divided by the last twelve months of Adjusted EBITDA. See [Slide 21](#) for our definition of Adjusted EBITDA.

FUNDS AVAILABLE FOR DISTRIBUTION RECONCILIATION

ADJUSTED FUNDS AVAILABLE FOR DISTRIBUTION (\$ Millions)	2018	2019	2020	2021		
	FY	FY	FY	Q1	Q2	YTD
Net Cash from Operations	\$ 1,112	\$ 966	\$ 1,529	\$ 698	\$ 1,308	\$ 2,006
Capital Expenditures	(427)	(384)	(281)	(53)	(72)	(125)
Funds Available for Distribution ¹	\$ 685	\$ 582	\$ 1,248	\$ 645	\$ 1,236	\$ 1,881
Cash for product remediation payments (from product remediation insurance recoveries)	96	(68)	(8)	—	—	—
Cash contribution to our U.S. qualified pension plan	300	—	—	—	—	—
Adjusted Funds Available for Distribution ²	\$ 1,081	\$ 514	\$ 1,240	\$ 645	\$ 1,236	\$ 1,881

1. Funds available for distribution (FAD) is a non-GAAP measure that management uses to evaluate the company's liquidity. FAD, as we define it, is net cash from operations adjusted for capital expenditures. FAD measures cash generated during the period (net of capital expenditures) that is available for dividends, repurchases of common shares, debt reduction, acquisitions, and other discretionary and nondiscretionary capital allocation activities. FAD should not be considered in isolation from, and is not intended to represent an alternative to, our GAAP results.
2. Adjusted funds available for distribution (Adjusted FAD) is a non-GAAP measure that management uses to evaluate the company's liquidity. Adjusted FAD, as we define it, is net cash from operations adjusted for capital expenditures and significant non-recurring items. Adjusted FAD measures cash generated during the period (net of capital expenditures and significant non-recurring items) that is available for dividends, repurchases of common shares, debt reduction, acquisitions, and other discretionary and nondiscretionary capital allocation activities. Adjusted FAD should not be considered in isolation from, and is not intended to represent an alternative to, our GAAP results.