



2022 EARNINGS RESULTS

SECOND QUARTER 2022 | July 29, 2022



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 cash dividends, dividend framework and target percentage return to shareholders of Adjusted Funds Available for Distribution (Adjusted FAD); our third quarter 2022 outlook and expectations concerning earnings and Adjusted EBITDA for each of our businesses and expected key drivers; and updates to our full-year 2022 outlook and expectations concerning: Adjusted EBITDA for, and basis for real estate sold in, our Real Estate and Energy and Natural Resources business; interest expense; non-operating pension and post-employment expense; and capital expenditures. Forward-looking statements may be identified by our use of certain words in such statements, including without limitation words such as "expected," "outlook," and "targeted," 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. The realization of our expectations and the accuracy of our assumptions are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, without limitation: the effect of general economic conditions, including employment rates, interest rate levels, inflation, 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, including but not limited to any related regulatory restrictions or requirements, 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; our ability to hire and retain capable employees; 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 as it relates to the cost of pension benefits 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 2021 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 by providing helpful context in understanding the company's performance. 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.

2022 Q2 CONSOLIDATED RESULTS

\$ Millions	2022		Change
	Q1	Q2	
Adjusted EBITDA			
Timberlands	\$ 247	\$ 219	\$ (28)
Real Estate, Energy & Natural Resources	116	107	(9)
Wood Products	1,233	912	(321)
Unallocated Items	(99)	(33)	66
Total Adjusted EBITDA¹	\$ 1,497	\$ 1,205	\$ (292)
Net Contribution to Earnings Before Special Items	\$ 1,328	\$ 1,037	\$ (291)

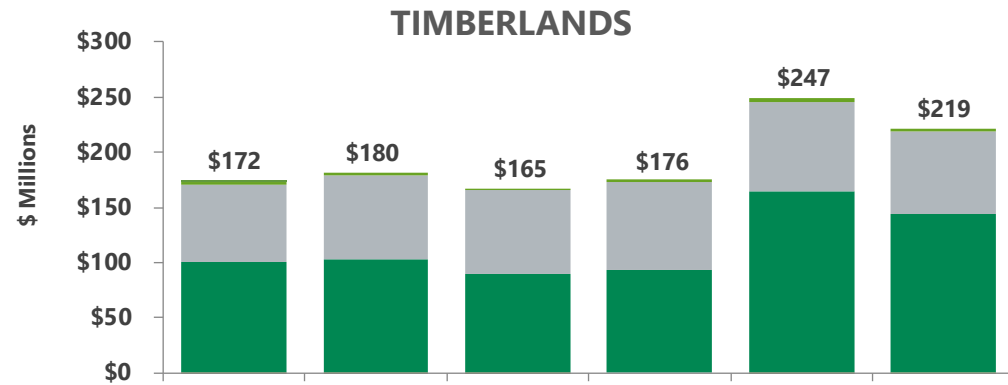
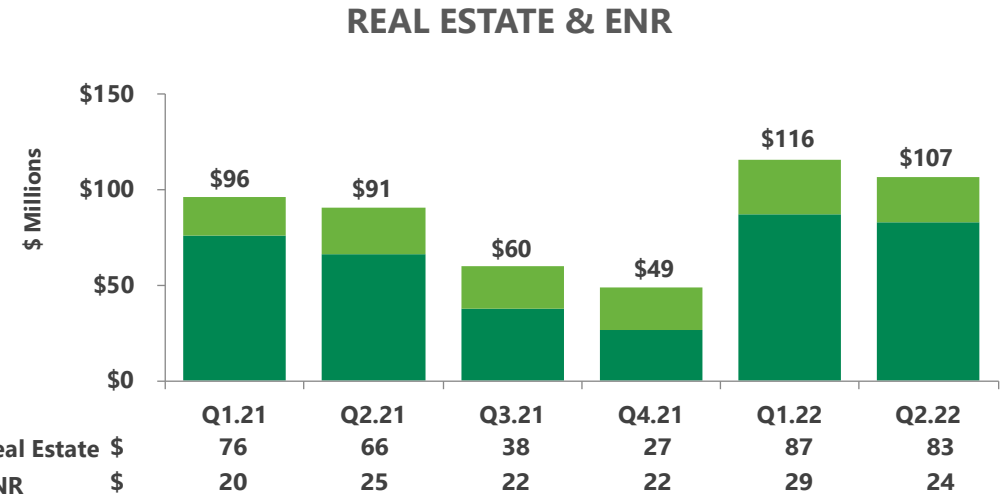
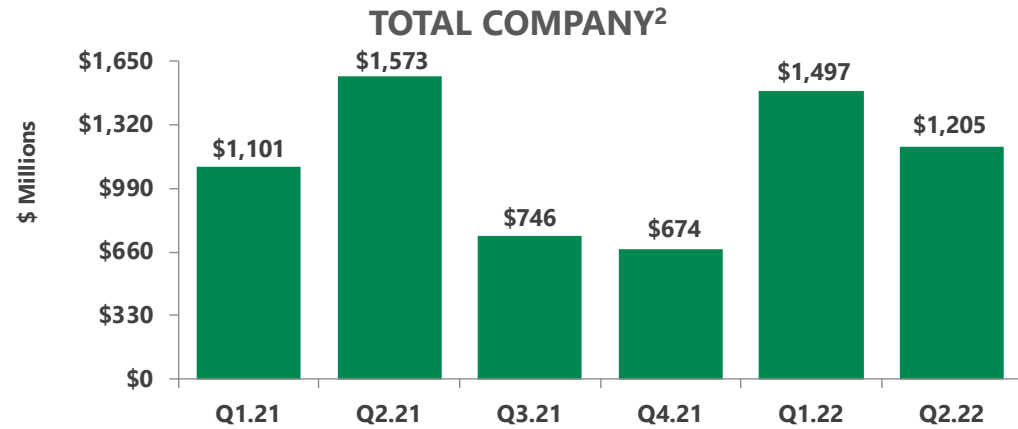
1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 24](#).
2. Includes other operating costs, net; non-operating pension and other post-employment benefit costs; and interest income and other.
3. Interest expense is net of capitalized interest.
4. An explanation 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)	2022	
	Q1	Q2
Consolidated Statement of Operations Before Special Items		
Net sales	\$ 3,112	\$ 2,973
Costs of sales	1,647	1,789
Gross margin	1,465	1,184
SG&A expenses	115	125
Other expense, net ²	22	22
Net Contribution to Earnings Before Special Items	\$ 1,328	\$ 1,037
Interest expense, net ³	(72)	(65)
Income taxes ⁴	(278)	(184)
Net Earnings Before Special Items⁴	\$ 978	\$ 788
Special items, after-tax ⁴	(207)	—
Net Earnings	\$ 771	\$ 788
Diluted EPS Before Special Items⁴	\$ 1.31	\$ 1.06
Diluted EPS	\$ 1.03	\$ 1.06

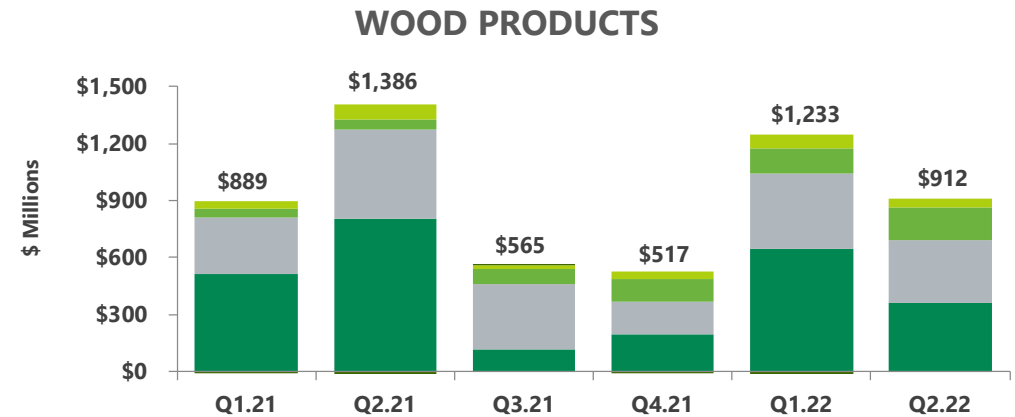
EARNINGS BEFORE SPECIAL ITEMS

\$ Millions (except EPS)	2022 Q1			2022 Q2		
	Pretax Earnings	After-Tax Earnings	Diluted EPS	Pretax Earnings	After-Tax Earnings	Diluted EPS
Earnings Before Special Items	\$ 1,256	\$ 978	\$ 1.31	\$ 972	\$ 788	\$ 1.06
Special Items:						
Loss on debt extinguishment	276	207	0.28	—	—	—
Total Special Items	276	207	0.28	—	—	—
Earnings Including Special Items (GAAP)	\$ 980	\$ 771	\$ 1.03	\$ 972	\$ 788	\$ 1.06

ADJUSTED EBITDA¹



	Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22
West	\$ 101	\$ 103	\$ 90	\$ 93	\$ 165	\$ 144
South	\$ 69	\$ 76	\$ 76	\$ 80	\$ 80	\$ 75
North	\$ 3	\$ 2	\$ 1	\$ 3	\$ 4	\$ 2
Other	\$ (1)	\$ (1)	\$ (2)	\$ —	\$ (2)	\$ (2)



	Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22
Lumber	\$ 513	\$ 804	\$ 118	\$ 195	\$ 648	\$ 359
OSB	\$ 300	\$ 472	\$ 344	\$ 176	\$ 392	\$ 332
EWP	\$ 42	\$ 53	\$ 76	\$ 114	\$ 136	\$ 173
Distribution	\$ 39	\$ 75	\$ 22	\$ 40	\$ 72	\$ 48
Other	\$ (5)	\$ (18)	\$ 5	\$ (8)	\$ (15)	\$ —

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 24](#), [Slide 25](#), [Slide 26](#), [Slide 27](#) and [Slide 28](#).

2. Total Company Adjusted EBITDA includes Timberlands; Real Estate, Energy & Natural Resources; Wood Products and Unallocated.

TIMBERLANDS SEGMENT

TIMBERLANDS (\$ Millions)	2022	
Adjusted EBITDA by Region	Q1	Q2
West	\$ 165	\$ 144
South	80	75
North	4	2
Other	(2)	(2)
Total Adjusted EBITDA¹	\$ 247	\$ 219

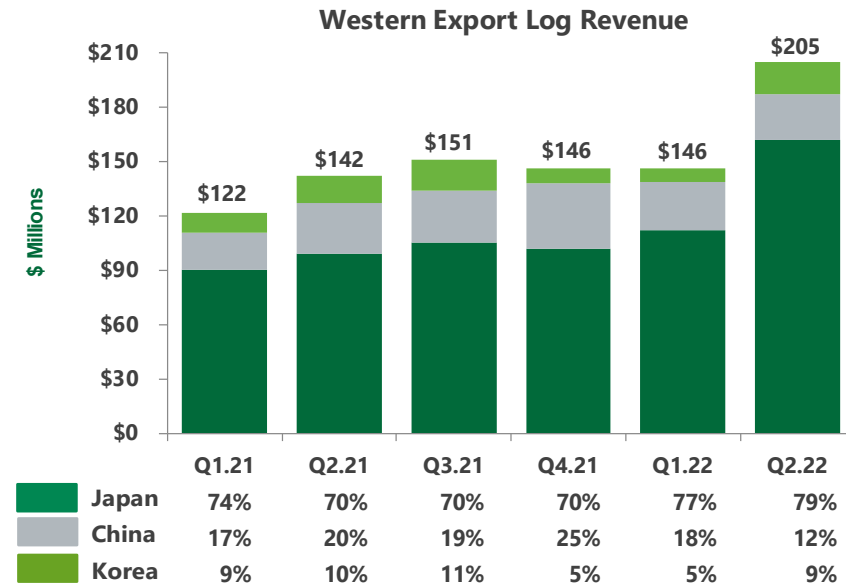
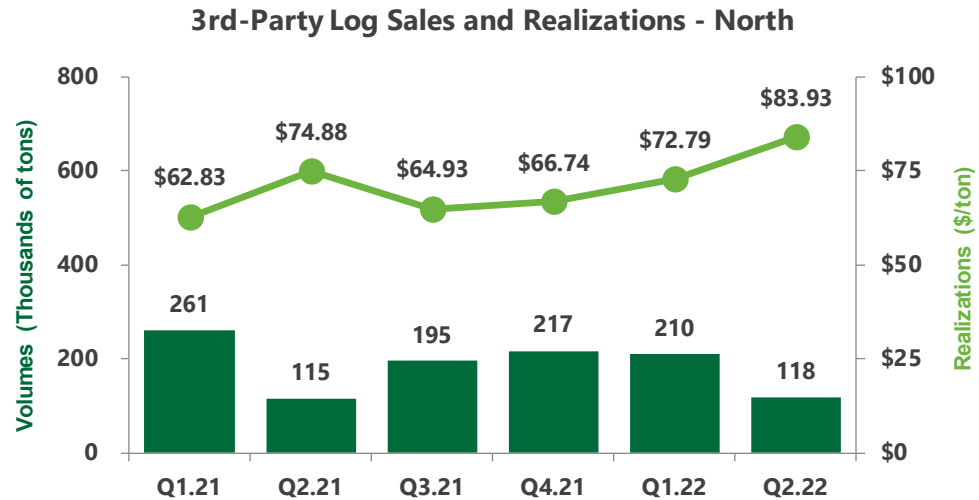
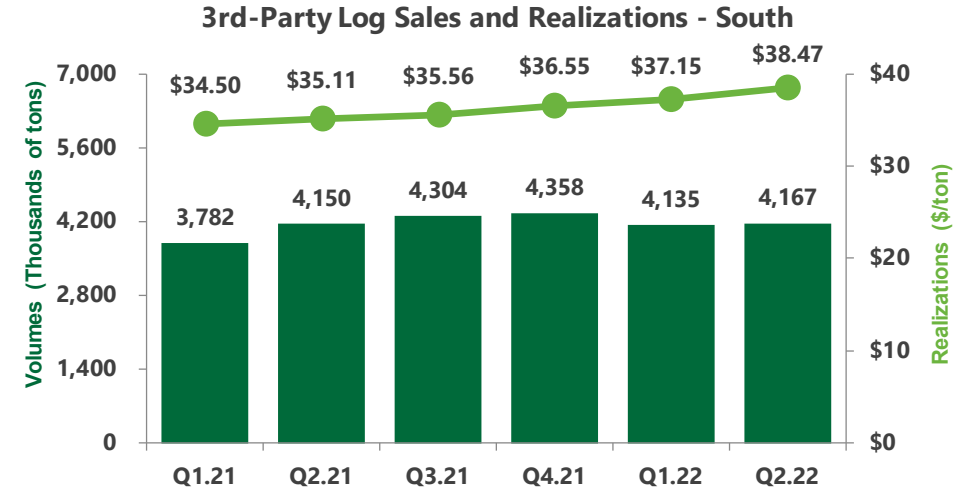
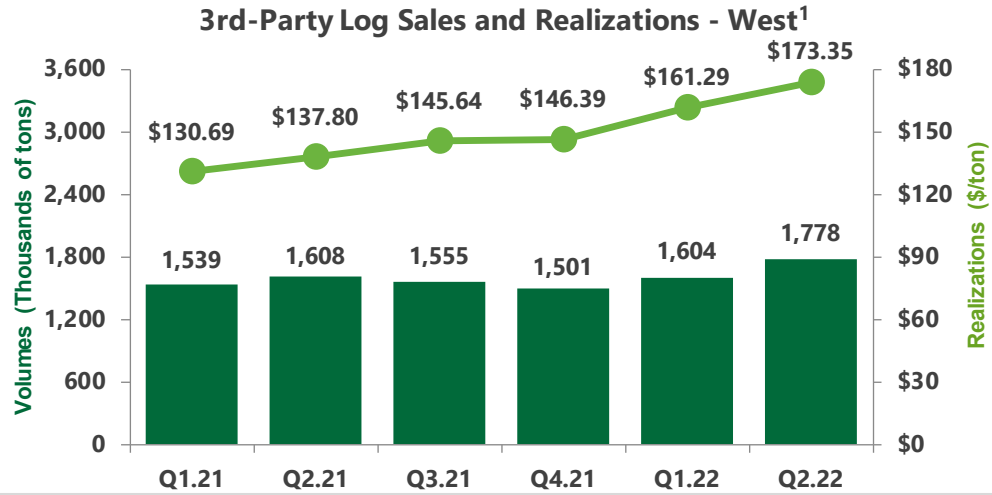
1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 25](#).
2. Adjusted EBITDA divided by total sales.
3. Net contribution to earnings divided by total sales.

TIMBERLANDS (\$ Millions)	2022	
Segment Statement of Operations	Q1	Q2
Third-party sales	\$ 465	\$ 515
Intersegment sales	161	156
Total Sales	626	671
Costs of sales	423	495
Gross margin	203	176
SG&A expenses	24	24
Other (income) expense, net	(3)	(1)
Net Contribution to Earnings	\$ 182	\$ 153
Adjusted EBITDA¹	\$ 247	\$ 219
Adjusted EBITDA Margin Percentage²	39%	33%
Operating Margin Percentage³	29%	23%

TIMBERLANDS KEY DRIVERS: 2022 Q2 vs. 2022 Q1

REGION	KEY DRIVERS
WEST	<ul style="list-style-type: none"> • Fee Harvest Volumes: Moderately lower, unseasonably wet weather • Sales Volumes: Significantly higher, primarily for Japan, slightly lower for domestic • Sales Realizations: Moderately higher, primarily for export, moderately lower for domestic • Per Unit Log and Haul Costs: Significantly higher, transition to higher elevation harvesting operations • Forestry and Road Costs: Higher, seasonal
SOUTH	<ul style="list-style-type: none"> • Fee Harvest Volumes: Moderately higher • Sales Realizations: Slightly higher for sawlogs and fiber logs • Per Unit Log and Haul Costs: Significantly higher, primarily for fuel-related costs • Forestry and Road Costs: Higher, seasonal
NORTH	<ul style="list-style-type: none"> • Fee Harvest Volumes: Significantly lower, seasonal reduction in harvest activity • Sales Realizations: Significantly higher

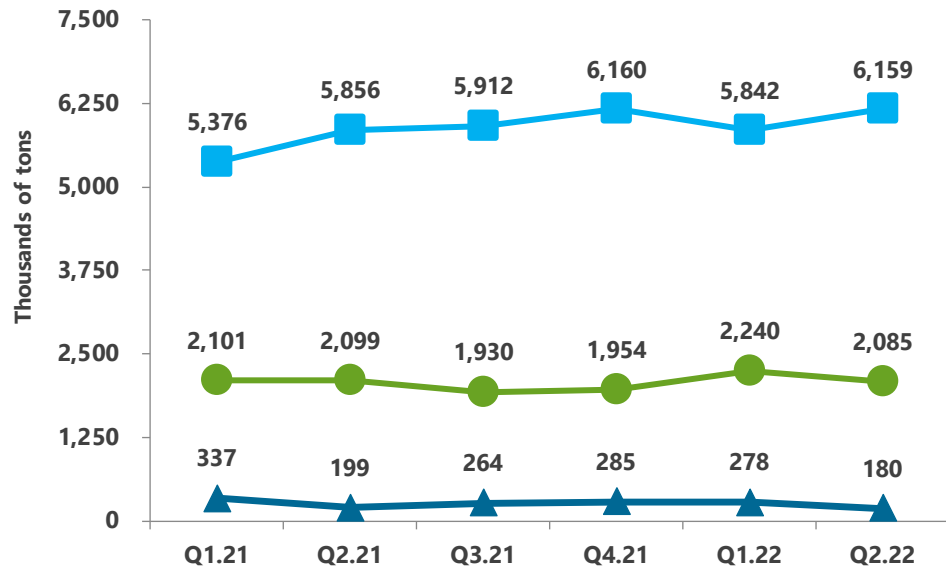
SALES VOLUMES, REALIZATIONS AND EXPORT REVENUE



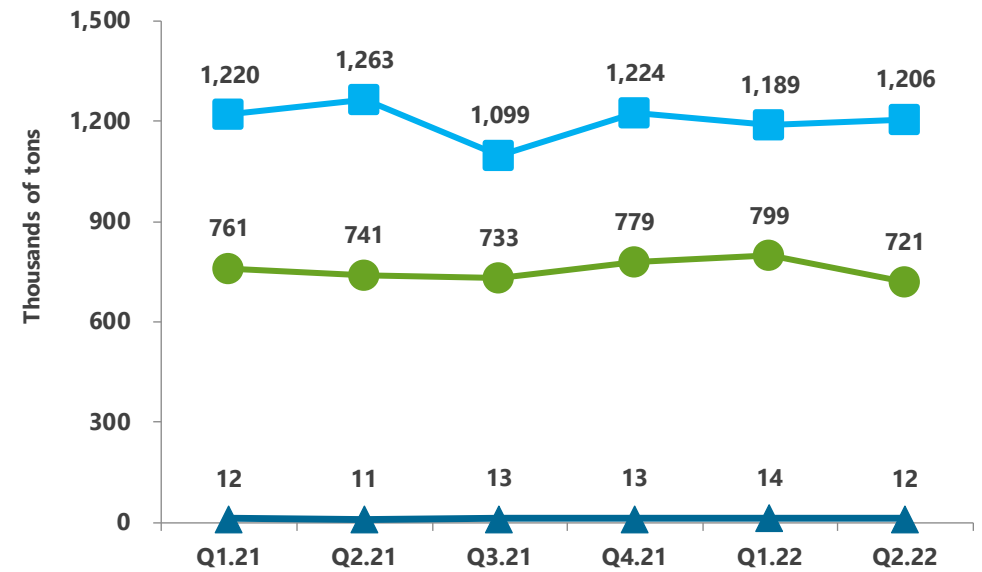
1. Western logs are primarily transacted in MBF but are converted to ton equivalents for external reporting purposes.

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)	2022	2022
Adjusted EBITDA by Business	Q1	Q2
Real Estate	\$ 87	\$ 83
Energy & Natural Resources	29	24
Total Adjusted EBITDA¹	\$ 116	\$ 107

KEY DRIVERS: 2022 Q2 vs. 2022 Q1

Real Estate

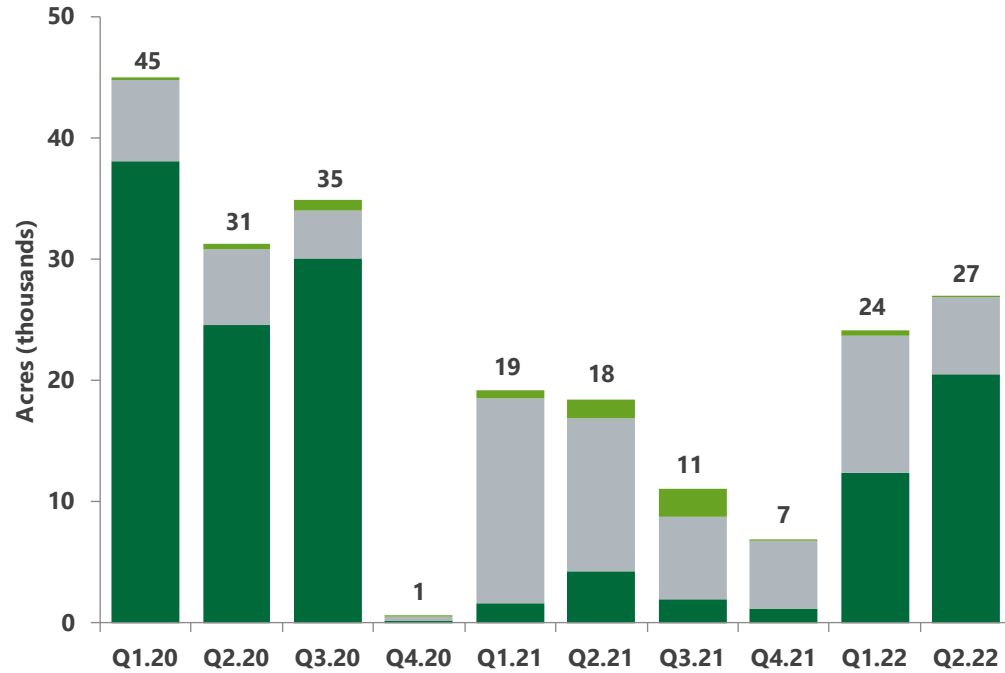
Timing and mix of acres sold

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 26](#).

REAL ESTATE & ENR (\$ Millions)	2022	2022
Segment Statement of Operations	Q1	Q2
Total sales	\$ 128	\$ 117
Costs of sales	41	45
Gross margin	87	72
SG&A expenses	6	7
Net Contribution to Earnings	\$ 81	\$ 65
Adjusted EBITDA¹	\$ 116	\$ 107

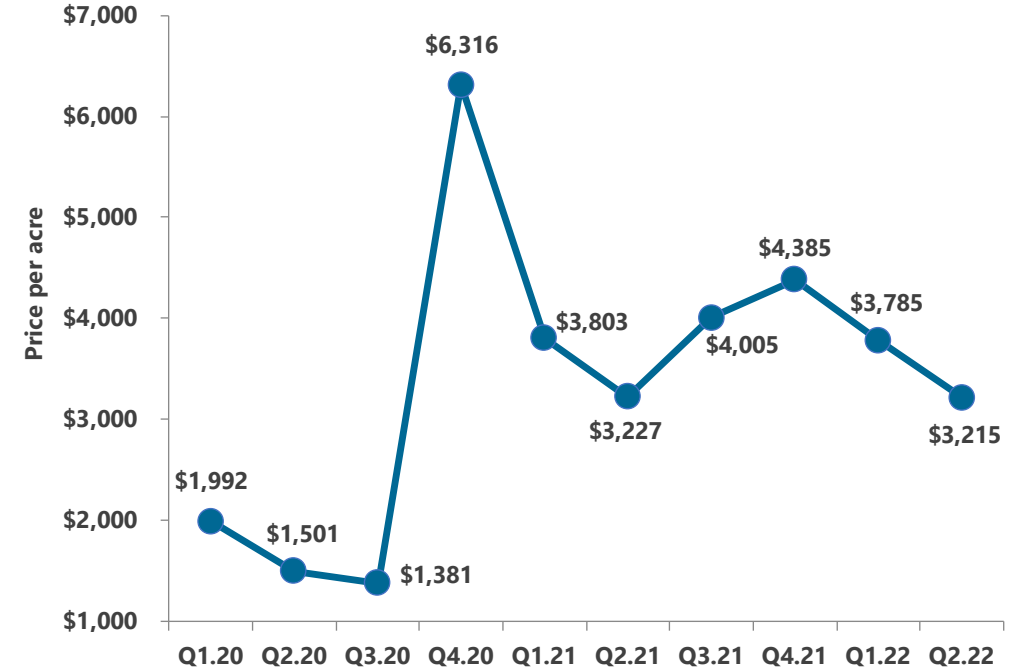
REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

ACRES SOLD



	Q1.20	Q2.20	Q3.20	Q4.20	Q1.21	Q2.21	Q3.21	Q4.21	Q1.22	Q2.22
West	85%	79%	86%	26%	9%	24%	18%	18%	51%	77%
South	15%	20%	11%	54%	87%	68%	62%	81%	47%	23%
North	—%	1%	3%	20%	4%	8%	20%	1%	2%	—%

AVERAGE PRICE PER ACRE



WOOD PRODUCTS SEGMENT

WOOD PRODUCTS (\$ Millions)	2022	2022
Adjusted EBITDA by Business	Q1	Q2
Lumber	\$ 648	\$ 359
OSB	392	332
Engineered Wood Products	136	173
Distribution	72	48
Other	(15)	—
Total Adjusted EBITDA¹	\$ 1,233	\$ 912

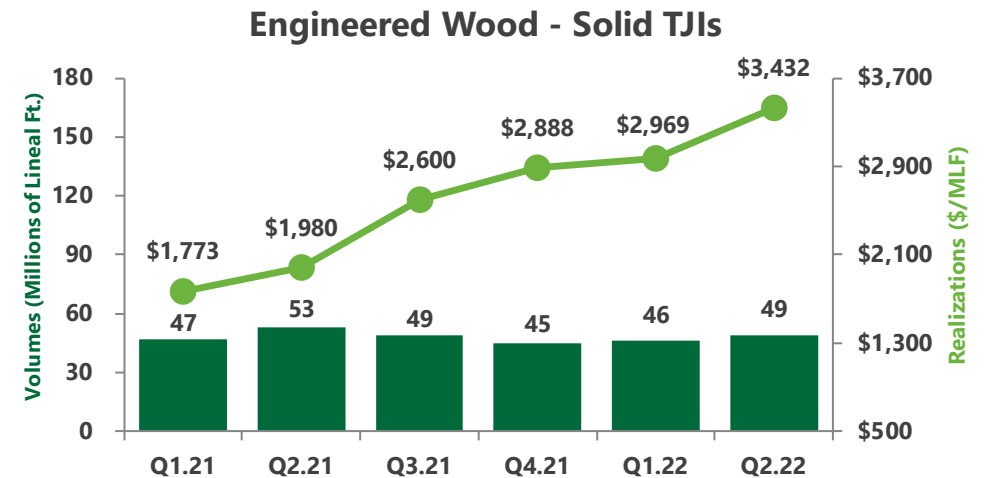
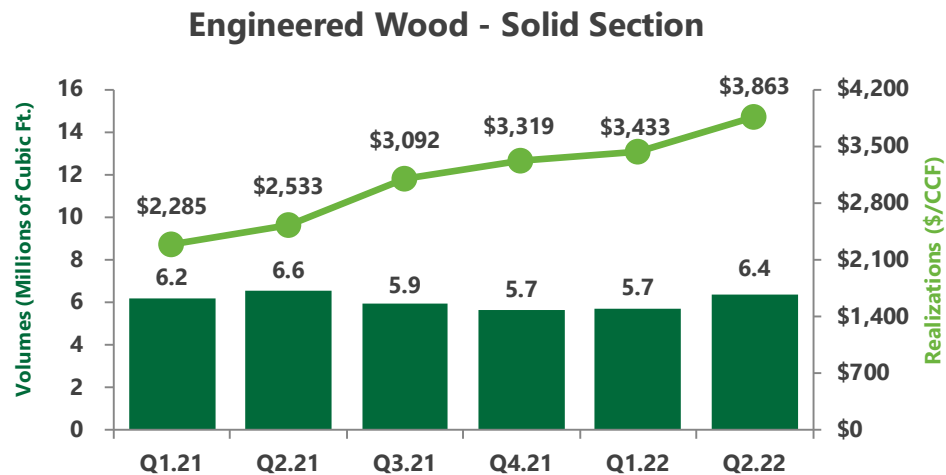
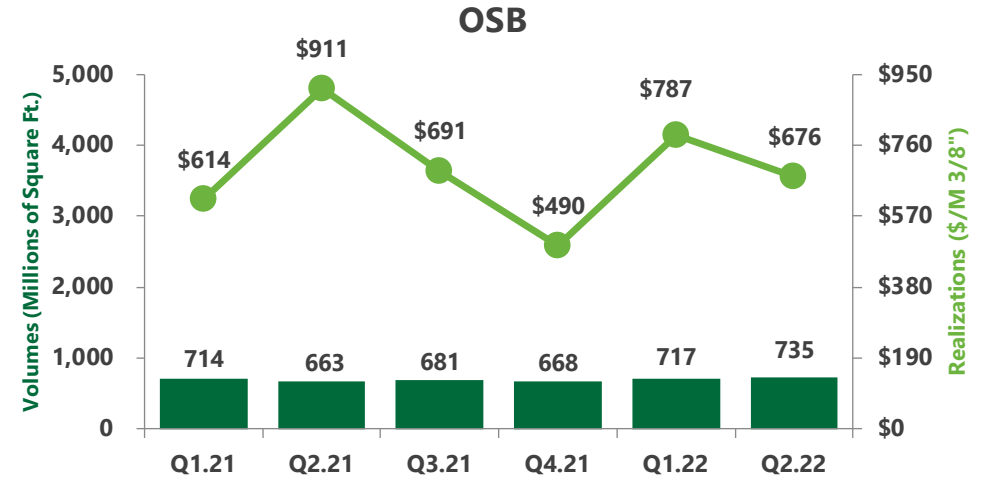
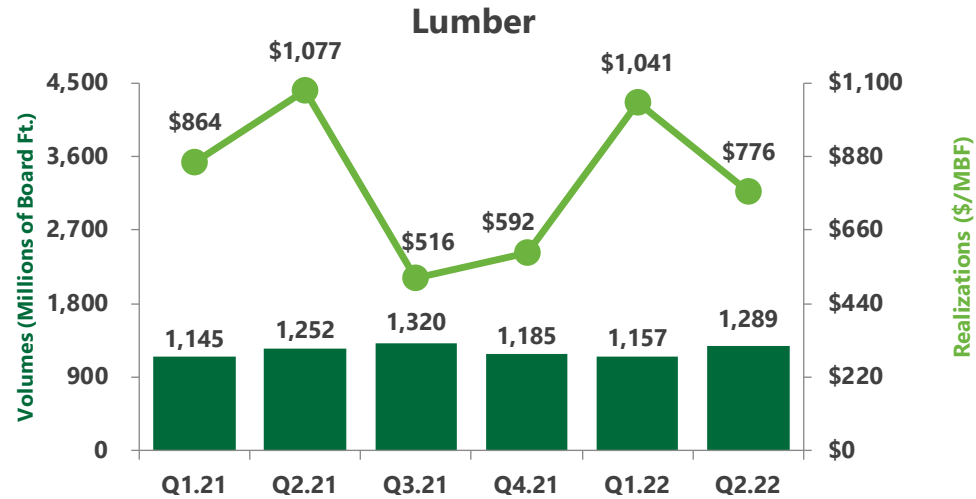
- Adjusted EBITDA for Wood Products businesses include earnings on internal sales, primarily from the manufacturing businesses to Distribution. These sales occur at market price. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 27](#).
- Adjusted EBITDA divided by total sales.
- Net contribution to earnings before special items divided by total sales.

WOOD PRODUCTS (\$ Millions)	2022	2022
Segment Statement of Operations	Q1	Q2
Total sales	\$ 2,519	\$ 2,341
Costs of sales	1,276	1,414
Gross margin	1,243	927
SG&A expenses	56	56
Other expense, net	5	8
Net Contribution to Earnings	\$ 1,182	\$ 863
Adjusted EBITDA¹	\$ 1,233	\$ 912
Adjusted EBITDA Margin Percentage²	49%	39%
Operating Margin Percentage³	47%	37%

WOOD PRODUCTS KEY DRIVERS: 2022 Q2 vs. 2022 Q1

BUSINESS	KEY DRIVERS
LUMBER	<ul style="list-style-type: none"> • Sales Realizations: Decreased 25% • Sales Volumes: Significantly higher, seasonal inventory drawdown and improved production • Production Volumes: Slightly higher • Unit Manufacturing Costs: Slightly higher • Log Costs: Slightly higher
ORIENTED STRAND BOARD	<ul style="list-style-type: none"> • Sales Realizations: Decreased 14% • Sales Volumes: Slightly higher, improved production • Production Volumes: Slightly higher • Unit Manufacturing Costs: Moderately higher • Fiber Costs: Comparable
ENGINEERED WOOD PRODUCTS	<ul style="list-style-type: none"> • Sales Realizations: Significantly higher for most products • Sales Volumes: Higher for most products • Production Volumes: Significantly higher for most products • Raw Material Costs: Significantly higher, primarily OSB webstock
DISTRIBUTION	<ul style="list-style-type: none"> • Significantly lower, reduced commodity realizations

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.

UNALLOCATED ITEMS

UNALLOCATED ITEMS (\$ Millions) ¹	2022	
	Q1	Q2
Unallocated corporate function expenses and variable compensation expense	\$ (31)	\$ (36)
Liability classified share-based compensation	1	2
Foreign exchange gains (losses)	—	3
Elimination of intersegment profit in inventory and LIFO	(59)	18
Non-operating pension and other post-employment benefit costs	(15)	(11)
Other, including interest income	(13)	(20)
Net Charge to Earnings	\$ (117)	\$ (44)
Adjusted EBITDA²	\$ (99)	\$ (33)

UNALLOCATED ITEMS (\$ Millions) ¹	2022	
	Q1	Q2
Costs of sales ³	\$ (68)	\$ 9
G&A expense ⁴	(27)	(36)
Other expense, net	(22)	(17)
Net Charge to Earnings	\$ (117)	\$ (44)

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 28](#).
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)	2022	
	Q1	Q2
Ending Cash Balance	\$ 1,205	\$ 1,723
Total Debt	\$ 5,053	\$ 5,053
Net Debt to Adjusted EBITDA (LTM) ¹	0.9	0.8
Net Debt to Enterprise Value ²	12%	12%

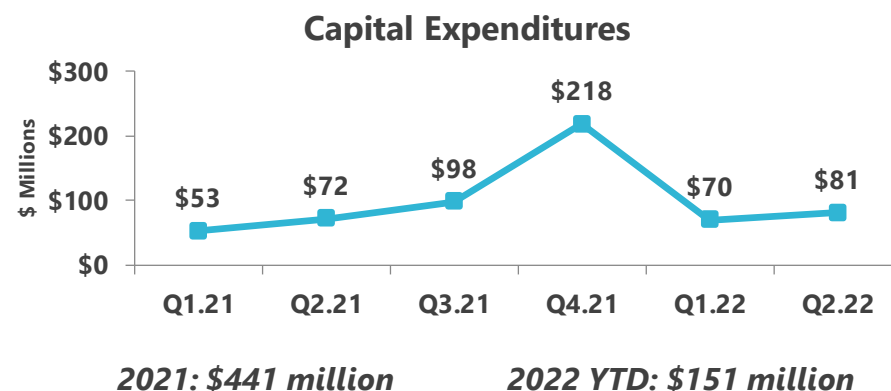
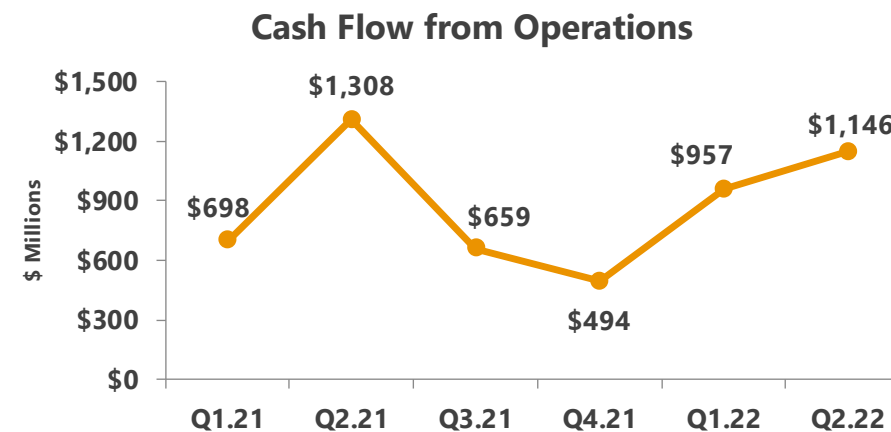
Share Repurchases

(\$ Millions)	2022	
	Q1	Q2
Share Repurchases ³	\$ 121	\$ 138

Scheduled Debt Maturities as of June 30, 2022

(\$ Millions)	2022	2023	2024	2025	2026
Debt Maturities	\$ —	\$ 978	\$ —	\$ 210	\$ 272

1. LTM = last twelve months. A reconciliation to GAAP is set forth on [Slide 29](#).
2. 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.
3. Average price paid per share for first quarter 2022 and second quarter 2022 were \$37.87 and \$36.23, respectively. As of June 30, 2022, there were no unsettled shares. As of March 31, 2022, there were 78,380 shares (approximately \$3 million) that had not yet been settled.



ADJUSTED FUNDS AVAILABLE FOR DISTRIBUTION

Allocation Framework and Cash Return Calculation

ADJUSTED FUNDS AVAILABLE FOR DISTRIBUTION¹ ALLOCATION FRAMEWORK

Return 75-80% of Adj. FAD to Shareholders



SUSTAINABLE BASE DIVIDEND

supported by Timberlands and Real Estate & ENR cash flow, even at bottom of the cycle



SUPPLEMENTAL DIVIDEND² AND/OR SHARE REPURCHASE

to achieve targeted return of 75-80% of annual Adjusted FAD

20-25% of Adj. FAD



EXCESS CASH

available for growth, debt paydown and additional share repurchase

TARGETED RETURN OF CASH TO SHAREHOLDERS

Calculated on an Annual Basis

Adjusted FAD



75-80% Payout



Targeted Return to Shareholders



Quarterly Base Cash Dividends



Cash Available for Allocation Between
Supplemental Dividend² and/or
Opportunistic Share Repurchase

To Achieve
75-80%
Payout

1. Our definition of Adjusted funds available for distribution (Adjusted FAD) is set forth on [Slide 30](#).
2. Normally declared and paid annually in the first quarter, based on prior year results.



ADJUSTED FUNDS AVAILABLE FOR DISTRIBUTION¹

Cash Return To Shareholders Update

ADJUSTED FUNDS AVAILABLE FOR DISTRIBUTION (\$ Millions)	2022	
	Q2	Q2 YTD
Net Cash from Operations	\$ 1,146	\$ 2,103
Capital Expenditures ²	(81)	(151)
Adjustments to FAD ³	—	(37)
2022 Q2 Adjusted Funds Available for Distribution	\$ 1,065	\$ 1,915

1. Our definition of Adjusted funds available for distribution (Adjusted FAD) and a reconciliation to GAAP are set forth on [Slide 30](#).
2. We anticipate our capital expenditures for 2022 will be \$460 million.
3. Adjustments to FAD include a \$37 million product remediation insurance recovery received in first quarter 2022.
4. Expected to be declared and paid in first quarter 2023, based on full year 2022 results.

TARGETED RETURN OF CASH TO SHAREHOLDERS

Based on 2022 Q2 YTD Results and Activity

	\$ MM
2022 Q2 YTD Adjusted FAD	\$1,915
✘ Midpoint of 75-80% Payout	\$1,484
— 2022 Q2 YTD Base Cash Dividends	(\$268)
≡ Cash Available for Allocation Between Supplemental Dividend⁴ and/or Opportunistic Share Repurchase	

**To Achieve
75-80%
Payout**



2022 Q3 OUTLOOK

SEGMENT	EXPECTED EARNINGS ¹ & ADJUSTED EBITDA	KEY DRIVERS		
TIMBERLANDS	Lower than 2022 Q2, but moderately higher than 2021 Q3	West Fee Harvest Volumes: Comparable Sales Volumes: Significantly lower, due to export Sales Realizations: Moderately lower Per Unit Log and Haul Costs: Lower Forestry and Road Costs: Higher, seasonal	South Fee Harvest Volumes: Moderately higher Sales Realizations: Comparable Per Unit Log and Haul Costs: Comparable Forestry and Road Costs: Higher, seasonal	North Fee Harvest Volumes: Significantly higher Sales Realizations: Moderately lower
REAL ESTATE, ENERGY & NATURAL RESOURCES	Slightly lower than 2021 Q3	Real Estate Acres Sold: Lower compared to 2021 Q3		
WOOD PRODUCTS	Comparable to 2022 Q2, excluding the effect of changes in average sales realizations for lumber and oriented strand board	Lumber Sales Volumes: Comparable Log Costs: Moderately lower Unit Mfg. Costs: Comparable	OSB Sales Volumes: Slightly lower Fiber Costs: Comparable Unit Mfg. Costs: Significantly higher, planned annual maintenance	Engineered Wood Products Sales Realizations: Lower, primarily for plywood, comparable for Solid Section and I-Joist products Sales Volumes: Comparable Raw Material Costs: Significantly lower, primarily for OSB webstock Distribution Lower realizations for most products

1. Earnings before special items.





2022 OUTLOOK: UPDATE

DRIVER	UPDATED 2022 OUTLOOK	PRIOR 2022 OUTLOOK
FEE HARVEST VOLUME	<i>Unchanged</i>	Approximately 34.5 million tons <ul style="list-style-type: none"> • South: Moderately higher than 2021 • West: Slightly higher than 2021 • North: Moderately lower than 2021
REAL ESTATE & ENR ADJUSTED EBITDA	\$325 million	\$300 million
BASIS OF REAL ESTATE SOLD	30-40% of Real Estate sales	35-45% of Real Estate sales
INTEREST EXPENSE	\$275 million	\$305 million
CONSOLIDATED TAX RATE	<i>Unchanged</i>	19-23% expense, excluding special items
CASH TAXES	<i>Unchanged</i>	Comparable to overall tax expense
NON-OPERATING PENSION AND POST-EMPLOYMENT EXPENSE	\$50-55 million, noncash	Approximately \$60 million, noncash
CASH CONTRIBUTION FOR PENSION AND POST-EMPLOYMENT PLANS	<i>Unchanged</i>	Approximately \$30 million
CAPITAL EXPENDITURES	\$460 million ¹	\$440 million

1. Capital expenditures in 2022 are expected to increase to \$460 million primarily due to the acceleration of equipment orders with extended lead times for future planned capital projects. There is no change to our previously announced multi-year guidance for \$420-\$440 million of annual capital expenditures in 2023-2025.

WOOD PRODUCTS SALES REALIZATIONS: CURRENT VS. 2022 Q2

WEYERHAEUSER'S AVERAGE SALES REALIZATIONS			
Approximate Change As of July 22, 2022			
LUMBER¹ 	Q3 QTD vs. Q2 AVERAGE	-\$195/MBF LOWER	WY's SENSITIVITY CHANGE IN REALIZATIONS \$10/MBF ≈ \$50 million EBITDA ANNUALLY
	CURRENT vs. Q2 AVERAGE	-\$185/MBF LOWER	
OSB² 	Q3 QTD vs. Q2 AVERAGE	-\$285/MSF LOWER	WY's SENSITIVITY CHANGE IN REALIZATIONS \$10/MSF ≈ \$30 million EBITDA ANNUALLY
	CURRENT vs. Q2 AVERAGE	-\$285/MSF LOWER	

1. Changes in average realizations typically lag changes in industry benchmark pricing due to length of order files.

2. WY reports OSB realizations in MSF 3/8". Changes in average realizations typically lag changes in industry benchmark pricing due to length of order files.

EARNINGS SUMMARY

\$ Millions (except EPS)	2021				2022	
Adjusted EBITDA by Segment	Q1	Q2	Q3	Q4	Q1	Q2
Timberlands	\$ 172	\$ 180	\$ 165	\$ 176	\$ 247	\$ 219
Real Estate, Energy & Natural Resources	96	91	60	49	116	107
Wood Products	889	1,386	565	517	1,233	912
Unallocated Items	(56)	(84)	(44)	(68)	(99)	(33)
Total Adjusted EBITDA¹	\$ 1,101	\$ 1,573	\$ 746	\$ 674	\$ 1,497	\$ 1,205
DD&A, basis of real estate sold, non-operating pension and post-employment costs, and interest income and other	(152)	(143)	(133)	(134)	(169)	(168)
Net Contribution to Earnings Before Special Items	\$ 949	\$ 1,430	\$ 613	\$ 540	\$ 1,328	\$ 1,037
Interest expense, net	(79)	(78)	(79)	(77)	(72)	(65)
Income taxes ²	(189)	(324)	(84)	(96)	(278)	(184)
Net Earnings Before Special Items³	\$ 681	\$ 1,028	\$ 450	\$ 367	\$ 978	\$ 788
Special items, after-tax ²	—	—	32	49	(207)	—
Net Earnings	\$ 681	\$ 1,028	\$ 482	\$ 416	\$ 771	\$ 788
Diluted EPS Before Special Items³	\$ 0.91	\$ 1.37	\$ 0.60	\$ 0.49	\$ 1.31	\$ 1.06
Diluted EPS	\$ 0.91	\$ 1.37	\$ 0.64	\$ 0.55	\$ 1.03	\$ 1.06

1. See [Slide 24](#) for our definition of Adjusted EBITDA.
2. Income taxes excludes taxes related to special items.
3. A reconciliation to GAAP EPS is set forth on [Slide 23](#).

EARNINGS PER SHARE RECONCILIATION

	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
Diluted EPS Before Special Items	\$ 0.91	\$ 1.37	\$ 0.60	\$ 0.49	\$ 1.31	\$ 1.06
Special Items:						
Loss on debt extinguishment	—	—	—	—	0.28	—
Legal benefit	—	—	—	0.01	—	—
Product remediation recovery	—	—	—	0.04	—	—
Gain on sale of timberlands	—	—	0.04	—	—	—
Insurance recovery	—	—	—	0.01	—	—
Diluted EPS (GAAP)	\$ 0.91	\$ 1.37	\$ 0.64	\$ 0.55	\$ 1.03	\$ 1.06

ADJUSTED EBITDA RECONCILIATION

By Segment

\$ Millions	2019		2020		2021				2022		
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	LTM ¹	
Timberlands	\$ 680	\$ 610	\$ 172	\$ 180	\$ 165	\$ 176	\$ 693	\$ 247	\$ 219	\$ 807	
Real Estate & ENR	274	241	96	91	60	49	296	116	107	332	
Wood Products	476	1,527	889	1,386	565	517	3,357	1,233	912	3,227	
Unallocated Items	(154)	(177)	(56)	(84)	(44)	(68)	(252)	(99)	(33)	(244)	
Adjusted EBITDA²	\$ 1,276	\$ 2,201	\$ 1,101	\$ 1,573	\$ 746	\$ 674	\$ 4,094	\$ 1,497	\$ 1,205	\$ 4,122	
Depletion, depreciation & amortization	(510)	(472)	(118)	(120)	(118)	(121)	(477)	(122)	(119)	(480)	
Basis of real estate sold	(116)	(141)	(27)	(24)	(11)	(9)	(71)	(31)	(39)	(90)	
Special items in operating income	1	122	—	—	32	65	97	—	—	97	
Operating Income (GAAP)	\$ 651	\$ 1,710	\$ 956	\$ 1,429	\$ 649	\$ 609	\$ 3,643	\$ 1,344	\$ 1,047	\$ 3,649	
Non-operating pension and other post-employment benefit costs	(516)	(290)	(8)	(1)	(5)	(5)	(19)	(15)	(11)	(36)	
Interest income and other	30	5	1	2	1	1	5	(1)	1	2	
Net Contribution to Earnings	\$ 165	\$ 1,425	\$ 949	\$ 1,430	\$ 645	\$ 605	\$ 3,629	\$ 1,328	\$ 1,037	\$ 3,615	
Interest expense, net	(369)	(351)	(79)	(78)	(79)	(77)	(313)	(72)	(65)	(293)	
Loss on debt extinguishment	(9)	(92)	—	—	—	—	—	(276)	—	(276)	
Income taxes ³	137	(185)	(189)	(324)	(84)	(112)	(709)	(209)	(184)	(589)	
Net Earnings (Loss) (GAAP)	\$ (76)	\$ 797	\$ 681	\$ 1,028	\$ 482	\$ 416	\$ 2,607	\$ 771	\$ 788	\$ 2,457	

1. LTM = last twelve months.

2. 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.

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

ADJUSTED EBITDA RECONCILIATION

Timberlands

\$ Millions	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
West	\$ 101	\$ 103	\$ 90	\$ 93	\$ 165	\$ 144
South	69	76	76	80	80	75
North	3	2	1	3	4	2
Other	(1)	(1)	(2)	—	(2)	(2)
Total Timberlands Adjusted EBITDA¹	\$ 172	\$ 180	\$ 165	\$ 176	\$ 247	\$ 219
West	(28)	(28)	(24)	(25)	(28)	(26)
South	(34)	(37)	(38)	(38)	(35)	(37)
North	(2)	(2)	(2)	(2)	(2)	(2)
Other	—	—	—	(1)	—	(1)
Total depletion, depreciation & amortization	\$ (64)	\$ (67)	\$ (64)	\$ (66)	\$ (65)	\$ (66)
Special items	—	—	32	—	—	—
Operating Income and Net Contribution to Earnings (GAAP)	\$ 108	\$ 113	\$ 133	\$ 110	\$ 182	\$ 153

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	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
Real Estate	\$ 76	\$ 66	\$ 38	\$ 27	\$ 87	\$ 83
Energy & Natural Resources	20	25	22	22	29	24
Total Real Estate & ENR Adjusted EBITDA¹	\$ 96	\$ 91	\$ 60	\$ 49	\$ 116	\$ 107
Depletion, depreciation & amortization	(3)	(4)	(4)	(4)	(4)	(3)
Basis of real estate sold	(27)	(24)	(11)	(9)	(31)	(39)
Operating Income and Net Contribution to Earnings (GAAP)	\$ 66	\$ 63	\$ 45	\$ 36	\$ 81	\$ 65

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	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
Lumber	\$ 513	\$ 804	\$ 118	\$ 195	\$ 648	\$ 359
OSB	300	472	344	176	392	332
EWP	42	53	76	114	136	173
Distribution	39	75	22	40	72	48
Other	(5)	(18)	5	(8)	(15)	—
Total Wood Products Adjusted EBITDA^{1, 2}	\$ 889	\$ 1,386	\$ 565	\$ 517	\$ 1,233	\$ 912
Lumber	(28)	(28)	(26)	(30)	(28)	(27)
OSB	(8)	(9)	(8)	(9)	(9)	(10)
EWP	(10)	(9)	(10)	(9)	(10)	(9)
Distribution	(1)	(1)	(2)	(1)	(1)	(2)
Other	(2)	(1)	(2)	(2)	(3)	(1)
Total depletion, depreciation & amortization	\$ (49)	\$ (48)	\$ (48)	\$ (51)	\$ (51)	\$ (49)
Special items	—	—	—	50	—	—
Operating Income and Net Contribution to Earnings (GAAP)	\$ 840	\$ 1,338	\$ 517	\$ 516	\$ 1,182	\$ 863

- 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	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
Total Unallocated Adjusted EBITDA¹	\$ (56)	\$ (84)	\$ (44)	\$ (68)	\$ (99)	\$ (33)
Total depletion, depreciation & amortization	(2)	(1)	(2)	—	(2)	(1)
Special items included in operating loss	—	—	—	15	—	—
Operating Loss (GAAP)	\$ (58)	\$ (85)	\$ (46)	\$ (53)	\$ (101)	\$ (34)
Non-operating pension and other post-employment benefit costs	(8)	(1)	(5)	(5)	(15)	(11)
Interest income and other	1	2	1	1	(1)	1
Net Charge to Earnings (GAAP)	\$ (65)	\$ (84)	\$ (50)	\$ (57)	\$ (117)	\$ (44)

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	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
Net Debt to Adjusted EBITDA (LTM)^{1,2}	1.5	0.9	0.7	0.8	0.9	0.8
Total debt	\$ 5,475	\$ 5,250	\$ 5,250	\$ 5,099	\$ 5,053	\$ 5,053
Less: cash and cash equivalents	1,016	1,777	2,326	1,879	1,205	1,723
Net Debt	\$ 4,459	\$ 3,473	\$ 2,924	\$ 3,220	\$ 3,848	\$ 3,330
Adjusted EBITDA (LTM)	\$ 2,889	\$ 4,076	\$ 4,077	\$ 4,094	\$ 4,490	\$ 4,122
Depletion, depreciation & amortization	(467)	(470)	(473)	(477)	(481)	(480)
Basis of real estate sold	(106)	(96)	(67)	(71)	(75)	(90)
Special items in operating income	110	102	214	97	97	97
Operating Income (LTM) (GAAP)	\$ 2,426	\$ 3,612	\$ 3,751	\$ 3,643	\$ 4,031	\$ 3,649
Non-operating pension and other post-employment benefit costs	(289)	(280)	(276)	(19)	(26)	(36)
Interest income and other	5	5	4	5	3	2
Net Contribution to Earnings (LTM)	\$ 2,142	\$ 3,337	\$ 3,479	\$ 3,629	\$ 4,008	\$ 3,615
Interest expense, net of capitalized interest	(437)	(412)	(380)	(313)	(306)	(293)
Loss on debt extinguishment	—	—	—	—	(276)	(276)
Income taxes ³	(377)	(641)	(616)	(709)	(729)	(589)
Net Earnings (LTM) (GAAP)	\$ 1,328	\$ 2,284	\$ 2,483	\$ 2,607	\$ 2,697	\$ 2,457

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 24](#) for our definition of Adjusted EBITDA.

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

FUNDS AVAILABLE FOR DISTRIBUTION RECONCILIATION

ADJUSTED FUNDS AVAILABLE FOR DISTRIBUTION (\$ Millions)	2019	2020	2021	2022		
	FY	FY	FY	Q1	Q2	YTD
Net Cash from Operations	\$ 966	\$ 1,529	\$ 3,159	\$ 957	\$ 1,146	\$ 2,103
Capital Expenditures	(384)	(281)	(441)	(70)	(81)	(151)
Funds Available for Distribution ¹	\$ 582	\$ 1,248	\$ 2,718	\$ 887	\$ 1,065	\$ 1,952
Cash from product remediation insurance recoveries	(68)	(8)	—	(37)	—	(37)
Cash tax refund associated with contribution to our U.S. qualified pension plan	—	—	(95)	—	—	—
Adjusted Funds Available for Distribution ²	\$ 514	\$ 1,240	\$ 2,623	\$ 850	\$ 1,065	\$ 1,915

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.