

2021

WEYERHAEUSER

EARNINGS RESULTS

FIRST QUARTER 2021 | April 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 second quarter 2021 outlook and expectations concerning earnings and Adjusted EBITDA for each of our businesses; fee harvest volumes, log sales realizations, and forestry and road expenses; timing of real estate sales; and sales volumes for our lumber products, sales realizations for our engineered wood products, and raw material costs for, and operating rates for the manufacture of, our oriented strand board products. 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 Q1 CONSOLIDATED RESULTS

\$ Millions	2020	2021	
Adjusted EBITDA	Q4	Q1	Change
Timberlands	\$ 167	\$ 172	\$ 5
Real Estate, Energy & Natural Resources	23	96	73
Wood Products	530	889	359
Unallocated Items	(63)	(56)	7
Total Adjusted EBITDA¹	\$ 657	\$ 1,101	\$ 444
Net Contribution to Earnings Before Special Items	\$ 526	\$ 949	\$ 423

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 19](#).
2. Includes other operating (costs) income, net; non-operating pension and other 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.

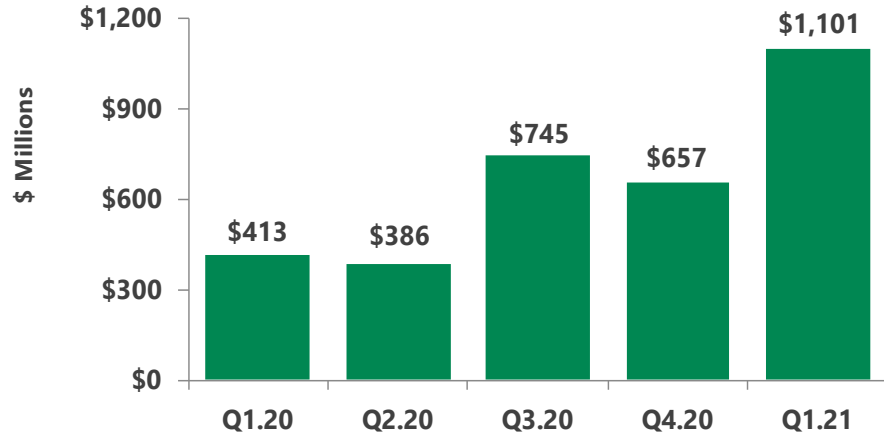
\$ Millions (except EPS)	2020	2021
Consolidated Statement of Operations Before Special Items	Q4	Q1
Net sales	\$ 2,063	\$ 2,506
Costs of sales	1,392	1,430
Gross margin	671	1,076
SG&A expenses	114	110
Other expense, net ²	31	17
Net Contribution to Earnings Before Special Items	\$ 526	\$ 949
Interest expense, net ³	(86)	(79)
Income taxes ⁴	(79)	(189)
Net Earnings Before Special Items⁴	\$ 361	\$ 681
Special items, after-tax ⁴	(69)	—
Net Earnings	\$ 292	\$ 681
Diluted EPS Before Special Items⁴	\$ 0.48	\$ 0.91
Diluted EPS	\$ 0.39	\$ 0.91

EARNINGS BEFORE SPECIAL ITEMS

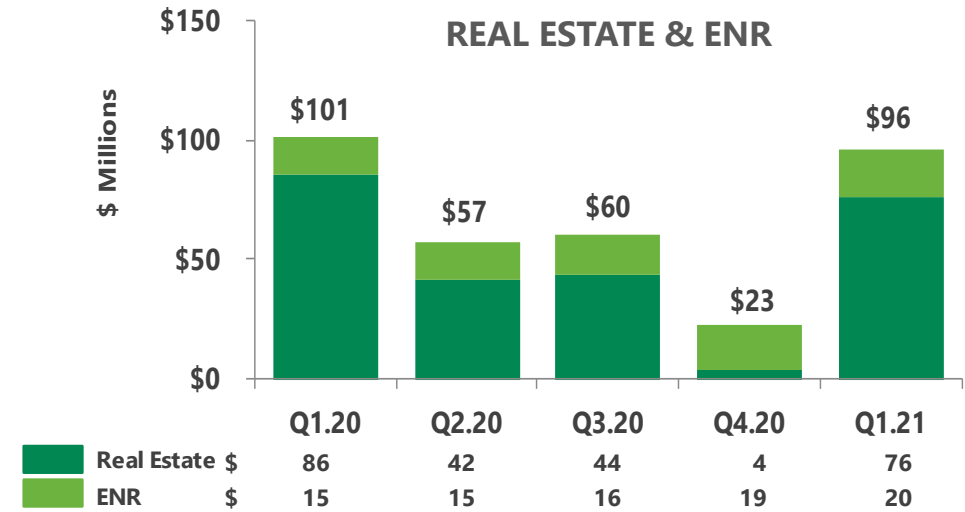
\$ Millions (except EPS)	2020 Q4			2021 Q1		
	Pretax Earnings	After-Tax Earnings	Diluted EPS	Pretax Earnings	After-Tax Earnings	Diluted EPS
Earnings Before Special Items	\$ 440	\$ 361	\$ 0.48	\$ 870	\$ 681	\$ 0.91
Special Items:						
Early extinguishment of debt charge	(58)	(58)	(0.07)	—	—	—
Gain on sale of timberlands	182	182	0.24	—	—	—
Pension settlement charge	(253)	(193)	(0.26)	—	—	—
Total Special Items	(129)	(69)	(0.09)	—	—	—
Earnings Including Special Items (GAAP)	\$ 311	\$ 292	\$ 0.39	\$ 870	\$ 681	\$ 0.91

ADJUSTED EBITDA¹

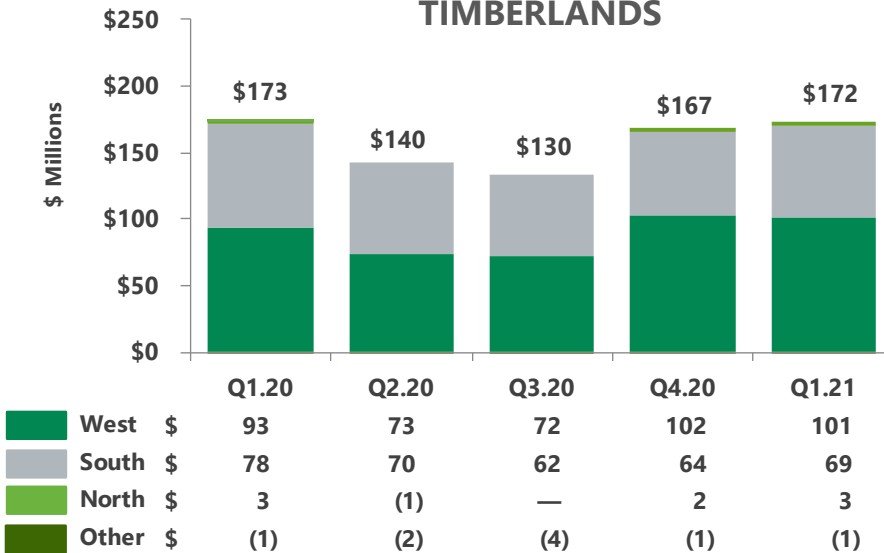
TOTAL COMPANY²



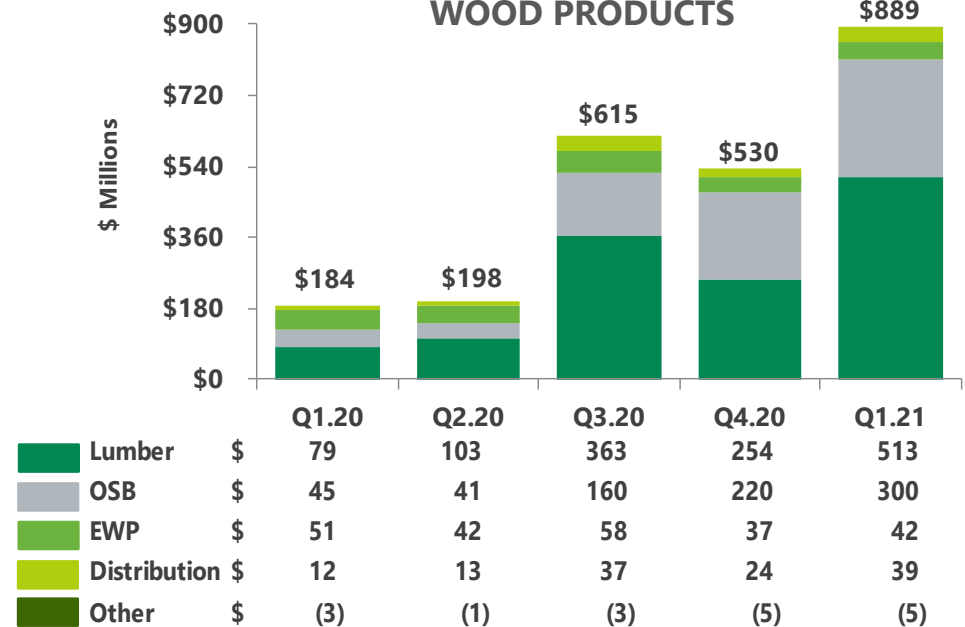
REAL ESTATE & ENR



TIMBERLANDS



WOOD PRODUCTS



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

TIMBERLANDS SEGMENT

TIMBERLANDS (\$ Millions)	2020	2021
Adjusted EBITDA by Region	Q4	Q1
West	\$ 102	\$ 101
South	64	69
North	2	3
Other	(1)	(1)
Total Adjusted EBITDA¹	\$ 167	\$ 172

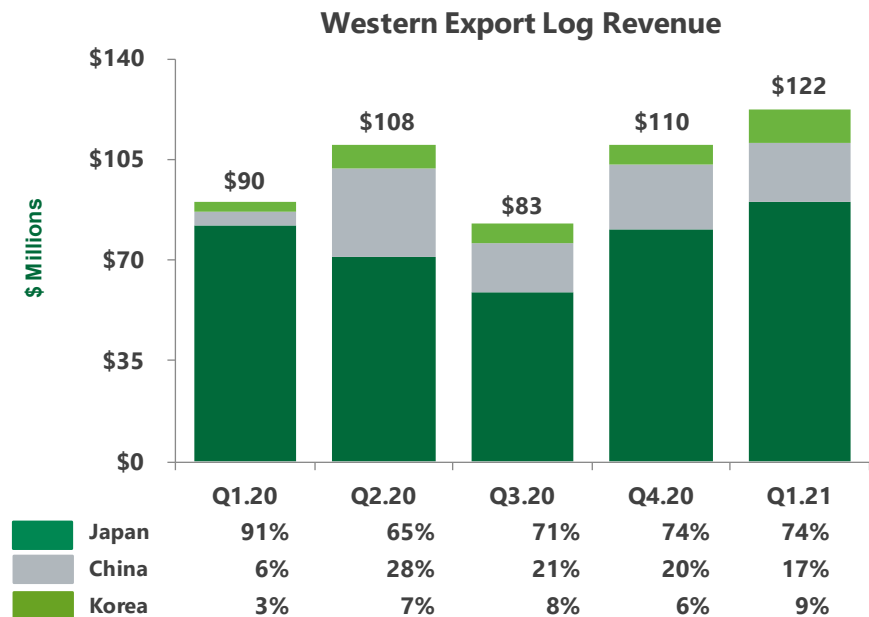
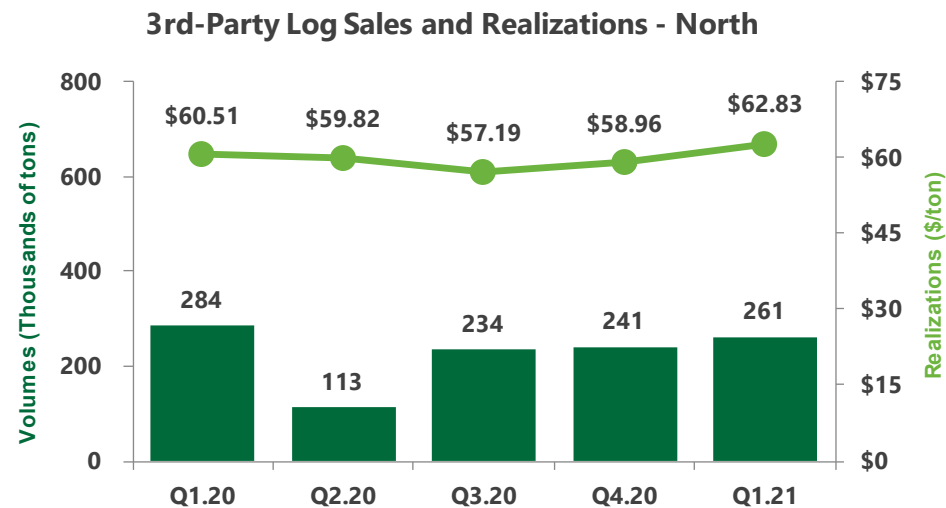
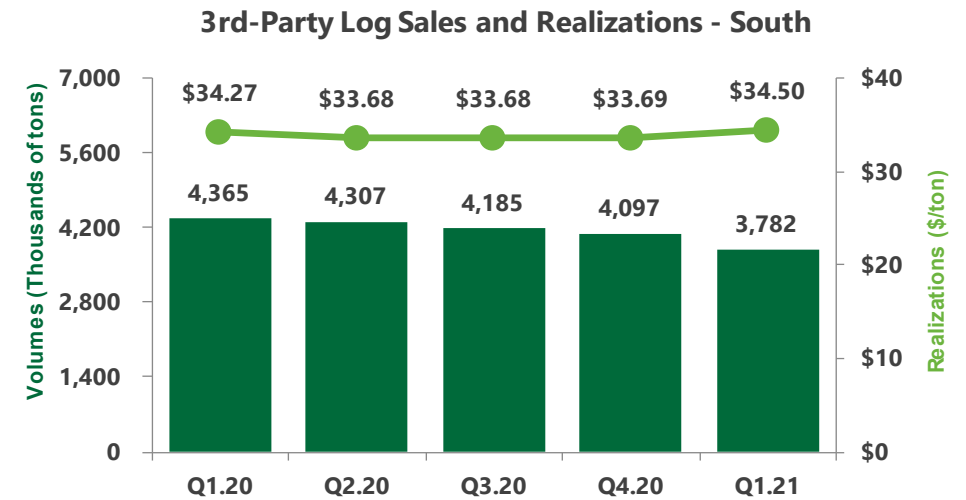
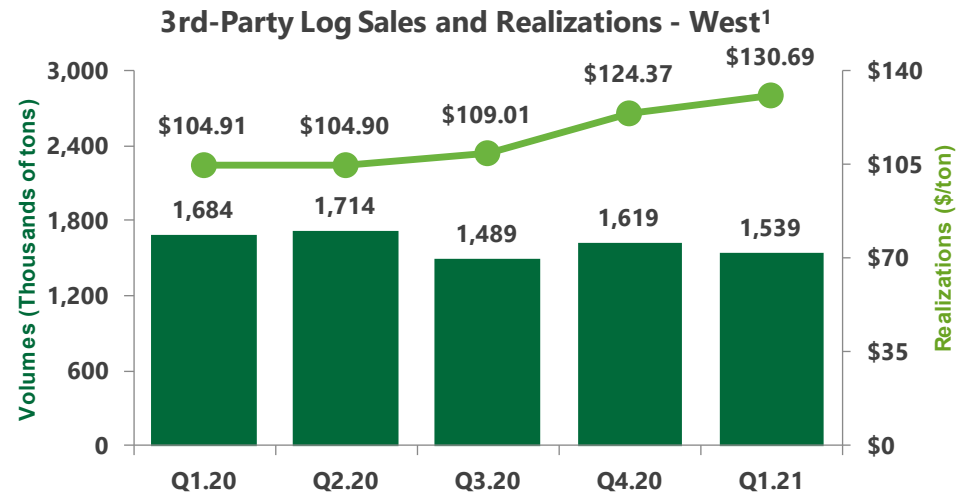
First Quarter Notes

- Higher average export log sales realizations in the West
- Volume shifted to the export market to serve higher Japanese demand
- Slightly lower Western domestic log sales realizations due to mix
- Higher Western log and haul costs due increased salvage activity
- Higher average sales realizations for Southern sawlogs and fiber logs
- Slightly lower Southern fee harvest volumes due to severe winter weather
- Seasonally lower forestry and road expenses

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 20](#).
2. Fourth quarter 2020 excludes a \$182 million gain on sale of certain southern Oregon timberlands. 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.

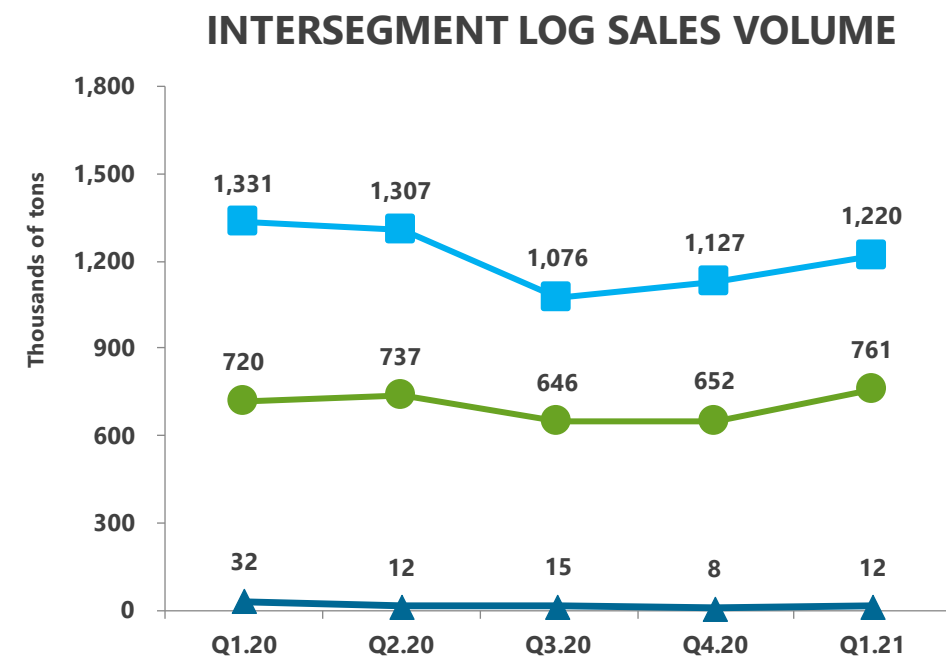
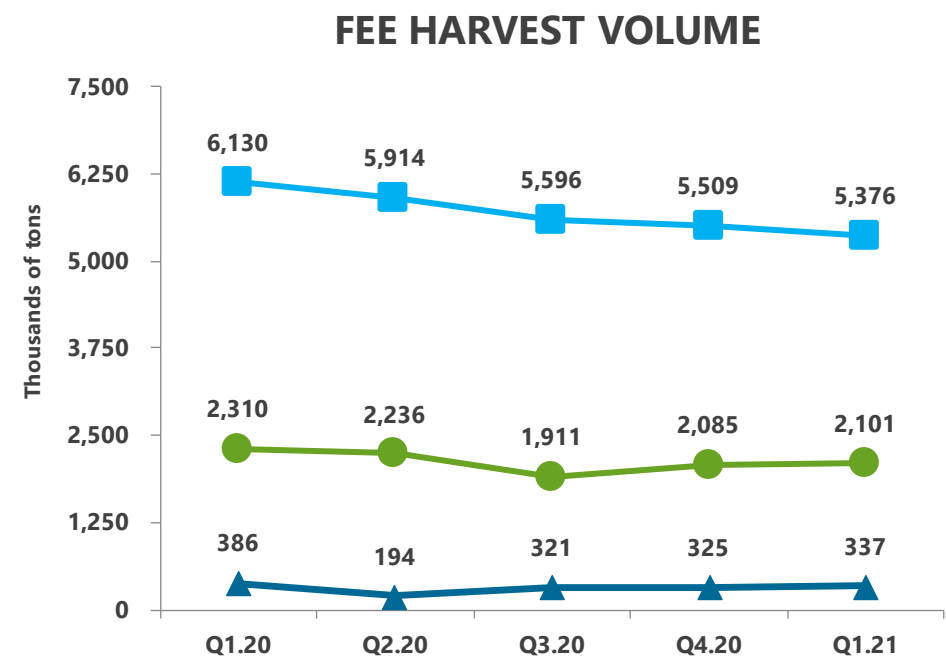
TIMBERLANDS (\$ Millions)	2020	2021
Segment Statement of Operations	Q4	Q1
Third-party sales	\$ 381	\$ 379
Intersegment sales	121	134
Total Sales	502	513
Costs of sales	375	383
Gross margin	127	130
SG&A expenses	24	23
Other (income) expense, net ²	(1)	(1)
Net Contribution to Earnings Before Special Items	\$ 104	\$ 108
Special items, pretax	182	—
Net Contribution to Earnings	\$ 286	\$ 108
Adjusted EBITDA¹	\$ 167	\$ 172
Adjusted EBITDA Margin Percentage³	33%	34%
Operating Margin Percentage⁴	21%	21%

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 VOLUME AND INTERSEGMENT SALES VOLUME



■ South ● West ▲ North

REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

REAL ESTATE & ENR (\$ Millions)	2020	2021
Adjusted EBITDA by Business	Q4	Q1
Real Estate	\$ 4	\$ 76
Energy & Natural Resources	19	20
Total Adjusted EBITDA¹	\$ 23	\$ 96

First Quarter Notes

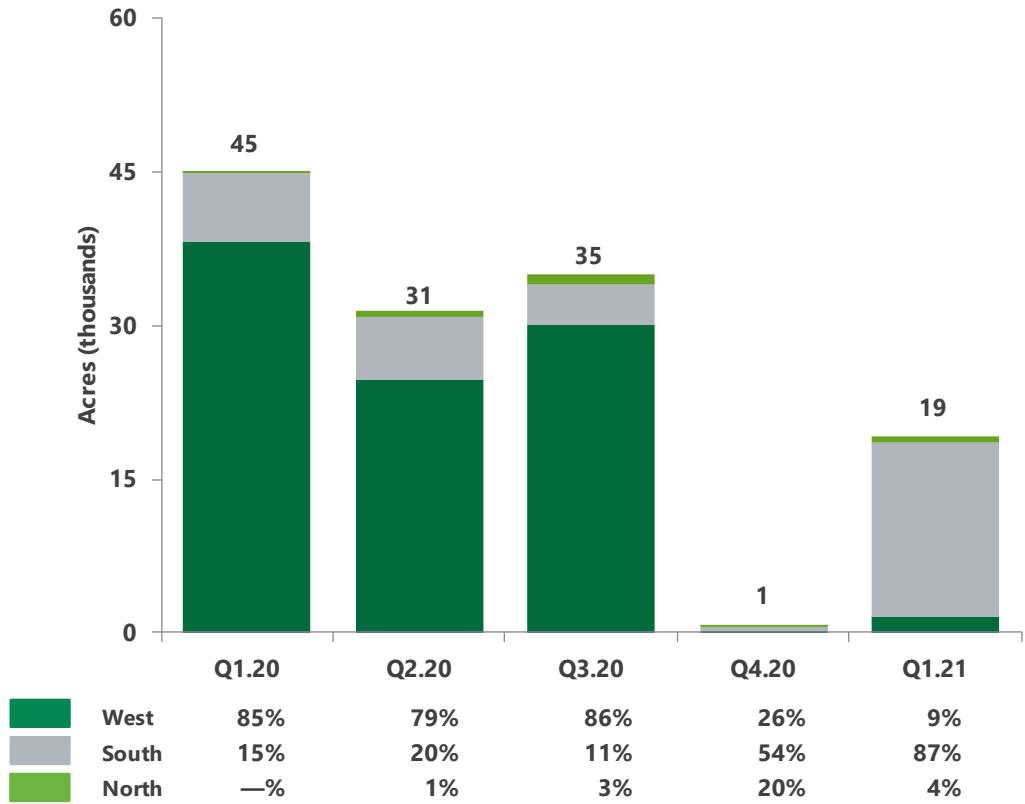
- Significantly higher real estate acres sold
- Lower average price per acre and average land basis due to mix

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

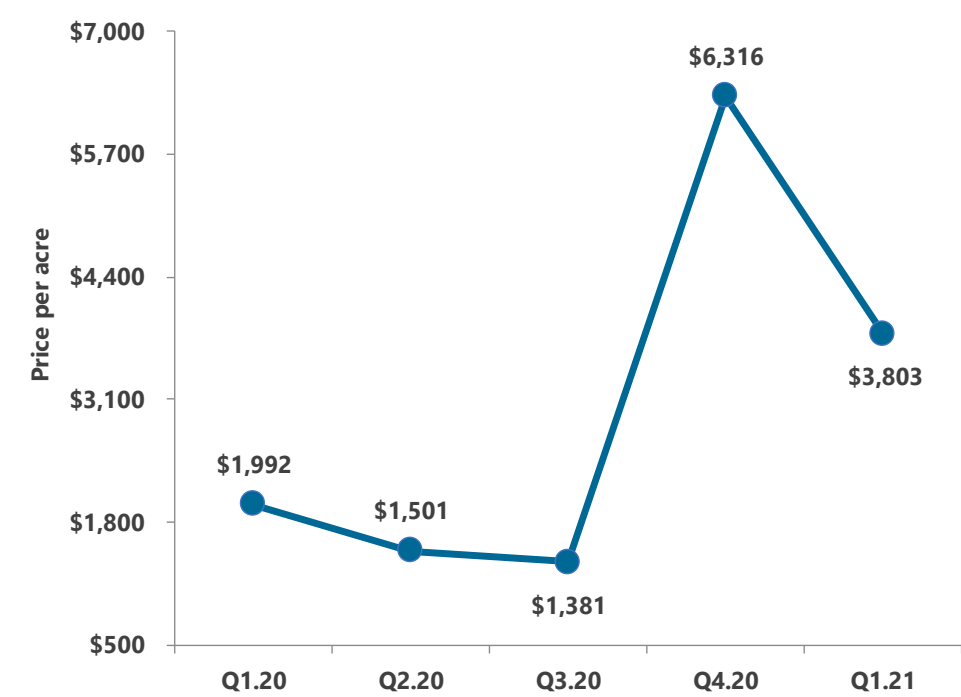
REAL ESTATE & ENR (\$ Millions)	2020	2021
Segment Statement of Operations	Q4	Q1
Total sales	\$ 30	\$ 106
Costs of sales	9	34
Gross margin	21	72
SG&A expenses	7	6
Net Contribution to Earnings	\$ 14	\$ 66
Adjusted EBITDA¹	\$ 23	\$ 96

REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

ACRES SOLD



AVERAGE PRICE PER ACRE



WOOD PRODUCTS SEGMENT

WOOD PRODUCTS (\$ Millions)	2020	2021
Adjusted EBITDA by Business	Q4	Q1
Lumber	\$ 254	\$ 513
OSB	220	300
Engineered Wood Products	37	42
Distribution	24	39
Other	(5)	(5)
Total Adjusted EBITDA¹	\$ 530	\$ 889

First Quarter Notes

- Significantly higher average sales realizations for lumber and oriented strand board
- Higher raw material costs, primarily for Canadian logs and oriented strand board webstock
- Slightly lower operating rates in lumber and engineered wood products due to weather-related downtime in the U.S. South
- Modestly lower lumber sales volumes resulting from temporary disruptions in customer takeaway and supply chains following severe winter weather

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

2. Adjusted EBITDA divided by total sales.

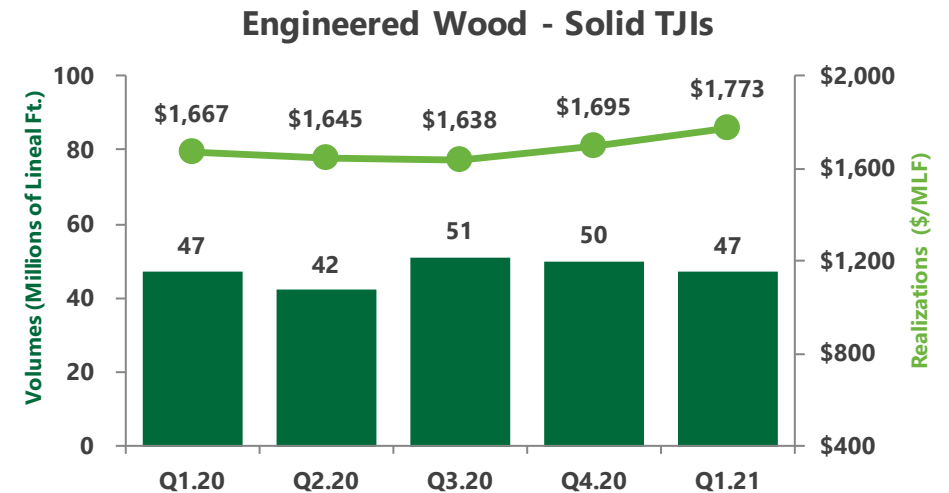
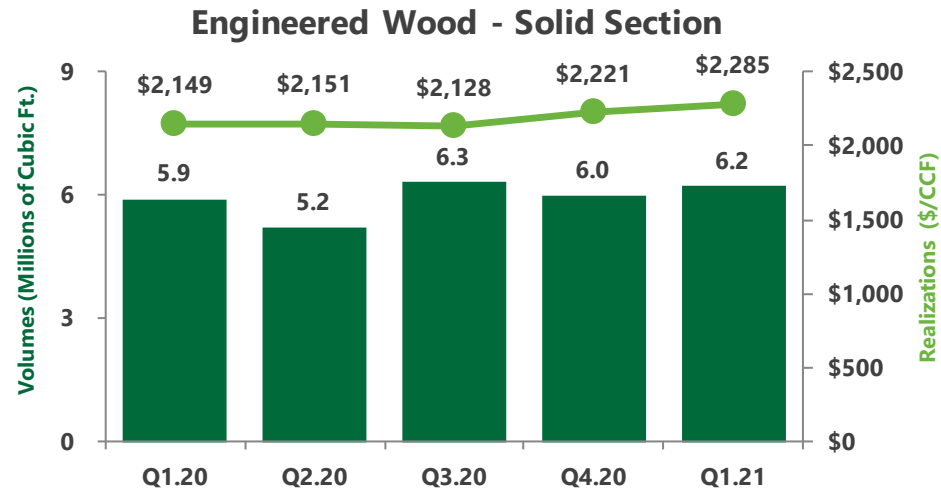
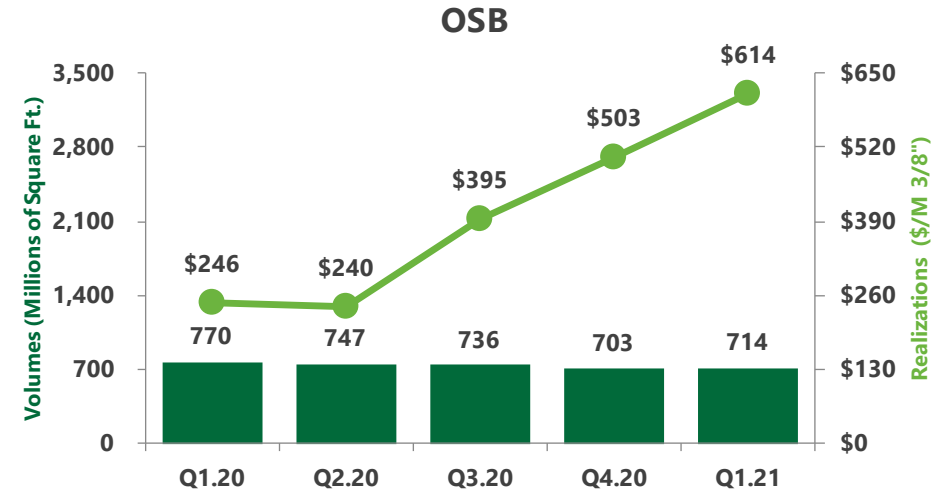
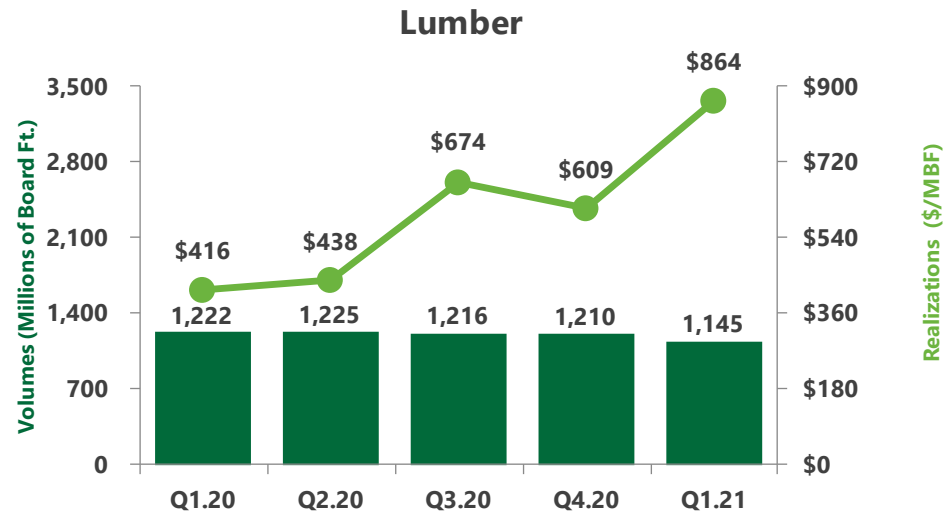
3. Net contribution to earnings divided by total sales.

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WOOD PRODUCTS (\$ Millions)	2020	2021
Segment Statement of Operations	Q4	Q1
Total sales	\$ 1,652	\$ 2,021
Costs of sales	1,109	1,124
Gross margin	543	897
SG&A expenses	54	54
Other expense, net	8	3
Net Contribution to Earnings	\$ 481	\$ 840
Adjusted EBITDA¹	\$ 530	\$ 889
Adjusted EBITDA Margin Percentage²	32%	44%
Operating Margin Percentage³	29%	42%



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	2021
	Q4	Q1
Unallocated corporate function expenses and variable compensation expense	\$ (31)	\$ (25)
Liability classified share-based compensation	(3)	(1)
Foreign exchange gains (losses)	(4)	(2)
Elimination of intersegment profit in inventory and LIFO	(13)	(17)
Non-operating pension and other post-employment benefit costs	(9)	(8)
Other, including interest income	(13)	(12)
Net Charge to Earnings Before Special Items	\$ (73)	\$ (65)
Special items, pretax	(253)	—
Net Charge to Earnings	\$ (326)	\$ (65)
Adjusted EBITDA ²	\$ (63)	\$ (56)

UNALLOCATED ITEMS (\$ Millions) ¹	2020	2021
	Q4	Q1
Costs of sales ³	\$ (20)	\$ (23)
G&A expense ⁴	(29)	(26)
Other expense, net	(24)	(16)
Net Charge to Earnings Before Special Items	\$ (73)	\$ (65)
Special items, pretax	(253)	—
Net Charge to Earnings	\$ (326)	\$ (65)

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

FINANCIAL ITEMS

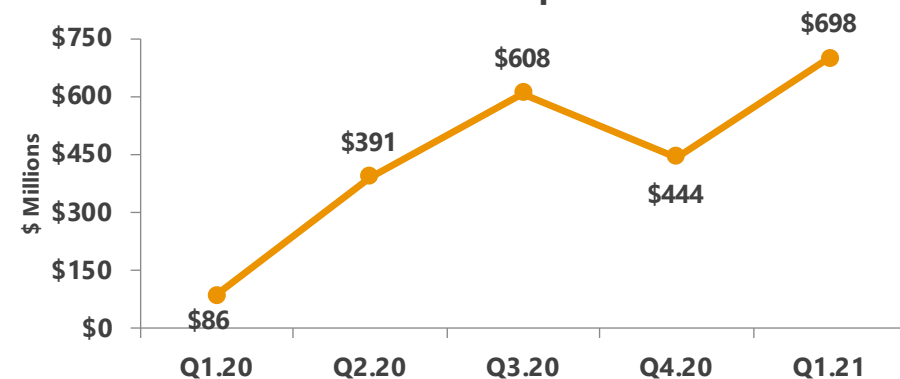
KEY FINANCIAL METRICS (\$ Millions)		2020	2021
		Q4	Q1
Ending Cash Balance	\$	495	\$ 1,016
Total Debt ¹	\$	5,475	\$ 5,475
Net Debt to Adjusted EBITDA (LTM) ²		2.3	1.5
Net Debt to Enterprise Value ³		17%	14%

Scheduled Debt Maturities as of March 31, 2021

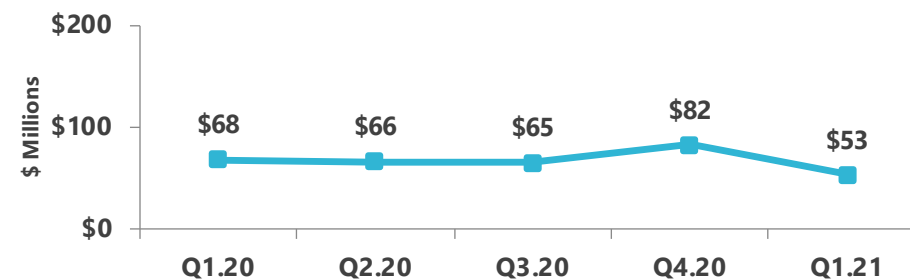
(\$ Millions)	2021	2022	2023	2024	2025
Debt Maturities	\$ 150	\$ —	\$ 1,051	\$ —	\$ 436

1. Fourth quarter 2020 and first quarter 2021 total debt 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 24](#).
3. 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.

Cash Flow from Operations



Capital Expenditures



2020: \$281 million

2021 YTD: \$53 million

ADJUSTED FUNDS AVAILABLE FOR DISTRIBUTION¹

ADJUSTED FUNDS AVAILABLE FOR DISTRIBUTION (\$ Millions)		2021
		Q1 YTD
Net Cash from Operations	\$	698
Capital Expenditures ²		(53)
Adjustments to FAD		—
Adjusted Funds Available for Distribution	\$	645

RETURNING CASH TO SHAREHOLDERS (\$ Millions)		2021
		Q1 YTD
2021 Q1 Base Dividend	\$	127
Total Return of Cash to Shareholders	\$	127

1. Our definition of Adjusted funds available for distribution (Adjusted FAD) and a reconciliation to GAAP are set forth on [Slide 25](#).
2. Full year 2021 capital expenditures are expected to be \$420 million.
3. Weyerhaeuser may also utilize opportunistic share repurchase to return cash under certain circumstances.

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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 Q2 vs. 2021 Q1

SEGMENT	COMMENTS
TIMBERLANDS	<ul style="list-style-type: none">• Significantly higher Western fee harvest volumes offset by seasonally higher forestry and road expenses• Significantly higher Southern fee harvest volumes, comparable average sales realizations, and seasonally higher forestry and road expenses• Significantly lower Northern fee harvest volumes due to spring break-up• Expect earnings and Adjusted EBITDA will be comparable to 2021 Q1
REAL ESTATE, ENERGY & NATURAL RESOURCES	<ul style="list-style-type: none">• Anticipate 2021 Q2 earnings and Adjusted EBITDA will be moderately lower than 2021 Q1 due to the timing of real estate transactions• Continue to expect full year 2021 Adjusted EBITDA of approximately \$255 million
WOOD PRODUCTS	<ul style="list-style-type: none">• Higher sales volumes for lumber• Increased sales realizations for engineered wood products• Higher raw material costs, primarily for oriented strand board webstock• Lower operating rates for oriented strand board due to planned maintenance outages• Excluding the effect of changes in average sales realizations for lumber and oriented strand board, anticipate earnings and Adjusted EBITDA will be significantly higher than 2021 Q1• To date, 2021 Q2 benchmark pricing for lumber and oriented strand board is significantly higher than the 2021 Q1 average

EARNINGS SUMMARY

\$ Millions (except EPS)	2020				2021
Adjusted EBITDA by Segment	Q1	Q2	Q3	Q4	Q1
Timberlands	\$ 173	\$ 140	\$ 130	\$ 167	\$ 172
Real Estate, Energy & Natural Resources	101	57	60	23	96
Wood Products	184	198	615	530	889
Unallocated Items	(45)	(9)	(60)	(63)	(56)
Total Adjusted EBITDA¹	\$ 413	\$ 386	\$ 745	\$ 657	\$ 1,101
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)
Net Contribution to Earnings Before Special Items	\$ 220	\$ 227	\$ 583	\$ 526	\$ 949
Interest expense, net ³	(85)	(92)	(88)	(86)	(79)
Income taxes ⁴	3	(58)	(109)	(79)	(189)
Net Earnings Before Special Items⁵	\$ 138	\$ 77	\$ 386	\$ 361	\$ 681
Special items, after-tax ⁴	12	(5)	(103)	(69)	—
Net Earnings	\$ 150	\$ 72	\$ 283	\$ 292	\$ 681
Diluted EPS Before Special Items⁵	\$ 0.18	\$ 0.11	\$ 0.52	\$ 0.48	\$ 0.91
Diluted EPS	\$ 0.20	\$ 0.10	\$ 0.38	\$ 0.39	\$ 0.91

1. See [Slide 19](#) 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 18](#).

EARNINGS PER SHARE RECONCILIATION

	2020				2021
	Q1	Q2	Q3	Q4	Q1
Diluted EPS Before Special Items	\$ 0.18	\$ 0.11	\$ 0.52	\$ 0.48	\$ 0.91
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

ADJUSTED EBITDA RECONCILIATION

By Segment

\$ Millions	2018	2019	2020				2021		
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	LTM
Timberlands	\$ 902	\$ 680	\$ 173	\$ 140	\$ 130	\$ 167	\$ 610	\$ 172	\$ 609
Real Estate & ENR	264	274	101	57	60	23	241	96	236
Wood Products	987	476	184	198	615	530	1,527	889	2,232
Unallocated Items	(121)	(154)	(45)	(9)	(60)	(63)	(177)	(56)	(188)
Adjusted EBITDA¹	\$ 2,032	\$ 1,276	\$ 413	\$ 386	\$ 745	\$ 657	\$ 2,201	\$ 1,101	\$ 2,889
Depletion, depreciation & amortization	(486)	(510)	(123)	(117)	(115)	(117)	(472)	(118)	(467)
Basis of real estate sold	(124)	(116)	(62)	(34)	(40)	(5)	(141)	(27)	(106)
Special items in operating income	(28)	1	12	8	(80)	182	122	—	110
Operating Income (GAAP)	\$ 1,394	\$ 651	\$ 240	\$ 243	\$ 510	\$ 717	\$ 1,710	\$ 956	\$ 2,426
Non-operating pension and other post-employment benefit costs	(272)	(516)	(9)	(10)	(9)	(262)	(290)	(8)	(289)
Interest income and other	60	30	1	2	2	—	5	1	5
Net Contribution to Earnings	\$ 1,182	\$ 165	\$ 232	\$ 235	\$ 503	\$ 455	\$ 1,425	\$ 949	\$ 2,142
Interest expense, net	(375)	(378)	(85)	(103)	(111)	(144)	(443)	(79)	(437)
Income taxes ²	(59)	137	3	(60)	(109)	(19)	(185)	(189)	(377)
Net Earnings (Loss) (GAAP)	\$ 748	\$ (76)	\$ 150	\$ 72	\$ 283	\$ 292	\$ 797	\$ 681	\$ 1,328

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

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

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

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

NET DEBT TO ADJUSTED EBITDA RECONCILIATION

\$ Millions	2020				2021
	Q1	Q2	Q3	Q4	Q1
Net Debt to Adjusted EBITDA (LTM)^{1,2}	4.5	4.1	2.9	2.3	1.5
Total debt	\$ 7,426	\$ 6,299	\$ 5,974	\$ 5,475	\$ 5,475
Less: cash and cash equivalents	1,458	643	787	495	1,016
Net Debt	\$ 5,968	\$ 5,656	\$ 5,187	\$ 4,980	\$ 4,459
Adjusted EBITDA (LTM)	\$ 1,324	\$ 1,367	\$ 1,804	\$ 2,201	\$ 2,889
Depletion, depreciation & amortization	(510)	(503)	(483)	(472)	(467)
Basis of real estate sold	(130)	(131)	(147)	(141)	(106)
Special items in operating income	33	41	(92)	122	110
Operating Income (LTM) (GAAP)	\$ 717	\$ 774	\$ 1,082	\$ 1,710	\$ 2,426
Non-operating pension and other post-employment benefit costs	(55)	(55)	(49)	(290)	(289)
Interest income and other	21	17	13	5	5
Net Contribution to Earnings (LTM)	\$ 683	\$ 736	\$ 1,046	\$ 1,425	\$ 2,142
Interest expense, net of capitalized interest	(356)	(368)	(388)	(443)	(437)
Income taxes ³	36	(61)	(167)	(185)	(377)
Net Earnings (LTM) (GAAP)	\$ 363	\$ 307	\$ 491	\$ 797	\$ 1,328

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

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

FUNDS AVAILABLE FOR DISTRIBUTION RECONCILIATION

ADJUSTED FUNDS AVAILABLE FOR DISTRIBUTION (\$ Millions)	2018	2019	2020	2021
	FY	FY	FY	Q1
Net Cash from Operations	\$ 1,112	\$ 966	\$ 1,529	\$ 698
Capital Expenditures	(427)	(384)	(281)	(53)
Funds Available for Distribution ¹	\$ 685	\$ 582	\$ 1,248	\$ 645
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. 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.