

# 2020

## WEYERHAEUSER EARNINGS RESULTS

THIRD QUARTER 2020 | October 30, 2020





# FORWARD-LOOKING STATEMENTS

This presentation contains statements concerning the company's future results and performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, including, but not limited to, with respect to: future quarterly cash dividends and dividend framework, future share repurchases and targeted percentage return to shareholders of Adjusted Funds Available for Distribution (Adjusted FAD); our fourth quarter 2020 outlook and expectations concerning earnings and Adjusted EBITDA for each of our businesses, log sales realizations and sales volumes, log export sales volumes, forestry expense, real estate land basis, and sales volumes, operating rates and log costs for our wood products business; and our updated outlook for full-year 2020 relating to fee harvest volumes, EBITDA for our Real Estate & Energy and Natural Resources businesses, interest expense, consolidated tax rate, non-operating pension and post-retirement expense, cash contribution for pension and post-retirement plans and capital expenditures. Forward-looking statements may be identified by our use of certain words in such statements, including without limitation words such as “anticipate,” “believe,” “continue,” “continued,” “could,” “forecast,” “estimate,” “outlook,” “goal,” “will,” “plan,” “expect,” “target,” “would” and similar words and terms and phrases using such terms and words. We may refer to assumptions, goals or targets, or we may reference expected performance through, or events to occur by or at, a future date, and such references may also constitute forward-looking statements. Forward-looking statements are based on our current expectations and assumptions. The realization of our expectations and the accuracy of our assumptions are subject to a number of risks and uncertainties that are difficult to predict and often are beyond the company's control. These and other factors could cause one or more of our expectations to be unmet, one or more of our assumptions to be materially inaccurate or actual results to differ materially from those expressed or implied in our forward-looking statements, or all of the foregoing. Such uncertainties and other factors include, without limitation: the effect of general economic conditions, including employment rates, interest rate levels, housing starts, general availability of financing for home mortgages and the relative strength of the U.S. dollar; the effect of COVID-19 and other viral or disease outbreaks and their potential effects on our business, results of operations, cash flows, financial condition and future prospects; market demand for the company's products, including market demand for our timberland properties with higher and better uses, which is related to, among other factors, the strength of the various U.S. business segments and U.S. and international economic conditions; changes in currency exchange rates, particularly the relative value of the U.S. dollar to the Japanese yen, the Chinese yuan, and the Canadian dollar, and the relative value of the euro to the yen; restrictions on international trade and tariffs imposed on imports or exports; the availability and cost of shipping and transportation; economic activity in Asia, especially Japan and China; performance of our manufacturing operations, including maintenance and capital requirements; potential disruptions in our manufacturing operations; the level of competition from domestic and foreign producers; our operational excellence initiatives; the successful and timely execution and integration of our strategic acquisitions, including our ability to realize expected benefits and synergies, and the successful and timely execution of our strategic divestitures, each of which is subject to a number of risks and conditions beyond our control including, but not limited to, timing and required regulatory approvals 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 charges related to casualty losses; changes in accounting principles; and other risks and uncertainties identified in our 2019 Annual Report on Form 10-K, as well as those set forth from time to time in our other public statements, reports, registration statements, prospectuses, information statements and other filings with the SEC.

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

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

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



# 2020 Q3 CONSOLIDATED RESULTS

\$ Millions	2020	2020	
Adjusted EBITDA	Q2	Q3	Change
Timberlands	\$ 140	\$ 130	\$ (10)
Real Estate, Energy & Natural Resources	57	60	3
Wood Products	198	615	417
Unallocated Items	(9)	(60)	(51)
<b>Total Adjusted EBITDA<sup>1</sup></b>	<b>\$ 386</b>	<b>\$ 745</b>	<b>\$ 359</b>
Net Contribution to Earnings Before Special Items	\$ 227	\$ 583	\$ 356

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 23](#).
2. Includes other operating (costs) income, net; non-operating pension and other postretirement benefit costs; and interest income and other.
3. Interest expense is net of capitalized interest.
4. An explanation of special items and a reconciliation to GAAP are set forth on [Slide 4](#). Income taxes attributable to special items are included in Special items, after-tax.

\$ Millions (except EPS)	2020	2020
Consolidated Statement of Operations Before Special Items	Q2	Q3
<b>Net sales</b>	<b>\$ 1,631</b>	<b>\$ 2,110</b>
Costs of sales	1,283	1,390
Gross margin	348	720
SG&A expenses	102	118
Other expense, net <sup>2</sup>	19	19
<b>Net Contribution to Earnings Before Special Items</b>	<b>\$ 227</b>	<b>\$ 583</b>
Interest expense, net <sup>3</sup>	(92)	(88)
Income taxes <sup>4</sup>	(58)	(109)
<b>Net Earnings Before Special Items<sup>4</sup></b>	<b>\$ 77</b>	<b>\$ 386</b>
Special items, after-tax <sup>4</sup>	(5)	(103)
<b>Net Earnings</b>	<b>\$ 72</b>	<b>\$ 283</b>
<b>Diluted EPS Before Special Items<sup>4</sup></b>	<b>\$ 0.11</b>	<b>\$ 0.52</b>
<b>Diluted EPS</b>	<b>\$ 0.10</b>	<b>\$ 0.38</b>



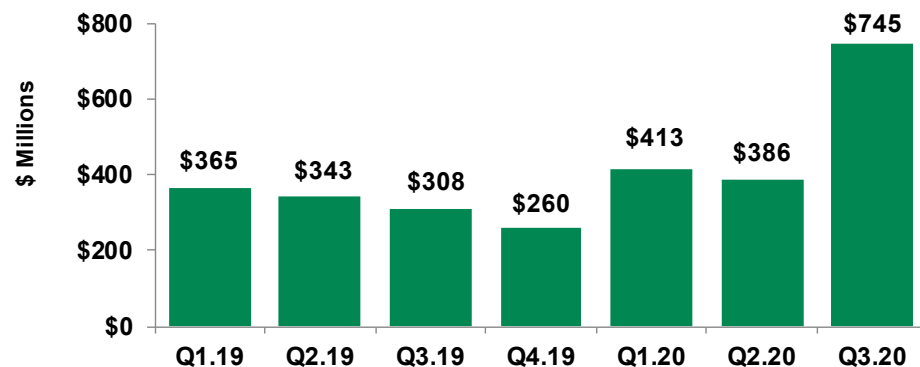
# EARNINGS BEFORE SPECIAL ITEMS

\$ Millions (except EPS)	2020 Q2			2020 Q3		
	Pretax Earnings	After-Tax Earnings	Diluted EPS	Pretax Earnings	After-Tax Earnings	Diluted EPS
<b>Earnings Before Special Items</b>	\$ 135	\$ 77	\$ 0.11	\$ 495	\$ 386	\$ 0.52
<b>Special Items:</b>						
Early extinguishment of debt charges	(11)	(11)	(0.02)	(23)	(23)	(0.03)
Product remediation recovery	8	6	0.01	—	—	—
Timber casualty loss	—	—	—	(80)	(80)	(0.11)
<b>Total Special Items</b>	<b>(3)</b>	<b>(5)</b>	<b>(0.01)</b>	<b>(103)</b>	<b>(103)</b>	<b>(0.14)</b>
<b>Earnings Including Special Items (GAAP)</b>	<b>\$ 132</b>	<b>\$ 72</b>	<b>\$ 0.10</b>	<b>\$ 392</b>	<b>\$ 283</b>	<b>\$ 0.38</b>

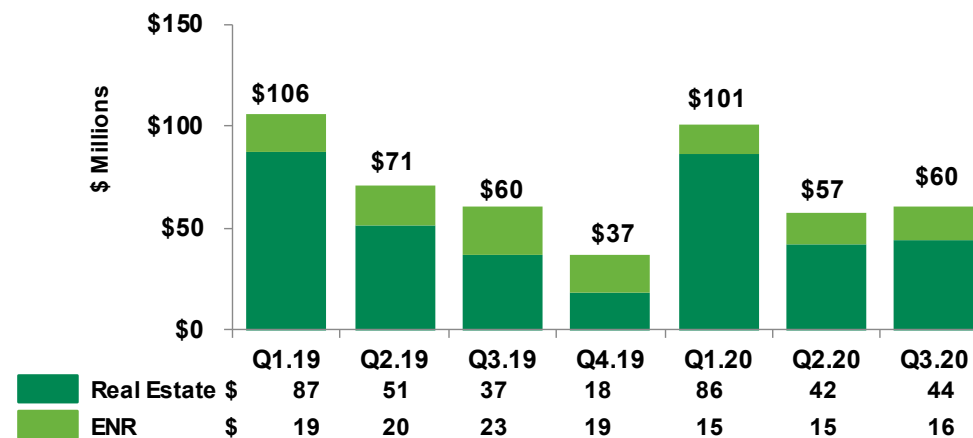


# ADJUSTED EBITDA<sup>1</sup>

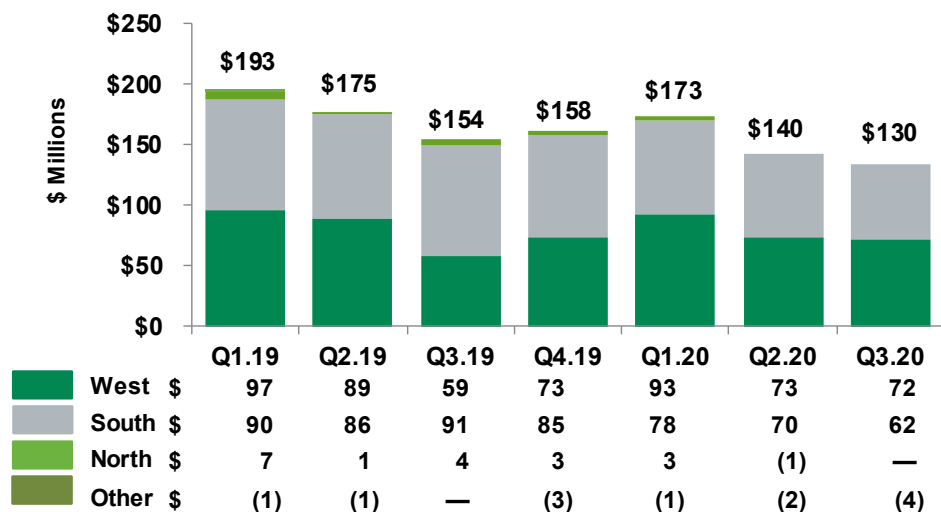
## Total Company<sup>2</sup>



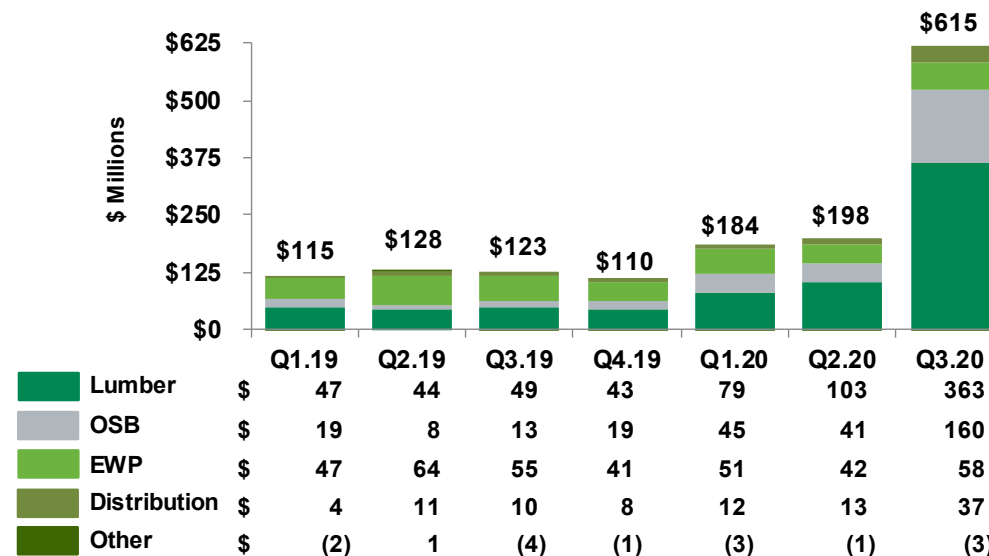
## Real Estate & ENR



## Timberlands



## Wood Products



1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 23](#), [Slide 24](#), [Slide 25](#), [Slide 26](#) and [Slide 27](#).  
 2. Total Company Adjusted EBITDA includes Timberlands; Real Estate, Energy & Natural Resources; Wood Products and Unallocated.



# TIMBERLANDS SEGMENT

TIMBERLANDS (\$ Millions)	2020	2020
Adjusted EBITDA by Region	Q2	Q3
West	\$ 73	\$ 72
South	70	62
North	(1)	—
Other	(2)	(4)
<b>Total Adjusted EBITDA<sup>1</sup></b>	<b>\$ 140</b>	<b>\$ 130</b>

## Third Quarter Notes

- Lower Western fee harvest volumes as wildfires restricted logging activity
- Higher average sales realizations for Western domestic logs
- Reduced Southern fee harvest volumes and comparable average log sales realizations
- Seasonally higher Southern forestry spending

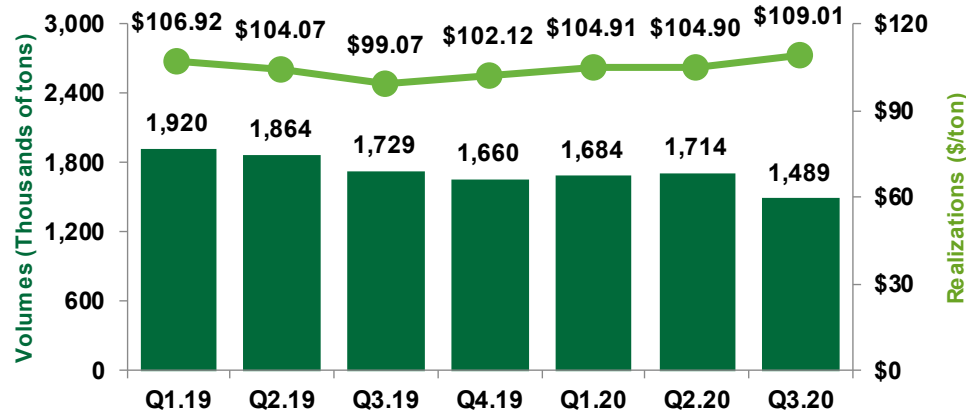
1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 24](#).
2. Third quarter 2020 excludes an \$80 million timber casualty loss. This is included in Special items, pretax.
3. Adjusted EBITDA divided by total sales.
4. Net contribution to earnings before special items divided by total sales.

TIMBERLANDS (\$ Millions)	2020	2020
Segment Statement of Operations	Q2	Q3
Third-party sales	\$ 359	\$ 345
Intersegment sales	121	107
<b>Total Sales</b>	<b>480</b>	<b>452</b>
Costs of sales	383	358
<b>Gross margin</b>	<b>97</b>	<b>94</b>
SG&A expenses	23	24
Other (income) expense, net <sup>2</sup>	(1)	1
<b>Net Contribution to Earnings Before Special Items</b>	<b>\$ 75</b>	<b>\$ 69</b>
Special items, pretax	—	(80)
<b>Net Contribution (Charge) to Earnings</b>	<b>\$ 75</b>	<b>\$ (11)</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 140</b>	<b>\$ 130</b>
<b>Adjusted EBITDA Margin Percentage<sup>3</sup></b>	<b>29%</b>	<b>29%</b>
<b>Operating Margin Percentage<sup>4</sup></b>	<b>16%</b>	<b>15%</b>

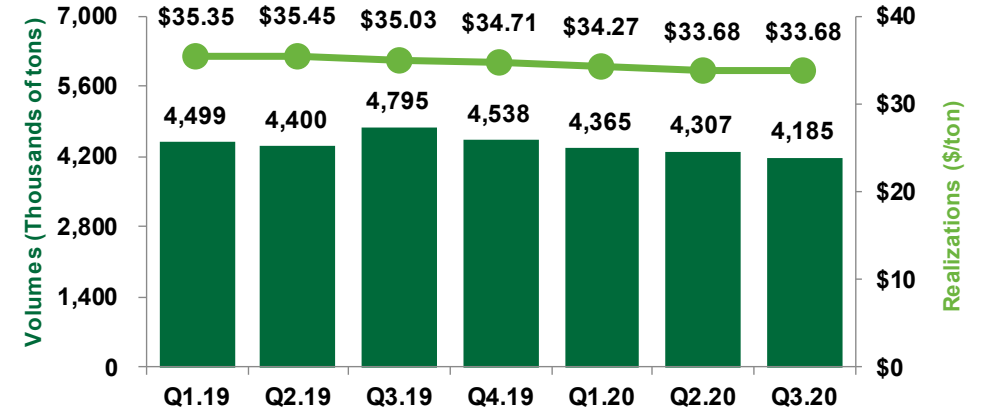


# SALES VOLUMES, REALIZATIONS AND EXPORT REVENUE

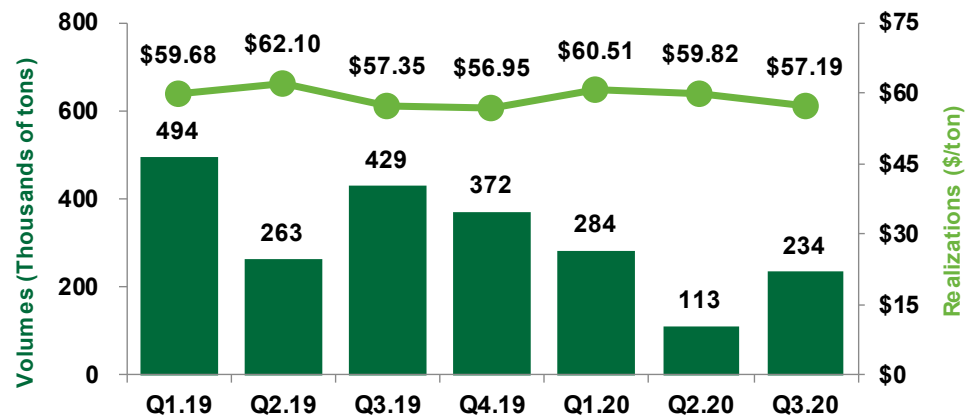
## 3rd-Party Log Sales and Realizations - West<sup>1</sup>



## 3rd-Party Log Sales and Realizations - South

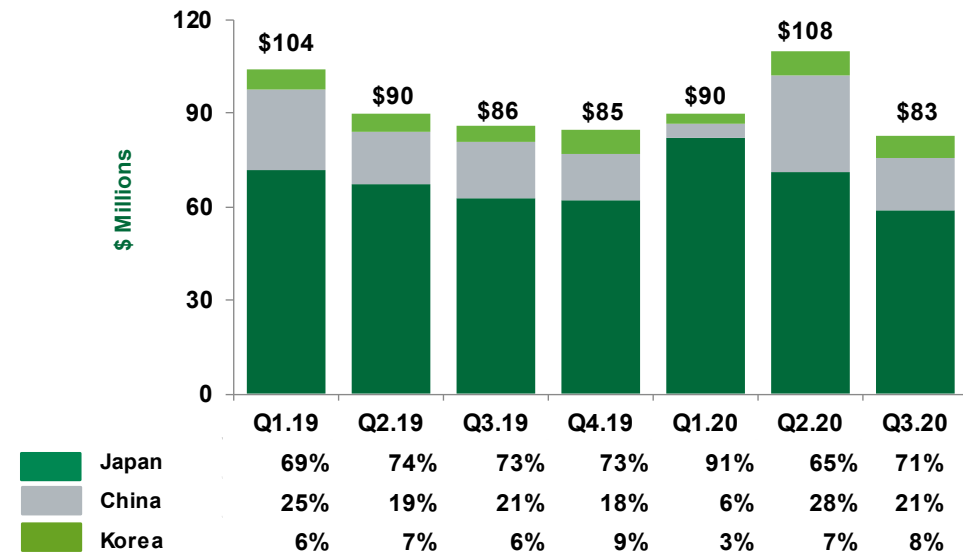


## 3rd-Party Log Sales and Realizations - North

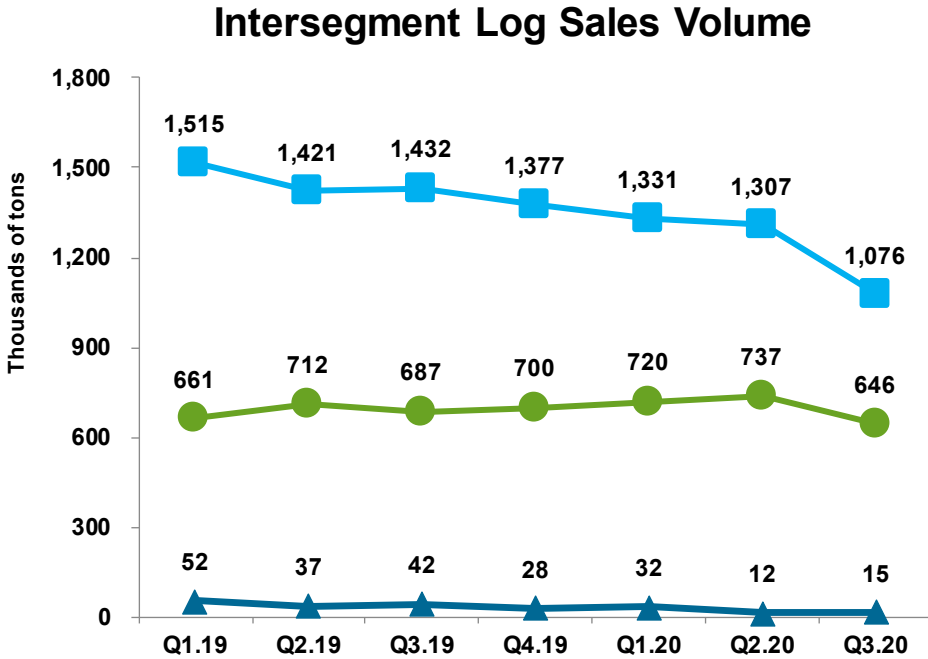
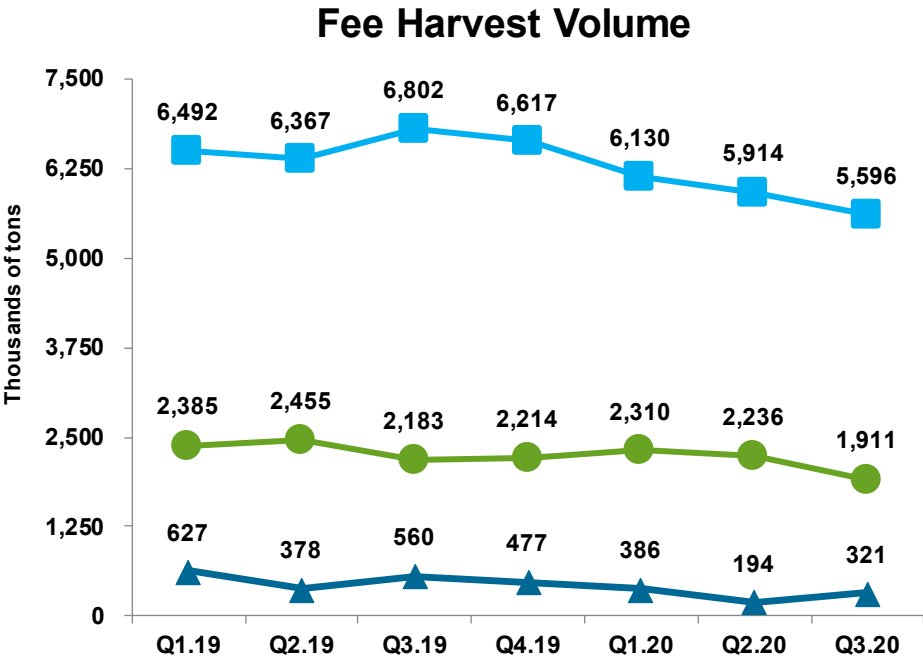


1. Western logs are primarily transacted in MBF but are converted to ton equivalents for external reporting purposes.

## Western Export Log Revenue



# FEE HARVEST VOLUME AND INTERSEGMENT SALES VOLUME



■ South    ● West    ▲ North





# REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

Real Estate & ENR (\$ Millions)	2020	2020
Adjusted EBITDA by Business	Q2	Q3
Real Estate	\$ 42	\$ 44
Energy & Natural Resources	15	16
<b>Total Adjusted EBITDA<sup>1</sup></b>	<b>\$ 57</b>	<b>\$ 60</b>

## Third Quarter Notes

- Higher number of real estate acres sold
- Lower average price per acre due to mix of properties sold
- Higher average land basis due to mix

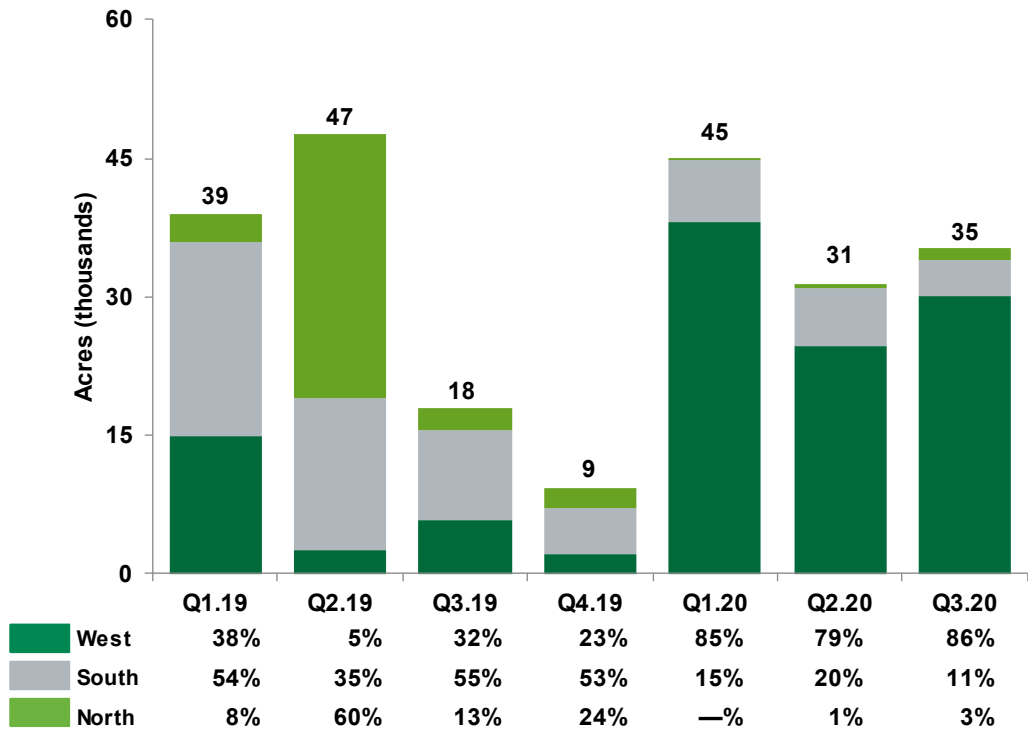
1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 25](#).

Real Estate & ENR (\$ Millions)	2020	2020
Segment Statement of Operations	Q2	Q3
<b>Total sales</b>	<b>\$ 65</b>	<b>\$ 69</b>
Costs of sales	40	46
<b>Gross margin</b>	<b>25</b>	<b>23</b>
SG&A expenses	6	6
<b>Net Contribution to Earnings</b>	<b>\$ 19</b>	<b>\$ 17</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 57</b>	<b>\$ 60</b>

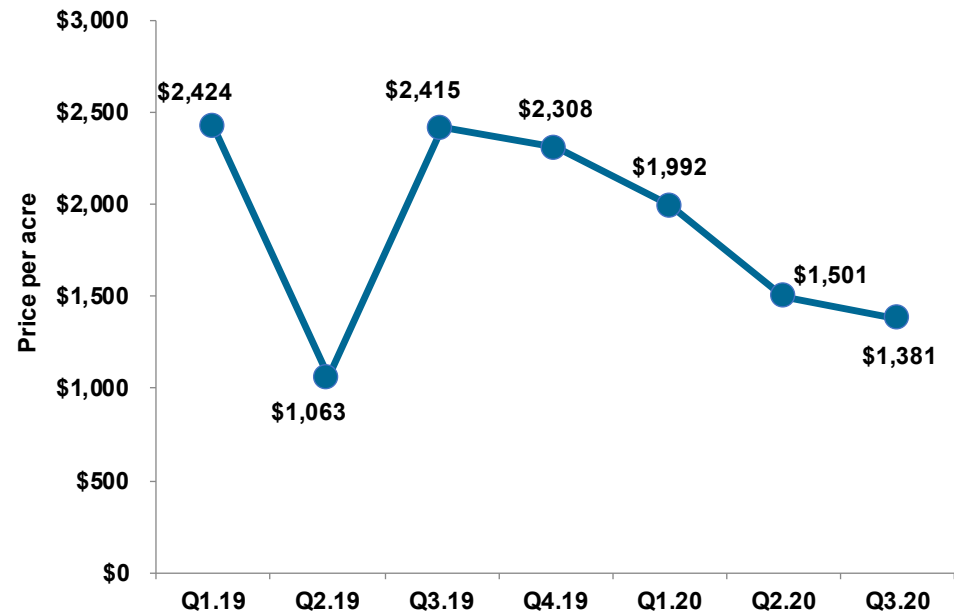


# REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

Acres Sold



Average Price per Acre



# WOOD PRODUCTS SEGMENT

WOOD PRODUCTS (\$ Millions)	2020	2020
Adjusted EBITDA by Business	Q2	Q3
Lumber	\$ 103	\$ 363
OSB	41	160
Engineered Wood Products	42	58
Distribution	13	37
Other	(1)	(3)
<b>Total Adjusted EBITDA<sup>1</sup></b>	<b>\$ 198</b>	<b>\$ 615</b>

## Third Quarter Notes

- Significantly higher average sales realizations for lumber and oriented strand board
- Significantly improved sales volumes for engineered wood products
- Moderately higher raw material costs

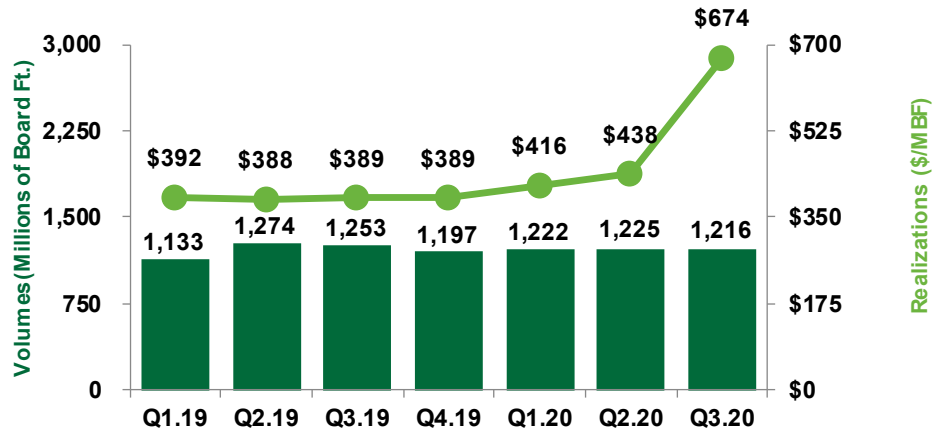
WOOD PRODUCTS (\$ Millions)	2020	2020
Segment Statement of Operations	Q2	Q3
<b>Total sales</b>	<b>\$ 1,207</b>	<b>\$ 1,696</b>
Costs of sales	997	1,075
<b>Gross margin</b>	<b>210</b>	<b>621</b>
SG&A expenses	51	51
Other expense, net <sup>2</sup>	8	4
<b>Net Contribution to Earnings Before Special Items</b>	<b>\$ 151</b>	<b>\$ 566</b>
Special items, pretax	8	—
<b>Net Contribution to Earnings</b>	<b>\$ 159</b>	<b>\$ 566</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 198</b>	<b>\$ 615</b>
<b>Adjusted EBITDA Margin Percentage<sup>3</sup></b>	<b>16%</b>	<b>36%</b>
<b>Operating Margin Percentage<sup>4</sup></b>	<b>13%</b>	<b>33%</b>

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 26](#).
2. Second quarter 2020 excludes an \$8 million pretax product remediation insurance recovery. This is included in Special items, pretax.
3. Adjusted EBITDA divided by total sales.
4. Net contribution to earnings before special items divided by total sales.

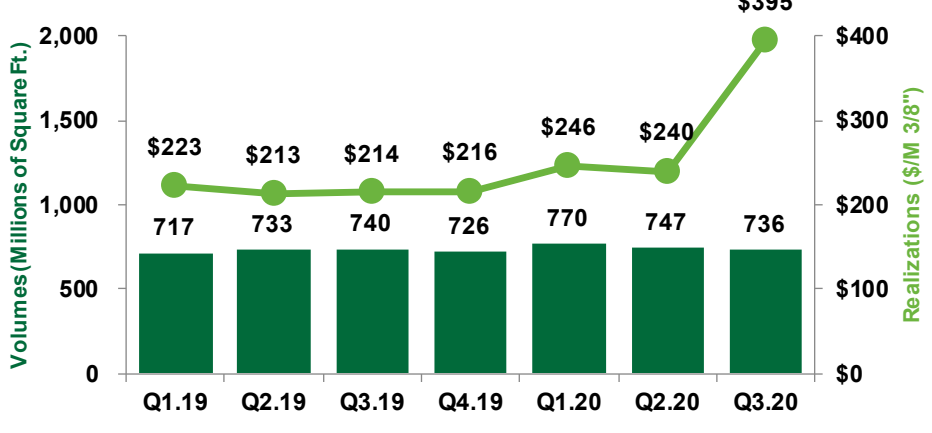


# THIRD-PARTY SALES VOLUMES AND REALIZATIONS<sup>1</sup>

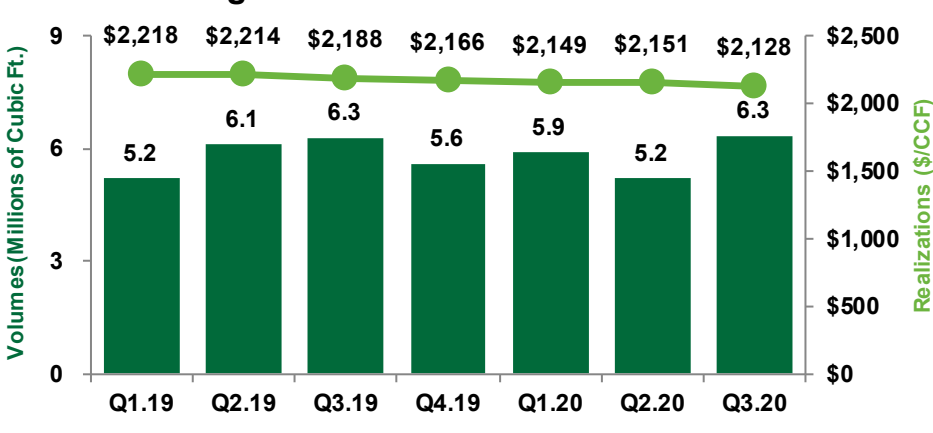
Lumber



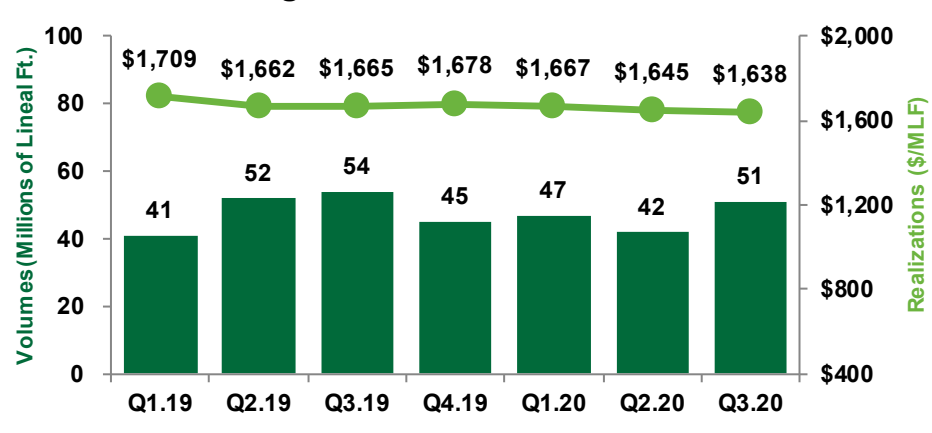
OSB



Engineered Wood - Solid Section



Engineered Wood - Solid TJIs



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) <sup>1</sup>	2020	2020
	Q2	Q3
Unallocated corporate function expenses and variable compensation expense	\$ (23)	\$ (36)
Liability classified share-based compensation	(4)	(5)
Foreign exchange gains (losses)	3	2
Elimination of intersegment profit in inventory and LIFO	18	(9)
Non-operating pension and other postretirement benefit costs	(10)	(9)
Other, including interest income	(2)	(12)
<b>Net Charge to Earnings</b>	<b>\$ (18)</b>	<b>\$ (69)</b>
<b>Adjusted EBITDA <sup>2</sup></b>	<b>\$ (9)</b>	<b>\$ (60)</b>

UNALLOCATED ITEMS (\$ Millions) <sup>1</sup>	2020	2020
	Q2	Q3
Costs of sales <sup>3</sup>	\$ 16	\$ (18)
G&A expense <sup>4</sup>	(23)	(33)
Other expense, net	(11)	(18)
<b>Net Charge to Earnings</b>	<b>\$ (18)</b>	<b>\$ (69)</b>

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 27](#).
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.



# CAPITAL ALLOCATION

## Balanced and Sustainable Philosophy | Three Key Priorities

RETURN CASH  
TO SHAREHOLDERS

INVEST IN  
OUR BUSINESSES

MAINTAIN AN APPROPRIATE  
CAPITAL STRUCTURE

### CORE ALLOCATION



Sustainable  
Base Dividend



Disciplined Capital  
Expenditures



Investment Grade  
Credit Rating

### OPPORTUNISTIC ALLOCATION



Supplemental Dividend  
& Share Repurchase



Value-Enhancing  
Growth Opportunities



Liability  
Management

★ New dividend framework will return significant and appropriate cash throughout the cycle ★



# RETURNING CASH TO SHAREHOLDERS

## Implementing “Base Plus Variable Supplemental” Dividend Framework

### CORE ALLOCATION



#### Sustainable Base Dividend

- Initiating quarterly cash “base dividend” of \$0.17 per share, effective 2020 Q4
- Sustainable across a full range of market conditions
- Supported by cash flow from Timberlands and Real Estate & ENR segments
- Positioned to grow over time

### OPPORTUNISTIC ALLOCATION



#### Supplemental Dividend & Share Repurchase

- Flexible tools to achieve targeted total return of 75-80% of Adjusted FAD (including base dividend)
- Primary mechanism will be a variable supplemental cash dividend
  - Generally paid annually based on prior year cash flow
  - Expect first payment in first quarter 2022
- May also utilize opportunistic share repurchase

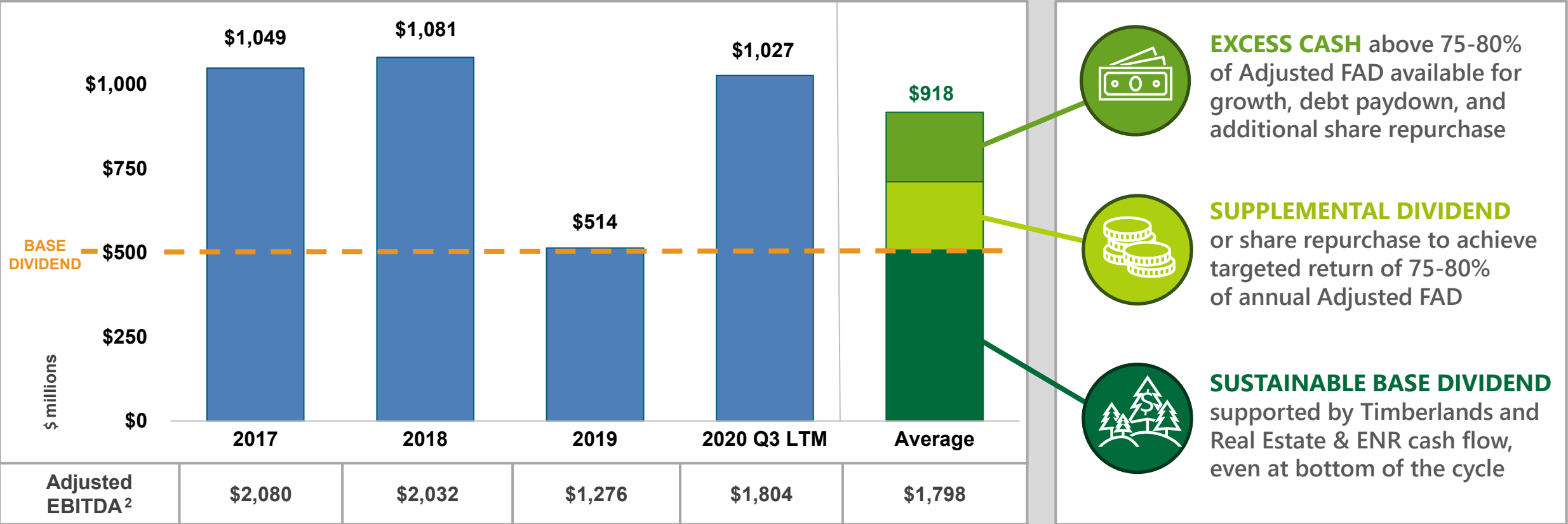
**TARGET: Return 75-80% of annual Adjusted FAD to shareholders**



# RETURNING CASH TO SHAREHOLDERS

## Dividend Framework is Sustainable Over the Business Cycle

ADJUSTED FUNDS AVAILABLE FOR DISTRIBUTION <sup>1</sup>



1. Our definition of Adjusted FAD and a reconciliation to GAAP are set forth on [Slide 29](#).  
 2. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on [Slide 23](#).

Our cash flow supports the base dividend, even in adverse markets





# FINANCIAL ITEMS

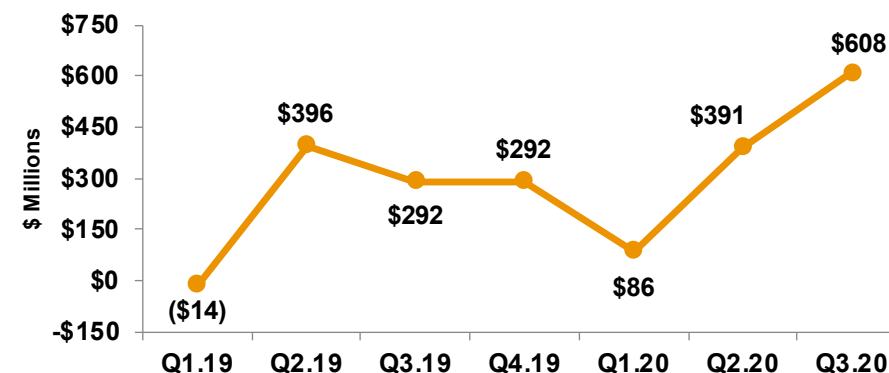
KEY FINANCIAL METRICS (\$ Millions)	2020	2020
	Q2	Q3
Ending Cash Balance	\$ 643	\$ 787
Total Debt	\$6,299	\$5,974
Net Debt to Adjusted EBITDA (LTM) <sup>1</sup>	4.1	2.9
Net Debt to Enterprise Value <sup>2</sup>	25%	20%

## Scheduled Debt Maturities as of September 30, 2020

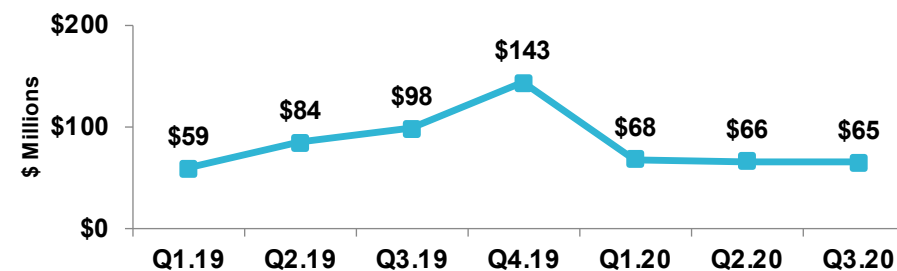
(\$ Millions)	2020	2021	2022	2023	2024
Debt Maturities	\$ —	\$ 150	\$ —	\$1,551	\$ —

1. LTM = last twelve months. A reconciliation to GAAP is set forth on [Slide 28](#).
2. 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

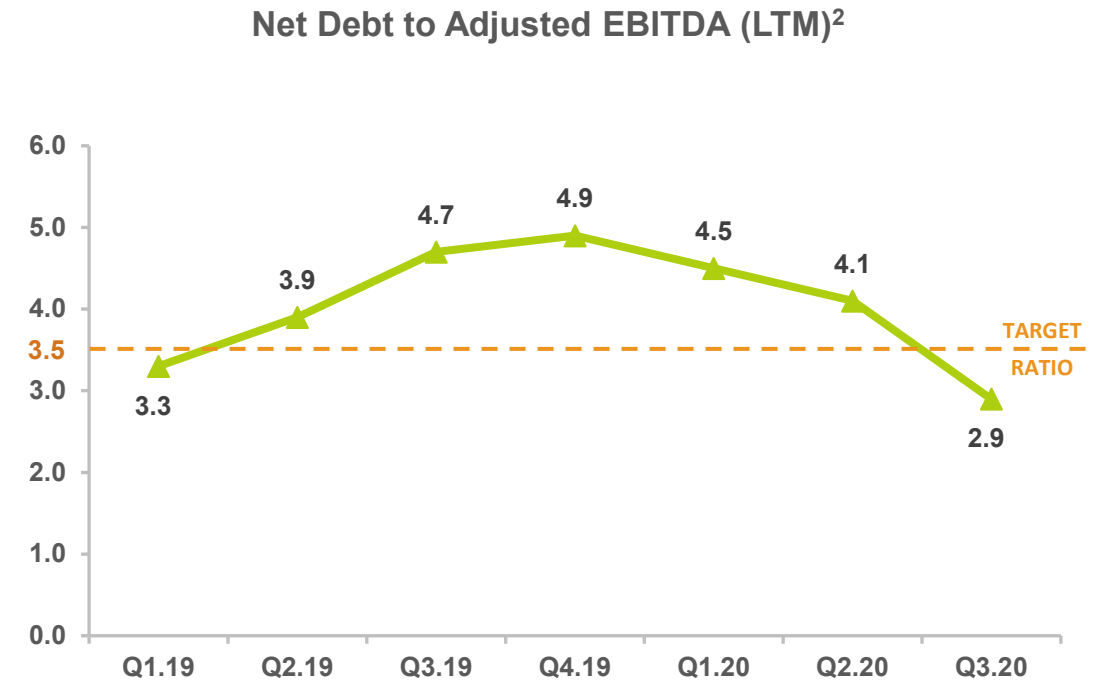
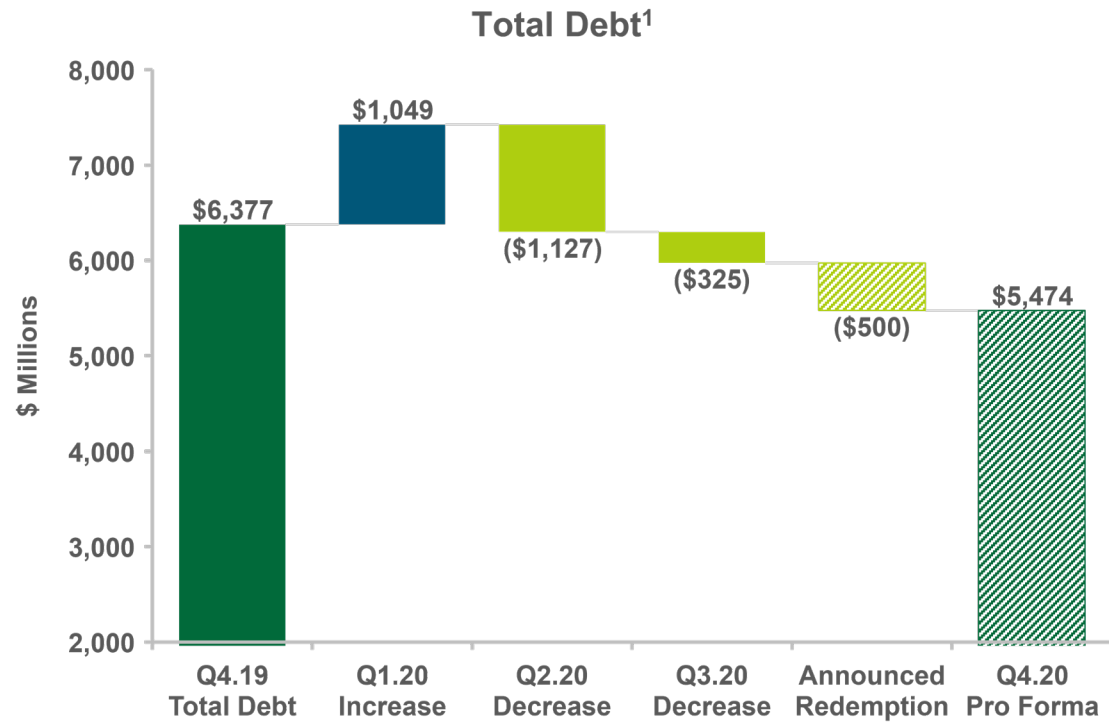


2019: \$384 million

2020 YTD: \$199 million



# FINANCIAL ITEMS



1. Q4.20 pro forma reflects announced redemption of \$500 million 4.625% 2023 maturities.
2. LTM = last twelve months. A reconciliation to GAAP is set forth on [Slide 28](#).



# OUTLOOK: 2020 Q4 vs. 2020 Q3

SEGMENT	COMMENTS
<b>TIMBERLANDS</b>	<ul style="list-style-type: none"> <li>• Higher average Western sales realizations for domestic and Japanese export logs and improved log sales volumes</li> <li>• Slightly higher Southern forestry expense and slightly lower average log sales realizations</li> <li>• Anticipate earnings before special items and Adjusted EBITDA will be approximately \$20 million higher than 2020 Q3</li> </ul>
<b>REAL ESTATE, ENERGY &amp; NATURAL RESOURCES</b>	<ul style="list-style-type: none"> <li>• Lower average land basis due to mix of properties sold</li> <li>• Expect 2020 Q4 earnings and Adjusted EBITDA will be lower than 2020 Q3</li> <li>• Continue to expect full year 2020 Adjusted EBITDA of approximately \$235 million</li> </ul>
<b>WOOD PRODUCTS</b>	<ul style="list-style-type: none"> <li>• Modest seasonal reduction in sales volumes</li> <li>• Higher Western and Canadian log costs</li> <li>• Lower operating rates for some product lines due to planned maintenance outages</li> <li>• Excluding the effect of changes in average sales realizations, anticipate earnings and Adjusted EBITDA will be significantly lower than 2020 Q3, though both are expected to exceed previous record levels attained in 2018</li> </ul>



# 2020 OUTLOOK: UPDATE

DRIVER	UPDATED 2020 OUTLOOK
FEE HARVEST VOLUME	<p>Approximately 33 million tons:</p> <ul style="list-style-type: none"> <li>• South: Approximately 10% lower than 2019</li> <li>• West: Approximately 10% lower than 2019, modestly lower than prior guidance due to wildfire disruptions</li> <li>• North: Approximately 40% lower than 2019 due to Michigan and Montana divestitures</li> </ul>
REAL ESTATE & ENR EBITDA	\$235 million
BASIS OF REAL ESTATE SOLD	70% of Real Estate sales
OPERATIONAL EXCELLENCE IMPROVEMENTS	\$50-\$70 million
INTEREST EXPENSE	\$350 million, excluding special items
CONSOLIDATED TAX RATE	20-22% expense, excluding special items
NON-OPERATING PENSION AND POSTRETIREMENT EXPENSE	\$40 million, noncash
CASH CONTRIBUTION FOR PENSION AND POSTRETIREMENT PLANS	<p>No contributions to US qualified plan</p> <p>\$30 million for all other plans</p>
CAPITAL EXPENDITURES	<p>\$280 million</p> <ul style="list-style-type: none"> <li>• Timberlands: \$105 million</li> <li>• Wood Products: \$175 million</li> </ul>





# EARNINGS SUMMARY

\$ Millions (except EPS)	2019				2020		
Adjusted EBITDA by Segment	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Timberlands	\$ 193	\$ 175	\$ 154	\$ 158	\$ 173	\$ 140	\$ 130
Real Estate, Energy & Natural Resources	106	71	60	37	101	57	60
Wood Products	115	128	123	110	184	198	615
Unallocated Items	(49)	(31)	(29)	(45)	(45)	(9)	(60)
<b>Total Adjusted EBITDA<sup>1</sup></b>	<b>\$ 365</b>	<b>\$ 343</b>	<b>\$ 308</b>	<b>\$ 260</b>	<b>\$ 413</b>	<b>\$ 386</b>	<b>\$ 745</b>
DD&A, basis of real estate sold, non-operating pension and postretirement costs, and interest income and other <sup>2</sup>	(176)	(167)	(168)	(146)	(193)	(159)	(162)
<b>Net Contribution to Earnings Before Special Items</b>	<b>\$ 189</b>	<b>\$ 176</b>	<b>\$ 140</b>	<b>\$ 114</b>	<b>\$ 220</b>	<b>\$ 227</b>	<b>\$ 583</b>
Interest expense, net <sup>3</sup>	(95)	(91)	(91)	(89)	(85)	(92)	(88)
Income taxes <sup>4</sup>	(14)	38	10	(2)	3	(58)	(109)
<b>Net Earnings Before Special Items<sup>5</sup></b>	<b>\$ 80</b>	<b>\$ 123</b>	<b>\$ 59</b>	<b>\$ 23</b>	<b>\$ 138</b>	<b>\$ 77</b>	<b>\$ 386</b>
Special items, after-tax <sup>4</sup>	(369)	5	40	(37)	12	(5)	(103)
<b>Net Earnings (Loss)</b>	<b>\$ (289)</b>	<b>\$ 128</b>	<b>\$ 99</b>	<b>\$ (14)</b>	<b>\$ 150</b>	<b>\$ 72</b>	<b>\$ 283</b>
<b>Diluted EPS Before Special Items<sup>5</sup></b>	<b>\$ 0.11</b>	<b>\$ 0.16</b>	<b>\$ 0.08</b>	<b>\$ 0.03</b>	<b>\$ 0.18</b>	<b>\$ 0.11</b>	<b>\$ 0.52</b>
<b>Diluted EPS</b>	<b>\$ (0.39)</b>	<b>\$ 0.17</b>	<b>\$ 0.13</b>	<b>\$ (0.02)</b>	<b>\$ 0.20</b>	<b>\$ 0.10</b>	<b>\$ 0.38</b>

1. See [Slide 23](#) for our definition of Adjusted EBITDA.

2. First quarter 2019, second quarter 2019 and fourth quarter 2019 exclude pension settlement charges or benefits. These are included in Special items, after-tax.

3. Interest expense is net of capitalized interest and includes approximately \$4 million of expense on special purpose entity (SPE) notes for the first, second and third quarter in 2019. First quarter 2019, second quarter 2020 and third quarter 2020 exclude charges for early extinguishment of debt. These charges are included in Special items, after-tax.

4. Income taxes excludes taxes related to special items.

5. A reconciliation to GAAP EPS is set forth on [Slide 22](#).



# EARNINGS PER SHARE RECONCILIATION

	2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Diluted EPS Before Special Items</b>	<b>\$ 0.11</b>	<b>\$ 0.16</b>	<b>\$ 0.08</b>	<b>\$ 0.03</b>	<b>\$ 0.18</b>	<b>\$ 0.11</b>	<b>\$ 0.52</b>
Special Items:							
Pension settlement charges	(0.47)	0.01	—	(0.01)	—	—	—
Early extinguishment of debt charges	(0.01)	—	—	—	—	(0.02)	(0.03)
Legal (charges) benefits	(0.02)	—	(0.02)	—	0.02	—	—
Product remediation recoveries	—	—	0.07	—	—	0.01	—
Gain on sale of timberlands	—	—	—	0.07	—	—	—
Restructuring, impairments and other charges	—	—	—	(0.11)	—	—	—
Timber casualty loss	—	—	—	—	—	—	(0.11)
<b>Diluted EPS (GAAP)</b>	<b>\$ (0.39)</b>	<b>\$ 0.17</b>	<b>\$ 0.13</b>	<b>\$ (0.02)</b>	<b>\$ 0.20</b>	<b>\$ 0.10</b>	<b>\$ 0.38</b>



# ADJUSTED EBITDA RECONCILIATION BY SEGMENT

\$ Millions	2017		2018		2019			2020			
	FY	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	LTM
Timberlands	\$ 936	\$ 902	\$ 193	\$ 175	\$ 154	\$ 158	\$ 680	\$ 173	\$ 140	\$ 130	\$ 601
Real Estate & ENR	241	264	106	71	60	37	274	101	57	60	255
Wood Products	1,017	987	115	128	123	110	476	184	198	615	1,107
Unallocated Items	(114)	(121)	(49)	(31)	(29)	(45)	(154)	(45)	(9)	(60)	(159)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 2,080</b>	<b>\$ 2,032</b>	<b>\$ 365</b>	<b>\$ 343</b>	<b>\$ 308</b>	<b>\$ 260</b>	<b>\$ 1,276</b>	<b>\$ 413</b>	<b>\$ 386</b>	<b>\$ 745</b>	<b>\$ 1,804</b>
Depletion, depreciation & amortization	(521)	(486)	(123)	(124)	(135)	(128)	(510)	(123)	(117)	(115)	(483)
Basis of real estate sold	(81)	(124)	(48)	(33)	(24)	(11)	(116)	(62)	(34)	(40)	(147)
Unallocated pension service costs	(4)	—	—	—	—	—	—	—	—	—	—
Special items in operating income	(343)	(28)	(20)	—	53	(32)	1	12	8	(80)	(92)
<b>Operating Income (GAAP)</b>	<b>\$ 1,131</b>	<b>\$ 1,394</b>	<b>\$ 174</b>	<b>\$ 186</b>	<b>\$ 202</b>	<b>\$ 89</b>	<b>\$ 651</b>	<b>\$ 240</b>	<b>\$ 243</b>	<b>\$ 510</b>	<b>\$ 1,082</b>
Non-operating pension and other postretirement benefit costs	(62)	(272)	(470)	(10)	(15)	(21)	(516)	(9)	(10)	(9)	(49)
Interest income and other	40	60	10	6	6	8	30	1	2	2	13
<b>Net Contribution (Charge) to Earnings</b>	<b>\$ 1,109</b>	<b>\$ 1,182</b>	<b>\$ (286)</b>	<b>\$ 182</b>	<b>\$ 193</b>	<b>\$ 76</b>	<b>\$ 165</b>	<b>\$ 232</b>	<b>\$ 235</b>	<b>\$ 503</b>	<b>\$ 1,046</b>
Interest expense, net	(393)	(375)	(107)	(91)	(91)	(89)	(378)	(85)	(103)	(111)	(388)
Income taxes <sup>2</sup>	(134)	(59)	104	37	(3)	(1)	137	3	(60)	(109)	(167)
<b>Net Earnings (Loss) (GAAP)</b>	<b>\$ 582</b>	<b>\$ 748</b>	<b>\$ (289)</b>	<b>\$ 128</b>	<b>\$ 99</b>	<b>\$ (14)</b>	<b>\$ (76)</b>	<b>\$ 150</b>	<b>\$ 72</b>	<b>\$ 283</b>	<b>\$ 491</b>

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



# ADJUSTED EBITDA RECONCILIATION: TIMBERLANDS

\$ Millions	2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
West	\$ 97	\$ 89	\$ 59	\$ 73	\$ 93	\$ 73	\$ 72
South	90	86	91	85	78	70	62
North	7	1	4	3	3	(1)	—
Other	(1)	(1)	—	(3)	(1)	(2)	(4)
<b>Total Timberlands Adjusted EBITDA<sup>1</sup></b>	<b>\$ 193</b>	<b>\$ 175</b>	<b>\$ 154</b>	<b>\$ 158</b>	<b>\$ 173</b>	<b>\$ 140</b>	<b>\$ 130</b>
West	(29)	(30)	(27)	(27)	(28)	(27)	(25)
South	(40)	(39)	(51)	(42)	(37)	(36)	(34)
North	(4)	(3)	(4)	(3)	(3)	(1)	(2)
Other	—	(1)	—	(1)	—	(1)	—
Total depletion, depreciation & amortization	\$ (73)	\$ (73)	\$ (82)	\$ (73)	\$ (68)	\$ (65)	\$ (61)
Special items	—	—	—	(32)	—	—	(80)
<b>Operating Income (Loss) and Net Contribution (Charge) to Earnings (GAAP)</b>	<b>\$ 120</b>	<b>\$ 102</b>	<b>\$ 72</b>	<b>\$ 53</b>	<b>\$ 105</b>	<b>\$ 75</b>	<b>\$ (11)</b>

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





# ADJUSTED EBITDA RECONCILIATION: REAL ESTATE, ENERGY & NATURAL RESOURCES

\$ Millions	2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Real Estate	\$ 87	\$ 51	\$ 37	\$ 18	\$ 86	\$ 42	\$ 44
Energy & Natural Resources	19	20	23	19	15	15	16
<b>Total Real Estate &amp; ENR Adjusted EBITDA<sup>1</sup></b>	<b>\$ 106</b>	<b>\$ 71</b>	<b>\$ 60</b>	<b>\$ 37</b>	<b>\$ 101</b>	<b>\$ 57</b>	<b>\$ 60</b>
Depletion, depreciation & amortization	(3)	(3)	(4)	(4)	(3)	(4)	(3)
Basis of real estate sold	(48)	(33)	(24)	(11)	(62)	(34)	(40)
<b>Operating Income and Net Contribution to Earnings (GAAP)</b>	<b>\$ 55</b>	<b>\$ 35</b>	<b>\$ 32</b>	<b>\$ 22</b>	<b>\$ 36</b>	<b>\$ 19</b>	<b>\$ 17</b>

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



# ADJUSTED EBITDA RECONCILIATION: WOOD PRODUCTS

\$ Millions	2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Lumber	\$ 47	\$ 44	\$ 49	\$ 43	\$ 79	\$ 103	\$ 363
OSB	19	8	13	19	45	41	160
EWP	47	64	55	41	51	42	58
Distribution	4	11	10	8	12	13	37
Other	(2)	1	(4)	(1)	(3)	(1)	(3)
<b>Total Wood Products Adjusted EBITDA<sup>1, 2</sup></b>	<b>\$ 115</b>	<b>\$ 128</b>	<b>\$ 123</b>	<b>\$ 110</b>	<b>\$ 184</b>	<b>\$ 198</b>	<b>\$ 615</b>
Lumber	(24)	(25)	(26)	(26)	(27)	(26)	(28)
OSB	(9)	(8)	(9)	(9)	(9)	(8)	(9)
EWP	(10)	(11)	(11)	(11)	(10)	(10)	(9)
Distribution	(1)	(2)	(1)	(2)	(1)	(2)	(1)
Other	(2)	(1)	(1)	(2)	(3)	(1)	(2)
Total depletion, depreciation & amortization	\$ (46)	\$ (47)	\$ (48)	\$ (50)	\$ (50)	\$ (47)	\$ (49)
Special items	—	—	68	—	—	8	—
<b>Operating Income and Net Contribution to Earnings (GAAP)</b>	<b>\$ 69</b>	<b>\$ 81</b>	<b>\$ 143</b>	<b>\$ 60</b>	<b>\$ 134</b>	<b>\$ 159</b>	<b>\$ 566</b>

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



# ADJUSTED EBITDA RECONCILIATION: UNALLOCATED

\$ Millions	2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Total Unallocated Adjusted EBITDA<sup>1</sup></b>	<b>\$ (49)</b>	<b>\$ (31)</b>	<b>\$ (29)</b>	<b>\$ (45)</b>	<b>\$ (45)</b>	<b>\$ (9)</b>	<b>\$ (60)</b>
Total depletion, depreciation & amortization	(1)	(1)	(1)	(1)	(2)	(1)	(2)
Special items included in operating income (loss)	(20)	—	(15)	—	12	—	—
<b>Operating Loss (GAAP)</b>	<b>\$ (70)</b>	<b>\$ (32)</b>	<b>\$ (45)</b>	<b>\$ (46)</b>	<b>\$ (35)</b>	<b>\$ (10)</b>	<b>\$ (62)</b>
Non-operating pension and other postretirement benefit costs	(470)	(10)	(15)	(21)	(9)	(10)	(9)
Interest income and other	10	6	6	8	1	2	2
<b>Net Charge to Earnings (GAAP)</b>	<b>\$ (530)</b>	<b>\$ (36)</b>	<b>\$ (54)</b>	<b>\$ (59)</b>	<b>\$ (43)</b>	<b>\$ (18)</b>	<b>\$ (69)</b>

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



# NET DEBT TO ADJUSTED EBITDA RECONCILIATION

\$ Millions	2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<b>Net Debt to Adjusted EBITDA (LTM)<sup>1,2</sup></b>	<b>3.3</b>	<b>3.9</b>	<b>4.7</b>	<b>4.9</b>	<b>4.5</b>	<b>4.1</b>	<b>2.9</b>
Total debt	\$ 6,401	\$ 6,293	\$ 6,590	\$ 6,377	\$ 7,426	\$ 6,299	\$ 5,974
Less: cash and cash equivalents	259	212	153	139	1,458	643	787
<b>Net Debt</b>	<b>\$ 6,142</b>	<b>\$ 6,081</b>	<b>\$ 6,437</b>	<b>\$ 6,238</b>	<b>\$ 5,968</b>	<b>\$ 5,656</b>	<b>\$ 5,187</b>
<b>Adjusted EBITDA (LTM)</b>	<b>\$ 1,853</b>	<b>\$ 1,559</b>	<b>\$ 1,362</b>	<b>\$ 1,276</b>	<b>\$ 1,324</b>	<b>\$ 1,367</b>	<b>\$ 1,804</b>
Depletion, depreciation & amortization	(489)	(494)	(507)	(510)	(510)	(503)	(483)
Basis of real estate sold	(160)	(171)	(149)	(116)	(130)	(131)	(147)
Special items in operating income	(40)	(20)	33	1	33	41	(92)
<b>Operating Income (LTM) (GAAP)</b>	<b>\$ 1,164</b>	<b>\$ 874</b>	<b>\$ 739</b>	<b>\$ 651</b>	<b>\$ 717</b>	<b>\$ 774</b>	<b>\$ 1,082</b>
Non-operating pension and other postretirement benefit costs	(718)	(715)	(713)	(516)	(55)	(55)	(49)
Interest income and other	58	53	46	30	21	17	13
<b>Net Contribution to Earnings (LTM)</b>	<b>\$ 504</b>	<b>\$ 212</b>	<b>\$ 72</b>	<b>\$ 165</b>	<b>\$ 683</b>	<b>\$ 736</b>	<b>\$ 1,046</b>
Interest expense, net of capitalized interest	(389)	(388)	(386)	(378)	(356)	(368)	(388)
Income taxes <sup>3</sup>	75	177	159	137	36	(61)	(167)
<b>Net Earnings (LTM) (GAAP)</b>	<b>\$ 190</b>	<b>\$ 1</b>	<b>\$ (155)</b>	<b>\$ (76)</b>	<b>\$ 363</b>	<b>\$ 307</b>	<b>\$ 491</b>

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 23](#) 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

\$ Millions	2017	2018	2019	2020 Q3
	FY	FY	FY	LTM
Net Cash from Operations	\$ 1,201	\$ 1,112	\$ 966	\$ 1,377
Capital Expenditures (excluding discontinued operations)	(419)	(427)	(384)	(342)
<b>Funds Available for Distribution<sup>1</sup></b>	<b>\$ 782</b>	<b>\$ 685</b>	<b>\$ 582</b>	<b>\$ 1,035</b>
Cash for product remediation payments (from product remediation insurance recoveries)	192	96	(68)	(8)
Cash tax payments attributable to Cellulose Fibers divestiture	75	—	—	—
Cash contribution to our U.S. qualified pension plan	—	300	—	—
<b>Adjusted Funds Available for Distribution<sup>2</sup></b>	<b>\$ 1,049</b>	<b>\$ 1,081</b>	<b>\$ 514</b>	<b>\$ 1,027</b>

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.

