

WEYERHAEUSER

EARNINGS RESULTS



2ND QUARTER 2018 | July 27, 2018



FORWARD-LOOKING STATEMENTS

This presentation contains statements and depictions that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including, without limitation, with respect to future earnings, adjusted EBITDA, operating expense, sales realizations and volumes and harvest volumes, and earnings before special items. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. 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, while depictions that constitute forward-looking statements may be identified by graphs, charts or other illustrations indicating expected or predicted occurrences of events, conditions, performance or achievements at a future date or during future time periods. 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 management’s current expectations and assumptions concerning future events, and are inherently subject to uncertainties and factors relating to our operations and business environment that are difficult to predict and often 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. Such factors include, without limitation: our ability to successfully execute our performance plans, including cost reductions and other operational excellence initiatives; the effect of general economic conditions, including employment rates, housing starts, interest rate levels, availability of financing for home mortgages and the strength of the U.S. dollar; market demand for our products, including demand for our timberland properties with higher and better uses, which in turn is related to the strength of various U.S. business segments and U.S. and international economic conditions; domestic and foreign competition; raw material prices; energy prices; the effect of weather; the risk of loss from fires, floods, windstorms, hurricanes, pest infestation and other natural disasters; transportation 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 retirements and changes in market price of our common stock on charges for share-based compensation; changes in accounting principles; and other factors described in filings we make from time to time with the Securities and Exchange Commission, including without limitation the risk factors described in our annual report on Form 10-K for the year ended December 31, 2017. There is no guarantee that any of the anticipated events or results articulated in this presentation will occur or, if they occur, what effect they will have on the company’s results of operations or financial condition. The forward-looking statements contained herein apply only as of the date of this presentation and we do not undertake any obligation to update these forward-looking statements. 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.

Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, basis of real estate sold, unallocated pension service costs and special items. Adjusted EBITDA excludes results from joint ventures.



2018 Q2 CONSOLIDATED RESULTS

Chart 1

\$ Millions	2018		2018
	Q1	Q2	
Adjusted EBITDA			
Timberlands	\$ 268	\$ 240	\$ (28)
Real Estate, Energy & Natural Resources	41	47	6
Wood Products	286	385	99
Unallocated Items	(51)	(35)	16
Total Adjusted EBITDA¹	\$ 544	\$ 637	\$ 93
Contribution to Earnings Before Special Items	\$ 400	\$ 494	\$ 94

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 16**.
2. Includes R&D expenses; charges for integration and restructuring, closures, and asset impairments; other operating (costs) income, net; non-operating pension and other postretirement benefit costs; and interest income and other. Interest income and other includes approximately \$8 million of income from SPE investments for each quarter presented.
3. Interest expense is net of capitalized interest and includes approximately \$7 million on SPE notes for each quarter presented.
4. An explanation of special items and a reconciliation to GAAP are set forth on **Chart 2**. Income taxes attributable to special items are included in Special items, after-tax.

\$ Millions EXCEPT EPS	2018	
	Q1	Q2
Consolidated Statement of Operations Before Special Items		
Net sales	\$ 1,865	\$ 2,065
Cost of products sold	1,348	1,447
Gross margin	517	618
SG&A expenses	101	103
Other (income) expense, net ²	16	21
Total Contribution to Earnings Before Special Items	\$ 400	\$ 494
Interest expense, net ³	(93)	(92)
Income taxes ⁴	(32)	(70)
Net Earnings Before Special Items⁴	\$ 275	\$ 332
Special items, after-tax ⁴	(6)	(15)
Net Earnings	\$ 269	\$ 317
Diluted EPS Before Special Items⁴	\$ 0.36	\$ 0.44
Diluted EPS	\$ 0.35	\$ 0.42



EARNINGS BEFORE SPECIAL ITEMS

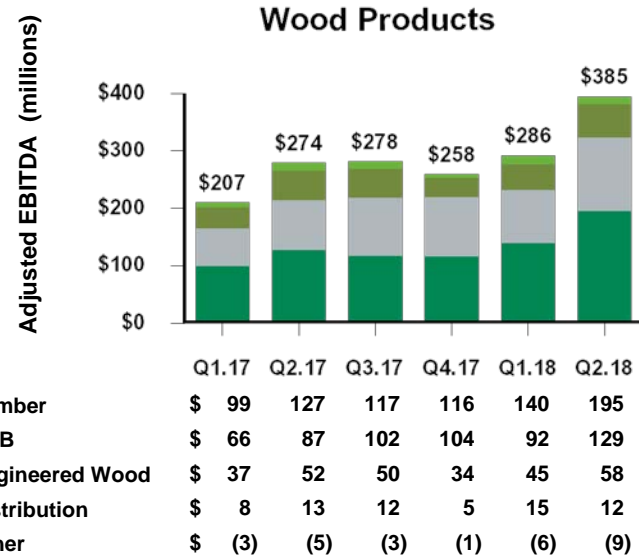
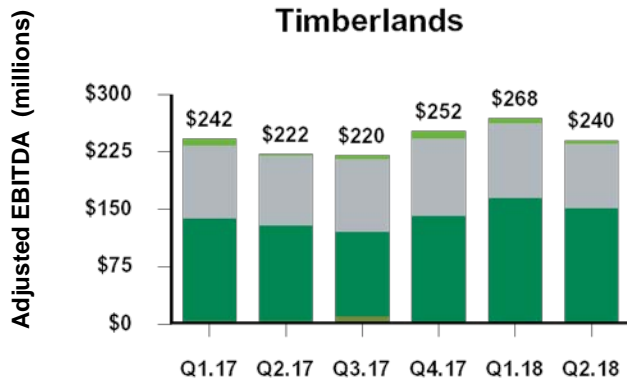
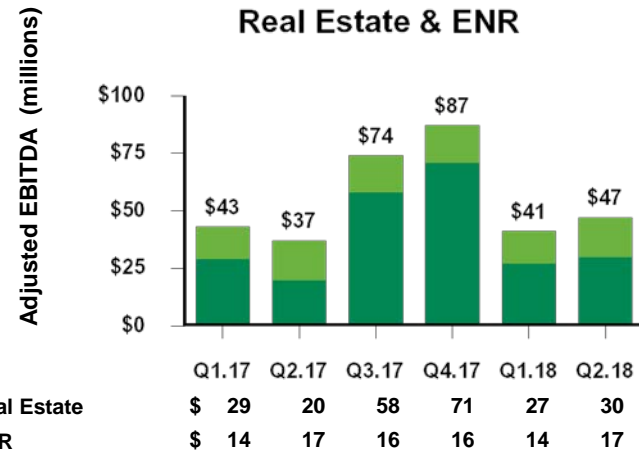
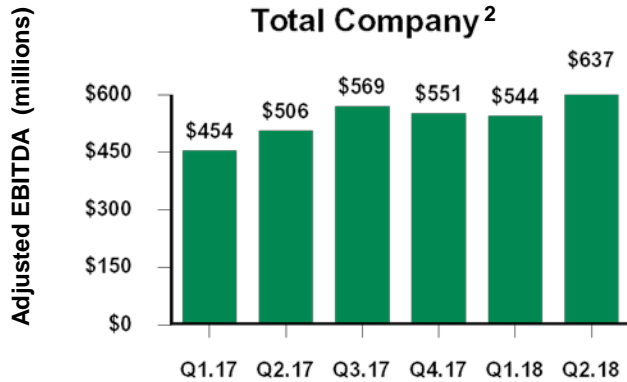
Chart 2

\$ Millions EXCEPT EPS	2018 Q1			2018 Q2		
	Pre-Tax Earnings	After-Tax Earnings	Diluted EPS	Pre-Tax Earnings	After-Tax Earnings	Diluted EPS
Earnings Before Special Items	\$ 307	\$ 275	\$ 0.36	\$ 402	\$ 332	\$ 0.44
Special Items:						
Environmental remediation (charges) recoveries	(28)	(21)	(0.03)	—	—	—
Product remediation (charges) recoveries, net	20	15	0.02	(20)	(15)	(0.02)
Total Special Items	(8)	(6)	(0.01)	(20)	(15)	(0.02)
Earnings Including Special Items (GAAP)	\$ 299	\$ 269	\$ 0.35	\$ 382	\$ 317	\$ 0.42



ADJUSTED EBITDA¹

Chart 3



	Q1.17	Q2.17	Q3.17	Q4.17	Q1.18	Q2.18
West	\$ 133	124	111	140	165	152
South	\$ 96	91	95	101	98	84
North	\$ 8	2	4	9	6	3
Other	\$ 5	5	10	2	(1)	1

	Q1.17	Q2.17	Q3.17	Q4.17	Q1.18	Q2.18
Lumber	\$ 99	127	117	116	140	195
OSB	\$ 66	87	102	104	92	129
Engineered Wood	\$ 37	52	50	34	45	58
Distribution	\$ 8	13	12	5	15	12
Other	\$ (3)	(5)	(3)	(1)	(6)	(9)

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 16, Chart 17, Chart 18, and Chart 19**.
 2. Total Company Adjusted EBITDA includes Timberlands; Real Estate, Energy and Natural Resources; Wood Products and Unallocated.



TIMBERLANDS SEGMENT

Chart 4

TIMBERLANDS (\$ Millions) ¹	2018	2018
Adjusted EBITDA by Region	Q1	Q2
West	\$ 165	\$ 152
South	98	84
North	6	3
Other	(1)	1
Total Adjusted EBITDA³	\$ 268	\$ 240

2nd Quarter Notes

- Slightly higher average Western log sales realizations
- Average Southern realizations declined slightly due to mix
- Seasonally higher forestry, road and unit logging costs
- Increased fuel costs

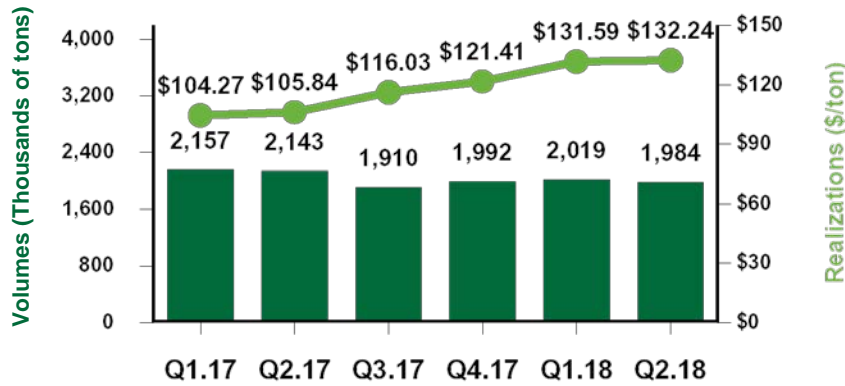
TIMBERLANDS (\$ Millions) ¹	2018	2018
Segment Statement of Operations	Q1	Q2
Third party sales	\$ 490	\$ 476
Intersegment sales	142	139
Total Sales	632	615
Cost of products sold	422	431
Gross margin	210	184
SG&A expenses	23	24
Other (income) expense, net ²	(2)	(1)
Contribution to Earnings	\$ 189	\$ 161
Adjusted EBITDA³	\$ 268	\$ 240
Adjusted EBITDA Margin Percentage⁴	42%	39%
Operating Margin Percentage⁵	30%	26%

1. Amounts presented exclude Canadian Forestlands operations, which are operated for the purpose of supplying Weyerhaeuser's Canadian manufacturing facilities and contribute no margin to the Timberlands segment.
2. Other (income) expense, net includes: R&D expenses and other operating costs (income), net.
3. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 17**.
4. Adjusted EBITDA divided by total sales.
5. Contribution to earnings divided by total sales.

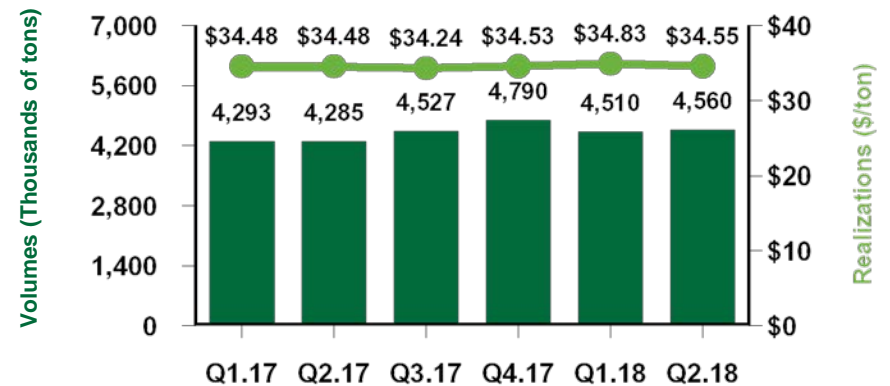


SALES VOLUMES, REALIZATIONS AND EXPORT SALES

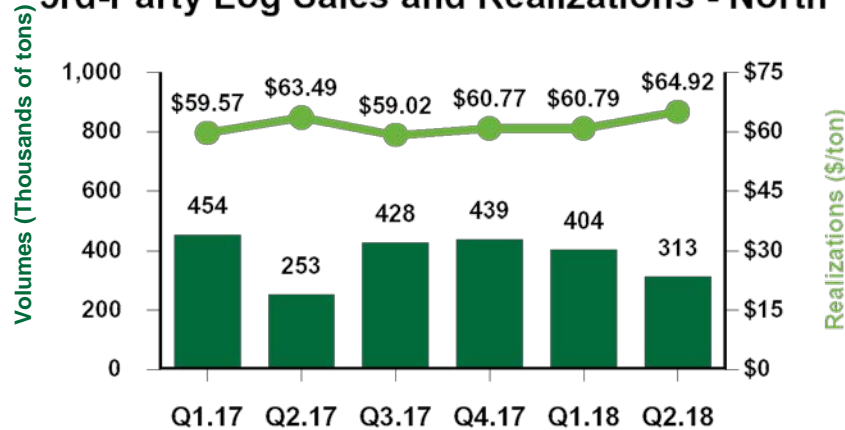
3rd-Party Log Sales and Realizations - West ¹



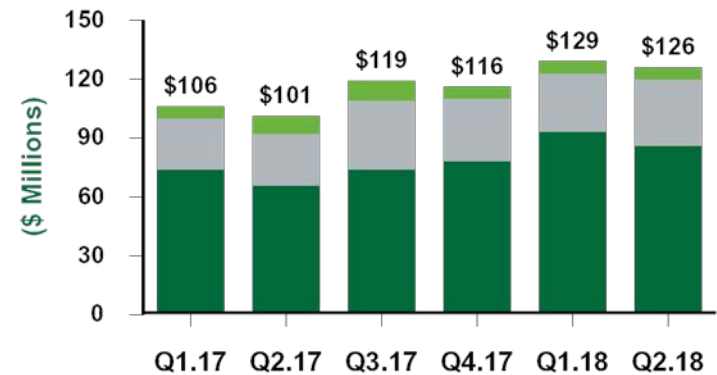
3rd-Party Log Sales and Realizations - South



3rd-Party Log Sales and Realizations - North



Western Export Log Revenue



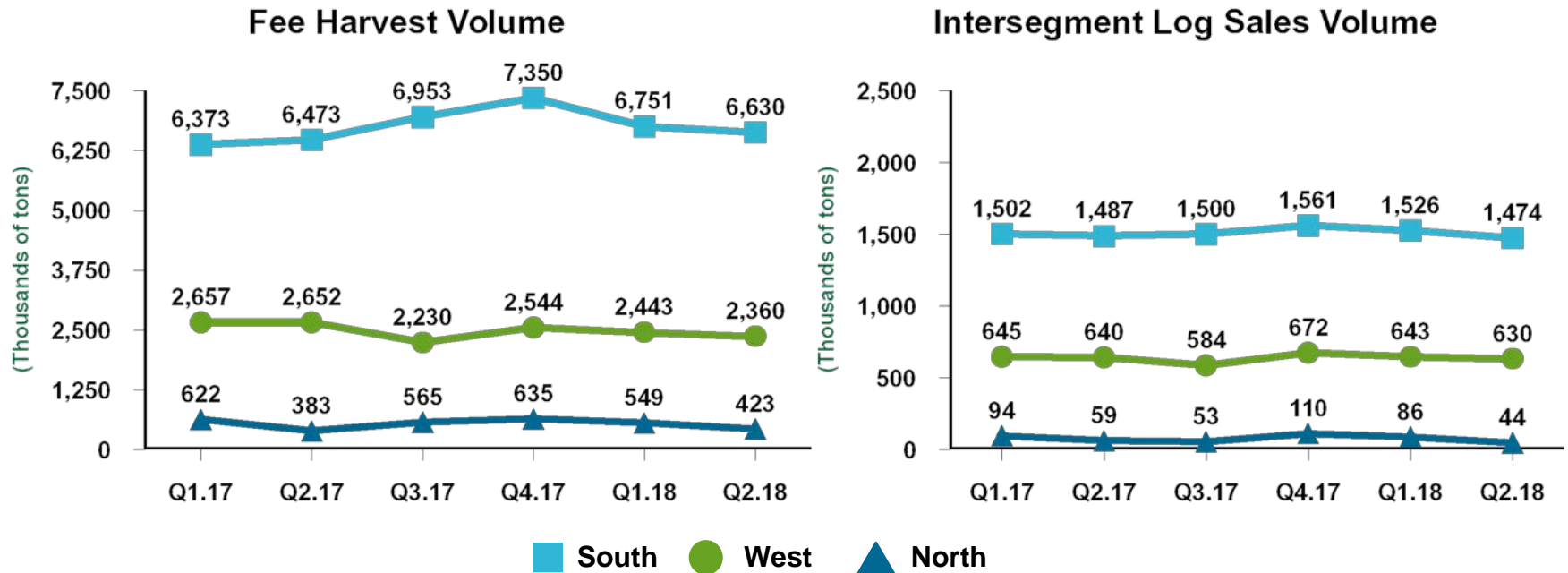
1. Western logs are primarily transacted in MBF but are converted to ton equivalents for external reporting purposes.

	Q1.17	Q2.17	Q3.17	Q4.17	Q1.18	Q2.18
Japan	70%	65%	62%	68%	72%	68%
China	24%	26%	29%	27%	23%	27%
Korea	6%	9%	9%	5%	5%	5%



FEE HARVEST VOLUMES AND INTERSEGMENT SALES VOLUMES

Chart 6



REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

Chart 7

Real Estate & ENR (\$ Millions)	2018	2018
Adjusted EBITDA by Business	Q1	Q2
Real Estate	\$ 27	\$ 30
Energy & Natural Resources	14	17
Total Adjusted EBITDA¹	\$ 41	\$ 47

2nd Quarter Notes

- Higher average price per acre due to mix
- Average land basis increased due to mix
- Higher Energy & Natural Resources royalties

Real Estate & ENR (\$ Millions)	2018	2018
Segment Statement of Operations	Q1	Q2
Total sales	\$ 51	\$ 58
Cost of products sold	19	30
Gross margin	32	28
SG&A expenses	7	6
Other operating costs (income), net	—	—
Contribution to Earnings	\$ 25	\$ 22
Adjusted EBITDA¹	\$ 41	\$ 47

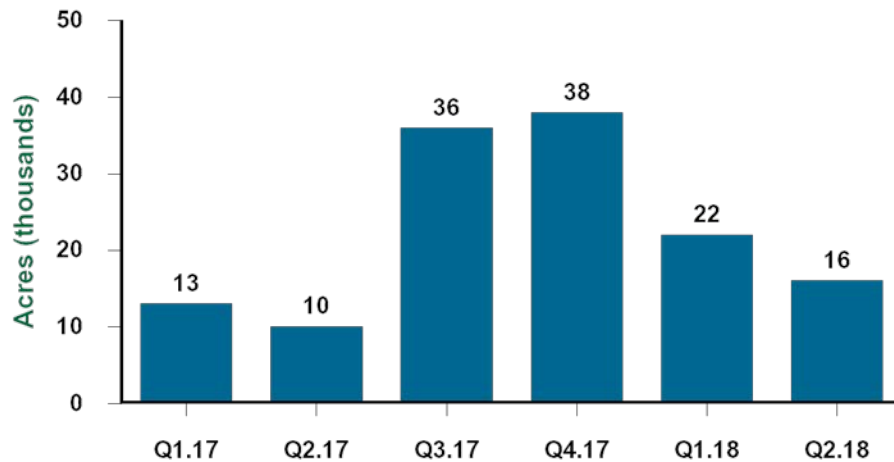
1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 18**.



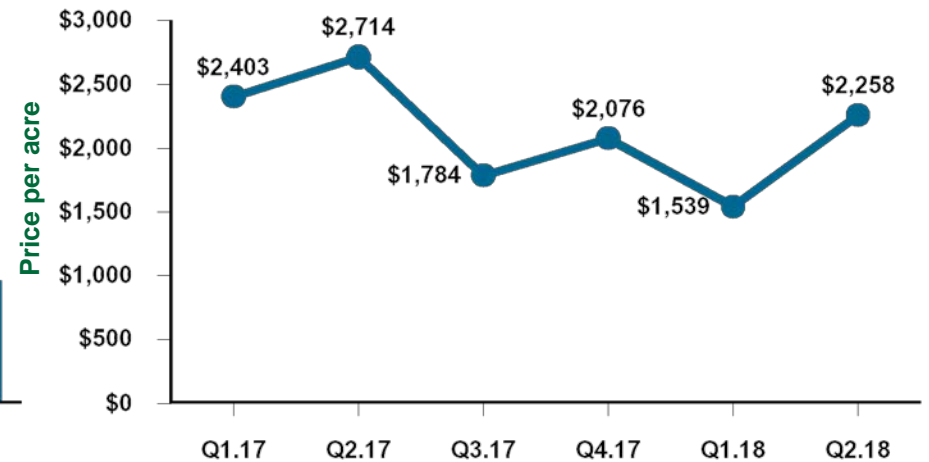
REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

Chart 8

Acreage Sold



Average Price per Acre



WOOD PRODUCTS SEGMENT

Chart 9

WOOD PRODUCTS (\$ Millions)	2018	2018
Adjusted EBITDA by Business	Q1	Q2
Lumber	\$ 140	\$ 195
OSB	92	129
Engineered Wood Products	45	58
Distribution	15	12
Other	(6)	(9)
Total Adjusted EBITDA¹	\$ 286	\$ 385

2nd Quarter Notes

- Significantly higher average sales realizations for lumber and OSB
- Modestly higher realizations for engineered wood products
- Increased sales volumes for all product lines
- Higher log, raw material and transportation costs

WOOD PRODUCTS (\$ Millions)	2018	2018
Segment Statement of Operations	Q1	Q2
Total sales	\$1,309	\$ 1,525
Cost of products sold	1,005	1,119
Gross margin	304	406
SG&A expenses	55	53
Other (income) expense, net ²	(1)	4
Contribution to Earnings Before Special Items	\$ 250	\$ 349
Special items, pre-tax	20	(20)
Contribution to Earnings	\$ 270	\$ 329
Adjusted EBITDA¹	\$ 286	\$ 385
Adjusted EBITDA Margin Percentage³	22%	25%
Operating Margin Percentage⁴	19%	23%

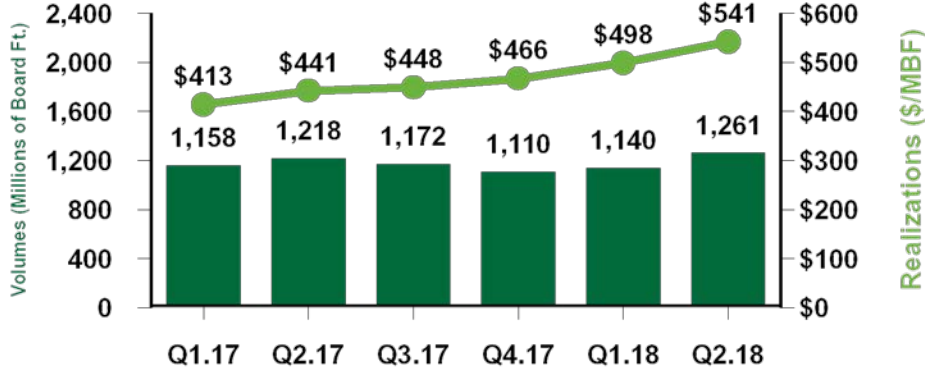
1. Adjusted EBITDA for Wood Products businesses include earnings on internal sales, primarily from the manufacturing businesses to Distribution. These sales occur at market price. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 19**.
2. Other (income) expense, net includes: R&D expenses; charges for integration and restructuring, closures and asset impairments; and other operating costs (income), net.
3. Adjusted EBITDA divided by total sales.
4. Contribution to earnings before special items divided by total sales.



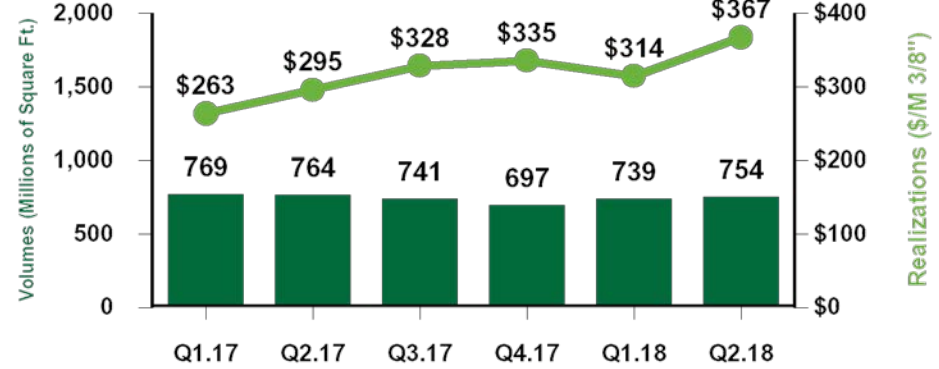
3RD-PARTY SALES VOLUMES AND REALIZATIONS¹

Chart 10

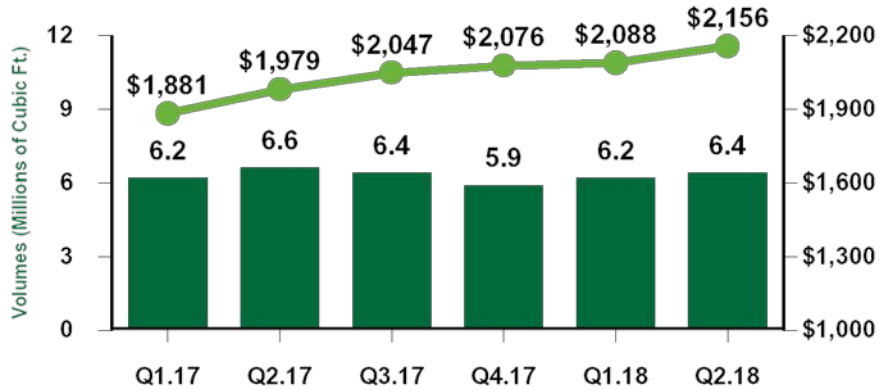
Lumber



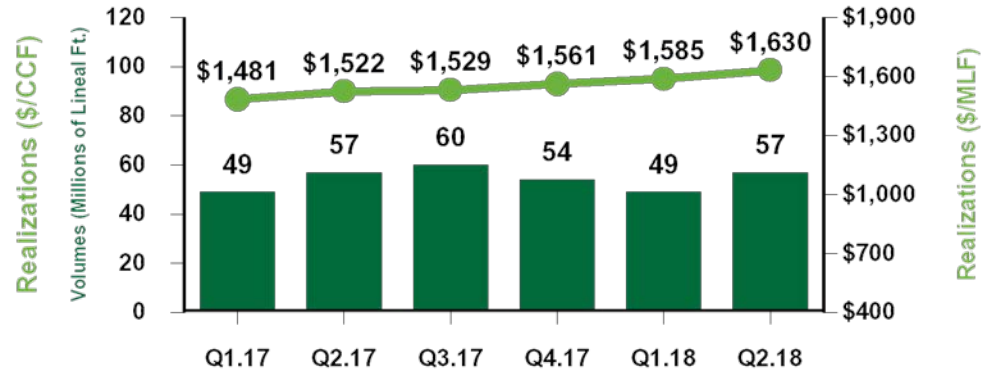
OSB



Engineered Wood - Solid Section



Engineered Wood - TJIs



1. Sales volumes include sales of internally produced products and products purchased for resale primarily through our Distribution business.



UNALLOCATED ITEMS

Chart 11

UNALLOCATED ITEMS (\$ Millions) ¹	2018	
	Q1	Q2
Unallocated corporate function expenses and variable compensation expense	\$ (18)	\$ (19)
Liability classified share-based compensation	—	(2)
Foreign exchange gains (losses)	(2)	2
Elimination of intersegment profit in inventory and LIFO	(21)	3
Non-operating pension and other postretirement benefit (costs) credits	(24)	(13)
Other, including interest income	1	(9)
Contribution to Earnings Before Special Items	\$ (64)	\$ (38)
Special items, pre-tax	(28)	—
Contribution to Earnings	\$ (92)	\$ (38)
Adjusted EBITDA⁴	\$ (51)	\$ (35)

UNALLOCATED ITEMS (\$ Millions)	2018	
	Q1	Q2
By Natural Expense		
Cost of products sold ²	(29)	(4)
G&A expenses ³	(15)	(19)
Other income (expense), net	(20)	(15)
Contribution to Earnings Before Special Items	\$ (64)	\$ (38)
Special items, pre-tax	(28)	—
Contribution to Earnings	\$ (92)	\$ (38)

1. Unallocated items are gains or charges not related to or allocated to an individual operating segment.
2. Cost of products sold is composed primarily of elimination of intersegment profit in inventory and LIFO and incentive compensation.
3. G&A expenses are comprised primarily of share-based compensation; pension service costs; corporate function expenses; and incentive compensation.
4. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 20**.



FINANCIAL ITEMS

Chart 12

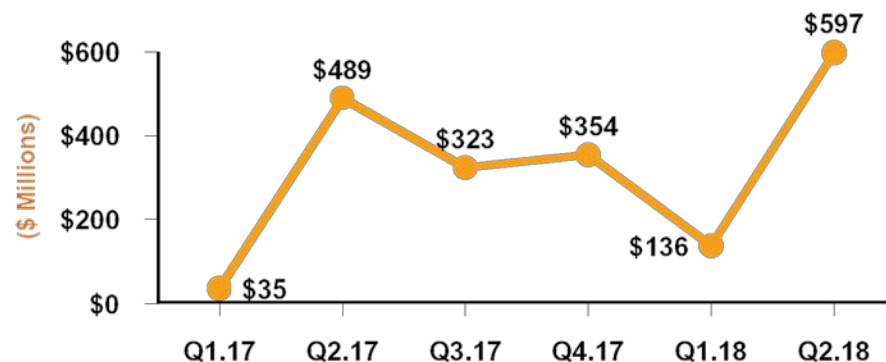
KEY FINANCIAL METRICS (\$ Millions)	2018 Q1	2018 Q2
Ending Cash Balance	\$ 598	\$ 901
Long-Term Debt	\$ 5,928	\$ 5,924
Net Debt to Adjusted EBITDA (LTM) ¹	2.5	2.2
Net Debt to Enterprise Value ²	17%	15%

Scheduled Debt Maturities as of June 30, 2018

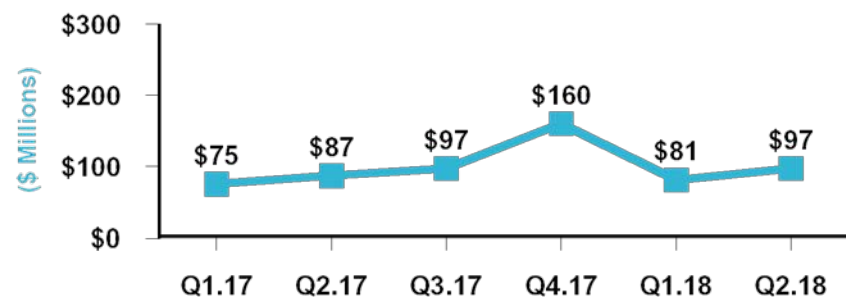
(\$ Millions)	2018	2019	2020	2021	2022
Debt Maturities	\$—	\$500	\$—	\$719	\$—

1. LTM = last twelve months. A reconciliation to GAAP is set forth on **Chart 21**.
2. Long-term debt, net of cash and equivalents, divided by enterprise value. Enterprise value is defined as long term debt, net of cash and equivalents, plus market capitalization as of the end of the quarter.

Cash Flow from Operations



Capital Expenditures



2017: \$419 million

2018 YTD: \$178 million



OUTLOOK: 2018 Q3 vs. 2018 Q2

Chart 13

SEGMENT	COMMENTS
TIMBERLANDS	<ul style="list-style-type: none"> • Slightly lower log sales realizations and comparable fee harvest volumes in the West • Seasonally higher fee harvest volumes and comparable average log sales realizations in the South • Seasonal increase in road and forestry costs and higher fuel and unit logging costs • Expect earnings and Adjusted EBITDA will be lower than 2018 Q2, but slightly higher than 2017 Q3
REAL ESTATE, ENERGY & NATURAL RESOURCES	<ul style="list-style-type: none"> • Expect earnings and Adjusted EBITDA will be 35-40% higher than 2018 Q2 • Anticipate full year Adjusted EBITDA of approximately \$250 million
WOOD PRODUCTS	<ul style="list-style-type: none"> • Moderately lower average sales realizations for lumber and OSB • Sales volumes for OSB will be approximately 10% lower due to an extended mill outage for a scheduled press replacement • Expect earnings before special items and Adjusted EBITDA will be 10-15% lower than 2018 Q2



EARNINGS SUMMARY

Chart 14

\$ Millions EXCEPT EPS	2017				2018	
Adjusted EBITDA by Segment	Q1	Q2	Q3	Q4	Q1	Q2
Timberlands	\$ 242	\$ 222	\$ 220	\$ 252	\$ 268	\$ 240
Real Estate, Energy & Natural Resources	43	37	74	87	41	47
Wood Products	207	274	278	258	286	385
Unallocated Items	(38)	(27)	(3)	(46)	(51)	(35)
Total Adjusted EBITDA¹	\$ 454	\$ 506	\$ 569	\$ 551	\$ 544	\$ 637
DD&A, basis of real estate sold, non-operating pension and postretirement costs, equity earnings/loss from joint ventures, and interest income and other	(162)	(138)	(161)	(167)	(144)	(143)
Total Contribution to Earnings Before Special Items	\$ 292	\$ 368	\$ 408	\$ 384	\$ 400	\$ 494
Interest expense, net ²	(99)	(100)	(98)	(96)	(93)	(92)
Income taxes	(26)	(56)	(51)	(54)	(32)	(70)
Net Earnings Before Special Items⁴	\$ 167	\$ 212	\$ 259	\$ 234	\$ 275	\$ 332
Special items, after-tax ³	(10)	(188)	(129)	37	(6)	(15)
Net Earnings	\$ 157	\$ 24	\$ 130	\$ 271	\$ 269	\$ 317
Diluted EPS Before Special Items⁴	\$ 0.22	\$ 0.28	\$ 0.34	\$ 0.31	\$ 0.36	\$ 0.44
Diluted EPS	\$ 0.21	\$ 0.03	\$ 0.17	\$ 0.36	\$ 0.35	\$ 0.42

1. See **Chart 16** for our definition of Adjusted EBITDA.

2. Interest expense is net of capitalized interest and includes approximately \$7 million of expense on special purpose entity (SPE) notes for each quarter presented.

3. Income taxes attributable to special items are included in Special items, after-tax.

4. A reconciliation to GAAP EPS is set forth on **Chart 15**.



EARNINGS PER SHARE RECONCILIATION

Chart 15

\$ Millions EXCEPT EPS	2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2
Diluted EPS Before Special Items	\$ 0.22	\$ 0.28	\$ 0.34	\$ 0.31	\$ 0.36	\$ 0.44
Special Items:						
Plum Creek merger and integration-related costs	(0.01)	—	—	(0.02)	—	—
Restructurings, impairments, and other charges	—	(0.20)	(0.01)	—	—	—
Gain on sale of timberlands	—	—	—	0.14	—	—
Environmental remediation (charges) recoveries	—	—	—	0.03	(0.03)	—
Countervailing and antidumping duties (charges) credits ¹	—	(0.01)	(0.01)	0.01	—	—
Product remediation (charges) recoveries, net	—	(0.04)	(0.15)	(0.04)	0.02	(0.02)
Tax adjustments, including enactment of tax legislation	—	—	—	(0.07)	—	—
Diluted EPS (GAAP)	\$ 0.21	\$ 0.03	\$ 0.17	\$ 0.36	\$ 0.35	\$ 0.42

1. As of first quarter 2018, countervailing and anti-dumping duties are no longer reported as a special item.



ADJUSTED EBITDA RECONCILIATION BY SEGMENT

Chart 16

\$ Millions	2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2
Timberlands	\$ 242	\$ 222	\$ 220	\$ 252	\$ 268	\$ 240
Real Estate & ENR	43	37	74	87	41	47
Wood Products	207	274	278	258	286	385
Unallocated Items	(38)	(27)	(3)	(46)	(51)	(35)
Adjusted EBITDA¹	\$ 454	\$ 506	\$ 569	\$ 551	\$ 544	\$ 637
Depletion, depreciation & amortization	(133)	(129)	(132)	(127)	(120)	(119)
Basis of real estate sold	(14)	(10)	(24)	(33)	(12)	(22)
Unallocated pension service costs	(2)	—	(1)	(1)	—	—
Special items in operating income	(12)	(210)	(207)	86	(8)	(20)
Operating Income (GAAP)	\$ 293	\$ 157	\$ 205	\$ 476	\$ 404	\$ 476
Non-operating pension and other postretirement benefit (costs) credits	(22)	(8)	(16)	(16)	(24)	(13)
Interest income and other	9	9	12	10	12	11
Net Contribution to Earnings	\$ 280	\$ 158	\$ 201	\$ 470	\$ 392	\$ 474
Interest expense, net	(99)	(100)	(98)	(96)	(93)	(92)
Income taxes ²	(24)	(34)	27	(103)	(30)	(65)
Net Earnings (GAAP)	\$ 157	\$ 24	\$ 130	\$ 271	\$ 269	\$ 317

- 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, unallocated pension service costs and special items. Adjusted EBITDA excludes results from joint ventures. 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 **Chart 2**.



ADJUSTED EBITDA RECONCILIATION: TIMBERLANDS

Chart 17

\$ Millions	2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2
West	\$ 133	\$ 124	\$ 111	\$ 140	\$ 165	\$ 152
South	96	91	95	101	98	84
North	8	2	4	9	6	3
Other	5	5	10	2	(1)	1
Total Timberlands Adjusted EBITDA¹	\$ 242	\$ 222	\$ 220	\$ 252	\$ 268	\$ 240
West	(31)	(29)	(26)	(28)	(29)	(29)
South	(45)	(43)	(49)	(51)	(45)	(45)
North	(5)	(3)	(4)	(5)	(4)	(3)
Other	(13)	(12)	(10)	(2)	(1)	(2)
Total depletion, depreciation, & amortization	\$ (94)	\$ (87)	\$ (89)	\$ (86)	\$ (79)	\$ (79)
Special items	—	(147)	—	99	—	—
Operating Income and Net Contribution to Earnings (GAAP)	\$ 148	\$ (12)	\$ 131	\$ 265	\$ 189	\$ 161

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, unallocated pension service costs and special items. Adjusted EBITDA excludes results from joint ventures. 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 AND NATURAL RESOURCES

Chart 18

\$ Millions	2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2
Real Estate	\$ 29	\$ 20	\$ 58	\$ 71	\$ 27	\$ 30
Energy & Natural Resources	14	17	16	16	14	17
Total Real Estate, Energy & Natural Resources Adjusted EBITDA¹	\$ 43	\$ 37	\$ 74	\$ 87	\$ 41	\$ 47
Depletion, depreciation & amortization	(3)	(4)	(4)	(4)	(4)	(3)
Basis of real estate sold	(14)	(10)	(24)	(33)	(12)	(22)
Special items	—	—	—	—	—	—
Operating Income (GAAP)	\$ 26	\$ 23	\$ 46	\$ 50	\$ 25	\$ 22
Interest income and other	—	—	1	—	—	—
Net Contribution to Earnings (GAAP)	\$ 26	\$ 23	\$ 47	\$ 50	\$ 25	\$ 22

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, unallocated pension service costs and special items. Adjusted EBITDA excludes results from joint ventures. 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

Chart 19

\$ Millions	2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2
Lumber ¹	\$ 99	\$ 127	\$ 117	\$ 116	\$ 140	\$ 195
OSB	66	87	102	104	92	129
EWP	37	52	50	34	45	58
Distribution	8	13	12	5	15	12
Other	(3)	(5)	(3)	(1)	(6)	(9)
Total Wood Products Adjusted EBITDA^{2,3}	\$ 207	\$ 274	\$ 278	\$ 258	\$ 286	\$ 385
Lumber	(15)	(17)	(17)	(18)	(18)	(19)
OSB	(7)	(7)	(8)	(7)	(8)	(7)
EWP	(12)	(11)	(12)	(11)	(10)	(9)
Distribution	(1)	(1)	—	(1)	—	(1)
Other	—	—	—	—	—	—
Total depletion, depreciation & amortization	\$ (35)	\$ (36)	\$ (37)	\$ (37)	\$ (36)	\$ (36)
Special items ¹	—	(61)	(201)	(41)	20	(20)
Operating Income and Net Contribution to Earnings (GAAP)	\$ 172	\$ 177	\$ 40	\$ 180	\$ 270	\$ 329

1. During 2017, countervailing and anti-dumping duties were excluded from Adjusted EBITDA and reported as special items. As of first quarter 2018, duties are included in Lumber Adjusted EBITDA and are no longer reported as a special item. Duties are calculated based on the final combined rate of 20.23%.
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, unallocated pension service costs and special items. Adjusted EBITDA excludes results from joint ventures. Adjusted EBITDA should not be considered in isolation from and is not intended to represent an alternative to our GAAP results.
3. 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

Chart 20

\$ Millions	2017				2018	
	Q1	Q2	Q3	Q4	Q1	Q2
Total Unallocated Adjusted EBITDA¹	\$ (38)	\$ (27)	\$ (3)	\$ (46)	\$ (51)	\$ (35)
Total depletion, depreciation, & amortization	(1)	(2)	(2)	—	(1)	(1)
Unallocated pension service costs	(2)	—	(1)	(1)	—	—
Special items	(12)	(2)	(6)	28	(28)	—
Operating Income (GAAP)	\$ (53)	\$ (31)	\$ (12)	\$ (19)	\$ (80)	\$ (36)
Non-operating pension and other retirement income	(22)	(8)	(16)	(16)	(24)	(13)
Interest income and other	9	9	11	10	12	11
Operating Income and Net Contribution to Earnings (GAAP)	\$ (66)	\$ (30)	\$ (17)	\$ (25)	\$ (92)	\$ (38)

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, unallocated pension service costs and special items. Adjusted EBITDA excludes results from joint ventures. 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

Chart 21

\$ MILLIONS	2018	
	Q1	Q2
Net Debt to Adjusted EBITDA (LTM)^{1,2}	2.5	2.2
Long-Term Debt	\$ 5,928	\$ 5,924
Less: Cash and Cash Equivalents	598	901
Net Debt	\$ 5,330	\$ 5,023
Adjusted EBITDA (LTM)²	\$ 2,170	\$ 2,301
Depletion, depreciation & amortization	(508)	(498)
Basis of real estate sold	(79)	(91)
Unallocated pension service costs	(2)	(2)
Special Items in operating income	(339)	(149)
Operating Income (LTM) (GAAP)	\$ 1,242	\$ 1,561
Non-operating pension and other post-retirement benefit costs	(64)	(69)
Interest income and other	43	45
Net Contribution to Earnings (LTM)	\$ 1,221	\$ 1,537
Interest expense, net of capitalized interest	(387)	(379)
Income taxes ³	(140)	(171)
Net Earnings (LTM) (GAAP)	\$ 694	\$ 987

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 divided by the last twelve months of Adjusted EBITDA. See **Chart 16** for our definition of Adjusted EBITDA.

3. The income tax effects of special items can be found in a reconciliation set forth in **Chart 2**.

