
WEYERHAEUSER

EARNINGS RESULTS

1ST QUARTER 2019 | April 26, 2019



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, timing of real estate sales, log and wood product sales volumes and realizations, log export volumes, and wood products operating rates. 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; restrictions on international trade, tariffs imposed on imports or exports; 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. 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.



2019 Q1 CONSOLIDATED RESULTS

Chart 1

\$ Millions	2018	2019	
Adjusted EBITDA	Q4	Q1	Change
Timberlands	\$ 188	\$ 193	\$ 5
Real Estate, Energy & Natural Resources	90	106	16
Wood Products	66	115	49
Unallocated Items	2	(49)	(51)
Total Adjusted EBITDA¹	\$ 346	\$ 365	\$ 19
Contribution to Earnings Before Special Items	\$ 170	\$ 189	\$ 19

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 16**.
2. Includes R&D expenses; other operating (costs) income, net; non-operating pension and other postretirement benefit costs; and interest income and other. Interest income and other includes approximately \$9 million and \$8 million of income from SPE investments in fourth quarter 2018 and first quarter 2019, respectively.
3. Interest expense is net of capitalized interest and includes approximately \$7 million and \$4 million on SPE notes in fourth quarter 2018 and first quarter 2019, respectively.
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	2019
Consolidated Statement of Operations Before Special Items	Q4	Q1
Net sales	\$ 1,636	\$ 1,643
Costs of sales	1,345	1,322
Gross margin	291	321
SG&A expenses	104	110
Other expense, net ²	17	22
Total Contribution to Earnings Before Special Items	\$ 170	\$ 189
Interest expense, net ³	(97)	(95)
Income taxes ⁴	(3)	(14)
Net Earnings Before Special Items⁴	\$ 70	\$ 80
Special items, after-tax ⁴	(163)	(369)
Net Earnings (Loss)	\$ (93)	\$ (289)
Diluted EPS Before Special Items⁴	\$ 0.10	\$ 0.11
Diluted EPS	\$ (0.12)	\$ (0.39)



EARNINGS BEFORE SPECIAL ITEMS

Chart 2

\$ Millions (except EPS)	2018 Q4			2019 Q1		
	Pretax Earnings	After-Tax Earnings	Diluted EPS	Pretax Earnings	After-Tax Earnings	Diluted EPS
Earnings Before Special Items	\$ 73	\$ 70	\$ 0.10	\$ 94	\$ 80	\$ 0.11
Special Items:						
Tax adjustment	—	(21)	(0.03)	—	—	—
Gain on sale of nonstrategic assets	13	10	0.01	—	—	—
Pension settlement charges ¹	(200)	(152)	(0.20)	(455)	(345)	(0.47)
Early extinguishment of debt charge	—	—	—	(12)	(9)	(0.01)
Legal charge	—	—	—	(20)	(15)	(0.02)
Total Special Items	(187)	(163)	(0.22)	(487)	(369)	(0.50)
Earnings (Loss) Including Special Items (GAAP)	\$ (114)	\$ (93)	\$ (0.12)	\$ (393)	\$ (289)	\$ (0.39)

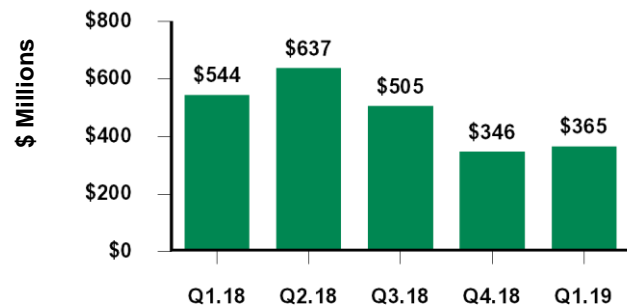
1. During fourth quarter 2018, we recorded a \$152 million after-tax (\$200 million pretax) noncash settlement charge related to our U.S. qualified pension plan lump sum offer. During first quarter 2019, we recorded a \$345 million after-tax (\$455 million pretax) noncash settlement charge related to the transfer of pension assets and liabilities through the purchase of a group annuity contract.



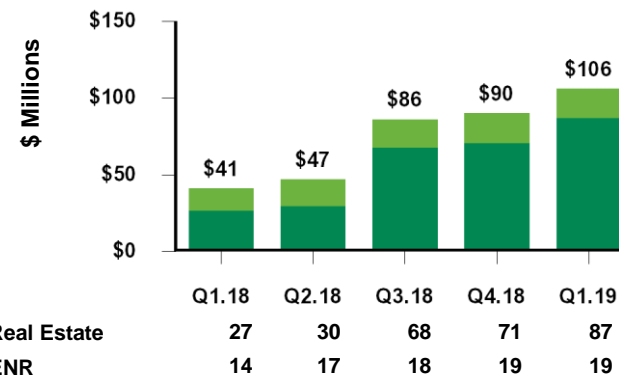
ADJUSTED EBITDA¹

Chart 3

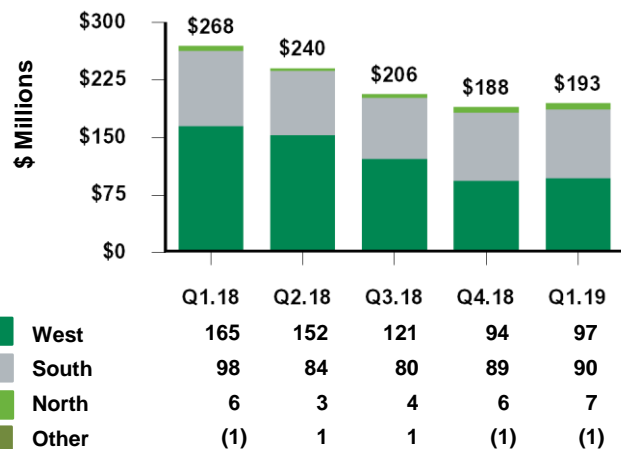
Total Company²



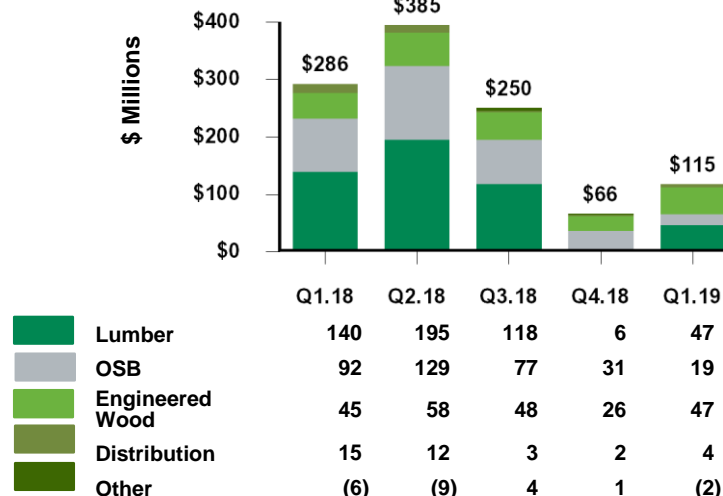
Real Estate & ENR



Timberlands



Wood Products



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 & Natural Resources; Wood Products and Unallocated.



TIMBERLANDS SEGMENT

Chart 4

TIMBERLANDS (\$ Millions)	2018	2019
Adjusted EBITDA by Region	Q4	Q1
West	\$ 94	\$ 97
South	89	90
North	6	7
Other	(1)	(1)
Total Adjusted EBITDA¹	\$ 188	\$ 193

1st Quarter Notes

- Lower average log sales realizations in the West
- Seasonally lower Western export sales volumes
- Lower Western costs, primarily road and forestry spending
- Higher average Southern log sales realizations and seasonally lower fee harvest volumes

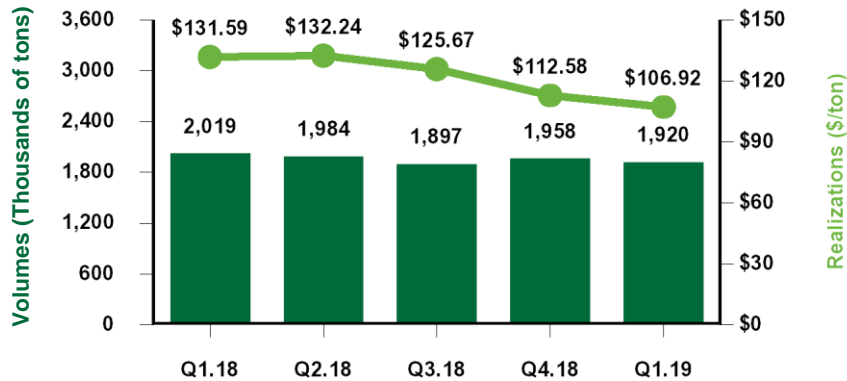
TIMBERLANDS (\$ Millions)	2018	2019
Segment Statement of Operations²	Q4	Q1
Third party sales	\$ 448	\$ 431
Intersegment sales	128	125
Total Sales	576	556
Costs of sales	446	413
Gross margin	130	143
SG&A expenses	24	23
Other (income) expense, net ³	(1)	—
Contribution to Earnings	\$ 107	\$ 120
Adjusted EBITDA¹	\$ 188	\$ 193
Adjusted EBITDA Margin Percentage⁴	33%	35%
Operating Margin Percentage⁵	19%	22%

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 17**.
2. In January 2019, we changed the way we report our Canadian Forestlands operations, which are primarily operated to supply Weyerhaeuser's Canadian Wood Products manufacturing facilities. As a result, we no longer report related intersegment sales in the Timberlands segment and we will now record the minimal associated third-party log sales in the Wood Products segment. These collective transactions did not contribute any earnings to the Timberlands segment. We have conformed prior period presentation with the current period.
3. Other (income) expense, net includes: R&D expenses and other operating (costs) income, net.
4. Adjusted EBITDA divided by total sales.
5. Contribution to earnings divided by total sales.

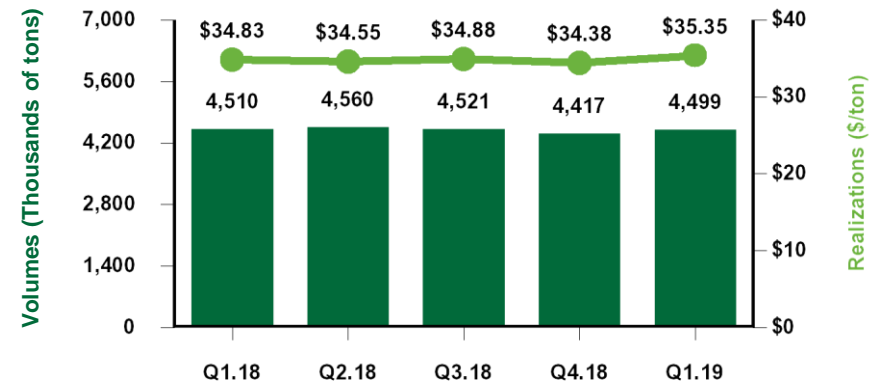


SALES VOLUMES, REALIZATIONS AND EXPORT REVENUE

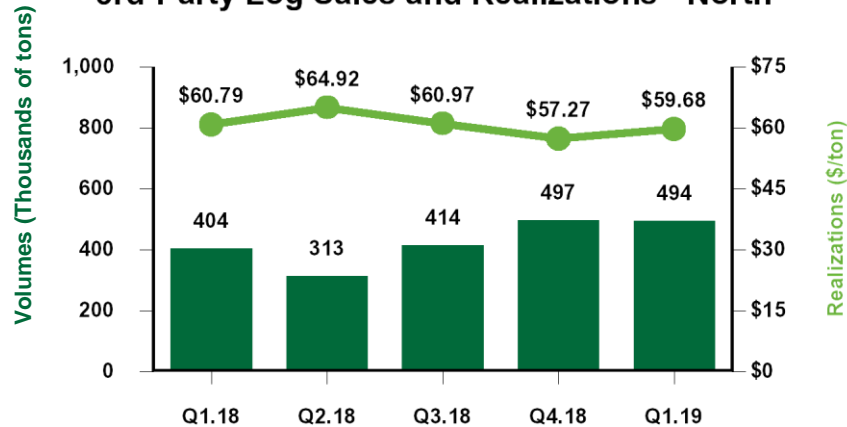
3rd-Party Log Sales and Realizations - West 1



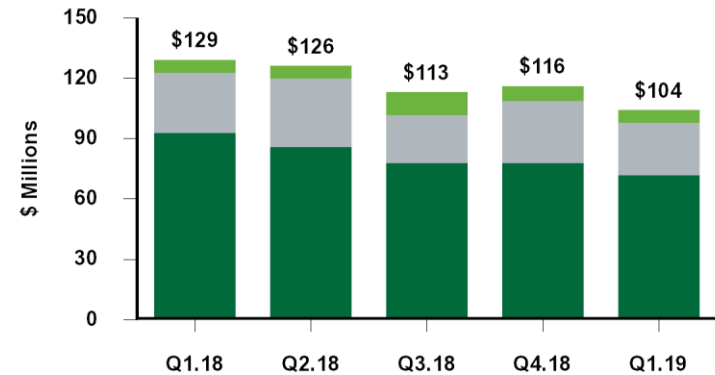
3rd-Party Log Sales and Realizations - South



3rd-Party Log Sales and Realizations - North



Western Export Log Revenue



	Q1.18	Q2.18	Q3.18	Q4.18	Q1.19
Japan	72%	68%	69%	67%	69%
China	23%	27%	22%	27%	25%
Korea	5%	5%	9%	6%	6%

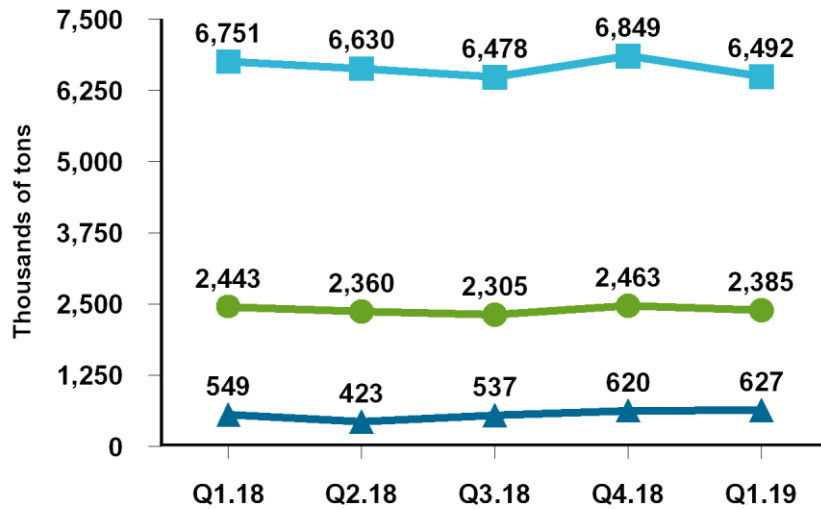
1. Western logs are primarily transacted in MBF but are converted to ton equivalents for external reporting purposes.



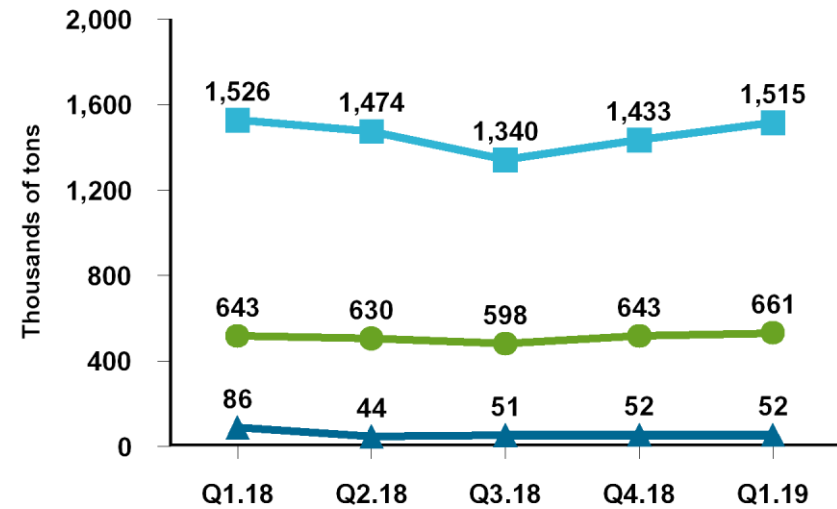
FEE HARVEST VOLUME AND INTERSEGMENT SALES VOLUME

Chart 6

Fee Harvest Volume



Intersegment Log Sales Volume



■ South ● West ▲ North



REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

Chart 7

Real Estate & ENR (\$ Millions)	2018	2019
Adjusted EBITDA by Business	Q4	Q1
Real Estate	\$ 71	\$ 87
Energy & Natural Resources	19	19
Total Adjusted EBITDA¹	\$ 90	\$ 106

1st Quarter Notes

- Higher Real Estate EBITDA due to higher number of acres sold
- Modest decline in average land basis
- Comparable Energy & Natural Resources royalties

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

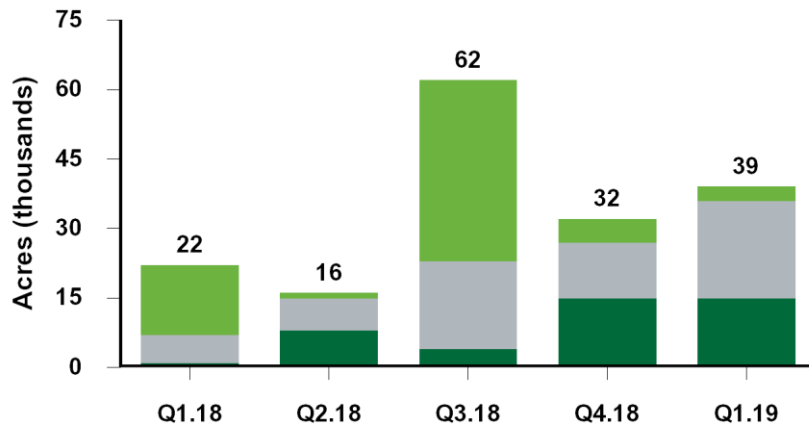
Real Estate & ENR (\$ Millions)	2018	2019
Segment Statement of Operations	Q4	Q1
Total sales	\$ 102	\$ 118
Costs of sales	52	56
Gross margin	50	62
SG&A expenses	7	7
Other (income) expense, net	(1)	—
Contribution to Earnings	\$ 44	\$ 55
Adjusted EBITDA¹	\$ 90	\$ 106



REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

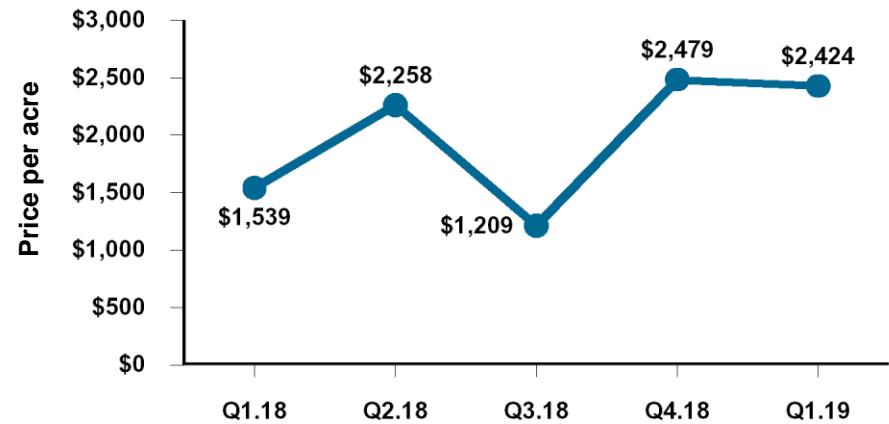
Chart 8

Acres Sold



	Q1.18	Q2.18	Q3.18	Q4.18	Q1.19
West	6%	49%	6%	48%	38%
South	29%	43%	31%	38%	54%
North	65%	8%	63%	14%	8%

Average Price per Acre



WOOD PRODUCTS SEGMENT

Chart 9

WOOD PRODUCTS (\$ Millions)	2018	2019
Adjusted EBITDA by Business	Q4	Q1
Lumber	\$ 6	\$ 47
OSB	31	19
Engineered Wood Products	26	47
Distribution	2	4
Other	1	(2)
Total Adjusted EBITDA¹	\$ 66	\$ 115

1st Quarter Notes

- Significantly lower log and fiber costs
- Seasonally higher operating rates and improved manufacturing costs
- Lower average sales realizations for OSB

WOOD PRODUCTS (\$ Millions)	2018	2019
Segment Statement of Operations²	Q4	Q1
Total sales	\$1,087	\$ 1,094
Costs of sales	1,003	967
Gross margin	84	127
SG&A expenses	53	54
Other expense, net ³	5	4
Contribution to Earnings	\$ 26	\$ 69
Adjusted EBITDA¹	\$ 66	\$ 115
Adjusted EBITDA Margin Percentage⁴	6%	11%
Operating Margin Percentage⁵	2%	6%

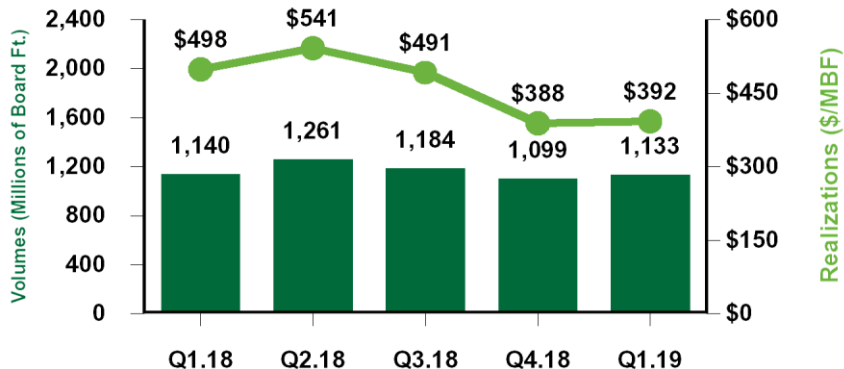
1. Adjusted EBITDA for Wood Products businesses include earnings on internal sales, primarily from the manufacturing businesses to Distribution. These sales occur at market price. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 19**.
2. In January 2019, we changed the way we report our Canadian Forestlands operations, which are primarily operated to supply Weyerhaeuser's Canadian Wood Products manufacturing facilities. As a result, we will now record the minimal associated third-party log sales in the Wood Products segment. These transactions do not contribute any earnings to the Wood Products segment. We have conformed prior period presentation with the current period.
3. Other (income) expense, net includes: R&D expenses and other operating costs (income), net.
4. Adjusted EBITDA divided by total sales.
5. Contribution to earnings divided by total sales.



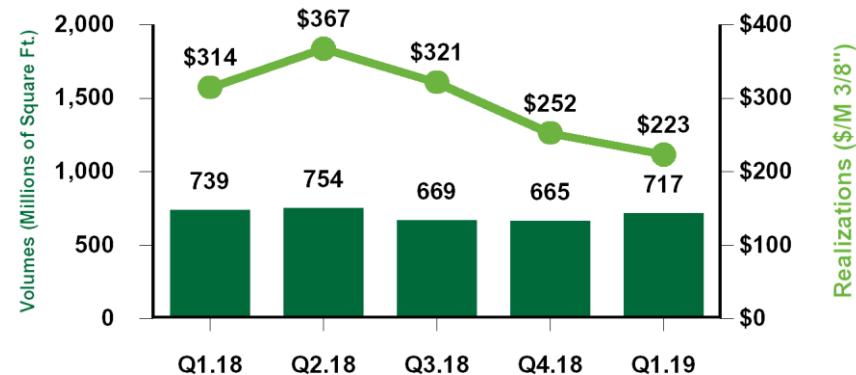
3RD-PARTY SALES VOLUMES AND REALIZATIONS¹

Chart 10

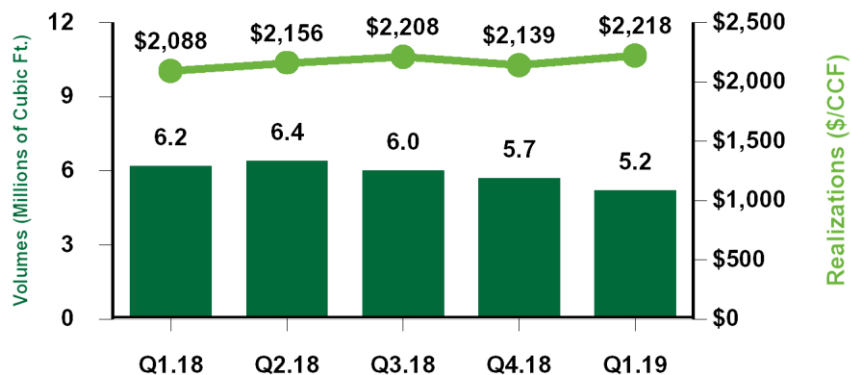
Lumber



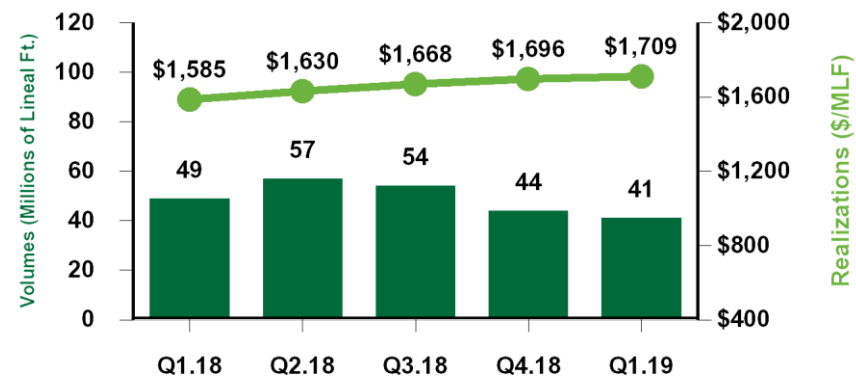
OSB



Engineered Wood - Solid Section



Engineered Wood - TJs



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

Chart 11

UNALLOCATED ITEMS (\$ Millions) ¹	2018	2019
	Q4	Q1
Unallocated corporate function expenses and variable compensation expense	\$ (28)	\$ (19)
Liability classified share-based compensation	8	(4)
Foreign exchange gains (losses)	5	(3)
Elimination of intersegment profit in inventory and LIFO	24	(5)
Non-operating pension and other postretirement benefit (costs) credits ²	(18)	(15)
Other, including interest income ³	2	(9)
Contribution to Earnings (Loss) Before Special Items	\$ (7)	\$ (55)
Special items, pretax	(187)	(475)
Contribution to Earnings (Loss)	\$ (194)	\$ (530)
Adjusted EBITDA⁴	\$ 2	\$ (49)

UNALLOCATED ITEMS (\$ Millions)	2018	2019
By Natural Expense	Q4	Q1
Costs of sales ⁵	\$ 27	\$ (11)
G&A expenses ⁶	(18)	(25)
Other expense, net	(16)	(19)
Contribution to Earnings (Loss) Before Special Items	\$ (7)	\$ (55)
Special items, pretax	(187)	(475)
Contribution to Earnings (Loss)	\$ (194)	\$ (530)

1. Unallocated items are gains or charges not related to or allocated to an individual operating segment.
2. These amounts exclude pension settlement charges, which are reported in Special items, pretax.
3. Fourth quarter 2018 excludes the gain on sale of a nonstrategic asset attributable to special items. This is included in Special items, pretax.
4. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 20**.
5. Costs of sales is composed primarily of elimination of intersegment profit in inventory and LIFO and incentive compensation.
6. G&A expense is comprised primarily of share-based compensation; pension service costs; corporate function expenses; and incentive compensation.



FINANCIAL ITEMS

Chart 12

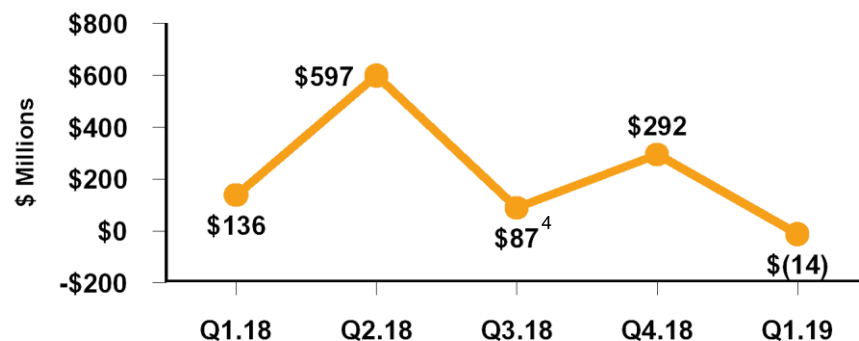
KEY FINANCIAL METRICS (\$ Millions)	2018		2019	
	Q4		Q1	
Ending Cash Balance	\$334		\$259	
Total Debt ¹	\$6,344		\$6,401	
Net Debt to Adjusted EBITDA (LTM) ²	3.0		3.3	
Net Debt to Enterprise Value ³	27%		24%	

1. Total debt includes \$425 million and \$245 million of borrowings on our line of credit in fourth quarter 2018 and first quarter 2019, respectively.
2. LTM = last twelve months. A reconciliation to GAAP is set forth on **Chart 21**.
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.

Scheduled Debt Maturities as of March 31, 2019

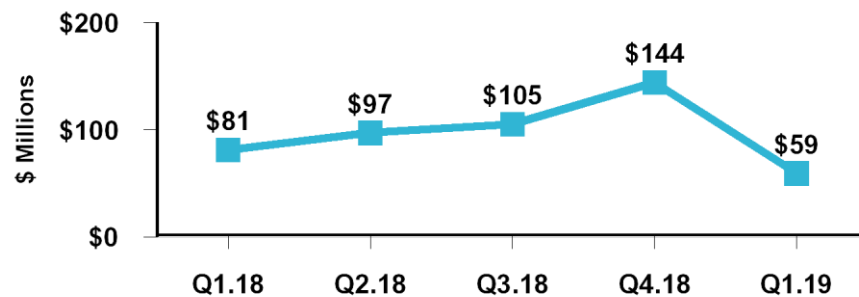
(\$ Millions)	2019	2020	2021	2022	2023
Debt Maturities	\$ —	\$ —	\$ 719	\$ —	\$ 1,876

Cash Flow from Operations



4. Excluding the \$300 million cash contribution to our U.S. qualified pension plan, our Q3 2018 cash flow from operations would have been \$387 million.

Capital Expenditures



2018: \$427 million

2019 YTD: \$59 million



OUTLOOK: 2019 Q2 vs. 2019 Q1

Chart 13

SEGMENT	COMMENTS
TIMBERLANDS	<ul style="list-style-type: none">• Modestly higher Western domestic log sales realizations, more than offset by lower export sales volumes due to the timing of vessel sailings• Comparable average log sales realizations in the South• Seasonally higher silviculture spending in the West and the South• Expect earnings and Adjusted EBITDA will be lower than 2019 Q1
REAL ESTATE, ENERGY & NATURAL RESOURCES	<ul style="list-style-type: none">• Anticipate 2019 Q2 earnings and Adjusted EBITDA will be lower than 2019 Q1, but approximately 30% higher than 2018 Q2 due to the timing of Real Estate transactions• Expect full year 2019 Adjusted EBITDA of approximately \$270 million
WOOD PRODUCTS	<ul style="list-style-type: none">• Seasonally higher sales volumes• Higher operating rates across all product lines• Anticipate earnings and Adjusted EBITDA will be higher than 2019 Q1



EARNINGS SUMMARY

Chart 14

\$ Millions	2018				2019
	Q1	Q2	Q3	Q4	Q1
Adjusted EBITDA by Segment					
Timberlands	\$ 268	\$ 240	\$ 206	\$ 188	\$ 193
Real Estate, Energy & Natural Resources	41	47	86	90	106
Wood Products	286	385	250	66	115
Unallocated Items	(51)	(35)	(37)	2	(49)
Total Adjusted EBITDA¹	\$ 544	\$ 637	\$ 505	\$ 346	\$ 365
DD&A, basis of real estate sold, non-operating pension and postretirement costs, and interest income and other ²	(144)	(143)	(172)	(176)	(176)
Total Contribution to Earnings Before Special Items	\$ 400	\$ 494	\$ 333	\$ 170	\$ 189
Interest expense, net ³	(93)	(92)	(93)	(97)	(95)
Income taxes ⁴	(32)	(70)	(26)	(3)	(14)
Net Earnings Before Special Items⁵	\$ 275	\$ 332	\$ 214	\$ 70	\$ 80
Special items, after-tax ⁴	(6)	(15)	41	(163)	(369)
Net Earnings (Loss)	\$ 269	\$ 317	\$ 255	\$ (93)	\$ (289)
Diluted EPS Before Special Items⁵	\$ 0.36	\$ 0.44	\$ 0.28	\$ 0.10	\$ 0.11
Diluted EPS	\$ 0.35	\$ 0.42	\$ 0.34	\$ (0.12)	\$ (0.39)

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

2. Fourth quarter 2018 excludes a pension settlement charge and a net gain on sale of a nonstrategic asset. First quarter 2019 also excludes a pension settlement charge. These are included in Special items, after-tax.

3. Interest expense is net of capitalized interest and includes approximately \$7 million of expense on special purpose entity (SPE) notes for each quarter presented in 2018, and \$4 million of expense on special purpose entity (SPE) notes for first quarter 2019. First quarter 2019 excludes a charge for early extinguishment of debt. This charge is 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 **Chart 15**.



EARNINGS PER SHARE RECONCILIATION

Chart 15

\$ Millions (except EPS)	2018				2019
	Q1	Q2	Q3	Q4	Q1
Diluted EPS Before Special Items	\$ 0.36	\$ 0.44	\$ 0.28	\$ 0.10	\$ 0.11
Special Items:					
Environmental remediation charge	(0.03)	—	—	—	—
Product remediation (charges) recoveries, net	0.02	(0.02)	—	—	—
Tax adjustments	—	—	0.06	(0.03)	—
Gain on sale of nonstrategic assets	—	—	—	0.01	—
Pension settlement charges ¹	—	—	—	(0.20)	(0.47)
Early extinguishment of debt charge	—	—	—	—	(0.01)
Legal charge	—	—	—	—	(0.02)
Diluted EPS (GAAP)	\$ 0.35	\$ 0.42	\$ 0.34	\$ (0.12)	\$ (0.39)

1. During fourth quarter 2018, we recorded a \$152 million after-tax (\$200 million pretax) noncash settlement charge related to our U.S. qualified pension plan lump sum offer. During first quarter 2019, we recorded a \$345 million after-tax (\$455 million pretax) noncash settlement charge related to the transfer of pension assets and liabilities through the purchase of a group annuity contract.



ADJUSTED EBITDA RECONCILIATION BY SEGMENT

Chart 16

\$ Millions	2018				2019
	Q1	Q2	Q3	Q4	Q1
Timberlands	\$ 268	\$ 240	\$ 206	\$ 188	\$ 193
Real Estate & ENR	41	47	86	90	106
Wood Products	286	385	250	66	115
Unallocated Items	(51)	(35)	(37)	2	(49)
Adjusted EBITDA¹	\$ 544	\$ 637	\$ 505	\$ 346	\$ 365
Depletion, depreciation & amortization	(120)	(119)	(122)	(125)	(123)
Basis of real estate sold	(12)	(22)	(46)	(44)	(48)
Special items in operating income	(8)	(20)	—	—	20
Operating Income (GAAP)	\$ 404	\$ 476	\$ 337	\$ 177	\$ 174
Non-operating pension and other postretirement benefit (costs) credits	(24)	(13)	(17)	(218)	(470)
Interest income and other	12	11	13	24	10
Net Contribution to Earnings (Loss)	\$ 392	\$ 474	\$ 333	\$ (17)	\$ (286)
Interest expense, net	(93)	(92)	(93)	(97)	(107)
Income taxes ²	(30)	(65)	15	21	104
Net Earnings (Loss) (GAAP)	\$ 269	\$ 317	\$ 255	\$ (93)	\$ (289)

- 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 **Chart 2**.



ADJUSTED EBITDA RECONCILIATION: TIMBERLANDS

Chart 17

\$ Millions	2018				2019
	Q1	Q2	Q3	Q4	Q1
West	\$ 165	\$ 152	\$ 121	\$ 94	\$ 97
South	98	84	80	89	90
North	6	3	4	6	7
Other	(1)	1	1	(1)	(1)
Total Timberlands Adjusted EBITDA¹	\$ 268	\$ 240	\$ 206	\$ 188	\$ 193
West	(29)	(29)	(27)	(30)	(29)
South	(45)	(45)	(46)	(46)	(40)
North	(4)	(3)	(4)	(4)	(4)
Other	(1)	(2)	(3)	(1)	—
Total depletion, depreciation, & amortization	\$ (79)	\$ (79)	\$ (80)	\$ (81)	\$ (73)
Operating Income and Net Contribution to Earnings (GAAP)	\$ 189	\$ 161	\$ 126	\$ 107	\$ 120

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

Chart 18

\$ Millions	2018				2019
	Q1	Q2	Q3	Q4	Q1
Real Estate	\$ 27	\$ 30	\$ 68	\$ 71	\$ 87
Energy & Natural Resources	14	17	18	19	19
Total Real Estate & ENR Adjusted EBITDA¹	\$ 41	\$ 47	\$ 86	\$ 90	\$ 106
Depletion, depreciation & amortization	(4)	(3)	(4)	(3)	(3)
Basis of real estate sold	(12)	(22)	(46)	(44)	(48)
Operating Income (GAAP)	\$ 25	\$ 22	\$ 36	\$ 43	\$ 55
Interest income and other	—	—	—	1	—
Net Contribution to Earnings (GAAP)	\$ 25	\$ 22	\$ 36	\$ 44	\$ 55

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

Chart 19

\$ Millions	2018				2019
	Q1	Q2	Q3	Q4	Q1
Lumber	\$ 140	\$ 195	\$ 118	\$ 6	\$ 47
OSB	92	129	77	31	19
EWP	45	58	48	26	47
Distribution	15	12	3	2	4
Other	(6)	(9)	4	1	(2)
Total Wood Products Adjusted EBITDA^{1, 2}	\$ 286	\$ 385	\$ 250	\$ 66	\$ 115
Lumber	(18)	(19)	(19)	(21)	(24)
OSB	(8)	(7)	(8)	(8)	(9)
EWP	(10)	(9)	(9)	(11)	(10)
Distribution	—	(1)	(1)	—	(1)
Other	—	—	—	—	(2)
Total depletion, depreciation & amortization	\$ (36)	\$ (36)	\$ (37)	\$ (40)	\$ (46)
Special items	20	(20)	—	—	—
Operating Income and Net Contribution to Earnings (GAAP)	\$ 270	\$ 329	\$ 213	\$ 26	\$ 69

- 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

Chart 20

\$ Millions	2018				2019
	Q1	Q2	Q3	Q4	Q1
Total Unallocated Adjusted EBITDA¹	\$ (51)	\$ (35)	\$ (37)	\$ 2	\$ (49)
Total depletion, depreciation, & amortization	(1)	(1)	(1)	(1)	(1)
Special items included in operating income (loss)	(28)	—	—	—	(20)
Operating Income (Loss) (GAAP)	\$ (80)	\$ (36)	\$ (38)	\$ 1	\$ (70)
Non-operating pension and other postretirement benefit costs	(24)	(13)	(17)	(218)	(470)
Interest income and other	12	11	13	23	10
Operating Income (Loss) and Net Contribution to Earnings (Loss) (GAAP)	\$ (92)	\$ (38)	\$ (42)	\$ (194)	\$ (530)

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

Chart 21

\$ Millions	2018		2019	
	Q4		Q1	
Net Debt to Adjusted EBITDA (LTM)^{1,2}	3.0		3.3	
Total debt ³	\$	6,344	\$	6,401
Less: cash and cash equivalents		334		259
Net Debt	\$	6,010	\$	6,142
Adjusted EBITDA (LTM)	\$	2,032	\$	1,853
Depletion, depreciation & amortization		(486)		(489)
Basis of real estate sold		(124)		(160)
Special items in operating income		(28)		(40)
Operating Income (LTM) (GAAP)	\$	1,394	\$	1,164
Non-operating pension and other postretirement benefit costs		(272)		(718)
Interest income and other		60		58
Net Contribution to Earnings (LTM)	\$	1,182	\$	504
Interest expense, net of capitalized interest		(375)		(389)
Income taxes ⁴		(59)		75
Net Earnings (LTM) (GAAP)	\$	748	\$	190

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 equivalents divided by the last twelve months of Adjusted EBITDA. See **Chart 16** for our definition of Adjusted EBITDA.
3. Total debt also includes \$425 million and \$245 million of borrowings on our line of credit in fourth quarter 2018 and first quarter 2019, respectively.
4. The income tax effects of special items can be found in a reconciliation set forth in **Chart 2**.

