
WEYERHAEUSER

2018 FACT BOOK
Performance Highlights



Working together to be the world's premier timber, land, and forest products company

WEYERHAEUSER 2018 FACT BOOK

This publication provides information for security analysts, investors and others researching the financial performance of our company. The information presented here is as of December 31, 2018, unless indicated otherwise, and is intended to be read in conjunction with our 2018 Annual Report and Form 10-K.

Plum Creek Timber Company, Inc. (Plum Creek) merged with and into Weyerhaeuser on February 19, 2016. The financial statements presented here include Plum Creek financial results from February 19, 2016 forward.

SELECTED FINANCIAL DATA

DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES			
	2018	2017	2016
Net sales	\$ 7,476	\$ 7,196	\$ 6,365
Adjusted EBITDA ⁽¹⁾	\$ 2,032	\$ 2,080	\$ 1,583
Earnings from continuing operations	\$ 748	\$ 582	\$ 415
Earnings from discontinued operations, net of tax ⁽²⁾	\$ —	\$ —	\$ 612
Net earnings attributable to Weyerhaeuser common shareholders ⁽³⁾	\$ 748	\$ 582	\$ 1,005
Diluted net earnings per share attributable to Weyerhaeuser common shareholders	\$ 0.99	\$ 0.77	\$ 1.39
Number of common shares outstanding at year-end (in thousands)	746,391	755,223	748,528
Cash flow from operations	\$ 1,112	\$ 1,201	\$ 735
Capital expenditures ⁽⁴⁾	\$ 427	\$ 419	\$ 510
Total assets	\$ 17,249	\$ 18,059	\$ 19,243
Total long-term debt, including current portion, and borrowings on line of credit ⁽⁵⁾	\$ 6,344	\$ 5,992	\$ 6,610
Dividends paid per share	\$ 1.32	\$ 1.25	\$ 1.24
Number of employees	9,300	9,300	10,400

Adjusted EBITDA by Segment

DOLLAR AMOUNTS IN MILLIONS			
	2018	2017	2016
Timberlands	\$ 902	\$ 936	\$ 865
Real Estate, Energy & Natural Resources	264	241	189
Wood Products	987	1,017	641
Unallocated Items	(121)	(114)	(112)
Total	\$ 2,032	\$ 2,080	\$ 1,583

Capital Spending by Segment

DOLLAR AMOUNTS IN MILLIONS			
	2018	2017	2016
Timberlands	\$ 117	\$ 115	\$ 116
Real Estate, Energy & Natural Resources	—	2	1
Wood Products	306	299	297
Unallocated Items	4	3	11
Discontinued operations	—	—	85
Total	\$ 427	\$ 419	\$ 510

(1) Adjusted EBITDA, as we define it, is operating income from continuing operations adjusted for depreciation, depletion, amortization, basis of real estate sold, unallocated pension service costs and special items. Adjusted EBITDA excludes results from joint ventures. A reconciliation of Adjusted EBITDA by segment to net earnings is on page 14.

(2) Discontinued operations consist of the Cellulose Fiber segment operations for 2016.

(3) Includes dividends paid on preference shares of \$22 million for 2016.

(4) Includes capital expenditures for Discontinued Operations for 2016.

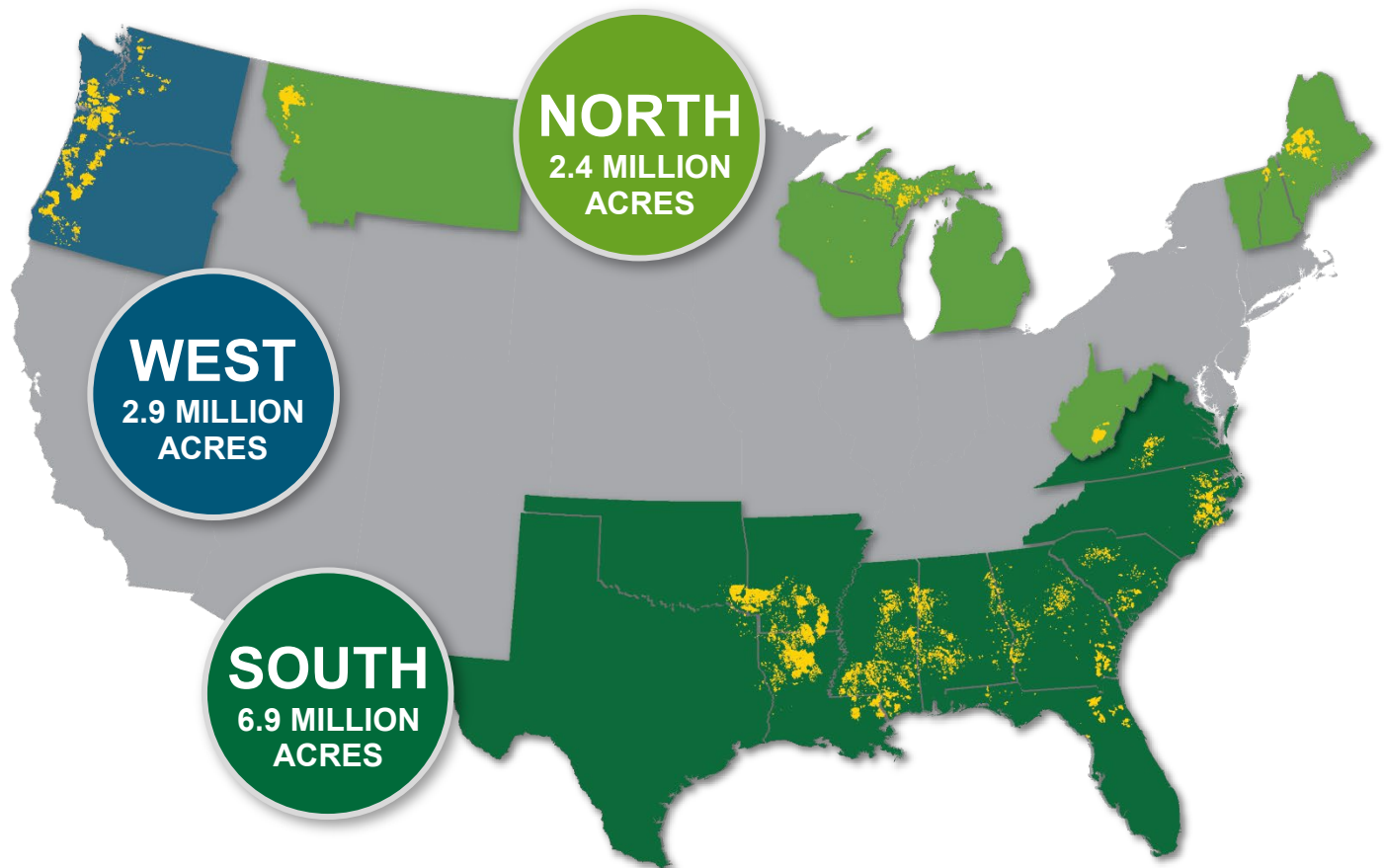
(5) Does not include nonrecourse debt held by our Variable Interest Entities (VIEs).

TIMBERLANDS

OUR TIMBERLANDS SEGMENT:

- plants seedlings to reforest harvested areas using the most effective regeneration method for the site and species (natural regeneration is employed and managed in parts of Canada and the northern U.S.);
- manages our timberlands as the trees grow to maturity;
- harvests trees to be converted into lumber, wood products, pellets, pulp and paper;
- manages the health of our forests to sustainably maximize harvest volumes, minimize risks and protect unique environmental, cultural, historical and recreational value; and
- offers recreational access.

TIMBERLANDS AS OF THE END OF 2018



We also have renewable, long-term licenses on 14.0 million acres of Canadian timberlands.

OUR TIMBERLANDS LOCATIONS

Summary of 2018 Timberland Ownership

THOUSANDS OF ACRES AT DECEMBER 31, 2018			
GEOGRAPHIC AREA	FEE OWNERSHIP	LONG-TERM CONTRACTS	TOTAL ACRES ⁽¹⁾
U.S.:			
West			
Oregon	1,596	—	1,596
Washington	1,314	—	1,314
Total West	2,910	—	2,910
South			
Alabama	388	228	616
Arkansas	1,211	18	1,229
Florida	226	85	311
Georgia	618	50	668
Louisiana	1,023	351	1,374
Mississippi	1,131	75	1,206
North Carolina	563	—	563
Oklahoma	494	—	494
South Carolina	278	—	278
Texas	29	2	31
Virginia	123	—	123
Total South	6,084	809	6,893
North			
Maine	838	—	838
Michigan	556	—	556
Montana	658	—	658
New Hampshire	24	—	24
Vermont	86	—	86
West Virginia	256	—	256
Wisconsin	4	—	4
Total North	2,422	—	2,422
Total Company	11,416	809	12,225

Canadian Licensed Timberlands

THOUSANDS OF ACRES AT DECEMBER 31, 2018	
GEOGRAPHIC AREA	TOTAL ACRES UNDER LICENSE ARRANGEMENTS
Province:	
Alberta	5,398
British Columbia	1,014
Ontario ⁽²⁾	2,574
Saskatchewan ⁽²⁾	4,987
Total Canada	13,973

(1) Acres include all conservation and non-harvestable areas.

(2) License is managed by partnership.

OUR TIMBERLANDS PRODUCTS

PRODUCTS	HOW THEY'RE USED
Delivered logs: <ul style="list-style-type: none"> Grade logs Fiber logs 	Grade logs are made into lumber, plywood, veneer and other products used in residential homes, commercial structures, furniture, industrial and decorative applications. Fiber logs are sold to pulp, paper, and oriented strand board mills to make products used for printing, writing, packaging, homebuilding and consumer products, as well as into renewable energy and pellets.
Timber	Standing timber is sold to third parties through stumpage sales.
Recreational leases	Timberlands are leased or permitted for recreational purposes.
Other products	Seed and seedlings grown in the U.S. and chips. We previously produced plywood at our mill in Uruguay. ⁽¹⁾

Net Sales and Net Contribution to Earnings for Timberlands

DOLLAR AMOUNTS IN MILLIONS					
	2018		2017		2016
Net sales to unaffiliated customers:					
Delivered logs ⁽²⁾ :					
West	\$	987	\$	915	\$ 865
South		625		616	566
North		99		95	91
Other		41		59	38
Total	\$	1,752	\$	1,685	\$ 1,560
Stumpage and pay-as-cut timber		59		73	85
Recreational and other lease revenue		59		59	44
Other products ⁽³⁾		45		125	116
Subtotal sales to unaffiliated customers		1,915		1,942	1,805
Intersegment sales:					
United States		537		520	590
Canada		265		242	250
Total net sales	\$	2,717	\$	2,704	\$ 2,645
Costs of sales		2,052		2,043	2,054
Gross margin	\$	665	\$	661	\$ 591
Selling expenses		2		4	5
General and administrative expenses		96		90	104
Research and development expenses		6		12	17
Charges for integration and restructuring, closures and asset impairments		—		147	—
Other operating income, net		(22)		(124)	(34)
Operating income and Net contribution to earnings	\$	583	\$	532	\$ 499
Adjusted EBITDA⁽⁴⁾	\$	902	\$	936	\$ 865

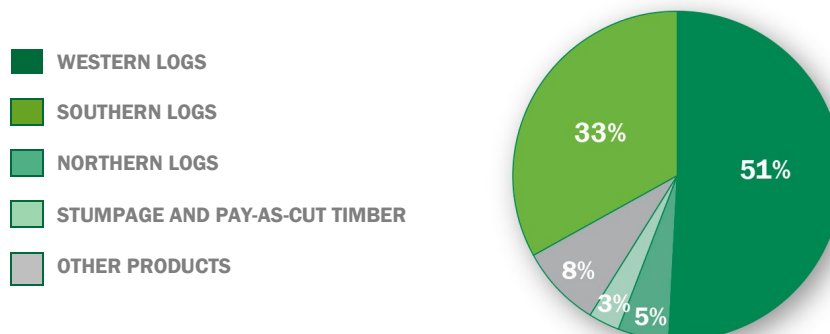
(1) Our Uruguayan operations were divested on September 1, 2017.

(2) The West region includes Washington and Oregon. The South region includes Virginia, North Carolina, South Carolina, Florida, Georgia, Alabama, Mississippi, Louisiana, Arkansas, Texas and Oklahoma. The North region includes West Virginia, Maine, New Hampshire, Vermont, Michigan, Wisconsin and Montana. Other includes our Canadian operations and former Twin Creeks Venture (terminated in December 2017).

(3) Other Timberlands sales include sales of seeds and seedlings, chips, as well as sales from our former Uruguayan operations which were divested on September 1, 2017. Sales from our former Uruguayan operations included plywood and hardwood lumber.

(4) Reconciliation of Adjusted EBITDA by segment to net earnings is on page 14.

Percentage of 2018 Sales Dollars to Unaffiliated Customers



TIMBERLANDS HARVEST VOLUMES AND PUBLISHED PRICES

Our fee harvest volumes are managed sustainably across all regions to ensure the preservation of long-term economic value of the timber and to capture maximum value from the markets. This is accomplished by ensuring annual harvest schedules target financially mature timber and reforestation activities align with the growing of timber through its life cycle to financial maturity.

Timberlands Fee Harvest Volumes

FEE HARVEST VOLUMES IN THOUSANDS ⁽⁴⁾			
	2018	2017	2016
Fee harvest volume – tons:			
West	9,571	10,083	11,083
South	26,708	27,149	26,343
North	2,129	2,205	2,044
Uruguay ⁽²⁾	—	822	1,119
Other ⁽³⁾	—	1,384	701
Total	38,408	41,643	41,290

Timberlands Fee Harvest Volumes Percentage of Grade & Fiber

PERCENTAGE OF GRADE AND FIBER ⁽⁴⁾				
		2018	2017	2016
West	Grade	90%	89%	87%
	Fiber	10%	11%	13%
South	Grade	51%	52%	52%
	Fiber	49%	48%	48%
North	Grade	46%	49%	47%
	Fiber	54%	51%	53%
Uruguay ⁽²⁾	Grade	—%	69%	66%
	Fiber	—%	31%	34%
Other ⁽³⁾	Grade	—%	47%	45%
	Fiber	—%	53%	55%
Total	Grade	62%	63%	64%
	Fiber	38%	37%	36%

Summary of Published Delivered Log Prices (Mill Basis)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2018				
SELECTED PRODUCT PRICES (\$/MBF)		2018	2017	2016
Domestic logs — #2 Sawlog bark on⁽⁴⁾:				
Douglas fir	\$	824	\$ 716	\$ 650
Southern pine large	\$	318	\$ 320	\$ 328
Export logs — #2 Sawlog bark on⁽⁵⁾:				
Coastal - Douglas fir - Longview	\$	1,001	\$ 888	\$ 840
Coastal - Hemlock	\$	670	\$ 562	\$ 479

(1) In February 2016, we merged with Plum Creek Timber Company, Inc.

(2) Our Uruguayan operations were divested on September 1, 2017.

(3) Other includes volumes managed for the Twin Creeks Venture. Our management agreement for the Twin Creeks Venture began in April 2016 and terminated in December 2017.

(4) Source: Loglines, Timber-Mart South

(5) Source: Weyerhaeuser, Loglines



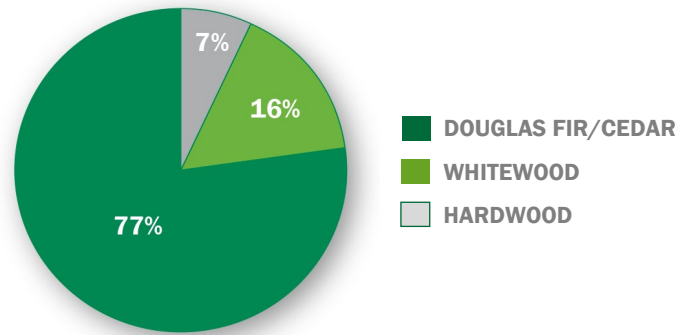
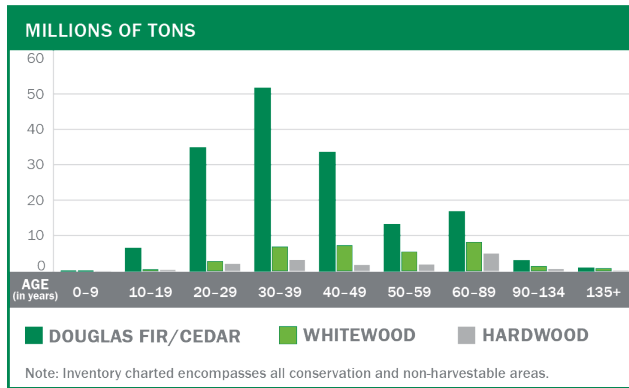
STANDING GROSS TIMBER INVENTORY INFORMATION

United States

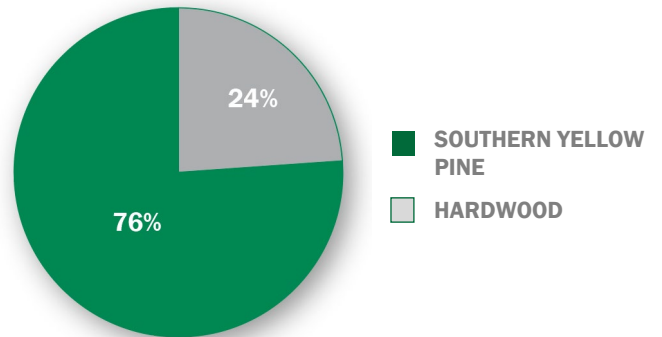
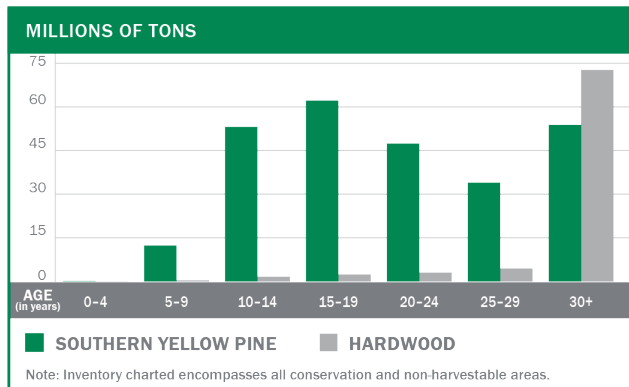
TOTAL INVENTORY AT DECEMBER 31, 2018 ⁽¹⁾		
GEOGRAPHIC AREA		MILLIONS OF TONS
West	Douglas fir/Cedar	160
	Whitewood	33
	Hardwood	14
South	Southern yellow pine	263
	Hardwood	84
North	Conifer	32
	Hardwood	40
Total U.S.		626

(1) Inventory encompasses all conservation and non-harvestable areas.

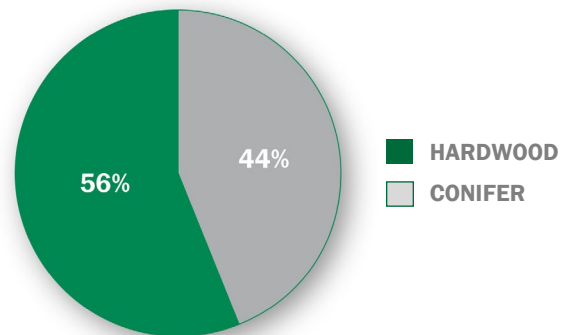
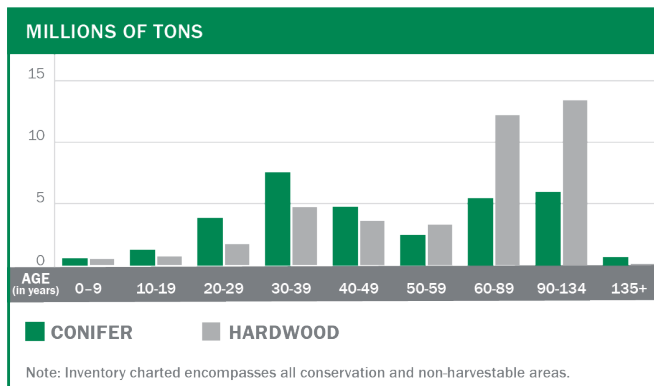
2018 Western U.S. Inventory: By Age and Species



2018 Southern U.S. Inventory: By Age and Species



2018 Northern U.S. Inventory: By Age and Species

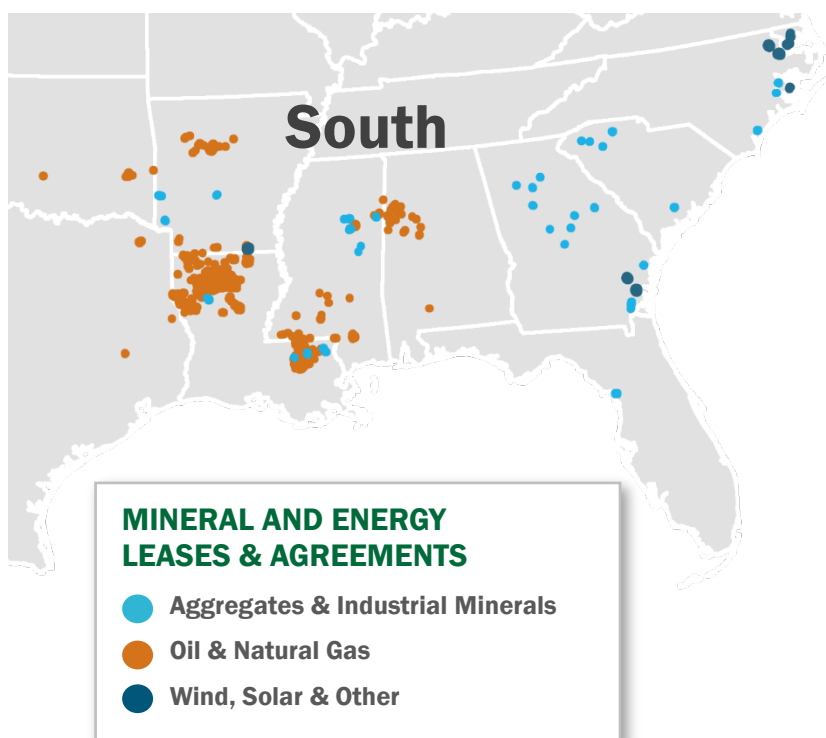
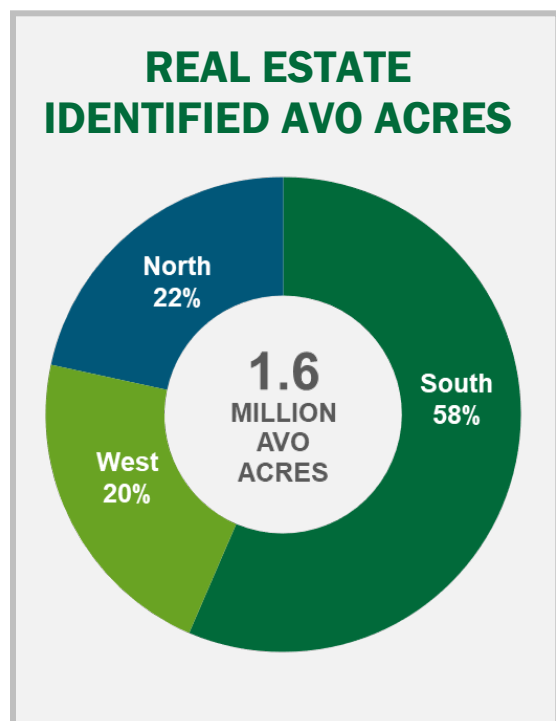
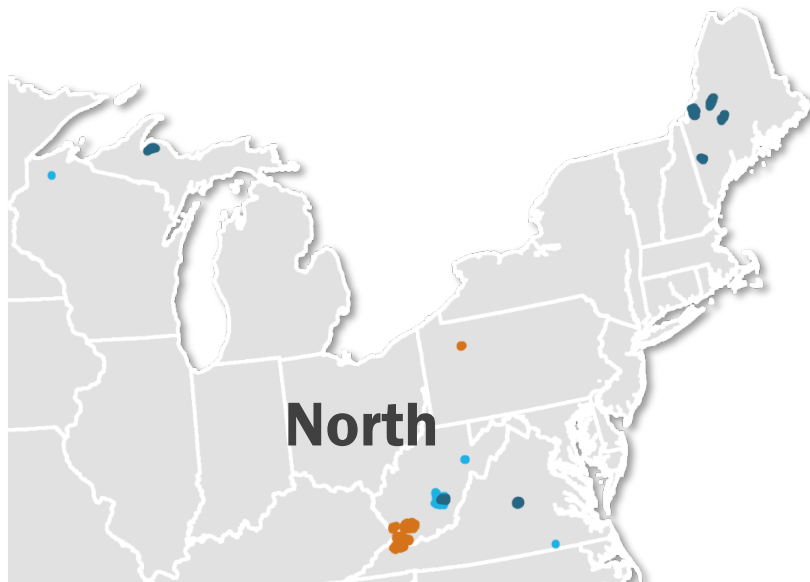
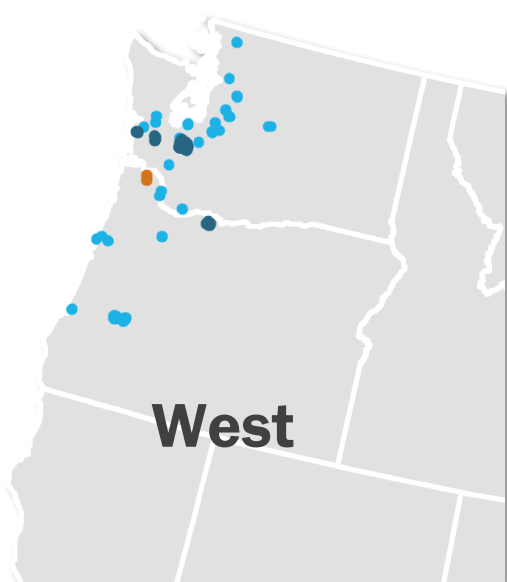


REAL ESTATE, ENERGY & NATURAL RESOURCES

OUR REAL ESTATE, ENERGY & NATURAL RESOURCES SEGMENT:

- maximizes the value of our timberland ownership through application of our asset value optimization (AVO) process; and
- captures the full value of surface and subsurface assets such as oil, natural gas, minerals, wind and solar resources.

REAL ESTATE, ENERGY & NATURAL RESOURCES AS OF THE END OF 2018



SOURCES OF REVENUE

SOURCES	ACTIVITIES
Real Estate	Select timberland tracts are sold for recreational, conservation, commercial or residential purposes.
Energy and Natural Resources	<ul style="list-style-type: none"> ▪ Rights are sold to explore and extract construction aggregates (rock, sand and gravel), coal, industrial materials and oil and natural gas for sale into energy markets. ▪ Ground leases and easements are granted to wind and solar developers to generate renewable electricity from our timberlands. ▪ Rights are granted to access and utilize timberland acreage for communications, pipeline, powerline and transportation rights of way.

Net Sales and Net Contribution to Earnings for Real Estate, Energy & Natural Resources

DOLLAR AMOUNTS IN MILLIONS				
	2018	2017	2016	
Net sales to unaffiliated buyers:				
Real estate	\$ 229	\$ 208	\$	172
Energy and natural resources	77	72		54
Subtotal sales to unaffiliated buyers	306	280		226
Intersegment sales	1	1		1
Total net sales	\$ 307	\$ 281	\$	227
Costs of sales	155	110		134
Gross margin	152	171		93
General and administrative expenses	26	26		26
Charges for integration, restructuring, closures and asset impairments	—	—		15
Other operating income, net	—	—		(1)
Operating income	\$ 126	\$ 145	\$	53
Interest income and other	1	1		2
Net contribution to earnings	\$ 127	\$ 146	\$	55
Adjusted EBITDA⁽¹⁾	\$ 264	\$ 241	\$	189

Real Estate Statistics

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2018				
	2018	2017	2016	
Acres sold	131,575	97,235		82,687
Average price per acre	\$ 1,701	\$ 2,079	\$	2,072

(1) Reconciliation of Adjusted EBITDA by segment to net earnings is on page 14.



AGGREGATES & INDUSTRIAL MINERALS



OIL & NATURAL GAS



WIND & OTHER

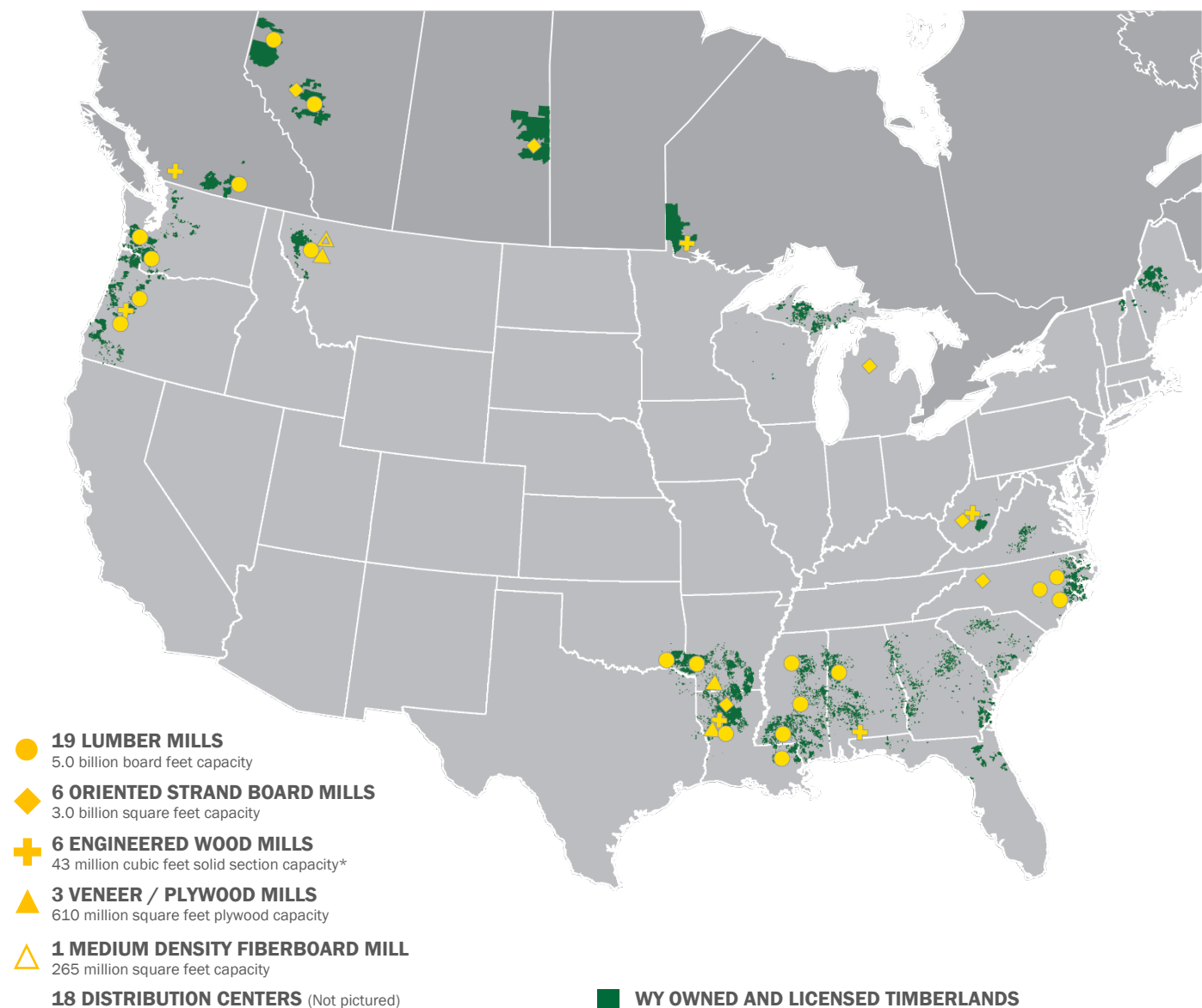
WOOD PRODUCTS

OUR WOOD PRODUCTS SEGMENT:

- provides high-quality structural lumber, oriented strand board (OSB), engineered wood products and other specialty products to the residential, multi-family, industrial, light commercial, and repair and remodel markets;
- distributes our products as well as complementary building products that we purchase from other manufacturers; and
- exports our structural lumber and engineered wood products, primarily to Asia.

OUR WOOD PRODUCTS OPERATIONS

We operate manufacturing facilities in the United States and Canada. We distribute through a combination of Weyerhaeuser distribution centers and third-party distributors. Information about the locations, capacities and production of our manufacturing facilities is included below.



*This represents total press capacity. Three facilities also produce I-joists to meet market demand. In 2018, approximately 25 percent of the total press production was converted into 191 million lineal feet of I-joist.

WOOD PRODUCTS MILL LOCATION AND CAPACITIES

Structural Lumber

Total capacity	5.0 billion board feet
Total facilities	19

Western United States

BOARD FEET IN MILLIONS	
Cottage Grove, OR	425
Kalispell, MT	95
Longview, WA	450
Raymond, WA	215
Santiam, OR	410

Total capacity: 1.6 billion board feet
Total facilities: 5

Southern United States

BOARD FEET IN MILLIONS	
Bruce, MS	250
Dierks, AR	330
Dodson, LA	230
Greenville, NC	260
Holden, LA	160
Idabel, OK	235
McComb, MS	300
Millport, AL	140
New Bern, NC	100
Philadelphia, MS	250
Plymouth, NC	250

Total capacity: 2.5 billion board feet
Total facilities: 11

Canada

BOARD FEET IN MILLIONS	
Drayton Valley, AB	280
Grande Prairie, AB	335
Princeton, BC	310

Total capacity: 0.9 billion board feet
Total facilities: 3

Engineered Wood Products

CUBIC FEET IN MILLIONS	
Buckhannon, WV ⁽²⁾	7
Eugene, OR ⁽¹⁾	7
Evergreen, AL ⁽¹⁾	6
Kenora, ON ⁽²⁾	11
Natchitoches, LA ⁽¹⁾	8
Vancouver, BC ⁽²⁾	4

Total capacity: 43 million cubic feet (if press capacity is utilized for solid section)
Total facilities: 6

(1) Eugene, OR; Evergreen, AL; and Natchitoches, LA, produce solid section and engineered I-joists to meet market demand. 2018 production of I-joists was 191 million lineal feet.

(2) Buckhannon, WV, Kenora, ON, and Vancouver, BC, only produce solid section.

Panels

Oriented Strand Board (OSB)

SQARE FEET (3/8") IN MILLIONS	
Arcadia, LA	425
Edson, AB	445
Elkin, NC	430
Grayling, MI	540
Hudson Bay, SK	555
Sutton, WV	640

Total capacity: 3.0 billion square feet
Total facilities: 6

Medium Density Fiberboard (MDF)

SQARE FEET (3/4") IN MILLIONS	
Columbia Falls, MT	265

Total capacity: 265 million square feet
Total facilities: 1

Plywood

SQARE FEET (3/8") IN MILLIONS	
Emerson, AR	210
Kalispell, MT	150
Zwolle, LA	250

Total capacity: 610 million square feet
Total facilities: 3

Wood Products Production

MILLIONS	2018	2017	2016
Structural lumber – board feet	4,541	4,509	4,516
Oriented strand board – square feet (3/8")	2,837	2,995	2,910
Engineered solid section – cubic feet ⁽¹⁾	24.3	25.1	22.8
Engineered I-joists – lineal feet ⁽¹⁾	191	213	184
Softwood plywood – square feet (3/8") ⁽²⁾	404	370	396
Medium density fiberboard – square feet (3/4")	220	232	209

(1) Weyerhaeuser engineered solid section facilities may also produce engineered I-joist.

(2) All Weyerhaeuser plywood facilities also produce veneer.

OUR WOOD PRODUCTS

PRODUCTS	HOW THEY'RE USED
Structural lumber	Structural framing for new residential, repair and remodel, treated applications, industrial and commercial structures.
Engineered wood products	Structural elements for residential, multi-family and commercial structures such as floor and roof joists, headers, beams, subflooring and sheathing.
Solid section	<p><u>Laminated Veneer Lumber — Microllam®</u> Beams and headers, I-joist flanges, concrete forming, scaffold planks, signposts and light poles, custom applications and factory-built structures.</p> <p><u>Parallel Strand Lumber — Parallam®</u> Columns and posts, exposed applications, headers and beams, railroad ties and timbers, concrete forming, wood bridges, custom applications.</p> <p><u>Laminated Strand Lumber — TimberStrand®</u> Beams and columns, factory-built structures (window, door and garage door headers), rim board, wall studs and plates, furniture and millwork, concrete forming, truss chords, custom applications.</p>
I-joists	Engineered for dimensional stability, they are lightweight, come in long lengths, and are used for framing purposes.
Structural panels	Structural sheathing, subflooring and stair tread for residential, multi-family and commercial structures.
Oriented strand board (OSB)	OSB uses wood strands that are oriented in a cross pattern and bonded together with adhesives under heat and pressure. Used in structural wall and roof sheathing, subflooring, stair treads, webstock and a variety of industrial applications.
Softwood plywood	Plywood is manufactured from thin sheets of cross-laminated veneer bonded together with adhesives using heat and pressure. Used in building and construction panels, as well as appearance panels.
Medium density fiberboard (MDF)	MDF is manufactured from wood fiber that is bonded together with adhesives using heat and pressure. Used in furniture and cabinet components, architectural moldings, doors, store fixtures, core material for hardwood plywood, face material for softwood plywood, commercial wall paneling and substrate for laminate flooring.
Other products	Wood chips and other byproducts.
Complementary building products	Complementary building products such as cedar, decking, siding, insulation and rebar sold in our distribution facilities.



LUMBER



ORIENTED STRAND BOARD



ENGINEERED WOOD



DISTRIBUTION

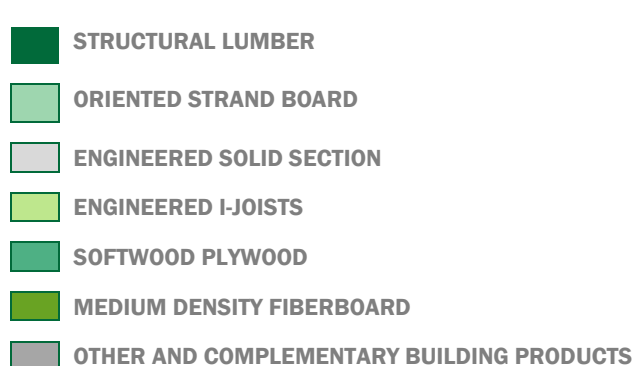
WOOD PRODUCTS SALES AND PUBLISHED PRICES

Net Sales and Net Contribution to Earnings for Wood Products

DOLLAR AMOUNTS IN MILLIONS					
	2018		2017		2016
Net sales:					
Structural lumber	\$	2,258	\$	2,058	\$ 1,839
Oriented strand board		891		904	707
Engineered solid section		521		500	450
Engineered I-joists		336		336	290
Softwood plywood		200		176	174
Medium density fiberboard		177		183	158
Other products produced		288		276	201
Complementary building products		584		541	515
Subtotal sales to unaffiliated customers	\$	5,255	\$	4,974	\$ 4,334
Intersegment sales		—		—	68
Total net sales	\$	5,255	\$	4,974	\$ 4,402
Cost of sales		4,186		3,880	3,688
Gross margin	\$	1,069	\$	1,094	\$ 714
Selling expenses		81		80	84
General and administrative expenses		130		126	109
Research and development expenses		2		2	2
Charges for integration, restructuring, closures and asset impairments		2		13	7
Charges for product remediation		—		290	—
Other operating income, net		16		14	—
Operating income and Net contribution to earnings	\$	838	\$	569	\$ 512
Adjusted EBITDA⁽¹⁾	\$	987	\$	1,017	\$ 641

(1) Reconciliation of Adjusted EBITDA by segment to net earnings is on page 14.

Percentage of 2018 Net Sales Dollars in Wood Products



Published Lumber Prices

\$/MBF	2018		2017		2016
2x4 Douglas fir (kiln dried)	\$	533	\$	469	\$ 377
2x4 Douglas fir (green)	\$	472	\$	427	\$ 338
2x4 Southern yellow pine (kiln dried)	\$	501	\$	432	\$ 408
2x4 Spruce-pine-fir (mill)	\$	480	\$	401	\$ 305

Source: Random Lengths

Published Oriented Strand Board Prices

\$/MSF	2018		2017		2016
OSB (7/16") North Central	\$	350	\$	354	\$ 269

Source: Random Lengths

Adjusted EBITDA Reconciliation by Segment

The table below reconciles Adjusted EBITDA by segment to net earnings during the year ended 2018:

DOLLAR AMOUNTS IN MILLIONS					
	TIMBERLANDS	REAL ESTATE & ENR	WOOD PRODUCTS	UNALLOCATED ITEMS	TOTAL
Net earnings					\$ 748
Interest expense, net of capitalized interest					375
Income taxes ⁽¹⁾					59
Net contribution to earnings	\$ 583	\$ 127	\$ 838	\$ (366)	\$ 1,182
Non-operating pension and postretirement costs (credits) ⁽²⁾	—	—	—	272	272
Interest income and other ⁽³⁾	—	(1)	—	(59)	(60)
Operating income	\$ 583	\$ 126	\$ 838	\$ (153)	\$ 1,394
Depreciation, depletion and amortization	319	14	149	4	486
Basis of real estate sold	—	124	—	—	124
Special items ⁽⁴⁾	—	—	—	28	28
Adjusted EBITDA	\$ 902	\$ 264	\$ 987	\$ (121)	\$ 2,032

(1) Income taxes include special items consisting of a \$41 million tax benefit related to our pension contribution and a \$21 million tax adjustment charge.

(2) Non-operating pension and other postretirement costs (credits) include a pretax special item consisting of a \$200 million noncash settlement charge related to our U.S. qualified pension plan lump sum offer.

(3) Interest income and other includes a pretax special item consisting of a \$13 million gain on sale of a nonstrategic asset.

(4) Operating income for Unallocated Items includes a pretax special item consisting of a \$28 million environmental remediation expense.

The table below reconciles Adjusted EBITDA by segment to net earnings during the year ended 2017:

DOLLAR AMOUNTS IN MILLIONS					
	TIMBERLANDS	REAL ESTATE & ENR	WOOD PRODUCTS	UNALLOCATED ITEMS	TOTAL
Net earnings					\$ 582
Interest expense, net of capitalized interest					393
Income taxes					134
Net contribution to earnings	\$ 532	\$ 146	\$ 569	\$ (138)	\$ 1,109
Non-operating pension and postretirement costs (credits)	—	—	—	62	62
Interest income and other	—	(1)	—	(39)	(40)
Operating income	\$ 532	\$ 145	\$ 569	\$ (115)	\$ 1,131
Depreciation, depletion and amortization	356	15	145	5	521
Basis of real estate sold	—	81	—	—	81
Unallocated pension service costs	—	—	—	4	4
Special items ⁽¹⁾⁽²⁾⁽³⁾	48	—	303	(8)	343
Adjusted EBITDA	\$ 936	\$ 241	\$ 1,017	\$ (114)	\$ 2,080

(1) Operating income for Timberlands includes pretax special items consisting of a \$147 million noncash impairment charge of the Uruguay operations and a \$99 million gain on a sale of Southern timberlands.

(2) Operating income for Wood Products includes pretax special items consisting of \$290 million of product remediation charges, \$7 million for countervailing and antidumping duties on softwood lumber, and a \$6 million impairment on a nonstrategic asset.

(3) Operating income for Unallocated Items includes pretax special items consisting of \$42 million for environmental remediation insurance recoveries and \$34 million for Plum Creek merger-related costs.

The table below reconciles Adjusted EBITDA by segment to net earnings during the year ended 2016:

DOLLAR AMOUNTS IN MILLIONS					
	TIMBERLANDS	REAL ESTATE & ENR	WOOD PRODUCTS	UNALLOCATED ITEMS	TOTAL
Net earnings					\$ 1,027
Earnings from discontinued operations, net of taxes					(612)
Interest expense, net of capitalized interest					431
Income taxes					89
Net contribution to earnings	\$ 499	\$ 55	\$ 512	\$ (131)	\$ 935
Non-operating pension and postretirement benefit costs (credits)	—	—	—	(48)	(48)
Interest income and other	—	(2)	—	(63)	(65)
Operating income	\$ 499	\$ 53	\$ 512	\$ (242)	\$ 822
Depreciation, depletion and amortization	366	13	129	4	512
Basis of real estate sold	—	109	—	—	109
Unallocated pension service costs	—	—	—	5	5
Special items ⁽¹⁾⁽²⁾	—	14	—	121	135
Adjusted EBITDA	\$ 865	\$ 189	\$ 641	\$ (112)	\$ 1,583

(1) Operating income for Real Estate & ENR includes pretax special items related to noncash changes for legacy real estate projects.

(2) Operating income for Unallocated Items includes pretax special items consisting of \$146 million Plum Creek merger-related costs, a \$36 million gain on sale of nonstrategic assets and \$11 million of legal expense.

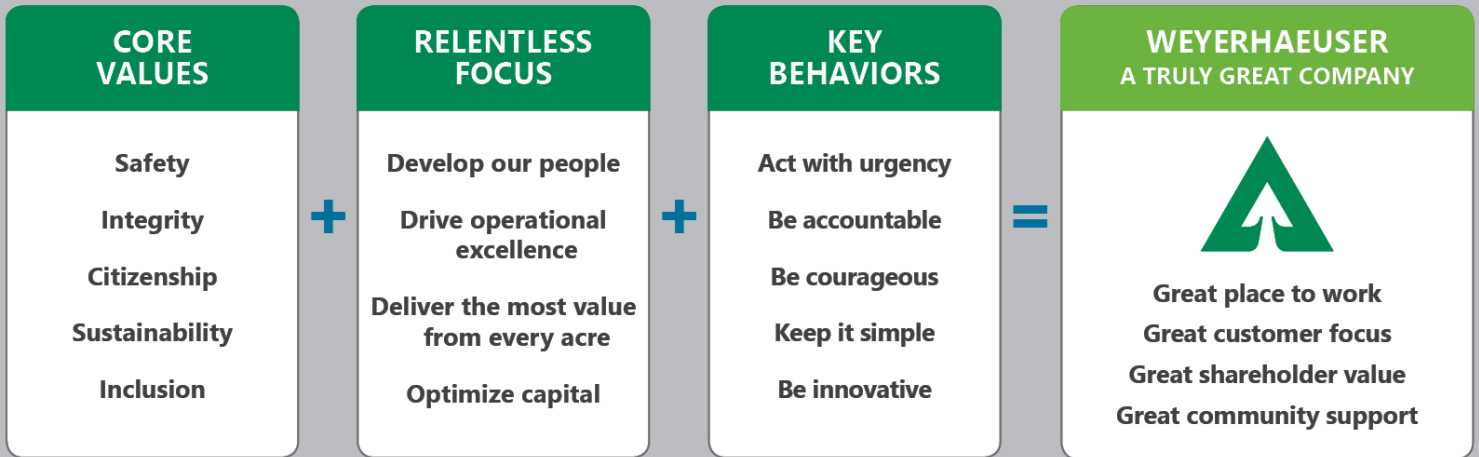
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Working together to be the world's premier timber, land, and forest products company



HOW WE WIN

WHAT IT LOOKS LIKE



WHY WE MATTER >

We manage the most sustainable, versatile resource on earth: forests. We're experts at using trees to make products people need, and we do it the right way so our forests will last forever.



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