

WEYERHAEUSER

2017 FACT BOOK

Performance Highlights



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

WEYERHAEUSER 2017 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, 2017, unless indicated otherwise, and is intended to be read in conjunction with our 2017 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			
	2017	2016	2015
Net sales	\$ 7,196	\$ 6,365	\$ 5,246
Adjusted EBITDA	\$ 2,080	\$ 1,583	\$ 1,025
Earnings from continuing operations	\$ 582	\$ 415	\$ 411
Earnings from discontinued operations, net of tax ⁽¹⁾	\$ —	\$ 612	\$ 95
Net earnings attributable to Weyerhaeuser common shareholders ⁽²⁾	\$ 582	\$ 1,005	\$ 462
Diluted net earnings per share attributable to Weyerhaeuser common shareholders	\$ 0.77	\$ 1.39	\$ 0.89
Number of common shares outstanding at year-end (in thousands)	755,223	748,528	510,483
Cash flow from operations	\$ 1,201	\$ 735	\$ 1,075
Capital expenditures ⁽³⁾	\$ 419	\$ 510	\$ 483
Total assets	\$ 18,059	\$ 19,243	\$ 12,720
Total long-term debt, including current portion	\$ 5,992	\$ 6,610	\$ 4,787
Dividends paid per share	\$ 1.25	\$ 1.24	\$ 1.20
Number of employees	9,300	10,400	12,600

(1) Discontinued operations consist of the Cellulose Fiber segment operations for 2016 and 2015.

(2) Includes dividends paid on preference shares of \$22 million and \$44 million for the years 2016 and 2015, respectively.

(3) Includes capital expenditures for Discontinued Operations.

Adjusted EBITDA by Segment

DOLLAR AMOUNTS IN MILLIONS			
	2017	2016	2015
Timberlands	\$ 936	\$ 865	\$ 678
Real Estate, Energy & Natural Resources	241	189	98
Wood Products	1,017	641	372
Unallocated Items	(114)	(112)	(123)
Total	\$ 2,080	\$ 1,583	\$ 1,025

We reconcile Adjusted EBITDA to net earnings for the consolidated company and to operating income for the business segments, as those are the most directly comparable U.S. GAAP measures for each.

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

Capital Spending by Segment

DOLLAR AMOUNTS IN MILLIONS			
	2017	2016	2015
Timberlands	\$ 115	\$ 116	\$ 75
Real Estate, Energy & Natural Resources	2	1	—
Wood Products	299	297	287
Unallocated Items	3	11	3
Discontinued operations ⁽¹⁾	—	85	118
Total	\$ 419	\$ 510	\$ 483

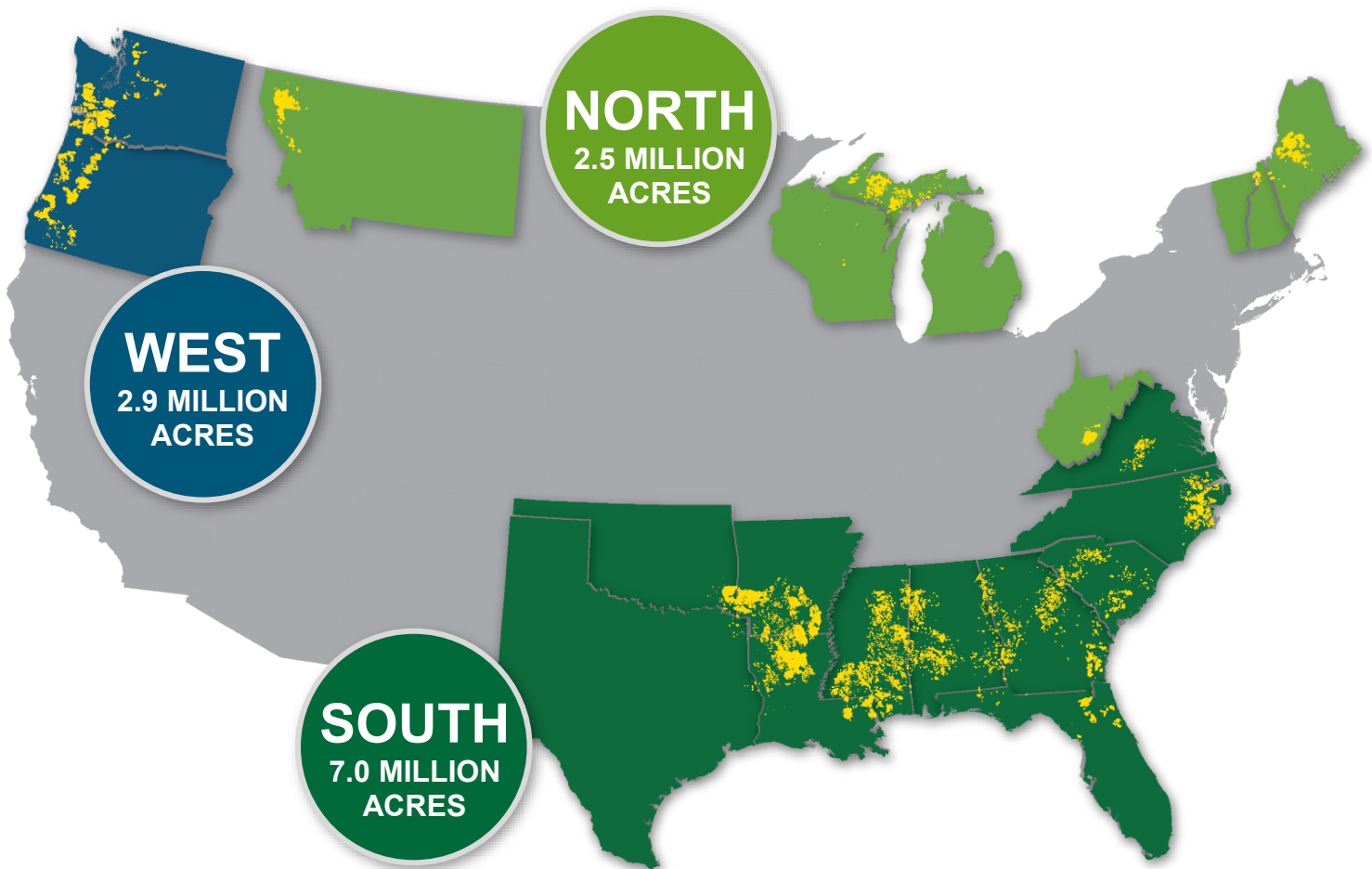
(1) Discontinued operations consist of the operations of our former Cellulose Fibers segment.

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 planted trees grow to maturity;
- harvests trees to be converted into lumber, wood products, pulp and paper, pellets;
- strives to sustain and maximize the timber supply from our timberlands while keeping the health of our environment a key priority; and
- offers recreational access to the public.

TIMBERLANDS AS OF THE END OF 2017



OUR TIMBERLANDS LOCATIONS

Summary of 2017 Timberland Ownership

THOUSANDS OF ACRES AT DECEMBER 31, 2017			
GEOGRAPHIC AREA	FEE OWNERSHIP	LONG-TERM LEASES	TOTAL ACRES ⁽¹⁾
U.S.:			
West			
Oregon	1,593	—	1,593
Washington	1,333	—	1,333
Total West	2,926	—	2,926
South			
Alabama	390	232	622
Arkansas	1,214	18	1,232
Florida	227	84	311
Georgia	623	55	678
Louisiana	1,027	351	1,378
Mississippi	1,154	76	1,230
North Carolina	564	1	565
Oklahoma	495	—	495
South Carolina	281	—	281
Texas	30	2	32
Virginia	124	—	124
Total South	6,129	819	6,948
North			
Maine	839	—	839
Michigan	558	—	558
Montana	713	—	713
New Hampshire	24	—	24
Vermont	86	—	86
West Virginia	258	—	258
Wisconsin	4	—	4
Total North	2,482	—	2,482
Total Company	11,537	819	12,356

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

Canadian Licensed Timberlands

THOUSANDS OF ACRES AT DECEMBER 31, 2017	
GEOGRAPHIC AREA	TOTAL ACRES UNDER LICENSE ARRANGEMENTS
Province:	
Alberta	5,398
British Columbia	1,012
Ontario ⁽²⁾	2,574
Saskatchewan ⁽²⁾	4,987
Total Canada	13,971

(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 pellet manufacturing.
Timber	Standing timber is sold to third parties.
Recreational leases	Timberlands are leased to the public for recreational purposes.
Other products	Seed and seedlings grown in the U.S., and plywood produced at our mill in Uruguay. ⁽¹⁾

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

Net Sales and Net Contribution to Earnings for Timberlands

DOLLAR AMOUNTS IN MILLIONS				
	2017	2016	2015	
Net sales to unaffiliated customers:				
Delivered logs ⁽¹⁾ :				
West	\$ 915	\$ 865	\$ 830	
South	616	566	241	
North	95	91	—	
Other	59	38	24	
Total	\$ 1,685	\$ 1,560	\$ 1,095	
Stumpage and pay-as-cut timber	73	85	37	
Uruguay operations ⁽²⁾	63	79	87	
Recreational and other lease revenue	59	44	25	
Other products ⁽³⁾	62	37	29	
Subtotal sales to unaffiliated customers	1,942	1,805	1,273	
Intersegment sales:				
United States	520	590	559	
Canada	242	250	271	
Total net sales	\$ 2,704	\$ 2,645	\$ 2,103	
Cost of products sold	2,043	2,054	1,566	
Gross margin	\$ 661	\$ 591	\$ 537	
Selling expenses	4	5	5	
General and administrative expenses	90	104	82	
Research and development expenses	12	17	16	
Charges for integration and restructuring, closures and asset impairments	147	—	—	
Other operating income, net	(124)	(34)	(36)	
Operating income and Net contribution to earnings	\$ 532	\$ 499	\$ 470	
Adjusted EBITDA⁽⁴⁾	\$ 936	\$ 865	\$ 678	

(1) The Western region includes Oregon and Washington. The Southern region includes Alabama, Arkansas, Georgia, Florida, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Texas and Virginia. The Northern region includes Maine, Michigan, Montana, New Hampshire, Vermont, West Virginia and Wisconsin. Other includes our Canadian operations and timberlands managed for the Twin Creeks Venture. Our management agreement for the Twin Creeks Venture began in April 2016 and terminated in December 2017.

(2) Sales from our Uruguay operations include plywood and hardwood lumber. Our Uruguayan operations were divested on September 1, 2017.

(3) Other products sales include sales of seeds and seedlings from our nursery operations and chips.

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

Percentage of 2017 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			
	2017	2016	2015
Fee harvest volume – tons:			
West	10,083	11,083	10,563
South	27,149	26,343	14,113
North	2,205	2,044	—
Uruguay ⁽¹⁾	822	1,119	980
Other ⁽²⁾	1,384	701	—
Total	41,643	41,290	25,656

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

(2) 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.

Note: We report Timberland volumes in ton equivalents. Prior to 2016, we reported Timberlands volumes information in cubic meters. Volumes for periods prior to 2016 have been converted from cubic meters to tons using conversion factors as follows:

- West: 1.056 m3 = 1 ton
- South: 0.818 m3 = 1 ton
- Uruguay: 0.907 m3 = 1 ton
- Canada: 1.244 m3 = 1 ton

Timberlands Fee Harvest Percentage of Grade & Fiber

PERCENTAGE OF GRADE AND FIBER				
		2017	2016	2015
West	Grade	89%	87%	87%
	Fiber	11%	13%	13%
South	Grade	52%	52%	59%
	Fiber	48%	48%	41%
North	Grade	49%	47%	—
	Fiber	51%	53%	—
Uruguay ⁽¹⁾	Grade	69%	66%	65%
	Fiber	31%	34%	35%
Other ⁽²⁾	Grade	47%	45%	—
	Fiber	53%	55%	—
Total		Grade	63%	64%
		Fiber	37%	27%

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

(2) 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.

Summary of Published Delivered Log Prices (Mill Basis)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2017				
SELECTED PRODUCT PRICES				
	2017	2016	2015	
Domestic logs — #2 Sawlog bark on \$/MBF⁽¹⁾:				
Douglas fir	\$ 716	\$ 650	\$ 650	
Southern pine large	\$ 320	\$ 328	\$ 335	
Export logs — #2 Sawlog bark on Coastal \$/MBF⁽²⁾:				
Douglas fir - Longview	\$ 888	\$ 840	\$ 833	
Hemlock	\$ 562	\$ 479	\$ 522	

(1) Source: Loglines/Timber-Mart South

(2) Source: Loglines, Weyerhaeuser



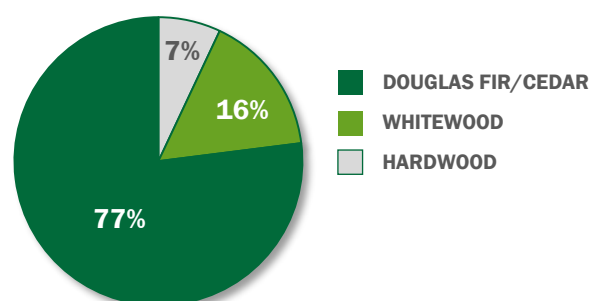
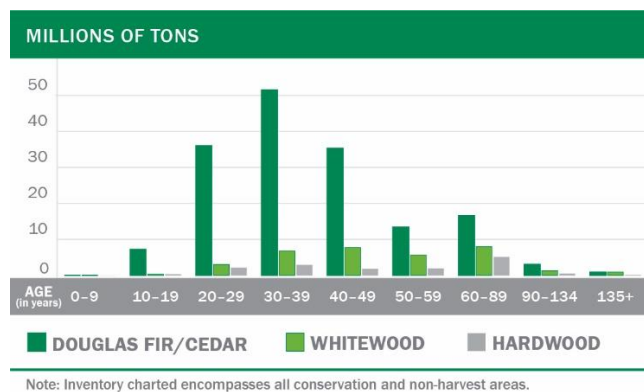
STANDING GROSS TIMBER INVENTORY INFORMATION

United States

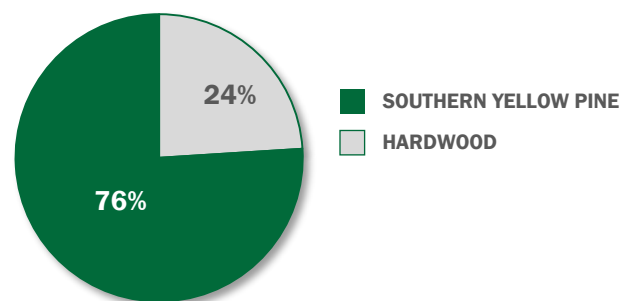
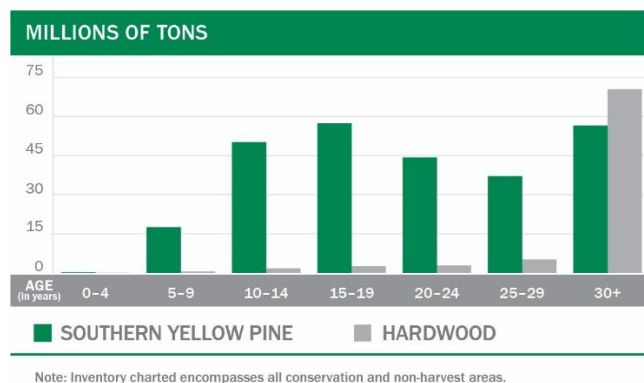
TOTAL INVENTORY AT DECEMBER 31, 2017 ⁽¹⁾		
GEOGRAPHIC AREA		MILLIONS OF TONS
West	Douglas fir/Cedar	164
	Whitewood	34
	Hardwood	15
South	Southern yellow pine	263
	Hardwood	83
North	Conifer	35
	Hardwood	41
Total U.S.		635

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

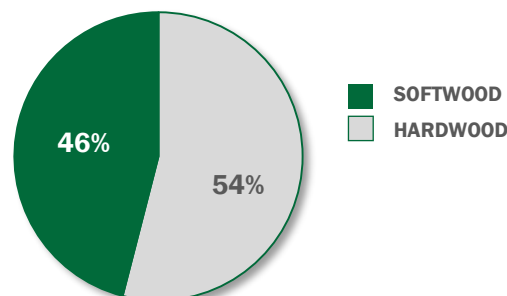
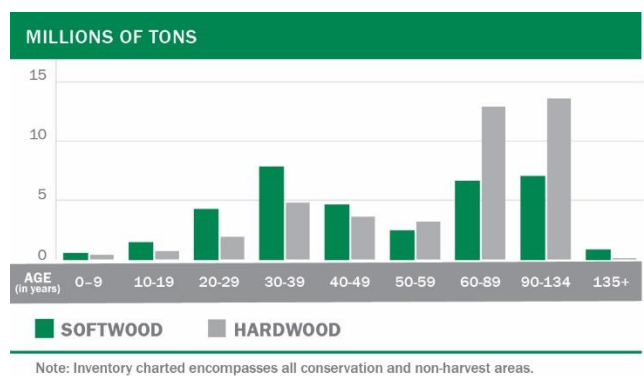
2017 Western U.S. Inventory: By Age and Species



2017 Southern U.S. Inventory: By Age and Species



2017 Northern U.S. Inventory: By Age and Species

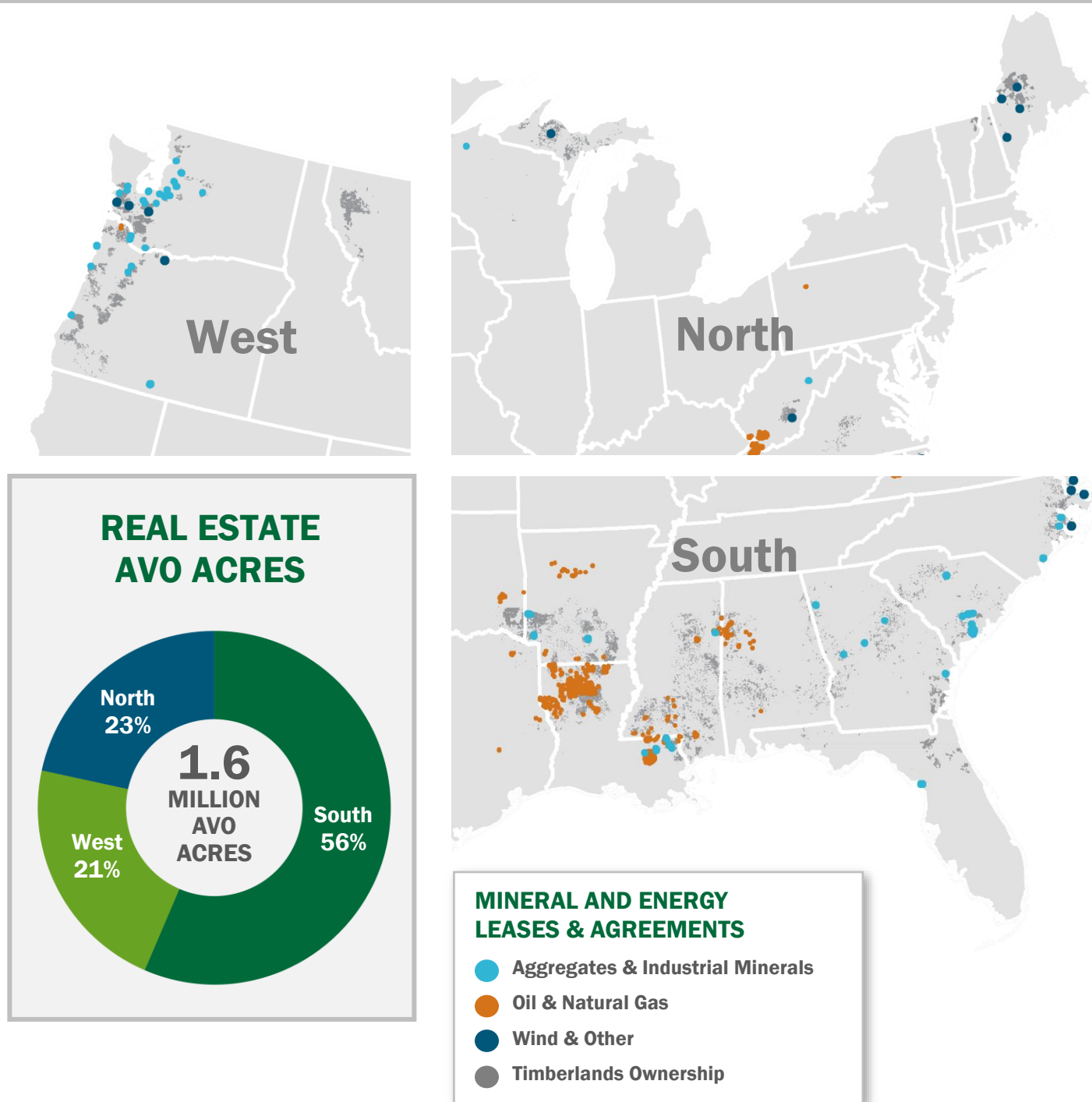


REAL ESTATE, ENERGY & NATURAL RESOURCES

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 and wind resources.

REAL ESTATE, ENERGY & NATURAL RESOURCES AS OF THE END OF 2017



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				
	2017		2016	
	2015			
Net sales to unaffiliated buyers:				
Real estate	\$	208	\$	172
Energy and natural resources		72		54
Subtotal sales to unaffiliated buyers		280		226
Intersegment sales		1		1
Total net sales	\$	281	\$	227
Cost of products sold		110		134
Gross margin		171		93
Selling expenses		—		—
General and administrative expenses		26		26
Charges for integration, restructuring, closures and asset impairments		—		15
Other operating income, net		—		(1)
Operating income	\$	145	\$	53
Equity earnings from joint ventures ⁽¹⁾		1		2
Net contribution to earnings	\$	146	\$	55
Adjusted EBITDA⁽²⁾	\$	241	\$	189

(1) Equity earnings from joint ventures attributed to the Real Estate, Energy & Natural Resources segment are generated from our investments in our real estate development ventures.

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

Real Estate Statistics

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2017				
	2017		2016	
	2015			
Acres sold		97,235		82,687
Average price per acre	\$	2,079	\$	2,072



**AGGREGATES &
INDUSTRIAL MINERALS**



**OIL &
NATURAL GAS**



WIND & OTHER

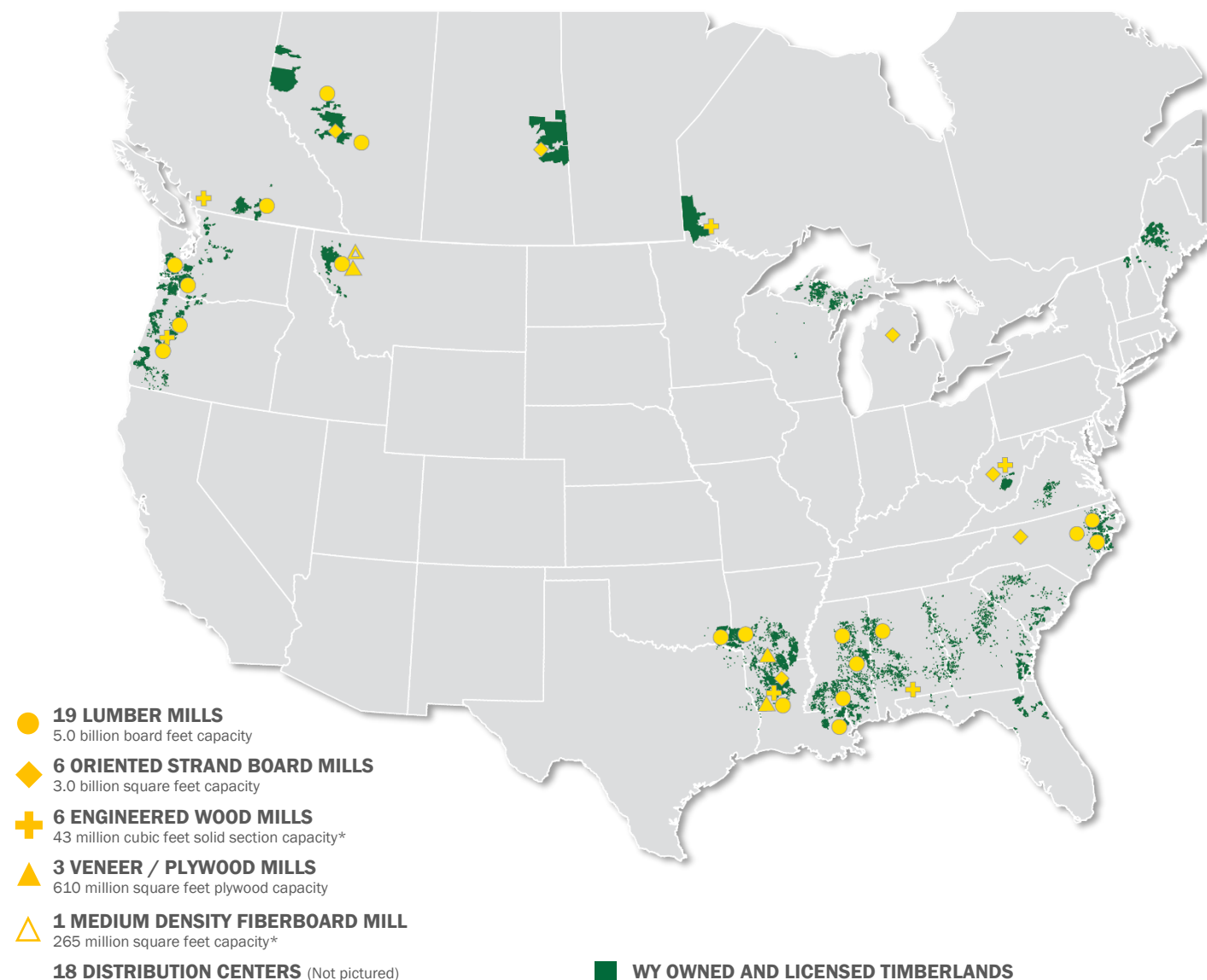
WOOD PRODUCTS

OUR WOOD PRODUCTS SEGMENT

- provides high-quality softwood lumber, engineered wood products, structural panels, medium density fiberboard (MDF) 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 softwood lumber, oriented strand board (OSB) 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.



*Production capacity for engineered wood mills represents total press capacity. Three facilities also produce I-joists to meet market demand. In 2017, approximately 26 percent of the total press production was converted into 213 million lineal feet of I-joist.

WOOD PRODUCTS MILL LOCATION AND CAPACITIES

Structural Lumber (SL)

Total capacity	5.0 billion board feet
Total facilities	19

Western United States (SL)

BOARD FEET IN MILLIONS	
Cottage Grove, OR	425
Kalispell, MT	90
Longview, WA	450
Raymond, WA	215
Santiam, OR	380
Total capacity: 1.6 billion board feet	
Total facilities: 5	

Southern United States (SL)

BOARD FEET IN MILLIONS	
Bruce, MS	250
Dierks, AR	330
Dodson, LA	230
Greenville, NC	260
Holden, LA	170
Idabel, OK	230
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 (SL)

BOARD FEET IN MILLIONS	
Drayton Valley, AB	275
Grande Prairie, AB	330
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. 2017 production of I-joists was 213 million lineal feet.	
(2) Buckhannon, WV, Kenora, ON, and Vancouver, BC, only produce solid section.	

Panels

Oriented Strand Board (OSB)

SQUARE 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)

SQUARE FEET (3/4") IN MILLIONS	
Columbia Falls, MT	265
Total capacity: 265 million square feet	
Total facilities: 1	

Plywood

SQUARE 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	2017	2016	2015
Structural lumber – board feet	4,509	4,516	4,252
Engineered solid section – cubic feet ⁽¹⁾	25.1	22.8	20.9
Engineered I-joists – lineal feet ⁽¹⁾	213	184	185
Oriented strand board – square feet (3/8")	2,995	2,910	2,847
Softwood plywood – square feet (3/8") ⁽²⁾	370	396	248
Medium density fiberboard – square feet (3/4")	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	Floor and roof joists, and headers and beams for residential, multi-family and commercial structures.
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

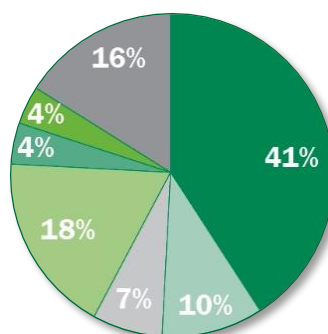
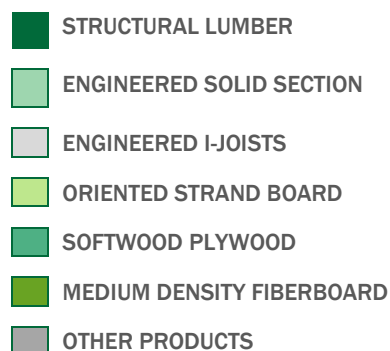
WOOD PRODUCTS SALES AND PUBLISHED PRICES

Net Sales and Net Contribution to Earnings for Wood Products

DOLLAR AMOUNTS IN MILLIONS						
	2017		2016		2015	
Net sales:						
Structural lumber	\$	2,058	\$	1,839	\$	1,741
Engineered solid section		500		450		428
Engineered I-joists		336		290		284
Oriented strand board		904		707		595
Softwood plywood		176		174		129
Medium density fiberboard		183		158		—
Other products produced		276		201		189
Complementary building products		541		515		506
Subtotal sales to unaffiliated customers	\$	4,974	\$	4,334	\$	3,872
Intersegment sales		—		68		82
Total net sales	\$	4,974	\$	4,402	\$	3,954
Cost of products sold		3,880		3,688		3,487
Gross margin	\$	1,094	\$	714	\$	467
Selling expenses		80		84		94
General and administrative expenses		126		109		102
Research and development expenses		2		2		2
Charges for integration, restructuring, closures and asset impairments		13		7		10
Charges for product remediation		290		—		—
Other operating income, net		14		—		1
Operating income and Net contribution to earnings	\$	569	\$	512	\$	258
Adjusted EBITDA⁽¹⁾	\$	1,017	\$	641	\$	372

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

Percentage of 2017 Sales Dollars to Unaffiliated Customers



Published Lumber Prices

\$/MBF	2017		2016	
	2015			
2x4 Douglas fir (kiln dried)	\$	469	\$	377
2x4 Douglas fir (green)	\$	427	\$	338
2x4 Southern yellow pine (kiln dried)	\$	432	\$	408
2x4 Spruce-pine-fir (mill)	\$	401	\$	305

Source: Random Lengths

Published Oriented Strand Board Prices

\$/MSF	2017		2016	
	2015			
OSB (7/16") North Central	\$	354	\$	269
			\$	208

Source: Random Lengths

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
Earnings from discontinued operations, net of taxes					—
Interest expense, net of capitalized interest					393
Income taxes					134
Net contribution to earnings	\$ 532	\$ 146	\$ 569	\$ (138)	\$ 1,109
Equity earnings from joint ventures	—	(1)	—	—	(1)
Non-operating pension and postretirement costs (credits)	—	—	—	62	62
Interest income and other	—	—	—	(39)	(39)
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) Pre-tax special items included in Timberlands consist of: a \$147 million noncash impairment charge of the Uruguayan operations and a \$99 million gain on the sale of land in our Southern timberlands region

(2) Pre-tax special items included in Wood Products consist of: \$290 million charge for product remediation, \$7 million for countervailing and antidumping duties on Canadian softwood lumber that the Company sold in the United States, and a \$6 million impairment charge on a nonstrategic asset.

(3) Pre-tax special items included in Unallocated Items consist 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
Equity earnings from joint ventures	—	(2)	—	(20)	(22)
Non-operating pension and postretirement benefit costs (credits)	—	—	—	(48)	(48)
Interest income and other	—	—	—	(43)	(43)
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) Pre-tax special items included in Real Estate & ENR relate to non-cash charges recorded for legacy real estate projects.

(2) Pre-tax special items included in Unallocated Items consist of: \$146 million Plum Creek merger-related costs, \$36 million gain on sale of non-strategic assets, and \$11 million of legal expense.

The table below reconciles Adjusted EBITDA by segment to net earnings during the year ended 2015:

DOLLAR AMOUNTS IN MILLIONS					
	TIMBERLANDS	REAL ESTATE & ENR	WOOD PRODUCTS	UNALLOCATED ITEMS	TOTAL
Net earnings					\$ 506
Earnings from discontinued operations, net of taxes					(95)
Interest expense, net of capitalized interest					341
Income taxes					(58)
Net contribution to earnings	\$ 470	\$ 79	\$ 258	\$ (113)	\$ 694
Equity earnings from joint ventures	—	—	—	—	—
Non-operating pension and postretirement benefit costs (credits)	—	—	—	(14)	(14)
Interest income and other	—	—	—	(36)	(36)
Operating income	\$ 470	\$ 79	\$ 258	\$ (163)	\$ 644
Depreciation, depletion and amortization	208	1	106	10	325
Basis of real estate sold	—	18	—	—	18
Unallocated pension service costs	—	—	—	3	3
Special items ⁽¹⁾⁽²⁾	—	—	8	27	35
Adjusted EBITDA	\$ 678	\$ 98	\$ 372	\$ (123)	\$ 1,025

(1) Pre-tax special items included in Wood Products are restructuring charges related to the closure of four distribution centers.

(2) Pre-tax special items included in Unallocated Items consist of a \$13 million non-cash impairment charge related to the sale of a non-strategic asset and \$14 million of Plum Creek merger-related costs.

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