



# 2019

## WEYERHAEUSER

**FACT BOOK**

*Performance Highlights*



# WEYERHAEUSER 2019 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, 2019, unless indicated otherwise, and is intended to be read in conjunction with our [2019 Annual Report and Form 10-K](#).

## SELECTED FINANCIAL DATA

DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES			
	2019	2018	2017
Net sales	\$ 6,554	\$ 7,476	\$ 7,196
Adjusted EBITDA <sup>(1)</sup>	\$ 1,276	\$ 2,032	\$ 2,080
Net earnings (loss)	\$ (76)	\$ 748	\$ 582
Basic and diluted earnings (loss) per share	\$ (0.10)	\$ 0.99	\$ 0.77
Number of common shares outstanding at year-end (in thousands)	745,300	746,391	755,223
Cash flow from operations	\$ 966	\$ 1,112	\$ 1,201
Capital expenditures	\$ 384	\$ 427	\$ 419
Total assets	\$ 16,406	\$ 17,249	\$ 18,059
Total long-term debt, including current portion, and borrowings on line of credit <sup>(2)</sup>	\$ 6,377	\$ 6,344	\$ 5,992
Dividends paid per share	\$ 1.36	\$ 1.32	\$ 1.25
Number of employees	9,400	9,300	9,300

### Adjusted EBITDA by Segment

DOLLAR AMOUNTS IN MILLIONS			
	2019	2018	2017
Timberlands	\$ 680	\$ 902	\$ 936
Real Estate, Energy & Natural Resources	274	264	241
Wood Products	476	987	1,017
Unallocated Items	(154)	(121)	(114)
<b>Total</b>	<b>\$ 1,276</b>	<b>\$ 2,032</b>	<b>\$ 2,080</b>

### Capital Spending by Segment

DOLLAR AMOUNTS IN MILLIONS			
	2019	2018	2017
Timberlands	\$ 112	\$ 117	\$ 115
Real Estate, Energy & Natural Resources	—	—	2
Wood Products	257	306	299
Unallocated Items	15	4	3
<b>Total</b>	<b>\$ 384</b>	<b>\$ 427</b>	<b>\$ 419</b>

(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) 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 2019<sup>(1)</sup>



(1) Approximate total acres. Northern acreage is pro forma for the sale of Montana timberlands which was announced in December 2019 and closed in first quarter 2020. We also have renewable, long-term licenses on 14.0 million acres of Canadian timberlands.

# OUR TIMBERLANDS LOCATIONS

## Summary of 2019 Timberland Ownership

GEOGRAPHIC AREA	THOUSANDS OF ACRES AT DECEMBER 31, 2019		
	FEE OWNERSHIP	LONG-TERM CONTRACTS	TOTAL ACRES <sup>(1)</sup>
U.S.:			
West			
Oregon	1,591	—	1,591
Washington	1,297	—	1,297
<b>Total West</b>	<b>2,888</b>	<b>—</b>	<b>2,888</b>
South			
Alabama	385	201	586
Arkansas	1,208	18	1,226
Florida	222	83	305
Georgia	601	50	651
Louisiana	1,017	351	1,368
Mississippi	1,128	52	1,180
North Carolina	561	—	561
Oklahoma	494	—	494
South Carolina	275	—	275
Texas	16	2	18
Virginia	123	—	123
<b>Total South</b>	<b>6,030</b>	<b>757</b>	<b>6,787</b>
North			
Maine	834	—	834
Montana <sup>(2)</sup>	631	—	631
New Hampshire	24	—	24
Vermont	86	—	86
West Virginia	255	—	255
Wisconsin	4	—	4
<b>Total North</b>	<b>1,834</b>	<b>—</b>	<b>1,834</b>
<b>Total Company</b>	<b>10,752</b>	<b>757</b>	<b>11,509</b>

## Canadian Licensed Timberlands

GEOGRAPHIC AREA	THOUSANDS OF ACRES AT DECEMBER 31, 2019	
	TOTAL ACRES	
Province:		
Alberta		5,399
British Columbia		1,014
Ontario <sup>(3)</sup>		2,574
Saskatchewan <sup>(3)</sup>		4,987
<b>Total Canada</b>		<b>13,974</b>

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

(2) In December 2019, we announced an agreement to sell our Montana timberlands. The sale closed in first quarter 2020.

(3) License is managed by partnership.

# OUR TIMBERLANDS PRODUCTS

PRODUCTS	HOW THEY'RE USED
<b>Delivered logs:</b> <ul style="list-style-type: none"> <li>Grade logs</li> <li>Fiber logs</li> </ul>	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.
<b>Timber</b>	Standing timber is sold to third parties through stumpage sales.
<b>Recreational leases</b>	Timberlands are leased or permitted for recreational purposes.
<b>Other products</b>	Seed and seedlings grown in the U.S. and chips. We previously produced plywood at our mill in Uruguay. <sup>(1)</sup>

## Net Sales and Net Contribution to Earnings for Timberlands

DOLLAR AMOUNTS IN MILLIONS			
	2019	2018	2017
Net sales to unaffiliated customers:			
Delivered logs <sup>(2)</sup> :			
West	\$ 740	\$ 987	\$ 915
South	640	625	616
North	92	99	95
Other	—	—	23
<b>Total</b>	<b>1,472</b>	<b>1,711</b>	<b>1,649</b>
Stumpage and pay-as-cut timber	42	59	73
Uruguay operations <sup>(1)</sup>	—	—	63
Recreational lease revenue	61	59	59
Other products <sup>(3)</sup>	43	44	59
<b>Subtotal net sales to unaffiliated customers</b>	<b>1,618</b>	<b>1,873</b>	<b>1,893</b>
Intersegment net sales <sup>(4)</sup>	503	537	522
<b>Total net sales</b>	<b>\$ 2,121</b>	<b>\$ 2,410</b>	<b>\$ 2,415</b>
Costs of sales	1,649	1,735	1,744
<b>Gross margin</b>	<b>472</b>	<b>675</b>	<b>671</b>
Selling expenses	1	2	4
General and administrative expenses	94	93	87
Charges for integration and restructuring, closures and asset impairments	80	—	147
Other operating income, net	(50)	(3)	(99)
<b>Operating income and Net contribution to earnings</b>	<b>347</b>	<b>\$ 583</b>	<b>\$ 532</b>
<b>Adjusted EBITDA<sup>(5)</sup></b>	<b>680</b>	<b>\$ 902</b>	<b>\$ 936</b>

(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, Wisconsin and Montana. In November 2019, we sold our Michigan timberlands. Other delivered logs includes sales from timberlands managed for the former Twin Creeks Venture (terminated in December 2017).

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

(4) In 2019, we changed the way we report our Canadian Forestlands operations. As a result, we no longer report related intersegment sales in the Timberlands segment and we 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 or Wood Products segment. We have conformed prior year presentations with 2019.

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

## Percentage of 2019 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 OF TONS			
	2019	2018	2017
West	9,237	9,571	10,083
South	26,278	26,708	27,149
North <sup>(1)</sup>	2,042	2,129	2,205
Uruguay <sup>(2)</sup>	—	—	822
Other <sup>(3)</sup>	—	—	1,384
<b>Total</b>	<b>37,557</b>	<b>38,408</b>	<b>41,643</b>

## Timberlands Fee Harvest Volumes Percentage of Grade & Fiber

PERCENTAGE OF GRADE AND FIBER				
		2019	2018	2017
West	Grade	89%	90%	89%
	Fiber	11%	10%	11%
South	Grade	49%	51%	52%
	Fiber	51%	49%	48%
North <sup>(1)</sup>	Grade	37%	46%	49%
	Fiber	63%	54%	51%
Uruguay <sup>(2)</sup>	Grade	—%	—%	69%
	Fiber	—%	—%	31%
Other <sup>(3)</sup>	Grade	—%	—%	47%
	Fiber	—%	—%	53%
<b>Total</b>	<b>Grade</b>	<b>59%</b>	<b>62%</b>	<b>63%</b>
	<b>Fiber</b>	<b>41%</b>	<b>38%</b>	<b>37%</b>

## Summary of Published Delivered Log Prices (Mill Basis)

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2019				
SELECTED PRODUCT PRICES (\$/MBF)				
	2019	2018	2017	
<b>Domestic logs — #2 Sawlog bark on<sup>(4)</sup>:</b>				
Douglas fir	\$ 665	\$ 824	\$ 716	
Southern pine large	\$ 328	\$ 318	\$ 320	
<b>Export logs — #2 Sawlog bark on<sup>(5)</sup>:</b>				
Coastal - Douglas fir - Longview	\$ 836	\$ 1,001	\$ 888	
Coastal - Hemlock	\$ 525	\$ 670	\$ 562	

**100%**  
OF OUR  
TIMBERLANDS  
**ARE CERTIFIED**  
to the



**SUSTAINABLE  
FORESTRY  
INITIATIVE**  
SFI-00008

WE HARVEST  
**ONLY 2%**  
of our forests each year



**100%**  
of our  
TIMBERLANDS  
**ARE  
REFORESTED**  
after harvesting



(1) In November 2019, we sold our Michigan timberlands

(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 terminated in December 2017.

(4) Source: Loglines, Timber-Mart South

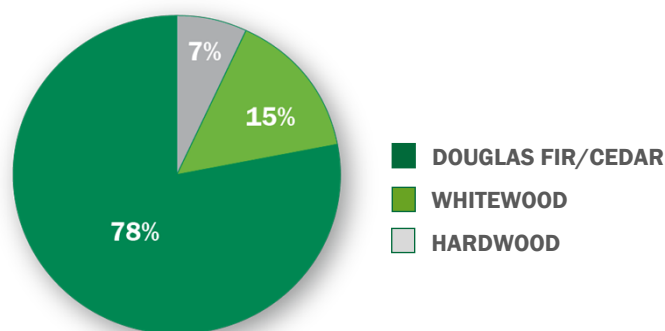
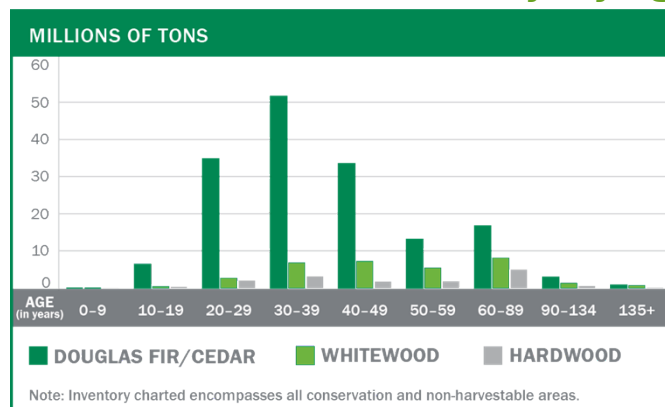
(5) Source: Weyerhaeuser, Loglines

# STANDING GROSS TIMBER INVENTORY INFORMATION<sup>(1)</sup>

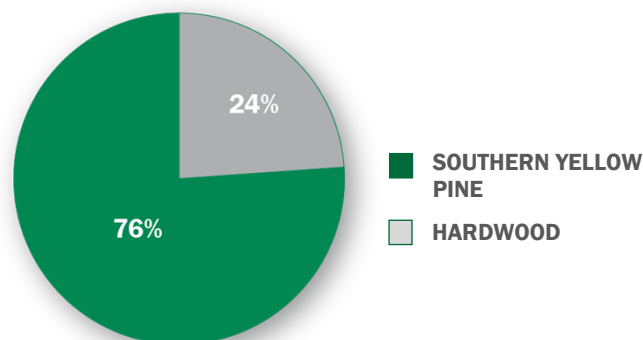
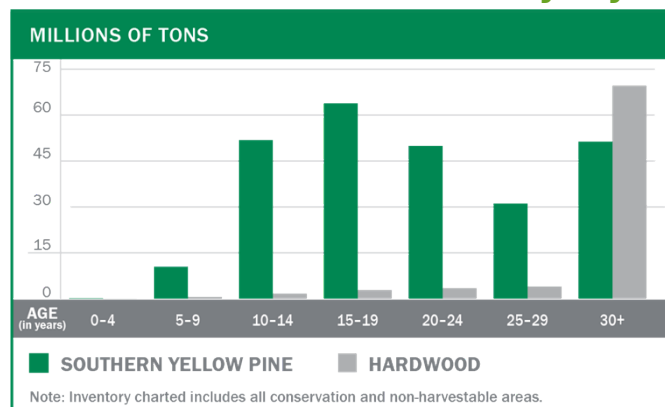
## United States

TOTAL INVENTORY AT DECEMBER 31, 2019 <sup>(2)</sup>		
GEOGRAPHIC AREA		MILLIONS OF TONS
West	Douglas fir/Cedar	161
	Whitewood	31
	Hardwood	13
South	Southern yellow pine	258
	Hardwood	82
North	Conifer	25
	Hardwood	25
<b>Total U.S.</b>		<b>595</b>

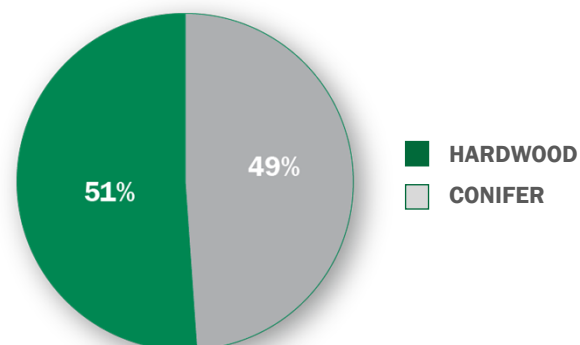
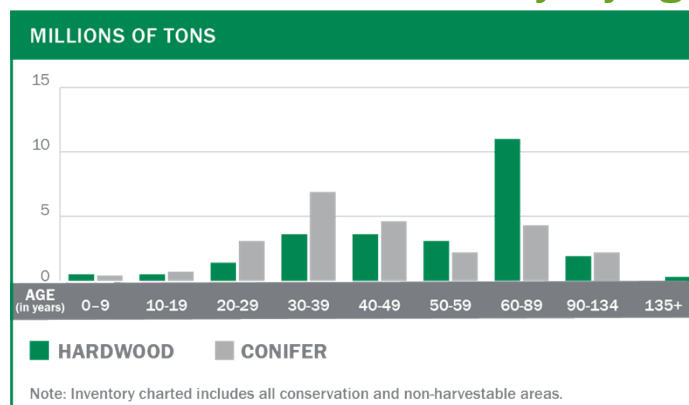
### 2019 Western U.S. Inventory: By Age and Species



### 2019 Southern U.S. Inventory: By Age and Species



### 2019 Northern U.S. Inventory: By Age and Species



(1) Northern inventory includes Montana.

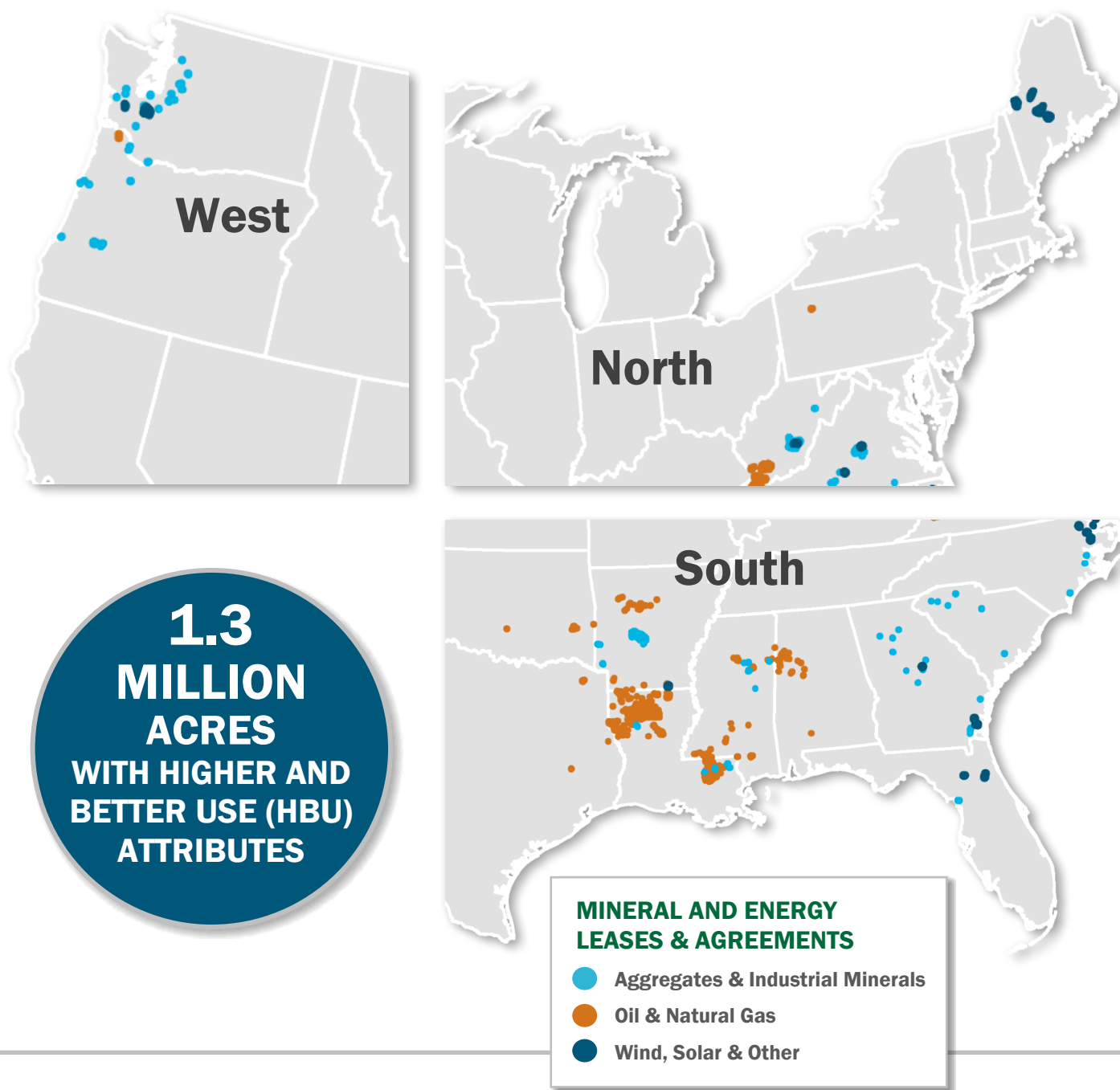
(2) Inventory includes all conservation and non-harvestable areas.

# 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 2019



(1) AVO acres pro forma for the announced sales of Montana Timberlands, which closed in the first quarter of 2020.

# 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"> <li>Rights are granted to explore, extract and sell construction aggregates (rock, sand and gravel), industrial materials and oil and natural gas.</li> <li>Ground leases and easements are granted to wind and solar developers to generate renewable electricity from our timberlands.</li> <li>Rights are granted to access and utilize timberland acreage for communications, pipeline, powerline and transportation rights of way.</li> </ul>

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

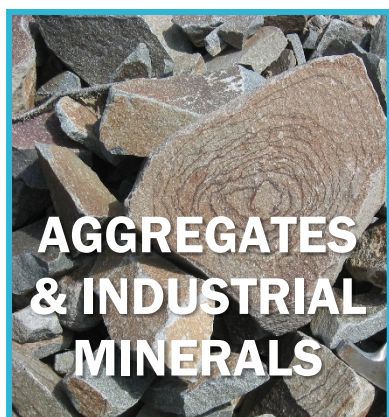
DOLLAR AMOUNTS IN MILLIONS			
	2019	2018	2017
Net sales:			
Real estate	225	229	208
Energy and natural resources	88	77	72
<b>Subtotal sales to unaffiliated buyers</b>	<b>313</b>	<b>306</b>	<b>280</b>
Intersegment sales	1	1	1
<b>Total segment net sales<sup>(1)</sup></b>	<b>314</b>	<b>\$ 307</b>	<b>\$ 281</b>
Costs of sales	145	155	110
<b>Gross margin</b>	<b>169</b>	<b>152</b>	<b>171</b>
General and administrative expenses	27	26	26
Other operating income, net	(2)	—	—
<b>Operating income</b>	<b>144</b>	<b>\$ 126</b>	<b>\$ 145</b>
Interest income and other	—	1	1
<b>Net contribution to earnings</b>	<b>144</b>	<b>\$ 127</b>	<b>\$ 146</b>
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>274</b>	<b>\$ 264</b>	<b>\$ 241</b>

## Real Estate Statistics

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2019			
	2019	2018	2017
Acres sold	113,315	131,575	94,235
Average price per acre	\$ 1,848	\$ 1,701	\$ 2,079

(1) Amounts include net sales to unaffiliated buyers as well as intersegment sales.

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



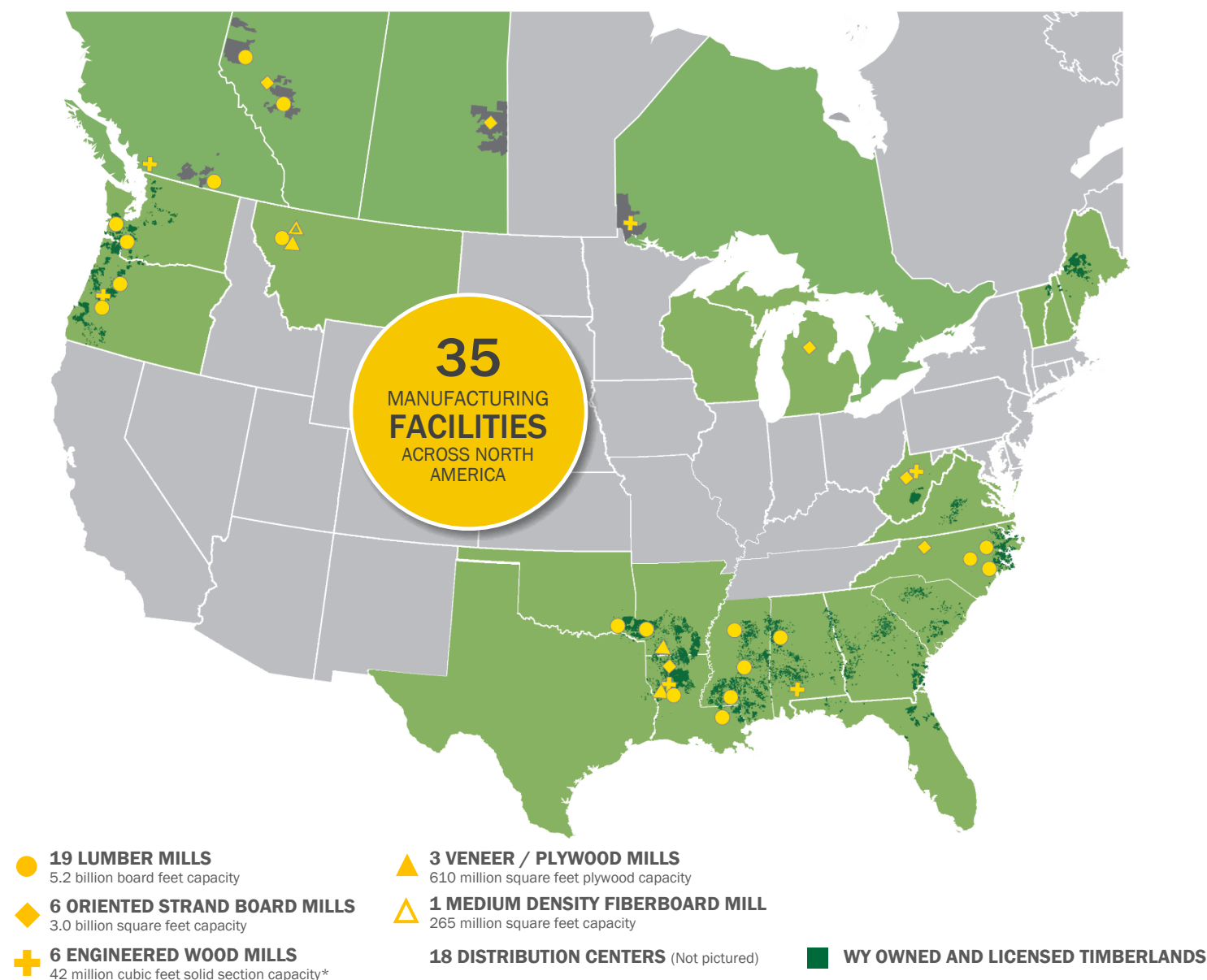
# WOOD PRODUCTS

## OUR WOOD PRODUCTS SEGMENT:

- manufactures high-quality structural lumber, oriented strand board (OSB), engineered wood products and other specialty products for 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 2019, approximately 25 percent of the total press production was converted into 182 million lineal feet of I-joist.

# WOOD PRODUCTS MILL LOCATION AND CAPACITIES

## Structural Lumber

Total capacity	5.2 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	300
New Bern, NC	100
Philadelphia, MS	250
Plymouth, NC	250
Total capacity: 2.7 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 <sup>(2)</sup>	7
Eugene, OR <sup>(1)</sup>	6
Evergreen, AL <sup>(1)</sup>	7
Kenora, ON <sup>(2)</sup>	11
Natchitoches, LA <sup>(1)</sup>	8
Vancouver, BC <sup>(2)</sup>	4
Total capacity: 42 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. 2019 production of I-joists was 182 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

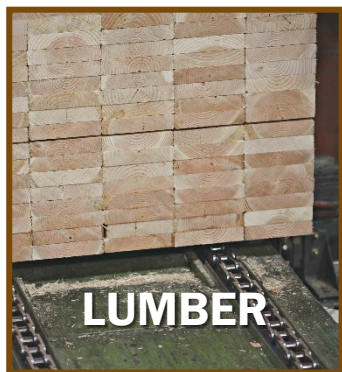
PRODUCTION IN MILLIONS			
	2019	2018	2017
Structural lumber – board feet	4,705	4,541	4,509
Oriented strand board – square feet (3/8")	2,969	2,837	2,995
Engineered solid section – cubic feet <sup>(1)</sup>	22.6	24.3	25.1
Engineered I-joists – lineal feet <sup>(1)</sup>	182	191	213
Softwood plywood – square feet (3/8") <sup>(2)</sup>	386	404	370
Medium density fiberboard – square feet (3/4")	202	220	232

(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
<b>Structural lumber</b>	Structural framing for new residential, repair and remodel, treated applications, industrial and commercial structures.
<b>Engineered wood products</b>	Structural elements for residential, multi-family and commercial structures such as floor and roof joists, headers, beams, subflooring and sheathing.
<b>Solid section</b>	<p><b>Laminated Veneer Lumber — Microllam®</b> Beams and headers, I-joist flanges, concrete forming, scaffold planks, signposts and light poles, custom applications and factory-built structures.</p> <p><b>Parallel Strand Lumber — Parallam®</b> Columns and posts, exposed applications, headers and beams, railroad ties and timbers, concrete forming, wood bridges, custom applications.</p> <p><b>Laminated Strand Lumber — TimberStrand®</b> 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>
<b>I-joists</b>	Engineered for dimensional stability, they are lightweight, come in long lengths, and are used for framing purposes.
<b>Structural panels</b>	Structural sheathing, subflooring and stair tread for residential, multi-family and commercial structures.
<b>Oriented strand board (OSB)</b>	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.
<b>Softwood plywood</b>	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.
<b>Medium density fiberboard (MDF)</b>	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.
<b>Other products</b>	Wood chips and other byproducts.
<b>Complementary building products</b>	Complementary building products such as cedar, decking, siding, insulation and rebar sold in our distribution facilities.



# WOOD PRODUCTS SALES AND PUBLISHED PRICES

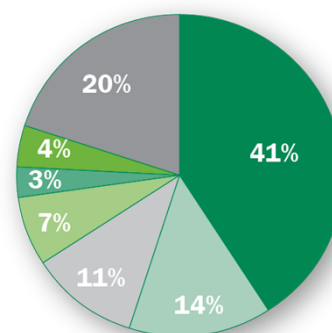
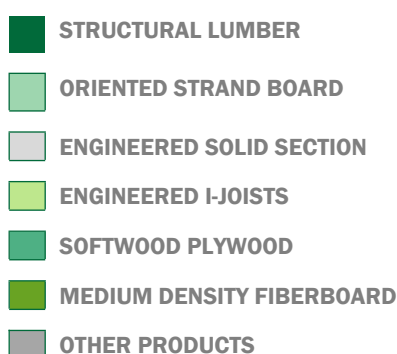
## Net Sales and Net Contribution to Earnings for Wood Products

DOLLAR AMOUNTS IN MILLIONS			
	2019	2018	2017
Net sales:			
Structural lumber	1,892	2,258	2,058
Oriented strand board	632	891	904
Engineered solid section	510	521	500
Engineered I-joists	323	336	336
Softwood plywood	161	200	176
Medium density fiberboard	166	177	183
Other products produced <sup>(1)</sup>	337	330	325
Complementary building products	602	584	541
<b>Total net sales</b>	<b>\$ 4,623</b>	<b>\$ 5,297</b>	<b>\$ 5,023</b>
Cost of sales	4,098	4,228	3,930
<b>Gross margin</b>	<b>525</b>	<b>1,069</b>	<b>1,093</b>
Selling expenses	80	81	80
General and administrative expenses	139	130	126
Charges for product remediation	(68)	—	290
Other operating income, net	21	20	28
<b>Operating income and Net contribution to earnings</b>	<b>\$ 353</b>	<b>\$ 838</b>	<b>\$ 569</b>
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>\$ 476</b>	<b>\$ 987</b>	<b>\$ 1,017</b>

(1) Other products produced sales include wood chips, other byproducts and third-party residual log sales from our Canadian Forestlands operations. In 2019, we changed the way we report our Canadian Forestlands operations. As a result, we no longer report related intersegment sales in the Timberlands segment and we now record the minimal associated third-party log sales within other products produced. We have conformed prior year presentations with the current year.

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

## Percentage of 2019 Net Sales Dollars in Wood Products



## Published Lumber Prices

\$/MBF			
	2019	2018	2017
2x4 Douglas fir (kiln dried)	\$ 417	\$ 533	\$ 469
2x4 Douglas fir (green)	\$ 361	\$ 472	\$ 427
2x4 Southern yellow pine (kiln dried)	\$ 383	\$ 501	\$ 432
2x4 Spruce-pine-fir (mill)	\$ 359	\$ 480	\$ 401

Source: Random Lengths

## Published Oriented Strand Board Prices

\$/MSF			
	2019	2018	2017
OSB (7/16") North Central	\$ 210	\$ 350	\$ 354

Source: Random Lengths

WE STORE  
the equivalent of

**9 MILLION**  
METRIC TONS  
of CO<sub>2</sub>

IN OUR  
**WOOD PRODUCTS**  
EVERY YEAR

## Adjusted EBITDA Reconciliation by Segment

The table below reconciles Adjusted EBITDA by segment to net earnings during the year ended 2019

DOLLAR AMOUNTS IN MILLIONS					
	TIMBERLANDS	REAL ESTATE & ENR	WOOD PRODUCTS	UNALLOCATED ITEMS	TOTAL
Net earnings					\$ (76)
Interest expense, net of capitalized interest <sup>(1)</sup>					378
Income taxes					(137)
<b>Net contribution (charge) to earnings</b>	<b>\$ 347</b>	<b>\$ 144</b>	<b>\$ 353</b>	<b>\$ (679)</b>	<b>\$ 165</b>
Non-operating pension and other postretirement benefit costs <sup>(2)</sup>	—	—	—	516	516
Interest income and other	—	—	—	(30)	(30)
<b>Operating income (loss)</b>	<b>347</b>	<b>144</b>	<b>353</b>	<b>(193)</b>	<b>651</b>
Depreciation, depletion and amortization	301	14	191	4	510
Basis of real estate sold	—	116	—	—	116
Special items included in operating income (loss) <sup>(3)(4)(5)</sup>	32	—	(68)	35	(1)
<b>Adjusted EBITDA</b>	<b>\$ 680</b>	<b>\$ 274</b>	<b>\$ 476</b>	<b>\$ (154)</b>	<b>\$ 1,276</b>

(1) Interest expense, net of capitalized interest includes a pretax special item of \$12 million related to a charge for the early extinguishment of debt.

(2) Non-operating pension and other postretirement benefit costs includes pretax special items consisting of \$455 million noncash settlement charges related to the transfers of pension plan assets and liabilities to an insurance company through the purchase of group annuity contracts.

(3) Operating income (loss) for Timberlands includes pretax special items consisting of an \$80 million noncash impairment charge related to the agreement to sell our Montana timberlands and a \$48 million gain on sale of our Michigan timberlands.

(4) Operating income (loss) for Wood Products includes a pretax special item consisting of a \$68 million product remediation insurance recovery.

(5) Operating income (loss) for Unallocated Items includes pretax special items consisting of \$35 million of legal charges.

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 <sup>(1)</sup>					59
<b>Net contribution (charge) to earnings</b>	<b>\$ 583</b>	<b>\$ 127</b>	<b>\$ 838</b>	<b>\$ (366)</b>	<b>\$ 1,182</b>
Non-operating pension and other postretirement benefit costs <sup>(2)</sup>	—	—	—	272	272
Interest income and other <sup>(3)</sup>	—	(1)	—	(59)	(60)
<b>Operating income (loss)</b>	<b>583</b>	<b>126</b>	<b>838</b>	<b>(153)</b>	<b>1,394</b>
Depreciation, depletion and amortization	319	14	149	4	486
Basis of real estate sold	—	124	—	—	124
Special items included in operating income (loss) <sup>(4)</sup>	—	—	—	28	28
<b>Adjusted EBITDA</b>	<b>\$ 902</b>	<b>\$ 264</b>	<b>\$ 987</b>	<b>\$ (121)</b>	<b>\$ 2,032</b>

(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 (loss) 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
<b>Net contribution (charge) to earnings</b>	<b>\$ 532</b>	<b>\$ 146</b>	<b>\$ 569</b>	<b>\$ (138)</b>	<b>\$ 1,109</b>
Non-operating pension and other postretirement benefit costs	—	—	—	62	62
Interest income and other	—	(1)	—	(39)	(40)
<b>Operating income (loss)</b>	<b>532</b>	<b>145</b>	<b>569</b>	<b>(115)</b>	<b>1,131</b>
Depreciation, depletion and amortization	356	15	145	5	521
Basis of real estate sold	—	81	—	—	81
Unallocated pension service costs	—	—	—	4	4
Special items included in operating income (loss) <sup>(1)(2)(3)</sup>	48	—	303	(8)	343
<b>Adjusted EBITDA</b>	<b>\$ 936</b>	<b>\$ 241</b>	<b>\$ 1,017</b>	<b>\$ (114)</b>	<b>\$ 2,080</b>

(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 (loss) 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.



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