

# WEYERHAEUSER

**FACT BOOK | Performance Highlights**

# 2020



# WEYERHAEUSER 2020 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, 2020, unless indicated otherwise, and is intended to be read in conjunction with our [2020 Annual Report and Form 10-K](#).

## SELECTED FINANCIAL DATA

DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES			
	2020	2019	2018
Net sales	\$ 7,532	\$ 6,554	\$ 7,476
Adjusted EBITDA <sup>(1)</sup>	\$ 2,201	\$ 1,276	\$ 2,032
Net earnings (loss)	\$ 797	\$ (76)	\$ 748
Basic and diluted earnings (loss) per share	\$ 1.07	\$ (0.10)	\$ 0.99
Number of common shares outstanding at year-end (in thousands)	747,385	745,300	746,391
Cash flow from operations	\$ 1,529	\$ 966	\$ 1,112
Capital expenditures	\$ 281	\$ 384	\$ 427
Adjusted funds available for distribution <sup>(2)</sup>	\$ 1,240	\$ 514	\$ 1,081
Total assets	\$ 16,311	\$ 16,406	\$ 17,249
Total long-term debt, including current portion, and borrowings on line of credit <sup>(3)</sup>	\$ 5,475	\$ 6,377	\$ 6,344
Dividends paid per share	\$ 0.51	\$ 1.36	\$ 1.32
Number of employees	9,400	9,400	9,300

(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 pages 13 and 14.

(2) Our definition of Adjusted funds available for distribution (Adjusted FAD) and a reconciliation to GAAP are set forth on page 14.

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

### Adjusted EBITDA by Segment

DOLLAR AMOUNTS IN MILLIONS			
	2020	2019	2018
Timberlands	\$ 610	\$ 680	\$ 902
Real Estate, Energy & Natural Resources	241	274	264
Wood Products	1,527	476	987
Unallocated Items	(177)	(154)	(121)
<b>Total</b>	<b>\$ 2,201</b>	<b>\$ 1,276</b>	<b>\$ 2,032</b>

### Capital Spending by Segment

DOLLAR AMOUNTS IN MILLIONS			
	2020	2019	2018
Timberlands	\$ 104	\$ 112	\$ 117
Real Estate, Energy & Natural Resources	—	—	—
Wood Products	176	257	306
Unallocated Items	1	15	4
<b>Total</b>	<b>\$ 281</b>	<b>\$ 384</b>	<b>\$ 427</b>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Sustainability and citizenship are part of our core values. In addition to practicing sustainable forestry, we focus on increasing energy and resource efficiency, reducing greenhouse gas emissions, conserving natural resources and offering sustainable products that meet our customers' needs. We are also recognized for our leading performance in the areas of ethics, citizenship and gender equality.

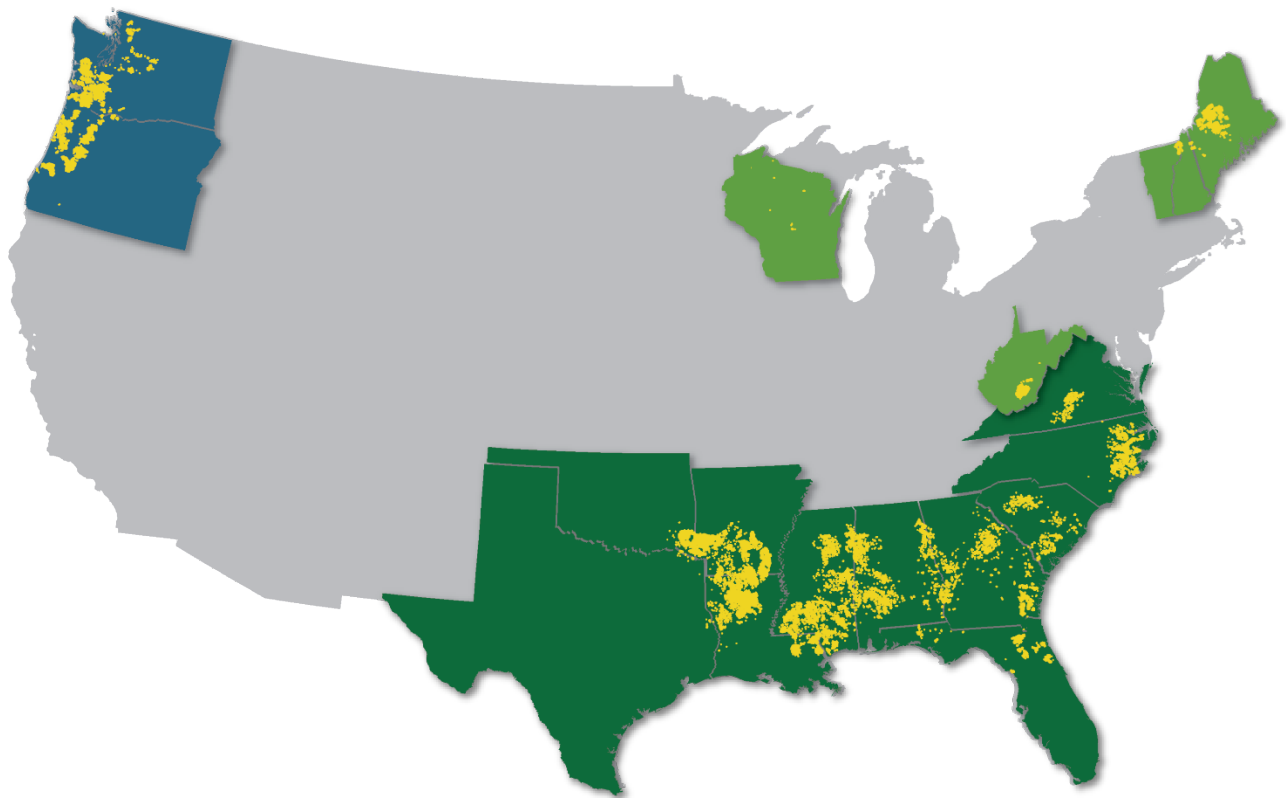


# TIMBERLANDS

## 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 2020<sup>(1)</sup>



(1) We also have renewable, long-term licenses on 14.1 million acres of Canadian timberlands.

# OUR TIMBERLANDS LOCATIONS

## Summary of 2020 Timberland Ownership

GEOGRAPHIC AREA			THOUSANDS OF ACRES AT DECEMBER 31, 2020
	FEE OWNERSHIP	LONG-TERM CONTRACTS	TOTAL ACRES <sup>(1)</sup>
U.S.:			
West			
Oregon	1,453	—	1,453
Washington	1,278	—	1,278
<b>Total West</b>	<b>2,731</b>	<b>—</b>	<b>2,731</b>
South			
Alabama	380	198	578
Arkansas	1,207	18	1,225
Florida	221	85	306
Georgia	601	50	651
Louisiana	1,013	350	1,363
Mississippi	1,124	39	1,163
North Carolina	560	—	560
Oklahoma	493	—	493
South Carolina	275	—	275
Texas	16	2	18
Virginia	123	—	123
<b>Total South</b>	<b>6,013</b>	<b>742</b>	<b>6,755</b>
North			
Maine	835	—	835
New Hampshire	24	—	24
Vermont	86	—	86
West Virginia	254	—	254
Wisconsin	3	—	3
<b>Total North</b>	<b>1,202</b>	<b>—</b>	<b>1,202</b>
<b>Total Company</b>	<b>9,946</b>	<b>742</b>	<b>10,688</b>

## Canadian Licensed Timberlands

GEOGRAPHIC AREA		THOUSANDS OF ACRES AT DECEMBER 31, 2020
		TOTAL ACRES
Province:		
Alberta		5,399
British Columbia		1,166
Ontario <sup>(2)</sup>		2,574
Saskatchewan <sup>(2)</sup>		4,987
<b>Total Canada</b>		<b>14,126</b>

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

(2) 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.

## Net Sales and Net Contribution to Earnings for Timberlands

DOLLAR AMOUNTS IN MILLIONS			
	2020	2019	2018
Net sales to unaffiliated customers:			
Delivered logs			
West	\$ 720	\$ 740	\$ 987
South	573	640	625
North <sup>(1)</sup>	52	92	99
<b>Total</b>	<b>1,345</b>	<b>1,472</b>	<b>1,711</b>
Stumpage and pay-as-cut timber	19	42	59
Recreational lease revenue	63	61	59
Other products <sup>(2)</sup>	39	43	44
<b>Subtotal net sales to unaffiliated customers</b>	<b>1,466</b>	<b>1,618</b>	<b>1,873</b>
Intersegment net sales	471	503	537
<b>Total net sales</b>	<b>\$ 1,937</b>	<b>\$ 2,121</b>	<b>\$ 2,410</b>
Costs of sales	1,491	1,649	1,735
<b>Gross margin</b>	<b>446</b>	<b>472</b>	<b>675</b>
Selling expenses	2	1	2
General and administrative expenses	93	94	93
Gain on sale of timberlands	(182)	(48)	—
Charges for integration and restructuring, closures and asset impairments	—	80	—
Other operating income, net	78	(2)	(3)
<b>Operating income and Net contribution to earnings</b>	<b>455</b>	<b>\$ 347</b>	<b>\$ 583</b>
<b>Adjusted EBITDA<sup>(3)</sup></b>	<b>610</b>	<b>\$ 680</b>	<b>\$ 902</b>

(1) In November 2019, we sold our Michigan timberlands and in March 2020, we sold our Montana timberlands, both of which were previously reported in the North region.

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

(3) Reconciliation of Adjusted EBITDA by segment to net earnings is on pages 13 and 14.

## Percentage of 2020 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			
	2020	2019	2018
West	8,542	9,237	9,571
South	23,149	26,278	26,708
North <sup>(1)</sup>	1,226	2,042	2,129
<b>Total</b>	<b>32,917</b>	<b>37,557</b>	<b>38,408</b>

## Timberlands Fee Harvest Volumes Percentage of Grade & Fiber

PERCENTAGE OF GRADE AND FIBER				
		2020	2019	2018
West	Grade	90%	89%	90%
	Fiber	10%	11%	10%
South	Grade	48%	49%	51%
	Fiber	52%	51%	49%
North <sup>(1)</sup>	Grade	49%	37%	46%
	Fiber	51%	63%	54%
<b>Total</b>	<b>Grade</b>	<b>60%</b>	<b>59%</b>	<b>62%</b>
	<b>Fiber</b>	<b>40%</b>	<b>41%</b>	<b>38%</b>

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

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2020				
SELECTED PRODUCT PRICES (\$/MBF)				
	2020	2019	2018	
<b>Domestic logs — #2 Sawlog bark on<sup>(2)</sup>:</b>				
Douglas fir	\$ 714	\$ 665	\$ 824	
Southern pine large	\$ 329	\$ 328	\$ 318	
<b>Export logs — #2 Sawlog bark on<sup>(3)</sup>:</b>				
Coastal - Douglas fir - Longview	\$ 860	\$ 836	\$ 1,001	
Coastal - Hemlock	\$ 530	\$ 525	\$ 670	

**100%**  
OF OUR  
**TIMBERLANDS & WOOD  
FIBER PROCUREMENT  
IS CERTIFIED  
TO THE**



**100%**  
OF OUR  
**TIMBERLANDS  
ARE REFORESTED  
AFTER HARVEST**

ON AVERAGE  
WE HARVEST  
**ONLY 2%**  
OF OUR  
**TIMBERLANDS  
EACH YEAR**



(1) In November 2019, we sold our Michigan timberlands and in March 2020, we sold our Montana timberlands.

(2) Source: Loglines, Timber-Mart South

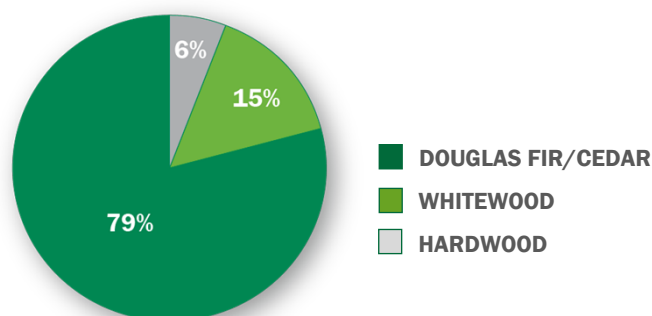
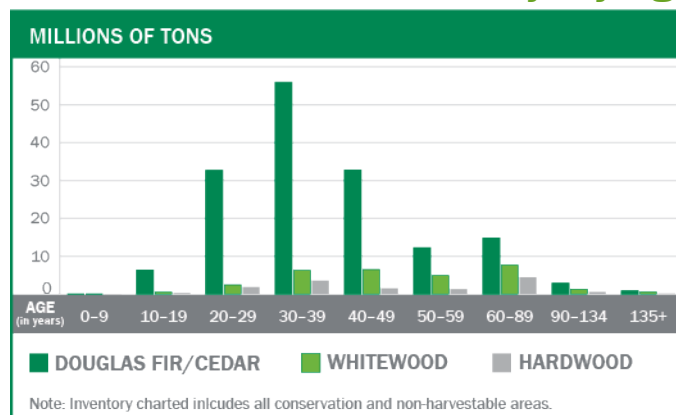
(3) Source: Weyerhaeuser, Loglines

# STANDING GROSS TIMBER INVENTORY INFORMATION

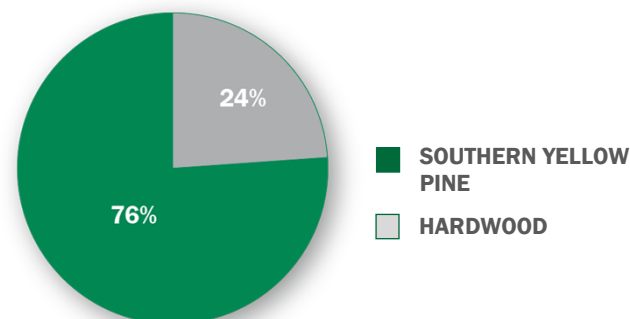
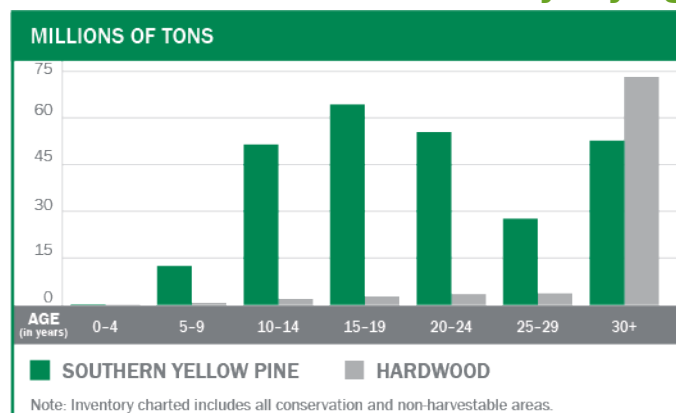
## United States

TOTAL INVENTORY AT DECEMBER 31, 2020 <sup>(1)</sup>		
GEOGRAPHIC AREA		MILLIONS OF TONS
West	Douglas fir/Cedar	159
	Whitewood	30
	Hardwood	13
South	Southern yellow pine	264
	Hardwood	85
North	Conifer	17
	Hardwood	25
<b>Total U.S.</b>		<b>593</b>

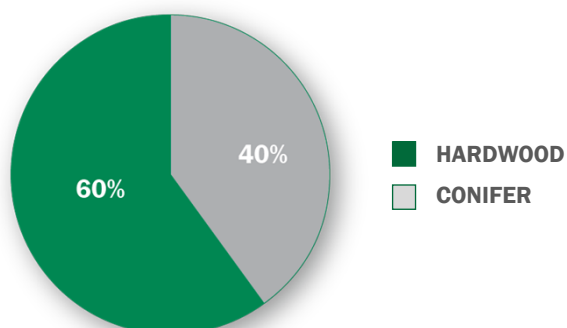
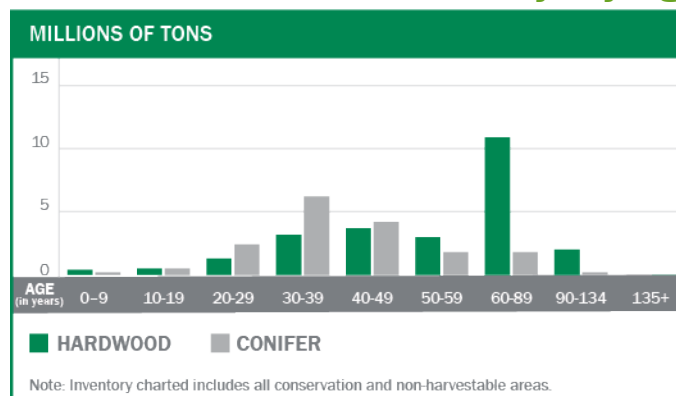
### 2020 Western U.S. Inventory: By Age and Species



### 2020 Southern U.S. Inventory: By Age and Species



### 2020 Northern U.S. Inventory: By Age and Species



(1) 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 construction materials, industrial materials, oil, natural gas and wind and solar resources.

## 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			
	2020	2019	2018
Net sales:			
Real estate	202	225	229
Energy and natural resources	74	88	77
<b>Subtotal sales to unaffiliated buyers</b>	<b>276</b>	<b>313</b>	<b>306</b>
Intersegment sales	—	1	1
<b>Total segment net sales<sup>(1)</sup></b>	<b>276</b>	<b>\$ 314</b>	<b>\$ 307</b>
Costs of sales	165	145	155
<b>Gross margin</b>	<b>111</b>	<b>169</b>	<b>152</b>
General and administrative expenses	25	27	26
Other operating income, net	—	(2)	—
<b>Operating income</b>	<b>86</b>	<b>\$ 144</b>	<b>\$ 126</b>
Interest income and other	—	—	1
<b>Net contribution to earnings</b>	<b>86</b>	<b>\$ 144</b>	<b>\$ 127</b>
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>241</b>	<b>\$ 274</b>	<b>\$ 264</b>

## Real Estate Statistics

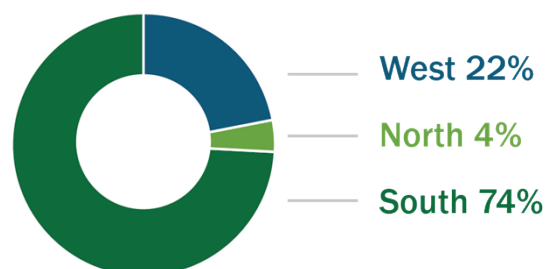
FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2020			
	2020	2019	2018
Acres sold	111,898	113,315	131,575
Average price per acre	\$ 1,690	\$ 1,848	\$ 1,701

(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 pages 13 and 14.

**1.3 MILLION  
ACRES**  
WITH HIGHER AND BETTER USE  
(HBU) ATTRIBUTES\*

### HBU ACREAGE BY REGION



\* As of December 31, 2020.



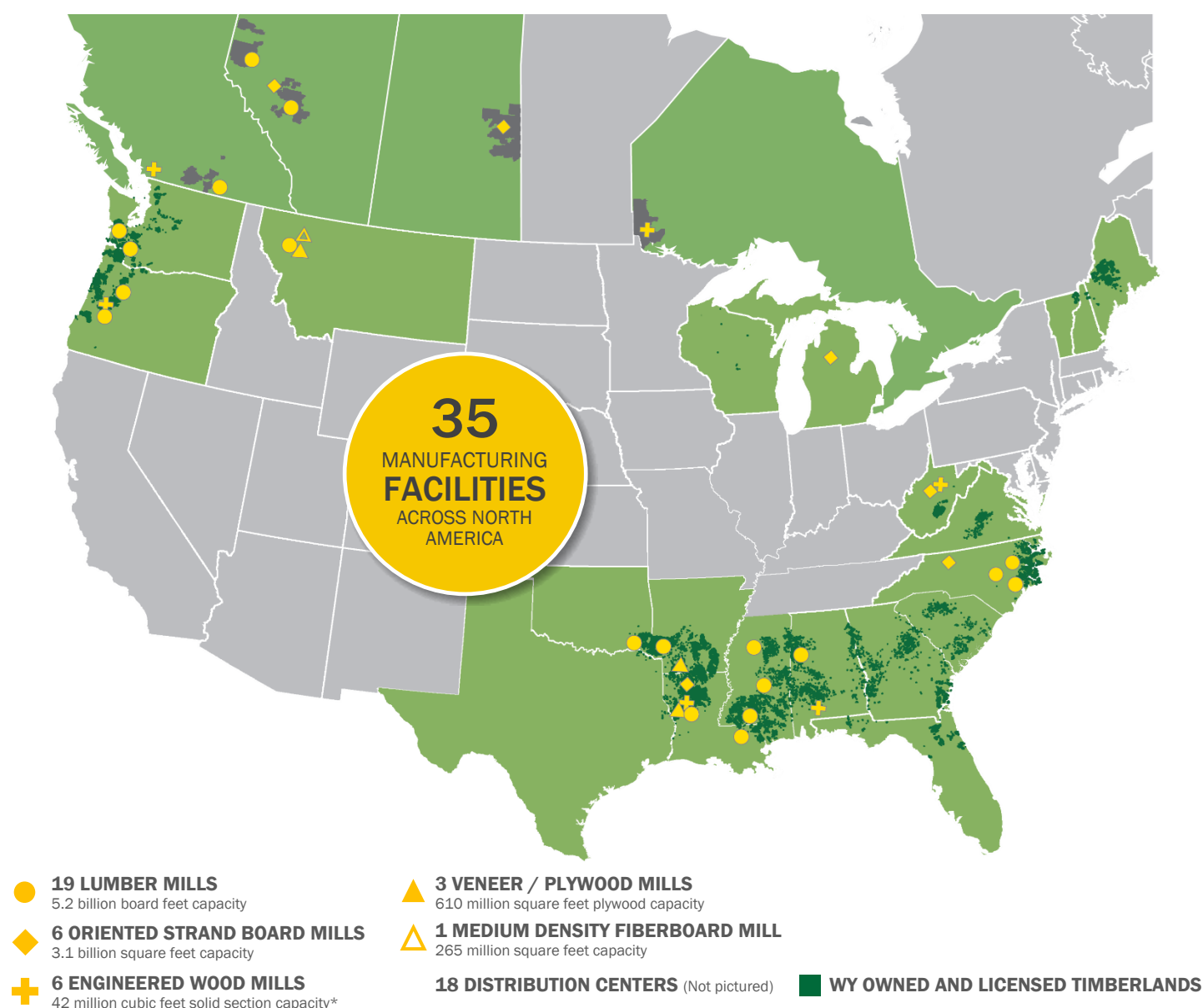
# WOOD PRODUCTS

## 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 2020, approximately 25 percent of the total press production was converted into 175 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	100
Longview, WA	450
Raymond, WA	215
Santiam, OR	415
Total capacity: 1.6 billion board feet	
Total facilities: 5	

### Southern United States

BOARD FEET IN MILLIONS	
Bruce, MS	250
Dierks, AR	370
Dodson, LA	230
Greenville, NC	260
Holden, LA	160
Idabel, OK	240
McComb, MS	300
Millport, AL	320
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	310
Princeton, BC	300
Total capacity: 0.9 billion board feet	
Total facilities: 3	

## Engineered Wood Products

CUBIC FEET IN MILLIONS	
Buckhannon, WV <sup>(1)</sup>	7
Eugene, OR <sup>(2)</sup>	6
Evergreen, AL <sup>(2)</sup>	7
Kenora, ON <sup>(1)</sup>	11
Natchitoches, LA <sup>(2)</sup>	8
Vancouver, BC <sup>(1)</sup>	4
Total capacity: 42 million cubic feet (if press capacity is utilized for solid section)	
Total facilities: 6	
(1) Buckhannon, WV, Kenora, ON, and Vancouver, BC, only produce solid section.	
(2) Eugene, OR; Evergreen, AL; and Natchitoches, LA, produce solid section and engineered I-joists to meet market demand. 2020 production of I-joists was 175 million lineal feet.	

## Panels

### Oriented Strand Board (OSB)

SQUARE FEET (3/8") IN MILLIONS	
Arcadia, LA	425
Edson, AB	460
Elkin, NC	430
Grayling, MI	550
Hudson Bay, SK	600
Sutton, WV	675
Total capacity: 3.1 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

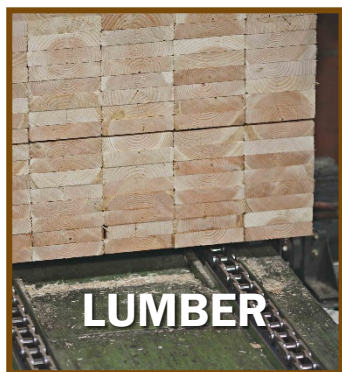
PRODUCTION IN MILLIONS			
	2020	2019	2018
Structural lumber – board feet	4,666	4,705	4,541
Oriented strand board – square feet (3/8")	3,013	2,969	2,837
Engineered solid section – cubic feet <sup>(1)</sup>	23.0	22.6	24.3
Engineered I-joists – lineal feet <sup>(1)</sup>	175	182	191
Softwood plywood – square feet (3/8") <sup>(2)</sup>	347	386	404
Medium density fiberboard – square feet (3/4")	200	202	220

(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

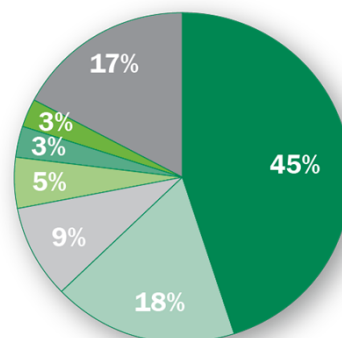
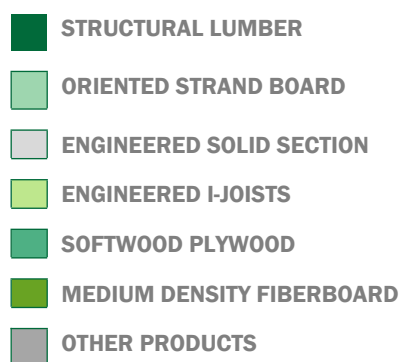
## Net Sales and Net Contribution to Earnings for Wood Products

DOLLAR AMOUNTS IN MILLIONS			
	2020	2019	2018
Net sales:			
Structural lumber	2,602	1,892	2,258
Oriented strand board	1,013	632	891
Engineered solid section	505	510	521
Engineered I-joists	316	323	336
Softwood plywood	171	161	200
Medium density fiberboard	171	166	177
Other products produced <sup>(1)</sup>	336	337	330
Complementary building products	676	602	584
<b>Total net sales</b>	<b>\$ 5,790</b>	<b>\$ 4,623</b>	<b>\$ 5,297</b>
Cost of sales	4,221	4,098	4,228
<b>Gross margin</b>	<b>1,569</b>	<b>525</b>	<b>1,069</b>
Selling expenses	77	80	81
General and administrative expenses	136	139	130
Product remediation recoveries, net	(8)	(68)	—
Charges for integration and restructuring, closures and asset impairments	1	—	—
Other operating income, net	23	21	20
<b>Operating income and Net contribution to earnings</b>	<b>\$ 1,340</b>	<b>\$ 353</b>	<b>\$ 838</b>
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>\$ 1,527</b>	<b>\$ 476</b>	<b>\$ 987</b>

(1) Other products produced sales include wood chips, other byproducts and third-party residual log sales from our Canadian Forestlands operations.

(2) Reconciliation of Adjusted EBITDA by segment to net earnings is on pages 13 and 14.

## Percentage of 2020 Net Sales Dollars in Wood Products



## Published Lumber Prices

\$/MBF			
	2020	2019	2018
2x4 Douglas fir (kiln dried)	\$ 670	\$ 417	\$ 533
2x4 Douglas fir (green)	\$ 606	\$ 361	\$ 472
2x4 Southern yellow pine (kiln dried)	\$ 573	\$ 383	\$ 501
2x4 Spruce-pine-fir (mill)	\$ 556	\$ 359	\$ 480

Source: Random Lengths

## Published Oriented Strand Board Prices

\$/MSF			
	2020	2019	2018
OSB (7/16") North Central	\$ 442	\$ 210	\$ 350

Source: Random Lengths

ON AVERAGE  
WE USE

**95%**  
OF  
EVERY  
LOG



WE STORE THE EQUIVALENT OF

**9 MILLION**  
METRIC TONS OF CO<sub>2</sub>  
IN OUR WOOD PRODUCTS  
EVERY YEAR

That's like taking **2 MILLION CARS**  
OFF THE ROAD every year!



WE MEET ABOUT

**70%**  
OF OUR OWN  
ENERGY NEEDS  
USING RENEWABLE  
BIOMASS



WE REDUCED OUR  
GREENHOUSE  
GAS EMISSIONS  
BY MORE THAN

**50%**  
SINCE 2000





## Adjusted EBITDA Reconciliation by Segment

*The table below reconciles Adjusted EBITDA by segment to net earnings during the year ended 2020*

DOLLAR AMOUNTS IN MILLIONS					
	TIMBERLANDS	REAL ESTATE & ENR	WOOD PRODUCTS	UNALLOCATED ITEMS	TOTAL
Net earnings					\$ 797
Interest expense, net of capitalized interest <sup>(1)</sup>					443
Income taxes					185
<b>Net contribution (charge) to earnings</b>	<b>\$ 455</b>	<b>\$ 86</b>	<b>\$ 1,340</b>	<b>\$ (456)</b>	<b>\$ 1,425</b>
Non-operating pension and other post-employment benefit costs <sup>(2)</sup>	—	—	—	290	290
Interest income and other	—	—	—	(5)	(5)
<b>Operating income (loss)</b>	<b>455</b>	<b>86</b>	<b>1,340</b>	<b>(171)</b>	<b>1,710</b>
Depreciation, depletion and amortization	257	14	195	6	472
Basis of real estate sold	—	141	—	—	141
Special items included in operating income (loss) <sup>(3)(4)(5)</sup>	(102)	—	(8)	(12)	(122)
<b>Adjusted EBITDA</b>	<b>\$ 610</b>	<b>\$ 241</b>	<b>\$ 1,527</b>	<b>\$ (177)</b>	<b>\$ 2,201</b>

(1) Interest expense, net of capitalized interest includes pretax special items of \$92 million of charges related to the early extinguishment of debt.

(2) Non-operating pension and other post-employment benefit costs includes a pretax special item consisting of a \$253 million noncash settlement charge related to the transfer of pension assets and liabilities through the purchase of a group annuity contract.

(3) Operating income (loss) for Timberlands includes pretax special items consisting of a \$182 million gain on sale of certain southern Oregon timberlands and an \$80 million timber casualty loss.

(4) Operating income (loss) for Wood Products includes a pretax special item consisting of an \$8 million product remediation insurance recovery.

(5) Operating income (loss) for Unallocated Items includes pretax special items consisting of \$12 million noncash legal benefit.

*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 post-employment 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 post-employment 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 post-employment 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 post-employment benefit 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.

## Adjusted Funds Available for Distribution (FAD) Reconciliation

DOLLAR AMOUNTS IN MILLIONS				
	2020	2019	2018	
Net cash from operations	\$ 1,529	\$ 966	\$ 1,112	
Capital expenditures	(281)	(384)	(427)	
<b>Funds Available for Distribution<sup>(1)</sup></b>	<b>\$ 1,248</b>	<b>\$ 582</b>	<b>\$ 685</b>	
Cash for product remediation payments (from product remediation insurance recoveries)	(8)	(68)	96	
Cash contribution to our U.S. qualified pension plan	—	—	300	
<b>Adjusted Funds Available for Distribution<sup>(2)</sup></b>	<b>\$ 1,240</b>	<b>\$ 514</b>	<b>\$ 1,081</b>	

(1) Funds available for distribution (FAD) is a non-GAAP measure that management uses to evaluate the company's liquidity. FAD, as we define it, is net cash from operations adjusted for capital expenditures. FAD measures cash generated during the period (net of capital expenditures) that is available for dividends, repurchases of common shares, debt reduction, acquisitions, and other discretionary and nondiscretionary capital allocation activities. FAD should not be considered in isolation from, and is not intended to represent an alternative to, our GAAP results.

(2) Adjusted funds available for distribution (Adjusted FAD) is a non-GAAP measure that management uses to evaluate the company's liquidity. Adjusted FAD, as we define it, is net cash from operations adjusted for capital expenditures and significant non-recurring items. Adjusted FAD measures cash generated during the period (net of capital expenditures and significant non-recurring items) that is available for dividends, repurchases of common shares, debt reduction, acquisitions, and other discretionary and nondiscretionary capital allocation activities. Adjusted FAD should not be considered in isolation from, and is not intended to represent an alternative to, our GAAP results.



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