

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2017

DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES			
	2017	2016	2015
Net sales	\$ 7,196	\$ 6,365	\$ 5,246
Costs of products sold	5,298	4,980	4,153
Gross margin	1,898	1,385	1,093
Selling expenses	87	89	99
General and administrative expenses	310	338	252
Research and development expenses	14	19	18
Charges for integration and restructuring, closures and asset impairments (Note 17)	194	170	39
Charges for product remediation (Note 18)	290	—	—
Other operating costs (income), net (Note 19)	(128)	(53)	41
Operating income	1,131	822	644
Equity earnings from joint ventures (Note 8)	1	22	—
Non-operating pension and other postretirement benefit (costs) credits	(62)	48	14
Interest income and other	39	43	36
Interest expense, net of capitalized interest	(393)	(431)	(341)
Earnings from continuing operations before income taxes	716	504	353
Income taxes (Note 20)	(134)	(89)	58
Earnings from continuing operations	582	415	411
Earnings from discontinued operations, net of income taxes (Note 3)	—	612	95
Net earnings	582	1,027	506
Dividends on preference shares	—	(22)	(44)
Net earnings attributable to Weyerhaeuser common shareholders	\$ 582	\$ 1,005	\$ 462
Basic earnings per share attributable to Weyerhaeuser common shareholders (Note 5):			
Continuing operations	\$ 0.77	\$ 0.55	\$ 0.71
Discontinued operations	—	0.85	0.18
Net earnings per share	\$ 0.77	\$ 1.40	\$ 0.89
Diluted earnings per share attributable to Weyerhaeuser common shareholders (Note 5):			
Continuing operations	\$ 0.77	\$ 0.55	\$ 0.71
Discontinued operations	—	0.84	0.18
Net earnings per share	\$ 0.77	\$ 1.39	\$ 0.89
Dividends paid per common share	\$ 1.25	\$ 1.24	\$ 1.20
Weighted average shares outstanding (in thousands) (Note 5):			
Basic	753,085	718,560	516,371
Diluted	756,666	722,401	519,618

See accompanying *Notes to Consolidated Financial Statements*.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2017

DOLLAR AMOUNTS IN MILLIONS			
	2017	2016	2015
Comprehensive income:			
Net earnings	\$ 582	\$1,027	\$506
Other comprehensive income (loss):			
Foreign currency translation adjustments	32	25	(97)
Changes in unamortized net pension and other postretirement benefit gain (loss), net of tax expense (benefit) of (\$2) in 2017, (\$151) in 2016, and \$131 in 2015	(132)	(269)	282
Changes in unamortized prior service cost, net of tax benefit of \$2 in 2017, \$0 in 2016 and \$1 in 2015	(5)	(4)	(4)
Unrealized gains on available-for-sale securities	2	1	—
Total comprehensive income	\$ 479	\$ 780	\$687

See accompanying *Notes to Consolidated Financial Statements*.

CONSOLIDATED BALANCE SHEET

DOLLAR AMOUNTS IN MILLIONS		
	DECEMBER 31, 2017	DECEMBER 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 824	\$ 676
Receivables, less discounts and allowances of \$1 and \$1	396	390
Receivables for taxes	14	84
Inventories (Note 6)	383	358
Prepaid expenses and other current assets	98	114
Total current assets	1,715	1,622
Property and equipment, less accumulated depreciation of \$3,338 and \$3,306 (Note 7)	1,618	1,562
Construction in progress	225	213
Timber and timberlands at cost, less depletion	12,954	14,299
Minerals and mineral rights, less depletion	308	319
Investments in and advances to joint ventures (Note 8)	31	56
Goodwill	40	40
Deferred tax assets (Note 20)	268	293
Other assets	285	224
Restricted financial investments held by variable interest entities (Note 8)	615	615
Total assets	\$18,059	\$19,243
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt (Notes 12 and 13)	\$ 62	\$ 281
Current debt (nonrecourse to the company) held by variable interest entities (Note 8)	209	—
Accounts payable	249	233
Accrued liabilities (Note 10)	645	692
Total current liabilities	1,165	1,206
Long-term debt (Notes 12 and 13)	5,930	6,329
Long-term debt (nonrecourse to the company) held by variable interest entities (Note 8)	302	511
Deferred pension and other postretirement benefits (Note 9)	1,487	1,322
Deposit received from contribution of timberlands to related party (Note 8)	—	426
Other liabilities	276	269
Commitments and contingencies (Note 14)		
Total liabilities	9,160	10,063
Equity:		
Weyerhaeuser shareholders' interest (Notes 15 and 16):		
Common shares: \$1.25 par value; authorized 1,360,000,000 shares; issued and outstanding: 755,222,727 and 748,528,131 shares,	944	936
Other capital	8,439	8,282
Retained earnings	1,078	1,421
Cumulative other comprehensive loss	(1,562)	(1,459)
Total equity	8,899	9,180
Total liabilities and equity	\$18,059	\$19,243

See accompanying *Notes to Consolidated Financial Statements*.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2017

DOLLAR AMOUNTS IN MILLIONS			
	2017	2016	2015
Cash flows from operations:			
Net earnings	\$ 582	\$ 1,027	\$ 506
Noncash charges (credits) to income:			
Depreciation, depletion and amortization	521	565	479
Basis of real estate sold	81	109	18
Deferred income taxes, net	44	(159)	—
Pension and other postretirement benefits	97	5	42
Share-based compensation expense (Note 16)	40	60	31
Charges for impairment of assets	154	37	15
Equity (earnings) loss from joint ventures (Note 8)	(1)	(18)	105
Net gains on disposition of discontinued and other operations (Note 3)	(1)	(789)	—
Net gains on sale of nonstrategic assets	(16)	(73)	(38)
Net gains on sale of southern timberlands (Note 8)	(99)	—	—
Foreign exchange transaction (gains) losses (Note 19)	(1)	(5)	47
Change in, net of acquisition:			
Receivables less allowances	(35)	(54)	17
Receivable / payable for taxes	(50)	106	(5)
Inventories	(39)	61	10
Prepaid expenses	(12)	5	3
Accounts payable and accrued liabilities	106	11	(35)
Pension and postretirement contributions / benefit payments	(78)	(99)	(83)
Distributions of earnings received from joint ventures (Note 8)	1	14	15
Other	(93)	(68)	(52)
Net cash from operations	1,201	735	1,075
Cash flows from investing activities:			
Capital expenditures for property and equipment	(358)	(451)	(443)
Capital expenditures for timberlands reforestation	(61)	(59)	(40)
Acquisition of timberlands	—	(10)	(36)
Proceeds from disposition of discontinued and other operations (Note 3)	403	2,486	—
Proceeds from sale of nonstrategic assets	26	104	19
Proceeds from sale of southern timberlands (Note 8)	203	—	—
Proceeds from redemption of ownership in related party (Note 8)	108	—	—
Proceeds from contribution of timberlands to related party (Note 8)	—	440	—
Distributions of investment received from joint ventures (Note 8)	25	46	—
Other	21	3	13
Net cash from investing activities	367	2,559	(487)
Cash flows from financing activities:			
Cash dividends on common shares	(941)	(932)	(619)
Cash dividends on preference shares	—	(22)	(44)
Proceeds from issuance of long-term debt (Note 12)	225	1,698	—
Payments on long-term debt (Note 12)	(831)	(2,423)	—
Proceeds from borrowings on line of credit (Note 11)	100	—	—
Payments on line of credit (Note 11)	(100)	—	—
Proceeds from exercise of stock options	128	61	34
Repurchase of common stock	—	(2,003)	(518)
Other	(1)	(9)	(9)
Net cash from financing activities	(1,420)	(3,630)	(1,156)
Net change in cash and cash equivalents	\$ 148	\$ (336)	\$ (568)
Cash and cash equivalents from continuing operations at beginning of year	\$ 676	\$ 1,011	\$ 1,577
Cash and cash equivalents from discontinued operations at beginning of year	—	1	3
Cash and cash equivalents at beginning of year	\$ 676	\$ 1,012	\$ 1,580
Cash and cash equivalents from continuing operations at end of year	\$ 824	\$ 676	\$ 1,011
Cash and cash equivalents from discontinued operations at end of year	—	—	1
Cash and cash equivalents at end of year	\$ 824	\$ 676	\$ 1,012
Cash paid (received) during the year for:			
Interest, net of amounts capitalized of \$9 in 2017, \$8 in 2016 and \$7 in 2015	\$ 381	\$ 446	\$ 347
Income taxes	\$ 169	\$ 485	\$ 14

See accompanying *Notes to Consolidated Financial Statements*.