

WEYERHAEUSER CO  
Form 10-Q  
October 30, 2015

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934

FOR THE TRANSITION PERIOD FROM                      TO  
COMMISSION FILE NUMBER: 1-4825

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WEYERHAEUSER COMPANY

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|   |  |
|---|--|
| Washington<br>(State or other jurisdiction of<br>incorporation or organization) | 91-0470860<br>(I.R.S. Employer<br>Identification Number) |
|---|--|

|   |                          |
|---|--------------------------|
| 33663 Weyerhaeuser Way South<br>Federal Way, Washington<br>(Address of principal executive offices)<br>(253) 924-2345<br>(Registrant's telephone number, including area code) | 98063-9777<br>(Zip Code) |
|---|--------------------------|

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
 Yes  No

As of October 23, 2015, 510,577,991 shares of the registrant's common stock (\$1.25 par value) were outstanding.



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## FINANCIAL INFORMATION

WEYERHAEUSER COMPANY  
CONSOLIDATED STATEMENT OF OPERATIONS  
(UNAUDITED)

| DOLLAR AMOUNTS IN MILLIONS, EXCEPT<br>PER-SHARE FIGURES   | QUARTER ENDED     |                   | YEAR-TO-DATE<br>ENDED |                   |
|---|-------------------|-------------------|-----------------------|-------------------|
|   | SEPTEMBER<br>2015 | SEPTEMBER<br>2014 | SEPTEMBER<br>2015     | SEPTEMBER<br>2014 |
| Net sales   | \$1,820           | \$ 1,915          | \$5,348               | \$ 5,615          |
| Cost of products sold   | 1,445             | 1,504             | 4,304                 | 4,364             |
| Gross margin  | 375               | 411               | 1,044                 | 1,251             |
| Selling expenses  | 27                | 28                | 83                    | 83                |
| General and administrative expenses   | 60                | 73                | 205                   | 249               |
| Research and development expenses   | 6                 | 5                 | 17                    | 19                |
| Charges for restructuring, closures and impairments <u>(Note 12)</u>                              | 2                 | 10                | 16                    | 37                |
| Other operating costs (income), net <u>(Note 13)</u>  | 21                | (23               | ) 21                  | (163              |
| Operating income  | 259               | 318               | 702                   | 1,026             |
| Interest income and other   | 4                 | 7                 | 9                     | 27                |
| Interest expense, net of capitalized interest   | (88               | ) (88             | ) (259                | ) (254            |
| Earnings before income taxes  | 175               | 237               | 452                   | 799               |
| Income tax (expense) benefit <u>(Note 14)</u>   | 16                | (39               | ) (16                 | ) (148            |
| Earnings from continuing operations   | 191               | 198               | 436                   | 651               |
| Earnings from discontinued operations, net of income taxes<br><u>(Note 3)</u>                     | —                 | 966               | —                     | 998               |
| Net earnings  | 191               | 1,164             | 436                   | 1,649             |
| Dividends on preference shares  | (11               | ) (11             | ) (33                 | ) (33             |
| Net earnings attributable to Weyerhaeuser common<br>shareholders                                  | \$180             | \$ 1,153          | \$403                 | \$ 1,616          |
| Earnings per share attributable to Weyerhaeuser common<br>shareholders, basic <u>(Note 4)</u> :   |                   |                   |                       |                   |
| Continuing operations   | \$0.35            | \$ 0.35           | \$0.78                | \$ 1.09           |
| Discontinued operations   | —                 | 1.82              | —                     | 1.76              |
| Net earnings per share  | \$0.35            | \$ 2.17           | \$0.78                | \$ 2.85           |
| Earnings per share attributable to Weyerhaeuser common<br>shareholders, diluted <u>(Note 4)</u> : |                   |                   |                       |                   |
| Continuing operations   | \$0.35            | \$ 0.35           | \$0.77                | \$ 1.08           |
| Discontinued operations   | —                 | 1.80              | —                     | 1.75              |
| Net earnings per share  | \$0.35            | \$ 2.15           | \$0.77                | \$ 2.83           |
| Dividends paid per share  | \$0.31            | \$ 0.29           | \$0.89                | \$ 0.73           |
| Weighted average shares outstanding (in thousands) <u>(Note 4)</u> :                              |                   |                   |                       |                   |
| Basic   | 514,301           | 531,913           | 518,121               | 567,436           |
| Diluted   | 517,088           | 536,012           | 521,455               | 571,503           |

See accompanying Notes to Consolidated Financial Statements.

WEYERHAEUSER COMPANY  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)

| DOLLAR AMOUNTS IN MILLIONS  | QUARTER ENDED  |                | YEAR-TO-DATE ENDED |                |
|---|----------------|----------------|--------------------|----------------|
|   | SEPTEMBER 2015 | SEPTEMBER 2014 | SEPTEMBER 2015     | SEPTEMBER 2014 |
| Net earnings  | \$ 191         | \$ 1,164       | \$ 436             | \$ 1,649       |
| Other comprehensive income:   |                |                |                    |                |
| Foreign currency translation adjustments  | (43 )          | (26 )          | (78 )              | (27 )          |
| Actuarial gains (losses), net of tax expense (benefit) of \$25, (\$91), \$75 and (\$58) | 55             | (143 )         | 161                | (76 )          |
| Prior service costs, net of tax expense (benefit) of (\$1), (\$13), \$0 and (\$43)      | (1 )           | (25 )          | (3 )               | (68 )          |
| Unrealized gains on available-for-sale securities                                       | (1 )           | —              | —                  | —              |
| Total other comprehensive income (loss)   | 10             | (194 )         | 80                 | (171 )         |
| Comprehensive income  | \$ 201         | \$ 970         | \$ 516             | \$ 1,478       |

See accompanying Notes to Consolidated Financial Statements.

WEYERHAEUSER COMPANY  
CONSOLIDATED BALANCE SHEET  
(UNAUDITED)

| DOLLAR AMOUNTS IN MILLIONS   | SEPTEMBER 30,<br>2015 | DECEMBER 31,<br>2014 |
|--|-----------------------|----------------------|
| <b>ASSETS</b>  |                       |                      |
| Current assets:  |                       |                      |
| Cash and cash equivalents  | \$ 1,048              | \$ 1,580             |
| Receivables, less allowances of \$3 and \$3  | 545                   | 525                  |
| Receivables for taxes  | 14                    | 25                   |
| Inventories ( <u>Note 5</u> )  | 590                   | 595                  |
| Prepaid expenses   | 87                    | 80                   |
| Deferred tax assets  | 218                   | 228                  |
| Total current assets   | 2,502                 | 3,033                |
| Property and equipment, less accumulated depreciation of \$6,361 and \$6,324   | 2,484                 | 2,623                |
| Construction in progress   | 231                   | 131                  |
| Timber and timberlands at cost, less depletion charged to disposals  | 6,507                 | 6,530                |
| Investments in and advances to equity affiliates   | 174                   | 188                  |
| Goodwill   | 40                    | 40                   |
| Deferred tax assets  | —                     | 8                    |
| Other assets   | 267                   | 289                  |
| Restricted financial investments held by variable interest entities  | 615                   | 615                  |
| Total assets   | \$ 12,820             | \$ 13,457            |
| <b>LIABILITIES AND EQUITY</b>  |                       |                      |
| Current liabilities:   |                       |                      |
| Accounts payable   | \$ 344                | \$ 331               |
| Accrued liabilities ( <u>Note 7</u> )  | 554                   | 587                  |
| Total current liabilities  | 898                   | 918                  |
| Long-term debt ( <u>Note 8</u> )   | 4,891                 | 4,891                |
| Long-term debt (nonrecourse to the company) held by variable interest entities   | 511                   | 511                  |
| Deferred income taxes  | 259                   | 206                  |
| Deferred pension and other postretirement benefits   | 1,106                 | 1,319                |
| Other liabilities  | 277                   | 308                  |
| Total liabilities  | 7,942                 | 8,153                |
| Commitments and contingencies ( <u>Note 9</u> )  |                       |                      |
| Equity:  |                       |                      |
| Mandatory convertible preference shares, series A: \$1.00 par value; \$50.00 liquidation; authorized 40,000,000 shares; issued and outstanding: 13,799,711 and 13,800,000 shares | 14                    | 14                   |
| Common shares: \$1.25 par value; authorized 1,360,000,000 shares; issued and outstanding: 511,032,862 and 524,474,315 shares   | 639                   | 656                  |
| Other capital  | 4,089                 | 4,519                |
| Retained earnings  | 1,449                 | 1,508                |
| Cumulative other comprehensive loss ( <u>Note 10</u> )   | (1,313                | ) (1,393             |
| Total equity   | 4,878                 | 5,304                |
| Total liabilities and equity   | \$ 12,820             | \$ 13,457            |

See accompanying Notes to Consolidated Financial Statements.



WEYERHAEUSER COMPANY  
CONSOLIDATED STATEMENT OF CASH FLOWS(UNAUDITED)

| DOLLAR AMOUNTS IN MILLIONS  | YEAR-TO-DATE ENDED |                   |
|---|--------------------|-------------------|
|   | SEPTEMBER<br>2015  | SEPTEMBER<br>2014 |
| Cash flows from operations:   |                    |                   |
| Net earnings  | \$436              | \$1,649           |
| Noncash charges (credits) to earnings:  |                    |                   |
| Depreciation, depletion and amortization  | 359                | 375               |
| Deferred income taxes, net  | 10                 | 170               |
| Pension and other postretirement benefits <u>(Note 6)</u>                                   | 32                 | (104)             |
| Share-based compensation expense  | 22                 | 29                |
| Charges for impairment of assets  | 14                 | 1                 |
| Net gain on dispositions of assets <sup>(1)</sup>   | (30)               | (1,048)           |
| Foreign exchange transaction losses <u>(Note 13)</u>  | 41                 | 15                |
| Change in:  |                    |                   |
| Receivables less allowances   | (41)               | (28)              |
| Receivable for taxes  | 11                 | 77                |
| Inventories   | (9)                | (46)              |
| Real estate and land  | —                  | (133)             |
| Prepaid expenses  | (2)                | 6                 |
| Accounts payable and accrued liabilities  | (47)               | (76)              |
| Deposits on land positions and other assets   | —                  | 15                |
| Pension and postretirement contributions / benefit payments                                 | (59)               | (85)              |
| Other   | (12)               | (33)              |
| Net cash from operations  | 725                | 784               |
| Cash flows from investing activities:   |                    |                   |
| Property and equipment  | (276)              | (239)             |
| Timberlands reforestation   | (33)               | (32)              |
| Acquisition of timberlands  | (34)               | —                 |
| Net proceeds from Real Estate Divestiture, net of cash divested <u>(Note 3)</u>             | —                  | 707               |
| Proceeds from sale of assets  | 7                  | 24                |
| Other   | 12                 | 25                |
| Cash from investing activities  | (324)              | 485               |
| Cash flows from financing activities:   |                    |                   |
| Net proceeds from issuance of Weyerhaeuser Real Estate Company (WRECO) debt <u>(Note 3)</u> | —                  | 887               |
| Deposit of WRECO debt proceeds into escrow <u>(Note 3)</u>                                  | —                  | (887)             |
| Cash dividends on common shares   | (460)              | (411)             |
| Cash dividends on preference shares   | (22)               | (22)              |
| Change in book overdrafts   | —                  | (17)              |
| Exercises of stock options  | 29                 | 84                |
| Repurchase of common stock <u>(Note 4)</u>  | (484)              | (123)             |
| Other   | 4                  | 5                 |
| Cash from financing activities  | (933)              | (484)             |
| Net change in cash and cash equivalents   | (532)              | 785               |
| Cash and cash equivalents at beginning of period  | 1,580              | 835               |
| Cash and cash equivalents at end of period  | \$1,048            | \$1,620           |



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|   |       |         |
|---|-------|---------|
| Cash paid (received) during the period for:                 |       |         |
| Interest, net of amount capitalized of \$4 and \$12         | \$290 | \$253   |
| Income taxes  | \$4   | \$(40 ) |
| Noncash investing and financing activity:                   |       |         |
| Common shares tendered in WRECO divestiture <u>(Note 3)</u> | \$—   | \$1,954 |
| (1) Includes gains on timberland exchanges.                 |       |         |

See accompanying Notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE QUARTERS AND YEAR-TO-DATE ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 1: BASIS OF PRESENTATION

We are a corporation that has elected to be taxed as a real estate investment trust (REIT). We expect to derive most of our REIT income from investments in timberlands, including the sale of standing timber. REIT income can be distributed to shareholders without first paying corporate level tax, substantially eliminating the double taxation on income. A significant portion of our timberland segment earnings receives this favorable tax treatment. We are, however, subject to corporate taxes on built-in-gains (the excess of fair market value over tax basis at January 1, 2010) on sales of real property (other than standing timber) held by the REIT during the first 10 years following the REIT conversion. We continue to be required to pay federal corporate income taxes on earnings of our Taxable REIT Subsidiary (TRS), which principally includes our manufacturing businesses and the portion of our Timberlands segment income included in the TRS.

Our consolidated financial statements provide an overall view of our results and financial condition. They include our accounts and the accounts of entities we control, including:

- majority-owned domestic and foreign subsidiaries and
- variable interest entities in which we are the primary beneficiary.

They do not include our intercompany transactions and accounts, which are eliminated, and noncontrolling interests are presented within equity.

We account for investments in and advances to unconsolidated equity affiliates using the equity method, with taxes provided on undistributed earnings. This means that we record earnings and accrue taxes in the period earnings are recognized by our unconsolidated equity affiliates.

Throughout these Notes to Consolidated Financial Statements, unless specified otherwise, references to “Weyerhaeuser,” “we” and “our” refer to the consolidated company.

The accompanying unaudited Consolidated Financial Statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of our financial position, results of operations and cash flows for the interim periods presented. Except as otherwise disclosed in these Notes to Consolidated Financial Statements, such adjustments are of a normal, recurring nature. The Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission pertaining to interim financial statements; certain disclosures normally provided in accordance with accounting principles generally accepted in the United States have been omitted. These Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2014. Results of operations for interim periods should not be regarded as necessarily indicative of the results that may be expected for the full year.

RECLASSIFICATIONS

We have reclassified certain balances and results from the prior year to be consistent with our 2015 reporting. This makes year-to-year comparisons easier. Our reclassifications had no effect on net earnings or equity. Our reclassifications present the results of operations discontinued in 2014 separately on our Consolidated Statement of Operations and in the related footnotes. Note 3: Discontinued Operations provides information about our discontinued operations.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, a comprehensive new revenue recognition model that requires an entity to recognize revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration it expects to receive in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of ASU 2014-09 for an additional year. We plan to adopt the standard on January 1, 2018 and may use either the retrospective

or cumulative effect transition method. We are evaluating the impact that ASU 2014-09 will have

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on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor determined the effect of the standard on our ongoing financial reporting.

In April 2015, FASB issued ASU 2015-03, which amends the presentation of debt issuance costs on the consolidated balance sheet. Under the new guidance, debt issuance costs are presented as a direct deduction from the carrying amount of the debt liability rather than as an asset. The new guidance is effective retrospectively for fiscal periods starting after December 15, 2015 and early adoption is permitted. We expect to adopt ASU 2015-03 on January 1, 2016 and have determined that its adoption will not have a material impact on our consolidated financial statements and related disclosures at that time.

In May 2015, FASB issued ASU 2015-07, which clarifies the presentation within the fair value hierarchy of certain investments held within our pension plan. The new guidance is effective retrospectively for fiscal periods starting after December 15, 2015 and early adoption is permitted. We have not yet determined an adoption date. This new guidance eliminates the requirement to categorize certain pension investments in the fair value hierarchy. Upon adoption these investments will be presented separately from the fair value hierarchy and reconciled to total investments in our consolidated financial statements and related disclosures.

In July 2015, FASB issued ASU 2015-11, which simplifies the measurement of inventories valued under most methods, including our inventories valued under FIFO – the first-in, first-out – and moving average cost methods. Inventories valued under LIFO – the last-in, first-out method – are excluded. Under this new guidance, inventories valued under these methods would be valued at the lower of cost and net realizable value, with net realizable value defined as the estimated selling price less reasonable costs to sell the inventory. The new guidance is effective prospectively for fiscal periods starting after December 15, 2016 and early adoption is permitted. We expect to adopt ASU 2015-11 on January 1, 2017 and are evaluating the impact on our consolidated financial statements and related disclosures.

#### NOTE 2: BUSINESS SEGMENTS

We are principally engaged in growing and harvesting timber and manufacturing, distributing and selling products made from trees. Our principal business segments are:

- Timberlands – which includes logs, timber, minerals, oil and gas, and international wood products;
- Wood Products – which includes softwood lumber, engineered wood products, structural panels and building materials distribution; and
- Cellulose Fibers – which includes pulp, liquid packaging board and an equity interest in a newsprint joint venture.

We divested Weyerhaeuser Real Estate Company (WRECO) in July 2014 and that entity is excluded from the segment results below. See Note 3: Discontinued Operations for information regarding our discontinued operations.

An analysis and reconciliation of our business segment information to the respective information in the Consolidated Financial Statements is as follows:

| DOLLAR AMOUNTS IN MILLIONS   | QUARTER ENDED  |                | YEAR-TO-DATE ENDED |                |
|--|----------------|----------------|--------------------|----------------|
|  | SEPTEMBER 2015 | SEPTEMBER 2014 | SEPTEMBER 2015     | SEPTEMBER 2014 |
| Sales to unaffiliated customers:   |                |                |                    |                |
| Timberlands  | \$326          | \$ 364         | \$1,013            | \$ 1,138       |
| Wood Products  | 1,023          | 1,048          | 2,950              | 3,023          |
| Cellulose Fibers   | 471            | 503            | 1,385              | 1,454          |
|  | 1,820          | 1,915          | 5,348              | 5,615          |
| Intersegment sales:  |                |                |                    |                |
| Timberlands  | 210            | 218            | 625                | 642            |
| Wood Products  | 20             | 20             | 61                 | 60             |
|  | 230            | 238            | 686                | 702            |
| Total sales  | 2,050          | 2,153          | 6,034              | 6,317          |
| Intersegment eliminations  | (230)          | (238)          | (686)              | (702)          |
| Total  | \$1,820        | \$ 1,915       | \$5,348            | \$ 5,615       |
| Net contribution to earnings:  |                |                |                    |                |
| Timberlands  | \$126          | \$ 136         | \$415              | \$ 470         |
| Wood Products  | 85             | 105            | 218                | 271            |
| Cellulose Fibers   | 79             | 59             | 139                | 204            |
|  | 290            | 300            | 772                | 945            |
| Unallocated Items <sup>(1)</sup>   | (27)           | 25             | (61)               | 108            |
| Net contribution to earnings from discontinued operations                              | —              | 972            | —                  | 1,017          |
| Net contribution to earnings   | 263            | 1,297          | 711                | 2,070          |
| Interest expense, net of capitalized interest (continuing and discontinued operations) | (88)           | (89)           | (259)              | (257)          |
| Income before income taxes (continuing and discontinued operations)                    | 175            | 1,208          | 452                | 1,813          |
| Income taxes (continuing and discontinued operations)                                  | 16             | (44)           | (16)               | (164)          |
| Net earnings   | 191            | 1,164          | 436                | 1,649          |
| Dividends on preference shares   | (11)           | (11)           | (33)               | (33)           |
| Net earnings attributable to Weyerhaeuser common shareholders                          | \$180          | \$ 1,153       | \$403              | \$ 1,616       |

Unallocated Items are charges or gains not related to or allocated to an individual operating segment. They include a portion of items such as: share-based compensation, pension and postretirement costs, foreign exchange transaction gains and losses associated with financing and the elimination of intersegment profit in inventory and the LIFO reserve.

### NOTE 3: DISCONTINUED OPERATIONS

On July 7, 2014, we completed the divestiture of our homebuilding and real estate development business, pursuant to which WRECO became a wholly-owned subsidiary of TRI Pointe Homes, Inc. (TRI Pointe). At that time we distributed shares of WRECO to our shareholders in exchange for 59 million shares of our common stock and received net cash proceeds of \$707 million. This transaction is referred to as the “Real Estate Divestiture”. Prior to the distribution of WRECO shares to our shareholders, WRECO was a wholly-owned subsidiary of Weyerhaeuser. Concurrent with the distribution to shareholders, WRECO ceased being a subsidiary. Discontinued operations relates to WRECO which was previously reported under the Real Estate segment and Unallocated Items.



The following table summarizes the components of net sales and net earnings from discontinued operations.

| DOLLAR AMOUNTS IN MILLIONS                | QUARTER ENDED                    | YEAR-TO-DATE      |
|---|----------------------------------|-------------------|
|   | SEPTEMBER<br>2014 <sup>(1)</sup> | SEPTEMBER<br>2014 |
| Net sales from discontinued operations    | \$ 8                             | \$ 573            |
| Income from operations                    | \$ (1 )                          | \$ 42             |
| Income taxes                              | (5 )                             | (16 )             |
| Net earnings (loss) from operations       | (6 )                             | 26                |
| Net gain on divestiture                   | 972                              | 972               |
| Net earnings from discontinued operations | \$ 966                           | \$ 998            |

(1) Discontinued operations in third quarter 2014 covered only seven days.

During June 2014, WRECO issued \$450 million of unsecured and unsubordinated senior obligations bearing an interest rate of 4.375 percent due June 15, 2019 and \$450 million of unsecured and unsubordinated senior obligations bearing an interest rate of 5.875 percent due June 15, 2024, which were transferred along with other WRECO assets and liabilities as part of the Real Estate Divestiture. The net proceeds after deducting the discount were \$887 million.

**NOTE 4: NET EARNINGS PER SHARE**

Our basic earnings per share attributable to Weyerhaeuser shareholders were:

\$0.35 during third quarter and \$0.78 during year-to-date 2015; and

\$2.17 during third quarter and \$2.85 during year-to-date 2014.

Our diluted earnings per share attributable to Weyerhaeuser shareholders were:

\$0.35 during third quarter and \$0.77 during year-to-date 2015; and

\$2.15 during third quarter and \$2.83 during year-to-date 2014.

Basic earnings per share is net earnings available to common shareholders divided by the weighted average number of our outstanding common shares, including stock equivalent units where there is no circumstance under which those shares would not be issued.

Diluted earnings per share is net earnings available to common shareholders divided by the sum of the:

weighted average number of our outstanding common shares and

the effect of our outstanding dilutive potential common shares.

Dilutive potential common shares can include:

outstanding stock options,

restricted stock units,

performance share units and

preference shares.

We use the treasury stock method to calculate the effect of our outstanding stock options, restricted stock units and performance share units. Share-based payment awards that are contingently issuable upon the achievement of specified performance or market conditions are included in our diluted earnings per share calculation in the period in which the conditions are satisfied.



We use the if-converted method to calculate the effect of our outstanding preference shares. In applying the if-converted method, conversion is not assumed for purposes of computing diluted earnings per share if the effect would be antidilutive. Preference shares are antidilutive whenever the amount of the dividend declared in or accumulated for the current period per common share obtainable on conversion exceeds diluted earnings per share exclusive of the preference shares.

Preference shares are evaluated for participation on a quarterly basis to determine whether two-class presentation is required. Preference shares are considered to be participating as of the financial reporting period end to the extent they would participate in dividends paid to common shareholders. Preference shares are not considered participating for the quarter and year-to-date periods ended September 30, 2015. Under the provisions of the two-class method, basic and diluted earnings per share would be presented for both preference and common shareholders.

#### SHARES EXCLUDED FROM DILUTIVE EFFECT

The following shares were not included in the computation of diluted earnings per share because they were either antidilutive or the required performance or market conditions were not met. Some or all of these shares may be dilutive potential common shares in future periods.

#### Potential Shares Not Included in the Computation of Diluted Earnings per Share

| SHARES IN THOUSANDS     | QUARTER ENDED  |                | YEAR-TO-DATE ENDED |                |
|-------------------------|----------------|----------------|--------------------|----------------|
|                         | SEPTEMBER 2015 | SEPTEMBER 2014 | SEPTEMBER 2015     | SEPTEMBER 2014 |
| Stock options           | 6,579          | —              | 6,579              | —              |
| Performance share units | 351            | —              | 351                | —              |
| Preference shares       | 24,987         | 24,988         | 24,987             | 24,988         |

#### STOCK REPURCHASE PROGRAMS

On August 13, 2014, our Board of Directors approved a stock repurchase program under which we are authorized to repurchase up to \$700 million of outstanding shares (the 2014 Repurchase Program). We repurchased 3,258,148 shares of common stock for \$90 million during third quarter 2015 and 15,442,231 shares of common stock for \$496 million during year-to-date 2015. In total, we have repurchased 21,505,224 shares of common stock for \$700 million under the 2014 Repurchase Program. All common stock purchases under the 2014 Repurchase Program have been made through open-market transactions.

On August 27, 2015, our Board of Directors approved a new share repurchase program of up to \$500 million of outstanding shares (the 2015 Repurchase Program), commencing upon completion of the 2014 Repurchase Program. As of September 30, 2015, we had repurchased no shares of common stock under the 2015 Repurchase Program and had remaining authorization of \$500 million for future stock repurchases. We had 511,032,862 shares of common stock outstanding as of September 30, 2015.

## NOTE 5: INVENTORIES

Inventories include raw materials, work-in-process and finished goods.

| DOLLAR AMOUNTS IN MILLIONS                           | SEPTEMBER 30, DECEMBER 31, |        |
|--|----------------------------|--------|
|  | 2015                       | 2014   |
| LIFO Inventories:                                    |                            |        |
| Logs and chips                                       | \$ 18                      | \$ 9   |
| Lumber, plywood and panels                           | 57                         | 55     |
| Pulp and paperboard                                  | 119                        | 122    |
| Other products                                       | 13                         | 11     |
| FIFO or moving average cost inventories:             |                            |        |
| Logs and chips                                       | 32                         | 38     |
| Lumber, plywood, panels and engineered wood products | 77                         | 80     |
| Pulp and paperboard                                  | 28                         | 35     |
| Other products                                       | 96                         | 96     |
| Materials and supplies                               | 150                        | 149    |
| Total  | \$ 590                     | \$ 595 |

LIFO – the last-in, first-out method – applies to major inventory products held at our U.S. domestic locations. We began to use the LIFO method for domestic products in the 1940s as required to conform with the tax method elected.

Subsequent acquisitions of entities added new products under the FIFO - the first-in, first-out method – or moving average cost methods that have continued under those methods. The FIFO or moving average cost methods applies to the balance of our domestic raw material and product inventories as well as for all material and supply inventories and all foreign inventories. If we used FIFO for all inventories, our stated inventories would have been higher by \$120 million as of September 30, 2015 and December 31, 2014.

## NOTE 6: PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The components of net periodic benefit costs (credits) are:

| DOLLAR AMOUNTS IN MILLIONS  | PENSION        |                |                    |                |
|---|----------------|----------------|--------------------|----------------|
|   | QUARTER ENDED  |                | YEAR-TO-DATE ENDED |                |
|   | SEPTEMBER 2015 | SEPTEMBER 2014 | SEPTEMBER 2015     | SEPTEMBER 2014 |
| Service cost <sup>(1)</sup>   | \$ 14          | \$ 13          | \$ 42              | \$ 40          |
| Interest cost   | 65             | 67             | 198                | 205            |
| Expected return on plan assets  | (115 )         | (117 )         | (354 )             | (349 )         |
| Amortization of actuarial loss  | 44             | 33             | 135                | 94             |
| Amortization of prior service cost                                      | 1              | 1              | 3                  | 4              |
| Loss due to curtailment and special termination benefits <sup>(2)</sup> | —              | 9              | —                  | 9              |
| Total net periodic benefit cost (credit)                                | \$ 9           | \$ 6           | \$ 24              | \$ 3           |

<sup>(1)</sup> Service cost includes \$2 million year-to-date ended 2014 for employees that were part of the Real Estate Divestiture. These charges are included in our results of discontinued operations.

<sup>(2)</sup> The 2014 loss due to curtailment and special termination benefits are related to involuntary terminations caused by restructuring activities, as well as the Real Estate Divestiture.

## OTHER POSTRETIREMENT BENEFITS

| DOLLAR AMOUNTS IN MILLIONS               | QUARTER ENDED  |                | YEAR-TO-DATE ENDED |                |
|--|----------------|----------------|--------------------|----------------|
|  | SEPTEMBER 2015 | SEPTEMBER 2014 | SEPTEMBER 2015     | SEPTEMBER 2014 |
| Interest cost                            | \$2            | \$ 3           | \$7                | \$ 8           |
| Amortization of actuarial loss           | 2              | 3              | 7                  | 9              |
| Amortization of prior service credit     | (2             | ) (25          | ) (6               | ) (120         |
| Other                                    | —              | —              | —                  | (4             |
| Total net periodic benefit cost (credit) | \$2            | \$ (19         | ) \$8              | \$ (107        |

During fourth quarter 2013, we decided to eliminate post-Medicare health funding for certain salaried retirees after 2014. We recognized a pretax gain of \$23 million in third quarter 2014 and \$113 million in year-to-date 2014 from this plan amendment. This gain is included in "Other operating income, net" in our Consolidated Statement of Operations and reflected in the amortization of prior service credit in the table above.

## VALUATION OF PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS ASSETS AND OBLIGATION

We estimate the fair value of pension plan assets based upon the information available during the year-end reporting process. In some cases, primarily private equity funds, the information available consists of net asset values as of an interim date, cash flows between the interim date and the end of the year and market events. We revised the year-end estimated fair value of pension plan assets to incorporate year-end net asset values reflected in financial statements received after we have filed our Annual Report on Form 10-K. During second quarter 2015, we recorded an increase in the fair value of the pension assets of \$57 million, or 1 percent. We also revised our census data that is used to estimate our projected benefit obligation for pension and other postretirement benefit plans. As a result of that update, during second quarter 2015, we recorded an increase to the projected benefit obligation of \$25 million, or less than 1 percent. The net effect was a \$32 million increase in the funded status.

## EXPECTED CONTRIBUTIONS AND BENEFIT PAYMENTS

We do not anticipate making a contribution to our U.S. qualified pension plan for 2015. In 2015 we expect to:

- be required to contribute approximately \$38 million for our Canadian registered plan;

- be required to contribute or make benefit payments for our Canadian nonregistered plans of \$3 million;

- make benefit payments of \$19 million for our U.S. nonqualified pension plans; and

- make benefit payments of \$25 million for our U.S. and Canadian other postretirement plans.

**NOTE 7: ACCRUED LIABILITIES**

Accrued liabilities were comprised of the following:

| DOLLAR AMOUNTS IN MILLIONS                             | SEPTEMBER 30, DECEMBER 31, |        |
|--|----------------------------|--------|
|  | 2015                       | 2014   |
| Wages, salaries and severance pay                      | \$ 139                     | \$ 161 |
| Pension and other postretirement benefits              | 46                         | 47     |
| Vacation pay   | 46                         | 47     |
| Taxes – Social Security and real and personal property | 37                         | 24     |
| Interest   | 73                         | 105    |
| Customer rebates and volume discounts                  | 43                         | 46     |
| Deferred income  | 68                         | 75     |
| Other  | 102                        | 82     |
| Total  | \$ 554                     | \$ 587 |

**NOTE 8: FAIR VALUE OF FINANCIAL INSTRUMENTS**

The estimated fair values and carrying values of our long-term debt consisted of the following:

| DOLLAR AMOUNTS IN MILLIONS                    | SEPTEMBER 30, |            | DECEMBER 31, |            |
|---|---------------|------------|--------------|------------|
|   | 2015          |            | 2014         |            |
|   | CARRYING      | FAIR VALUE | CARRYING     | FAIR VALUE |
|   | VALUE         | (LEVEL 2)  | VALUE        | (LEVEL 2)  |
| Long-term debt (including current maturities) | \$4,891       | \$5,761    | \$4,891      | \$5,922    |

To estimate the fair value of long-term debt, we used the following valuation approaches:

- market approach – based on quoted market prices we received for the same types and issues of our debt; or
- income approach – based on the discounted value of the future cash flows using market yields for the same type and comparable issues of debt.

The inputs to these valuations are based on market data obtained from independent sources or information derived principally from observable market data.

The difference between the fair value and the carrying value represents the theoretical net premium or discount we would pay or receive to retire all debt at the measurement date.

**FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS**

We believe that our other financial instruments, including cash and cash equivalents, short-term investments, receivables, and payables, have net carrying values that approximate their fair values with only insignificant differences. This is primarily due to:

- the short-term nature of these instruments,
- carrying short-term investments at expected net realizable value and
- the allowance for doubtful accounts.

## NOTE 9: LEGAL PROCEEDINGS, COMMITMENTS AND CONTINGENCIES

This note provides details about our:

- legal proceedings and
- environmental matters.

### LEGAL PROCEEDINGS

We are party to various legal proceedings arising in the ordinary course of business. We are not currently a party to any legal proceeding that management believes could have a material adverse effect on our long-term consolidated financial position, results of operations or cash flows.

### ENVIRONMENTAL MATTERS

Our environmental matters include:

- site remediation and
- asset retirement obligations.

#### Site Remediation

Under the Comprehensive Environmental Response Compensation and Liability Act – commonly known as the Superfund – and similar state laws, we:

- are a party to various proceedings related to the cleanup of hazardous waste sites and
- have been notified that we may be a potentially responsible party related to the cleanup of other hazardous waste sites for which proceedings have not yet been initiated.

As of September 30, 2015, our total accrual for future estimated remediation costs on the active Superfund sites and other sites for which we are responsible was approximately \$39 million. These reserves are recorded in "Accrued liabilities" and "Other liabilities" in our Consolidated Balance Sheet.

#### Asset Retirement Obligations

We have obligations associated with the retirement of tangible long-lived assets consisting primarily of reforestation obligations related to forest management licenses in Canada and obligations to close and cap landfills. As of September 30, 2015, our total accrual for these obligations was \$34 million. These obligations are recorded in "Accrued liabilities" and "Other liabilities" in our Consolidated Balance Sheet.

Some of our sites have materials containing asbestos. We have met our current legal obligation to identify and manage these materials. In situations where we cannot reasonably determine when materials containing asbestos might be removed from the sites, we have not recorded an accrual because the fair value of the obligation cannot be reasonably estimated.

## NOTE 10: CUMULATIVE OTHER COMPREHENSIVE INCOME (LOSS)

Changes in amounts included in our cumulative other comprehensive income (loss) by component are:

| DOLLAR AMOUNTS IN<br>MILLIONS  | PENSION   |                     |                           | OTHER<br>POSTRETIREMENT<br>BENEFITS |                             |  | Total     |
|--|---|---------------------|---------------------------|-------------------------------------|-----------------------------|--|-----------|
|  | Foreign<br>currency<br>translation<br>adjustments | Actuarial<br>losses | Prior<br>service<br>costs | Actuarial<br>losses                 | Prior<br>service<br>credits | Unrealized gains<br>on<br>available-for-sale<br>securities |           |
| Beginning balance as of<br>December 31, 2014   | \$304   | \$(1,623)           | \$(15)                    | \$(108)                             | )\$43                       | \$ 6   | \$(1,393) |
| Other comprehensive income<br>(loss) before reclassifications                                  | (78)  | )73                 | 2                         | 21                                  | (2)                         | )—   | 16        |
| Income taxes   | —   | (20)                | )(1                       | )(7                                 | )—                          | —  | (28)      |
| Net other comprehensive<br>income (loss) before<br>reclassifications                           | (78)  | )53                 | 1                         | 14                                  | (2)                         | )—   | (12)      |
| Amounts reclassified from<br>cumulative other<br>comprehensive income<br>(loss) <sup>(1)</sup> | —   | 135                 | 3                         | 7                                   | (6)                         | )—   | 139       |
| Income taxes   | —   | (46)                | )(1                       | )(2                                 | )2                          | —  | (47)      |
| Net amounts reclassified<br>from cumulative other<br>comprehensive income (loss)               | —   | 89                  | 2                         | 5                                   | (4)                         | )—   | 92        |
| Total other comprehensive<br>income (loss)   | (78)  | )142                | 3                         | 19                                  | (6)                         | )—   | 80        |
| Ending balance as of<br>September 30, 2015   | \$226   | \$(1,481)           | \$(12)                    | \$(89)                              | )\$37                       | \$ 6   | \$(1,313) |

(1) Actuarial losses and prior service credits (cost) are included in the computation of net periodic benefit costs (credits). See Note 6: Pension and Other Postretirement Benefit Plans.

## NOTE 11: SHARE-BASED COMPENSATION

In year-to-date 2015, we granted 2,122,608 stock options, 433,469 restricted stock units, 238,662 performance share units and 58,373 stock appreciation rights. In addition, 364,576 outstanding restricted stock units and 241,734 outstanding performance share units vested during year-to-date 2015. A total of 1,784,340 shares of common stock were issued as a result of restricted stock unit vesting, performance share unit vesting and stock option exercises.

## STOCK OPTIONS

The weighted average exercise price of all of the stock options granted in 2015 was \$35.41. The vesting and post-termination vesting terms for stock options granted in 2015 were as follows:

- vest ratably over four years;
- vest or continue to vest in the event of death while employed, disability or retirement at an age of at least 62;
- continue to vest upon retirement at an age of at least 62, but a portion of the grant is forfeited if retirement occurs before the one year anniversary of the grant;
- continue to vest for one year in the event of involuntary termination when the retirement criteria has not been met; and
- stop vesting for all other situations including early retirement prior to age 62.



Weighted Average Assumptions Used in Estimating the Value of Stock Options Granted in 2015

|  | OPTIONS |   |
|--|---------|---|
| Expected volatility                    | 25.92   | % |
| Expected dividend yield                | 3.28    | % |
| Expected term (in years)               | 4.77    |   |
| Risk-free rate                         | 1.54    | % |
| Weighted average grant date fair value | \$5.85  |   |

RESTRICTED STOCK UNITS

The weighted average fair value of the restricted stock units granted in 2015 was \$35.41. The vesting provisions for restricted stock units granted in 2015 were as follows:

- vest ratably over four years;
- immediately vest in the event of death while employed or disability;
- continue to vest upon retirement at an age of at least 62, but a portion of the grant is forfeited if retirement occurs before the one year anniversary of the grant;
- continue vesting for one year in the event of involuntary termination when the retirement criteria has not been met; and
- will be forfeited upon termination of employment in all other situations including early retirement prior to age 62.

PERFORMANCE SHARE UNITS

The weighted average grant date fair value of performance share units granted in 2015 was \$34.75.

The final number of shares granted in 2015 will range from 0 percent to 150 percent of each grant's target, depending upon actual company performance.

The ultimate number of performance share units earned is based on two measures:

- our relative total shareholder return (TSR) ranking measured against the S&P 500 over a three year period and
- our relative TSR ranking measured against an industry peer group of companies over a three year period.

The vesting provisions for performance share units granted in 2015 were as follows:

- vest 100 percent on the third anniversary of the grant date as long as the individual remains employed by the company;
- fully vest in the event the participant dies or becomes disabled while employed;
- continue to vest upon retirement at an age of at least 62, but a portion of the grant is forfeited if retirement occurs before the one year anniversary of the grant;
- continue vesting for one year in the event of involuntary termination when the retirement criteria has not been met and the employee has met the second anniversary of the grant date; and
- will be forfeited upon termination of employment in all other situations including early retirement prior to age 62.



## Weighted Average Assumptions Used in Estimating the Value of Performance Share Units Granted in 2015

|                                    | Performance Share Units |    |       |   |
|------------------------------------|-------------------------|----|-------|---|
| Performance period                 | 1/1/2015 – 12/31/2017   |    |       |   |
| Valuation date closing stock price | \$35.41                 |    |       |   |
| Expected dividends                 | 3.26                    |    |       | % |
| Risk-free rate                     | 0.05                    | %– | 1.07  | % |
| Expected volatility                | 16.04                   | %– | 20.89 | % |

## STOCK APPRECIATION RIGHTS

Stock appreciation rights are remeasured to reflect the fair value at each reporting period. The following table shows the weighted average assumptions applied to all outstanding stock appreciation rights as of September 30, 2015.

## Weighted Average Assumptions Used to Remeasure the Value of Stock Appreciation Rights as of September 30, 2015

|                             | Stock Appreciation Rights |   |
|-----------------------------|---------------------------|---|
| Expected volatility         | 21.63                     | % |
| Expected dividends          | 4.39                      | % |
| Expected term (in years)    | 2.11                      |   |
| Risk-free rate              | 0.71                      | % |
| Weighted average fair value | \$6.16                    |   |

The vesting and post-termination vesting terms for stock appreciation rights granted in 2015 are the same as for stock options described above.

## NOTE 12: CHARGES FOR RESTRUCTURING, CLOSURES AND ASSET IMPAIRMENTS

## Items Included in Our Restructuring, Closure and Asset Impairment Charges

| DOLLAR AMOUNTS IN MILLIONS                                | QUARTER ENDED |           | YEAR-TO-DATE ENDED |           |
|---|---------------|-----------|--------------------|-----------|
|   | SEPTEMBER     | SEPTEMBER | SEPTEMBER          | SEPTEMBER |
|   | 2015          | 2014      | 2015               | 2014      |
| Restructuring and closure charges:                        |               |           |                    |           |
| Termination benefits                                      | \$1           | \$ 2      | \$1                | \$ 25     |
| Pension and postretirement charges                        | —             | 3         | —                  | 3         |
| Other restructuring and closure costs                     | —             | 5         | 1                  | 8         |
| Charges for restructuring and closures                    | 1             | 10        | 2                  | 36        |
| Impairments of long-lived assets                          | 1             | —         | 14                 | 1         |
| Total charges for restructuring, closures and impairments | \$2           | \$ 10     | \$16               | \$ 37     |

During 2015, we recognized a noncash impairment charge of \$13 million in first quarter related to a nonstrategic asset held in Unallocated Items that was sold in second quarter. The fair value of the asset was determined using significant unobservable inputs (level 3) based on discounted cash flow model. During 2014, our restructuring and closure charges were primarily related to our selling, general and administrative cost reduction initiative to support achieving our competitive performance goals.

Changes in accrued severance related to restructuring during the year-to-date period ended September 30, 2015 were as follows:

## DOLLAR AMOUNTS IN MILLIONS

|  |      |   |
|--|------|---|
| Accrued severance as of December 31, 2014  | \$10 |   |
| Charges                                    | 1    |   |
| Payments                                   | (9   | ) |
| Accrued severance as of September 30, 2015 | \$2  |   |

The majority of the accrued severance balance as of September 30, 2015, is expected to be paid within one year.

## NOTE 13: OTHER OPERATING COSTS (INCOME), NET

Other operating costs (income), net:

includes both recurring and occasional income and expense items and can fluctuate from year to year.

## Items Included in Other Operating Costs (Income), Net

| DOLLAR AMOUNTS IN MILLIONS                              | QUARTER ENDED |           | YEAR-TO-DATE ENDED |           |
|---|---------------|-----------|--------------------|-----------|
|   | SEPTEMBER     | SEPTEMBER | SEPTEMBER          | SEPTEMBER |
|   | 2015          | 2014      | 2015               | 2014      |
| Gain on postretirement plan amendment ( <u>Note 6</u> ) | \$—           | \$ (23    | \$—                | \$ (113   |
| Gain on dispositions of nonstrategic assets             | (1            | ) (1      | (7                 | ) (25     |
| Foreign exchange losses, net                            | 20            | 13        | 41                 | 15        |
| Land management income                                  | (9            | ) (9      | (27                | ) (25     |
| Other, net  | 11            | (3        | ) 14               | (15       |
| Total other operating costs (income), net               | \$21          | \$ (23    | ) \$21             | \$ (163   |

Gain on dispositions of nonstrategic assets in 2014 included a \$22 million pretax gain recognized in first quarter 2014 on the sale of a landfill in Washington State.

Foreign exchange losses (gains) result from changes in exchange rates on transactions, primarily related to our Canadian operations.

Land management income includes income from recreational activities, land permits, grazing rights, firewood sales and other miscellaneous income related to land management activities.

## NOTE 14: INCOME TAXES

As a REIT, we generally are not subject to corporate level tax on income of the REIT that is distributed to shareholders. We are, however, subject to corporate taxes on built-in-gains (the excess of fair market value over tax basis at January 1, 2010) on sales of real property (other than standing timber) held by the REIT during the first 10 years following the REIT conversion. We continue to be required to pay federal corporate income taxes on earnings of our TRS, which includes our manufacturing businesses and the portion of our Timberlands segment income included in the TRS.

The 2015 provision for income taxes is based on the current estimate of the annual effective tax rate. Our 2015 estimated annual effective tax rate for our TRS is approximately 24 percent, which is lower than the statutory federal tax rate primarily due to permanent tax deductions and lower foreign tax rates applicable to foreign earnings, partially offset by state income taxes.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

### FORWARD-LOOKING STATEMENTS

This report contains statements concerning our future results and performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements:

are based on various assumptions we make and

may not be accurate because of risks and uncertainties surrounding the assumptions that we make.

Factors listed in this section – as well as other factors not included – may cause our actual results to differ significantly from our forward-looking statements. There is no guarantee that any of the events anticipated by our forward-looking statements will occur. If any of the events occur, there is no guarantee what effect they will have on our operations or financial condition.

We will not update our forward-looking statements after the date of this report.

### FORWARD-LOOKING TERMINOLOGY

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts.

They often use words such as expects, may, should, will, believes, anticipates, estimates, projects, intends, plans, targets and approximately. They may use the positive or negative or other variation of those and similar words.

### STATEMENTS

We make forward-looking statements in this report concerning our plans, strategies, intentions and expectations, including with respect to estimated taxes and tax rates, expectations relating to shares, share repurchases, share compensation, dilution and dividends, expected results of legal proceedings and the sufficiency of litigation reserves, expected uses of cash, expectations relating to pension contributions and benefit payments, and our expectations relating to the U.S. housing market, economic conditions, strength of the U.S. dollar and demand for our products.

We base our forward-looking statements on a number of factors, including the expected effect of:

the economy,

laws and regulations,

adverse litigation outcomes and the adequacy of reserves,

changes in accounting principles,

contributions to pension plans,

projected benefit payments,

projected tax treatment, rates and credits, and

other related matters.

You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties. Should other risks or uncertainties materialize, or should our underlying assumptions prove inaccurate, actual results could differ materially from past results as well as from our estimated or projected results.

## RISKS, UNCERTAINTIES AND ASSUMPTIONS

Major risks and uncertainties – and assumptions that we make – that affect our business and may cause actual results to differ from these forward-looking statements include, but are not limited to:

- the effect of general economic conditions, including employment rates, interest rate levels, housing starts, availability of financing for home mortgages and strength of the U.S. dollar;
- market demand for our products, which is related to the strength of the various U.S. business segments and U.S. and international economic conditions;
- performance of our manufacturing operations, including maintenance requirements;
- potential disruptions in our manufacturing operations;
- the level of competition from domestic and foreign producers;
- raw material availability and prices;
- the effect of weather;
- the risk of loss from fires, floods, windstorms, hurricanes, pest infestation and other natural disasters;
- energy prices;
- the successful execution of our internal plans and strategic initiatives;
- transportation and labor availability and costs;
- federal tax policies;
- the effect of forestry, land use, environmental and other governmental regulations;
- legal proceedings;
- performance of pension fund investments and related derivatives;
- the effect of timing of retirements and changes in the market price of our common stock on charges for share-based compensation;
- changes in accounting principles; and
- other factors described under “Risk Factors” in our 2014 Annual Report on Form 10-K.

## EXPORTING ISSUES

We are a large exporter, affected by:

- economic activity in Europe and Asia, especially Japan and China;
- currency exchange rates – particularly the relative value of the U.S. dollar, Canadian dollar, euro and yen; and
- restrictions on international trade or tariffs imposed on imports.

## RESULTS OF OPERATIONS

In reviewing our results of operations, it is important to understand these terms:

• Sales realizations refer to net selling prices – this includes selling price plus freight, minus normal sales deductions.

• Net contribution to earnings refers to earnings (loss) attributable to Weyerhaeuser shareholders before interest expense and income taxes.

In reviewing our results of operations, it is important to understand net sales and operating income included in Consolidated Results and individual segment discussions below exclude the results of discontinued operations. Refer to [Note 3: Discontinued Operations](#).

In the following discussion, unless otherwise noted, references to increases or decreases in income and expense items, sales realizations, shipment volumes, and net contributions to earnings are based on the quarter and year-to-date periods ended September 30, 2015, compared to the quarter and year-to-date periods ended September 30, 2014.

## ECONOMIC AND MARKET CONDITIONS AFFECTING OUR OPERATIONS

The strength of the U.S. housing market strongly affects our Wood Products and Timberlands segments. As published by the U.S. Census Bureau, total housing starts for 2014 were slightly above 1,000,000 units. We continue to expect U.S. housing starts of approximately 1,100,000 units in 2015 as a result of employment growth, improving consumer confidence and continued historically low mortgage rates.

Demand for logs from our Timberlands segment is affected by production levels of wood-based building products. Our Western holdings are also affected by export demand. We expect demand from China and Japan in 2015 to be lower than 2014.

Cellulose Fibers is primarily affected by global supply and demand factors and the relative strength of the U.S. dollar. The euro declined in 2014 and early 2015 relative to the U.S. dollar to the lowest level in recent years. We do not expect the U.S. dollar to continue to strengthen significantly relative to developed currencies during the rest of 2015.

## CONSOLIDATED RESULTS

How We Did in Third Quarter and Year-to-Date 2015

## NET SALES / OPERATING INCOME / NET EARNINGS – WEYERHAEUSER COMPANY

Here is a comparison of net sales, operating income and net earnings for the quarters and year-to-date periods ended September 30, 2015 and 2014:

| DOLLAR AMOUNTS IN<br>MILLIONS, EXCEPT PER-SHARE<br>FIGURES                        | QUARTER ENDED     |                   | AMOUNT OF YEAR-TO-DATE<br>CHANGE ENDED |                   | AMOUNT OF<br>CHANGE |               |
|---|-------------------|-------------------|--|-------------------|---------------------|---------------|
|   | SEPTEMBER<br>2015 | SEPTEMBER<br>2014 | 2015 VS. 2014                          | SEPTEMBER<br>2015 | SEPTEMBER<br>2014   | 2015 VS. 2014 |
| Net sales   | \$1,820           | \$ 1,915          | \$ (95 )                               | \$5,348           | \$ 5,615            | \$ (267 )     |
| Operating income  | \$259             | \$ 318            | \$ (59 )                               | \$702             | \$ 1,026            | \$ (324 )     |
| Earnings of discontinued operations,<br>net of tax                                | \$—               | \$ 966            | \$ (966 )                              | \$—               | \$ 998              | \$ (998 )     |
| Net earnings attributable to<br>Weyerhaeuser common shareholders                  | \$180             | \$ 1,153          | \$ (973 )                              | \$403             | \$ 1,616            | \$ (1,213 )   |
| Basic earnings per share attributable<br>to Weyerhaeuser common<br>shareholders   | \$0.35            | \$ 2.17           | \$ (1.82 )                             | \$0.78            | \$ 2.85             | \$ (2.07 )    |
| Diluted earnings per share<br>attributable to Weyerhaeuser<br>common shareholders | \$0.35            | \$ 2.15           | \$ (1.80 )                             | \$0.77            | \$ 2.83             | \$ (2.06 )    |



#### Comparing Third Quarter 2015 with Third Quarter 2014

##### Net sales

Net sales decreased \$95 million – 5 percent – primarily due to the following:

• Timberlands segment sales decreased \$38 million, primarily due to lower average export log sales realizations and sales volumes in the West.

• Cellulose Fibers segment sales decreased \$32 million, primarily due to lower average sales realizations for pulp and liquid packaging board, and lower sales volumes for pulp. These decreases were partially offset by higher sales volumes for liquid packaging board.

• Wood Products segment sales decreased \$25 million, primarily due to lower average sales realizations for structural lumber and oriented strand board (OSB). These decreases were partially offset by higher structural lumber, OSB, engineered solid section, and engineered I-joists shipment volumes, and higher sales from complementary building products.

##### Net earnings attributable to Weyerhaeuser common shareholders

Our net earnings attributable to Weyerhaeuser common shareholders decreased \$973 million – 84 percent – primarily due to the following:

• earnings from discontinued operations recognized in 2014 – \$966 million. There were no earnings from discontinued operations in 2015.

• lower gross margin – \$36 million – primarily due to lower average sales realizations in lumber and OSB in our Wood Products segment and lower average log sales realizations and timberlands exchanges in our Timberlands segment, partially offset by decreased scheduled maintenance outage days in our Cellulose Fibers segment; and

• lower other operating income – \$44 million – primarily due to a \$23 million pretax gain recognized in 2014 related to a previously announced postretirement plan amendment.

These decreases were partially offset by:

• lower tax expense – \$55 million – primarily due to lower earnings in our Taxable REIT Subsidiary (TRS); and

• lower selling, general and administrative expenses – \$14 million.

#### Comparing Year-to-Date 2015 with Year-to-Date 2014

##### Net sales

Net sales decreased \$267 million – 5 percent – primarily due to the following:

• Timberlands segment sales decreased \$125 million, primarily due to lower average log sales realizations and export sales volumes in the West, and lower log sales volumes in the South.

• Wood Products segment sales decreased \$73 million, primarily due to lower average sales realizations for structural lumber and OSB, partially offset by higher structural lumber, OSB, and engineered solid section shipment volumes, and higher sales from complementary building products.

• Cellulose Fibers segment sales decreased \$69 million, primarily due to lower sales volumes for pulp and other products, and lower average sales realizations for liquid packaging board and pulp.

##### Net earnings attributable to Weyerhaeuser common shareholders

Our net earnings attributable to Weyerhaeuser common shareholders decreased \$1,213 million – 75 percent – primarily due to the following:

• earnings from discontinued operations recognized in 2014 – \$998 million. There were no earnings from discontinued operations in 2015.

lower gross margin – \$207 million – primarily due to lower average sales realizations in lumber and OSB in our Wood Products segment, lower average log sales realizations and sales volumes in our Timberlands segment, and increased scheduled maintenance outage days in our Cellulose Fibers segment; and  
 lower other operating income – \$184 million – primarily due to a \$113 million pretax gain recognized in 2014 related to a previously announced postretirement plan amendment, a \$22 million pretax gain recognized in 2014 on the sale of a landfill in Washington State and a \$24 million increase in 2015 in noncash foreign exchange losses on debt held by our Canadian entity.

These decreases were partially offset by:

- lower tax expense – \$132 million – primarily due to lower earnings in our TRS; and
- lower selling, general and administrative expenses – \$44 million.

## TIMBERLANDS

### How We Did Third Quarter and Year-to-Date 2015

Here is a comparison of net sales to unaffiliated customers, intersegment sales, and net contribution to earnings for the quarters and year-to-date periods ended September 30, 2015 and 2014:

### NET SALES / NET CONTRIBUTION TO EARNINGS – TIMBERLANDS

| DOLLAR AMOUNTS IN<br>MILLIONS                            | QUARTER ENDED     |                   | AMOUNT OF YEAR-TO-DATE<br>CHANGE ENDED |                   | AMOUNT<br>OF<br>CHANGE |               |
|--|-------------------|-------------------|--|-------------------|------------------------|---------------|
|  | SEPTEMBER<br>2015 | SEPTEMBER<br>2014 | 2015 VS. 2014                          | SEPTEMBER<br>2015 | SEPTEMBER<br>2014      | 2015 VS. 2014 |
| Net sales to unaffiliated customers:                     |                   |                   |  |                   |                        |               |
| Logs:  |                   |                   |  |                   |                        |               |
| West   | \$196             | \$227             | \$ (31 )                               | \$627             | \$745                  | \$ (118 )     |
| South  | 64                | 69                | (5 )                                   | 180               | 191                    | (11 )         |
| Canada   | 6                 | 5                 | 1                                      | 17                | 12                     | 5             |
| Subtotal logs sales                                      | 266               | 301               | (35 )                                  | 824               | 948                    | (124 )        |
| Chip sales   | 4                 | 4                 | —                                      | 12                | 9                      | 3             |
| Timberlands exchanges <sup>(1)</sup>                     | 12                | 17                | (5 )                                   | 42                | 49                     | (7 )          |
| Higher and better-use land sales <sup>(1)</sup>          | 4                 | 4                 | —                                      | 9                 | 14                     | (5 )          |
| Minerals, oil and gas                                    | 7                 | 10                | (3 )                                   | 19                | 25                     | (6 )          |
| Products from international<br>operations <sup>(2)</sup> | 20                | 22                | (2 )                                   | 69                | 72                     | (3 )          |
| Other products   | 13                | 6                 | 7                                      | 38                | 21                     | 17            |
| Subtotal net sales to unaffiliated<br>customers          | 326               | 364               | (38 )                                  | 1,013             | 1,138                  | (125 )        |
| Intersegment sales:                                      |                   |                   |  |                   |                        |               |
| United States  | 138               | 141               | (3 )                                   | 426               | 427                    | (1 )          |
| Other  | 72                | 77                | (5 )                                   | 199               | 215                    | (16 )         |
| Subtotal intersegment sales                              | 210               | 218               | (8 )                                   | 625               | 642                    | (17 )         |
| Total sales  | \$536             | \$582             | \$ (46 )                               | \$1,638           | \$1,780                | \$ (142 )     |
| Net contribution to earnings                             | \$126             | \$136             | \$ (10 )                               | \$415             | \$470                  | \$ (55 )      |

(1) Significant dispositions of higher and better-use timberland and some nonstrategic timberlands are made through subsidiaries.

(2) Includes logs, plywood and hardwood lumber harvested or produced by our international operations. Includes sales of our operations in Uruguay and Brazil (sold in third quarter 2014).





Comparing Third Quarter 2015 with Third Quarter 2014

Net sales – unaffiliated customers

Net sales to unaffiliated customers decreased \$38 million – 10 percent – primarily due to a \$31 million decrease in Western log sales as a result of lower average export sales realizations and sales volumes.

Intersegment sales

Intersegment sales decreased \$8 million – 4 percent – primarily due to an \$5 million decrease in Canada as a result of lower translated revenues due to the strengthening U.S. dollar.

Net contribution to earnings

Net contribution to earnings decreased \$10 million – 7 percent – primarily due to the following:

- lower average log sales realizations in the West – \$16 million and
- lower timberlands exchanges – \$6 million.

These decreases were partially offset by lower logging and silviculture costs in the South – \$11 million.

Comparing Year-to-Date 2015 with Year-to-Date 2014

Net sales – unaffiliated customers

Net sales to unaffiliated customers decreased \$125 million – 11 percent – primarily due to a \$118 million decrease in Western log sales as a result of lower average sales realizations and export sales volumes, and an \$11 million decrease in Southern log sales due to lower sales volumes.

Intersegment sales

Intersegment sales decreased \$17 million – 3 percent – primarily due to a \$16 million decrease in Canada as a result of lower log and chip sales volumes and lower translated revenues due to the strengthening U.S. dollar.

Net contribution to earnings

Net contribution to earnings decreased \$55 million – 12 percent – primarily due to the following:

- lower average log sales realizations in the West – \$82 million,
- lower sales volumes in the West and South – \$30 million, and
- lower timberlands exchanges – \$12 million.

These decreases were partially offset by:

- lower operating costs primarily due to lower logging and silviculture costs in the South and lower log purchases in the West – \$49 million;
- higher average sales realizations in the South – \$13 million; and
- lower selling, general and administrative expenses – \$10 million.

## THIRD-PARTY LOG SALES VOLUMES AND FEE HARVEST VOLUMES

| VOLUMES IN THOUSANDS                  | QUARTER ENDED  |                | AMOUNT OF YEAR-TO-DATE CHANGE ENDED |                | AMOUNT OF CHANGE |               |
|---------------------------------------|----------------|----------------|-------------------------------------|----------------|------------------|---------------|
|                                       | SEPTEMBER 2015 | SEPTEMBER 2014 | 2015 VS. 2014                       | SEPTEMBER 2015 | SEPTEMBER 2014   | 2015 VS. 2014 |
| Third party log sales – cubic meters: |                |                |                                     |                |                  |               |
| West                                  | 2,104          | 2,223          | (119 )                              | 6,554          | 6,859            | (305 )        |
| South                                 | 1,396          | 1,500          | (104 )                              | 3,962          | 4,224            | (262 )        |
| Canada                                | 159            | 152            | 7                                   | 479            | 338              | 141           |
| International                         | 175            | 170            | 5                                   | 504            | 456              | 48            |
| Total                                 | 3,834          | 4,045          | (211 )                              | 11,499         | 11,877           | (378 )        |
| Fee harvest volumes – cubic meters:   |                |                |                                     |                |                  |               |
| West                                  | 2,666          | 2,656          | 10                                  | 8,388          | 8,419            | (31 )         |
| South                                 | 3,008          | 2,950          | 58                                  | 8,652          | 8,531            | 121           |
| International                         | 200            | 232            | (32 )                               | 658            | 730              | (72 )         |
| Total                                 | 5,874          | 5,838          | 36                                  | 17,698         | 17,680           | 18            |

## WOOD PRODUCTS

How We Did Third Quarter and Year-to-Date 2015

Here is a comparison of net sales to unaffiliated customers and net contribution to earnings for the quarters and year-to-date periods ended September 30, 2015 and 2014:

## NET SALES / NET CONTRIBUTION TO EARNINGS – WOOD PRODUCTS

| DOLLAR AMOUNTS IN MILLIONS      | QUARTER ENDED  |                | AMOUNT OF YEAR-TO-DATE CHANGE ENDED |                | AMOUNT OF CHANGE |               |
|---------------------------------|----------------|----------------|-------------------------------------|----------------|------------------|---------------|
|                                 | SEPTEMBER 2015 | SEPTEMBER 2014 | 2015 VS. 2014                       | SEPTEMBER 2015 | SEPTEMBER 2014   | 2015 VS. 2014 |
| Net sales:                      |                |                |                                     |                |                  |               |
| Structural lumber               | \$455          | \$ 500         | \$ (45 )                            | \$ 1,339       | \$ 1,442         | \$ (103 )     |
| Engineered solid section        | 116            | 104            | 12                                  | 323            | 308              | 15            |
| Engineered I-joists             | 79             | 74             | 5                                   | 216            | 214              | 2             |
| Oriented strand board           | 151            | 157            | (6 )                                | 435            | 464              | (29 )         |
| Softwood plywood                | 33             | 42             | (9 )                                | 102            | 107              | (5 )          |
| Other products produced         | 49             | 45             | 4                                   | 145            | 132              | 13            |
| Complementary building products | 140            | 126            | 14                                  | 390            | 356              | 34            |
| Total                           | \$1,023        | \$ 1,048       | \$ (25 )                            | \$ 2,950       | \$ 3,023         | \$ (73 )      |
| Net contribution to earnings    | \$85           | \$ 105         | \$ (20 )                            | \$ 218         | \$ 271           | \$ (53 )      |

Comparing Third Quarter 2015 with Third Quarter 2014

Net sales

Net sales decreased \$25 million – 2 percent – primarily due to the following:

• Structural lumber average sales realizations decreased 14 percent,

• OSB average sales realizations decreased 10 percent, and

• Softwood plywood average sales realizations decreased 13 percent and shipment volumes decreased 9 percent.

These items were partially offset by:

- a 5 percent increase in structural lumber shipment volumes,
- an 11 percent increase in sales of complementary building products,
- a 6 percent increase in OSB shipment volumes,
- a 10 percent increase in engineered solid section shipment volumes, and
- a 6 percent increase in engineered I-joists shipment volumes.

Net contribution to earnings

Net contribution to earnings decreased \$20 million – 19 percent – primarily due to lower average sales realizations in lumber and OSB – \$83 million. This decrease was mostly offset by:

- higher sales volumes across all major product lines – \$9 million;
- lower unit manufacturing costs due to lower resin costs, higher operating rates, and lower translated Canadian operating costs due to the strengthening U.S. dollar – \$22 million;
- lower log costs due to decreasing log prices – \$13 million;
- lower freight costs due to declining fuel prices – \$8 million; and
- lower selling, general and administrative expenses – \$9 million.

Comparing Year-to-Date 2015 with Year-to-Date 2014

Net sales

Net sales decreased \$73 million – 2 percent – primarily due to the following:

- Structural lumber average sales realizations decreased 10 percent and
- OSB average sales realizations decreased 13 percent.

These items were partially offset by:

- a 3 percent increase in structural lumber shipment volumes,
- an 8 percent increase in OSB shipment volumes,
- a 10 percent increase in sales of complementary building products, and
- a 3 percent increase in engineered solid section shipment volumes.

Net contribution to earnings

Net contribution to earnings decreased \$53 million – 20 percent – primarily due to lower average sales realizations in lumber and OSB – \$212 million. This decrease was mostly offset by:

- higher sales volumes across most product lines – \$13 million;
- lower unit manufacturing costs due to lower resin and other input costs, higher operating rates, and lower translated Canadian operating costs due to the strengthening U.S. dollar – \$71 million;
- lower log costs due to decreasing log prices – \$31 million;
- lower freight costs due to declining fuel prices – \$13 million; and
- lower selling, general and administrative expenses – \$25 million.

## THIRD-PARTY SALES VOLUMES

| VOLUMES IN MILLIONS <sup>(1)</sup>         | QUARTER ENDED |           | AMOUNT OF     | YEAR-TO-DATE |           | AMOUNT        |
|--|---------------|-----------|---------------|--------------|-----------|---------------|
|  |               |           | CHANGE        | ENDED        |           | OF            |
|  | SEPTEMBER     | SEPTEMBER | 2015 VS. 2014 | SEPTEMBER    | SEPTEMBER | CHANGE        |
|  | 2015          | 2014      |               | 2015         | 2014      | 2015 VS. 2014 |
| Structural lumber – board feet             | 1,224         | 1,162     | 62            | 3,474        | 3,357     | 117           |
| Engineered solid section – cubic feet      | 5.6           | 5.1       | 0.5           | 16           | 15.5      | 0.5           |
| Engineered I-joists – lineal feet          | 52            | 49        | 3             | 143          | 144       | (1 )          |
| Oriented strand board – square feet (3/8") | 778           | 732       | 46            | 2,249        | 2,079     | 170           |
| Softwood plywood – square feet (3/8")      | 100           | 110       | (10 )         | 290          | 302       | (12 )         |

(1) Sales volumes include sales of internally produced products and products purchased for resale primarily through our distribution business.

## PRODUCTION AND OUTSIDE PURCHASE VOLUMES

Outside purchase volumes are primarily purchased for resale through our distribution business. Production volumes are produced for sale through our own sales organizations and through our distribution business. Production of OSB and engineered solid section are also used to manufacture engineered I-joists.

| VOLUMES IN MILLIONS                         | QUARTER ENDED |           | AMOUNT OF     | YEAR-TO-DATE |           | AMOUNT        |
|---|---------------|-----------|---------------|--------------|-----------|---------------|
|   |               |           | CHANGE        | ENDED        |           | OF            |
|   | SEPTEMBER     | SEPTEMBER | 2015 VS. 2014 | SEPTEMBER    | SEPTEMBER | CHANGE        |
|   | 2015          | 2014      |               | 2015         | 2014      | 2015 VS. 2014 |
| Structural lumber – board feet:             |               |           |               |              |           |               |
| Production                                  | 1,087         | 1,049     | 38            | 3,217        | 3,139     | 78            |
| Outside purchase                            | 92            | 91        | 1             | 279          | 251       | 28            |
| Total                                       | 1,179         | 1,140     | 39            | 3,496        | 3,390     | 106           |
| Engineered solid section – cubic feet:      |               |           |               |              |           |               |
| Production                                  | 5.2           | 5.2       | —             | 15.8         | 15.8      | —             |
| Outside purchase                            | —             | —         | —             | —            | 2.3       | (2.3 )        |
| Total                                       | 5.2           | 5.2       | —             | 15.8         | 18.1      | (2.3 )        |
| Engineered I-joists – lineal feet:          |               |           |               |              |           |               |
| Production                                  | 50            | 50        | —             | 141          | 149       | (8 )          |
| Outside purchase                            | 2             | 1         | 1             | 4            | 5         | (1 )          |
| Total                                       | 52            | 51        | 1             | 145          | 154       | (9 )          |
| Oriented strand board – square feet (3/8"): |               |           |               |              |           |               |
| Production                                  | 746           | 717       | 29            | 2,150        | 2,055     | 95            |
| Outside purchase                            | 77            | 52        | 25            | 223          | 156       | 67            |
| Total                                       | 823           | 769       | 54            | 2,373        | 2,211     | 162           |
| Softwood plywood – square feet (3/8"):      |               |           |               |              |           |               |
| Production                                  | 67            | 72        | (5 )          | 191          | 191       | —             |
| Outside purchase                            | 27            | 31        | (4 )          | 91           | 100       | (9 )          |
| Total                                       | 94            | 103       | (9 )          | 282          | 291       | (9 )          |

## CELLULOSE FIBERS

## How We Did in Third Quarter and Year-to-Date 2015

Here is a comparison of net sales and net contribution to earnings for the quarters and year-to-date periods ended September 30, 2015 and 2014:

## NET SALES / NET CONTRIBUTION TO EARNINGS – CELLULOSE FIBERS

| DOLLAR AMOUNTS IN<br>MILLIONS | QUARTER ENDED     |                   | AMOUNT OF<br>CHANGE | YEAR-TO-DATE<br>ENDED |                   | AMOUNT OF<br>CHANGE |
|-------------------------------|-------------------|-------------------|---------------------|-----------------------|-------------------|---------------------|
|                               | SEPTEMBER<br>2015 | SEPTEMBER<br>2014 |                     | 2015 VS. 2014         | SEPTEMBER<br>2015 |                     |
| Net sales:                    |                   |                   |                     |                       |                   |                     |
| Pulp                          | \$383             | \$ 408            | \$ (25 )            | \$1,111               | \$ 1,154          | \$ (43 )            |
| Liquid packaging board        | 74                | 80                | (6 )                | 232                   | 247               | (15 )               |
| Other products                | 14                | 15                | (1 )                | 42                    | 53                | (11 )               |
| Total                         | \$471             | \$ 503            | \$ (32 )            | \$1,385               | \$ 1,454          | \$ (69 )            |
| Net contribution to earnings  | \$79              | \$ 59             | \$ 20               | \$139                 | \$ 204            | \$ (65 )            |

## Comparing Third Quarter 2015 with Third Quarter 2014

## Net sales

Net sales decreased \$32 million – 6 percent – primarily due to the following:

• pulp average sales realizations decreased \$40 per ton – 5 percent, and sales volumes decreased 1 percent; and  
 • liquid packaging board average sales realizations decreased \$139 per ton – 11 percent.

These decreases were partially offset by increased liquid packaging board sales volumes of 2 percent.

## Net contribution to earnings

Net contribution to earnings increased \$20 million – 34 percent – primarily due to the following:

• lower operating costs primarily due to decreased scheduled maintenance outage days – \$42 million and  
 • lower translated Canadian operating costs due to the strengthening of the U.S. dollar – \$9 million.

These increases to earnings were partially offset by:

• lower pulp average sales realizations – \$19 million; and  
 • lower liquid packaging board average sales realizations – \$10 million,

## Comparing Year-to-Date 2015 with Year-to-Date 2014

## Net sales

Net sales decreased \$69 million – 5 percent – primarily due to the following:

- pulp sales volumes decreased 2 percent and average sales realizations decreased \$12 per ton – 1 percent;
- liquid packaging board average sales realizations decreased \$81 per ton – 6 percent; and
- other products sales volumes decreased 19 percent.

## Net contribution to earnings

Net contribution to earnings decreased \$65 million – 32 percent – primarily due to the following:

- higher operating costs primarily due to increased scheduled maintenance outage days and the West Coast port slowdown – \$44 million,
- lower liquid packaging board average sales realizations – \$17 million,
- losses from an equity affiliate – \$17 million,
- lower pulp average sales realizations – \$16 million, and
- higher fiber costs – \$13 million.

These decreases to earnings were partially offset by:

- lower energy and chemical costs – \$20 million;
- lower translated Canadian operating costs due to the strengthening of the U.S. dollar – \$19 million; and
- lower selling, general and administrative expenses – \$9 million.

## THIRD-PARTY SALES VOLUMES

| VOLUMES IN THOUSANDS                 | QUARTER ENDED |           | AMOUNT OF<br>CHANGE<br>2015 VS. 2014 | YEAR-TO-DATE<br>ENDED |           | AMOUNT OF<br>CHANGE<br>2015 VS. 2014 |
|--------------------------------------|---------------|-----------|--------------------------------------|-----------------------|-----------|--------------------------------------|
|                                      | SEPTEMBER     | SEPTEMBER |                                      | SEPTEMBER             | SEPTEMBER |                                      |
|                                      | 2015          | 2014      |                                      | 2015                  | 2014      |                                      |
| Pulp – air-dry metric tons           | 468           | 474       | (6 )                                 | 1,337                 | 1,368     | (31 )                                |
| Liquid packaging board – metric tons | 63            | 62        | 1                                    | 194                   | 194       | —                                    |

## TOTAL PRODUCTION VOLUMES

| VOLUMES IN THOUSANDS                 | QUARTER ENDED |           | AMOUNT OF<br>CHANGE<br>2015 VS. 2014 | YEAR-TO-DATE<br>ENDED |           | AMOUNT OF<br>CHANGE<br>2015 VS. 2014 |
|--------------------------------------|---------------|-----------|--------------------------------------|-----------------------|-----------|--------------------------------------|
|                                      | SEPTEMBER     | SEPTEMBER |                                      | SEPTEMBER             | SEPTEMBER |                                      |
|                                      | 2015          | 2014      |                                      | 2015                  | 2014      |                                      |
| Pulp – air-dry metric tons           | 477           | 465       | 12                                   | 1,341                 | 1,391     | (50 )                                |
| Liquid packaging board – metric tons | 68            | 53        | 15                                   | 192                   | 195       | (3 )                                 |

## UNALLOCATED ITEMS

Unallocated Items are charges or gains not related to or allocated to an individual operating segment. They include a portion of items such as: share-based compensation, pension and postretirement costs, foreign exchange transaction gains and losses associated with financing and the elimination of intersegment profit in inventory and the LIFO reserve.

## NET CONTRIBUTION TO EARNINGS – UNALLOCATED ITEMS

| DOLLAR AMOUNTS IN<br>MILLIONS                            | QUARTER ENDED     |                   | AMOUNT OF YEAR-TO-DATE<br>CHANGE ENDED |                   | AMOUNT<br>OF<br>CHANGE |               |
|--|-------------------|-------------------|--|-------------------|------------------------|---------------|
|  | SEPTEMBER<br>2015 | SEPTEMBER<br>2014 | 2015 VS. 2014                          | SEPTEMBER<br>2015 | SEPTEMBER<br>2014      | 2015 VS. 2014 |
| Unallocated corporate function expense                   | \$(4 )            | \$(3 )            | \$(1 )                                 | \$(20 )           | \$(17 )                | \$(3 )        |
| Unallocated share-based compensation                     | 6                 | 1                 | 5                                      | 10                | (2 )                   | 12            |
| Unallocated pension and postretirement credits           | 2                 | 35                | (33 )                                  | 8                 | 146                    | (138 )        |
| Foreign exchange gains (losses)                          | (20 )             | (14 )             | (6 )                                   | (40 )             | (16 )                  | (24 )         |
| Elimination of intersegment profit in inventory and LIFO | 3                 | 12                | (9 )                                   | 9                 | (8 )                   | 17            |
| Other  | (23 )             | (14 )             | (9 )                                   | (55 )             | (23 )                  | (32 )         |
| Operating income (loss)                                  | (36 )             | 17                | (53 )                                  | (88 )             | 80                     | (168 )        |
| Interest income and other                                | 9                 | 8                 | 1                                      | 27                | 28                     | (1 )          |
| Net contribution to earnings                             | \$(27 )           | \$25              | \$(52 )                                | \$(61 )           | \$108                  | \$(169 )      |

Changes in Unallocated Items were primarily related to:

- a pretax gain related to a previously announced postretirement plan amendment – \$23 million recognized in third quarter 2014 and \$113 million recognized year-to-date 2014;
- a pretax gain recognized in first quarter 2014 on the sale of a landfill in Washington State, which is recorded in "Other operating income, net" in our Consolidated Statement of Operations – \$22 million;
- charges related to our selling, general and administrative cost reduction initiative – \$8 million recognized in third quarter 2014 and \$32 million recognized year-to-date 2014;
- an increase in noncash foreign exchange losses on debt held by our Canadian entity – \$24 million year-to-date 2015; and
- a noncash impairment charge recognized in first quarter 2015 related to a nonstrategic asset that was sold in second quarter 2015 – \$13 million.

## INTEREST EXPENSE

Our interest expense, net of capitalized interest incurred was:

\$88 million during third quarter 2015 and \$259 million during year-to-date 2015 and \$88 million during third quarter 2014 and \$254 million during year-to-date 2014.

## INCOME TAXES

Our provision for income taxes for our continuing operations was:

\$(16) million during third quarter 2015 and \$16 million during year-to-date 2015 and \$39 million during third quarter 2014 and \$148 million during year-to-date 2014.

Our provision for income taxes is lower in 2015 primarily due to lower earnings in our taxable REIT subsidiary.





## LIQUIDITY AND CAPITAL RESOURCES

We are committed to maintaining an appropriate capital structure that enables us to:  
protect the interests of our shareholders and lenders and  
have access at all times to all major financial markets.

## CASH FROM OPERATIONS

Consolidated net cash provided by our operations was:

\$725 million in 2015 and

\$784 million in 2014.

Comparing 2015 with 2014

Net cash provided by our operations decreased \$59 million in 2015 as compared with 2014, primarily due to:

▲ \$243 million decrease in cash received from customers.

Net cash related to income taxes changed \$59 million. We paid income taxes of \$4 million in 2015 and received refunds of \$55 million in 2014.

These outflows were offset by:

▲ \$61 million net cash outflow in 2014 related to discontinued operations. There were no cash flows from discontinued operations in 2015.

▲ \$211 million decrease in cash paid to employees and suppliers.

## Expected Pension Contributions and Benefit Payments

We do not anticipate making a contribution to our U.S. qualified pension plan for 2015. In 2015 we expect to:

be required to contribute approximately \$38 million for our Canadian registered plan;

be required to contribute or make benefit payments for our Canadian nonregistered plans of \$3 million;

make benefit payments of \$19 million for our U.S. nonqualified pension plans; and

make benefit payments of \$25 million for our U.S. and Canadian other postretirement plans.

## CASH FROM INVESTING ACTIVITIES

Consolidated net cash provided by (used in) investing activities was:

\$(324) million in 2015 and

\$485 million in 2014.

Comparing 2015 with 2014

Net cash from investing activities changed \$809 million to an outflow in 2015 as compared with an inflow in 2014 primarily due to:

net proceeds from the Real Estate Divestiture, net of cash divested in 2014 - \$707 million;

an increase in capital spending - \$34 million;

an increase in cash paid for acquisitions of timberlands - \$34 million; and

a decrease in proceeds from sale of nonstrategic assets - \$17 million.

### Real Estate Divestiture

At the close of the Real Estate Divestiture in July 2014, Weyerhaeuser Real Estate Company (WRECO) used \$744 million of the debt proceeds to repay intercompany debt and interest to Weyerhaeuser Company. The newly issued debt, remaining proceeds and other WRECO assets and liabilities, including \$5 million cash on hand, were acquired by TRI Pointe when WRECO became a wholly-owned subsidiary of TRI Pointe at the closing of the transaction. Additionally, \$32 million related to the adjustment amount payable pursuant to the terms of the transaction agreement was paid to TRI Pointe. Our net cash proceeds in connection with the Real Estate Divestiture totaled \$707 million. More information can be found in Note 3: Discontinued Operations and the "Cash from Financing Activities" section below.

### Summary of Capital Spending by Business Segment

| DOLLAR AMOUNTS IN MILLIONS | YEAR-TO-DATE ENDED |                |
|----------------------------|--------------------|----------------|
|                            | SEPTEMBER 2015     | SEPTEMBER 2014 |
| Timberlands                | \$58               | \$56           |
| Wood Products              | 165                | 112            |
| Cellulose Fibers           | 85                 | 97             |
| Unallocated Items          | 1                  | 2              |
| Discontinued operations    | —                  | 4              |
| Total                      | \$309              | \$271          |

We anticipate that our net capital expenditures for 2015 – excluding acquisitions – will be approximately \$500 million.

### CASH FROM FINANCING ACTIVITIES

Consolidated net cash used in financing activities was:

\$933 million in 2015 and

\$484 million in 2014.

Comparing 2015 with 2014

Net cash used in financing activities increased \$449 million in 2015 as compared to 2014 primarily due to an increase in share repurchases of \$361 million and decrease in proceeds from stock option exercises of \$55 million.

### Debt

During June 2014, WRECO issued \$450 million of unsecured and unsubordinated senior obligations bearing an interest rate of 4.375 percent due June 15, 2019 and \$450 million of unsecured and unsubordinated senior obligations bearing an interest rate of 5.875 percent due June 15, 2024, which were transferred along with other WRECO assets and liabilities as part of the Real Estate Divestiture. The net proceeds after deducting the discount were \$887 million. There were no payments of debt in 2015 or 2014. There are no expected debt maturities in the next 12 months.

### Option Exercises

We received cash proceeds from the exercise of stock options of:

\$29 million in 2015 and

\$84 million in 2014.

Our average stock price was \$32.18 and \$31.05 in year-to-date 2015 and 2014, respectively.

#### Cash Dividends on Common and Preference Shares

We paid cash dividends on common shares of:

\$460 million in 2015 and

\$411 million in 2014.

The increase in dividends paid is primarily due to:

• an increase in our quarterly dividend from 22 cents per share to 29 cents per share in August 2014; and

• an increase in our quarterly dividend from 29 cents per share to 31 cents per share in August 2015.

On August 27, 2015, our Board of Directors declared a dividend of 79.69 cents per share on our 6.375 percent Mandatory Convertible Preference Shares, Series A, payable on October 1, 2015, to shareholders of record at the close of business September 15, 2015.

On October 14, 2015, our Board of Directors declared a dividend of 31 cents per share on our common stock payable on November 20, 2015 to shareholders of record at the close of business October 30, 2015. Additionally, our Board of Directors declared a dividend of 79.69 cents per share on our 6.375 percent Mandatory Convertible Preference Shares, Series A, payable on January 1, 2016, to shareholders of record at the close of business December 15, 2015.

#### Repurchases of Common Stock

On August 13, 2014, our Board of Directors approved a stock repurchase program under which we are authorized to repurchase up to \$700 million of outstanding shares (the 2014 Repurchase Program). We repurchased 3,258,148 shares of common stock for \$90 million during third quarter 2015 and 15,442,231 shares of common stock for \$496 million during year-to-date 2015. In total, we have repurchased 21,505,224 shares of common stock for \$700 million under the 2014 Repurchase Program. All common stock purchases under the 2014 Repurchase Program have been made through open-market transactions.

On August 27, 2015, our Board of Directors approved a new share repurchase program of up to \$500 million of outstanding shares (the 2015 Repurchase Program), commencing upon completion of the 2014 Repurchase Program. As of September 30, 2015, we had repurchased no shares of common stock under the 2015 Repurchase Program and had remaining authorization of \$500 million for future stock repurchases. We had 511,032,862 shares of common stock outstanding as of September 30, 2015.

#### Revolving Credit Facility

Weyerhaeuser Company has a \$1 billion 5-year senior unsecured revolving credit facility that expires in September 2018. There were no net proceeds from the issuance of debt or from borrowings (repayments) under our available credit facility in year-to-date 2015 or 2014.

#### Debt Covenants

As of September 30, 2015 Weyerhaeuser Company was in compliance with all debt covenants. There have been no significant changes during year-to-date 2015 to our debt covenants presented in our 2014 Annual Report on Form 10-K.

## PERFORMANCE MEASURES

We use Adjusted Earnings before Interest, Taxes, Depreciation, Depletion and Amortization (Adjusted EBITDA) as a key performance measure to evaluate the performance of the consolidated company and our business segments. This measure should not be considered in isolation from and is not intended to represent an alternative to our results reported in accordance with U.S. generally accepted accounting principles (U.S. GAAP). However, we believe Adjusted EBITDA provides meaningful supplemental information about our operating performance, better facilitates period to period comparisons, and is widely used by analysts, lenders, rating agencies and other interested parties. Our definition of Adjusted EBITDA may be different from similarly titled measures reported by other companies. Adjusted EBITDA, as we define it, is operating income from continuing operations adjusted for depreciation, depletion, amortization, pension and postretirement costs not allocated to business segments (primarily interest cost, expected return on plan assets, amortization of actuarial loss and amortization of prior service cost/credit), special items and discontinued operations.

## ADJUSTED EBITDA BY SEGMENT

| DOLLAR AMOUNTS IN<br>MILLIONS | QUARTER ENDED     |                   | AMOUNT OF YEAR-TO-DATE<br>CHANGE ENDED |                   | AMOUNT<br>OF<br>CHANGE |               |
|-------------------------------|-------------------|-------------------|--|-------------------|------------------------|---------------|
|                               | SEPTEMBER<br>2015 | SEPTEMBER<br>2014 | 2015 VS. 2014                          | SEPTEMBER<br>2015 | SEPTEMBER<br>2014      | 2015 VS. 2014 |
| Adjusted EBITDA by Segment:   |                   |                   |  |                   |                        |               |
| Timberlands                   | \$177             | \$187             | \$ (10 )                               | \$570             | \$624                  | \$ (54 )      |
| Wood Products                 | 111               | 135               | (24 )                                  | 297               | 360                    | (63 )         |
| Cellulose Fibers              | 123               | 99                | 24                                     | 273               | 321                    | (48 )         |
|                               | 411               | 421               | (10 )                                  | 1,140             | 1,305                  | (165 )        |
| Unallocated Items             | (36 )             | (7 )              | (29 )                                  | (74 )             | (47 )                  | (27 )         |
| Total                         | \$375             | \$414             | \$ (39 )                               | \$1,066           | \$1,258                | \$ (192 )     |

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.

The table below reconciles Adjusted EBITDA to net income by segment during the quarter ended September 2015:

| DOLLAR AMOUNTS IN MILLIONS                       | Timberlands | Wood<br>Products | Cellulose<br>Fibers | Unallocated<br>Items | Total |
|--|-------------|------------------|---------------------|----------------------|-------|
| Adjusted EBITDA by Segment:                      |             |                  |                     |                      |       |
| Net earnings                                     |             |                  |                     |                      | \$191 |
| Interest expense, net of capitalized interest    |             |                  |                     |                      | 88    |
| Income taxes                                     |             |                  |                     |                      | (16 ) |
| Net contribution to earnings                     | \$126       | \$85             | \$79                | \$(27 )              | 263   |
| Interest income and other                        | —           | —                | 5                   | (9 )                 | (4 )  |
| Operating income                                 | 126         | 85               | 84                  | (36 )                | 259   |
| Depreciation, depletion and amortization         | 51          | 26               | 39                  | 2                    | 118   |
| Non-operating pension and postretirement credits | —           | —                | —                   | (2 )                 | (2 )  |
| Adjusted EBITDA                                  | \$177       | \$111            | \$123               | \$(36 )              | \$375 |

The table below reconciles Adjusted EBITDA to net income by segment during the quarter ended September 2014:

| DOLLAR AMOUNTS IN MILLIONS                                 | Timberlands | Wood Products | Cellulose Fibers | Unallocated Items | Total   |
|--|-------------|---------------|------------------|-------------------|---------|
| Adjusted EBITDA by Segment:                                |             |               |                  |                   |         |
| Net earnings   |             |               |                  |                   | \$1,164 |
| Earnings from discontinued operations, net of income taxes |             |               |                  |                   | (966 )  |
| Interest expense, net of capitalized interest              |             |               |                  |                   | 88      |
| Income taxes   |             |               |                  |                   | 39      |
| Net contribution to earnings                               | \$136       | \$105         | \$59             | \$25              | 325     |
| Interest income and other                                  | —           | —             | 1                | (8                | ) (7 )  |
| Operating income   | 136         | 105           | 60               | 17                | 318     |
| Depreciation, depletion and amortization                   | 51          | 30            | 39               | 3                 | 123     |
| Non-operating pension and postretirement credits           | —           | —             | —                | (12               | ) (12 ) |
| Special items <sup>(1)</sup>                               | —           | —             | —                | (15               | ) (15 ) |
| Adjusted EBITDA  | \$187       | \$135         | \$99             | \$(7              | ) \$414 |

(1) Special items include: a \$23 million pretax gain related to a previously announced postretirement plan amendment and \$8 million in restructuring and closure charges related to our selling, general and administrative cost reduction initiative.

The table below reconciles Adjusted EBITDA to net income by segment during the year-to-date period ended September 2015:

| DOLLAR AMOUNTS IN MILLIONS                       | Timberlands | Wood Products | Cellulose Fibers | Unallocated Items | Total     |
|--|-------------|---------------|------------------|-------------------|-----------|
| Adjusted EBITDA by Segment:                      |             |               |                  |                   |           |
| Net earnings                                     |             |               |                  |                   | \$436     |
| Interest expense, net of capitalized interest    |             |               |                  |                   | 259       |
| Income taxes                                     |             |               |                  |                   | 16        |
| Net contribution to earnings                     | \$415       | \$218         | \$139            | \$(61             | ) 711     |
| Interest income and other                        | —           | —             | 18               | (27               | ) (9 )    |
| Operating income (loss)                          | 415         | 218           | 157              | (88               | ) 702     |
| Depreciation, depletion and amortization         | 155         | 79            | 116              | 9                 | 359       |
| Non-operating pension and postretirement credits | —           | —             | —                | (8                | ) (8 )    |
| Special items <sup>(1)</sup>                     | —           | —             | —                | 13                | 13        |
| Adjusted EBITDA                                  | \$570       | \$297         | \$273            | \$(74             | ) \$1,066 |

(1) Special items include: a \$13 million noncash impairment charge related to a nonstrategic asset.

The table below reconciles Adjusted EBITDA to net income by segment during the year-to-date period ended September 2014:

| DOLLAR AMOUNTS IN MILLIONS                                 | Timberlands | Wood Products | Cellulose Fibers | Unallocated Items | Total   |
|--|-------------|---------------|------------------|-------------------|---------|
| Adjusted EBITDA by Segment:                                |             |               |                  |                   |         |
| Net earnings   |             |               |                  |                   | \$1,649 |
| Earnings from discontinued operations, net of income taxes |             |               |                  |                   | (998 )  |
| Interest expense, net of capitalized interest              |             |               |                  |                   | 254     |
| Income taxes   |             |               |                  |                   | 148     |
| Net contribution to earnings                               | \$470       | \$271         | \$204            | \$108             | 1,053   |
| Interest income and other                                  | —           | —             | 1                | (28 )             | (27 )   |
| Operating income   | 470         | 271           | 205              | 80                | 1,026   |
| Depreciation, depletion and amortization                   | 154         | 89            | 116              | 9                 | 368     |
| Non-operating pension and postretirement credits           | —           | —             | —                | (33 )             | (33 )   |
| Special items <sup>(1)</sup>                               | —           | —             | —                | (103 )            | (103 )  |
| Adjusted EBITDA  | \$624       | \$360         | \$321            | \$(47 )           | \$1,258 |

(1) Special items include: a \$113 million pretax gain related to a previously announced postretirement plan amendment, \$24 million in restructuring and closure charges related to our selling, general and administrative cost reduction initiative and a \$22 million pretax gain on the sale of a landfill in Washington State.

### CRITICAL ACCOUNTING POLICIES

There have been no significant changes during year-to-date 2015 to our critical accounting policies presented in our 2014 Annual Report on Form 10-K.

### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

No changes occurred during year-to-date 2015 that had a material effect on the information relating to quantitative and qualitative disclosures about market risk that was provided in the company's Annual Report on Form 10-K for the year ended December 31, 2014.

### CONTROLS AND PROCEDURES

#### EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls are controls and other procedures that are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, to allow timely decisions regarding required disclosure. The company's principal executive officer and principal financial officer have concluded that the company's disclosure controls and procedures were effective as of September 30, 2015, based on an evaluation of the company's disclosure controls and procedures as of that date.

#### CHANGES IN INTERNAL CONTROLS

No changes occurred in the company's internal control over financial reporting during third quarter 2015 that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

#### LEGAL PROCEEDINGS

Refer to "Notes to Consolidated Financial Statements – Note 9: Legal Proceedings, Commitments and Contingencies."

#### RISK FACTORS

Our risk factors are discussed in our 2014 Annual Report on Form 10-K. The following information updates, and should be read in conjunction with, the risk factors disclosed in our 2014 Annual Report on Form 10-K.

##### Regulation of Water

On June 29, 2015, the United States Environmental Protection Agency and Corps of Engineers adopted new regulations concerning the scope of the federal Clean Water Act that we believe broadens the agencies' assertion of jurisdiction in certain respects. The new regulations could increase the number and scope of permits required for certain forestry-related activities and could result in additional costs. We are currently evaluating the potential impact of the new regulations on our operations. We do not expect that the new regulations will affect Weyerhaeuser differentially to other forest landowners. Several parties, including states and trade associations, have filed lawsuits in various federal courts seeking to invalidate and enjoin implementation of the new regulations. The outcome of that litigation is uncertain.



UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS  
 INFORMATION ABOUT COMMON SHARE REPURCHASES DURING THIRD QUARTER 2015  
 ISSUER PURCHASES OF EQUITY SECURITIES

| COMMON SHARE<br>REPURCHASES DURING<br>THIRD QUARTER | TOTAL NUMBER<br>OF SHARES (OR<br>UNITS)<br>PURCHASED | AVERAGE<br>PRICE PAID<br>PER SHARE<br>(OR UNIT) | TOTAL NUMBER OF<br>SHARES (OR UNITS)<br>PURCHASED AS<br>PART OF PUBLICLY<br>ANNOUNCED PLANS<br>OR PROGRAMS | MAXIMUM<br>NUMBER (OR<br>APPROXIMATE<br>DOLLAR VALUE)<br>OF SHARES (OR<br>UNITS) THAT<br>MAY YET BE<br>PURCHASED<br>UNDER THE<br>PLANS OR<br>PROGRAMS |
|---|--|---|--|---|
| July 1 - July 31                                    | —  | \$—   | —  | \$90,047,982  |
| August 1 - August 31 <sup>1</sup>                   | 145,720  | \$28.00   | 145,720  | \$585,967,414   |
| September 1 - September 30                          | 3,112,428  | \$27.56   | 3,112,428  | \$500,190,226   |
| Total repurchases during third<br>quarter           | 3,258,148  | \$27.58   | 3,258,148  | \$500,190,226   |

(1) On August 27, 2015 our Board of Directors approved a new share repurchase program of up to \$500 million of outstanding shares (the 2015 Repurchase Program), commencing upon completion of the 2014 Repurchase Program. On August 13, 2014 our Board of Directors approved a stock repurchase program under which we are authorized to repurchase up to \$700 million of outstanding shares (the 2014 Repurchase Program). We repurchased 3,258,148 shares of common stock for \$90 million during third quarter 2015 and 15,442,231 shares of common stock for \$496 million during year-to-date 2015. Cash settlements of \$12 million occurred at the beginning of the fourth quarter. In total, we have repurchased 21,505,224 shares of common stock for \$700 million under the 2014 Repurchase Program. All common stock purchases under the 2014 Repurchase Program have been made through open-market transactions. On August 27, 2015 our Board of Directors approved a new share repurchase program of up to \$500 million of outstanding shares (the 2015 Repurchase Program), commencing upon completion of the 2014 Repurchase Program. As of September 30, 2015, we had repurchased no shares of common stock under the 2015 Repurchase Program and had remaining authorization of \$500 million for future stock repurchases. We had 511,032,862 shares of common stock outstanding as of September 30, 2015.

EXHIBITS

- 12 Statements regarding computation of ratios
- 31 Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended
- 32 Certification pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)
- 100.INS XBRL Instance Document
- 100.SCH XBRL Taxonomy Extension Schema Document
- 100.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 100.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 100.LAB XBRL Taxonomy Extension Label Linkbase Document
- 100.PRE XBRL Taxonomy Extension Presentation Linkbase Document

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WEYERHAEUSER COMPANY

Date: October 30, 2015

By: /s/ JEANNE M. HILLMAN  
Jeanne M. Hillman  
Vice President and Chief Accounting Officer