WEYERHAEUSER CO
Form 10-K
February 13, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014
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
WEYERHAEUSER COMPANY
A WASHINGTON CORPORATION
91-0470860
(IRS EMPLOYER IDENTIFICATION NO.)
33663 WEYERHAEUSER WAY SOUTH, FEDERAL WAY, WASHINGTON 98063-9777 TELEPHONE (253) 924-2345
SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED:
Common Shares ($1.25 par value)	Chicago Stock Exchange New York Stock Exchange
6.375% Mandatory Convertible Preference Shares, Series A ($1.00 par value)	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [X] Yes [ ] No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. [ ] Yes [X] No
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. [X] Yes [ ] No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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). [X] Yes [ ] No
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]
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 [X] 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 Act). [ ] Yes [X] No

As of June 30, 2014, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was $19.1 billion based on the closing sale price as reported on the New York Stock Exchange Composite Price Transactions.

As of January 30, 2015, 524,997,504 shares of the registrant’s common stock ($1.25 par value) were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Notice of 2015 Annual Meeting of Shareholders and Proxy Statement for the company’s Annual Meeting of Shareholders to be held May 22, 2015, are incorporated by reference into Part II and III.

Table of Contents

TABLE OF CONTENTS

Table of Contents

OUR BUSINESS

We are one of the world's largest private owners of timberlands. We own or control nearly 7 million acres of timberlands, primarily in the U.S., and manage additional timberlands under long-term licenses in Canada. We manage these timberlands on a sustainable basis in compliance with internationally recognized forestry standards. We are also one of the largest manufacturers of wood and specialty cellulose fibers products. Our company is a real estate investment trust (REIT).

We are committed to operate as a sustainable company and are listed on the Dow Jones World Sustainability Index. We focus on increasing energy and resource efficiency, reducing greenhouse gas emissions, reducing water consumption, conserving natural resources, and offering products that meet human needs with superior sustainability attributes. We operate with world class safety results, understand and address the needs of the communities in which we operate, and present ourselves transparently.

In 2014, we generated $7.4 billion in net sales and employed approximately 12,800 people who serve customers worldwide.

This portion of our Annual Report and Form 10-K provides detailed information about who we are, what we do and where we are headed. Unless otherwise specified, current information reported in this Form 10-K is as of the fiscal year ended December 31, 2014.

We break out financial information such as revenues, earnings and assets by the business segments that form our company. We also discuss the development of our company and the geographic areas where we do business.

Throughout this Form 10-K, unless specified otherwise, references to “we,” “our,” “us” and “the company” refer to the consolidated company.

WE CAN TELL YOU MORE

AVAILABLE INFORMATION

We meet the information-reporting requirements of the Securities Exchange Act of 1934 by filing periodic reports, proxy statements and other information with the Securities and Exchange Commission (SEC). These reports and statements — information about our company’s business, financial results and other matters — are available at:

- the SEC website — www.sec.gov;
- the SEC’s Public Conference Room, 100 F St. N.E., Washington, D.C., 20549, (800) SEC-0330; and
- our website — www.weyerhaeuser.com.

When we file the information electronically with the SEC, it also is added to our website.

WHO WE ARE

We started out as Weyerhaeuser Timber Company, incorporated in the state of Washington in January 1900, when Frederick Weyerhaeuser and 15 partners bought 900,000 acres of timberland. Today, we are working to grow a truly great company for our shareholders, customers and employees. We grow and harvest trees and manufacture and sell products made from trees.

REAL ESTATE INVESTMENT TRUST (REIT) ELECTION

Starting with our 2010 fiscal year, we elected to be taxed as a REIT. We expect to derive most of our REIT income from investments in timberlands, including the sale of standing timber through pay-as-cut sales contracts. 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 includes our manufacturing businesses and the portion of our Timberlands segment income included in the TRS.

OUR BUSINESS SEGMENTS

In the Consolidated Results section of Management’s Discussion and Analysis of Financial Condition and Results of Operations, you will find our overall performance results for our business segments:

- Timberlands,
- Wood Products and
- Cellulose Fibers.

Detailed financial information about our business segments and our geographic locations is in Note 2: Business Segments and Note 21: Geographic Areas in the Notes to Consolidated Financial Statements, as well as in this section and in the Management’s Discussion and Analysis of Financial Condition and Results of Operations.

EFFECT OF MARKET CONDITIONS

The health of the U.S. housing market strongly affects our Wood Products and Timberlands segments. Wood Products primarily sells into the new residential building and repair and remodel markets. Demand for logs from our Timberlands segment is affected by the production of wood-based building products as well as export demand. Cellulose Fibers is primarily affected by global demand and the relative strength of the U.S. dollar.

Table of Contents

COMPETITION IN OUR MARKETS

We operate in highly competitive domestic and foreign markets, with numerous companies selling similar products. Many of our products also face competition from substitutes for wood and wood-fiber products. We compete in our markets primarily through price, product quality and service levels. We are relentlessly focused on improving operational excellence to ensure a competitive cost structure and producing quality products customers want and are wiling to pay for.

Our business segments' competitive strategies are as follows:

- Timberlands — Extract maximum value from each acre we own or manage.
- Wood Products — Deliver high-quality lumber, structural panels, engineered wood products and complementary building products for residential, multi-family, industrial and light commercial applications at competitive costs.
- Cellulose Fibers — Concentrate on value-added pulp products and low cost manufacturing assets.

SALES OUTSIDE THE U.S.

In 2014, $2.5 billion — 34 percent — of our total consolidated sales from continuing operations were to customers outside the U.S. The table below shows sales outside the U.S. for the last three years.

SALES OUTSIDE THE U.S. IN MILLIONS OF DOLLARS

	2014	2013	2012
Exports from the U.S.	$1,892	$1,891	$1,682
Canadian export and domestic sales	472	488	348
Other foreign sales	150	114	92
Total	$2,514	$2,493	$2,122
Percent of total sales	34 %	29 %	30 %

OUR EMPLOYEES

We have approximately 12,800 employees. This number includes:

- 11,930 employed in North America and
- 870 employed by our operations outside of North America.

Of these employees, approximately 3,550 are members of unions covered by multi-year collective-bargaining agreements. More information about these agreements is in Note 9: Pension and Other Postretirement Benefit Plans in the Notes to Consolidated Financial Statements.

WHAT WE DO

This section provides information about how we:

- grow and harvest trees and
- manufacture and sell products made from them.

For each of our business segments, we provide details about what we do, where we do it, how much we sell and where we are headed.

TIMBERLANDS

Our Timberlands segment manages 6.9 million acres of private commercial timberlands worldwide. We own 6.2 million of those acres and have long-term leases on the other 0.7 million acres. In addition, we have renewable, long-term licenses on Canadian timberlands. The tables presented in this section include data from this segment's business units as of the end of 2014.

WHAT WE DO

Forestry Management

Our Timberlands segment:

- grows and harvests trees to be converted into lumber, other wood and building products and pulp and paper;
- exports logs to other countries where they are made into products;

- plants seedlings to reforest harvested areas using the most effective regeneration method for the site and species (in parts of Canada natural regeneration is employed);
- monitors and cares for the planted trees as they grow to maturity; and
- strives to sustain and maximize the timber supply from our timberlands while keeping the health of our environment a key priority.

Our goal is to maximize returns by selling logs and stumpage to internal and external customers. We focus on solid wood and use intensive silviculture to improve forest productivity and returns while managing our forests on a sustainable basis to meet customer and public expectations.

Sustainable Forestry Practices

We are committed to responsible environmental stewardship wherever we operate, managing forests to produce financially mature timber while protecting the ecosystem services they provide. Our working forests include places with unique environmental, cultural, historical or recreational value. To protect their unique qualities, we follow regulatory requirements, voluntary standards and implement the Sustainable Forestry Initiative® (SFI) standard. Independent auditing of all of the forests we own or manage in the United States and Canada certifies that we meet the SFI standard. Our timberlands in Uruguay are certified under the Forest Stewardship Council (FSC) standard or the Uruguayan national forestry management standard which is endorsed by the Program for the Endorsement of Forest Certification (PEFC).

Table of Contents

Canadian Forestry Operations

In Canada, we manage timberlands under long-term licenses that provide raw material for our manufacturing facilities in various provinces. When we harvest trees, we pay the provinces at stumpage rates set by the government, which generally are based on prevailing market prices. We transfer logs to our manufacturing facilities at cost, and do not generate any profit in the Timberlands segment from the harvest of timber from the licensed acres in Canada.

Other Values From Our Timberlands

In the United States, we actively manage mineral, oil and gas leases on our land and use geologic databases to identify and market opportunities for commercial mineral and geothermal development. We recognize leasing revenue over the terms of agreements with customers. Revenue primarily comes from:

- royalty payments on oil and gas production;
- upfront bonus payments from oil and gas leasing and exploration activity;
- royalty payments on hard minerals (rock, sand and gravel);
- geothermal lease and option revenues; and
- the sale of mineral assets.

In managing mineral resources, we generate revenue related to our ownership of the minerals and, separately, related to our ownership of the surface. The ownership of mineral rights and surface acres may be held by two separate parties. Materials that can be mined from the surface, and whose value comes from factors other than their chemical composition, typically belong to the surface owner. Examples of surface materials include rock, sand, gravel, dirt and topsoil. The mineral owner holds the title to commodities that derive value from their unique chemical composition. Examples of mineral rights include oil, gas, coal (even if mined at the surface) and precious metals. If the two types of rights conflict, then mineral rights generally are superior to surface rights. A third type of land right is geothermal, which can belong to either the surface or mineral owner. We routinely reserve mineral and geothermal rights when selling surface timberlands acreage.

Timberlands Products

PRODUCTS	HOW THEY’RE USED
Logs	Logs are made into lumber, other wood and building products and pulp and paper products.
Timberlands	Timberland tracts are sold or exchanged to improve our timberland portfolio.
Timber	Standing timber is sold to third parties.
Minerals, oil and gas	Minerals, oil and gas are sold into construction and energy markets.
Other products	Other products includes seed and seedlings, recreational leases, as well as plywood produced by our international operations in Uruguay.

HOW WE MEASURE OUR PRODUCT

We report Timberlands data in cubic meters. Cubic meters measure the total volume of wood fiber in a tree or log that we can sell. Cubic meter volume is determined from the large and small-end diameters and length and provides a more consistent and comparative measure of timber and log volume among operating regions, species, size and seasons of the year than other units of measure.

We also use multiple units of measure when transacting business including:

- Thousand board feet (MBF) — used in the West to measure the expected lumber recovery from a tree or log. This measure does not include taper or recovery of non-lumber residual products.
- Hundred cubic feet (CCF) — used in the West to measure the volume of a log. The measure does not include any calculation for expected lumber recovery.
- Green tons (GT) — used in the South to measure weight, but factors used for conversion to product volume can vary by species, size, location and season.

WHERE WE DO IT

Our timberlands assets are located primarily in North America. In the U.S. we own and manage sustainable timberlands in nine states for use in wood products and pulp and paper manufacturing. We own or lease:

- 4.0 million acres in the southern U.S. (Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Oklahoma and Texas); and
- 2.6 million acres in the Pacific Northwest (Oregon and Washington).

We also own and operate nurseries and seed orchards in Washington, Oregon, South Carolina and Georgia.
Our international operations are located in Uruguay, where we own 298,000 acres and have long-term leases on 25,000 acres. In Canada, we manage timberlands under long-term licenses that provide raw material for our manufacturing facilities. These licenses are in Alberta, British Columbia, Ontario (license is managed by partnership) and Saskatchewan.
Our total timber inventory — including timber on owned and leased land in our U.S. and international operations — is approximately 345 million cubic meters. The amount of timber inventory does not translate into an amount of lumber or panel products because the quantity of end products:

- varies according to the species, size and quality of the timber; and
- will change through time as the mix of these variables adjust.

The species, size and grade of the trees affects the relative value of our timberlands.
We maintain our timber inventory in an integrated resource inventory and geographic information system ("GIS"). The resource inventory component of the system is proprietary and is largely based on internally developed technologies, including growth and yield models developed by our research and development organization. The GIS component is based on GIS software that is viewed as the standard in our industry.

Table of Contents

Timber inventory data collection and verification techniques include the use of industry standard field sampling procedures as well as proprietary remote sensing technologies in some geographies where they generate improved estimates. The data is collected and maintained at the timber stand level.

DISCUSSION OF OPERATIONS BY GEOGRAPHY

Summary of 2014 United States Standing Timber Inventory

GEOGRAPHIC AREA	MILLIONS OF CUBIC METERS AT DECEMBER 31, 2014 TOTAL INVENTORY(1)
West:	
Douglas fir/Cedar	153
Whitewood	31
Other conifer	1
Hardwood	11
	196
South:	
Southern yellow pine	110
Hardwood	29
	139
Total U.S.	335

(1) Inventory includes all conservation and set aside areas.

Summary of 2014 United States Timberland Locations

GEOGRAPHIC AREA	THOUSANDS OF ACRES AT DECEMBER 31, 2014		
	FEE OWNERSHIP	LONG-TERM LEASES	TOTAL ACRES(1)
U.S.:			
West	2,594	—	2,594
South	3,398	642	4,040
Total U.S.	5,992	642	6,634

(1) Acres include all conservation and set aside areas.

We provide a constant year round flow of logs to internal and third-party customers. We sell grade logs to mills that manufacture a diverse range of products including lumber, plywood and veneer. We also sell chips and fiber logs to pulp, paper and oriented strand board mills. Our timberlands are well located to take advantage of road, logging and transportation systems for efficient delivery of logs to these customers.

Western United States

Our Western acres are well situated to serve the wood product markets in Oregon and Washington. In addition, our location on the West Coast provides access to higher-value export markets for Douglas fir and whitewood logs in Japan, China and Korea. The size and quality of our Western timberlands, coupled with their proximity to several deep-water port facilities, positions us to meet the needs of Pacific Rim log markets.

Our lands are composed primarily of Douglas fir, a species highly valued for its structural strength. Our coastal lands also contain whitewood and have a higher proportion of whitewood than our interior holdings. Our management systems range from research and forestry, to technical planning models, mechanized harvesting, and marketing and logistics. They provide us a competitive operating advantage.

On July 23, 2013, we purchased 100 percent of the equity interests in Longview Timber LLC (Longview Timber) for $1.58 billion cash and assumed debt of $1.07 billion, for an aggregate purchase price of $2.65 billion. Longview Timber was a privately-held Delaware limited liability company engaged in the ownership and management of approximately 645,000 acres of timberlands in Oregon and Washington. More information on this transaction can be found in Note 4: Longview Timber Purchase in the Notes to Consolidated Financial Statements.

Table of Contents

2014 Western U.S. Inventory by Species

2014 Western U.S. Inventory by Age / Species

The average age of timber harvested in 2014 was 52 years. Most of our U.S. timberland is intensively managed for timber production, but some areas are conserved for environmental, historical, recreational or cultural reasons. Some of our older trees are protected in acreage set aside for conservation, and some are not yet logged due to harvest rate regulations. While over the long term our average harvest age will decrease in accordance with our sustainable forestry practices, we harvest generally 2 percent of our Western acreage each year.

Southern United States

Our Southern acres predominantly contain southern yellow pine and encompass timberlands in seven states.

We intensively manage our timber plantations using forestry research and planning systems to optimize grade log production. We also actively manage our land to capture revenues from our oil, gas and hard minerals resources. We do this while providing quality habitat for a range of animals and birds. We lease more than 93 percent of our acres to the public and state wildlife agencies for recreational purposes.

2014 Southern U.S. Inventory by Species

Table of Contents

2014 Southern U.S. Inventory by Age / Species

The average age of timber harvested in 2014 was 31 years for southern yellow pine. In accordance with our sustainable forestry practices, we harvest generally 3 percent of our acreage each year in the South.

International

Summary of 2014 International Standing Timber Inventory

GEOGRAPHIC AREA	MILLIONS OF CUBIC METERS AT DECEMBER 31, 2014 TOTAL INVENTORY
Uruguay:	
Pine	7
Eucalyptus	3
Total International	10

Summary of 2014 International Timberland Locations

GEOGRAPHIC AREA	THOUSANDS OF ACRES AT DECEMBER 31, 2014		
	FEE OWNERSHIP	LONG-TERM LEASES	TOTAL ACRES
Uruguay	298	25	323

Our timberland acres in Uruguay are split approximately 50 percent loblolly pine and 50 percent eucalyptus. Loblolly pine comprises more of our timber inventory due to its older age. On average, the timber in Uruguay is in the second third of its rotation age. It is entering into that part of the growth rotation when we will see increased volume accretion. About 96 percent of the area to be planted has been afforested to date.

2014 International Inventory by Species (Uruguay)

In Uruguay, the target rotation ages are 21 to 22 years for pine and 14 to 17 years for eucalyptus. We manage both species to a grade (appearance) regime.

We also operate a plywood mill in Uruguay with a production capacity of 250,000 cubic meters. Production volume reached 216,000 cubic meters in 2014.

In Brazil, we were a managing partner in a joint venture that operated a hardwood sawmill. We sold our interest in this joint venture during 2014.

Table of Contents

Canada — Licensed Timberlands

We manage timberlands under long-term licenses in Canada from the provincial government to secure the volume for our manufacturing facilities in various provinces. The provincial governments regulate the volume of timber that may be harvested each year through the Annual Allowable Cut (AAC) allotment, which is updated every 10 years. As of December 31, 2014, our AAC allotment was:

- Alberta — 3,917 thousand cubic meters,
- British Columbia — 682 thousand cubic meters,
- Ontario — 146 thousand cubic meters and
- Saskatchewan — 755 thousand cubic meters.

When the volume is harvested, we pay the province at stumpage rates set by the government and generally based on prevailing market prices. The harvested logs are transferred to our manufacturing facilities at cost (stumpage plus harvest, haul and overhead costs less any margin on selling logs to third parties). Any profit from harvesting the log through to converting it to a finished product is recognized at the respective mill in either the Cellulose Fibers or Wood Products segment.

GEOGRAPHIC AREA	THOUSANDS OF ACRES AT DECEMBER 31, 2014 TOTAL LICENSE ARRANGEMENTS
Canada:	
Alberta	5,306
British Columbia	1,012
Ontario(1)	2,573
Saskatchewan	4,970
Total Canada	13,861

(1) License is managed by partnership.

Five-Year Summary of Timberlands Fee Harvest Volumes

FEE HARVEST VOLUMES IN THOUSANDS

	2014	2013	2012	2011	2010
Fee harvest volume – cubic meters:					
West	11,173	8,907	7,170	6,595	5,569
South	11,676	11,596	11,488	9,738	8,197
International	990	818	763	854	349
Total	23,839	21,321	19,421	17,187	14,115

Our Timberlands annual fee harvest volumes represents the depletion of the timber assets we own. Depletion is a method of expensing the cost of establishing the fee timber asset base over the harvest or timber sales volume. The increase in fee harvest volumes from 2010 through 2014 reflects improving market conditions. The increase in fee harvest volumes in the West in 2013 and 2014 also reflects the purchase of Longview Timber.

Our fee harvest volumes are managed sustainably across all regions to ensure the preservation of long-term economic value of the timber and to capture maximum value from the markets. This is accomplished by ensuring annual harvest schedules target financially mature timber and reforestation activities align with the growing of timber through its life cycle to financial maturity.

Five-Year Summary of Timberlands Fee Harvest Volumes - Percentage of Grade and Fiber

PERCENTAGE OF GRADE AND FIBER

		2014	2013	2012	2011	2010
West	Grade	89 %	90 %	90 %	90 %	92 %

	Fiber	11	%10	%10	%10	%8	%
South	Grade	59	%57	%59	%58	%55	%
	Fiber	41	%43	%41	%42	%45	%
International	Grade	63	%60	%67	%55	%65	%
	Fiber	37	%40	%33	%45	%35	%
Total	Grade	73	%69	%71	%70	%70	%
	Fiber	27	%31	%29	%30	%30	%

Table of Contents

HOW MUCH WE SELL

Our net sales to unaffiliated customers over the last two years were:

- $1.5 billion in 2014 — up 11 percent from 2013; and
- $1.3 billion in 2013.

Our intersegment sales over the last two years were:

- $867 million in 2014 — up 9 percent from 2013; and
- $799 million in 2013.

Five-Year Summary of Net Sales for Timberlands

NET SALES IN MILLIONS OF DOLLARS

	2014	2013	2012	2011	2010
To unaffiliated customers:					
Logs:					
West	$972	$828	$559	$545	$414
South	257	256	233	196	145
Canada	22	19	19	17	17
Total	1,251	1,103	811	758	576
Chip sales	12	9	18	19	16
Timberlands sales and exchanges(1)	52	65	59	77	109
Higher and better use land sales(1)	19	19	22	25	22
Minerals, oil and gas	32	32	31	53	60
Products from international operations(2)	96	90	106	86	65
Other products	35	25	30	26	26
Subtotal sales to unaffiliated customers	1,497	1,343	1,077	1,044	874
Intersegment sales:					
United States	576	518	447	424	409
Other	291	281	236	222	194
Subtotal intersegment sales	867	799	683	646	603
Total	$2,364	$2,142	$1,760	$1,690	$1,477

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

(2) Products include logs, plywood and hardwood lumber harvested or produced by our international operations. Includes sales of our operations in Uruguay, Brazil (sold in 2014) and China (sold in 2012).

Five-Year Trend for Total Net Sales in Timberlands

Table of Contents

Percentage of 2014 Sales Dollars to Unaffiliated Customers

Log Sales Volumes

Logs sold to unaffiliated customers in 2014 increased 1.4 million cubic meters — 10 percent — from 2013.

- Sales volumes in the West increased 1.3 million cubic meters — 17 percent — primarily due to strong export and domestic demand and the purchase of Longview Timber. Our western sales to unaffiliated customers generally are higher-grade logs sold into the export market and domestic-grade logs sold to West Coast sawmills.
- Sales to unaffiliated customers in the South decreased 210 thousand cubic meters — 4 percent — primarily due to a shift to stumpage sales.
- Sales volumes from Canada increased 81 thousand cubic meters — 16 percent — in 2014. The increase in volume to unaffiliated customers primarily was due to increased internal mill demand.
- Sales volumes from our international operations increased 247 thousand cubic meters — 69 percent — in 2014. The increase in volume was primarily due to increased fiber log sales in Uruguay.

We sell three grades of logs — domestic grade, domestic fiber and export. Factors that may affect log sales in each of these categories include:

- domestic grade log sales — lumber usage, primarily for housing starts and repair and remodel activity, the needs of our own mills and the availability of logs from both outside markets and our own timberlands;
- domestic fiber log sales — demand for chips by pulp, containerboard mills, and OSB mills; and
- export log sales — the level of housing starts in Japan and construction in China.

Our sales volumes include logs purchased in the open market and all our domestic and export logs that are sold to unaffiliated customers or transferred at market prices to our internal mills by the sales and marketing staff within our Timberlands business units.

Five-Year Summary of Log Sales Volumes to Unaffiliated Customers for Timberlands

SALES VOLUMES IN THOUSANDS

	2014	2013	2012	2011	2010
Logs – cubic meters:					
West	8,980	7,708	5,898	5,267	4,476
South	5,678	5,888	5,575	4,879	3,357
Canada	592	511	531	479	507
International	604	357	343	314	283
Total	15,854	14,464	12,347	10,939	8,623

Table of Contents

Log Prices

The majority of our log sales to unaffiliated customers involve sales to domestic sawmills and the export market. Log prices in the following tables are on a delivered (mill) basis:

Five-Year Summary of Published Domestic Log Prices (#2 Sawlog Bark On — $/MBF)

Five-Year Summary of Export Log Prices (#2 Sawlog Bark On — $/MBF)

Our log prices are affected by the supply of and demand for grade and fiber logs and are influenced by the same factors that affect log sales. Export log prices are particularly affected by the Japanese housing market.

Our average 2014 log realizations in the West increased from 2013 — primarily due to stronger demand for logs in the domestic market. Our average 2014 log realizations in the South increased from 2013 — primarily due to strengthening market conditions in the South.

Minerals and Energy Products

Mineral revenue was down slightly in 2014 as royalty revenue from natural gas and construction aggregates declined.

WHERE WE’RE HEADED

Our competitive strategies include:

- continuing to capitalize on our scale operations, silviculture expertise and sustainability practices;
- maximizing cash flow through operational excellence initiatives such as merchandising for value, harvest and transportation efficiencies, and flexing harvest to seasonal and short term opportunities;
- sustaining our export and domestic market access, infrastructure and strong customer relationships; and
- increasing non-timber revenue streams.

Table of Contents

WOOD PRODUCTS

We are a large manufacturer and distributor of wood products primarily in North America and Asia.

WHAT WE DO

Our wood products segment:

- provides a family of high-quality softwood lumber, engineered wood products, structural panels and other specialty products to the residential, multi-family, industrial, light commercial and repair and remodel markets;
- distributes our products as well as complementary building products that we purchase from other manufacturers; and
- exports our softwood lumber, oriented strand board (OSB) and engineered wood products primarily to Asia.

Wood Products

PRODUCTS	HOW THEY'RE USED
Structural lumber	Structural framing for new residential, repair and remodel, treated applications, industrial and commercial structures
Engineered wood products • Solid section • I-joists	Floor and roof joists, and headers and beams for residential, multi-family and commercial structures
Structural panels • OSB • Softwood plywood	Structural sheathing, subflooring and stair tread for residential, multi-family and commercial structures
Other products	Complementary building products such as cedar, decking, siding, insulation and rebar sold in our distribution facilities

WHERE WE DO IT

We operate manufacturing facilities in the United States and Canada. We distribute through a combination of Weyerhaeuser and third-party locations. Information about the locations, capacities and actual production of our manufacturing facilities is included below.

Principal Manufacturing Locations

Locations of our principal manufacturing facilities as of December 31, 2014, by major product group were:

- Structural lumber
  – U.S. — Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Oklahoma, Oregon and Washington
  – Canada — Alberta and British Columbia
- Engineered wood products
  – U.S. — Alabama, Louisiana, Oregon and West Virginia
  – Canada — British Columbia and Ontario
- Oriented strand board
  – U.S. — Louisiana, Michigan, North Carolina and West Virginia
  – Canada — Alberta and Saskatchewan
- Softwood plywood
  – U.S. — Arkansas and Louisiana

We also own or lease 21 distribution centers in the U.S. where our major products and complementary building products are sold.

Summary of Wood Products Capacities as of December 31, 2014

CAPACITIES IN MILLIONS

	PRODUCTION CAPACITY	NUMBER OF FACILITIES
Structural lumber – board feet	4,690	18
Engineered solid section – cubic feet[(1)]	43	6
Oriented strand board – square feet (3/8")	3,035	6
Softwood plywood – square feet (3/8")	460	2

(1) Three engineered wood products facilities also produce engineered I-Joists to meet market demand. 2014 production of I-Joists was 182 million lineal feet.

Production capacities listed represent annual production volume under normal operating conditions and producing a normal product mix for each individual facility. Production capacities do not include any capacity for facilities that were sold or permanently closed as of the end of 2014. We also operate a facility in Foster, Oregon that produces veneer, primarily for use in our engineered wood products facilities.

During 2013, we decided to permanently close our Colbert, Georgia engineered wood products facility. In 2014, we decided to reopen our Evergreen, Alabama engineered wood products facility. Both facilities were previously indefinitely closed.

Table of Contents

Five-Year Summary of Wood Products Production

PRODUCTION IN MILLIONS

	2014	2013	2012	2011	2010
Structural lumber – board feet	4,152	4,084	3,846	3,528	3,289
Engineered solid section – cubic feet[1]	20.4	18.0	15.4	13.4	14.5
Engineered I-joists – lineal feet[1]	182	168	147	122	133
Oriented strand board – square feet (3/8”)	2,749	2,723	2,511	2,127	1,721
Softwood plywood – square feet (3/8”)[2]	252	241	214	197	212

(1) Weyerhaeuser engineered I-joist facilities also may produce engineered solid section.

(2) All Weyerhaeuser plywood facilities also produce veneer.

HOW MUCH WE SELL

Revenues of our Wood Products segment come from sales to wood products dealers, do-it-yourself retailers, builders and industrial users. Wood Products net sales were $4.0 billion in 2014 and 2013.

Five-Year Summary of Net Sales for Wood Products

NET SALES IN MILLIONS OF DOLLARS

	2014	2013	2012	2011	2010
Structural lumber	$1,901	$1,873	$1,400	$1,087	$1,044
Engineered solid section	402	353	279	235	246
Engineered I-joists	277	247	190	161	171
Oriented strand board	610	809	612	354	319
Softwood plywood	143	144	115	66	65
Other products produced	176	171	167	142	125
Complementary building products	461	412	295	231	254
Total	$3,970	$4,009	$3,058	$2,276	$2,224

Five-Year Trend for Total Net Sales in Wood Products

Percentage of 2014 Net Sales Dollars in Wood Products

Table of Contents

Wood Products Volume

The volume of structural lumber, OSB, and engineered wood products sold in 2014 increased from 2013 due to increased demand.

Five-Year Summary of Sales Volume for Wood Products

SALES VOLUMES IN MILLIONS

	2014	2013	2012	2011	2010
Structural lumber – board feet	4,463	4,436	4,031	3,586	3,356
Engineered solid section – cubic feet	20.0	18.2	15.4	12.3	13.1
Engineered I-joists – lineal feet	184	177	152	128	145
Oriented strand board – square feet (3/8”)	2,788	2,772	2,508	1,977	1,547
Softwood Plywood – square feet (3/8”)	395	402	340	249	237

Sales volumes include sales of internally produced products and complementary building products primarily through our distribution business.

Wood Products Prices

Prices for commodity wood products — Structural lumber and Plywood — increased in 2014 from 2013 while OSB decreased.

In general, the following factors influence prices for wood products:

- Demand for wood products used in residential and multi-family construction and the repair and remodel of existing homes affects prices. Residential construction is influenced by factors such as population growth and other demographics, the level of employment, consumer confidence, consumer income, availability of financing and interest rate levels, and the supply and pricing of existing homes on the market. Repair and remodel activity is affected by the size and age of existing housing inventory and access to home equity financing and other credit.
- The availability of supply of commodity building products such as structural lumber, OSB and plywood affects prices. A number of factors can influence supply, including changes in production capacity and utilization rates, weather, raw material supply and availability of transportation.

The North American housing market continued to show sustained improvement in 2014. This improvement led to increased demand and resulted in improved pricing for commodity wood products, excluding OSB, in 2014. The following graphs reflect product price trends for the past five years.

Five-Year Summary of Published Lumber Prices — $/MBF

Five-Year Summary of Published Oriented Strand Board Prices — $/MSF

Table of Contents

WHERE WE'RE HEADED

Our competitive strategies include:

- reduce controllable manufacturing costs through operational excellence and capital execution;
- maintain a value-added product mix;
- leverage our brand and reputation as the preferred provider of quality building products; and
- pursue disciplined, profitable sales growth.

CELLULOSE FIBERS

Our cellulose fibers segment is one of the world's largest producers of absorbent fluff pulp used in products such as diapers. We also manufacture liquid packaging board and other pulp products. We have a 50 percent interest in North Pacific Paper Corporation (NORPAC) — a joint venture with Nippon Paper Industries that produces primarily high-brightness publication papers and newsprint.

WHAT WE DO

Our cellulose fibers segment:

- provides cellulose fibers for absorbent products in markets around the world;
- works closely with our customers to develop unique or specialized applications;
- manufactures liquid packaging board used primarily for the production of containers for liquid products; and
- is largely energy self sufficient, with over 80 percent of its energy derived from black liquor produced at the mills and biomass.

Cellulose Fibers Products

PRODUCTS	HOW THEY'RE USED
Pulp • Fluff pulp (Southern softwood kraft fiber) • Softwood papergrade pulp • Specialty chemical cellulose pulp	• Used in sanitary disposable products that require bulk, softness and absorbency • Used in products that include printing and writing papers and tissue • Used in textiles, absorbent products, specialty packaging, specialty applications and proprietary high-bulking fibers
Liquid packaging board	Converted into containers to hold liquids such as milk, juice and tea
Other products • Slush pulp • Wet lap pulp	Used in the manufacture of paper products

WHERE WE DO IT

Our cellulose fibers products are distributed globally through a direct sales network. Locations of our principal manufacturing facilities by major product group are:

- Pulp Manufacturing
  - – U.S. — Georgia (2), Mississippi and North Carolina
  - – Canada — Alberta
- Pulp Converting
  - – U.S. — Mississippi
  - – Poland
- Liquid packaging board
  - – U.S. — Washington

Summary of Cellulose Fibers Capacities as of December 31, 2014

CAPACITIES IN THOUSANDS

	PRODUCTION CAPACITY	NUMBER OF FACILITIES
Pulp – air-dry metric tons	1,870	5
Liquid packaging board – tons	350	1

Production capacities listed represent annual production volume under normal operating conditions and producing a normal product mix for each individual facility.

Five-Year Summary of Cellulose Fibers Production
PRODUCTION IN THOUSANDS

	2014	2013	2012	2011	2010
Pulp – air-dry metric tons	1,859	1,815	1,773	1,769	1,774
Liquid packaging board – tons	292	307	292	307	316

Liquid packaging board production decreased in 2014 primarily due to a scheduled machine rebuild.

Table of Contents

HOW MUCH WE SELL

Revenues of our Cellulose Fibers segment come from sales to customers who use the products for further manufacturing or distribution and for direct use. Our net sales were $1.9 billion in 2014, comparable to $1.9 billion in 2013.

Five-Year Summary of Net Sales for Cellulose Fibers

NET SALES IN MILLIONS OF DOLLARS

	2014	2013	2012	2011	2010
Pulp	$1,559	$1,501	$1,433	$1,617	$1,489
Liquid packaging board	310	326	332	346	337
Other products	67	75	89	95	85
Total	$1,936	$1,902	$1,854	$2,058	$1,911

Five-Year Trend for Total Net Sales in Cellulose Fibers

Percentage of 2014 Net Sales Dollars in Cellulose Fibers

Pulp Volumes

Our sales volumes of cellulose fiber products were 1.8 million tons in 2014 and 1.9 million tons in 2013.

Factors that affect sales volumes for cellulose fiber products include:

- growth of the world gross domestic product,
- demand for absorbent hygiene products and paper and
- relative strength of the U.S. dollar.

Five-Year Summary of Sales Volume for Cellulose Fibers

SALES VOLUMES IN THOUSANDS

	2014	2013	2012	2011	2010
Pulp – air-dry metric tons	1,826	1,866	1,762	1,756	1,714
Liquid packaging board – tons	274	305	289	297	311

Liquid packaging board sales volume decreased in 2014 primarily due to lower production.

Table of Contents

Pulp Prices
Our average pulp prices in 2014 increased compared with 2013 due to improvement in the market demand and supply balance.
Five-Year Summary of Published NBSK Pulp Prices — $/ADMT
WHERE WE'RE HEADED
Our competitive strategies include:

- continued execution of operational excellence initiatives such as manufacturing reliability, predictive, preventive maintenance practices, and liquid packaging board cost and quality improvement;
- profitably growing with long-term strategic customers; and
- focusing capital investments on cost reduction, green energy opportunities and product quality.

EXECUTIVE OFFICERS OF THE REGISTRANT
Patricia M. Bedient, 61, has been executive vice president and chief financial officer since 2007. She was senior vice president, Finance and Strategic Planning from February 2006 to 2007. She served as vice president, Strategic Planning from 2003, when she joined the company, to 2006. Prior to joining the company, she was a partner with Arthur Andersen LLP (Independent Accountant) from 1987 to 2002 and served as the managing partner for the Seattle office and as the partner in charge of the firm's forest products practice from 1999 to 2002. She is on the Board of Directors for Alaska Air Group and Oregon State University and also serves as Treasurer and a Board member of Overlake Hospital Medical Center. She is a CPA and member of the American Institute of CPAs.
Adrian M. Blocker, 58, was appointed senior vice president, Wood Products effective January 1, 2015. He has served as senior vice president, Lumber since August 2013. He joined the company in May 2013 as vice president, Lumber. Prior to joining the company, he served as CEO of the Wood Products Council and Chairman. He has held numerous leadership positions in the industry focused on forest management, fiber procurement, consumer packaging, strategic planning, business development and manufacturing, including at West Fraser, International Paper and Champion International.
Rhonda D. Hunter, 52, has been senior vice president, Timberlands, since January 2014. Previously, she was vice president, Southern Timberlands from 2010 to 2014. She held a number of leadership positions in the Southern Timberlands organization and has experience in inventory and planning, regional timberlands management, environmental and work systems, finance and land acquisition. She joined Weyerhaeuser in 1987 as an accountant.
Denise M. Merle, 51, has been senior vice president, Human Resources and Investor Relations since August 2014. She served as senior vice president, Human Resources beginning February 2014. Prior to that, she was director, Finance and Human Resources for the Lumber business from 2013, director, Compliance & Enterprise Planning from 2009 to 2013, and director of Internal Audit from 2004 to 2009. She has held various roles in the company's paper and packaging businesses, including finance, capital planning and analysis, and business development. She joined the company in 1981. She is a licensed CPA in the state of Washington.
Doyle R. Simons, 51, has been president and chief executive officer since August 2013 and a director of the company since June 2012. He was appointed chief executive officer-elect and an executive officer of the company on June 17, 2013. Prior to joining the company, he served as chairman and chief executive officer of Temple-Inland, Inc. (forest products) from 2008 until February 2012 when it was acquired by International Paper Company. He held various management positions with Temple-Inland, including executive vice president from 2005 through 2007 and chief administrative officer from 2003 to 2005. Prior to joining Temple-Inland in 1992, he practiced real estate and banking law with Hutcheson and Grundy, L.L.P. He also serves on the Board of Fiserv, Inc.
Catherine I. Slater, 51, was appointed senior vice president, Cellulose Fibers effective January 1, 2015. She has served as senior vice president, Engineered Products and Distribution since August 2013 and vice president, OSB from 2011 to 2013. Prior to that role, she held a number of other leadership positions in the company's Wood Products business, including vice president for both engineered wood products manufacturing and veneer technologies. Before joining the Wood Products team, she held positions in Cellulose Fibers business, including leadership roles at Flint River and Port Wentworth pulp mills, and leadership oversight for the company's operations in Alberta, Canada, which included pulp, timberlands, OSB, lumber, and engineered wood products. Prior to joining the company in 1992, she held

several leadership roles at Procter and Gamble.

Devin W. Stockfish, 41, was appointed senior vice president, general counsel and corporate secretary in July 2014. He leads the company's Law & Corporate Affairs department, with responsibility for global Legal, Compliance, Government Affairs, Real Estate Services, Land Title, and Environmental, Health and Safety functions. He joined the company in March 2013 as corporate secretary and assistant general counsel. Before joining the company, he was vice president & associate general counsel at Univar Inc. where he focused on mergers and acquisitions, corporate governance and securities law. Previously, he was an attorney in the law department at Starbucks Corporation and practiced corporate law at K&L Gates LLP. Before he began practicing law, Mr. Stockfish was an engineer with the Boeing Company.

Table of Contents

NATURAL RESOURCE AND ENVIRONMENTAL MATTERS

We are subject to a multitude of laws and regulations in the operation of our businesses. We also participate in voluntary certification of our timberlands to assure that we sustain their values including the protection of wildlife and water quality. Changes in law and regulation, or certification standards, can significantly affect our business.

REGULATIONS AFFECTING FORESTRY PRACTICES

In the United States, regulations established by federal, state and local government agencies to protect water quality and wetlands could affect future harvests and forest management practices on some of our timberlands. Forest practice laws and regulations that affect present or future harvest and forest management activities in certain states include:

- limits on the size of clearcuts,
- requirements that some timber be left unharvested to protect water quality and fish and wildlife habitat,
- regulations regarding construction and maintenance of forest roads,
- rules requiring reforestation following timber harvest, and
- various related permit programs.

Each state in which we own timberlands has developed best management practices to reduce the effects of forest practices on water quality and aquatic habitats. Additional and more stringent regulations may be adopted by various state and local governments to achieve water-quality standards under the federal Clean Water Act, protect fish and wildlife habitats, or achieve other public policy objectives.

In Canada, our forest operations are carried out on public timberlands under forest licenses with the provinces. All forest operations are subject to:

- forest practices and environmental regulations, and
- license requirements established by contract between us and the relevant province designed to:
  - protect environmental values, and
  - encourage other stewardship values.

In Canada, 21 member companies of the Forest Products Association of Canada (FPAC), including Weyerhaeuser’s Canadian subsidiary, announced in May 2010 the signing of a Canadian Boreal Forest Agreement (CBFA) with nine environmental organizations. The CBFA applies to approximately 72 million hectares of public forests licensed to FPAC members and, when fully implemented, is expected to lead to the conservation of significant areas of Canada’s boreal forest and protection of boreal species at risk, in particular woodland caribou. CBFA signatories continue to work on management plans with provincial governments, and seek the participation of aboriginal and local communities in advancing the goals of the CBFA. Progress under the CBFA is measured and reported on by an independent auditor.

ENDANGERED SPECIES PROTECTIONS

In the United States, a number of fish and wildlife species that inhabit geographic areas near or within our timberlands have been listed as threatened or endangered under the federal Endangered Species Act (ESA) or similar state laws, such as:

- the northern spotted owl, the marbled murrelet, a number of salmon species, bull trout and steelhead trout in the Pacific Northwest,
- several freshwater mussel and sturgeon species, and
- the red-cockaded woodpecker, gopher tortoise, gopher frog and American burying beetle in the South or Southeast.

Additional species or populations may be listed as threatened or endangered as a result of pending or future citizen petitions or petitions initiated by federal or state agencies. In addition, significant citizen litigation seeks to compel the federal agencies to designate "critical habitat" for ESA-listed species, and many cases have resulted in settlements under which designations will be implemented over time. Such designations may adversely affect some management activities and options. Restrictions on timber harvests can result from:

- federal and state requirements to protect habitat for threatened and endangered species,
- regulatory actions by federal or state agencies to protect these species and their habitat, and
- citizen suits under the ESA.

Such actions could increase our operating costs and affect timber supply and prices in general. To date, we do not believe that these measures have had, and we do not believe that in 2015 they will have, a significant effect on our harvesting operations. We anticipate that likely future actions will not disproportionately affect Weyerhaeuser as compared with comparable operations of U.S. competitors.

In Canada:

- The federal Species at Risk Act (SARA) requires protective measures for species identified as being at risk and for critical habitat, pursuant to SARA, Environment Canada continues to identify and assess species deemed to be at risk and their critical habitat, and
- in October 2012, the Canadian Minister of the Environment released a strategy for the recovery of the boreal population of woodland caribou under the SARA. The population and distribution objectives for boreal caribou across Canada are to (1) maintain the current status of existing, self-sustaining local caribou populations and (2) stabilize and achieve self-sustaining status for non-self-sustaining local caribou populations. Critical habitat for boreal caribou is identified for all boreal caribou ranges, except for northern Saskatchewan's Boreal Shield range (SK1) where additional information is required for that population. Species assessment and recovery plans are developed in consultation with aboriginal communities and stakeholders.

The identification and protection of habitat and the implementation of range plans and land use action plans may, over time, result in additional restrictions on timber harvests and other forest management practices that could increase operating costs for operators of timberlands in Canada. To date, we do not believe that these Canadian measures have had, and we do not believe that in 2015 they will have, a significant effect on our harvesting operations. We anticipate that likely future measures will not disproportionately affect Weyerhaeuser as compared with similar operations of Canadian competitors.

Table of Contents

FOREST CERTIFICATION STANDARDS

We operate in North America under the Sustainable Forestry Initiative (SFI®). This is a certification standard designed to supplement government regulatory programs with voluntary landowner initiatives to further protect certain public resources and values. SFI® is an independent standard, overseen by a governing board consisting of:

- conservation organizations,
- academia,
- the forest industry, and
- large and small forest landowners.

Ongoing compliance with SFI® may result in some increases in our operating costs and curtailment of our timber harvests in some areas. There also is competition from other private certification systems, primarily the Forest Stewardship Council (FSC), coupled with efforts by supporters to further those systems by persuading customers of forest products to require products certified to their preferred system. Certain features of the FSC system could impose additional operating costs on timberland management. Because of the considerable variation in FSC standards, and variability in how those standards are interpreted and applied, if sufficient marketplace demand develops for products made from raw materials sourced from other than SFI-certified forests, we could incur substantial additional costs for operations and be required to reduce harvest levels.

WHAT THESE REGULATIONS AND CERTIFICATION PROGRAMS MEAN TO US

The regulatory and nonregulatory forest management programs described above have:

- increased our operating costs,
- resulted in changes in the value of timber and logs from our timberlands,
- contributed to increases in the prices paid for wood products and wood chips during periods of high demand,
- sometimes made it more difficult for us to respond to rapid changes in markets, extreme weather or other unexpected circumstances, and
- potentially encouraged further reductions in the use of, or substitution of other products for, lumber, oriented strand board, and plywood.

We believe that these kinds of programs have not had, and in 2015 will not have, a significant effect on the total harvest of timber in the United States or Canada. However, these kinds of programs may have such an effect in the future. We expect we will not be disproportionately affected by these programs as compared with typical owners of comparable timberlands. We also expect that these programs will not significantly disrupt our planned operations over large areas or for extended periods.

CANADIAN ABORIGINAL RIGHTS

Many of the Canadian timberlands are subject to the constitutionally protected treaty or common-law rights of aboriginal peoples of Canada. Most of British Columbia (B.C.) is not covered by treaties, and as a result the claims of B.C.'s aboriginal peoples relating to forest resources have been largely unresolved. On June 26, 2014 the Supreme Court of Canada ruled that the Tsilhqot'in Nation holds aboriginal title to approximately 1,900 square kilometers in B.C. This was the first time that the court has declared title to exist based on historical occupation by aboriginal peoples. Many aboriginal groups continue to be engaged in treaty discussions with the governments of B.C., other provinces and Canada.

Final or interim resolution of claims brought by aboriginal groups can be expected to result in:

- additional restrictions on the sale or harvest of timber,
- potential increase in operating costs, and
- impact to timber supply and prices in Canada.

We believe that such claims will not have a significant effect on our total harvest of timber or production of forest products in 2015, although they may have such an effect in the future. In 2008, FPAC, of which we are a member, signed a Memorandum of Understanding with the Assembly of First Nations, under which the parties agree to work together to strengthen Canada's forest sector through economic-development initiatives and business investments, strong environmental stewardship and the creation of skill-development opportunities particularly targeted to aboriginal youth.

POLLUTION-CONTROL REGULATIONS

Our operations are subject to various laws and regulations, including:

- federal,
- state,
- provincial, and
- local pollution controls.

These laws and regulations, as well as market demands, impose controls with regard to:

- air, water and land,
- solid and hazardous waste management,
- waste disposal,
- remediation of contaminated sites, and
- the chemical content of some of our products.

Compliance with these laws, regulations and demands usually involves capital expenditures as well as additional operating costs. We cannot easily quantify the future amounts of capital expenditures we might have to make to comply with these laws, regulations and demands or the effects on our operating costs because in some instances compliance standards have not been developed or have not become final or definitive. In addition, it is difficult to isolate the environmental component of most manufacturing capital projects.

Table of Contents

Our capital projects typically are designed to:
- enhance safety,
- extend the life of a facility,
- increase capacity,
- increase efficiency,
- facilitate raw material changes and handling requirements,
- increase the economic value of assets or products, and
- comply with regulatory standards.

We had no material capital expenditures relating primarily to environmental compliance in 2014. Based on our understanding of current regulatory requirements in the U.S. and Canada, we expect approximately $23 million of capital expenditures relating primarily to environmental compliance in 2015.

ENVIRONMENTAL CLEANUP

We are involved in the environmental investigation or remediation of numerous sites. Of these sites:
- we may have the sole obligation to remediate,
- we may share that obligation with one or more parties,
- several parties may have joint and several obligations to remediate, or
- we may have been named as a potentially responsible party for sites designated as U.S. Superfund sites.

Our liability with respect to these various sites ranges from insignificant to substantial. The amount of liability depends on:
- the quantity, toxicity and nature of materials at the site, and
- the number and economic viability of the other responsible parties.

We spent approximately $5 million in 2014 and expect to spend approximately $7 million in 2015 on environmental remediation of these sites.

It is our policy to accrue for environmental-remediation costs when we:
- determine it is probable that such an obligation exists, and
- can reasonably estimate the amount of the obligation.

We currently believe it is reasonably possible that our costs to remediate all the identified sites may exceed our current accruals of $29 million. The excess amounts required may be insignificant or could range, in the aggregate, up to $138 million over several years. This estimate of the upper end of the range of reasonably possible additional costs is much less certain than the estimates we currently are using to determine how much to accrue. The estimate of the upper range also uses assumptions less favorable to us among the range of reasonably possible outcomes.

REGULATION OF AIR EMISSIONS IN THE U.S.

The United States Environmental Protection Agency (EPA) has promulgated regulations for air emissions from:
- pulp and paper manufacturing facilities,
- wood products facilities, and
- industrial boilers.

These regulations cover:
- hazardous air pollutants that require use of maximum achievable control technology (MACT); and
- controls for pollutants that contribute to smog, haze and more recently, greenhouse gases.

In 2011 and 2013 EPA issued new MACT standards for industrial boilers and process heaters. In 2012 EPA completed a technology and residual risk review for MACT standards applicable to pulping and bleaching operations at pulp and paper manufacturing facilities. In 2014 EPA issued a revised New Source Performance Standard for kraft pulp mills. These latter two rules apply on a project specific basis when certain thresholds are exceeded; as a result, we cannot predict whether or when those rules may have a material impact on future projects. Regarding other recent final actions by the EPA, we expect to spend $23 million in 2015 to comply with MACT standards.

The EPA must still promulgate:
- technology and residual risk review standards for additional operations at pulp and paper manufacturing facilities and

- supplemental MACT standards for plywood, lumber and composite wood products facilities.

We cannot currently quantify the amount of capital we will need in the future to comply with new regulations being developed by the EPA because final rules have not been promulgated.

In 2010 EPA issued a final greenhouse gas rule limiting the growth of emissions from new projects meeting certain thresholds. On June 23, 2014, the US Supreme Court issued a decision that removed potential applicability of the underlying 2010 regulations based solely on greenhouse gas emissions and limited application of the rule's technology requirements to larger emission sources as a result of new emissions from non-greenhouse gas pollutants. As a result of this Supreme Court ruling, EPA is expected to issue new guidance to set thresholds for when the greenhouse gas technology requirements apply if the non-greenhouse gas emissions trigger the rule in the first instance. The impact of the Supreme Court ruling is to end the potential applicability of the technology requirements for our smaller manufacturing operations and limit the applicability for our other operations.

In June 2014 EPA proposed an extensive regulatory program for existing electric utility generating units to scale back emissions of greenhouse gas carbon dioxide (CO2) arising from fossil fuel use to generate electricity. This regulatory program potentially will have indirect impacts on our operations, such as from rising purchased electricity prices or from secondary regulation of cogeneration units that we operate. We are evaluating the proposal but are not able to predict whether the regulations, when final and implemented, will have a material impact on our operations.

We use significant biomass for energy production at our mills. EPA is currently working on rules regarding regulation of biomass emissions.

The impact of these greenhouse gas and biomass rules, as well as recent court decisions, on our operations remains uncertain.

Table of Contents

To address concerns about greenhouse gases as a pollutant, we:

- closely monitor legislative, regulatory and scientific developments pertaining to climate change;
- adopted in 2006, as part of the Company's sustainability program, a goal of reducing greenhouse gas emissions by 40 percent by 2020 compared with our emissions in 2000, assuming a comparable portfolio and regulations;
- determined to achieve this goal by increasing energy efficiency and using more greenhouse gas-neutral, biomass fuels instead of fossil fuels; and
- reduced greenhouse gas emissions by approximately 28 percent considering changes in the asset portfolio according to 2012 data, compared to our 2000 baseline.

Additional factors that could affect greenhouse gas emissions in the future include:

- policy proposals by state governments regarding regulation of greenhouse gas emissions,
- Congressional legislation regulating greenhouse gas emissions within the next several years and
- establishment of a multistate or federal greenhouse gas emissions reduction trading systems with potentially significant implications for all U.S. businesses.

We believe these developments have not had, and in 2015 will not have, a significant effect on our operations. Although these measures could have a material adverse effect on our operations in the future, we expect that we will not be disproportionately affected by these measures as compared with owners of comparable operations. We maintain an active forestry research program to track and understand any potential effect from actual climate change related parameters that could affect the forests we own and manage and do not anticipate any disruptions to our planned operations.

REGULATION OF AIR EMISSIONS IN CANADA

In addition to existing provincial air quality regulations, the Canadian federal government has proposed an air quality management system (AQMS) as a comprehensive national approach for improving air quality in Canada. The federal proposed AQMS includes:

- ambient air quality standards for outdoor air quality management across the country,
- a framework for air zone air management within provinces and territories that targets specific sources of air emissions,
- regional airsheds that facilitate coordinated action across borders,
- industrial sector based emission requirements that set a national base level of performance for major industries in Canada, and
- improved intergovernmental collaboration to reduce emissions from the transportation sector.

Environment Canada is developing a “Greenhouse Gas Emission Framework” that is expected to be proposed in 2015 with implementation in 2020. The framework will put in place a national, sector-based greenhouse gas reduction program applicable to a number of industries, including pulp and paper manufacturing.

All Canadian provincial governments:

- have greenhouse gas reporting requirements,
- are working on reduction strategies, and
- together with the Canadian federal government, are considering new or revised emission standards.

In addition, British Columbia has adopted a carbon tax and Alberta has a mandatory GHG emission reduction regulation. Our Grande Prairie, Alberta cellulose fiber mill generates and sells carbon credits.

We believe these measures have not had, and in 2015 will not have, a significant effect on our operations. Although these measures could have a material adverse effect on our operations in the future, we expect that we will not be disproportionately affected by these measures as compared with owners of comparable operations. We also expect that these measures will not significantly disrupt our planned operations.

REGULATION OF AIR EMISSIONS IN POLAND AND URUGUAY

The European Union’s “Clean Air Programme” includes new air quality objectives that Poland and other European Union countries will implement through 2030. Some provinces in Uruguay have established air quality monitoring

networks and ambient air objectives have been proposed for the region where our Los Piques mill is located.
We believe these measures have not had, and in 2015 will not have, a significant effect on our operations. Although these measures could have a material adverse effect on our operations in the future, we expect that we will not be disproportionately affected by these measures as compared with owners of comparable operations. We also expect that these measures will not significantly disrupt our planned operations.

REGULATION OF WATER

In the U.S., as a result of litigation under the federal Clean Water Act, additional federal or state permits are now required in some states for the application of pesticides, including herbicides, on timberlands. Those permits have entailed additional costs. In addition, there is continuing litigation in the federal courts that may result in permit requirements for pollution discharges from forest roads and other drainage features on timberland, which would entail additional costs for forest landowners including Weyerhaeuser. Finally, the federal regulatory agencies are considering expanding the definition of waters subject to federal Clean Water Act jurisdiction, which could increase the scope and number of permits required for forestry-related activities and entail additional costs for Weyerhaeuser and other forest landowners in the U.S.

In August 2014 EPA issued a final regulation on thermal cooling water intakes for the protection of aquatic resources. The final rule is not expected to have a material impact although the technology requirements to protect aquatic resources outlined in the rule may be applied on a case-by-case when water permits are renewed.

In 2015, Washington State Department of Ecology (WA DOE) is expected to propose rules to update the Human Health Water Quality Criteria for the protection of human health. It is unclear what effect, if any, the WA DOE regulations will have on our manufacturing operations in Washington State.

Table of Contents

In addition:

- In 2013, amendments to the Canadian Federal Fisheries Act came into force. These amendments change the focus from habitat protection to fisheries protection and increase penalties.
- Uruguay's national policy for water includes regulation of river basin planning, management and water use permits. Wastewater discharge authorization is required for industry, including our Los Piques mill.
- In response to an European Union Water Framework Directive, in 2015 Polish authorities announced their intention to develop a water management plan to reduce total nitrogen and phosphorous loads in municipal waste water by 75 percent. The plan could impact our Poland facility, although it is unclear what effect, if any, the water management plan may have on our operation in Poland until the plan is complete.

We believe the above developments have not had, and in 2015 will not have, a significant effect on our operations. Although these measures could have a material adverse effect on our operations in the future, we expect that we will not be disproportionately affected by these measures as compared with owners of comparable operations. We also expect that these measures will not significantly disrupt our planned operations.

POTENTIAL CHANGES IN POLLUTION REGULATION

State governments continue to promulgate total maximum daily load (TMDL) requirements for pollutants in water bodies that do not meet state or EPA water quality standards. State TMDL requirements may:

- set limits on pollutants that may be discharged to a body of water; or
- set additional requirements, such as best management practices for nonpoint sources, including timberland operations, to reduce the amounts of pollutants.

It is not possible to estimate the capital expenditures that may be required for us to meet pollution allocations across the various proposed state TMDL programs until a specific TMDL is promulgated.

In Canada, various levels of government have been working to address water issues including use, quality and management. Recent areas of focus include water allocation, regional watershed protection, protection of drinking water, water pricing and a national water quality index.

Table of Contents

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 we make.

These statements reflect our current views with respect to future events. Factors listed in this section, factors discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report, and 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. Or if any of the events occur, there is no guarantee what effect it 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 or approximately. They may use the positive or negative or variation of those and similar words.

STATEMENTS

In this report we make forward-looking statements concerning our plans, strategies, intentions and expectations, including with respect to estimated taxes and tax rates, future dividends, future restructuring charges, expected results of litigation and the sufficiency of litigation reserves, expected uses of cash, expected capital expenditures, expected economic conditions, markets for our products, laws and regulations relevant to our businesses and our expectations relating to pension contributions and benefit payments.

We base our forward-looking statements on 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.

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;
- 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 infestations 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;
- our ability to successfully realize the expected benefits from the acquisition of Longview Timber; and
- other factors described under Risk Factors.

EXPORTING ISSUES

We are a large exporter. Our business is affected by:

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

Table of Contents

RISK FACTORS

We are subject to various risks and events that could adversely affect our business, our financial condition, our results of operations and the price of our common stock.

You should consider the following risk factors, in addition to the information presented elsewhere in this report, particularly in “Forward-Looking Statements” and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as in the filings we make from time to time with the SEC, in evaluating us, our business and an investment in our securities.

The risks discussed below are not the only risks we face. Additional risks not currently known to us or that we currently deem immaterial also may adversely affect our business.

RISKS RELATED TO OUR INDUSTRIES AND BUSINESS

MACROECONOMIC CONDITIONS

The industries in which we operate are sensitive to macroeconomic conditions and consequently are highly cyclical. The overall levels of demand for the products we manufacture and distribute reflect fluctuations in levels of end-user demand, which consequently impact our sales and profitability. End-user demand depends in part on general macroeconomic conditions, both in the U.S. and globally, as well as on local economic conditions. Current economic conditions in the United States reflect growth at or below historical trends and general business uncertainty, but improving confidence. Global economic conditions reflect issues such as inflation and slowing growth in emerging countries. The construction and homebuilding industries continue to slowly recover from the severe downturn caused by the overall collapse of credit markets and recession of 2009. However, the recovery has been uneven and construction activity remains below pre-recession and trend levels. Our Wood Products segment is highly dependent on the strength of the homebuilding industry. Although recovering, the decline in home construction activity over the past several years resulted in depressed prices of and demand for wood products and building materials. This resulted in lower prices and demand for logs and several years of reduced harvests in our Timberlands segment. The length and magnitude of industry cycles vary over time and by product, but generally reflect changes in macroeconomic conditions and levels of industry capacity. Those conditions have improved recently for some sectors, but if macroeconomic conditions do not continue to improve we could experience lower sales volumes and smaller margins.

COMMODITY PRODUCTS

Many of our products are commodities that are widely available from other producers.

Because commodity products have few distinguishing properties from producer to producer, competition for these products is based primarily on price, which is determined by supply relative to demand and competition from substitute products. In addition, prices for our products are affected by many other factors outside of our control. As a result, we have little influence over the timing and extent of price changes, which often are volatile. Our profitability with respect to these products depends, in part, on managing our costs, particularly raw material and energy costs, which represent significant components of our operating costs and can fluctuate based upon factors beyond our control. Both sales and profitability of our products are subject to volatility due to market forces beyond our control.

INDUSTRY SUPPLY OF LOGS, WOOD PRODUCTS AND PULP

Excess supply of products may adversely affect prices and margins.

Oversupply of products may result from producers introducing new capacity for manufactured products or increasing harvest levels in response to favorable short-term pricing trends. Industry supplies of pulp are also influenced by global production capacity, which has grown in recent years and is expected to continue to grow. Continuation of these factors could adversely affect our sales volumes and margins.

HOMEBUILDING MARKET AND ECONOMIC RISKS

High unemployment, low demand and low levels of consumer confidence can adversely affect our business and results of operations.

Several of our businesses are dependent upon the health of the U.S. housing market. Demand for homes is sensitive to changes in economic conditions such as the level of employment, consumer confidence, consumer income, the availability of financing and interest rate levels. The legacy of the housing bubble, its collapse and ensuing credit crisis has been one of tightened credit requirements and a reduced number of mortgage loans available for financing home purchases. Credit conditions have begun to ease, but remain significantly more restrictive than prior to the housing bubble. Demand for new homes also has been adversely affected by factors such as unemployment and lower job participation, limited wage growth and weak consumer confidence. Additionally, rising student loan debt among younger adults is limiting access to mortgage financing and home ownership. Foreclosure rates and distress sales of houses, while still at elevated levels, have fallen significantly and are less of an impact compared to the years immediately following the housing collapse.

Homebuyers’ ability to qualify for and obtain affordable mortgages could be affected by changes in government sponsored entities and private mortgage insurance companies supporting the mortgage market.

The federal government has historically had a significant role in supporting mortgage lending through its sponsorship of Fannie Mae and Freddie Mac. As a result of turbulence in credit markets and the mortgage finance industry in the last few years, the effect of the federal government’s conservatorship of these government sponsored entities on the short-term and long-term demand for new housing remains unclear. The liquidity provided to the mortgage industry by Fannie Mae and Freddie Mac, both of which purchase home mortgages and mortgage-backed securities originated by mortgage lenders, is critical to the housing market. There have been significant concerns about the future purpose of Fannie Mae and Freddie Mac and a number of proposals to curtail their activities over time are under review. Limitations or restrictions on the availability of financing by these entities could adversely affect interest rates and the availability of mortgage financing, which could reduce demand for housing and adversely affect demand for our products.

Table of Contents

Changes in mortgage interest expense and real estate tax regulations could harm our future sales and earnings.
Significant costs of homeownership include mortgage interest expense and real estate taxes, both of which are generally deductible for an individual’s federal and, in some cases, state income taxes. Any changes to income tax laws by the federal government or a state government to eliminate or substantially reduce these income tax deductions, as has been considered from time to time, would increase the after-tax cost of owning a home. Increases in real estate taxes by local governmental authorities would also increase the cost of homeownership. Any such increases to the cost of homeownership could adversely affect the demand for our products.

CAPITAL MARKETS
Deterioration in economic conditions and the credit markets could adversely affect our access to capital.
Upset financial or credit market conditions can impair the company’s ability to borrow money or otherwise access credit markets on terms acceptable to us, which may, among other impacts, reduce our ability to take advantage of growth and expansion opportunities. Similarly, our customers may be unable to borrow money to fund their operations. Similarly, deteriorating or volatile market conditions could have an adverse effect on our customers and suppliers and their ability to purchase our products or sell products to us.

CHANGES IN CREDIT RATINGS
Changes in credit ratings issued by nationally recognized rating organizations could adversely affect our cost of financing and have an adverse effect on the market price of our securities.
Credit rating agencies rate our debt securities on factors that include our operating results, actions that we take, their view of the general outlook for our industry and their view of the general outlook for the economy. Actions taken by the rating agencies can include maintaining, upgrading or downgrading the current rating or placing the company on a watch list for possible future downgrading. Downgrading the credit rating of our debt securities or placing us on a watch list for possible future downgrading could limit our access to the credit markets, increase our cost of financing, and have an adverse effect on the market price of our securities.

SUBSTITUTION
Some of our products are vulnerable to declines in demand due to competing technologies or materials.
Our products may compete with nonfiber-based alternatives or with alternative products in certain market segments. For example, plastic, wood/plastic or composite materials may be used by builders as alternatives to the products produced by our Wood Products businesses such as lumber, veneer, plywood and oriented strand board. Changes in prices for oil, chemicals and wood-based fiber can change the competitive position of our products relative to available alternatives and could increase substitution of those products for our products. If use of these alternative products grows, demand for and pricing of our products could be adversely affected.

CHANGES IN PRODUCT MIX OR PRICING
Our results of operations and financial condition could be materially adversely affected by changes in product mix or pricing.
Our results may be adversely affected by a change in our product mix or pricing. If we are not successful in implementing previously announced or future price increases, or in our plans to increase sales of higher-priced, higher-value products, or if there are delays in acceptance of price increases or failure of customers to accept higher-priced products our results of operations and financial condition could be materially and adversely affected. Price discounting, if required to maintain our competitive position, could result in lower than anticipated price realizations.

INTENSE COMPETITION
We face intense competition in our markets, and the failure to compete effectively could have a material adverse effect on our business, financial condition and results of operations.

We compete with North American and, for many of our product lines, global producers, some of which may have greater financial resources and lower production costs than we do. The principal basis for competition for many of our products is selling price. Our ability to maintain satisfactory margins depends in large part on our ability to control our costs. Our industries also are particularly sensitive to other factors including innovation, design, quality and service, with varying emphasis on these factors depending on the product line. To the extent that one or more of our competitors become more successful with respect to any key competitive factor, our ability to attract and retain customers could be materially adversely affected. If we are unable to compete effectively, such failure could have a material adverse effect on our business, financial condition and results of operations.

Another emerging form of competition is between brands of sustainably produced products; customer demand for certain brands could reduce competition among buyers for our products or cause other adverse effects.

In North America, our forests are third party-certified to the Sustainable Forestry Initiative (SFI®) standard. Some of our customers have expressed a preference in certain of our product lines for products made from raw materials sourced from forests certified to different standards, including standards of the Forest Stewardship Council (FSC). If and to the extent that preference for a standard other than SFI® becomes a customer requirement, there may be reduced demand and lower prices for our products relative to competitors who can supply products sourced from forests certified to competing certification standards. If we seek to comply with such other standards, we could incur materially increased costs for our operations or be required to reduce harvest levels. FSC, in particular, employs standards that are geographically variable and could cause a material reduction in the harvest levels of some of our timberlands, most notably in the Pacific Northwest.

Table of Contents

MATERIAL DISRUPTION OF MANUFACTURING

A material disruption at one of our manufacturing facilities could prevent us from meeting customer demand, reduce our sales or negatively affect our results of operation and financial condition.

Any of our manufacturing facilities, or any of our machines within an otherwise operational facility, could cease operations unexpectedly due to a number of events, including:

- unscheduled maintenance outages,
- prolonged power failures,
- equipment failure,
- a chemical spill or release,
- explosion of a boiler,
- fires, floods, windstorms, earthquakes, hurricanes or other severe weather conditions or catastrophes,
- the effect of drought or reduced rainfall on water supply,
- labor difficulties,
- disruptions in transportation infrastructure, including roads, bridges, rail, tunnels, shipping and port facilities,
- terrorism or threats of terrorism,
- governmental regulations, and
- other operational problems.

Any such downtime or facility damage could prevent us from meeting customer demand for our products or require us to make unplanned capital expenditures. If one of our facilities or machines were to incur significant downtime, our ability to meet our production targets and satisfy customer requirements could be impaired, resulting in lower sales and income. Although some risks are not insurable and some coverage is limited, we purchase insurance protecting our manufacturing facilities from fires, floods, windstorms, earthquakes, equipment failures and boiler explosions.

STRATEGIC INITIATIVES

Our business and financial results may be adversely impacted if we are unable to successfully execute on important strategic initiatives.

There can be no assurance that we will be able to successfully implement important strategic initiatives in accordance with our expectations, which may result in an adverse impact on our business and financial results. These strategic initiatives are designed to improve our results of operations and drive long-term shareholder value, and include, among others: maximizing cash flow through operational excellence; reducing costs to achieve industry-leading cost structure; and innovating in higher-margin products.

CAPITAL REQUIREMENTS

Our operations require substantial capital.

Our businesses require substantial capital for expansion and for repair or replacement of existing facilities or equipment. Although we maintain our production equipment with regular scheduled maintenance, key pieces of equipment may need to be repaired or replaced periodically. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could have a material adverse effect on our financial condition, results of operations and cash flows.

While we believe our capital resources will be adequate to meet our current projected operating needs, capital expenditures and other cash requirements, if for any reason we are unable to provide for our operating needs, capital expenditures and other cash requirements on acceptable economic terms, we could experience a material adverse effect on our business, financial condition, results of operations and cash flows.

ENVIRONMENTAL LAWS AND REGULATIONS

We could incur substantial costs as a result of compliance with, violations of, or liabilities under applicable environmental laws and other laws and regulations.

We are subject to a wide range of general and industry-specific laws and regulations relating to the protection of the environment, including those governing:

- air emissions,
- wastewater discharges,
- harvesting and other silvicultural activities,
- forestry operations and endangered species habitat protection,
- surface water management,
- the storage, management and disposal of hazardous substances and wastes,
- the cleanup of contaminated sites,
- landfill operation and closure obligations,
- building codes, and
- health and safety matters.

We have incurred, and we expect to continue to incur, significant capital, operating and other expenditures complying with applicable environmental laws and regulations and as a result of remedial obligations. We also could incur substantial costs, such as civil or criminal fines, sanctions and enforcement actions (including orders limiting our operations or requiring corrective measures, installation of pollution control equipment or other remedial actions), cleanup and closure costs, and third-party claims for property damage and personal injury as a result of violations of, or liabilities under, environmental laws and regulations.

As the owner and operator of real estate, we may be liable under environmental laws for cleanup, closure and other damages resulting from the presence and release of hazardous substances on or from our properties or operations. In addition, surface water management regulations may present liabilities and are subject to change. The amount and timing of environmental expenditures is difficult to predict, and in some cases, our liability may exceed forecasted amounts or the value of the property itself. The discovery of additional contamination or the imposition of

Table of Contents

additional cleanup obligations at our sites or third-party sites may result in significant additional costs. Any material liability we incur could adversely affect our financial condition or preclude us from making capital expenditures that otherwise would benefit our business.

We also anticipate public policy developments at the state, federal and international level regarding climate change and energy access, security and competitiveness. We expect these developments to address emission of carbon dioxide, renewable energy and fuel standards, and the monetization of carbon. Compliance with regulations that implement new public policy in these areas might require significant expenditures. These developments may also include mandated changes to energy use and building codes which could affect our homebuilding practices.

Enactment of new environmental laws or regulations or changes in existing laws or regulations, or the interpretation of these laws or regulations, might require significant expenditures. We also anticipate public policy developments at the state, federal and international level regarding taxes and a number of other areas that could require significant expenditures.

Changes in global or regional climate conditions and governmental response to such changes at the international, U.S. federal and state levels may affect our operations or our planned or future growth activities.

There continue to be numerous international, U.S. federal and state-level initiatives and proposals to address domestic and global climate issues. Within the U.S., some of these proposals would regulate and/or tax the production of carbon dioxide and other "greenhouse gases" to facilitate the reduction of carbon compound emissions into the atmosphere and provide tax and other incentives to produce and use "cleaner" energy. Climate change impacts, if they occur, and governmental initiatives, laws and regulations to address potential climate concerns, could increase our costs and have a long-term adverse impact on our businesses and results of operations. Future legislation or regulatory activity in this area remains uncertain, and its impact on our operations is unclear at this time. However, it is possible that legislation or government mandates, standards or regulations intended to mitigate or reduce carbon compound or greenhouse gas emissions or other climate change impacts could adversely affect our operations. For example, such activities could limit harvest levels or result in significantly higher costs for energy and other raw materials. Because our manufacturing operations depend upon significant amounts of energy and raw materials, these initiatives could have an adverse impact on our results of operations and profitability.

CURRENCY EXCHANGE RATES

We will be affected by changes in currency exchange rates.

We have manufacturing operations in Canada, Poland and Uruguay. We are also a large exporter and compete with global producers of products very similar to ours. Therefore, we are affected by changes in the strength of the U.S. dollar, particularly relative to the Canadian dollar, euro and yen, and the strength of the euro relative to the yen. Changes in exchange rates could materially and adversely affect our sales volumes, margins and results of operations.

AVAILABILITY OF RAW MATERIALS AND ENERGY

Our business and operations could be materially adversely affected by changes in the cost or availability of raw materials and energy.

We rely heavily on certain raw materials (principally wood fiber and chemicals) and energy sources (principally natural gas, electricity, coal and fuel oil) in our manufacturing processes. Our ability to increase earnings has been, and will continue to be, affected by changes in the costs and availability of such raw materials and energy sources. We may not be able to fully offset the effects of higher raw material or energy costs through hedging arrangements, price increases, productivity improvements or cost-reduction programs.

PEOPLE

Our business is dependent upon attracting, retaining and developing key personnel.

We believe that our success depends, to a significant extent, upon our ability to attract, retain and develop key senior management and operations management personnel. Our failure to recruit, retain, and develop key personnel could adversely affect our financial condition or results of operations.

TRANSPORTATION

We depend on third parties for transportation services and increases in costs and disruptions in the availability of transportation could materially adversely affect our business and operations.

Our business depends on the transportation of a large number of products, both domestically and internationally. We rely primarily on third parties for transportation of the products we manufacture or distribute as well as delivery of our raw materials. A significant portion of the goods we manufacture and raw materials we use are transported by marine, rail and truck, each of which is highly regulated. In addition, each has historically been subject to periodic disruption due to labor issues.

If any of our third-party transportation providers were to fail to deliver the goods we manufacture or distribute in a timely manner, we may be unable to sell those products at full value, or at all. Similarly, if any of these providers were to fail to deliver raw materials to us in a timely manner, we may be unable to manufacture our products in response to customer demand. In addition, if any of these third parties were to cease operations or cease doing business with us, we may be unable to replace them at reasonable cost. Our third-party transportation providers are also subject to events outside of their control, such as disruption of transportation infrastructure due to labor issues or natural disasters.

Any failure of a third-party transportation provider to deliver raw materials or finished products in a timely manner could harm our reputation, negatively affect our customer relationships and have a material adverse effect on our financial condition and results of operation.

In addition, an increase in transportation rates or fuel surcharges could materially adversely affect our sales and profitability.

Table of Contents

REIT STATUS AND TAX IMPLICATIONS

If we fail to remain qualified as a REIT, our taxable income would be subject to tax at corporate rates and we would not be able to deduct dividends to shareholders.

In any taxable year in which we fail to qualify as a REIT, unless we are entitled to relief under the Internal Revenue Code:

- We would not be allowed to deduct dividends to shareholders in computing our taxable income.
- We would be subject to federal and state income tax on our taxable income at applicable corporate rates.
- We also would be disqualified from treatment as a REIT for the four taxable years following the year during which we lost qualification.

Qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code to our operations and the determination of various factual matters and circumstances not entirely within our control. There are only limited judicial or administrative interpretations of these provisions. Although we operate in a manner consistent with the REIT qualification rules, we cannot assure you that we are or will remain so qualified.

Certain of our business activities are subject to corporate-level income tax and potentially subject to prohibited transactions tax.

Under the Internal Revenue Code, REITs generally must engage in the ownership and management of income producing real estate. For the Company, this generally includes owning and managing a timberland portfolio for the production and sale of standing timber. Accordingly, the harvesting and sale of logs, the development or sale of certain timberlands and other real estate, the manufacture and sale of wood products and the manufacture and sale of pulp products are conducted through one or more of our wholly-owned taxable REIT subsidiaries (TRSs) because such activities could generate non-qualifying REIT income and could constitute “prohibited transactions.” Prohibited transactions are defined by the Internal Revenue Code generally to be sales or other dispositions of property to customers in the ordinary course of a trade or business. By conducting our business in this manner we believe that we satisfy the REIT requirements of the Internal Revenue Code and are not subject to the 100 percent tax that could be imposed if a REIT were to conduct a prohibited transaction. The net income of our TRSs is subject to corporate-level income tax.

The extent of our use of our TRS may affect the price of our common shares relative to the share price of other REITs.

We conduct a significant portion of our business activities through one or more TRSs. Our use of our TRSs enables us to engage in non-REIT qualifying business activities such as the sale of logs, production and sale of wood products and pulp products, and sale of HBU property. Our TRSs are subject to corporate-level tax. Therefore, we pay income taxes on the income generated by our TRSs. Under the Code, no more than 25 percent of the value of the gross assets of a REIT may be represented by securities of one or more TRS. This limitation may affect our ability to increase the size of our TRSs’ operations. Furthermore, our use of TRSs may cause the market to value our common shares differently than the shares of other REITs, which may not use TRSs as extensively as we use them.

We may be limited in our ability to fund distributions using cash generated through our taxable REIT subsidiaries.

The ability of the REIT to receive dividends from our TRS is limited by the rules with which we must comply to maintain our status as a REIT. In particular, at least 75 percent of gross income for each taxable year as a REIT must be derived from passive real estate sources including sales of our standing timber and other types of qualifying real estate income and no more than 25 percent of our gross income may consist of dividends from our TRS and other non-real estate income.

This limitation on our ability to receive dividends from our TRSs may affect our ability to fund cash distributions to our shareholders using cash flows from our TRSs. The net income of our TRSs is not required to be distributed, and income that is not distributed will not be subject to the REIT income distribution requirement.

Our cash dividends are not guaranteed and may fluctuate.

Generally, REITs are required to distribute 90 percent of their ordinary taxable income and 95 percent of their net capital gains income. Capital gains may be retained by the REIT, but would be subject to income taxes. If capital gains are retained rather than distributed, our shareholders would be notified and they would be deemed to have received a taxable distribution, with a refundable credit for any federal income tax paid by the REIT. Accordingly, we believe that we are not required to distribute material amounts of cash since substantially all of our taxable income is treated as capital gains income. Our Board of Directors, in its sole discretion, determines the amount of quarterly dividends to be provided to our shareholders based on consideration of a number of factors. These factors include, but are not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions that may impose limitations on cash payments, future acquisitions and divestitures, harvest levels, changes in the price and demand for our products and general market demand for timberlands including those timberland properties that have higher and better uses. Consequently, our dividend levels may fluctuate.

We may not be able to complete desired like-kind exchange transactions for timberlands and real estate we sell.

When we sell timberlands and real estate, we may seek to match these sales with the acquisition of suitable replacement timberlands. This allows us "like-kind exchange" treatment for these transactions under section 1031 and related regulations of the Code. This matching of sales and purchases may provide us with tax benefits, most importantly the deferral of built-in gains tax on the property sold. The inability to obtain like-kind exchange treatment may result in the payment of taxes with respect to the property sold, and a corresponding reduction in earnings and cash available for distribution to shareholders as dividends.

Changes in tax laws or their interpretation could adversely affect our shareholders and our results of operations.

Federal and state tax laws are constantly under review by persons involved in the legislative process, the Internal Revenue Service, the United States Department of the Treasury, and state taxing authorities. Changes to tax laws could adversely affect our shareholders or increase our effective tax rates. We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws applicable to us or our shareholders may be changed.

Table of Contents

LEGAL PROCEEDINGS

We are a party to a number of legal proceedings, and adverse judgments in certain legal proceedings could have a material adverse effect on our financial condition.

The costs and other effects of pending litigation against us and related insurance recoveries cannot be determined with certainty. Although the disclosure in Note 15: Legal Proceedings, Commitments and Contingencies of Notes to Consolidated Financial Statements contains management's current views of the effect such litigation will have on our financial results, there can be no assurance that the outcome of such proceedings will be as expected.

It is possible that there could be adverse judgments against us in some or all major litigation against us and that we could be required to take a charge and make cash payments for all or a portion of any damage award. Any such charge or cash payment could materially and adversely affect our results of operations or cash flows for the quarter or year in which we record or pay it.

IMPORT/EXPORT TAXES AND DUTIES

We may be required to pay significant taxes on our exported products or countervailing and anti-dumping duties on our imported products.

International trade disputes occur frequently and can be taken to an International Trade Court for resolution of unfair trade practices between countries. As an example, there have been many disputes and subsequent trade agreements regarding sales of softwood lumber between Canada and the United States. The current Softwood Lumber Agreement (SLA) between Canada and the U.S., originally signed in October 2006, is scheduled to expire in October 2015. The SLA requires Canadian softwood lumber facilities, including our mills, to pay an export tax when the price of lumber is at or below a threshold price. The export tax could be as high as 22.5 percent if a province exceeds its total allotted export share. It is also possible that additional countervailing antidumping duties could be imposed in the future. We may experience reduced revenues and margins in any business that is subject to such tariffs or to the terms of the settlements of such international disputes. To the extent such tariffs increase prices, they could also reduce the demand for our products. These tariffs or settlement terms could have a material adverse effect on our business, financial results and financial condition, including facility closures or impairments of assets. We cannot predict whether there will be an extension of the SLA or a new agreement or, if an extension or new agreement is completed, its impact on our business.

NATURAL DISASTERS ON TIMBERLANDS ASSETS

Our timberlands assets could be adversely affected by weather, fire, infestation or natural disasters.

Our timberlands assets may be damaged by adverse weather, severe wind and rainstorms, fires, pest infestation or other natural disasters. Because our manufacturing processes primarily use wood fiber, in many cases from our own timberlands, in the event of material damage to our timberlands, our operations could be disrupted or our production costs could be increased. As is typical in the forestry industry, we do not insure against losses of timber, including losses due to these causes.

ACQUISITION OF LONGVIEW TIMBER LLC

We may fail to realize the full benefits anticipated as a result of the acquisition of Longview Timber LLC (Longview Timber).

In 2013 we acquired Longview Timber. There are a number of risks and uncertainties relating to the acquisition and the ultimate success of the acquisition will depend, in part, on our ability to realize the anticipated business opportunities and growth prospects from combining our businesses with those of Longview Timber. We may not fully realize our expected business opportunities and growth prospects. We may need to make unanticipated capital expenditures or investments in order to maintain, improve or sustain the operations or assets of Longview Timber. We may be required to take write-offs or impairment charges or recognize amortization expenses resulting from the acquisition and may be subject to unanticipated or unknown liabilities relating to Longview Timber and its business. If any of these factors occur, we may not fully realize our expected business opportunities and growth prospects.

TAX DISTRIBUTION OF WRECO

We could incur substantial U.S. federal tax liability if the WRECO transaction were found not to qualify as a tax-free “reorganization” or the distribution of WRECO shares to Weyerhaeuser shareholders were found not to qualify as a tax-free distribution.

In 2014 we closed the divestiture of our home building business, Weyerhaeuser Real Estate Company (WRECO), via a "Reverse Morris Trust" transaction pursuant to which a wholly-owned subsidiary of TRI Pointe Homes, Inc. (TRI Pointe) merged with and into WRECO, with WRECO surviving the merger and becoming a wholly-owned subsidiary of TRI Pointe. The Reverse Morris Trust transaction was structured to qualify as a tax-free reorganization and the associated distribution of WRECO shares to Weyerhaeuser shareholders as a tax-free distribution. If the transaction were determined not to qualify as a tax-free reorganization, or if the distribution does not qualify as a tax-free distribution, then Weyerhaeuser or its subsidiaries or Weyerhaeuser shareholders may be required to pay substantial U.S. federal income taxes.

If the transaction were determined not to qualify as a tax-free reorganization or the distribution not to qualify as a tax-free distribution, or if Weyerhaeuser were required to indemnify TRI Pointe and WRECO, such taxes and indemnification obligations could be substantial and could materially and adversely affect the company’s liquidity, financial condition and results of operations.

CYBERSECURITY RISKS

We rely on information technology to support our operations and reporting environments. A security failure of that technology could impact our ability to operate our businesses effectively, adversely affect our reported financial results, impact our reputation and expose us to potential liability or litigation.

We use information systems to carry out our operational activities and maintain our business records. Some systems are internally managed and some are maintained by third-party service providers. We and our service providers employ what we believe are adequate security measures. Our ability to conduct business could be materially and adversely affected if these systems or resources are compromised, damaged or fail. This could be a result of a cyber incident, natural disaster, hardware or software corruption, failure or error, telecommunications system failure, service provider error or failure, intentional or unintentional personnel actions or other disruption.

Table of Contents

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, other proprietary information and personally identifiable information. If this data is compromised, destroyed or inappropriately disclosed, it could have a material adverse effect, including damage to our reputation, loss of customers, significant expenses to address and resolve the issues, or litigation or other proceedings by affected individuals, business partners and/or regulators.

RISKS RELATED TO OWNERSHIP OF OUR COMMON STOCK

STOCK-PRICE VOLATILITY

The market price of our common stock may be influenced by many factors, some of which are beyond our control, including those described above under "Risks Related to our Industries and Business" and the following:

- actual or anticipated fluctuations in our operating results or our competitors' operating results,
- announcements by us or our competitors of new products, capacity changes, significant contracts, acquisitions or strategic investments,
- our growth rate and our competitors' growth rates,
- general economic conditions,
- conditions in the financial markets,
- changes in stock market analyst recommendations regarding us, our competitors or the forest products industry generally, or lack of analyst coverage of our common stock,
- sales of our common stock by our executive officers, directors and significant stockholders,
- sales or repurchases of substantial amounts of common stock,
- changes in accounting principles, and
- changes in tax laws and regulations.

In addition, there has been significant volatility in the market price and trading volume of securities of companies operating in the forest products industry that often has been unrelated to the operating performance of particular companies.

Some companies that have had volatile market prices for their securities have had securities litigation brought against them. If litigation of this type is brought against us, it could result in substantial costs and divert management's attention and resources.

PREFERENCE SHARES

Our common shares will rank junior to our mandatory convertible preference shares with respect to dividends and amounts payable in the event of our liquidation.

Our common shares will rank junior to our mandatory convertible preference shares with respect to the payment of dividends and amounts payable in the event of our liquidation, dissolution or winding-up. This means that, unless full cumulative dividends have been paid or set aside for payment on all outstanding mandatory convertible preference shares for all past dividend periods and the then current dividend period, no dividends may be declared or paid on our common shares. Likewise, in the event of our voluntary or involuntary liquidation, dissolution or winding-up, no distribution of our assets may be made to holders of our common shares until we have paid to holders of the mandatory convertible preference shares a liquidation preference equal to $50.00 per share plus accrued and unpaid dividends.

Certain provisions in the mandatory convertible preference shares could delay or prevent an otherwise beneficial takeover or takeover attempt of us and, therefore, the ability of holders to exercise their rights associated with a potential fundamental change.

Certain provisions in our mandatory convertible preference shares could make it more difficult or more expensive for a third party to acquire us. For example, if a fundamental change were to occur on or prior to July 1, 2016, holders of the mandatory convertible preference shares may have the right to convert their mandatory convertible preference shares, in whole or in part, at an increased conversion rate and be entitled to receive a fundamental change dividend make-whole amount equal to the present value of all remaining dividend payments on their mandatory convertible preference shares. These features of the mandatory convertible preference shares could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management.

UNRESOLVED STAFF COMMENTS

There are no unresolved comments that were received from the SEC staff relating to our periodic or current reports under the Securities Exchange Act of 1934.

PROPERTIES

Details about our facilities, production capacities and locations are found in the Our Business — What We Do section of this report.

- For details about our Timberlands properties, go to Our Business/What We Do/Timberlands/Where We Do It.
- For details about our Wood Products properties, go to Our Business/What We Do/Wood Products/Where We Do It.
- For details about our Cellulose Fibers properties, go to Our Business/What We Do/Cellulose Fibers/Where We Do It.

LEGAL PROCEEDINGS

See Note 15: Legal Proceedings, Commitments and Contingencies in the Notes to Consolidated Financial Statements for a summary of legal proceedings.

Table of Contents

MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock trades on the following exchanges under the symbol WY:

- New York Stock Exchange and
- Chicago Stock Exchange

As of December 31, 2014, there were 8,248 holders of record of our common shares. Dividend-per-share data and the range of closing market prices for our common stock for each of the four quarters in 2014 and 2013 are included in Note 22: Selected Quarterly Financial Information (unaudited) in the Notes to Consolidated Financial Statements.

INFORMATION ABOUT SECURITIES AUTHORIZED FOR ISSUANCE UNDER OUR EQUITY COMPENSATION PLAN

	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES TO BE ISSUED UPON EXERCISE)
Equity compensation plans approved by security holders(1)	14,818,428	$ 20.70	19,466,670
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	14,818,428	$ 20.70	19,466,670

(1) Includes 1,227,170 restricted stock units and 890,094 performance share units. Because there is no exercise price associated with restricted stock units and performance share units, excluding these stock units the weighted average exercise price calculation would be $24.15.

INFORMATION ABOUT COMMON STOCK REPURCHASES DURING 2014

	TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED	AVERAGE PRICE PAID PER SHARE (OR UNIT)	TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OF PROGRAMS	MAXIMUM NUMBER (OR APPROXIMATE DOLLAR VALUE) OF SHARES (OR UNITS) THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
Common Stock Repurchases During Third Quarter:				
July	—	N/A	—	$700,000,000
August	1,473,721	$34.13	1,473,721	$649,708,324
September	2,377,709	$33.33	2,377,709	$570,463,481
Total repurchases during third quarter	3,851,430	$33.63	3,851,430	$570,463,481
Common Stock Repurchases During Fourth Quarter:				

October	1,221,751	$32.55	1,221,751	$530,693,879
November	627,158	$34.02	627,158	$509,360,679
December	362,654	$35.36	362,654	$496,538,566
Total repurchases during fourth quarter	2,211,563	$33.43	2,211,563	$496,538,566
Total common stock repurchases during 2014	6,062,993	$33.56	6,062,993	$496,538,566

(1) On August 13, 2014, our Board of Directors approved the 2014 stock repurchase program under which we are authorized to repurchase up to $700 million of outstanding shares. The 2014 stock repurchase program replaced the prior 2011 stock repurchase program. During 2014, we repurchased $203 million under the 2014 stock repurchase program. All common stock purchases under the stock repurchase program were made in open-market transactions.

Table of Contents

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL SHAREHOLDER RETURN
Weyerhaeuser Company, S&P 500 and S&P Global Timber & Forestry Index
PERFORMANCE GRAPH ASSUMPTIONS

- Assumes $100 invested on December 31, 2009 in Weyerhaeuser common stock, the S&P 500 Index and the S&P Global Timber & Forestry Index.
- Total return assumes dividends received are reinvested at month end.
- Measurement dates are the last trading day of the calendar year shown.

Table of Contents

SELECTED FINANCIAL DATA
DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES

PER COMMON SHARE

	2014	2013	2012	2011	2010
Diluted earnings from continuing operations attributable to Weyerhaeuser common shareholders	$1.40	0.82	0.58	0.50	3.78
Diluted earnings from discontinued operations attributable to Weyerhaeuser common shareholders[1]	1.78	0.13	0.13	0.11	0.21
Diluted net earnings attributable to Weyerhaeuser common shareholders	$3.18	0.95	0.71	0.61	3.99
Dividends paid per common share	$1.02	0.81	0.62	0.60	26.61
Weyerhaeuser shareholders' interest (end of year)	$10.11	11.64	7.50	7.95	8.60

FINANCIAL POSITION

	2014	2013	2012	2011	2010
Total assets	$13,457	14,577	12,592	12,634	13,464
Total long-term debt	$4,891	4,891	4,291	4,478	5,060
Weyerhaeuser shareholders' interest	$5,304	6,795	4,070	4,263	4,612
Percent earned on average Weyerhaeuser shareholders' interest	29.5 %	9.9 %	9.2 %	7.5 %	29.6 %

OPERATING RESULTS

	2014	2013	2012	2011	2010
Net sales	$7,403	7,254	5,989	5,378	5,032
Earnings from continuing operations	$828	491	312	270	1,214
Discontinued operations, net of income taxes[1]	998	72	72	61	69
Net earnings	1,826	563	384	331	1,283
Net loss (earnings) attributable to noncontrolling interest	—	—	1	—	(2)
Net earnings attributable to Weyerhaeuser	1,826	563	385	331	1,281
Dividends on preference shares	(44)	(23)	—	—	—
Net earnings attributable to Weyerhaeuser common shareholders	$1,782	540	385	331	1,281

CASH FLOWS

	2014	2013	2012	2011	2010
Net cash from operations	$1,088	1,004	581	291	689
Cash from investing activities	361	(1,829)	(192)	122	164
Cash from financing activities	(704)	762	(444)	(927)	(1,255)
Net change in cash and cash equivalents	$745	(63)	(55)	(514)	(402)

STATISTICS (UNAUDITED)

	2014	2013	2012	2011	2010
Number of employees	12,800	13,700	13,200	12,800	14,250
Number of common shareholder accounts at year-end	8,248	8,859	9,227	9,724	10,050
Number of common shares outstanding at year-end (thousands)	524,474	583,548	542,393	536,425	535,976
Weighted average common shares outstanding – diluted (thousands)	560,899	571,239	542,310	539,879	321,096

(1) See Note 3: Discontinued Operations in the Notes to Consolidated Financial Statements.

To implement our decision to be taxed as a REIT, we distributed to our shareholders our accumulated earnings and profits, determined under federal income tax provisions, as a “Special Dividend.” On September 1, 2010, we paid a dividend of $5.6 billion which included the Special Dividend and the regular quarterly dividend of approximately $11 million. At the election of each shareholder, the Special Dividend was paid in cash or Weyerhaeuser common shares. The number of common shares issued was approximately 324 million. The stock portion of the Special Dividend was treated as the issuance of new shares for accounting purposes and affects our earnings per share only for periods after the distribution. Prior periods are not restated. The required treatment results in earnings per share that is less than would have been the case had the common shares not been issued.

Table of Contents

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

WHAT YOU WILL FIND IN THIS MD&A

Our MD&A includes the following major sections:

- economic and market conditions affecting our operations;
- financial performance summary;
- results of our operations — consolidated and by segment;
- liquidity and capital resources — where we discuss our cash flows;
- off-balance sheet arrangements;
- environmental matters, legal proceedings and other contingencies; and
- accounting matters — where we discuss critical accounting policies and areas requiring judgments and estimates.

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 U.S. housing starts for 2014 were slightly above 1,000,000 units, with single-family units accounting for 648,000 of the total. This represents a 5 percent increase in single-family starts from 2013, which was 618,000 units. Multi-family construction also increased in 2014 to 358,000 units compared with 305,000 in 2013. While a significant improvement, current housing demand remains well below 1,000,000 single-family starts, the lowest level during the 15-year period of 1992-2007.

Wood Products primarily sells into the new residential building and repair and remodel markets. Demand for wood products has continued to modestly improve in 2014 resulting in prices similar to those in 2013 for most lumber and plywood products. The significant exception was oriented strand board (OSB) where 2014 prices were 31 percent below 2013 as measured by Random Lengths North Central Price.

Demand for logs from our Timberlands segment is affected by the production of wood-based building products as well as export demand in our Western holdings. In the South, Southern pine log prices were slightly higher in 2014 due to the modest improvement in the housing market while Western log prices, helped by demand from China and Japan, increased more substantially in 2014.

Cellulose Fibers is primarily affected by global supply and demand factors and the relative strength of the U.S. dollar. The severe winter weather in the first half of 2014 caused an inventory decline which took most of the year to correct, consequently prices for cellulose fibers were higher in 2014 than 2013. The U.S. dollar gained strength in 2014 as the euro declined 12 percent relative to the U.S. dollar due to slowing growth in Eurozone economies.

Table of Contents

FINANCIAL PERFORMANCE SUMMARY
Net Sales by Segment
Contribution to Pretax Earnings by Segment

Table of Contents

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.

CONSOLIDATED RESULTS

HOW WE DID IN 2014

Summary of Financial Results

DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES

	2014	2013	2012	AMOUNT OF CHANGE 2014 vs. 2013	AMOUNT OF CHANGE 2013 vs. 2012
Net sales	$7,403	$7,254	$5,989	$149	$1,265
Operating income	$1,320	$634	$618	$686	$16
Earnings from discontinued operations, net of tax	$998	$72	$72	$926	$—
Net earnings attributable to Weyerhaeuser common shareholders	$1,782	$540	$385	$1,242	$155
Basic earnings per share attributable to Weyerhaeuser common shareholders	$3.20	$0.95	$0.71	$2.25	$0.24
Diluted earnings per share attributable to Weyerhaeuser common shareholders	$3.18	$0.95	$0.71	$2.23	$0.24

COMPARING 2014 WITH 2013

Net Sales

Net sales increased $149 million — 2 percent — primarily due to:

- Timberlands segment sales increased $154 million, primarily due to higher log prices and increased sales volumes in the West, including our acquired Longview Timber holdings.
- Cellulose Fibers segment sales increased $34 million, primarily due to higher sales realizations for pulp.

These increases were partially offset by a $39 million decrease in our Wood Products segment sales, primarily due to lower sales realizations for OSB. This decrease in sales was partially offset by higher sales realizations and volumes for engineered wood products and lumber and increased sales from complementary building products.

Net Earnings Attributable to Weyerhaeuser Common Shareholders

Our net earnings attributable to Weyerhaeuser common shareholders increased $1,242 million primarily due to:

- a $926 million increase in earnings from discontinued operations, primarily due to a $972 million net gain on the Real Estate Divestiture recognized in 2014;
- a $333 million decrease in charges for restructuring, closure and asset impairments primarily related to a noncash impairment charge relating to a large master-planned community in north of Las Vegas, Nevada which was retained by Weyerhaeuser in the divestiture of Weyerhaeuser Real Estate Company (WRECO);
- a $206 million increase in gross margin in our Timberlands and Cellulose Fibers segments, primarily due to higher sales realizations and owning Longview Timber for a full year;
- a $166 million increase in other operating income, primarily due to a $151 million pretax gain recognized in 2014 related to a previously announced postretirement plan amendment; and
- a $79 million decrease in our selling, general and administrative expenses.

These increases were partially offset by:

- a $356 million change in income taxes from a benefit in 2013 to an expense in 2014 primarily related to a previously unrecognized tax benefit recorded in 2013 and higher earnings in our Taxable REIT Subsidiary (TRS) in 2014; and

- a $140 million decrease in gross margin in our Wood Products segment, primarily due to lower sales realizations in OSB.

COMPARING 2013 WITH 2012

Net Sales

Net sales increased $1,265 million — 21 percent — primarily due to:

- Wood Products segment sales increased $951 million, primarily due to higher sales realizations and higher sales volumes across all major product lines.
- Timberlands segment sales increased $266 million, primarily due to higher export and domestic log prices, increased sales volumes and the purchase of Longview Timber.
- Cellulose Fibers segment sales increased $48 million primarily due to increased sales volumes.

Table of Contents

Net Earnings Attributable to Weyerhaeuser Common Shareholders

Our net earnings attributable to Weyerhaeuser common shareholders increased $155 million — 40 percent — primarily due to:

- a $509 million increase in gross margin in our Wood Products and Timberlands segments, primarily due to higher sales realizations and sales volumes; and
- a $181 million change in income taxes from an expense in 2012 to a benefit in 2013 primarily related to a previously unrecognized tax benefit recorded in 2013.

These increases were partially offset by:

- a $351 million increase in charges for restructuring, closure and asset impairments primarily related to a noncash impairment charge relating to a large master-planned community in north of Las Vegas, Nevada which was retained by Weyerhaeuser in the divestiture of WRECO;
- a $143 million decrease in other operating income, primarily due to a $103 million pretax gain recognized in 2012 related to a previously announced postretirement plan amendment; and
- a $31 million increase in our selling, general and administrative expenses in 2013.

TIMBERLANDS

HOW WE DID IN 2014

We report sales volume and annual production data for our Timberlands segment in Our Business/What We Do/Timberlands.

Here is a comparison of net sales to unaffiliated customers, intersegment sales, and net contribution to earnings for the last three years:

Net Sales and Net Contribution to Earnings for Timberlands

DOLLAR AMOUNTS IN MILLIONS

	2014	2013	2012	AMOUNT OF CHANGE 2014 vs. 2013	AMOUNT OF CHANGE 2013 vs. 2012
Net sales to unaffiliated customers:					
Logs:					
West	$972	$828	$559	$144	$269
South	257	256	233	1	23
Canada	22	19	19	3	—
Total	1,251	1,103	811	148	292
Chip sales	12	9	18	3	(9)
Timberlands exchanges[1]	52	65	59	(13)	6
Higher and better-use land sales[1]	19	19	22	—	(3)
Minerals, oil and gas	32	32	31	—	1
Products from international operations[2]	96	90	106	6	(16)
Other products	35	25	30	10	(5)
Subtotal sales to unaffiliated customers	1,497	1,343	1,077	154	266
Intersegment sales:					
United States	576	518	447	58	71
Other	291	281	236	10	45
Subtotal intersegment sales	867	799	683	68	116
Total	$2,364	$2,142	$1,760	$222	$382
Net contribution to earnings	$613	$470	$322	$143	$148

(1) Significant disposition of higher and better use timberland and some non-strategic timberlands are made through subsidiaries.

(2) Includes logs, plywood and hardwood lumber harvested or produced by our international operations, primarily in South America.

On July 23, 2013, we purchased 100 percent of the equity interests in Longview Timber LLC (Longview Timber) for cash and assumed debt. The sales and net contribution to earnings of our acquired entity from the acquisition date forward are included in the West results of our Timberlands segment. Longview Timber was and continues to be a supplier to our Wood Products segment and those sales are shown in intersegment sales. More information on this transaction can be found in Note 4: Longview Timber Purchase in the Notes to Consolidated Financial Statements.

COMPARING 2014 WITH 2013

Net Sales — Unaffiliated Customers

Net sales to unaffiliated customers increased $154 million — 11 percent — primarily due to a $144 million increase in Western log sales due to higher log prices from our legacy Western timberlands and a 17 percent increase in sales volumes including the increase related to the acquired Longview Timber holdings.

Table of Contents

Intersegment Sales

Intersegment sales increased $68 million — 9 percent — primarily due to:

- a $58 million increase in the United States primarily due to higher sales volumes including the increase related to acquired Longview Timber holdings and higher log prices in our legacy Western and Southern timberlands; and
- a $10 million increase due to increased log and chip sales volumes in Canada.

Net contribution to earnings

Net contribution to earnings increased $143 million — 30 percent — primarily due to:

- an $87 million increase as a result of owning Longview Timber for a full year;
- a $59 million increase due to higher log prices in our legacy Western timberlands and the South;
- a $20 million increase due to higher sales volumes in our legacy Western timberlands; and
- a $12 million decrease in selling, general and administrative expenses, excluding Longview Timber.

These increases were partially offset by a $40 million increase in operating costs in our legacy Western timberlands due to increased log purchases.

COMPARING 2013 WITH 2012

Net Sales — Unaffiliated Customers

Net sales to unaffiliated customers increased $266 million — 25 percent — primarily due to:

- Western log sales increased $269 million due to higher export and domestic log prices and a 31 percent increase in sales volume as a result of increased export and domestic demand and the increase related to acquired Longview Timber holdings; and
- Southern log sales increased $23 million due to higher log prices and a 6 percent increase in sales volume as the result of increased thinning activity.

These increases were partially offset by:

- a $16 million decrease in sales from our International operations primarily due to a shift toward internal sales of manufactured products; and
- a $9 million decrease in chip sales.

Intersegment Sales

Intersegment sales increased $116 million — 17 percent — primarily due to:

- a $71 million increase in the United States, primarily due to higher log prices and increased sales volume including the increase related to acquired Longview Timber holdings; and
- a $45 million increase due to higher log prices in Canada.

Net contribution to earnings

Net contribution to earnings increased $148 million — 46 percent — primarily due to:

- a $104 million increase due to higher sales volumes and demand for export and domestic logs in our legacy Western timberlands. Harvest levels increased 5 percent in our legacy Western timberlands;
- a $49 million increase due to higher log prices in our legacy Western timberlands and the South; and
- a $36 million increase due to the purchase of Longview Timber.

These increases were partially offset by:

- a $30 million increase in operating costs in our legacy Western timberlands primarily due to a higher mix of higher cost logs from internal and outside purchases and increased silviculture costs; and
- $14 million increase in selling, general and administrative costs, excluding Longview Timber.

Table of Contents

WOOD PRODUCTS

HOW WE DID IN 2014

We report sales volume and annual production data for our Wood Products segment in Our Business/What We Do/Wood Products.

Net Sales and Net Contribution to Earnings for Wood Products

DOLLAR AMOUNTS IN MILLIONS

	2014	2013	2012	AMOUNT OF CHANGE 2014 vs. 2013	AMOUNT OF CHANGE 2013 vs. 2012
Net sales:					
Structural lumber	$1,901	$1,873	$1,400	$28	$473
Engineered solid section	402	353	279	49	74
Engineered I-joists	277	247	190	30	57
Oriented strand board	610	809	612	(199)	197
Softwood plywood	143	144	115	(1)	29
Other products produced	176	171	167	5	4
Complementary building products	461	412	295	49	117
Net sales from continuing operations	$3,970	$4,009	$3,058	$(39)	$951
Net contribution to earnings	$327	$441	$120	$(114)	$321

COMPARING 2014 WITH 2013

Net Sales

Net sales decreased $39 million — 1 percent — primarily due to a 25 percent decrease in OSB average sales realizations. This decrease was partially offset by:

- an increase of 10 percent in shipment volumes and a 4 percent increase in average sales realizations in engineered solid section,
- an increase of 12 percent of complementary building products,
- an increase of 8 percent in average sales realizations and a 4 percent increase in shipment volumes in engineered I-joists and
- an increase of 1 percent in average sales realizations and a 1 percent increase in shipment volumes in structural lumber.

Net Contribution to Earnings

Net contribution to earnings decreased $114 million — 26 percent — primarily due to:

- a $204 million decrease in sales realizations in OSB and
- a $47 million increase in log costs.

These decreases were partially offset by:

- a $40 million decrease in lumber manufacturing costs primarily due to aggressive cost control;
- a $35 million increase in sales realizations in engineered wood products and lumber;
- a $31 million increase in margins in our distribution business;
- a $15 million decrease in selling, general and administrative expenses;
- a $10 million increase in shipment volumes primarily in engineered wood products and our distribution business; and
- a $9 million impairment in 2013 related to the decision to permanently close an engineered wood products facility.

COMPARING 2013 WITH 2012

Net Sales

Net sales and revenues increased $951 million — 31 percent — primarily due to:

- Structural lumber shipment volumes increased 10 percent and average sales realizations increased 22 percent.
- OSB shipment volumes increased 11 percent and average sales realizations increased 20 percent.
- Engineered solid section shipment volumes increased 18 percent and average sales realizations increased 7 percent.
- Engineered I-joist shipment volumes increased 16 percent and average sales realizations increased 11 percent.

- Softwood plywood shipment volumes increased 18 percent and average sales realizations increased 6 percent.
- Complementary building products increased 40 percent.

Net Contribution to Earnings

Net contribution to earnings increased $321 million primarily due to:

- a $454 million increase, primarily due to higher sales realizations across all major product lines;
- a $58 million increase in sales volumes across all major products; and
- a $14 million increase in other products improvements.

Table of Contents

These increases were partially offset by:
- an $88 million increase in log cost due to continued strong lumber demand and increasing log prices;
- a $51 million increase in freight expense due to higher shipment volumes;
- a $38 million increase in manufacturing costs due to higher raw material, maintenance and labor costs; and
- a $27 million increase in selling, general and administrative costs.

CELLULOSE FIBERS
HOW WE DID IN 2014
We report sales volume and annual production data for our Cellulose Fibers segment in Our Business/What We Do/Cellulose Fibers.
Here is a comparison of net sales and net contribution to earnings for the last three years:
Net Sales and Net Contribution to Earnings for Cellulose Fibers
DOLLAR AMOUNTS IN MILLIONS

				AMOUNT OF CHANGE	
	2014	2013	2012	2014 vs. 2013	2013 vs. 2012
Net sales:					
Pulp	$1,559	$1,501	$1,433	$58	$68
Liquid packaging board	310	326	332	(16)	(6)
Other products	67	75	89	(8)	(14)
Total	$1,936	$1,902	$1,854	$34	$48
Net contribution to earnings	$291	$200	$223	$91	$(23)

COMPARING 2014 WITH 2013
Net Sales
Net sales increased $34 million — 2 percent — primarily due to increased sales realizations for pulp of $50 per ton — 6 percent and liquid packing board of $61 per ton — 6 percent.
This was partially offset by decreased sales volumes for pulp of 2 percent and liquid packaging board of 10 percent.
Net Contribution to Earnings
Net contribution to earnings increased $91 million — 46 percent — primarily due to:
- a $108 million increase in pulp and liquid packaging board sales realizations and
- a $14 million decrease in Canadian operating costs due to the strengthening U.S. dollar.

These increases were partially offset by:
- a $13 million increase in energy cost primarily due to reduced electricity sales and higher fuel prices and
- a $13 million increase in maintenance costs due to a scheduled machine rebuild in our liquid packaging board facility and pulp planned maintenance outages.

COMPARING 2013 WITH 2012
Net Sales
Net sales increased $48 million — 3 percent — primarily due to:
- Increased sales volumes of 6 percent for pulp, resulting from increased demand, which was partially offset by decreased pulp sales realizations of $9 per ton — 1 percent.
- Liquid packaging board sales realizations decreased $82 per ton — 7 percent — resulting primarily from mix of products.

Net Contribution to Earnings
Net contribution to earnings decreased $23 million — 10 percent — primarily due to:
- a $25 million decrease in liquid packaging sales realizations and
- a $17 million decrease in pulp sales realizations.

These decreases were partially offset by a $16 million decrease in chemical and energy costs.

UNALLOCATED ITEMS

Unallocated Items are gains or charges 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.

Table of Contents

Net Contribution to Earnings for Unallocated Items
DOLLAR AMOUNTS IN MILLIONS

	2014	2013	2012	AMOUNT OF CHANGE 2014 vs. 2013	AMOUNT OF CHANGE 2013 vs. 2012
Unallocated corporate function expenses	$(24)	$(38)	$(44)	$14	$6
Unallocated share-based compensation	(9)	(8)	(16)	(1)	8
Unallocated pension and postretirement credits (costs)	196	(40)	(29)	236	(11)
Foreign exchange gains (losses)	(27)	(7)	7	(20)	(14)
Elimination of intersegment profit in inventory and LIFO	(10)	15	(16)	(25)	31
Other	(38)	(392)	60	354	(452)
Operating income (loss)	88	(470)	(38)	558	(432)
Interest income and other	38	48	39	(10)	9
Net contribution to earnings	$126	$(422)	$1	$548	$(423)

Unallocated Items in 2014 include:

- $151 million pretax gain related to a previously announced postretirement plan amendment which is recorded in "Unallocated pension and postretirement credits (costs)" above. See Note 9: Pension and Other Postretirement Benefit Plans in the Notes to Consolidated Financial Statements for more information.
- $39 million in charges related to our selling, general and administrative cost reduction initiative which is recorded in "Other" above.
- $22 million pretax gain on the sale of a landfill in Washington State, which is recorded in "Other" above and "Other operating income, net" in our Consolidated Statement of Operations. See Note 19: Other Operating Income, Net in the Notes to Consolidated Financial Statements for more information.

Unallocated Items in 2013 include:

- $356 million impairment of Coyote Springs, which is recorded in "Other" above and "Charges for restructuring, closures and impairments" in our Consolidated Statement of Operations. See Note 18: Charges for Restructuring, Closures and Asset Impairments in the Notes to Consolidated Financial Statements for more information.
- $10 million pretax gain on the sale of part of our investment in Liaison Technologies Inc., which is recorded in "Interest income and other" above and in our Consolidated Statement of Operations. See Note 8: Equity Affiliates in the Notes to Consolidated Financial Statements for more information.

Other Unallocated Items in 2012 included a gain of $103 million related to a postretirement plan amendment which is recorded in "Unallocated pension and postretirement credits (costs)" above. See Note 9: Pension and Other Postretirement Benefit Plans in the Notes to Consolidated Financial Statements for more information.

INTEREST EXPENSE

Our net interest expense incurred for the last three years was:

- $344 million in 2014,
- $369 million in 2013 and
- $344 million in 2012.

Increases (reductions) in our amount of outstanding debt were:

- $0 million in 2014,
- $600 million in 2013 and
- $(187) million in 2012.

In connection with repayments, included in our net interest expense, we recognized $25 million in pretax losses on early extinguishment of debt in 2013.

Interest expense in 2013 includes $11 million in fees related to a bridge loan we did not draw from in the acquisition of Longview Timber that was expensed. Excluding this item and loss on early extinguishment of debt, interest expense is higher due to debt issued in 2013.

INCOME TAXES

Our provision (benefit) for income taxes for our continuing operations over the last three years was:

- $185 million in 2014,
- $(171) million in 2013 and
- $10 million in 2012.

During 2013, we recorded the following tax benefits or charges:

- a $193 million tax benefit related to unrecognized tax benefits and
- a $21 million tax charge related to the repatriation of Canadian earnings.

During 2012, we recorded the following tax benefits or charges:

- a $36 million tax charge related to a previously announced postretirement plan amendment and
- a $12 million tax benefit related to income tax settlements.

Table of Contents

As a REIT, we generally are not subject to corporate level tax on income of the REIT that is distributed to shareholders. We will, however, be 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 also will 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 table below summarizes the historical tax characteristics of distributions to shareholders for the years ended December 31:

AMOUNTS PER SHARE

	2014	2013	2012
Preference - capital gain distribution	$3.19	$1.66	$—
Common - capital gain distribution	$1.02	$0.81	$0.62

LIQUIDITY AND CAPITAL RESOURCES

We are committed to maintaining a sound, conservative capital structure that enables us to:

- protect the interests of our shareholders and lenders and
- have access at all times to major financial markets.

CASH FROM OPERATIONS

Cash from operations includes:

- cash received from customers;
- cash paid to employees and suppliers;
- cash paid for interest on our debt; and
- cash paid or received for taxes.

Consolidated net cash provided by our operations was:

- $1,088 million in 2014,
- $1,004 million in 2013 and
- $581 million in 2012.

COMPARING 2014 WITH 2013

Net cash provided by operations increased $84 million in 2014 as compared with 2013, primarily due to:

- Cash received from customers increased $180 million as sales increased in our Timberlands and Cellulose Fibers segments.
- Net cash inflows related to income taxes increased $70 million. We received income tax refunds of $52 million in 2014 and paid $18 million in 2013.
- Cash paid for interest decreased $43 million, primarily due to interest received related to tax refunds in 2014 and refinancing of debt in 2013.

These inflows were partially offset by a $189 million increase in cash paid to employees and suppliers primarily due to increased production and the acquisition of Longview Timber.

COMPARING 2013 WITH 2012

Net cash provided by operations increased $423 million in 2013 as compared with 2012, primarily due to a $1,228 million increase in cash received from customers. This inflow was partially offset by:

- cash paid to employees and suppliers increased $715 million as sales and production increased in our Wood Products and Timberlands segments. Receivables, primarily in our Wood Products segment, increased significantly in 2013 compared to 2012 as sales increased; and
- net cash outflows related to discontinued operations increased $75 million.

Pension Contributions and Benefit Payments Made and Expected

During 2014, we:

- contributed $43 million for our Canadian registered plan in accordance with minimum funding rules and respective provincial regulations;

- contributed to or made benefit payments for our Canadian nonregistered pension plans of $3 million;
- made benefit payments of $24 million for our U.S. nonqualified pension plans; and
- made benefit payments of $31 million for our U.S. and Canadian other postretirement plans.

There was no minimum required contribution for our U.S. qualified plan for 2014, nor were any contributions made to this plan in 2014.

During 2015, based on estimated year-end assets and projections of plan liabilities, 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 $26 million for our U.S. and Canadian other postretirement plans.

We do not anticipate a contribution being required to our U.S. qualified pension plan for 2015.

INVESTING IN OUR BUSINESS

Cash from investing activities includes:

- acquisitions of property, equipment, timberlands and reforestation;
- investments in or distribution from equity affiliates;
- proceeds from sale of assets and operations; and
- purchases and redemptions of short-term investments.

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

- $361 million in 2014,
- $(1,829) million in 2013 and
- $(192) million in 2012.

COMPARING 2014 WITH 2013

Net cash from investing activities changed $2,190 million to an inflow in 2014 as compared with an outflow in 2013, primarily due to:

- the acquisition of Longview Timber in 2013;
- net proceeds from the Real Estate Divestiture, net of cash divested in 2014; and
- higher capital spending in 2014.

COMPARING 2013 WITH 2012

Net cash used in investing activities increased $1,637 million in 2014 as compared with 2013, primarily due to the acquisition of Longview Timber in 2013.

LONGVIEW TIMBER PURCHASE

On July 23, 2013, we purchased 100 percent of the equity interests in Longview Timber LLC (Longview Timber) for $1.58 billion cash and assumed debt of $1.07 billion, for an aggregate purchase price of $2.65 billion. More information can be found in Note 4: Longview Timber Purchase in the Notes to Consolidated Financial Statements and the "Cash from financing activities" section below.

REAL ESTATE DIVESTITURE

At the close of the Real Estate Divestiture in July 2014, 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 Homes, Inc. (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.

Three-Year Summary of Capital Spending by Business Segment

DOLLAR AMOUNTS IN MILLIONS

	2014	2013	2012
Timberlands	$74	$73	$60
Wood Products	190	113	56
Cellulose Fibers	123	92	160
Unallocated Items	4	5	5
Discontinued operations	4	10	4
Total	$395	$293	$285

We anticipate that our net capital expenditures for 2015 — excluding acquisitions — will be approximately $480 million to $500 million. However, that amount could change due to:

- future economic conditions,
- environmental regulations,
- weather and
- timing of equipment purchases.

NOTE RECEIVABLE

In 2014, we received $25 million in full payment of a note receivable and interest of $7 million made in connection with the divestiture of our hardwoods operations in 2011, which is recorded in "Other" in the "Cash flows from investing activities" in our Consolidated Statement of Cash Flows.

VARIABLE INTEREST ENTITIES

In 2013, we repaid a $162 million note and received $184 million related to one of our timber monetization special-purpose entities (SPEs) undertaken in 2003. Net proceeds were $22 million. More information about these entities, which were formed in connection with the sale of nonstrategic timberlands in 2003, can be found in Note 10: Variable Interest Entities in the Notes to Consolidated Financial Statements and our annual report on Form 10-K for 2003.

Table of Contents

EQUITY AFFILIATES

In 2013, we sold part of our investment in Liaison Technologies Inc. and received $10 million in cash, which is recorded in "Other" in the "Cash flows from investing activities" in our Consolidated Statement of Cash Flows. See Note 8: Equity Affiliates in the Notes to Consolidated Financial Statements for more information.

PROCEEDS FROM THE SALE OF NONSTRATEGIC ASSETS

Proceeds received from the sale of various nonstrategic assets over the last three years were:

- $28 million in 2014,
- $20 million in 2013 and
- $80 million in 2012.

FINANCING

Cash from financing activities includes:

- issuances and payments of long-term debt,
- borrowings and payments under revolving lines of credit,
- changes in book overdrafts,
- proceeds from stock offerings and option exercises and
- payments of cash dividends and repurchasing stock.

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

- $(704) million in 2014,
- $762 million in 2013 and
- $(444) million in 2012.

COMPARING 2014 WITH 2013

Net cash provided by financing activities changed $1,466 million to an outflow in 2014 as compared with an inflow in 2013, primarily due to the issuance of common and preference shares and debt in 2013. This was partially offset by a decrease in payments on debt and share repurchases in 2014. We had no payments on debt in 2014 and $1,567 million in 2013. We repurchased $203 million of shares in 2014 and none in 2013.

COMPARING 2013 WITH 2012

Net cash provided by financing activities changed $1,206 million to an inflow in 2013 as compared with an outflow in 2012, primarily due to the issuance of common and preference shares and debt in 2013. This was partially offset by an increase in payments on debt.

LONGVIEW TIMBER PURCHASE

In order to finance our purchase of Longview Timber, see Note 4: Longview Timber Purchase in the Notes to Consolidated Financial Statements for more information, we issued the following:

- 29 million common shares on June 24, 2013, at the price of $27.75 per share for net proceeds of $781 million;
- 4.4 million common shares on July 8, 2013, at the price of $27.75 per share for net proceeds of $116 million, in connection with the exercise of an overallotment option; and
- 13.8 million of our 6.375 percent Mandatory Convertible Preference Shares, Series A, par value $1.00 and liquidation preference of $50.00 per share on June 24, 2013, for net proceeds of $669 million.

We paid $11 million in fees related to a bridge loan in 2013, which is recorded in "Other" in the "Cash flows from financing activities" in our Consolidated Statement of Cash Flows. As of the close of the Longview Timber purchase, we did not draw from the loan and these fees were expensed in 2013.

In order to repay the debt that we assumed in the acquisition of Longview Timber, in 2013 we issued $500 million of 4.625 percent notes due September 15, 2023. The net proceeds after deducting the discount, underwriting fees and issuance costs were $494 million. We also entered into a $550 million 7-year senior unsecured term loan credit facility maturing in September 2020 and borrowed $550 million. Borrowings are at LIBOR plus a spread or at other interest rates mutually agreed upon between the borrower and the lending banks.

On October 15, 2013, we repaid the $1,118 million carrying value of the debt that we assumed in the acquisition of Longview Timber and related fees, expenses and premiums using the proceeds from the notes issued and the borrowings from our term loan credit facility borrowed in 2013. A pretax charge of $25 million was included in our net interest expense in 2013, for early retirement premiums, unamortized debt issuance costs and other miscellaneous charges in connection with the early extinguishment of debt. See Note 4: Longview Timber Purchase in the Notes to Consolidated Financial Statements for more information.

DEBT

Our consolidated long-term debt was:

- $4.9 billion as of December 31, 2014;
- $4.9 billion as of December 31, 2013; and
- $4.3 billion as of December 31, 2012.

Long-term debt proceeds were $1,050 million in 2013.

During 2014, our wholly-owned subsidiary, WRECO, issued $450 million of unsecured and unsubordinated senior debt obligations bearing an interest rate of 4.375 percent due June 15, 2019 and $450 million of unsecured and unsubordinated senior debt obligations bearing an interest rate of 5.875 percent due June 15, 2024. The net proceeds were deposited into an escrow account. Upon closure of the transaction, the newly issued debt and remaining proceeds were acquired by TRI Pointe, along with other WRECO assets and liabilities.

There were no long-term debt proceeds in 2012.

Long-term debt we retired according to its scheduled maturity was:

- $409 million in 2013 and
- $187 million in 2012.

There were no long-term debt retirements in 2014.

We retired $1,158 million of long-term debt in 2013 prior to its scheduled maturity. The loss recognized on early extinguishment of debt and included in our net interest expense was $25 million.

There are no debt maturities in the next twelve months.

See Note 3: Discontinued Operations and Note 13: Long-Term Debt in the Notes to Consolidated Financial Statements for more information.

REVOLVING CREDIT FACILITIES

During September 2013, Weyerhaeuser Company and WRECO entered into a new $1 billion 5-year senior unsecured revolving credit facility that expires in September 2018. This replaced a $1 billion revolving credit facility that was set to expire June 2015. As of June 16, 2014, WRECO terminated its participation as a borrower in the facility.

There were no net proceeds from the issuance of debt or from borrowings (repayments) under our available credit facility in 2014, 2013 or 2012.

Debt covenants:

As of December 31, 2014, Weyerhaeuser Company:

- had no borrowings outstanding under our credit facility and
- were in compliance with the credit facility covenants.

Weyerhaeuser Company Covenants:

Key covenants related to Weyerhaeuser Company include the requirement to maintain:

- a minimum defined net worth of $3.0 billion;
- a defined debt-to-total-capital ratio of 65 percent or less; and
- ownership of, or long-term leases on, no less than four million acres of timberlands.

Weyerhaeuser Company’s defined net worth is comprised of:

- total Weyerhaeuser shareholders’ interest,
- excluding accumulated comprehensive income (loss) related to pension and postretirement benefits,
- minus Weyerhaeuser Company’s investment in our unrestricted subsidiaries.

Total Weyerhaeuser Company capitalization is comprised of:

- total Weyerhaeuser Company debt
- plus total defined net worth.

As of December 31, 2014, Weyerhaeuser Company had:

- a defined net worth of $7.0 billion and
- a defined debt-to-total-capital ratio of 41.3 percent.

There are no other significant financial debt covenants related to our third party debt. See Note 12: Lines of Credit in the Notes to Consolidated Financial Statements for more information.

CREDIT RATINGS

On January 21, 2015, Standard & Poor's upgraded our long-term issuer credit ratings from BBB- to BBB and short-term issuer credit ratings from A-3 to A-2.

On June 12, 2014, Moody's Investors Service changed their outlook on our senior unsecured notes to positive. On April 22, 2013, Moody's Investors Service upgraded our senior unsecured note rating to Baa3 from Ba1 and changed their outlook to stable.

OPTION EXERCISES

Our cash proceeds from the exercise of stock options were:

- $119 million in 2014,
- $162 million in 2013 and
- $112 million in 2012.

Our average stock price was $31.89, $29.69 and $23.14 in 2014, 2013 and 2012, respectively.

PAYING DIVIDENDS AND REPURCHASING STOCK

We paid cash dividends on commons shares of:

- $563 million in 2014,
- $458 million in 2013 and
- $334 million in 2012.

Table of Contents

Changes in the amount of dividends we paid were primarily due to:
- an increase in our quarterly dividend from 15 cents per share to 17 cents per share in November 2012;
- an increase in our quarterly dividend from 17 cents per share to 20 cents per share in April 2013;
- an increase in our quarterly dividend from 20 cents per share to 22 cents per share in August 2013; and
- an increase in our quarterly dividend from 22 cents per share to 29 cents per share in August 2014.

We paid cash dividends on preference shares of $44 million in 2014.
Our dividends declared on preference shares were:
- 85.88 cents per share in August 2013 and
- 79.69 cents per share in October 2013 and February, April, August and October 2014.

On February 13, 2015, our Board of Directors declared a dividend of 29 cents per share, payable on March 13, 2015, to shareholders of record at the close of business February 27, 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 April 1, 2015, to shareholders of record at the close of business March 15, 2015.

On August 13, 2014, our Board of Directors approved the 2014 stock repurchase program under which we are authorized to repurchase up to $700 million of outstanding shares. The 2014 stock repurchase program replaced the prior 2011 stock repurchase program. During 2014, we repurchased 6,062,993 shares of common stock for $203 million under the 2014 stock repurchase program. All common stock purchases under the stock repurchase program were made in open-market transactions. As of December 31, 2014, we had remaining authorization of $497 million for future share repurchases.

OUR CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

More details about our contractual obligations and commercial commitments are in Note 9: Pension and Other Postretirement Benefit Plans, Note 13: Long-Term Debt, Note 15: Legal Proceedings, Commitments and Contingencies and Note 20: Income Taxes in the Notes to Consolidated Financial Statements.

Significant Contractual Obligations as of December 31, 2014
DOLLAR AMOUNTS IN MILLIONS

		PAYMENTS DUE BY PERIOD			
	TOTAL	LESS THAN 1 YEAR	1–3 YEARS	3–5 YEARS	MORE THAN 5 YEARS
Long-term debt obligations	$4,896	$—	$281	$562	$4,053
Interest(1)	3,698	320	640	595	2,143
Operating lease obligations	204	28	41	28	107
Purchase obligations(2)	72	35	22	8	7
Harvest commitments(3)	13	12	—	—	1
Employee-related obligations(4)	535	158	57	45	123
Liabilities related to unrecognized tax benefits(5)	14	—	—	—	—
Total	$9,432	$553	$1,041	$1,238	$6,434

(1) Amounts presented for interest payments assume that all long-term debt obligations outstanding as of December 31, 2014 will remain outstanding until maturity, and interest rates on variable-rate debt in effect as of December 31, 2014 will remain in effect until maturity.
(2) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on the company and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Purchase obligations exclude arrangements that the company can cancel without penalty.
(3) Harvest commitments are purchased at market value and can be resold at market value in the future.
(4) The timing of certain of these payments will be triggered by retirements or other events. These payments can include workers' compensation, deferred compensation and banked vacation, among other obligations. When the timing of payment is uncertain, the amounts are included in the total column only. Minimum pension funding is

required by established funding standards and estimates are not made beyond 2016. Estimated payments of contractually obligated postretirement benefits are not included due to the uncertainty of payment timing.

(5) We have recognized total liabilities related to unrecognized tax benefits of $14 million as of December 31, 2014, including interest of $3 million. The timing of payments related to these obligations is uncertain; however, none of this amount is expected to be paid within the next year.

OFF-BALANCE SHEET ARRANGEMENTS

Off-balance sheet arrangements have not had — and are not reasonably likely to have — a material effect on our current or future financial condition, results of operations or cash flows. Note 10: Variable Interest Entities and Note 12: Lines of Credit in the Notes to Consolidated Financial Statements contain our disclosures of:

- surety bonds,
- letters of credit and guarantees and
- information regarding variable interest entities.

ENVIRONMENTAL MATTERS, LEGAL PROCEEDINGS AND OTHER CONTINGENCIES

See Note 15: Legal Proceedings, Commitments and Contingencies in the Notes to Consolidated Financial Statements.

Table of Contents

ACCOUNTING MATTERS

CRITICAL ACCOUNTING POLICIES

Our critical accounting policies involve a higher degree of judgment and estimates. They also have a high degree of complexity.

In accounting, we base our judgments and estimates on:

- historical experience and
- assumptions we believe are appropriate and reasonable under current circumstances.

Actual results, however, may differ from the estimated amounts we have recorded.

Our most critical accounting policies relate to our:

- pension and postretirement benefit plans;
- potential impairments of long-lived assets; and
- legal, environmental and product liability reserves.

Details about our other significant accounting policies — what we use and how we estimate — are in Note 1: Summary of Significant Accounting Policies in the Notes to Consolidated Financial Statements.

PENSION AND POSTRETIREMENT BENEFIT PLANS

We sponsor several pension and postretirement benefit plans for our employees. Key assumptions we use in accounting for the plans include our:

- expected long-term rate of return on plan assets,
- discount rates,
- anticipated trends in health care costs,
- assumed increases in salaries and
- mortality rates.

At the end of every year, we review our assumptions with external advisers and make adjustments as appropriate. Actual experience that differs from our assumptions or any changes in our assumptions could have a significant effect on our financial position, results of operations and cash flows.

Other factors that affect our accounting for the plans include:

- actual pension fund performance,
- level of lump sum distributions,
- plan changes and amendments,
- changes in plan participation or coverage and
- portfolio changes and restructuring.

This section provides more information about our:

- expected long-term rate of return and
- discount rates.

Expected Long-Term Rate of Return on Plan Assets

Plan assets are assets of the pension plan trusts that fund the benefits provided under the pension plans. The expected long-term rate of return is our estimate of the long-term rate of return that our plan assets will earn. Our expected long-term rate of return is important in determining the net income or expense we recognize for our plans.

Over the 30 years it has been in place, our U.S. pension trust investment strategy has achieved a 14.6 percent net compound annual return rate.

After considering available information at the end of 2014, we continue to assume an expected long-term rate of return of 9.0 percent. Factors we considered include:

- the net compounded annual return of 10.6 percent achieved by our U.S. pension trust investment strategy the past 5 years and
- current and expected valuation levels in the global equity and credit markets.

Our expected long-term rate of return is important in determining the net income or expense we recognize for our plans. Every 0.5 percent decrease in our expected long-term rate of return would increase expense or reduce a credit by approximately:

- $23 million for our U.S. qualified pension plans and
- $4 million for our Canadian registered pension plans.

Likewise, every 0.5 percent increase in our expected long-term rate of return would decrease expense or increase a credit by those same amounts.

The actual return on plan assets in any given year may vary from our expected long-term rate of return. Actual returns on plan assets affect the funded status of the plans. Differences between actual returns on plan assets and the expected long-term rate of return are reflected as adjustments to cumulative other comprehensive income (loss), a component of total equity.

Table of Contents

Discount Rates

Our discount rates as of December 31, 2014, are:

- 4.1 percent for our U.S. pension plans — compared with 4.9 percent at December 31, 2013;
- 3.6 percent for our U.S. postretirement plans — compared with 4.0 percent at December 31, 2013;
- 3.9 percent for our Canadian pension plans — compared with 4.7 percent at December 31, 2013; and
- 3.8 percent for our Canadian postretirement plans — compared with 4.6 percent at December 31, 2013.

We review our discount rates annually and revise them as needed. The discount rates are selected at the measurement date by matching current spot rates of high-quality corporate bonds with maturities similar to the timing of expected cash outflows for benefits.

Pension and postretirement benefit expenses for 2015 will be based on the 4.1 percent and 3.6 percent assumed discount rates for U.S. plans and 3.9 percent and 3.8 percent assumed discount rates for the Canadian plans.

Our discount rates are important in determining the cost of our plans. A 0.5 percent decrease in our discount rate would increase expense or reduce a credit by approximately:

- $28 million for our U.S. qualified pension plans and
- $5 million for our Canadian registered pension plans.

Likewise, every 0.5 percent increase in our expected long-term rate of return would decrease expense or increase a credit by those same amounts.

LONG-LIVED ASSETS

We review the carrying value of our long-lived assets whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable through future operations. The carrying value is the amount assigned to long-lived assets in our financial statements.

An impairment occurs when the carrying value of long-lived assets will not be recovered from future cash flows and is more than fair market value. Fair market value is the estimated amount we would receive if we were to sell the assets.

In determining fair market value and whether impairment has occurred, we are required to estimate:

- future cash flows,
- residual values and
- fair values of the assets.

Key assumptions we use in developing the estimates include:

- probability of alternative outcomes,
- product pricing,
- raw material costs,
- product sales and
- discount rate.

CONTINGENT LIABILITIES

We are subject to lawsuits, investigations and other claims related to environmental, product and other matters, and are required to assess the likelihood of any adverse judgments or outcomes to these matters, as well as potential ranges of probable losses.

We record contingent liabilities when:

- it becomes probable that we will have to make payments and
- the amount of loss can be reasonably estimated.

Assessing probability of loss and estimating probable losses requires analysis of multiple factors, including:

- historical experience,
- judgments about the potential actions of third party claimants and courts and
- recommendations of legal counsel.

In addition to contingent liabilities recorded for probable losses, we disclose contingent liabilities when there is a reasonable possibility that an ultimate loss may occur.

While we do our best in developing our projections, recorded contingent liabilities are based on the best information available and actual losses in any future period are inherently uncertain. If estimated probable future losses or actual losses exceed our recorded liability for such claims, we would record additional charges in other (income) expense, net. These exposures and proceedings can be significant and the ultimate negative outcomes could be material to our operating results or cash flow in any given quarter or year. See Note 15: Legal Proceedings, Commitments and Contingencies in the Notes to Consolidated Financial Statements for more information.

PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

A summary of prospective accounting pronouncements is in Note 1: Summary of Significant Accounting Policies in the Notes to Consolidated Financial Statements.

Table of Contents

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

LONG-TERM DEBT OBLIGATIONS

The following summary of our long-term debt obligations includes:

- scheduled principal repayments for the next five years and after,
- weighted average interest rates for debt maturing in each of the next five years and after and
- estimated fair values of outstanding obligations.

We estimate the fair value of long-term debt based on quoted market prices we received for the same types and issues of our debt or on the discounted value of the future cash flows using market yields for the same type and comparable issues of debt. Changes in market rates of interest affect the fair value of our fixed-rate debt.

SUMMARY OF LONG-TERM DEBT OBLIGATIONS AS OF DECEMBER 31, 2014

DOLLAR AMOUNTS IN MILLIONS

	2015	2016	2017	2018	2019	THEREAFTER	TOTAL	FAIR VALUE
Fixed-rate debt	$—	$—	$281	$62	$500	$ 3,503	$4,346	$ 5,382
Average interest rate	—%	—%	6.95%	7.00%	7.38%	7.09%	7.12%	N/A
Variable-rate debt	$—	$—	$—	$—	$—	$ 550	$550	$ 540
Average interest rate	—%	—%	—%	—%	—%	1.98%	1.98%	N/A

Table of Contents

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Weyerhaeuser Company:

We have audited the accompanying consolidated balance sheets of Weyerhaeuser Company and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, cash flows, and changes in equity for each of the years in the three-year period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Weyerhaeuser Company and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Weyerhaeuser Company's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control — Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 13, 2015 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Seattle, Washington
February 13, 2015

Table of Contents

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2014
DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES

	2014	2013	2012
Net sales	$7,403	$7,254	$5,989
Costs of products sold	5,763	5,716	4,993
Gross margin	1,640	1,538	996
Selling expenses	112	125	116
General and administrative expenses	338	404	382
Research and development expenses	27	33	32
Charges for restructuring, closures and impairments (Note 18)	44	377	26
Other operating income, net (Note 19)	(201)	(35)	(178)
Operating income	1,320	634	618
Interest income and other	37	55	48
Interest expense, net of capitalized interest	(344)	(369)	(344)
Earnings from continuing operations before income taxes	1,013	320	322
Income taxes (Note 20)	(185)	171	(10)
Earnings from continuing operations	828	491	312
Earnings from discontinued operations, net of income taxes (Note 3)	998	72	72
Net earnings	1,826	563	384
Net loss attributable to noncontrolling interests	—	—	1
Net earnings attributable to Weyerhaeuser	1,826	563	385
Dividends on preference shares	(44)	(23)	—
Net earnings attributable to Weyerhaeuser common shareholders	$1,782	$540	$385
Basic earnings per share attributable to Weyerhaeuser common shareholders (Note 5):			
Continuing operations	$1.41	$0.82	$0.58
Discontinued operations	1.79	0.13	0.13
Net earnings per share	$3.20	$0.95	$0.71
Diluted earnings per share attributable to Weyerhaeuser common shareholders (Note 5):			
Continuing operations	$1.40	$0.82	$0.58
Discontinued operations	1.78	0.13	0.13
Net earnings per share	$3.18	$0.95	$0.71
Dividends paid per common share	$1.02	$0.81	$0.62
Weighted average shares outstanding (in thousands) (Note 5):			
Basic	556,705	566,329	539,140
Diluted	560,899	571,239	542,310

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2014
DOLLAR AMOUNTS IN MILLIONS

	2014	2013	2012
Comprehensive income:			
Consolidated net earnings	$1,826	$563	$384
Other comprehensive income (loss):			
Foreign currency translation adjustments	(50)	(59)	2
Changes in unamortized net pension and other postretirement benefit gain (loss), net of tax expense (benefit) of ($323) in 2014, $480 in 2013 and ($191) in 2012	(554)	902	(258)
Changes in unamortized prior service credit (cost), net of tax expense (benefit) of ($64) in 2014, $23 in 2013 and ($51) in 2012	(103)	27	(123)
Unrealized gains on available-for-sale securities	—	2	—
Total comprehensive income	1,119	1,435	5
Comprehensive loss attributable to noncontrolling interests	—	—	1
Total comprehensive income attributable to Weyerhaeuser shareholders	$1,119	$1,435	$6

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

CONSOLIDATED BALANCE SHEET
ASSETS
DOLLAR AMOUNTS IN MILLIONS

	DECEMBER 31, 2014	DECEMBER 31, 2013
Current assets:		
Cash and cash equivalents	$1,580	$830
Receivables, less discounts and allowances of $3 and $4	525	518
Receivables for taxes	25	101
Inventories (Note 6)	595	542
Prepaid expenses	80	117
Deferred tax assets (Note 20)	228	130
Current assets of discontinued operations (Note 3)	—	88
Total current assets	3,033	2,326
Property and equipment, less accumulated depreciation of $6,324 and $6,327 (Note 7)	2,623	2,689
Construction in progress	131	112
Timber and timberlands at cost, less depletion charged to disposals	6,530	6,580
Investments in and advances to equity affiliates (Note 8)	188	190
Goodwill	40	42
Deferred tax assets (Note 20)	8	5
Other assets	289	324
Restricted financial investments held by variable interest entities (Note 10)	615	615
Noncurrent assets of discontinued operations (Note 3)	—	1,694
Total assets	$13,457	$14,577
LIABILITIES AND EQUITY		
Current liabilities:		
Notes payable	$—	$2
Accounts payable	331	343
Accrued liabilities (Note 11)	587	629
Current liabilities of discontinued operations (Note 3)	—	154
Total current liabilities	918	1,128
Long-term debt (Notes 13 and 14)	4,891	4,891
Long-term debt (nonrecourse to the company) held by variable interest entities (Note 10)	511	511
Deferred income taxes (Note 20)	206	285
Deferred pension and other postretirement benefits (Note 9)	1,319	516
Other liabilities	308	382
Noncurrent liabilities of discontinued operations (Note 3)	—	32
Commitments and contingencies (Note 15)		
Total liabilities	8,153	7,745
Equity:		
Weyerhaeuser shareholders' interest (Notes 16 and 17):		
Mandatory convertible preference shares, series A: $1.00 par value; $50.00 liquidation; authorized 40,000,000 shares; issued and outstanding: 13,800,000 shares	14	14
Common shares: $1.25 par value; authorized 1,360,000,000 shares; issued and outstanding: 524,474,315 and 583,548,428 shares (Notes 3)	656	729
Other capital (Notes 3)	4,519	6,444

Retained earnings	1,508	294
Cumulative other comprehensive loss	(1,393)	(686)
Total Weyerhaeuser shareholders’ interest	5,304	6,795
Noncontrolling interests	—	3
Noncontrolling interests in discontinued operations (Note 3)	—	34
Total equity	5,304	6,832
Total liabilities and equity	$13,457	$14,577

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2014
DOLLAR AMOUNTS IN MILLIONS

	2014	2013	2012
Cash flows from operations:			
Net earnings	$1,826	$563	$384
Noncash charges (credits) to income:			
Depreciation, depletion and amortization	500	472	456
Deferred income taxes, net (Note 20)	205	(29)	109
Pension and other postretirement benefits (Note 9)	(152)	101	(19)
Share-based compensation expense (Note 17)	40	42	37
Charges for impairment of assets (Note 18)	2	372	24
Net gains on dispositions of assets and operations[1] (Note 3)	(1,050)	(58)	(69)
Foreign exchange transaction (gains) losses (Note 19)	27	7	(6)
Change in, net of acquisition:			
Receivables less allowances	29	(27)	(33)
Receivable for taxes	76	(6)	(73)
Inventories	(66)	(13)	(54)
Real estate and land	(133)	(166)	(75)
Prepaid expenses	17	(26)	(16)
Accounts payable and accrued liabilities	(98)	(51)	18
Deposits on land positions and other assets	15	(18)	4
Pension and postretirement contributions / benefit payments	(101)	(137)	(145)
Other	(49)	(22)	39
Net cash from operations	1,088	1,004	581
Cash flows from investing activities:			
Property and equipment	(354)	(261)	(256)
Timberlands reforestation	(41)	(32)	(29)
Acquisition of Longview Timber LLC, net of cash acquired (Note 4)	—	(1,581)	—
Net proceeds from Real Estate Divestiture, net of cash divested (Note 3)	707	—	—
Proceeds from sale of assets and operations	28	20	80
Net proceeds of investments held by special purpose entities (Note 10)	—	22	13
Other	21	3	—
Cash from investing activities	361	(1,829)	(192)
Cash flows from financing activities:			
Net proceeds from issuance of common shares (Note 4)	—	897	—
Net proceeds from issuance of preference shares (Note 4)	—	669	—
Net proceeds from issuance of debt (Note 13)	—	1,044	—
Net proceeds from issuance of Weyerhaeuser Real Estate Company (WRECO) debt (Note 3)	887	—	—
Deposit of WRECO debt proceeds into escrow (Note 3)	(887)	—	—
Cash dividends on common shares	(563)	(458)	(334)
Cash dividends on preference shares	(44)	(23)	—
Change in book overdrafts	(17)	7	(32)
Payments on debt (Note 13)	—	(1,567)	(187)
Exercises of stock options	119	162	112
Repurchase of common stock (Note 16)	(203)	—	—
Other	4	31	(3)

Cash from financing activities	(704)	762	(444)
Net change in cash and cash equivalents	745	(63)	(55)
Cash and cash equivalents at beginning of year	835	898	953
Cash and cash equivalents at end of year	$1,580	$835	$898
Cash paid (received) during the year for:			
Interest, net of amounts capitalized of $13 in 2014, $21 in 2013 and $18 in 2012	$319	$366	$351
Income taxes	$(37)	$8	$(13)
Noncash investing and financing activity:			
Acquisition of Longview Timber LLC, debt assumed (Note 4)	$—	$1,070	$—
Common shares tendered in WRECO divestiture (Note 3)	$1,954	$—	$—

(1) Includes gain on timberland exchanges.
See accompanying Notes to Consolidated Financial Statements.

Table of Contents

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2014
DOLLAR AMOUNTS IN MILLIONS

	2014	2013	2012
Mandatory convertible preference shares, series A:			
Balance at beginning of year	$14	$—	$—
New issuance	—	14	—
Conversion to common shares	—	—	—
Balance at end of year	$14	$14	$—
Common shares:			
Balance at beginning of year	$729	$678	$671
New issuance	—	42	—
Shares tendered (Note 3)	(73)	—	—
Issued for exercise of stock options	7	9	7
Share repurchases	(7)	—	—
Balance at end of year	$656	$729	$678
Other capital:			
Balance at beginning of year	$6,444	$4,731	$4,595
New issuance	—	1,509	—
Shares tendered (Note 3)	(1,881)	—	—
Exercise of stock options	112	152	