

Weyerhaeuser - Staging the Land Portfolio

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Decision scope: The pace and gates for Strategic Land Solutions and Climate Solutions relative to timberlands and wood products

Case convention: This is an author-created management decision exercise. The assignment and alternatives are hypothetical; company disclosures are historical. No private deliberations are represented.

The decision

Weyerhaeuser manages a large forest estate, sells logs and timber, manufactures wood products, and develops other uses of its land. Its strategic plan calls for substantial growth in Strategic Land Solutions (SLS), including Climate Solutions. Yet management also has to protect the timber business, fund mills, and decide when a parcel should remain available for harvest or be committed to another use.

At the October 2026 planning point, the strategy team must recommend how quickly to advance the climate and land-development portfolio through 2030. Should Weyerhaeuser scale projects and partners to pursue management's Climate Solutions target? Should it stage commitments behind stronger evidence on returns, permits, counterparties, and land-use trade-offs? Or should it give more weight to timberland quality and wood-products investment, accepting slower growth in newer land uses?

Assignment: Prepare a portfolio recommendation for the next planning cycle. Specify which types of opportunity should advance, what evidence each must clear, what should cause a project to pause or stop, and when management should revisit the allocation. Address both the potential cost of waiting and the cost of making long-lived commitments. Use only information available by 2 October 2026. The company's Q3 results were scheduled for 29 October and are not part of this case.

A portfolio with several clocks

Weyerhaeuser's 2025 Form 10-K described more than 10 million U.S. private commercial acres managed, including 9.7 million fee-owned acres and additional long-term contracts, plus Canadian long-term licenses. The September 2026 investor presentation reported roughly 10.3 million U.S. acres and 13 million Canadian licensed acres after transactions. These are different rights and reporting dates; licensed Canadian acres are not owned acres. In the United States, 2025 managed acreage was reported as 2.475 million in the West, 6.7 million in the South and 1.2 million in the North. [S1, pp. 8-10; S2, slides 5, 13-18]

The operating model links timberlands and wood-products manufacturing. Timberlands grows and harvests logs and sells both delivered logs and stumpage; internal mills also consume fiber. Wood Products turns logs into lumber, oriented strand board (OSB), engineered wood products

(EWP) and other products. Regional species, mill locations, customers, transport and product mix make a forest parcel's value more complex than a single stumpage estimate. The company reports Western volume in thousand board feet (MBF) and Southern volume in green tons; conversion varies with species, dimensions, location and season. [S1, pp. 8-16]

SLS adds real estate, natural resources and Climate Solutions. A project may produce a sale, lease, royalty, easement, credit, or contracted service revenue. Some uses preserve harvesting; some constrain it for years or permanently. The segment's quarterly earnings can reflect sales timing and mix as much as recurring activity. Beginning in 2026, Weyerhaeuser renamed its former Real Estate, Energy & Natural Resources segment SLS. Climate Solutions is a business within SLS, not a synonym for the whole segment. [S1, segment note; S2, slides 3, 21-25]

The company's land base is not static. In 2025 it sold Oregon and southeastern acreage and acquired timberlands in North Carolina, Virginia and Washington. In February 2026 it sold 108,000 Virginia acres for about \$193 million. In Q2 2026 it sold 29,000 non-core Oregon acres for \$114 million. These transactions demonstrate active portfolio management; sale proceeds are not recurring operating earnings and do not, by themselves, show whether a particular parcel should be sold or developed. [S1, Note 4; S2, slide 7; S3, lines 37-44]

The growth proposition

Management's 2025 Investor Day set a goal of \$1.5 billion of incremental Adjusted EBITDA by 2030 versus a 2024 baseline. Its September 2026 materials attributed a \$230 million SLS contribution to that target, including \$170 million from Climate Solutions and \$60 million from real estate development and construction materials. The same deck set a goal of approximately \$250 million in annual Climate Solutions Adjusted EBITDA by 2030. These are management targets and non-GAAP measures, not commitments or forecasts of guaranteed results. [S2, slides 8-10, 22, 25]

The September presentation reported \$119 million of Climate Solutions Adjusted EBITDA in 2025; the 2025 earnings release also reported \$102 million of Climate Solutions operating income. They are different measures. The larger SLS segment reported \$140 million in Q2 2026 sales and \$129 million of Adjusted EBITDA. In Q1, SLS reported \$207 million of sales and \$193 million of Adjusted EBITDA. Management attributed most of the difference to a \$94 million conservation-easement transaction in Q1 with no similar Q2 item, partly offset by the timing and mix of real-estate sales. Segment results therefore do not establish a stable Climate Solutions run rate. [S2, slide 7; S3, lines 89-101; S4]

The company presented several selected project comparisons: a current Southern improved forest management (IFM) project with an estimated 1.5-times timber-only net present value; operational solar sites with an estimated 12-15 times Timberlands Adjusted EBITDA; mitigation banking at an estimated 3-5 times timber value; and carbon capture at up to five times Timberlands Adjusted EBITDA after injection. These are company estimates for selected opportunities, use different denominators and time horizons, and are not directly comparable. Adjusted EBITDA is non-GAAP; the presentation does not establish that these figures are realized, portfolio-wide returns or net of every project cost and land-use constraint. [S2, slide 24 and notes]

The reported portfolio stages also differ. The presentation listed five approved forest-carbon projects and four in progress, with more than 700,000 credits issued over 2023-25; two operational solar sites and four under construction; eight wind projects online; 16 active mitigation banks across more than 26,000 acres; and two U.S. carbon-capture agreements, including one Louisiana project underway under a 25-year agreement for approximately 2.3 million tons per year. Those statuses and quantities should not be collapsed into a single

pipeline or used to infer future annual revenue. The company reported cumulative credits issued over three years, not an annualized issuance rate. [S2, slide 24 and notes]

Earnings and investment context

Q2 2026 consolidated net sales were \$1.867 billion, net earnings were \$162 million, and Adjusted EBITDA was \$310 million. Timberlands reported \$518 million of sales and \$123 million of Adjusted EBITDA; its \$130 million pretax contribution included a \$71 million timber-sale gain, while contribution before special items was \$59 million. SLS reported \$140 million sales, \$94 million pretax contribution and \$129 million Adjusted EBITDA. Wood Products reported \$1.360 billion sales, \$71 million pretax contribution before special items and \$129 million Adjusted EBITDA. Segment results have different revenue and cost structures; the metrics do not make their capital needs or risk comparable. [S3, lines 37-66, 75-119]

The September 24 presentation updated the Q3 outlook. Timberlands and SLS remained unchanged from the July outlook. Wood Products was expected to be moderately, or about \$30 million, lower than Q2, excluding changes in lumber and OSB realizations, primarily because of higher-than-expected fuel costs and an EWP mix shift. This was management's outlook-not a Q3 result. The earnings release was scheduled for October 29, after the case cutoff. [S2, slide 54, SEC exhibit lines 461-464; S5]

This near-term forecast offers context, not a verdict on long-run strategy. Timber and housing markets can shift; mill economics depend on realized prices, uptime, delivered-log costs, transport and product mix. SLS includes land sales, easements and development timing. Climate Solutions has its own project, contract, verification, permitting and reversal risks. Public segment disclosures do not reveal a complete project-level capital budget, cash-flow schedule, invested capital, land opportunity cost or credit margin.

Carbon metrics require careful reading

Weyerhaeuser's ESG table reported 2025 net changes in company forests of 3 million metric tons of CO₂e under Scope 1, down from 10 million in 2024; the three-year average for 2023-25 was 7 million. The company states that issued credits are excluded from this inventory measure to avoid double counting. Separately, it reported Scope 3 net changes in sourcing-region forests of 11 million tons and product and downstream storage measures of 10 million and 7 million tons. These are distinct categories, not an additive claim of credits issued or verified net climate benefit. The company says limited third-party assurance applies to specified Scope 1 and 2 emissions, not all of these removal figures. [S6, lines 268-312]

External research raises questions to test, not conclusions about Weyerhaeuser's projects. Badgley and coauthors analyzed 65 California IFM projects with enough public information to evaluate, covering 102.1 million upfront credits under that program's rules. Their species-matched forest-inventory comparison estimated net over-crediting of 30.0 million tons, or 29.4% of only those analyzed upfront credits, with a 90% interval of 20.1-37.8%. Their result concerns baseline calibration in a particular California protocol; it is not a credit haircut for Weyerhaeuser or all forest offsets. A separate Badgley study analyzed California's buffer pool and modeled wildfire and disease exposure. Its results are a reason to examine permanence arrangements, not evidence about Weyerhaeuser's own projects. [A1, Methods §§2.2-2.7 and Results §§3-4.1; A2, Methods and Discussion]

Forestry real-options research also clarifies a trade-off. A timber owner may preserve the option to harvest later while waiting for prices or land-use information, but waiting can forgo current lease or development income. In one modeled Pacific Northwest Douglas-fir stand, carbon-price

uncertainty shifted the modeled harvest threshold; the study assumes a single rotation, deterministic growth and timber prices, and a specific historical voluntary-credit setting. Its thresholds are not Weyerhaeuser harvest guidance. [A3, pp. 315-323]

Choosing gates

Each opportunity can be evaluated on more than its headline multiple: expected cash-flow timing; project stage and remaining capital; timber receipts forgone; rights retained or restricted; crediting baseline and monitoring; duration and reversal allocation; permits, grid or injection readiness; counterparty obligations; and the ability to stop, defer or repurpose the land. Waiting may preserve flexibility, but it can also lose a partner, a contract window or years of cash flow. Advancing a project may diversify earnings, but a long commitment can constrain future choices.

Your recommendation: Choose a pace for SLS and Climate Solutions through the next planning cycle. Identify project types to accelerate, stage or defer; set measurable gates and owners for each; explain how timberland and mill investments fit; and state what evidence would cause you to change course. You may recommend a mixed portfolio. Do not assume all acres must be assigned to either “carbon” or “timber,” or that a particular project multiple applies across the portfolio.

Discussion questions

1. What is Weyerhaeuser's distinctive advantage in land-based businesses? Which parts of that advantage are demonstrated, and which remain management hypotheses?
2. How should leadership pace Climate Solutions relative to timberland optimization and Wood Products investment? What is the strongest case against your recommendation?
3. Which opportunity types merit immediate advancement, staged commitments or deferral? What project-specific information would you require before committing land or capital?
4. How should decision gates account for reversibility, foregone timber cash flows, permanence, additionality, counterparties and permits?
5. Which reported measures are useful for judging progress, and which could mislead? What operating or project data should management disclose internally at the next review?

Sources and conventions

S1. Weyerhaeuser, [2025 Form 10-K](#), filed February 2026. Business, acreage, units, segment results, Notes 2 and 4.

S2. Weyerhaeuser, [September 2026 Investor Presentation, Exhibit 99.1](#), filed September 24, 2026. Slides 5-10, 13-25, 54; notes and non-GAAP definitions. Slide 54 is at SEC exhibit lines 461-464.

S3. Weyerhaeuser, [Q2 2026 earnings release, Exhibit 99.1](#), July 30, 2026. Lines 37-66, 75-119.

S4. Weyerhaeuser, [Q4/FY2025 results, Exhibit 99.1](#), January 29, 2026. Climate Solutions operating income and Adjusted EBITDA.

S5. Weyerhaeuser, [Investor Relations archive](#), September 24, 2026 Q3 release-date notice. Q3 release scheduled October 29, 2026.

S6. Weyerhaeuser, [ESG Data Table](#), lines 268-312. Company-reported emissions/removal categories and assurance scope.

A1. Badgley et al. (2022), "[Systematic over-crediting in California's forest carbon offsets program](#)," *Global Change Biology* 28(4): 1433-1445.

A2. Badgley et al. (2022), "[California's forest carbon offsets buffer pool is severely undercapitalized](#)," *Frontiers in Forests and Global Change* 5:930426.

A3. Creamer, Genz & Blatner (2012), "[The Effect of Fire Risk on the Critical Harvesting Times for Pacific Northwest Douglas-Fir When Carbon Price Is Stochastic](#)," *Agricultural and Resource Economics Review* 41(3): 313-326.

Company statements and estimates are attributed; Adjusted EBITDA is non-GAAP. Historical facts, management claims and forecasts, and case assumptions are kept distinct. No outcome after the information cutoff is included.