



# Earnings Release

## 4th Quarter — 2007

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Weyerhaeuser Company  
February 8, 2008

# Forward-looking Statement

This presentation contains statements concerning the company's future results and performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Some of these forward-looking statements can be identified by the use of forward-looking terminology such as "expects," "may," "will," "believes," "should," "approximately," "anticipates," "estimates," and "plans," and the negative or other variations of those terms or comparable terminology or by discussions of strategy, plans or intentions. In particular, some of these forward-looking statements deal with expectations for first quarter 2008 regarding the company's markets, earnings and performance of the company's business segments, price realizations, demand, sales volumes and pricing for the company's products, continued difficult housing markets, lower timber fee harvest volumes and higher costs in the West, losses from operations in Wood Products as a result of the continued poor market conditions, increases in manufacturing costs in Cellulose Fiber due to annual maintenance outages in certain facilities, decline of packaging shipments, reduced land sales, product mix, increases in prices for OCC and fiber, higher chemical and energy costs, operating postures and related matters. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to:

- The effect of general economic conditions, including the level of interest rates and housing starts;
- Market demand for the company's products, which may be tied to the relative strength of various U.S. business segments;
- Energy prices;
- Raw material prices;
- Chemical prices;
- Performance of the company's manufacturing operations including unexpected maintenance requirements;
- The successful execution of internal performance plans and cost reduction initiatives;
- The level of competition from domestic and foreign producers;
- The effect of forestry, land use, environmental and other governmental regulations, and changes in accounting regulations;
- The effect of weather;
- The risk of loss from fires, floods, windstorms, hurricanes, pest infestation and other natural disasters;
- Transportation costs;
- Legal proceedings;
- The effect of timing of retirements and changes in the market price of company stock on charges for stock-based compensation; and
- Performance of pension fund investments and related derivatives.

The company is also a large exporter and is affected by changes in economic activity in Europe and Asia, particularly Japan, and by changes in currency exchange rates, particularly the relative value of the U.S. dollar to the Euro and the Canadian dollar, and restrictions on international trade or tariffs imposed on imports. These and other factors could cause or contribute to actual results differing materially from such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will occur, or if any of them occurs, what effect they will have on the company's results of operations or financial condition. The company expressly declines any obligation to publicly revise any forward-looking statements that have been made to reflect the occurrence of events after the date of this news release.

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# *Statements Relating to Non-GAAP Financial Measures*

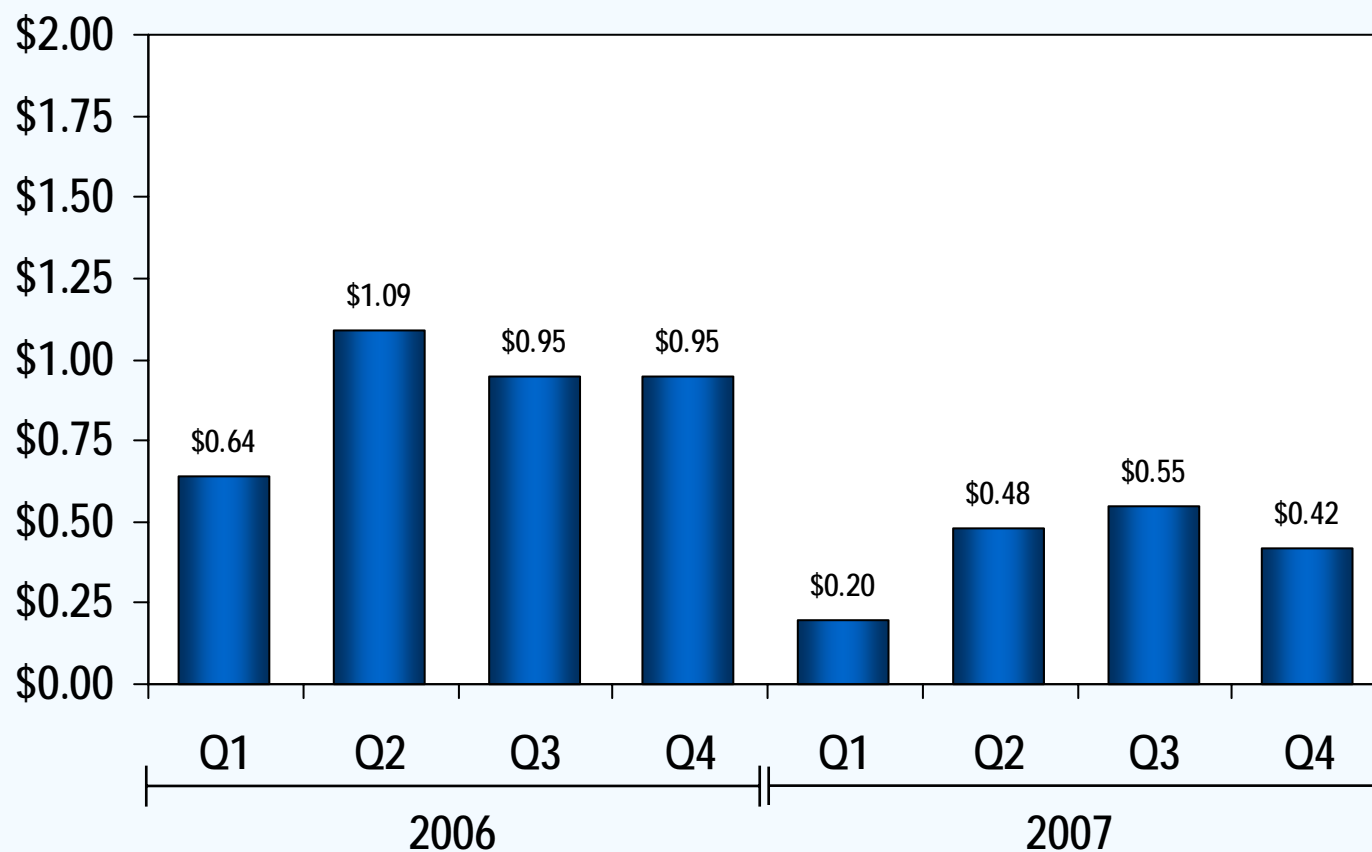
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- During the course of this presentation, certain non-U.S. GAAP financial information will be presented. A reconciliation of those numbers to U.S. GAAP financial measures is included in this presentation which is available on the company's website at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)



# Diluted EPS Before Special Items

A reconciliation to GAAP EPS is available on Chart 3 and at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)

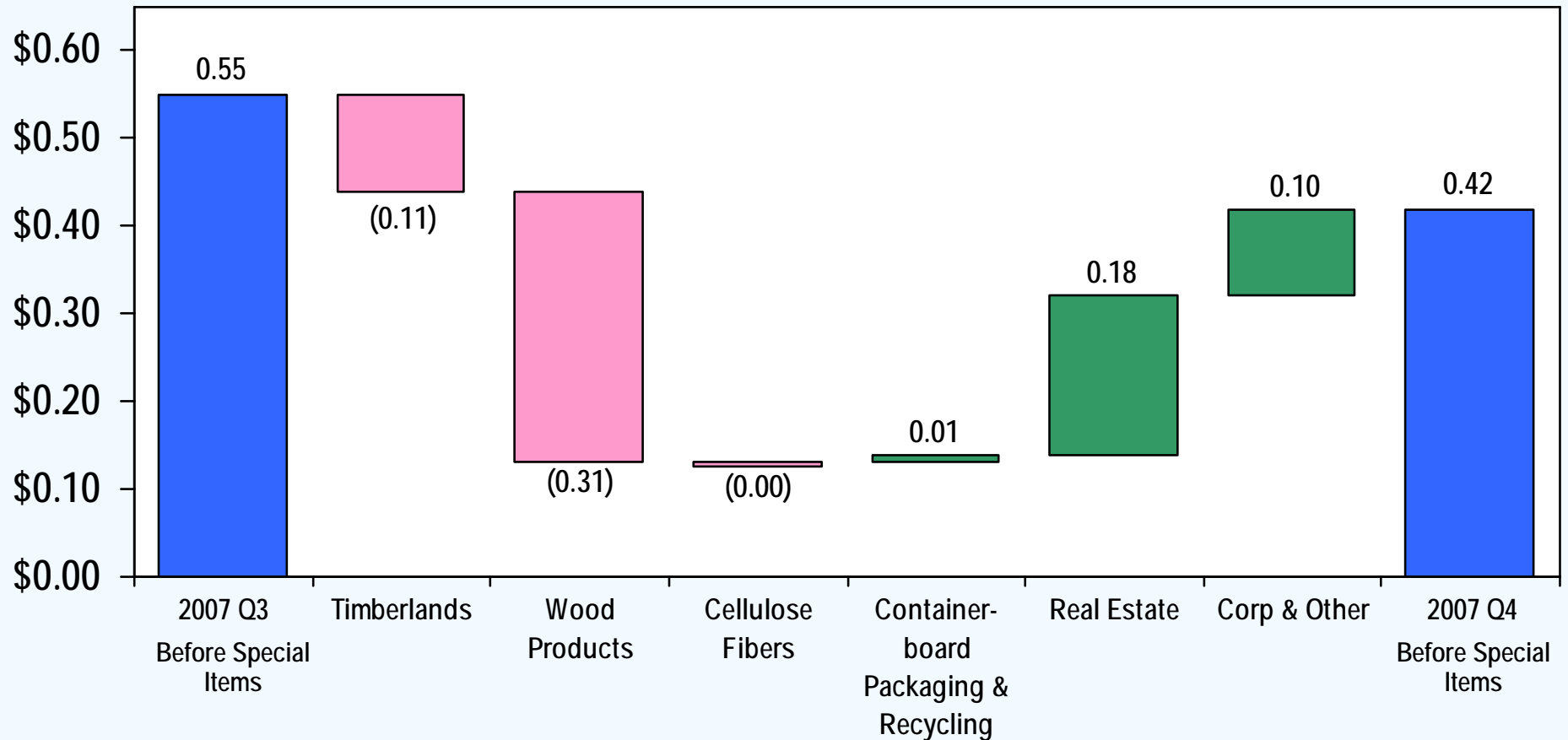


# Reconciliation to GAAP

\$ Millions except EPS	Diluted EPS		Net Earnings	
	2007		2007	
	Q3	Q4	Q3	Q4
Diluted EPS / Net Earnings before Special Items	\$0.55	\$0.42	\$118	\$90
Charges for Closures, Impairments and Restructuring	(0.23)	(0.78)	(50)	(164)
Tax True-Up for Domtar Transaction	0.00	(0.10)	0	(22)
Net Gain on Sale of Assets and Operations	0.03	0.13	7	27
Tax Rate / Law Changes	0.00	0.06	0	13
Casualty Loss / Storm Damage	0.00	(0.03)	0	(7)
Legal Settlements / Contract Terminations	0.12	0.00	26	0
Diluted EPS / Net Earnings (GAAP)	<u>\$0.47</u>	<u>(\$0.30)</u>	<u>\$101</u>	<u>(\$63)</u>

# Changes in Earnings per Share by Segment

\$ per Share Before Special Items<sup>1</sup>.



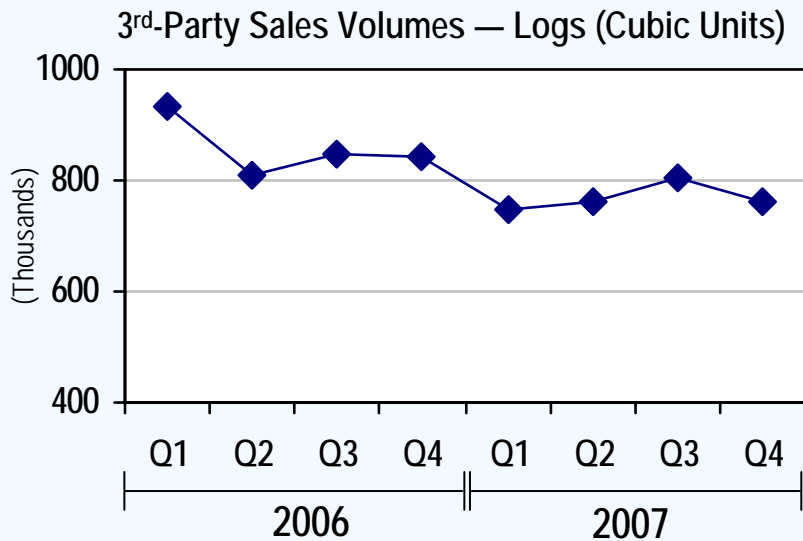
1. A reconciliation before Special Items to GAAP can be found on Chart 3 and at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)

# Segment Highlights — Timberlands

<u>Timberlands</u> (\$ Millions)	<u>2007 Q3</u>	<u>2007 Q4</u>
Revenues	\$249	\$217
Contribution to Pre-Tax Earnings	\$165	\$152

## 4th Quarter Highlights

- Prices in the West declined significantly in both export and domestic markets
- Fewer sales of non-strategic timberlands contributed to lower earnings
- Gain of \$27 million on the sale of a Washington log export facility
- Charge of \$10 million for casualty losses resulting from a December wind storm on the West Coast





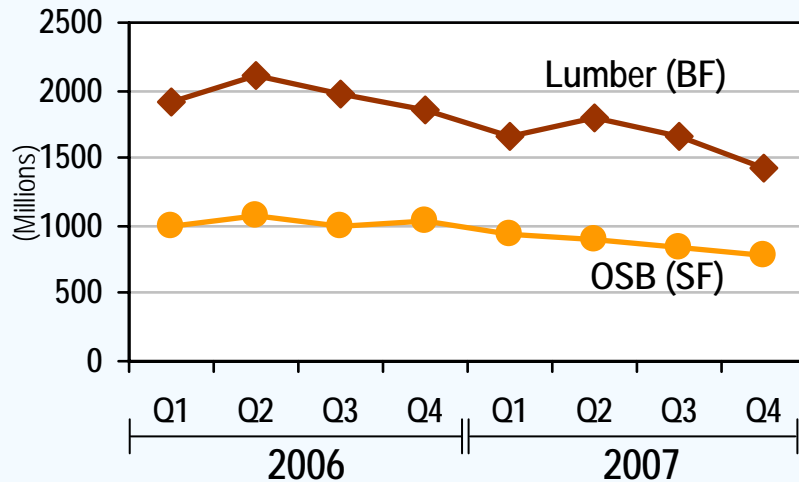
# Segment Highlights — Wood Products

<u>Wood Products</u> (\$ Millions)	<u>2007 Q3</u>	<u>2007 Q4</u>
Revenues	\$1,449	\$1,118
Contribution to Pre-Tax Earnings	(\$131)	(\$313)

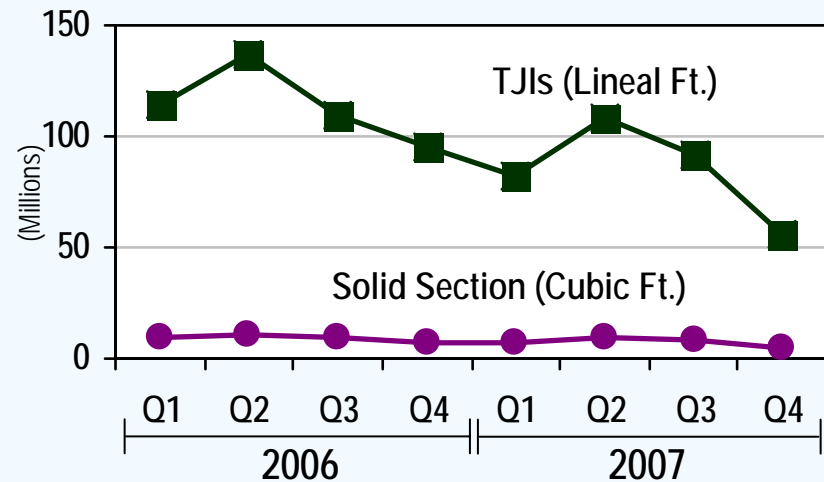
## 4th Quarter Highlights

- Declining housing starts continued to negatively affect segment results
- Average prices and sales volumes for building products declined
- Charges of \$98 million for facility closures, asset impairments and restructuring costs

3rd-Party OSB and Lumber Sales Volumes

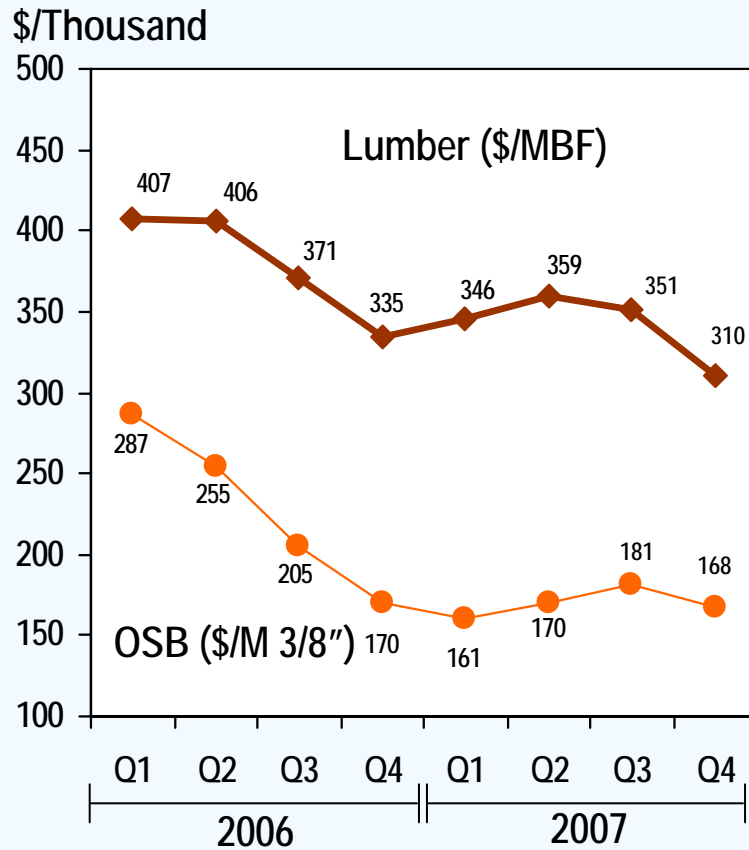


3rd-Party Engineered Wood Products Sales Volumes

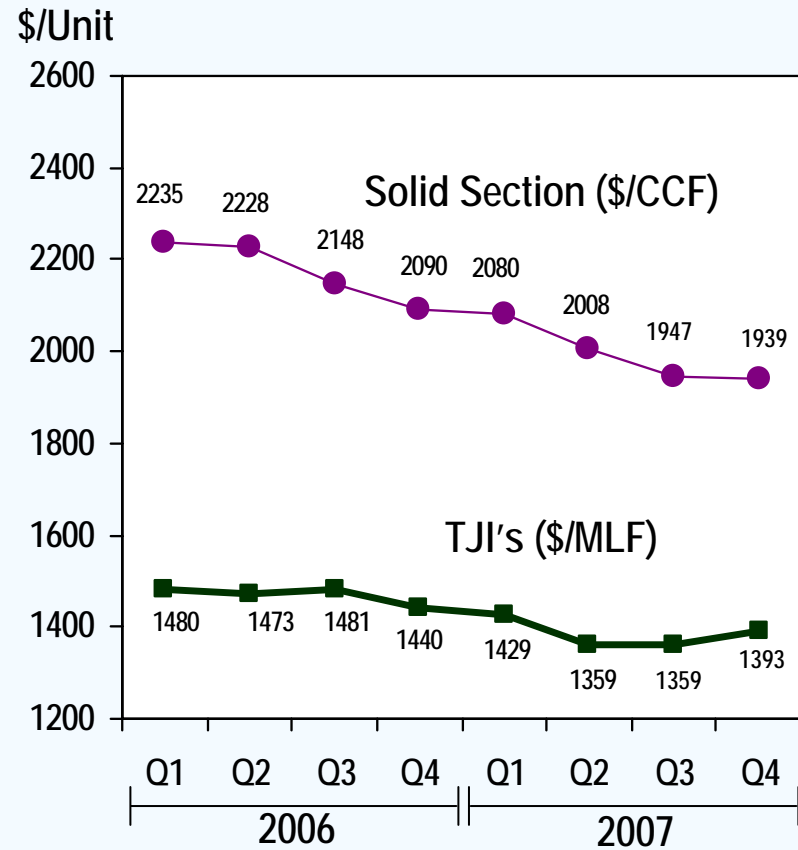


# Average 3<sup>rd</sup>-Party Realizations — OSB and Lumber / Engineered Lumber

OSB and Lumber



Engineered Lumber

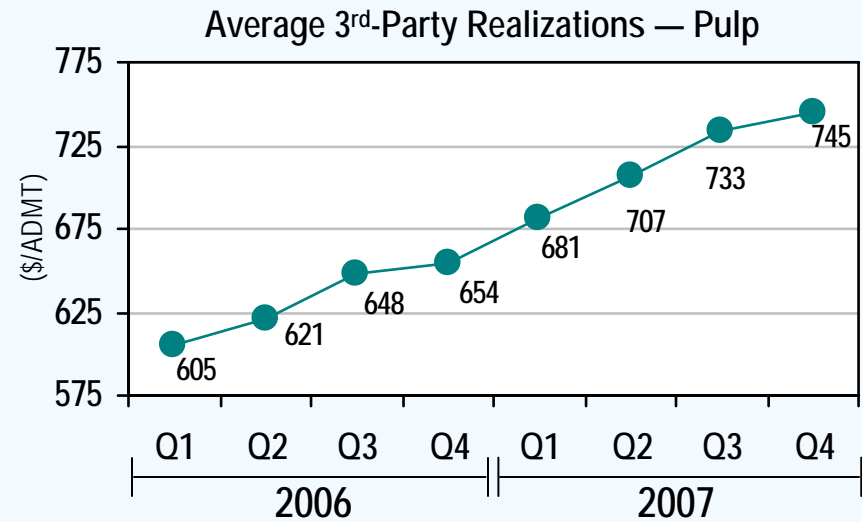
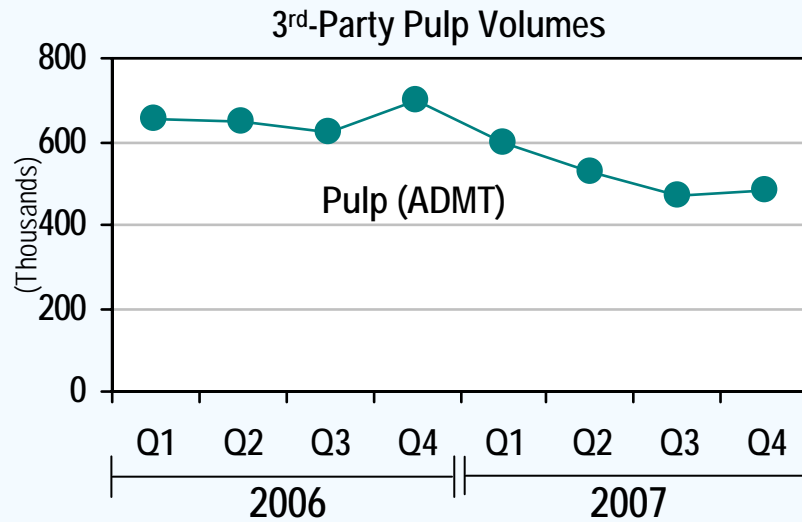


# Segment Highlights — Cellulose Fibers

<u>Cellulose Fibers</u> (\$ Millions)	<u>2007 Q3</u>	<u>2007 Q4</u>
Revenues	\$436	\$444
Contribution to Pre-Tax Earnings	\$79	\$80

## 4th Quarter Highlights

- Average pulp price realizations increased
- Annual maintenance outage costs declined
- Chemical and energy costs increased

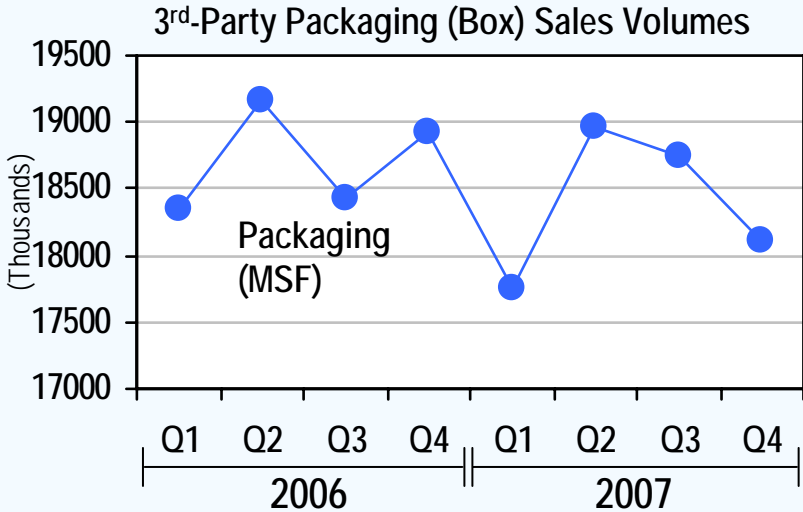
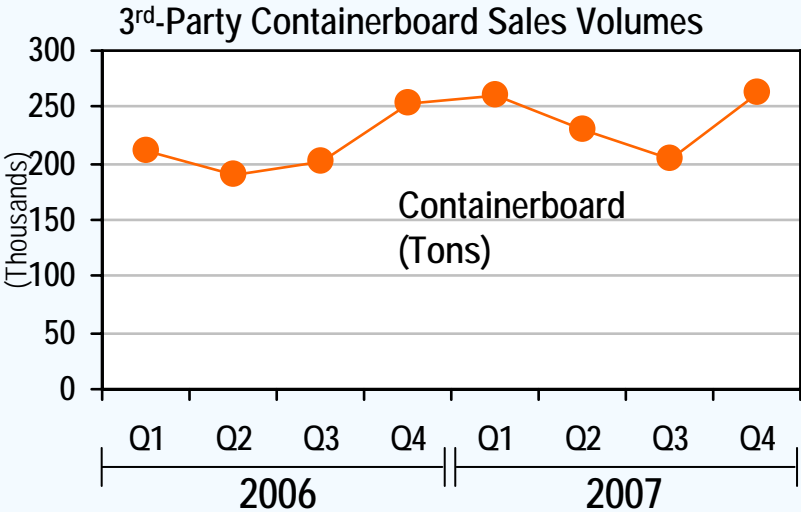


# Segment Highlights — Containerboard, Packaging & Recycling

<u>Containerboard, Packaging &amp; Recycling</u> (\$ Millions)	<u>2007 Q3</u>	<u>2007 Q4</u>
Revenues	\$1,293	\$1,322
Contribution to Pre-Tax Earnings	\$104	\$99

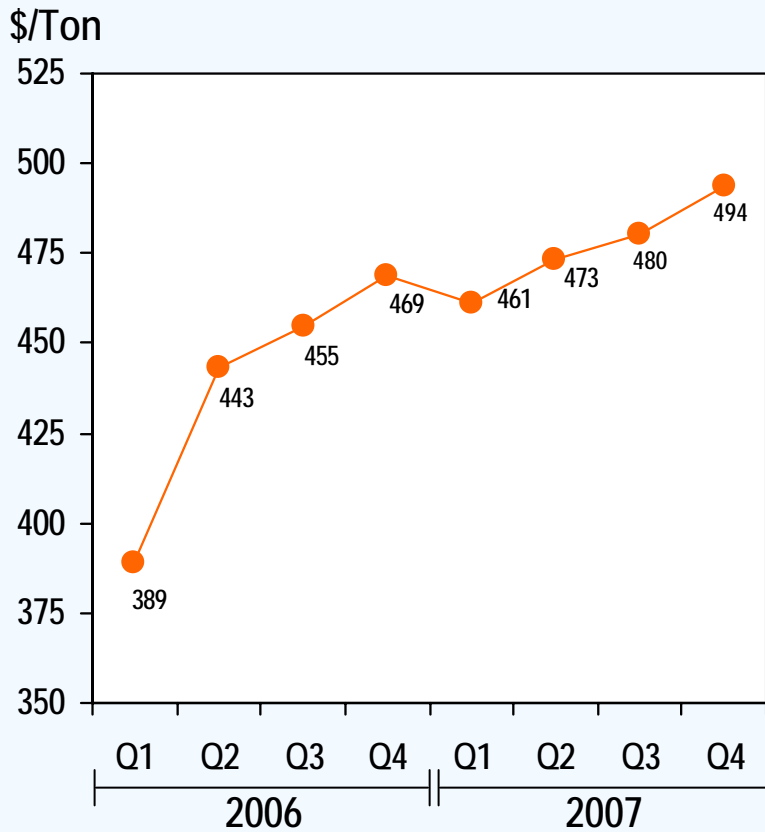
### 4th Quarter Highlights

- Packaging and containerboard price realizations increased
- Energy costs increased due to seasonally higher consumption and higher natural gas prices
- Wood chip costs continued to increase

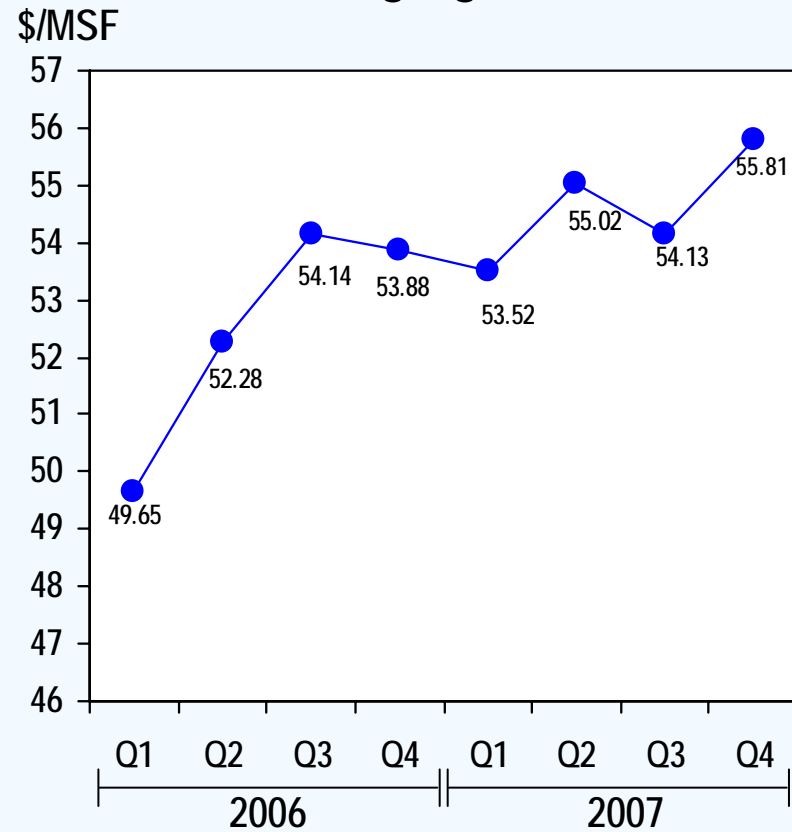


# Average 3rd-Party Realizations — Containerboard and Packaging

Containerboard



Packaging (Box)



# Segment Highlights — Real Estate

<u>Real Estate</u> (\$ Millions)	<u>2007 Q3</u>	<u>2007 Q4</u>
Revenues	\$598	\$715
Contribution to Pre-Tax Earnings	\$60	\$22

## 4th Quarter Highlights

- Gains from land sales increased \$49 million
- Asset impairment charges totaled \$121 million for 2007 Q4, \$98 million higher than 2007 Q3

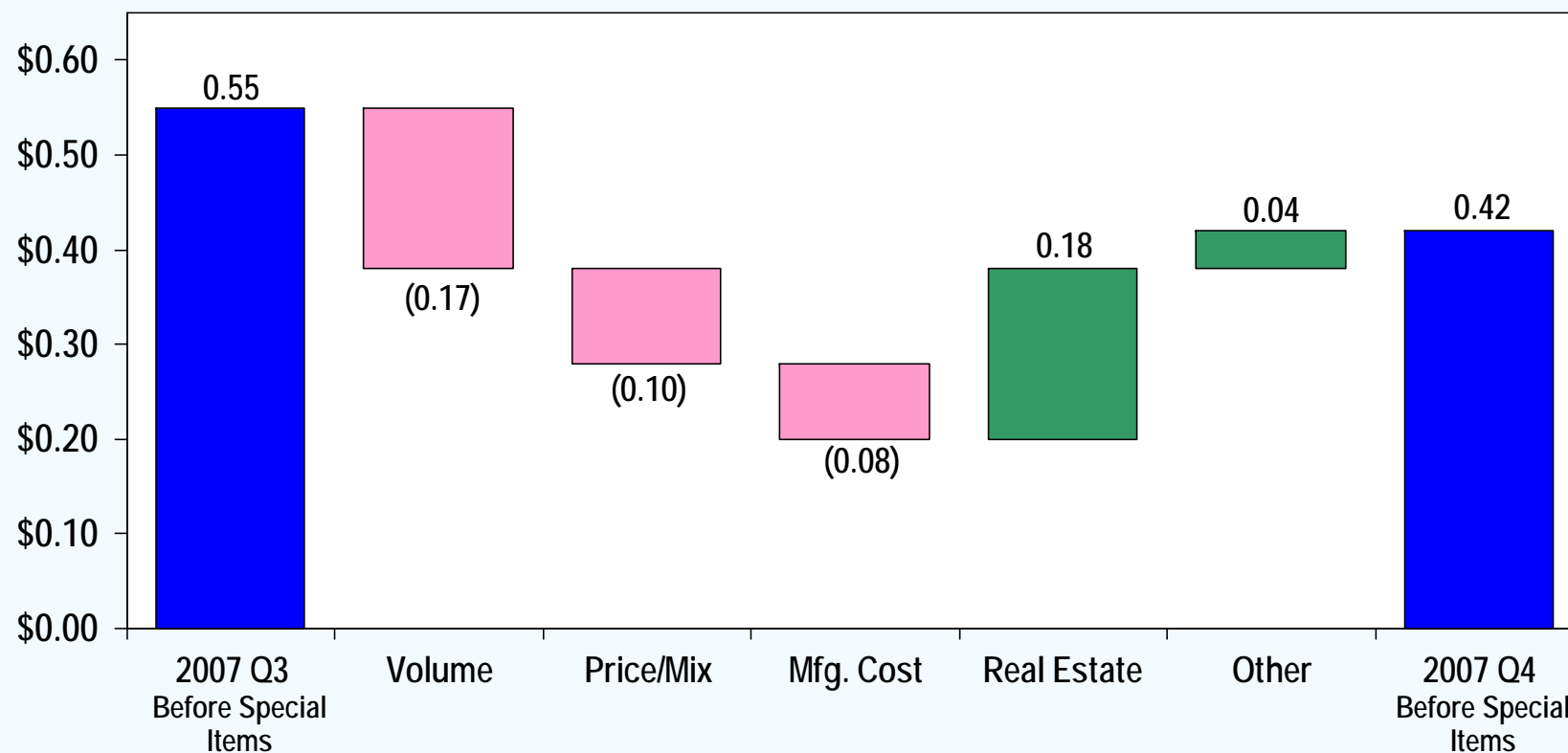
## Weyerhaeuser Real Estate Company Key Indicators

	2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales Traffic (in Thousands)	72	62	53	45	61	49	41	30
Single-Family Homes Sold	1,472	1,325	906	838	1,684	1,139	734	595
Single-Family Homes Sold But Not Closed At End of Period	3,105	2,947	2,414	1,499	2,207	2,284	1,873	1,224
Cancellation Rate (%)	19%	26%	36%	36%	16%	25%	33%	40%
Single-Family Homes Closed	1,161	1,483	1,439	1,753	976	1,062	1,145	1,244
Average Home Closing Price (\$ Thousands)	\$485	\$491	\$512	\$526	\$480	\$466	\$461	\$472

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# Key Changes in Earnings per Share

\$ per Share Before Special Items<sup>1</sup>



1. A reconciliation before Special Items to GAAP can be found on Chart 3 and at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)

# 2008 1Q Outlook

Segment	Comments
Timberlands	<ul style="list-style-type: none"> <li>● The company expects earnings from this segment to be lower in 2008 Q1 vs. 2007 Q4</li> <li>● Continued weakness in the housing market and the effect of the December storm are expected to negatively affect Western operations</li> <li>● Non-strategic timberland sales are expected to be lower in 2008 Q1 compared to 2007 Q4</li> </ul>
Wood Products	<ul style="list-style-type: none"> <li>● Weyerhaeuser expects no improvement in market conditions in first quarter 2008, and expects to incur significant losses in the Wood Products segment</li> <li>● The company will continue to balance production to demand, which may result in further production curtailments and mill closures</li> </ul>
Cellulose Fibers	<ul style="list-style-type: none"> <li>● The company expects slightly lower earnings for the segment in 2008 Q1 vs. 2007 Q4</li> <li>● Market conditions for this segment are expected to remain favorable and prices for both pulp and liquid packaging are expected to increase</li> <li>● Higher costs and lower production associated with annual maintenance outages are expected to more than offset the benefits from favorable market conditions</li> </ul>
Containerboard, Packaging & Recycling	<ul style="list-style-type: none"> <li>● Earnings for this segment are expected to be lower than 2007 Q4</li> <li>● Packaging shipments are expected to decline as a result of exiting low-margin business and seasonally lower demand</li> <li>● Packaging and containerboard price realizations are expected to improve</li> <li>● The company expects higher fiber and energy costs in the first quarter</li> </ul>
Real Estate	<ul style="list-style-type: none"> <li>● The company expects a loss from this segment due to difficult market conditions for selling new homes, a seasonal reduction in single-family closings, and lower single-family margins</li> <li>● The company does not anticipate any significant land or lot sales in 2008 Q1</li> </ul>



# *Appendix*

# 2007 Q4 Earnings Summary

\$ Millions except EPS	2006				2007			
	Q1	Q2	Q3	Q4	Q1 Revised 4.	Q2	Q3	Q4
Contribution to Earnings before Special Items								
Timberlands	\$198	\$224	\$178	\$168	\$175	\$142	\$167	\$133
Wood Products	117	132	(46)	(186)	(108)	(73)	(109)	(210)
Cellulose Fibers	(5)	23	66	56	22	48	81	80
Fine Paper	(10)	(9)	72	61	22	0	0	0
Containerboard, Packaging & Recycling	26	92	100	75	69	88	100	103
Real Estate	155	123	149	312	58	76	83	143
Corporate and Other	(102)	(40)	(33)	(48)	(49)	(14)	(38)	(38)
<b>Total Contribution to Earnings before Special Items</b>	<b>\$379</b>	<b>\$545</b>	<b>\$486</b>	<b>\$438</b>	<b>\$189</b>	<b>\$267</b>	<b>\$284</b>	<b>\$211</b>
Special Items	(729)	(35)	(9)	414	566	(68)	(24)	(222)
<b>Total Contribution to Earnings</b>	<b>(\$350)</b>	<b>\$510</b>	<b>\$477</b>	<b>\$852</b>	<b>\$755</b>	<b>\$199</b>	<b>\$260</b>	<b>(\$11)</b>
Interest Expense, net <sup>1</sup>	(136)	(132)	(128)	(135)	(118)	(150)	(102)	(104)
Income Taxes <sup>2</sup>	(90)	(80)	(125)	(210)	83	(17)	(57)	52
<b>Net Income (loss)</b>	<b>(\$576)</b>	<b>\$298</b>	<b>\$224</b>	<b>\$507</b>	<b>\$720</b>	<b>\$32</b>	<b>\$101</b>	<b>(\$63)</b>
<b>Diluted EPS</b>	<b>\$(2.33)</b>	<b>\$1.19</b>	<b>\$0.91</b>	<b>\$2.12</b>	<b>\$3.07</b>	<b>\$0.15</b>	<b>\$0.47</b>	<b>(\$0.30)</b>
<b>Diluted EPS before Special Items <sup>3</sup></b>	<b>\$0.64</b>	<b>\$1.09</b>	<b>\$0.95</b>	<b>\$0.95</b>	<b>\$0.20</b>	<b>\$0.48</b>	<b>\$0.55</b>	<b>\$0.42</b>

1. Interest expense included \$42MM loss in 2007 Q2 on early extinguishment of debt.

2. Income taxes in 2006 Q2 included a one-time tax benefit of \$48MM. Income taxes in 2007 Q1 included a \$92MM tax benefit on the Canadian portion of the net gain recognized on the distribution of the fine paper business and related assets (Domtar Transaction). Income taxes in 2007 Q4 include a \$13MM net tax benefit from changes in the Canadian federal tax rate and Mexican tax law.

3. A reconciliation to GAAP is set forth on Chart 15 and at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)

4. 2007 Q1 results have been revised to include a \$35MM after-tax adjustment to the net gain on the Domtar Transaction.

# Earnings per Share Reconciliation

	2006				2007			
	Q1	Q2	Q3	Q4	Q1 Revised 1.	Q2	Q3	Q4
Diluted EPS before Special Items	\$0.64	\$1.09	\$0.95	\$0.95	\$0.20	\$0.48	\$0.55	\$0.42
Gain (Loss) on Domtar Transaction					3.07	(0.02)		(0.10)
Net Gain on Sale of Assets and Operations			0.13	0.18		0.06	0.03	0.12
Charges for Closure, Impairments and Restructuring	(3.02)	(0.09)	(0.21)	(0.20)	(0.20)	(0.13)	(0.23)	(0.77)
Casualty Loss / Storm Damage								(0.03)
Tax Law Changes / One-time Tax Benefits		0.19						0.06
Legal Settlements / Reserve Adjustment / Contract Terminations			0.06	0.24		(0.12)	0.12	
Loss on Early Extinguishment of Debt						(0.12)		
WRECO Insurance / Partnership Income	0.05							
Acquisition of Research and Development			(0.02)					
Countervailing Duty / Anti-Dumping Duty Refunds				0.95				
Diluted EPS (GAAP)	\$(2.33)	\$1.19	\$0.91	\$2.12	\$3.07	\$0.15	\$0.47	\$(0.30)

1. 2007 Q1 results have been revised to reflect a \$0.17 per diluted share after-tax adjustment to the net gain on the Domtar Transaction.