



# Earnings Release 1st Quarter — 2008

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Weyerhaeuser Company  
May 2, 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 regarding the company's markets in the second quarter 2008; homebuilding starts in the second quarter of 2008, higher costs for energy and silvaculture, additional expenses for storm salvage operations, increased annual maintenance downtime in company facilities, demand and pricing for the company's wood products in the second quarter 2008, earnings and performance of the company's business segments during the second quarter 2008, box prices and shipments, , seasonal increases in OCC and fiber costs in the second quarter 2008 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.

# *Statements Relating to Non-GAAP Financial Measures*

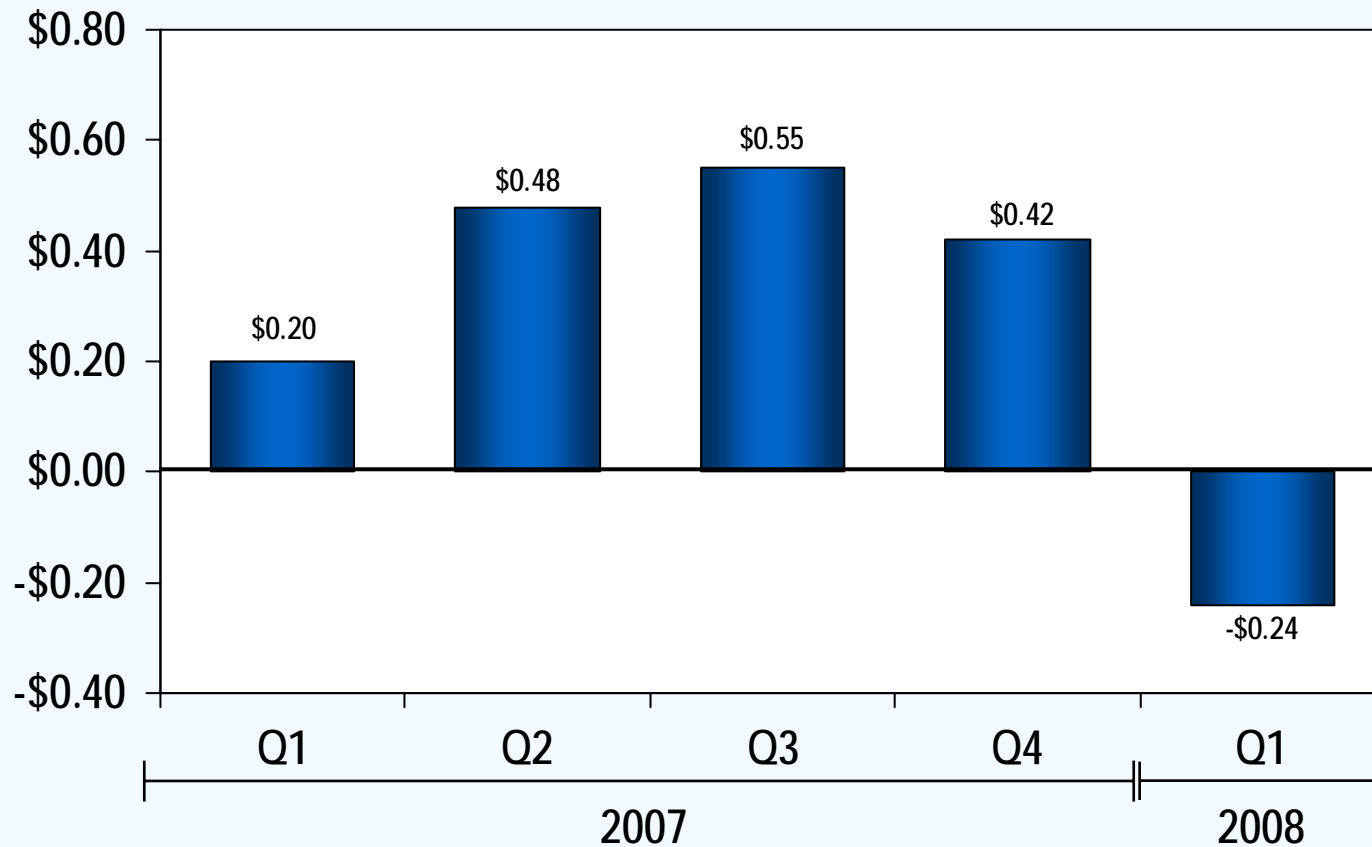
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- During the course of this presentation, certain non-U.S. GAAP financial information will be presented. A reconciliation of those numbers to U.S. GAAP financial measures is included in this presentation which is available on the company's website 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)

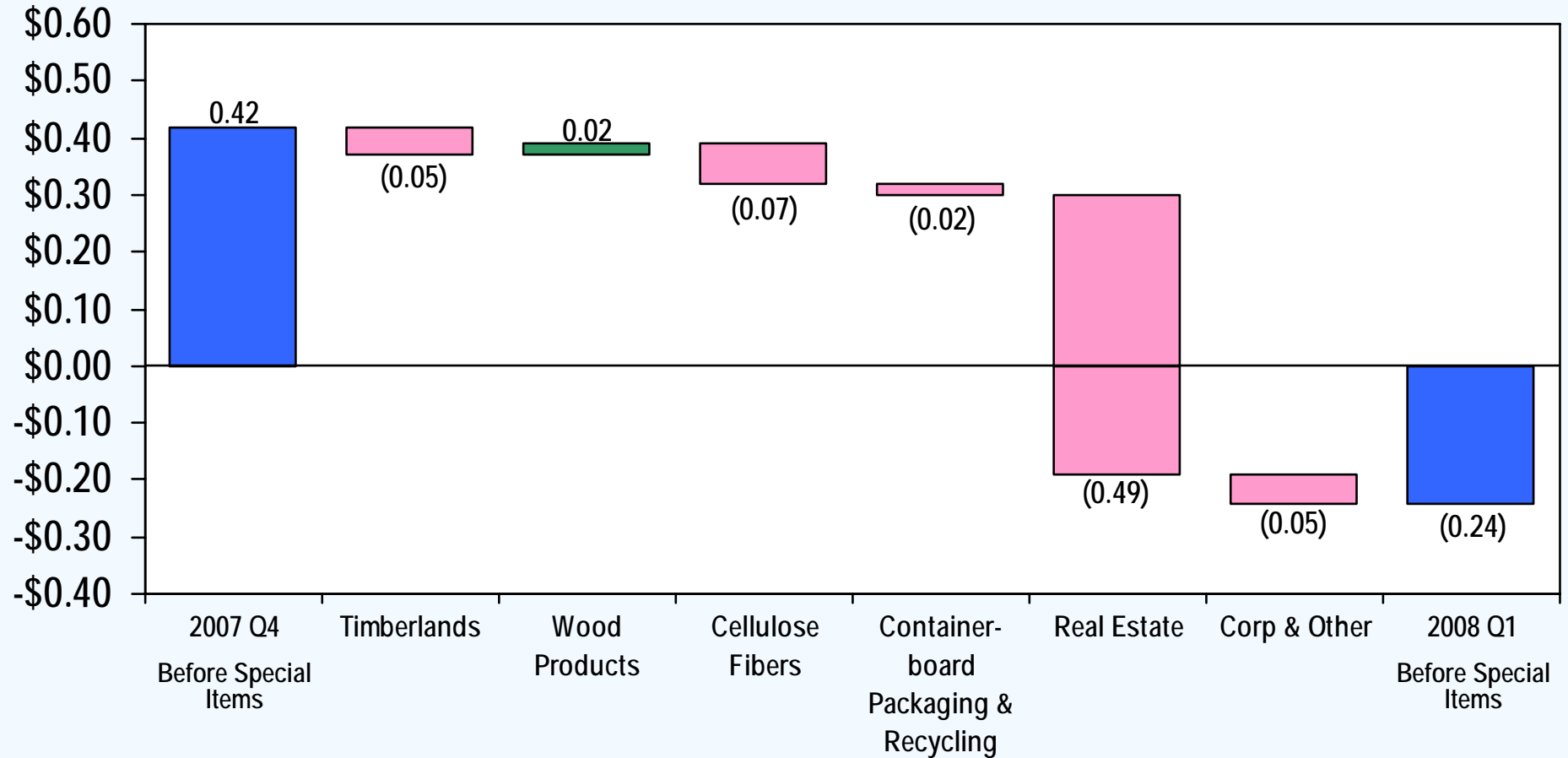


# Reconciliation to GAAP

\$ Millions except EPS	Diluted EPS		Net Earnings	
	2007	2008	2007	2008
	Q4	Q1	Q4	Q1
Diluted EPS / Net Earnings before Special Items	\$0.42	(\$0.24)	\$90	(\$51)
Closures, Restructuring and Impairment of Weyerhaeuser Assets	(0.37)	(0.19)	(79)	(40)
Impairments and Reserves for Real Estate Assets	(0.40)	(0.17)	(85)	(35)
Environmental Reserve Adjustment	0.00	(0.05)	0	(11)
Legal Reserves / Contract Terminations	0.00	(0.05)	0	(11)
Tax True-Up for Domtar Transaction	(0.10)	0.00	(22)	0
Net Gain on Sale of Assets and Operations	0.12	0.00	27	0
Tax Rate / Law Changes	0.06	0.00	13	0
Casualty Loss / Storm Damage	<u>(0.03)</u>	<u>0.00</u>	<u>(7)</u>	<u>0</u>
Diluted EPS / Net Earnings (GAAP)	<u>(\$0.30)</u>	<u>(\$0.70)</u>	<u>(\$63)</u>	<u>(\$148)</u>

# Changes in Earnings per Share by Segment

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



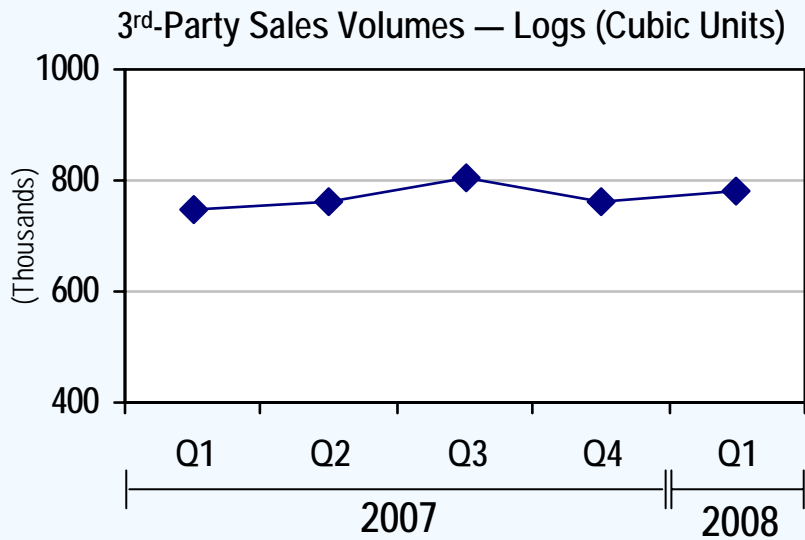
1. A reconciliation before Special Items to GAAP can be found on Chart 3 and at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)

# Segment Highlights — Timberlands

<u>Timberlands</u> (\$ Millions)	<u>2007 Q4</u>	<u>2008 Q1</u>
Revenues	\$217	\$194
Contribution to Pre-Tax Earnings	\$152	\$116

## 1st Quarter Highlights

- Export and domestic log prices were modestly lower in the West
- Fiber log prices in the South increased slightly
- Earnings from sales of non-strategic timberlands were lower



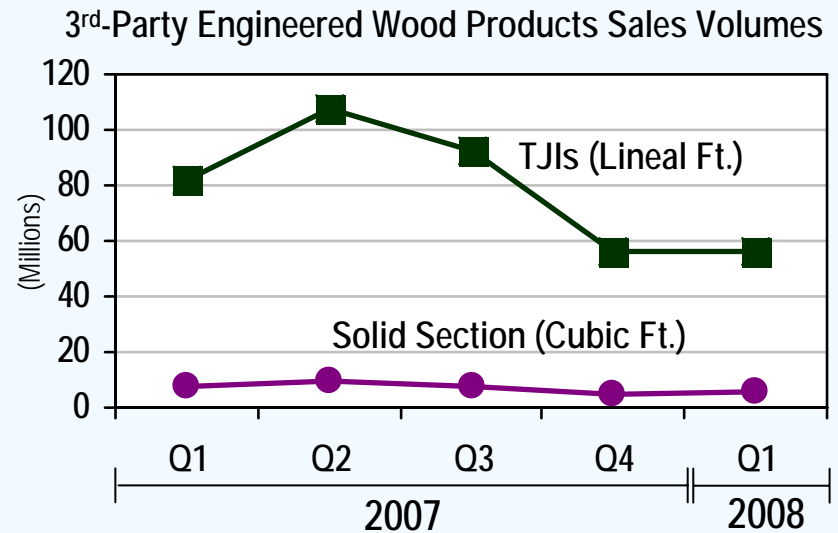
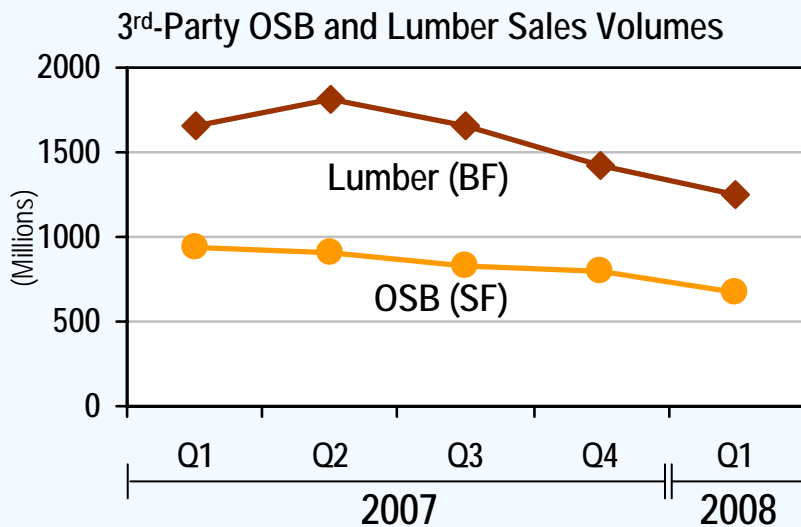


# Segment Highlights — Wood Products

<u>Wood Products</u> (\$ Millions)	<u>2007 Q4</u>	<u>2008 Q1</u>
Revenues	\$1,118	\$966
Contribution to Pre-Tax Earnings	(\$313)	(\$277)

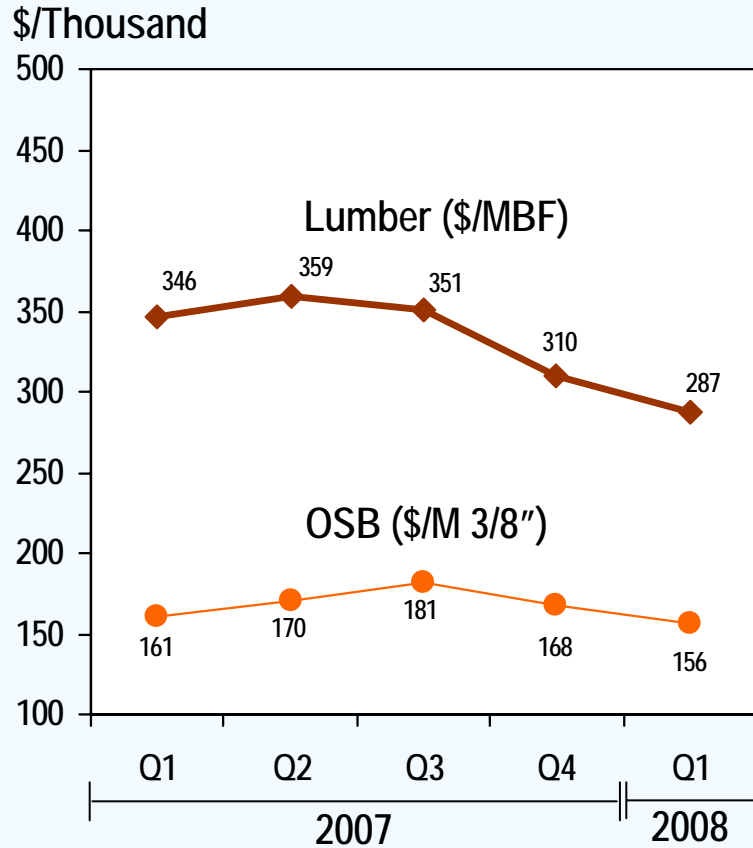
## 1st Quarter Highlights

- Average price realizations for lumber, OSB and engineered wood products declined
- Log costs were lower and sales and distribution costs declined
- Incurred charges of \$56 million for facility closures and asset impairments and \$18 million for litigation reserves

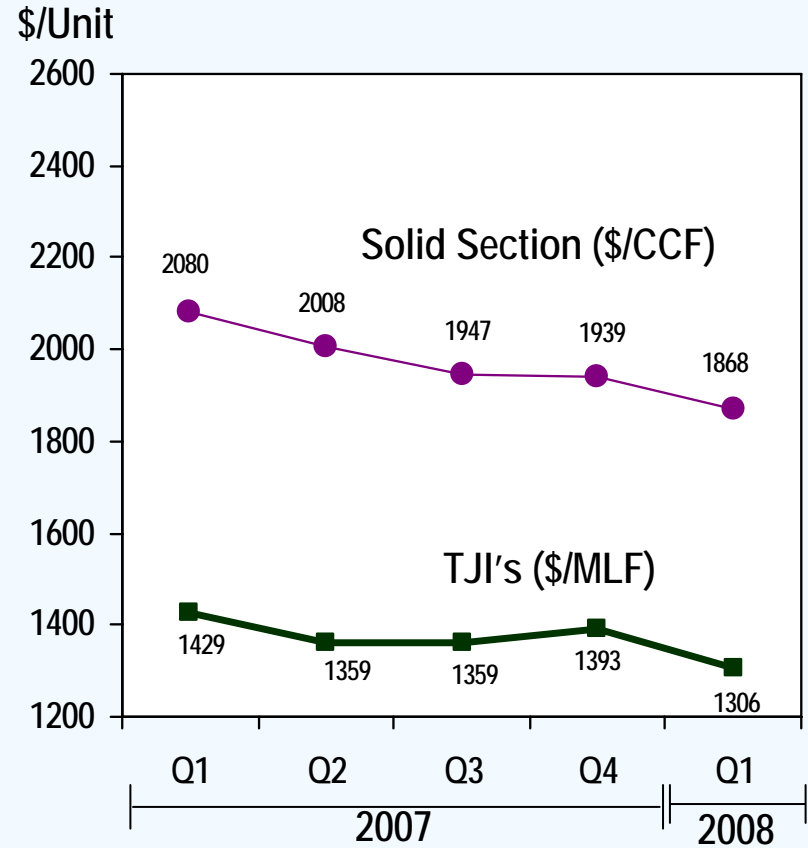


# Average 3<sup>rd</sup>-Party Realizations — OSB and Lumber / Engineered Lumber

OSB and Lumber



Engineered Lumber

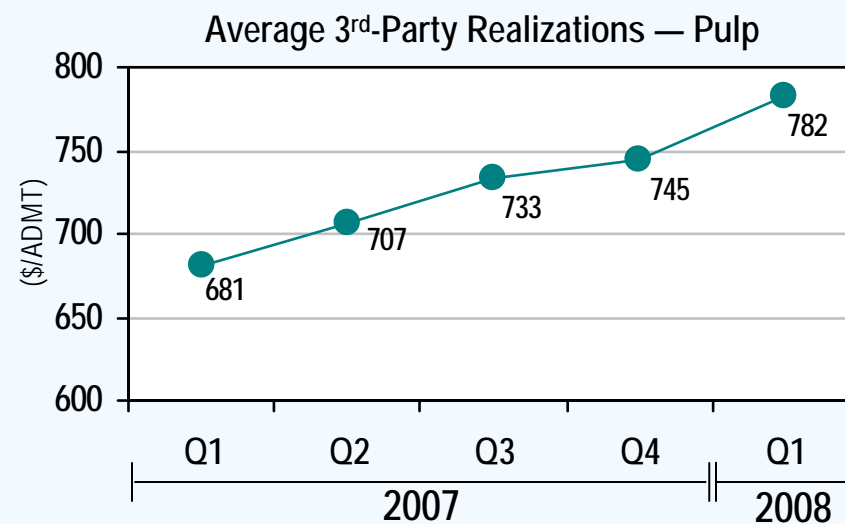
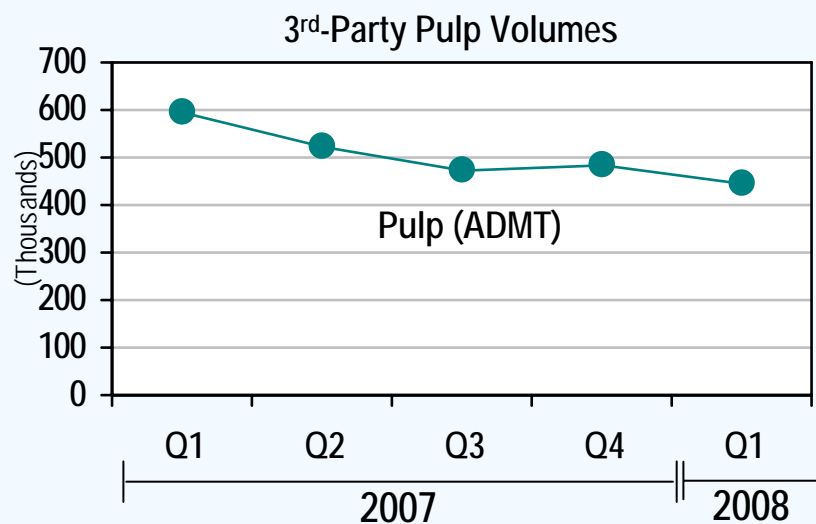


# Segment Highlights — Cellulose Fibers

<u>Cellulose Fibers</u> (\$ Millions)	<u>2007 Q4</u>	<u>2008 Q1</u>
Revenues	\$444	\$445
Contribution to Pre-Tax Earnings	\$80	\$56

## 1st Quarter Highlights

- Average price realizations for both pulp and liquid packaging board increased
- Scheduled maintenance outage costs increased
- Chemical, energy and fiber costs increased
- Pulp shipments declined due to the expiration of a brokerage agreement with Domtar

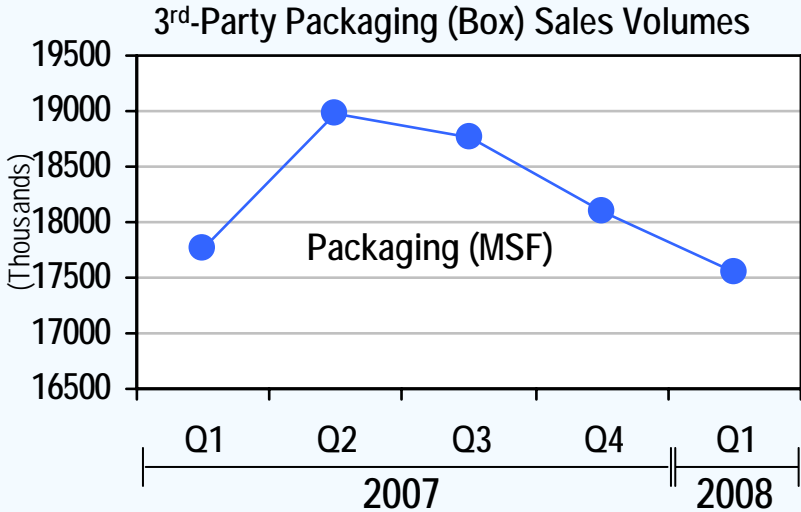
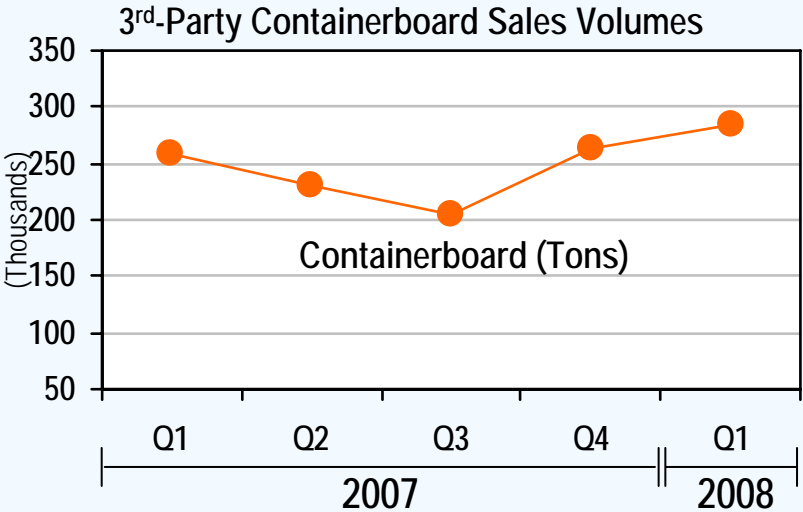


# Segment Highlights — Containerboard, Packaging & Recycling

<u>Containerboard, Packaging &amp; Recycling</u> (\$ Millions)	<u>2007 Q4</u>	<u>2008 Q1</u>
Revenues	\$1,322	\$1,297
Contribution to Pre-Tax Earnings	\$99	\$89

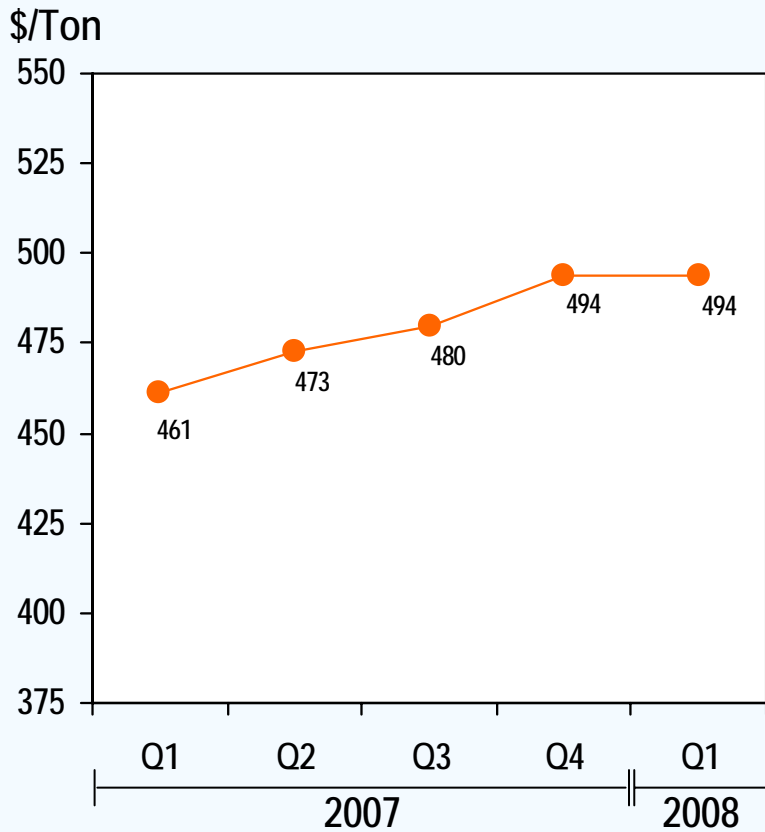
### 1st Quarter Highlights

- Packaging price realizations increased, but shipment volumes were seasonally lower
- Fiber costs increased for both chips and OCC
- Transportation and energy costs increased due to higher fuel prices and seasonally higher energy usage
- Depreciation of assets ceased on March 15<sup>th</sup> resulting in an \$11 million benefit

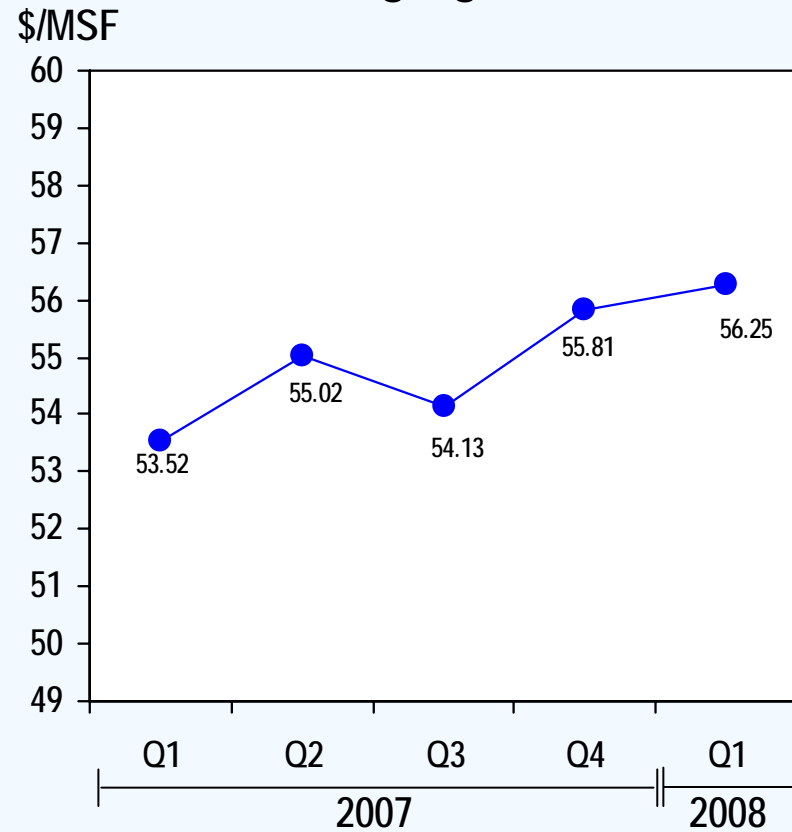


# Average 3rd-Party Realizations — Containerboard and Packaging

Containerboard



Packaging (Box)



# Segment Highlights — Real Estate

<u>Real Estate</u> (\$ Millions)	<u>2007 Q4</u>	<u>2008 Q1</u>
Revenues	\$715	\$371
Contribution to Pre-Tax Earnings	\$22	(\$74)

## 1st Quarter Highlights

- Gains from land sales decreased \$80 million
- Earnings from single-family homebuilding declined due to lower margins and closings
- Asset impairment charges totaled \$33 million for homebuilding and \$19 million related to investment activities of Weyerhaeuser Realty Investors

## Weyerhaeuser Real Estate Company Key Indicators

	2007				2008
	Q1	Q2	Q3	Q4	Q1
Sales Traffic (in Thousands)	61	49	41	30	33
Single-Family Homes Sold (New Orders)	1,684	1,139	734	595	926
Single-Family Homes Sold But Not Closed At End of Period (Backlog)	2,207	2,284	1,873	1,224	1,306
Cancellation Rate (%)	16%	25%	33%	40%	26%
Single-Family Homes Closed	976	1,062	1,145	1,244	844
Average Home Closing Price (\$ Thousands)	\$480	\$466	\$461	\$472	\$399

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# 2008 2Q Outlook

Segment	Comments
Timberlands	<ul style="list-style-type: none"> <li>● Weyerhaeuser expects earnings from this segment to be slightly lower in 2008 Q2 vs. 2008 Q1</li> <li>● The segment's earnings are expected to be negatively affected by the continued weakness in the housing market, storm salvage costs in the West, higher diesel fuel costs and seasonally higher silviculture costs</li> </ul>
Wood Products	<ul style="list-style-type: none"> <li>● Weyerhaeuser expects 2008 Q2 operating losses to be lower than 2008 Q1 due to modestly improving lumber prices and lower raw material costs</li> </ul>
Cellulose Fibers	<ul style="list-style-type: none"> <li>● The company expects earnings for the segment to be slightly lower compared to 2008 Q1</li> <li>● Market conditions for this segment are projected to remain favorable</li> <li>● Maintenance costs are expected to be higher due to an increase in annual scheduled maintenance activities in the pulp mills</li> </ul>
Containerboard, Packaging & Recycling	<ul style="list-style-type: none"> <li>● Weyerhaeuser expects earnings for this segment to be comparable to 2008 Q1, excluding the effect of lower depreciation</li> <li>● The segment expects seasonally higher box prices and shipments; however, these benefits are expected to be largely offset by higher OCC and energy prices and cost increases associated with scheduled annual maintenance downtime at several containerboard mills</li> </ul>
Real Estate	<ul style="list-style-type: none"> <li>● Weyerhaeuser expects the 2008 Q2 loss from this segment's single-family homebuilding operations to be comparable to 2008 Q1</li> </ul>

# *Appendix*



# 2008 Q1 Earnings Summary

\$ Millions except EPS	2007				2008
	Q1 Revised 4.	Q2	Q3	Q4	Q1
Contribution to Earnings before Special Items					
Timberlands	\$175	\$142	\$167	\$133	\$116
Wood Products	(108)	(73)	(109)	(210)	(203)
Cellulose Fibers	22	48	81	80	56
Fine Paper	22	0	0	0	0
Containerboard, Packaging & Recycling 5.	69	88	100	103	97
Real Estate	58	76	83	143	(22)
Corporate and Other	(49)	(14)	(38)	(38)	(23)
Total Contribution to Earnings before Special Items	\$189	\$267	\$284	\$211	21
Special Items	566	(68)	(24)	(222)	(156)
Total Contribution to Earnings	\$755	\$199	\$260	(\$11)	(135)
Interest Expense, net 1.	(118)	(150)	(102)	(104)	(108)
Income Taxes 2.	83	(17)	(57)	52	95
Net Income (loss)	\$720	\$32	\$101	(\$63)	(148)
Diluted EPS	\$3.07	\$0.15	\$0.47	(\$0.30)	(\$0.70)
Diluted EPS before Special Items 3.	\$0.20	\$0.48	\$0.55	\$0.42	(\$0.24)

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

2. 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 14 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.

5. Containerboard, Packaging & Recycling is discontinued operations as of March 15, 2008. A presentation of continuing and discontinued operations is set forth at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)

# Earnings per Share Reconciliation

	2007				2008
	Q1 Revised 1.	Q2	Q3	Q4	Q1
Diluted EPS before Special Items	\$0.20	\$0.48	\$0.55	\$0.42	(\$0.24)
Closures, Restructuring and Impairment of Weyerhaeuser Assets	(0.20)	(0.09)	(0.16)	(0.37)	(0.19)
Impairments and Reserves for Real Estate Assets		(0.04)	(0.07)	(0.40)	(0.17)
Environmental Reserve Adjustment					(0.05)
Legal Settlement and Reserve Adjustments / Contract Terminations		(0.12)	0.12		(0.05)
Gain (Loss) on Domtar Transaction	3.07	(0.02)		(0.10)	
Net Gain on Sale of Assets and Operations		0.06	0.03	0.12	
Casualty Loss / Storm Damage				(0.03)	
Tax Law Changes / One-time Tax Benefits				0.06	
Loss on Early Extinguishment of Debt		(0.12)			
Diluted EPS (GAAP)	\$3.07	\$0.15	\$0.47	(\$0.30)	(\$0.70)

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.