



# Earnings Release

# 1st Quarter — 2010

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**Weyerhaeuser Company**  
**April 29, 2010**

# Forward-looking Statement

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This news release 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. These statements are based on various assumptions and may not be accurate because of risks and uncertainties surrounding these assumptions. Factors listed below, as well as other factors, may cause actual results to differ significantly from these forward-looking statements. There is no guarantee that any of the events anticipated by these forward-looking statements will occur. If any of the events occur, there is no guarantee what effect they will have on company operations or financial condition. The company will not update these forward-looking statements after the date of this news release.

Some forward-looking statements discuss the company's plans, strategies and intentions. They use words such as "expects," "may," "will," "believes," "should," "approximately," "anticipates," "estimates," and "plans." In addition, these words may use the positive or negative or other variations of those terms.

This release contains forward-looking statements regarding the company's expectations during the second quarter of 2010, including seasonally higher silviculture and road costs in Timberlands, improved operating rates and higher sales volumes in the Wood Products segment, higher log costs, higher pulp price realizations, increased expenses for annual planned maintenance and freight in the Cellulose Fiber segment, increases in home sale closings and lower average sales prices in our single-family homebuilding operations. Major risks, uncertainties and assumptions that affect the company's businesses 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 the level of interest rates, availability of financing for home mortgages, strength of the U.S. dollar, employment rates and housing starts;
- market demand for the company's products, which is related to the strength of the various U.S. business segments and economic conditions;
- the successful execution of internal performance plans, including restructurings and cost reduction initiatives;
- performance of the company's manufacturing operations, including maintenance requirements and operating efficiencies;
- raw material prices;
- energy prices;
- transportation costs;
- changes in the Company's business support functions and support costs;
- changes in legislation or tax rules;
- the level of competition from domestic and foreign producers;
- the effect of forestry, land use, environmental and other governmental regulations;
- legal proceedings;
- the effect of weather;
- the risk of loss from fires, floods, windstorms, hurricanes, pest infestation and other natural disasters;
- changes in accounting principles;
- performance of pension fund investments and related derivatives;
- the effect of timing of retirements and changes in the market price of company stock on charges for stock-based compensation; and
- other factors described under "Risk Factors" in the Company's annual report on Form 10-K.

The company also is a large exporter and is affected by changes in economic activity in Europe and Asia, particularly Japan, China and Korea. It also is affected by changes in currency exchange rates, particularly the relative value of the U.S. dollar to the euro and the Canadian dollar. Restrictions on international trade or tariffs imposed on imports also may affect the company.

# **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)

# 2010 Q1 Consolidated Results

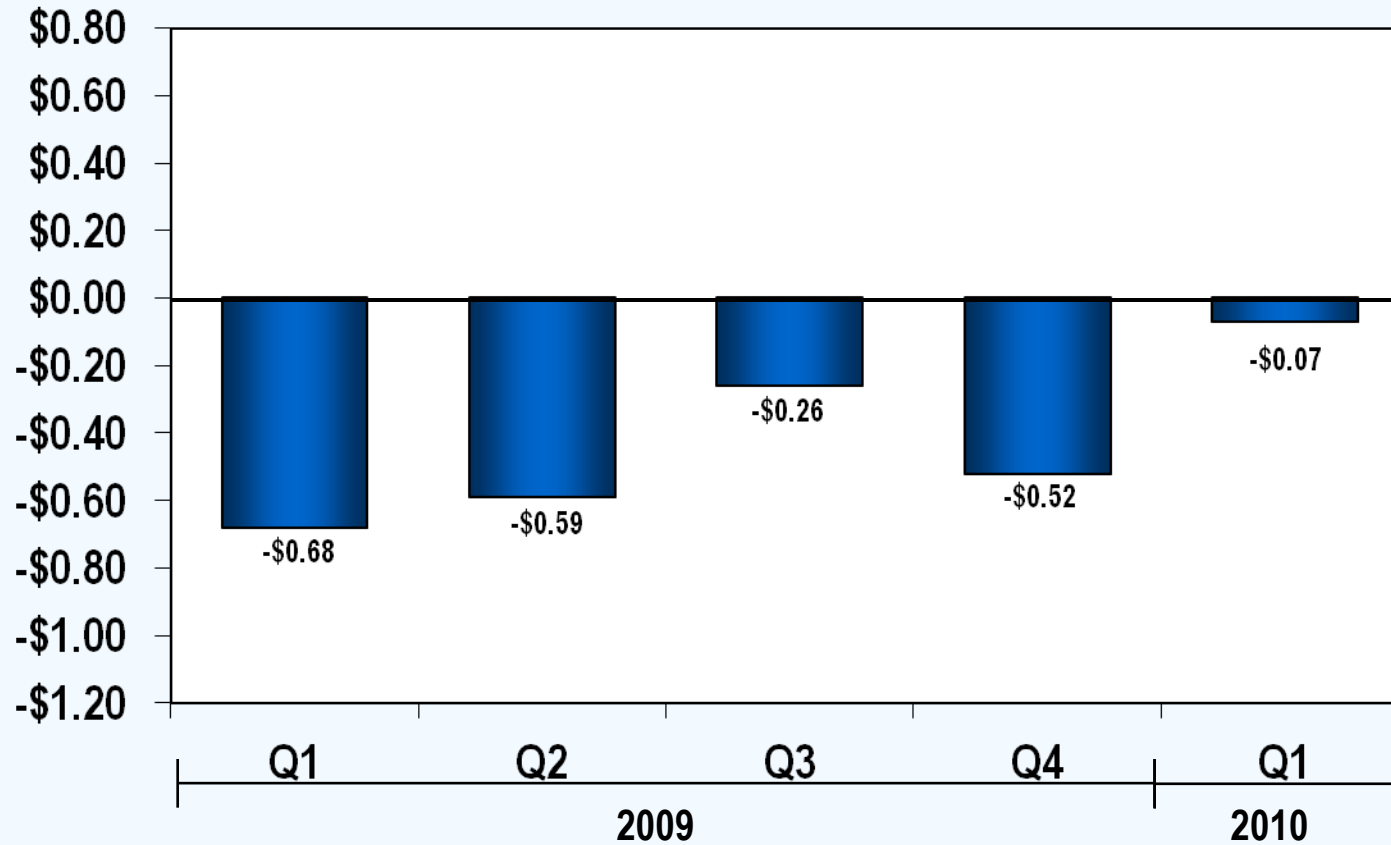
	<u>2010 Q1</u>
Revenues (\$ Millions)	\$1,419
Net Earnings before Special Items (\$ Millions) 1.	(\$15)
Earnings Per Share before Special Items 1.	(\$0.07)

\$ Millions except EPS	2009	2010
	Q4	Q1
Contribution to Pre-Tax Earnings before Special Items		
Timberlands	\$28	\$81
Wood Products	(123)	(63)
Cellulose Fibers	34	19
Real Estate	11	31
Corporate and Other	(11)	12
<b>Total Contribution to Pre-Tax Earnings before Special Items</b>	<b>(\$61)</b>	<b>\$80</b>
Special Items	(72)	44
<b>Total Contribution to Pre-Tax Earnings</b>	<b>(\$133)</b>	<b>\$124</b>
Interest Expense, net 2.	(143)	(106)
Income Taxes 3.	101	(38)
<b>Net Income</b>	<b>(\$175)</b>	<b>(\$20)</b>
<b>EPS</b>	<b>(\$0.83)</b>	<b>(\$0.10)</b>
<b>EPS before Special Items 1.</b>	<b>(\$0.52)</b>	<b>(\$0.07)</b>

1. A reconciliation to GAAP is set forth on Chart 3 and at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)
2. Interest expense for 2009 Q4 includes a \$28 million loss on early extinguishment of debt.
3. Income taxes for 2010 Q1 include a \$28 million charge related to a change in Medicare prescription drug subsidies and a \$3 million charge related to a state tax rate change.

# Diluted EPS Before Special Items

A reconciliation to GAAP EPS is available on Chart 12 and at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)



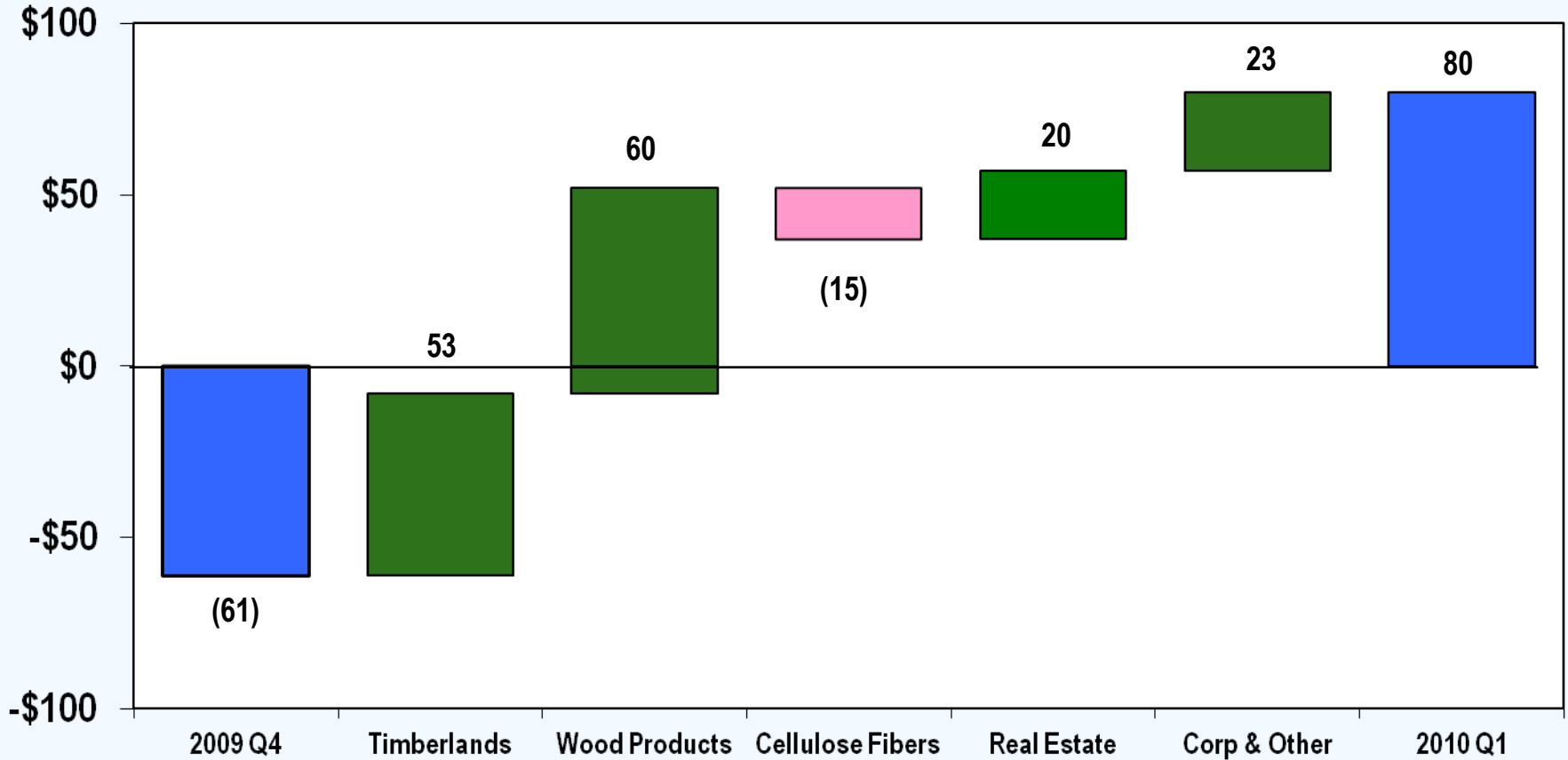
# Reconciliation to GAAP

\$ Millions except EPS

	EPS		Net Earnings	
	2009	2010	2009	2010
	Q4	Q1	Q4	Q1
EPS / Net Earnings before Special Items	(\$0.52)	(\$0.07)	(\$109)	(\$15)
Income Tax Adjustments		(0.15)		(31)
Wood Products Asset Sales		0.12		26
Alternative Fuel Mixture Credits	0.36		77	
Real Estate Asset Impairments, Restructuring, and Related Charges	(0.31)		(67)	
Forest Products Asset Impairments, Closures, Restructuring and Other Charges	(0.27)		(57)	
Loss on Extinguishment of Debt	(0.09)		(19)	
EPS / Net Earnings (GAAP)	<u>(\$0.83)</u>	<u>(\$0.10)</u>	<u>(\$175)</u>	<u>(\$20)</u>

# Changes in Contribution to Earnings by Segment

Earnings Before Special Items, Interest and Taxes (\$ millions)<sup>1</sup>.



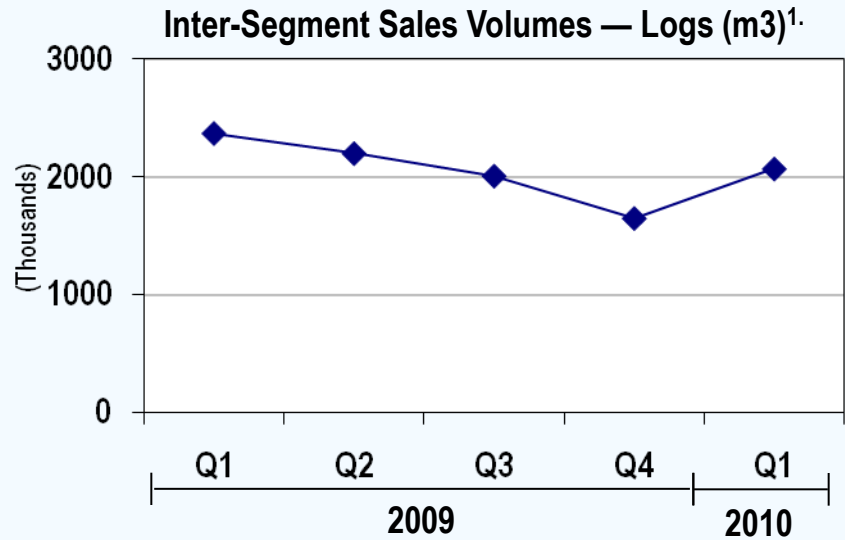
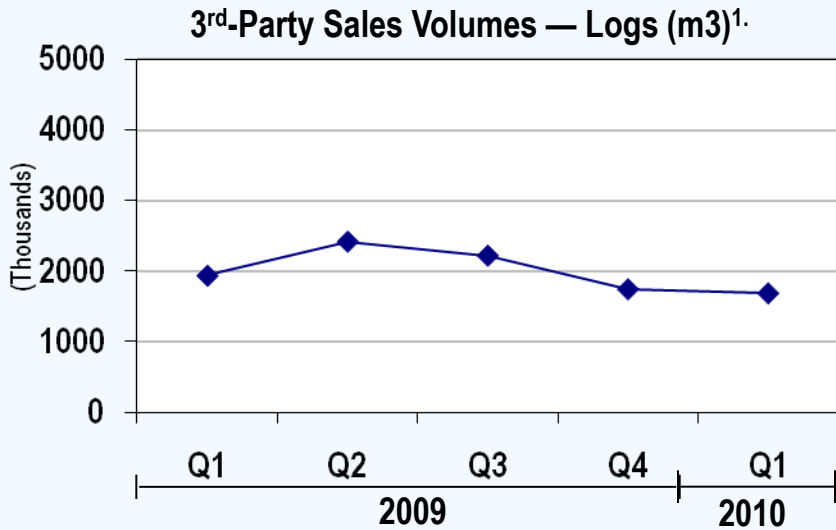
1. A reconciliation before Special Items to GAAP can be found on Chart 3 and at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)

# Timberlands Segment

<b>Timberlands</b> (\$ Millions)	<b>2009 Q4</b>	<b>2010 Q1</b>
Third Party Revenues <sup>1</sup> .	\$149	\$192
Inter-Segment Revenues <sup>1</sup> .	\$79	\$104
Contribution to Pre-Tax Earnings	\$13	\$81

## 1st Quarter Notes

- Improved log price realizations and higher fee volumes
- Lower unit logging, trucking and road costs
- 1st quarter includes gains of \$31 million on timberlands dispositions, compared to \$6 million in the 4th quarter
- 4th quarter included special charges of \$15 million



1. Revenues and volumes exclude Canadian Forestland operations.

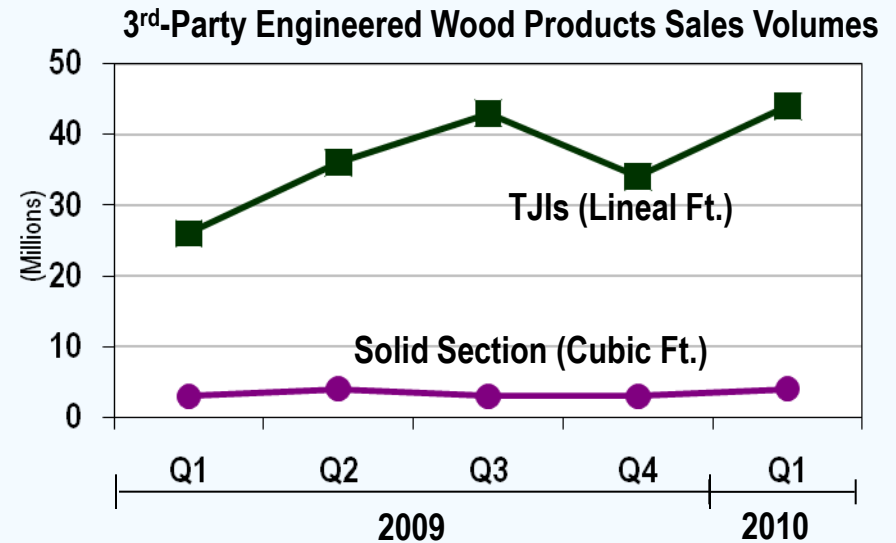
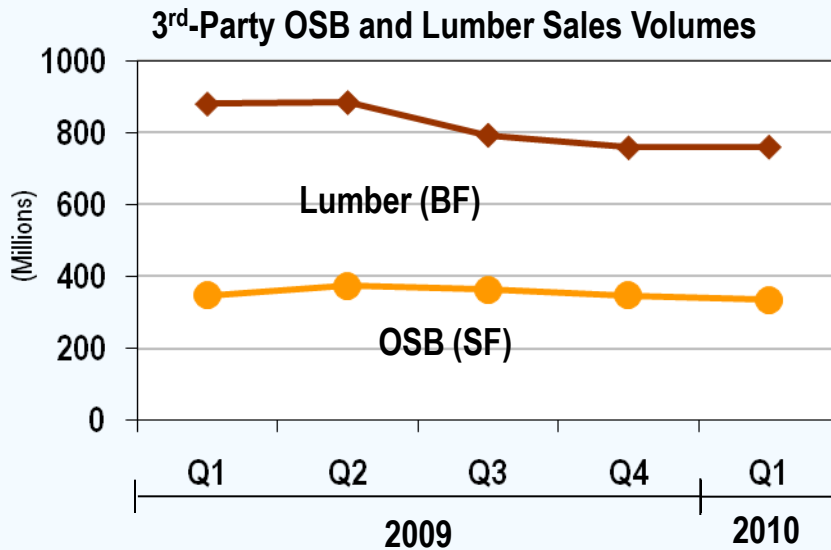


# Wood Products Segment

<b>Wood Products</b> (\$ Millions)	<b>2009 Q4</b>	<b>2010 Q1</b>
Revenues	\$510	\$604
Contribution to Pre-Tax Earnings	(\$208)	(\$19)

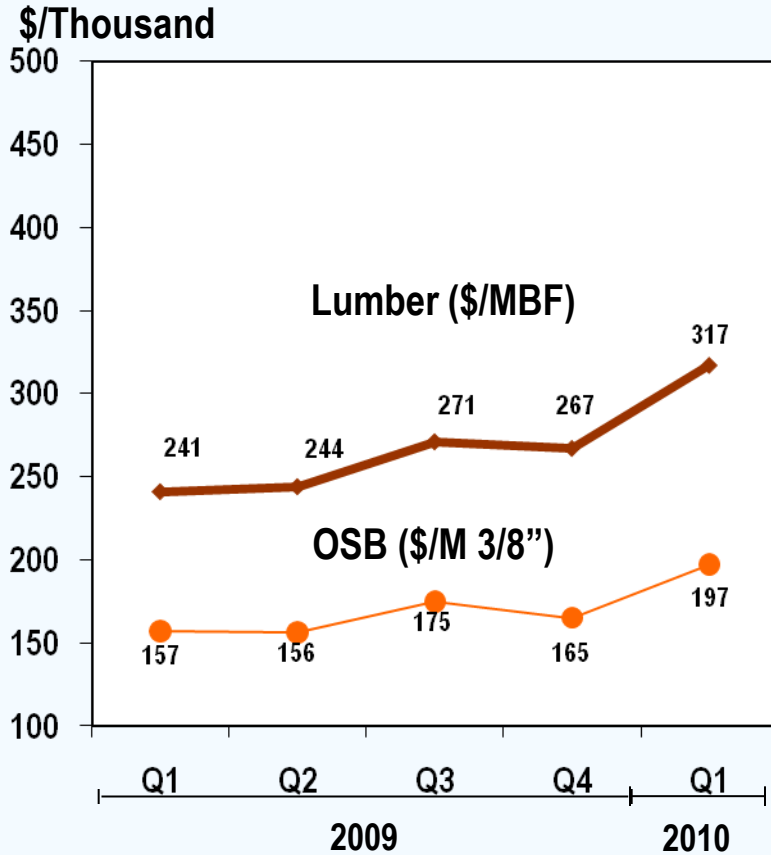
## 1st Quarter Notes

- Higher sales realizations for lumber and OSB
- Improved operating rates
- Higher log costs
- 1st quarter includes gains on asset sales of \$44 million, compared to special charges of \$85 million in the 4th quarter

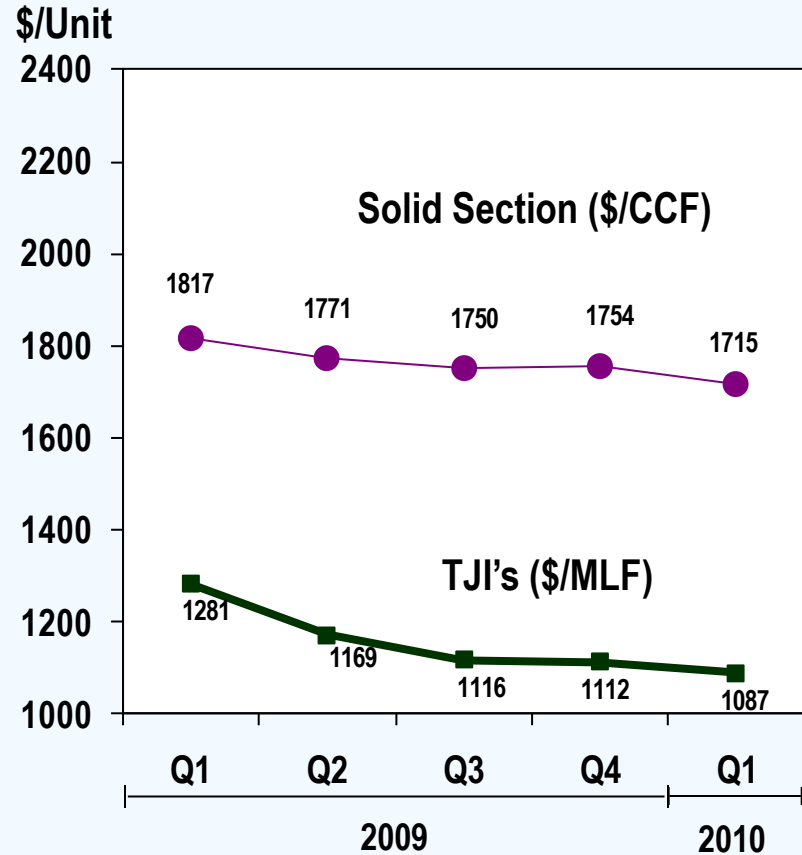


# Average 3rd-Party Realizations — OSB and Lumber / Engineered Lumber

OSB and Lumber



Engineered Lumber

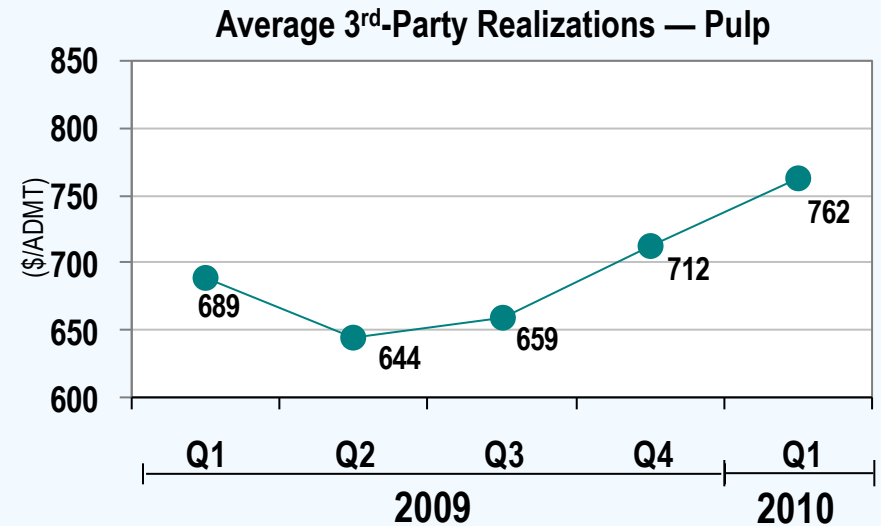
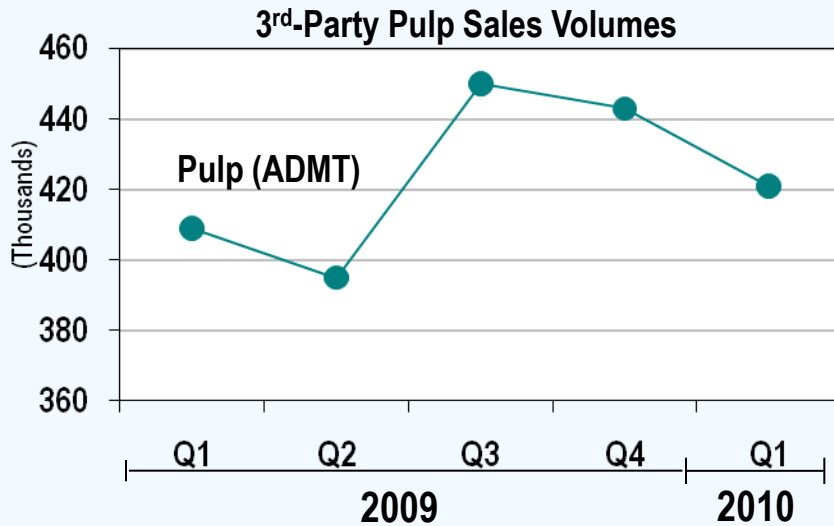


# Cellulose Fibers Segment

<u>Cellulose Fibers</u> (\$ Millions)	<u>2009 Q4</u>	<u>2010 Q1</u>
Revenues	\$408	\$410
Contribution to Pre-Tax Earnings	\$147	\$19

## 1st Quarter Notes

- Increased annual maintenance costs
- Higher average price realizations
- Higher fiber and freight costs
- Lower shipment volumes
- 4th quarter included \$115 million of alternative fuel mixture credits



# Real Estate Segment

<b>Real Estate</b> (\$ Millions)	<b>2009 Q4</b>	<b>2010 Q1</b>
Revenues	\$337	\$151
Contribution to Pre-Tax Earnings	(\$89)	\$31

## 1st Quarter Notes

- Includes gains of \$33 million on sale of partnerships and \$3 million on land and lot sales
- Decrease in average home closing price due to mix
- Selling expenses declined
- 4th quarter included impairments and restructuring charges of \$100 million and losses of \$10 million on land and lot sales

## Weyerhaeuser Real Estate Company Key Indicators

	2009				2010
	Q1	Q2	Q3	Q4	Q1
Sales Traffic (in Thousands)	19	20	15	12	23
Single-Family Homes Sold (Net New Orders)	455	790	593	431	620
Single-Family Homes Sold But Not Closed At End of Period (Backlog)	584	910	997	650	877
Cancellation Rate (%)	28%	19%	22%	27%	19%
Single-Family Homes Closed	429	464	506	778	393
Average Home Closing Price (\$ Thousands)	\$377	\$388	\$366	\$392	\$365

# 2010 Q2 Outlook

Segment	Comments
<b>Timberlands</b>	<ul style="list-style-type: none"> <li>■ Weyerhaeuser expects increased log prices, offset by a lower grade mix.</li> <li>■ The company anticipates higher silviculture and road costs.</li> <li>■ The company expects lower earnings from fee timber harvest.</li> <li>■ Excluding the disposition of non-strategic timberlands, Weyerhaeuser expects 2010 Q2 operating earnings to be somewhat lower than 2010 Q1.</li> </ul>
<b>Wood Products</b>	<ul style="list-style-type: none"> <li>■ The company anticipates improved sales realizations and volumes.</li> <li>■ Manufacturing unit costs are expected to improve as production increases, partially offset by higher log costs.</li> <li>■ Weyerhaeuser expects the segment to be profitable in 2010 Q2.</li> </ul>
<b>Cellulose Fibers</b>	<ul style="list-style-type: none"> <li>■ The company anticipates higher pulp price realizations, partially offset by increased freight and slightly higher annual maintenance costs.</li> <li>■ Weyerhaeuser expects 2010 Q2 earnings to improve significantly compared to 2010 Q1.</li> </ul>
<b>Real Estate</b>	<ul style="list-style-type: none"> <li>■ The company anticipates an increase in home closings, offset by lower average sales prices due to mix.</li> <li>■ Weyerhaeuser expects the 2010 Q2 loss from single-family homebuilding operations to be comparable to 2010 Q1.</li> </ul>

# ***Appendix***

# Earnings Summary

\$ Millions except EPS	2009				2010
	Q1	Q2	Q3	Q4	Q1
<b>Contribution to Earnings before Special Items</b>					
Timberlands	\$40	\$71	\$58	\$28	\$81
Wood Products	(176)	(147)	(92)	(123)	(63)
Cellulose Fibers	32	(7)	44	34	19
Real Estate	(24)	2	(9)	11	31
Corporate and Other	(14)	20	14	(11)	12
<b>Total Contribution to Earnings before Special Items</b>	<b>(\$142)</b>	<b>(\$61)</b>	<b>\$15</b>	<b>(\$61)</b>	<b>\$80</b>
Special Items	(192)	28	128	(72)	44
<b>Total Contribution to Earnings</b>	<b>(\$334)</b>	<b>(\$33)</b>	<b>\$143</b>	<b>(\$133)</b>	<b>\$124</b>
Interest Expense, net 1.	(106)	(105)	(108)	(143)	(106)
Income Taxes 2.	176	32	(35)	101	(38)
<b>Net Income (loss)</b>	<b>(\$264)</b>	<b>(\$106)</b>	<b>\$0</b>	<b>(\$175)</b>	<b>(\$20)</b>
<b>Diluted EPS</b>	<b>(\$1.25)</b>	<b>(\$0.50)</b>	<b>\$0.00</b>	<b>(\$0.83)</b>	<b>(\$0.10)</b>
<b>Diluted EPS before Special Items 3.</b>	<b>(\$0.68)</b>	<b>(\$0.59)</b>	<b>(\$0.26)</b>	<b>(\$0.52)</b>	<b>(\$0.07)</b>

1. 2009 Q4 interest expense includes a \$28 million loss on early extinguishment of debt.

2. Income taxes for 2009 Q2 include a \$13 million tax charge primarily related to state tax law and rate changes. 2009 Q3 includes a \$15 million tax charge related to the true-up of previous tax liabilities and a \$6 million charge related to FIN 48 tax liabilities, state tax law and rate changes. 2010 1Q includes a \$28 million tax charge related to a change in Medicare prescription drug subsidies and a \$3 million charge related to a state tax rate change.

3. A reconciliation to GAAP is set forth on Chart 12 and at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)

# Earnings per Share Reconciliation

	2009				2010
	Q1	Q2	Q3	Q4	Q1
Diluted EPS before Special Items	(\$0.68)	(\$0.59)	(\$0.26)	(\$0.52)	(\$0.07)
Tax Law Changes / Other One-time Tax Adjustments			(0.10)		(0.15)
Net Gain on Divestiture of Assets and Operations / Restructuring of Uruguay Ownership		0.06	0.46		0.12
Alternative Fuel Mixture Credits		0.34	0.35	0.36	
Real Estate Related Charges	(0.21)	(0.17)	(0.16)	(0.31)	
Closures, Restructuring and Impairment of Forest Products Assets	(0.29)	(0.21)	(0.29)	(0.27)	
Gain (Loss) on Early Extinguishment of Debt				(0.09)	
Legal and Insurance Settlement and Reserve Adjustments	(0.06)	0.07			
Impairment of Goodwill	(0.01)				
<b>Diluted EPS (GAAP)</b>	<b>(\$1.25)</b>	<b>(\$0.50)</b>	<b>\$0.00</b>	<b>(\$0.83)</b>	<b>(\$0.10)</b>