

**Weyerhaeuser Company**  
**Q3.2012 Analyst Package**  
Preliminary results, subject to audit

**Consolidated Statement of Operations**

in millions

	Q2		Q3		Year-to-date	
	June 30, 2012	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	
<b>Net sales and revenues</b>	<b>\$ 1,793</b>	<b>\$ 1,772</b>	<b>\$ 1,569</b>	<b>\$ 5,059</b>	<b>\$ 4,601</b>	
Cost of products sold	1,516	1,424	1,283	4,230	3,803	
<b>Gross margin</b>	<b>277</b>	<b>348</b>	<b>286</b>	<b>829</b>	<b>798</b>	
Selling, general and administrative expenses	142	156	135	448	452	
Research and development expenses	8	8	7	23	21	
Charges for restructuring, closures and impairments	4	10	41	26	52	
Other operating costs (income), net	(53)	(28)	3	(147)	(190)	
<b>Operating income</b>	<b>176</b>	<b>202</b>	<b>100</b>	<b>479</b>	<b>463</b>	
Interest income and other	11	15	15	38	35	
Interest expense, net of capitalized interest	(86)	(87)	(86)	(260)	(296)	
Earnings from continuing operations before income taxes	101	130	29	257	202	
Income taxes	(17)	(13)	104	(15)	52	
Earnings from continuing operations	84	117	133	242	254	
Earnings from discontinued operations, net of income taxes	—	—	24	—	12	
<b>Net earnings attributable to Weyerhaeuser common shareholders</b>	<b>\$ 84</b>	<b>\$ 117</b>	<b>\$ 157</b>	<b>\$ 242</b>	<b>\$ 266</b>	

**Per Share Information**

in millions

	Q2		Q3		Year-to-date	
	June 30, 2012	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	
Earnings per share attributable to Weyerhaeuser common shareholders, basic and diluted:						
Continuing operations	\$ 0.16	\$ 0.22	\$ 0.25	\$ 0.45	\$ 0.47	
Discontinued operations	—	—	0.04	—	0.02	
Net earnings per share	<u>\$ 0.16</u>	<u>\$ 0.22</u>	<u>\$ 0.29</u>	<u>\$ 0.45</u>	<u>\$ 0.49</u>	
Dividends paid per share	<u>\$ 0.15</u>	<u>\$ 0.15</u>	<u>\$ 0.15</u>	<u>\$ 0.45</u>	<u>\$ 0.45</u>	
Weighted average shares outstanding (in thousands):						
Basic	537,966	539,094	537,969	538,146	537,906	
Diluted	540,033	542,311	539,827	540,694	540,469	
Common shares outstanding at end of period (in thousands)	537,526	540,672	537,210	540,672	537,210	

**Earnings before Interest, Tax, Depreciation, Depletion and Amortization, Excluding Special Items\***

in millions

	Q2		Q3		Year-to-date	
	June 30, 2012	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	
<b>Operating income</b>	<b>\$ 176</b>	<b>\$ 202</b>	<b>\$ 100</b>	<b>\$ 479</b>	<b>\$ 463</b>	
Depreciation, depletion and amortization	113	112	120	338	359	
Special items	(57)	—	33	(95)	(119)	
Capitalized interest included in cost of products sold	19	6	5	28	17	
<b>EBITDA, excluding special items*</b>	<b>\$ 251</b>	<b>\$ 320</b>	<b>\$ 258</b>	<b>\$ 750</b>	<b>\$ 720</b>	

\* Non-GAAP measure - see page 9 for definition.

**Consolidated Balance Sheet**

in millions

	June 30, 2012	September 30, 2012	December 31, 2011
<b>ASSETS</b>			
<b>Forest Products:</b>			
Current assets:			
Cash and cash equivalents	\$ 857	\$ 602	\$ 950
Receivables, less allowances	488	504	468
Receivables for taxes	6	97	22
Inventories	487	512	476
Prepaid expenses	86	83	68
Deferred tax assets	100	117	81
Total current assets	2,024	1,915	2,065
Property and equipment, net	2,770	2,759	2,901
Construction in progress	208	220	145
Timber and timberlands at cost, less depletion charged to disposals	3,963	3,967	3,978
Investments in and advances to equity affiliates	187	188	192
Goodwill	40	40	40
Other assets	435	352	444
Assets held by variable interest entities	916	914	916
	<u>10,543</u>	<u>10,355</u>	<u>10,681</u>
<b>Real Estate:</b>			
Cash and cash equivalents	4	6	3
Receivables, less allowances	38	36	41
Real estate in process of development and for sale	581	602	555
Land being processed for development	959	982	936
Investments in and advances to equity affiliates	20	20	21
Deferred tax assets	238	233	240
Other assets	89	98	113
Assets held by variable interest entities	3	6	8
	<u>1,932</u>	<u>1,983</u>	<u>1,917</u>
<b>Total assets</b>	<b><u>\$ 12,475</u></b>	<b><u>\$ 12,338</u></b>	<b><u>\$ 12,598</u></b>
<b>LIABILITIES AND EQUITY</b>			
<b>Forest Products:</b>			
Current liabilities:			
Current maturities of long-term debt	\$ 184	\$ 340	\$ 12
Accounts payable	360	356	336
Accrued liabilities	576	558	593
Total current liabilities	1,120	1,254	941
Long-term debt	4,005	3,842	4,181
Deferred income taxes	92	68	93
Deferred pension and other postretirement benefits	1,429	1,378	1,467
Other liabilities	400	477	408
Liabilities (nonrecourse to the company) held by variable interest entities	778	680	776
	<u>7,824</u>	<u>7,699</u>	<u>7,866</u>
<b>Real Estate:</b>			
Long-term debt	283	109	285
Other liabilities	171	177	172
Liabilities (nonrecourse to the company) held by variable interest entities	—	—	8
	<u>454</u>	<u>286</u>	<u>465</u>
<b>Total liabilities</b>	<b><u>8,278</u></b>	<b><u>7,985</u></b>	<b><u>8,331</u></b>
<b>Equity:</b>			
Total Weyerhaeuser shareholders' interest	4,186	4,340	4,263
Noncontrolling interests	11	13	4
	<u>4,197</u>	<u>4,353</u>	<u>4,267</u>
<b>Total equity</b>	<b><u>4,197</u></b>	<b><u>4,353</u></b>	<b><u>4,267</u></b>
<b>Total liabilities and equity</b>	<b><u>\$ 12,475</u></b>	<b><u>\$ 12,338</u></b>	<b><u>\$ 12,598</u></b>

## Consolidated Statement of Cash Flows

in millions

	Q2		Q3		Year-to-date	
	June 30, 2012	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	
<b>Cash flows from operations:</b>						
Net earnings	\$ 84	\$ 117	\$ 157	\$ 242	\$ 266	
Noncash charges (credits) to income:						
Depreciation, depletion and amortization	113	112	120	338	363	
Deferred income taxes, net	13	15	(103)	22	(77)	
Pension and other postretirement benefits	(30)	19	17	(39)	60	
Share-based compensation expense	8	10	2	28	19	
Charges for impairment of assets	4	7	34	19	37	
Net gains on dispositions of assets	(10)	(22)	(51)	(39)	(227)	
Foreign exchange transaction (gains) losses	9	(10)	19	(8)	11	
Change in:						
Receivables less allowances	(18)	(10)	35	(33)	(34)	
Receivable for taxes	18	(1)	8	15	(19)	
Inventories	28	(22)	(9)	(34)	(40)	
Real estate and land	7	(47)	(15)	(95)	(49)	
Prepaid expenses	(12)	2	—	(18)	(14)	
Accounts payable and accrued liabilities	65	1	(51)	10	(74)	
Deposits on land positions and other assets	22	(11)	(5)	11	(9)	
Pension and postretirement contributions	(33)	(41)	(27)	(109)	(64)	
Other	(1)	3	(14)	19	(5)	
<b>Net cash from operations</b>	<b>267</b>	<b>122</b>	<b>117</b>	<b>329</b>	<b>144</b>	
<b>Cash flows from investing activities:</b>						
Property and equipment	(68)	(75)	(62)	(197)	(136)	
Timberlands reforestation	(7)	(5)	(4)	(22)	(23)	
Proceeds from sale of assets	18	12	157	36	353	
Payments of liabilities held by special purpose entities	—	(97)	—	(97)	—	
Other	(1)	(1)	(1)	(1)	(6)	
<b>Cash from investing activities</b>	<b>(58)</b>	<b>(166)</b>	<b>90</b>	<b>(281)</b>	<b>188</b>	
<b>Cash flows from financing activities:</b>						
Cash dividends	(80)	(81)	(81)	(242)	(242)	
Change in book overdrafts	9	(12)	(8)	(32)	(26)	
Payments on debt	(4)	(181)	—	(187)	(550)	
Exercises of stock options	2	66	—	73	37	
Repurchase of common stock	—	—	(24)	—	(24)	
Other	(3)	(1)	(4)	(5)	(23)	
<b>Cash from financing activities</b>	<b>(76)</b>	<b>(209)</b>	<b>(117)</b>	<b>(393)</b>	<b>(828)</b>	
Net change in cash and cash equivalents	133	(253)	90	(345)	(496)	
Cash and cash equivalents at beginning of period	728	861	881	953	1,467	
Cash and cash equivalents at end of period	\$ 861	\$ 608	\$ 971	\$ 608	\$ 971	
Cash paid (received) during the year for:						
Interest, net of amount capitalized	\$ 57	\$ 117	\$ 115	\$ 290	\$ 362	
Income taxes	\$ (5)	\$ 1	\$ 6	\$ (14)	\$ 21	

## Special Items Included in Net Earnings

in millions

	Q2	Q3		Year-to-date	
	June 30, 2012	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
<b>Net earnings</b>	<b>\$ 84</b>	<b>\$ 117</b>	<b>\$ 157</b>	<b>\$ 242</b>	<b>\$ 266</b>
Gain on sale of 82,000 acres of non-strategic timberlands	—	—	—	—	(96)
Loss on early extinguishment of debt	—	—	—	—	16
Restructuring, impairments and other charges	—	—	24	10	24
Gain on postretirement plan amendment	(33)	—	—	(67)	—
Gain on sale of properties	(4)	—	(9)	(4)	(9)
Tax adjustments	—	—	(83)	(8)	(83)
Charges related to the sale of hardwoods	—	—	8	—	14
Gain on sale of Westwood Shipping Lines	—	—	(31)	—	(31)
<b>Net earnings before special items</b>	<b>\$ 47</b>	<b>\$ 117</b>	<b>\$ 66</b>	<b>\$ 173</b>	<b>\$ 101</b>
	Q2	Q3		Year-to-date	
	June 30, 2012	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
<b>Net earnings per diluted share</b>	<b>\$ 0.16</b>	<b>\$ 0.22</b>	<b>\$ 0.29</b>	<b>\$ 0.45</b>	<b>\$ 0.49</b>
Gain on sale of 82,000 acres of non-strategic timberlands	—	—	—	—	(0.18)
Loss on early extinguishment of debt	—	—	—	—	0.03
Restructuring, impairments and other charges	—	—	0.04	0.02	0.04
Gain on postretirement plan amendment	(0.06)	—	—	(0.12)	—
Gain on sale of properties	(0.01)	—	(0.01)	(0.01)	(0.01)
Tax adjustments	—	—	(0.15)	(0.01)	(0.15)
Charges related to the sale of hardwoods	—	—	0.01	—	0.03
Gain on sale of Westwood Shipping Lines	—	—	(0.06)	—	(0.06)
<b>Net earnings before special items per diluted share</b>	<b>\$ 0.09</b>	<b>\$ 0.22</b>	<b>\$ 0.12</b>	<b>\$ 0.33</b>	<b>\$ 0.19</b>

## Selected Total Company Items, Excluding Discontinued Operations

in millions

	Q2	Q3		Year-to-date	
	June 30, 2012	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Depreciation, depletion and amortization:					
Cost of products sold	\$ 103	\$ 102	\$ 108	\$ 307	\$ 318
Selling, general and administrative expenses	10	10	12	31	41
Total depreciation, depletion and amortization	<u>\$ 113</u>	<u>\$ 112</u>	<u>\$ 120</u>	<u>\$ 338</u>	<u>\$ 359</u>
Pension and postretirement costs:					
Pension and postretirement costs allocated to business segments	\$ 14	\$ 12	\$ 9	\$ 39	\$ 34
Pension and postretirement costs not allocated	7	7	6	21	21
Total company pension and postretirement costs	<u>\$ 21</u>	<u>\$ 19</u>	<u>\$ 15</u>	<u>\$ 60</u>	<u>\$ 55</u>
Total decrease (increase) in Forest Products working capital <sup>(1)</sup>	\$ 103	\$ (29)	\$ 70	\$ (74)	\$ (170)
Cash spent for capital expenditures	\$ (75)	\$ (80)	\$ (65)	\$ (219)	\$ (156)

<sup>(1)</sup> Working capital does not include cash balances.

## Q3.2012 Analyst Package

Preliminary results, subject to audit

## Segment Statement of Operations

in millions	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Sales to and revenues from unaffiliated customers	\$ 262	\$ 267	\$ 252	\$ 779	\$ 770
Intersegment sales	146	162	154	498	479
<b>Total net sales and revenues</b>	<b>408</b>	<b>429</b>	<b>406</b>	<b>1,277</b>	<b>1,249</b>
Cost of products sold	313	336	322	1,002	932
<b>Gross margin</b>	<b>95</b>	<b>93</b>	<b>84</b>	<b>275</b>	<b>317</b>
Selling, general and administrative expenses	23	24	23	72	70
Research and development expenses	5	4	4	13	12
Other operating income, net	(10)	(14)	(3)	(35)	(182)
<b>Operating income</b>	<b>77</b>	<b>79</b>	<b>60</b>	<b>225</b>	<b>417</b>
Interest income and other	—	1	1	2	3
<b>Net contribution to earnings (see note 1 on page 9)</b>	<b>\$ 77</b>	<b>\$ 80</b>	<b>\$ 61</b>	<b>\$ 227</b>	<b>\$ 420</b>

## Earnings before Interest, Tax, Depreciation, Depletion and Amortization, Excluding Special Items\*

in millions	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
<b>Operating income</b>	<b>\$ 77</b>	<b>\$ 79</b>	<b>\$ 60</b>	<b>\$ 225</b>	<b>\$ 417</b>
Depreciation, depletion and amortization	34	35	35	104	102
Special items	—	—	—	—	(152)
<b>EBITDA, excluding special items*</b>	<b>\$ 111</b>	<b>\$ 114</b>	<b>\$ 95</b>	<b>\$ 329</b>	<b>\$ 367</b>

\* Non-GAAP measure - see page 9 for definition.

## Segment Special Items Included in Net Contribution to Earnings (Pre-Tax)

	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Gain on sale of 82,000 acres of non-strategic timberlands	\$ —	\$ —	\$ —	\$ —	\$ 152

## Selected Segment Items

	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Total decrease (increase) in working capital <sup>(1)</sup>	\$ 6	\$ 19	\$ 60	\$ 16	\$ (20)
Cash spent for capital expenditures	\$ (15)	\$ (17)	\$ (12)	\$ (44)	\$ (40)

<sup>(1)</sup> Working capital does not include cash balances.

## Segment Statistics

	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011	
Third Party Net Sales and Revenue (millions)	Logs:					
	West	\$ 146	\$ 132	\$ 144	\$ 408	\$ 406
	South	56	60	53	166	143
	Canada	2	5	4	14	12
	Total Logs	204	197	201	588	561
	Pay as cut timber sales	9	8	9	28	25
	Timberlands exchanges	7	24	2	39	62
	Higher and better use land sales	5	4	5	13	11
	Minerals, oil and gas	7	8	14	22	43
	Products from international operations	29	26	21	80	59
Other products	1	—	—	9	9	
<b>Total</b>	<b>\$ 262</b>	<b>\$ 267</b>	<b>\$ 252</b>	<b>\$ 779</b>	<b>\$ 770</b>	
Third Party Sales Realizations (per cubic meter)	Logs	\$ 94.47	\$ 89.28	\$ 104.27	\$ 94.09	\$ 104.97
	West	\$ 41.15	\$ 42.04	\$ 39.11	\$ 41.26	\$ 40.21
	South	\$ 34.66	\$ 35.23	\$ 33.73	\$ 35.74	\$ 34.91
	Canada	\$ 23.53	\$ 23.76	\$ 33.73	\$ 23.45	\$ 35.65
Third Party Sales Volumes (cubic meters, thousands)	Logs	1,551	1,480	1,385	4,339	3,871
	West	1,354	1,430	1,336	4,012	3,552
	South	54	133	116	392	333
	Canada	82	99	88	259	239
	<b>Total</b>	<b>3,041</b>	<b>3,142</b>	<b>2,925</b>	<b>9,002</b>	<b>7,995</b>
Fee Harvest Volumes (cubic meters, thousands)	Logs	1,831	1,784	1,604	5,294	4,962
	West	2,788	2,809	2,535	8,311	7,070
	South	161	198	270	531	589
	<b>Total</b>	<b>4,780</b>	<b>4,791</b>	<b>4,409</b>	<b>14,136</b>	<b>12,621</b>

Segment Statement of Operations

in millions	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Sales to and revenues from unaffiliated customers	\$ 776	\$ 816	\$ 603	\$ 2,226	\$ 1,734
Intersegment sales	20	18	20	58	61
<b>Total net sales and revenues</b>	<b>796</b>	<b>834</b>	<b>623</b>	<b>2,284</b>	<b>1,795</b>
Cost of products sold	708	713	624	2,032	1,786
<b>Gross margin</b>	<b>88</b>	<b>121</b>	<b>(1)</b>	<b>252</b>	<b>9</b>
Selling, general and administrative expenses	50	54	47	154	146
Research and development expenses	1	2	1	4	3
Charges for restructuring, closures and impairments	2	2	38	5	44
Other operating costs (income), net	(1)	4	(6)	8	(15)
<b>Operating income (loss)</b>	<b>36</b>	<b>59</b>	<b>(81)</b>	<b>81</b>	<b>(169)</b>
Interest income and other	—	—	1	1	3
Net contribution to earnings from continuing operations	36	59	(80)	82	(166)
Net contribution to earnings from discontinued operations	—	—	(17)	—	(25)
<b>Net contribution to earnings (see note 1 on page 9)</b>	<b>\$ 36</b>	<b>\$ 59</b>	<b>\$ (97)</b>	<b>\$ 82</b>	<b>\$ (191)</b>

Earnings before Interest, Tax, Depreciation, Depletion and Amortization, Excluding Special Items\*

in millions	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
<b>Operating income (loss)</b>	<b>\$ 36</b>	<b>\$ 59</b>	<b>\$ (81)</b>	<b>\$ 81</b>	<b>\$ (169)</b>
Depreciation, depletion and amortization	33	33	38	100	116
Special items	(6)	—	33	(6)	33
<b>EBITDA, excluding special items*</b>	<b>\$ 63</b>	<b>\$ 92</b>	<b>\$ (10)</b>	<b>\$ 175</b>	<b>\$ (20)</b>

\* Non-GAAP measure - see page 9 for definition.

Segment Special Items Included in Net Contribution to Earnings (Pre-Tax)

	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Gain on sale of property	\$ 6	\$ —	\$ 5	\$ 6	\$ 5
Charges for restructuring and impairments	—	—	(38)	—	(38)
Total special items from continuing operations	6	—	(33)	6	(33)
Charges related to sale of discontinued hardwoods operations	—	—	(13)	—	(22)
<b>Total</b>	<b>\$ 6</b>	<b>\$ —</b>	<b>\$ (46)</b>	<b>\$ 6</b>	<b>\$ (55)</b>

Selected Segment Items

	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Total decrease (increase) in working capital <sup>(1)</sup>	\$ 5	\$ (21)	\$ 34	\$ (128)	\$ (41)
Cash spent for capital expenditures	\$ (15)	\$ (16)	\$ (8)	\$ (37)	\$ (21)

<sup>(1)</sup> Working capital does not include cash balances.

Segment Statistics

in millions, except for third-party sales realizations	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Structural Lumber					
Third Party Net Sales and Revenue	\$ 370	\$ 363	\$ 281	\$ 1,024	\$ 831
Third Party Sales Realizations	\$ 350	\$ 359	\$ 301	\$ 341	\$ 305
Third Party Sales Volumes	1,056	1,013	934	3,006	2,723
Production Volumes	1,004	945	890	2,907	2,686
Engineered Solid Section					
Third Party Net Sales and Revenue	\$ 70	\$ 76	\$ 63	\$ 211	\$ 180
Third Party Sales Realizations	\$ 1,789	\$ 1,800	\$ 1,883	\$ 1,806	\$ 1,967
Third Party Sales Volumes	3.9	4.2	3.4	11.7	9.2
Production Volumes	3.8	4.3	3.4	11.8	10.7
Engineered I-joists					
Third Party Net Sales and Revenue	\$ 49	\$ 53	\$ 43	\$ 143	\$ 124
Third Party Sales Realizations	\$ 1,211	\$ 1,248	\$ 1,275	\$ 1,246	\$ 1,266
Third Party Sales Volumes	40	43	34	115	98
Production Volumes	37	39	32	110	96
Oriented Strand Board					
Third Party Net Sales and Revenue	\$ 138	\$ 169	\$ 96	\$ 418	\$ 264
Third Party Sales Realizations	\$ 214	\$ 268	\$ 176	\$ 227	\$ 181
Third Party Sales Volumes	643	630	546	1,838	1,462
Production Volumes	626	642	574	1,869	1,586
Softwood Plywood					
Third Party Net Sales and Revenue	\$ 26	\$ 34	\$ 18	\$ 83	\$ 48
Third Party Sales Realizations	\$ 332	\$ 356	\$ 259	\$ 334	\$ 260
Third Party Sales Volumes	81	95	69	249	185
Production Volumes	50	54	49	155	150

## Segment Statement of Operations

in millions	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
<b>Total net sales and revenues</b>	<b>\$ 459</b>	<b>\$ 459</b>	<b>\$ 503</b>	<b>\$ 1,391</b>	<b>\$ 1,535</b>
Cost of products sold	404	364	345	1,175	1,156
<b>Gross margin</b>	<b>55</b>	<b>95</b>	<b>158</b>	<b>216</b>	<b>379</b>
Selling, general and administrative expenses	22	23	24	69	70
Research and development expenses	2	2	2	6	6
Other operating income, net	(4)	(5)	(4)	(18)	(12)
<b>Operating income</b>	<b>35</b>	<b>75</b>	<b>136</b>	<b>159</b>	<b>315</b>
Interest income and other	1	3	3	3	1
<b>Net contribution to earnings (see note 1 on page 9)</b>	<b>\$ 36</b>	<b>\$ 78</b>	<b>\$ 139</b>	<b>\$ 162</b>	<b>\$ 316</b>

## Earnings before Interest, Tax, Depreciation, Depletion and Amortization, Excluding Special Items\*

in millions	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
<b>Operating income</b>	<b>\$ 35</b>	<b>\$ 75</b>	<b>\$ 136</b>	<b>\$ 159</b>	<b>\$ 315</b>
Depreciation, depletion and amortization	36	37	37	110	110
<b>EBITDA, excluding special items*</b>	<b>\$ 71</b>	<b>\$ 112</b>	<b>\$ 173</b>	<b>\$ 269</b>	<b>\$ 425</b>

\* Non-GAAP measure - see page 9 for definition.

## Selected Segment Items

	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Total decrease (increase) in working capital <sup>(1)</sup>	\$ 24	\$ (20)	\$ (14)	\$ 49	\$ (37)
Cash spent for capital expenditures	\$ (44)	\$ (45)	\$ (43)	\$ (134)	\$ (92)

<sup>(1)</sup> Working capital does not include cash balances.

## Segment Statistics

		Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Pulp (air-dry metric tons)	Third Party Net Sales and Revenue (millions)	\$ 348	\$ 354	\$ 391	\$ 1,069	\$ 1,198
	Third Party Sales Realizations	\$ 819	\$ 818	\$ 920	\$ 818	\$ 930
	Third Party Sales Volumes (thousands)	425	432	426	1,306	1,288
	Production Volumes (thousands)	417	453	462	1,308	1,309
Liquid Packaging Board (tons)	Third Party Net Sales and Revenue (millions)	\$ 90	\$ 84	\$ 87	\$ 257	\$ 265
	Third Party Sales Realizations	\$ 1,176	\$ 1,155	\$ 1,165	\$ 1,171	\$ 1,170
	Third Party Sales Volumes (thousands)	76	74	76	220	227
	Production Volumes (thousands)	78	77	81	220	228

**Segment Statement of Operations**

in millions	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
<b>Total net sales and revenues</b>	<b>\$ 296</b>	<b>\$ 230</b>	<b>\$ 211</b>	<b>\$ 663</b>	<b>\$ 562</b>
Cost of products sold	248	175	164	536	437
<b>Gross margin</b>	<b>48</b>	<b>55</b>	<b>47</b>	<b>127</b>	<b>125</b>
Selling, general and administrative expenses	34	36	36	102	107
Charges for restructuring, closures and impairments	1	3	2	5	4
Other operating income, net	(1)	—	—	(1)	—
<b>Operating income</b>	<b>14</b>	<b>16</b>	<b>9</b>	<b>21</b>	<b>14</b>
Interest income and other	1	1	1	3	3
<b>Net contribution to earnings</b>	<b>\$ 15</b>	<b>\$ 17</b>	<b>\$ 10</b>	<b>\$ 24</b>	<b>\$ 17</b>

**Earnings before Interest, Tax, Depreciation, Depletion and Amortization, Excluding Special Items\***

in millions	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
<b>Operating income</b>	<b>\$ 14</b>	<b>\$ 16</b>	<b>\$ 9</b>	<b>\$ 21</b>	<b>\$ 14</b>
Depreciation, depletion and amortization	3	3	3	8	9
Capitalized interest included in cost of products sold	14	5	3	22	13
<b>EBITDA, excluding special items*</b>	<b>\$ 31</b>	<b>\$ 24</b>	<b>\$ 15</b>	<b>\$ 51</b>	<b>\$ 36</b>

\* Non-GAAP measure - see page 9 for definition.

**Selected Segment Items**

	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Cash spent for capital expenditures	\$ —	\$ (1)	\$ (1)	\$ (2)	\$ (2)

**Segment Statistics**

	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Net sales and revenues:					
Single-family housing	\$ 190	\$ 229	\$ 204	\$ 550	\$ 536
Land	105	1	5	109	23
Other	1	—	2	4	3
<b>Total net sales and revenue</b>	<b>\$ 296</b>	<b>\$ 230</b>	<b>\$ 211</b>	<b>\$ 663</b>	<b>\$ 562</b>
Single-family homes sold	764	637	440	2,098	1,496
Single-family homes closed	508	615	508	1,472	1,330
Single-family homes sold but not closed (backlog)	1,033	1,055	605	1,055	605
Single-family cancellation rate	15.4%	18.3%	17.4%	14.6%	15.0%
Single-family buyer traffic	17,677	17,894	11,803	49,843	39,592
Single-family average price of homes closed (in thousands)	\$ 374	\$ 372	\$ 403	\$ 374	\$ 403
Single-family home gross margin - excluding impairments <sup>(1)</sup>	19.5%	24.3%	23.0%	21.0%	22.4%

<sup>(1)</sup> Single-family gross margin excluding impairments equals revenue less cost of sales and period costs (other than impairments and deposit write-offs).



## Q3.2012 Analyst Package

Preliminary results, subject to audit

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.

## Contribution to Earnings

in millions	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Unallocated corporate function expenses	\$ (3)	\$ (5)	\$ (10)	\$ (14)	\$ (36)
Unallocated share-based compensation	(1)	(7)	12	(13)	1
Unallocated pension & postretirement costs	(7)	(7)	(6)	(21)	(21)
Foreign exchange gains (losses)	(8)	11	(16)	9	(9)
Elimination of intersegment profit in inventory and LIFO <sup>(1)</sup>	(2)	(10)	1	(24)	(19)
Other	35	(9)	(5)	56	(30)
<b>Operating income (loss)</b>	<b>14</b>	<b>(27)</b>	<b>(24)</b>	<b>(7)</b>	<b>(114)</b>
Interest income and other	9	10	9	29	25
Net contribution to earnings from continuing operations	23	(17)	(15)	22	(89)
Net contribution to earnings from discontinued operations	—	—	54	—	45
<b>Net contribution to earnings</b>	<b>\$ 23</b>	<b>\$ (17)</b>	<b>\$ 39</b>	<b>\$ 22</b>	<b>\$ (44)</b>

<sup>(1)</sup> We began reporting the elimination of intersegment profit on inventory and the LIFO reserve in Unallocated Items in second quarter 2012. Previously these company-level adjustments were recorded in the business segments. This provides a better understanding of business operating results. Prior period results have been adjusted to reflect the change.

## Earnings before Interest, Tax, Depreciation, Depletion and Amortization, Excluding Special Items\*

in millions	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
<b>Operating income (loss)</b>	<b>\$ 14</b>	<b>\$ (27)</b>	<b>\$ (24)</b>	<b>\$ (7)</b>	<b>\$ (114)</b>
Depreciation, depletion and amortization	7	4	7	16	22
Special items	(51)	—	—	(89)	—
Capitalized interest included in cost of products sold	5	1	2	6	4
<b>EBITDA, excluding special items*</b>	<b>\$ (25)</b>	<b>\$ (22)</b>	<b>\$ (15)</b>	<b>\$ (74)</b>	<b>\$ (88)</b>

\* Non-GAAP measure - see below for definition.

## Unallocated Special Items Included in Net Contribution to Earnings (Pre-Tax)

	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Gain on postretirement plan amendment	\$ 51	\$ —	\$ —	\$ 103	\$ —
Restructuring, impairments and other charges	—	—	—	(14)	—
Total special items from continuing operations	51	—	—	89	—
Gain on sale of property	—	—	9	—	9
Gain on sale of Westwood Shipping Lines	—	—	49	—	49
<b>Total</b>	<b>\$ 51</b>	<b>\$ —</b>	<b>\$ 58</b>	<b>\$ 89</b>	<b>\$ 58</b>

## Unallocated Selected Items

	Q2.2012	Q3.2012	Q3.2011	YTD.2012	YTD.2011
Total decrease (increase) in working capital <sup>(1)</sup>	\$ 68	\$ (7)	\$ (10)	\$ (11)	\$ (72)
Cash spent for capital expenditures	\$ (1)	\$ (1)	\$ (1)	\$ (2)	\$ (1)

<sup>(1)</sup> Working capital does not include cash balances.

\***EBITDA excluding special items** is a non-GAAP measure that management uses to evaluate the performance of the company. EBITDA excluding special items, as we define it, is operating income from continuing operations adjusted for depreciation, depletion, amortization, special items and interest included in cost of products sold. EBITDA excluding special items should not be considered in isolation from and is not intended to represent an alternative to our results computed under GAAP.