

WEYERHAEUSER

Earnings Release – 2nd Quarter 2010

07.30.10



Forward-looking Statement

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 during the third quarter of 2010, including the company's markets; lower log prices, seasonally higher silviculture costs and lower operating earnings in Timberlands; lower sales realizations for lumber and oriented strand board, increased realizations for engineered wood products and lower earnings in the Wood Products segment; lower expenses for annual planned maintenance, increased production, higher pulp price realizations and earnings in the Cellulose Fiber segment; declines in home sale closings earnings in our single-family homebuilding operations; and adjustments in tax rates and tax liabilities related to a REIT conversion. 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;
- performance of the company's manufacturing operations, including maintenance requirements;
- the level of competition from domestic and foreign producers;
- raw material prices;
- energy prices;
- transportation costs;
- the effect of weather;
- the risk of loss from fires, floods, windstorms, hurricanes, pest infestation and other natural disasters;
- the successful execution of internal performance plans, including restructurings and cost reduction initiatives;
- federal tax policies;
- the effect of forestry, land use, environmental and other governmental regulations;
- legal proceedings;
- the effect of timing of retirements and changes in the market price of company stock on charges for stock-based compensation;
- changes in accounting principles;
- performance of pension fund investments and related derivatives; 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 and China. 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

- **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**



2010 Q2 Consolidated Results

Chart 1

	2010 Q2
Revenues (\$ Millions)	\$1,805
Net Earnings Before Special Items (\$ Millions) ¹	\$42
Diluted Earnings Per Share Before Special Items ¹	\$0.20

\$ Millions except EPS	2010	2010
	Q1	Q2
Contribution to Pre-Tax Earnings Before Special Items		
Timberlands	\$81	\$70
Wood Products	(63)	(11)
Cellulose Fibers	19	74
Real Estate	31	27
Corporate and Other	12	8
Total Contribution to Pre-Tax Earnings Before Special Items	\$80	\$168
Special Items	44	8
Total Contribution to Pre-Tax Earnings	\$124	\$176
Interest Expense, Net ²	(106)	(155)
Income Taxes ³	(38)	(7)
Net Income	(\$20)	\$14
Diluted EPS	(\$0.10)	\$0.07
Diluted EPS Before Special Items ¹	(\$0.07)	\$0.20

1. A reconciliation to GAAP is set forth on Chart 3, and at www.weyerhaeuser.com

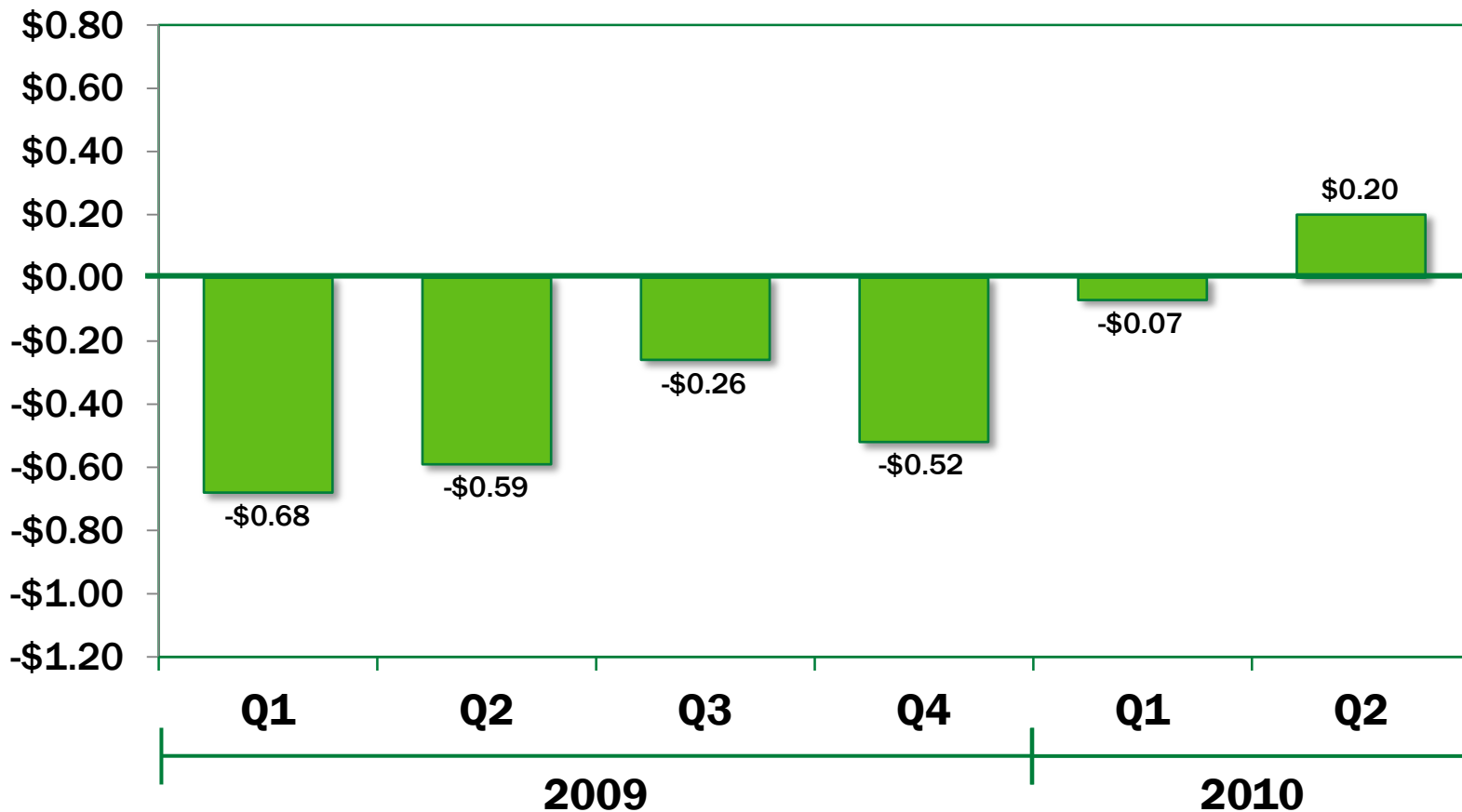
2. Excludes interest income. Interest expense for 2010 Q2 includes a \$49 million loss on early extinguishment of debt.

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 14 and at www.weyerhaeuser.com



Reconciliation to GAAP

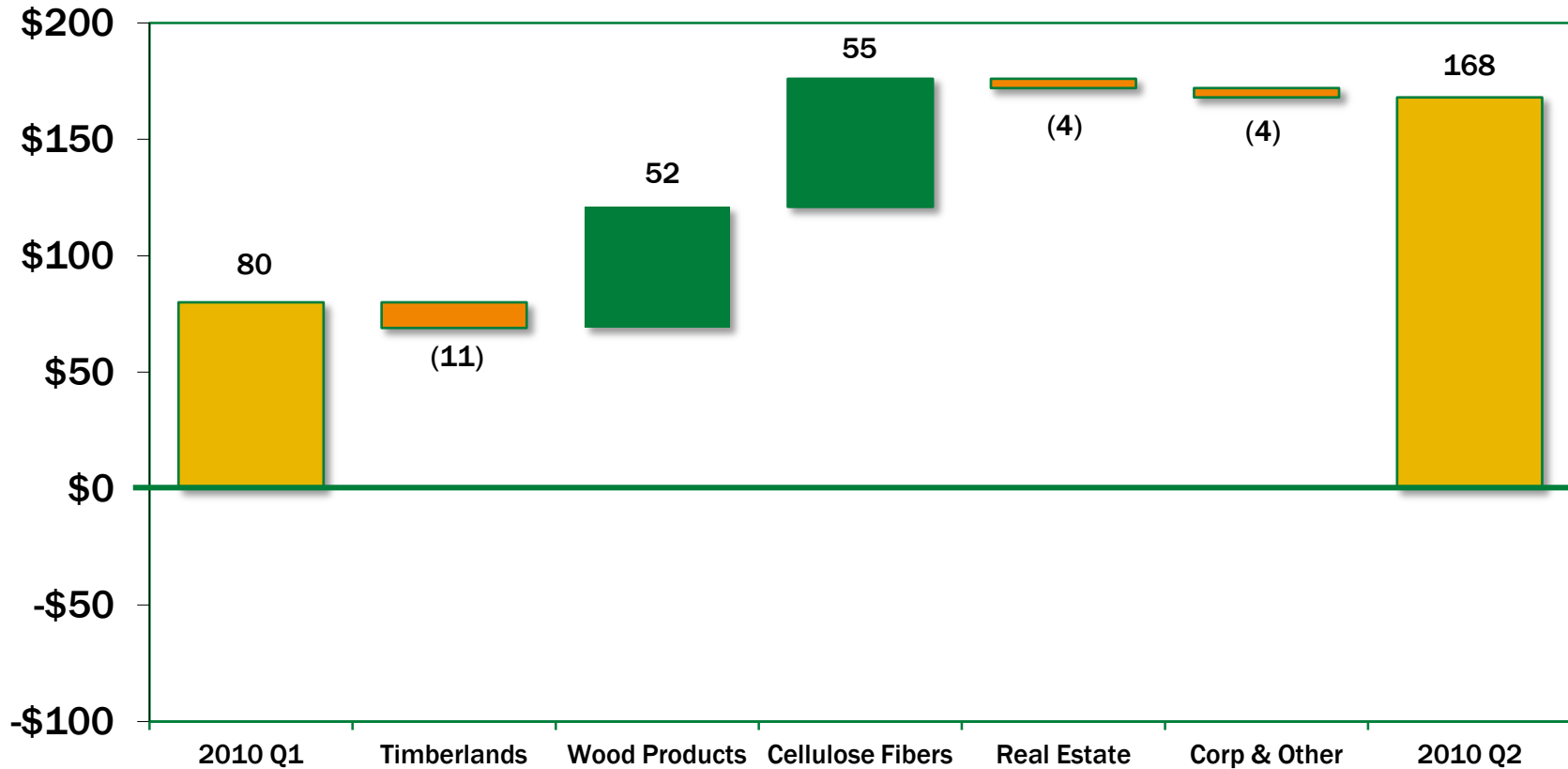
Chart 3

\$ Millions except EPS	Diluted EPS		Net Earnings	
	2010 Q1	2010 Q2	2010 Q1	2010 Q2
Diluted EPS / Net Earnings Before Special Items	(\$0.07)	\$0.20	(\$15)	\$42
Loss on Early Extinguishment of Debt		(0.16)		(33)
Wood Products Asset Sales	0.12	0.03	26	5
Income Tax Adjustments	(0.15)		(31)	
Diluted EPS / Net Earnings (GAAP)	(\$0.10)	\$0.07	(\$20)	\$14



Changes in Contribution to Earnings by Segment

Earnings Before Special Items, Interest and Taxes (\$ millions)¹.



1. A reconciliation before Special Items to GAAP can be found on Chart 3 and at www.weyerhaeuser.com



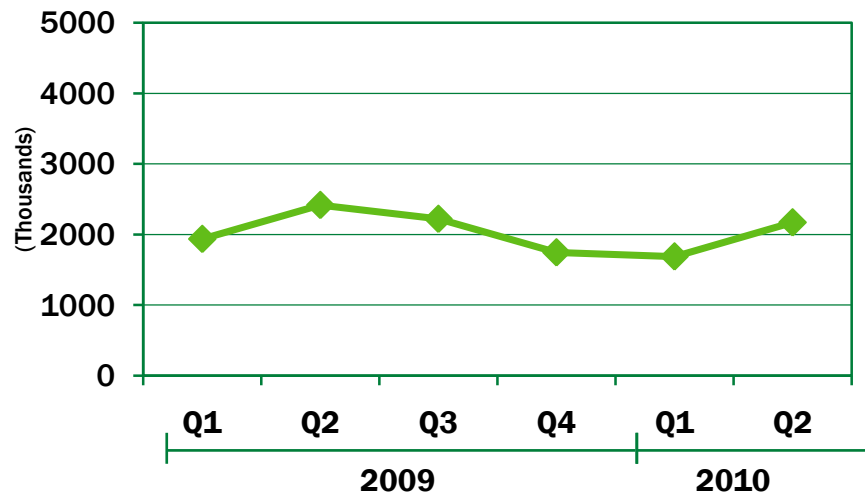
Timberlands Segment

Timberlands (\$ Millions)	2010 Q1	2010 Q2
Third Party Revenues ¹ .	\$192	\$225
Inter-Segment Revenues ¹ .	\$104	\$101
Contribution to Pre-Tax Earnings <i>Including Special Items</i>	\$81	\$70

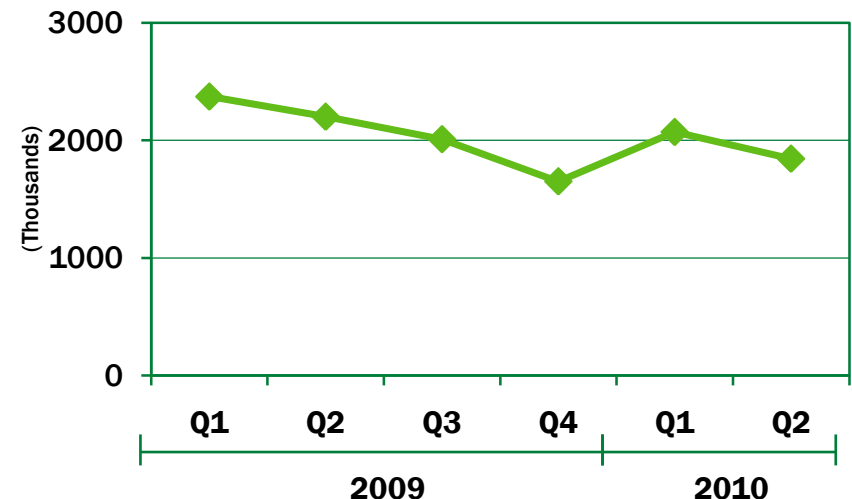
2nd Quarter Notes

- Improved log price realizations, primarily in the west
- Higher road and silviculture expenses for US operations
- Harvest deferrals continue
- 2nd quarter includes gains of \$14 million on timberlands dispositions, compared to \$31 million in the 1st quarter

3rd-Party Sales Volumes — Logs (m3)¹.



Inter-Segment Sales Volumes — Logs (m3)¹.



1. Revenues and volumes exclude Canadian Forestland operations. \$22 million of intersegment revenues were attributable to Canadian Forestlands operations in 2010 Q2, compared to \$9 million of third party revenues and \$67 million of intersegment revenues in 2010 Q1.



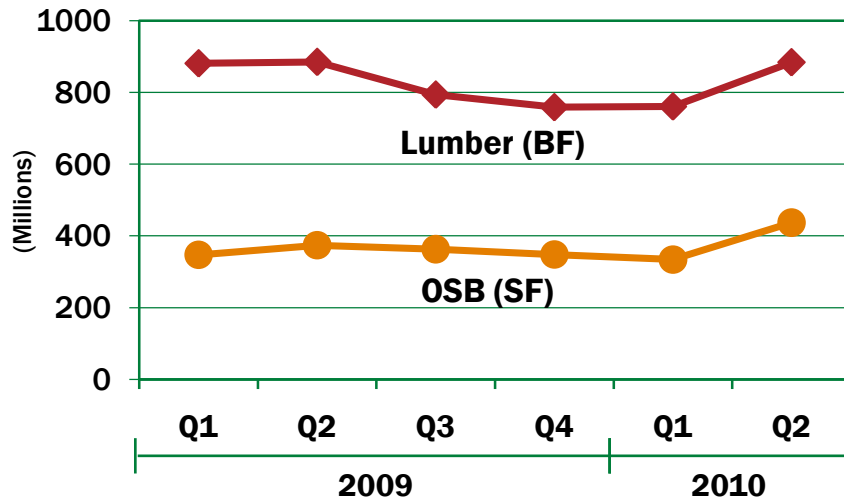
Wood Products Segment

Wood Products (\$ Millions)	2010 Q1	2010 Q2
Revenues	\$604	\$789
Contribution to Pre-Tax Earnings <i>Including Special Items</i>	(\$19)	(\$3)

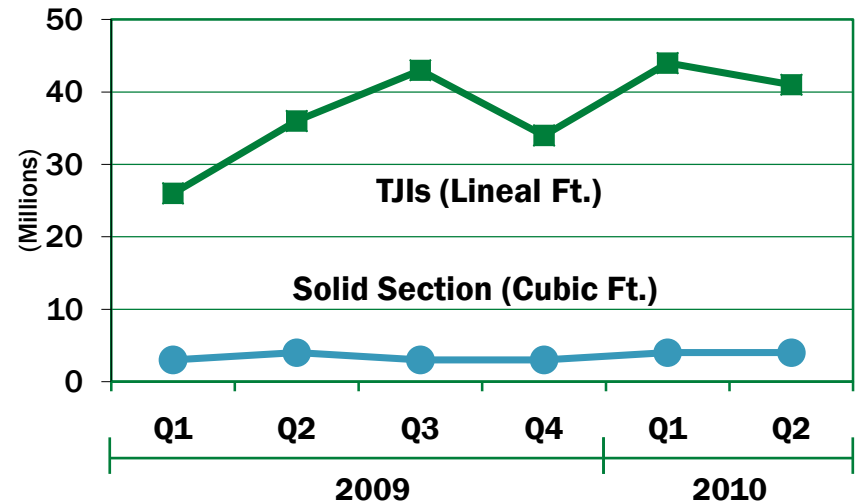
2nd Quarter Notes

- Market conditions were extremely volatile, deteriorating substantially beginning in mid-May
- Higher average sales realizations and volumes for most products, partially offset by higher log costs
- 2nd quarter includes gains on asset sales of \$8 million, compared to \$44 million in the 1st quarter

3rd-Party OSB and Lumber Sales Volumes



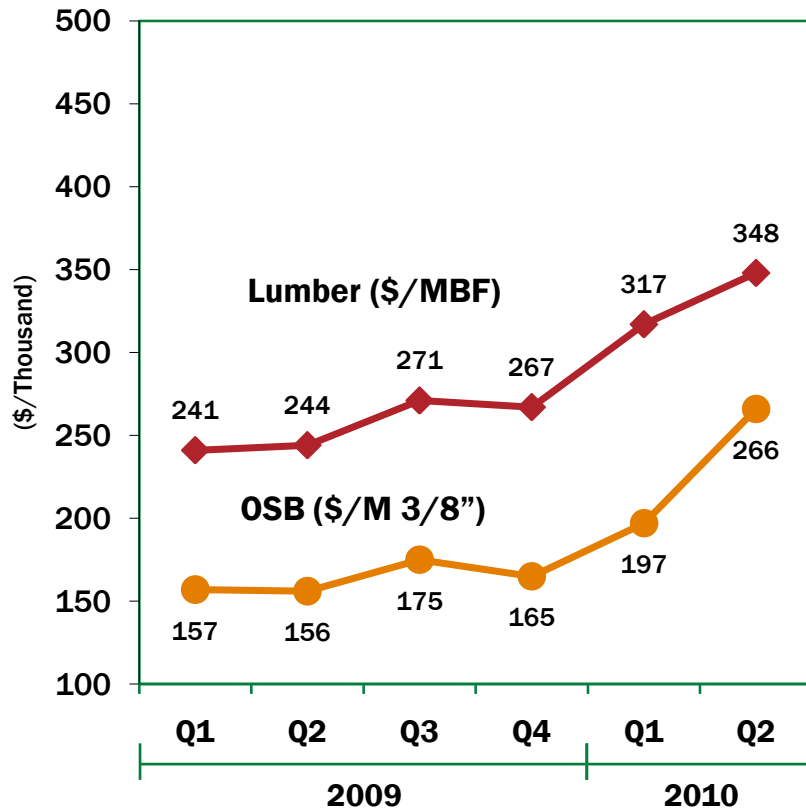
3rd-Party Engineered Wood Products Sales Volumes



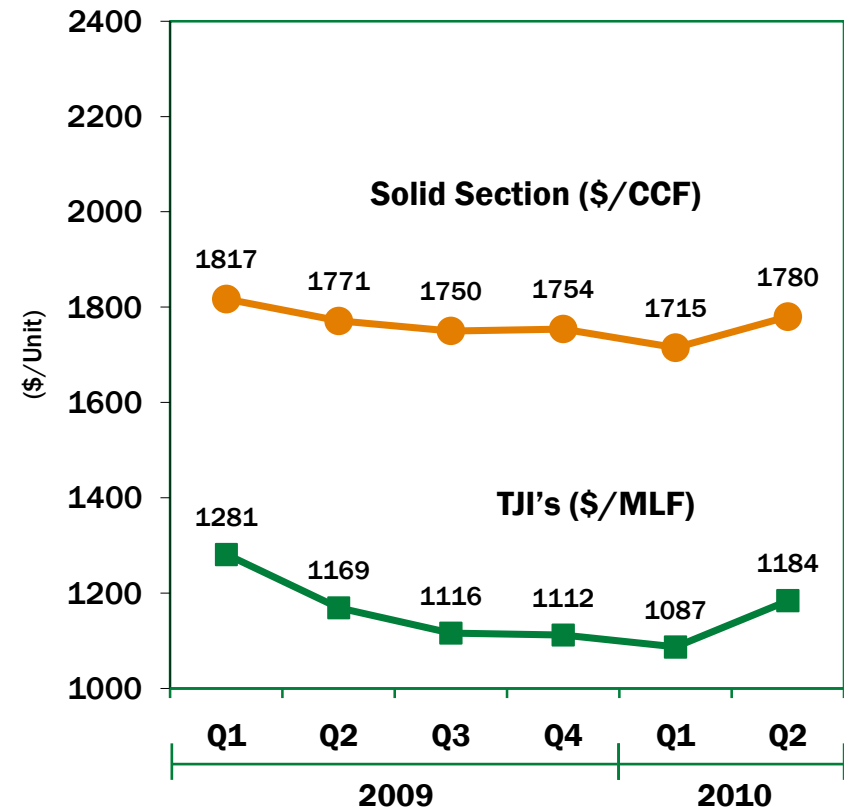
Average 3rd-Party Realizations — OSB and Lumber / Engineered Lumber

Chart 7

OSB and Lumber



Engineered Lumber



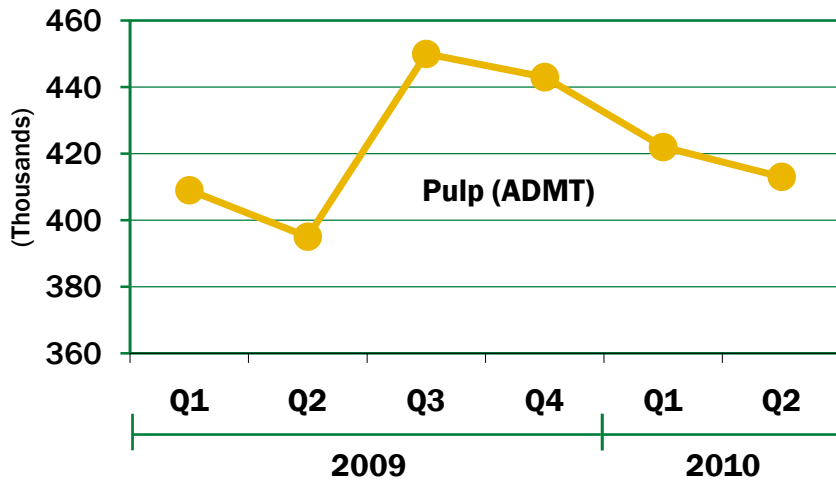
Cellulose Fibers Segment

Cellulose Fibers (\$ Millions)	2010 Q1	2010 Q2
Revenues	\$410	\$468
Contribution to Pre-Tax Earnings <i>Including Special Items</i>	\$19	\$74

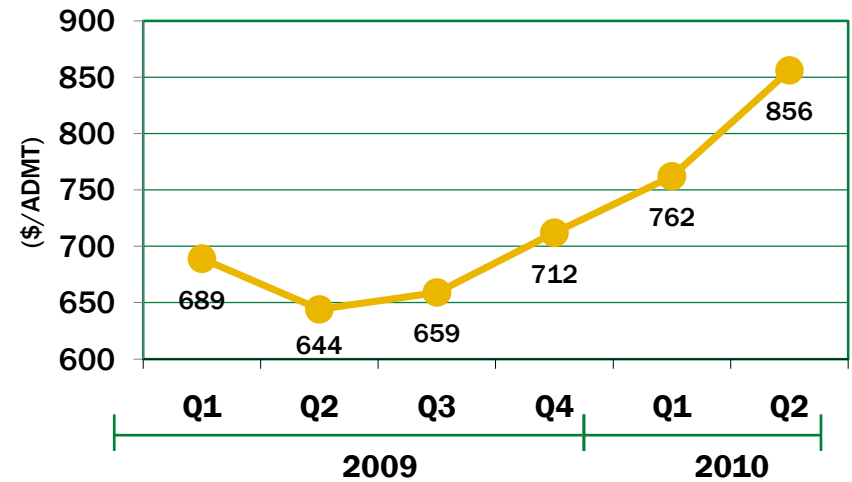
2nd Quarter Notes

- Higher average price realizations
- Lower energy costs
- Lower production because of planned annual maintenance outages at three mills, compared to two mills in the 1st quarter

3rd-Party Pulp Sales Volumes



Average 3rd-Party Realizations — Pulp



Real Estate Segment

Chart 9

Real Estate (\$ Millions)	2010 Q1	2010 Q2
Revenues	\$151	\$257
Contribution to Pre-Tax Earnings <i>Including Special Items</i>	\$31	\$27

2nd Quarter Notes

- Significant increase in home closings
- Improved margins on homes closed
- 2nd quarter includes gains of \$13 million on land and lot sales, compared to \$3 million in the 1st quarter
- 1st quarter included gains of \$33 million on sale of partnerships

Weyerhaeuser Real Estate Company Key Indicators

	2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2
Sales Traffic (in Thousands)	19	20	15	12	23	17
Single-Family Homes Sold (Net New Orders)	455	790	593	431	620	491
Single-Family Homes Sold But Not Closed At End of Period (Backlog)	584	910	997	650	877	743
Cancellation Rate (%)	28%	19%	22%	27%	19%	22%
Single-Family Homes Closed	429	464	506	778	393	625
Average Home Closing Price (\$ Thousands)	\$377	\$388	\$366	\$392	\$365	\$371



Segment	Comments
Timberlands	<ul style="list-style-type: none"> ▪ Weyerhaeuser anticipates lower domestic log prices, partially offset by higher export price realizations due to favorable mix. ▪ The company expects seasonally higher silviculture costs. ▪ Excluding the disposition of non-strategic timberlands, Weyerhaeuser expects 2010 Q3 operating earnings to be lower than 2010 Q2.
Wood Products	<ul style="list-style-type: none"> ▪ The company expects average price realizations for lumber and oriented strand board to drop below 2010 Q1 levels. ▪ Weyerhaeuser anticipates slightly lower log costs and lower manufacturing costs, primarily due to somewhat higher operating rates for lumber. ▪ Weyerhaeuser expects a significantly larger loss in 2010 Q3 compared to 2010 Q2.
Cellulose Fibers	<ul style="list-style-type: none"> ▪ Average pulp price realizations are expected to increase from 2010 Q2 levels. ▪ As no annual maintenance outages are scheduled for the third quarter, the company expects lower maintenance costs and improved production. ▪ Weyerhaeuser expects 2010 Q3 earnings to improve substantially compared to 2010 Q2.
Real Estate	<ul style="list-style-type: none"> ▪ The company anticipates a decline in single-family home closings and slightly lower margins. ▪ Weyerhaeuser expects breakeven results from single-family homebuilding operations in 2010 Q3. ▪ The company does not anticipate any significant non-single family transactions in 2010 Q3.



Special Dividend Calendar

Chart 11

Action	Key Dates
Filed prospectus with SEC	Tuesday, July 13
Ex-dividend date	Tuesday, July 20
Dividend record date	Thursday, July 22
Prospectus and election form mailed to shareholders	Thursday, July 29
Election forms due	Monday, August 23
Stock valuation dates	August 24, 25, 26
Expected dividend payment date	September 1



Hypothetical Share Impact: Special Dividend

(Updated, for illustrative purposes only)

Chart 12

Special Dividend	\$ 5.60 billion
Current Shares Outstanding	211.61 million
Special Dividend per Share	\$26.46 per share

Hypothetical Share Calculation

Total Special Dividend	\$ 5.60 billion
Cash Portion of Special Dividend (10%)	\$.56 billion

Stock Portion of Special Dividend	\$ 5.04 billion
Hypothetical Share Price During Valuation Period (August 24, 25, 26) (assumed to be July 29 closing price for purposes of this example)	\$16.49 per share

Hypothetical Shares Issued for Special Dividend	305.64 million shares
Current Shares Outstanding	211.61 million shares

Hypothetical Total Pro-forma Shares Outstanding	517.25 million shares
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Ratio of Hypothetical Shares Issued to Current Shares Outstanding (actual ratio cannot be computed until end of August)	1.44
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Appendix



Earnings Summary

Chart 13

\$ Millions except EPS	2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2
Contribution to Earnings before Special Items						
Timberlands	\$40	\$71	\$58	\$28	\$81	\$70
Wood Products	(176)	(147)	(92)	(123)	(63)	(11)
Cellulose Fibers	32	(7)	44	34	19	74
Real Estate	(24)	2	(9)	11	31	27
Corporate and Other	(14)	20	14	(11)	12	8
Total Contribution to Earnings before Special Items	(\$142)	(\$61)	\$15	(\$61)	\$80	\$168
Special Items	(192)	28	128	(72)	44	8
Total Contribution to Earnings	(\$334)	(\$33)	\$143	(\$133)	\$124	\$176
Interest Expense, net ¹	(106)	(105)	(108)	(143)	(106)	(155)
Income Taxes ²	176	32	(35)	101	(38)	(7)
Net Income (loss)	(\$264)	(\$106)	\$0	(\$175)	(\$20)	\$14
Diluted EPS	(\$1.25)	(\$0.50)	\$0.00	(\$0.83)	(\$0.10)	\$0.07
Diluted EPS before Special Items ³	(\$0.68)	(\$0.59)	(\$0.26)	(\$0.52)	(\$0.07)	\$0.20

1. Excludes interest income. Interest expense for 2010 Q2 includes a \$49 million loss on early extinguishment of debt. 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 Q1 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 14 and at www.weyerhaeuser.com



Earnings per Share Reconciliation

Chart 14

	2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2
Diluted EPS before Special Items	(\$0.68)	(\$0.59)	(\$0.26)	(\$0.52)	(\$0.07)	\$0.20
Gain (Loss) on Early Extinguishment of Debt				(0.09)		(0.16)
Net Gain on Divestiture of Assets and Operations / Restructuring of Uruguay Ownership		0.06	0.46		0.12	0.03
Tax Law Changes / Other One-time Tax Adjustments			(0.10)		(0.15)	
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)		
Legal and Insurance Settlement and Reserve Adjustments	(0.06)	0.07				
Impairment of Goodwill	(0.01)					
Diluted EPS (GAAP)	(\$1.25)	(\$0.50)	\$0.00	(\$0.83)	(\$0.10)	\$0.07

