



# WEYERHAEUSER

**Patty Bedient**

**Executive Vice President and Chief Financial Officer**

**2012 Citi Basic Materials Symposium**

**New York | November 28 , 2012**



# 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. These statements are based on various assumptions and may not be accurate because of risks and uncertainties surrounding the 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 the presentation.

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 a variation of those terms.

This presentation contains forward-looking statements about the Company's expectations regarding the Company's potential to create value over time; export log realizations, domestic prices, Southern log price realizations and earnings from non-strategic timberland dispositions and other sources, such as biomass and oil and gas, in the Timberlands segment; sales volumes, sales realizations for various products, log costs and import competition, particularly from Canada, in the Wood Products segment; selling prices and sales volumes for pulp, productivity and annual maintenance expense, chemical and fiber costs and energy cost and freight expense in the Cellulose Fibers segment; and housing starts, home closings, selling prices and gross margins and selling expenses in the Real Estate segment. 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:

- general economic conditions, including employment rates, housing starts, interest rate levels, availability of financing for home mortgages and strength of the U.S. dollar;
- market demand for the Company's products, which is related to the strength of the various business segments and economic conditions;
- performance of the Company's manufacturing operations, including maintenance requirements;
- raw material prices and energy and transportation costs;
- successful execution of internal performance plans including restructurings and cost reduction initiatives;
- level of competition from domestic and foreign producers;
- the effect of weather and the risk of loss from fires, floods, windstorms, hurricanes, pest infestation and other natural disasters;
- 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 our common stock on charges for share-based compensation;
- changes in accounting principles;
- performance of pension fund investments and derivatives; and
- the 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 Canadian dollar, Euro and Yen. Restrictions on international trade or tariffs imposed on imports also may affect the Company.



# REASONS TO OWN WEYERHAEUSER

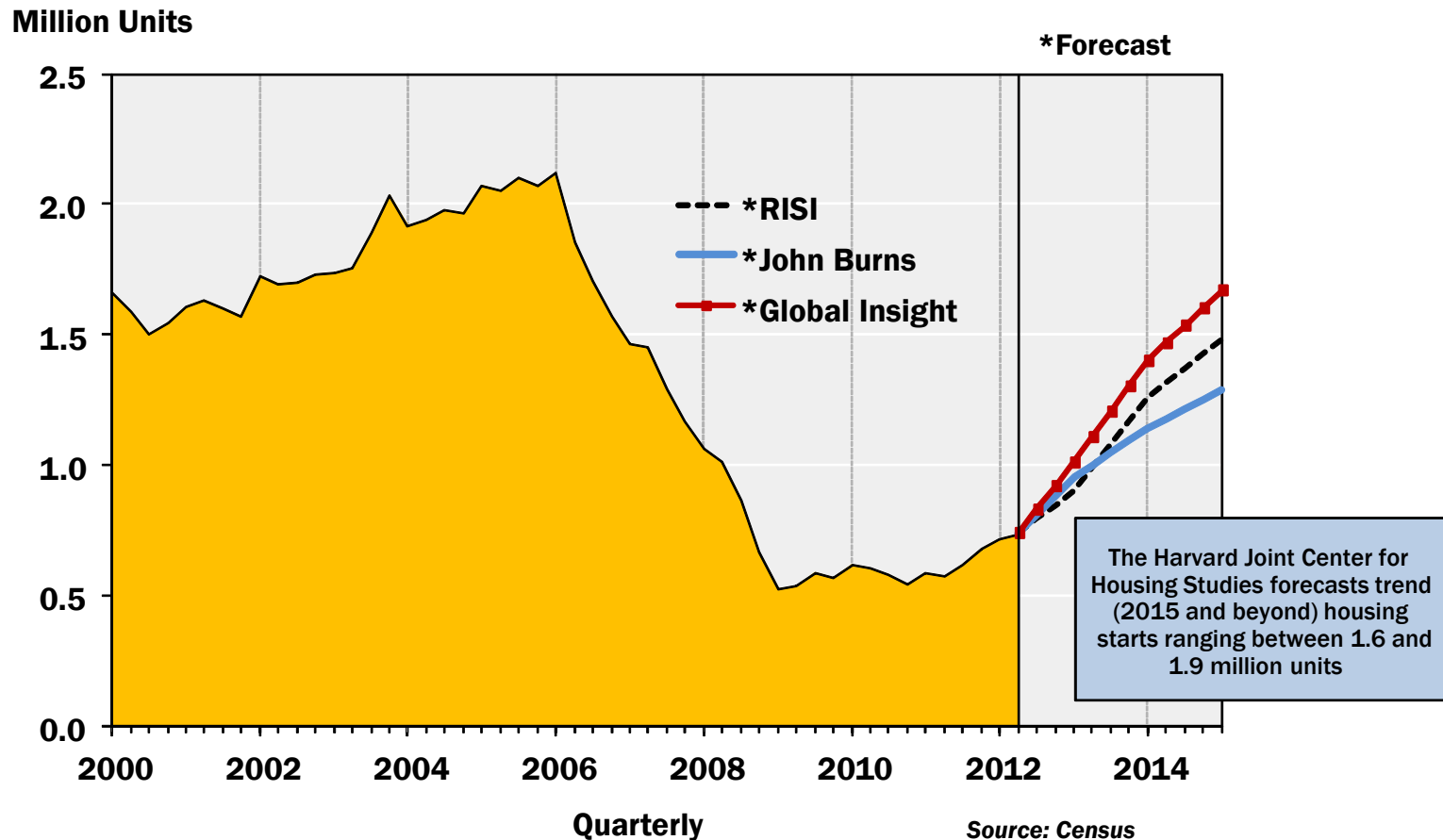
- **Attractive, sustainably managed timberlands**
- **Tax efficient REIT structure**
  - Aligns with timberlands focused strategy
  - Significant cash flow benefits
- **Company positioned for strong EBITDA growth**
  - Housing recovery is underway
  - Positioned to leverage growth in domestic and global markets
  - Continued operational excellence and disciplined cost management
- **Strong liquidity and improving capital structure**

**Committed to a sustainable dividend  
that we expect to grow over time**



# HOUSING RECOVERY IS UNDERWAY

**Total U.S. Housing Starts  
(Seasonally Adjusted Annual Rate)**



**Housing will return to long-term trend levels**

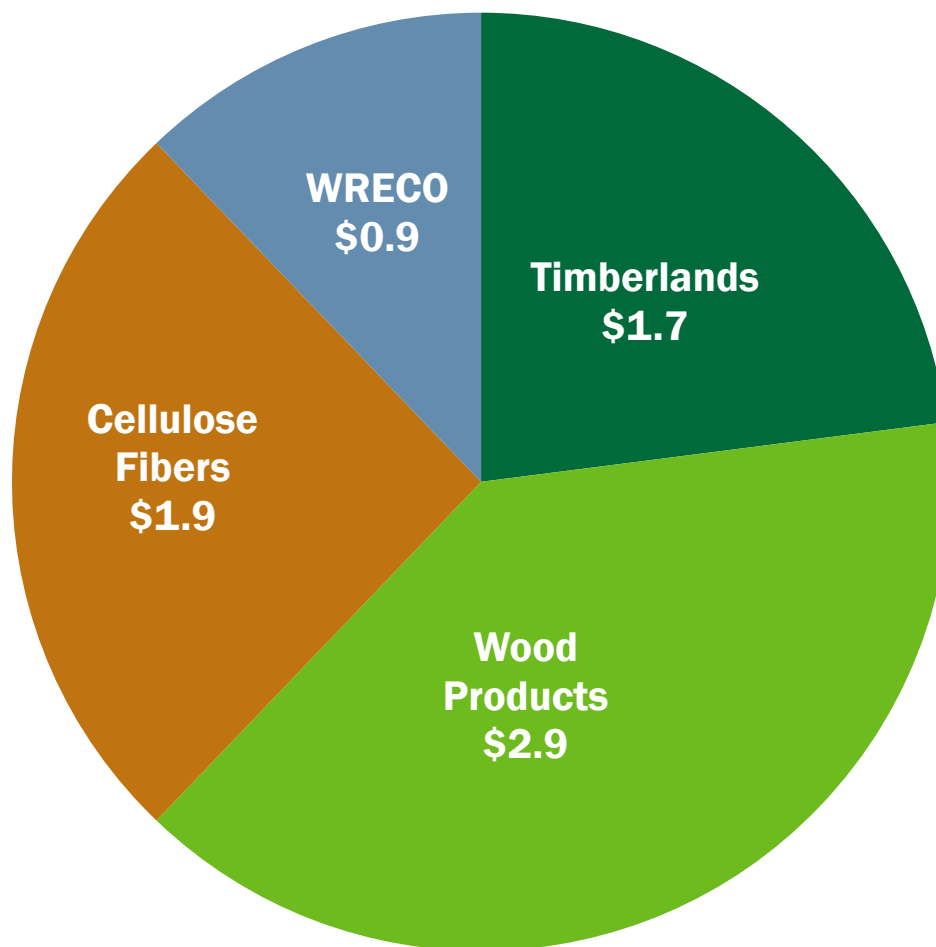


# REVENUE BY SEGMENT

## Revenue Including Intersegment Sales

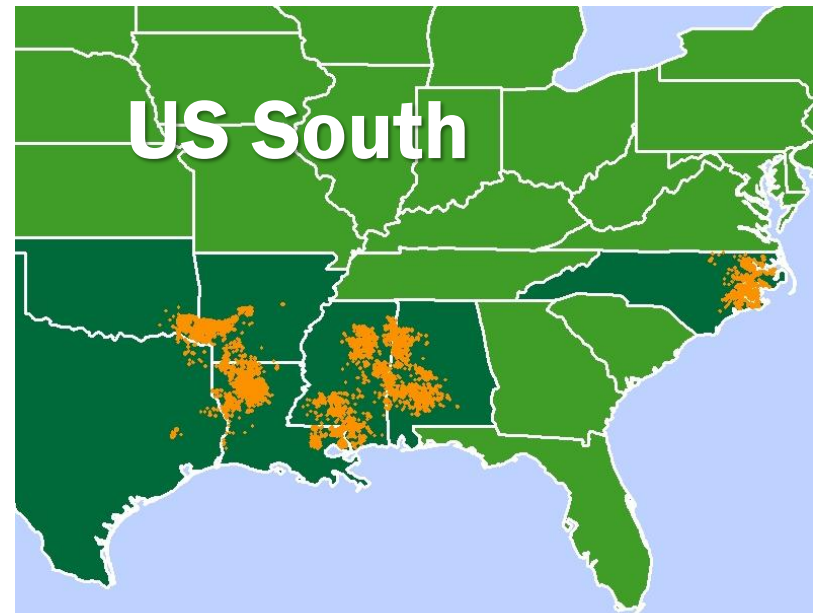
Last twelve months (LTM) ending September 30, 2012

**\$7.4 billion<sup>1</sup>**



# TIMBERLANDS

- **US West**
  - Nearly 2 million acres
  - High-value Douglas fir
  - Well-located for export markets
- **US South**
  - Over four million acres
  - Primarily loblolly pine
- **Uruguay**
  - Over 300,000 acres
  - Loblolly pine and eucalyptus
- **North America 100% certified to sustainable forestry standards**



# TIMBERLANDS

TIMBERLANDS	
Revenue (LTM) <sup>1</sup>	<b>\$1.7 billion</b>
EBITDA (LTM) <sup>2</sup>	<b>\$434 million</b>
Key Economic Indicators	<b>US housing starts Asian log demand</b>

- **Positive long-term supply and demand dynamics**
  - Growing domestic and global markets for logs
  - Canadian supply declining due to Mountain Pine beetle
- **Our competitive advantages**
  - Increasing harvest volume and value
  - Sawlog focus
  - Innovative silviculture
  - Unique export capability
  - Scale logistics
- **Additional sources of income**
  - Minerals oil and gas
  - Biomass

**World-class timber holdings in the best timber-growing regions**

<sup>1</sup> Includes intersegment sales. A reconciliation to GAAP is set forth on slide 22.

<sup>2</sup> A reconciliation to GAAP is set forth on slide 23.



# CANADA: DIMINISHING SHARE OF U.S. MARKET

- **Canadian lumber available to U.S. lower due to mountain pine beetle and growth in offshore exports**

<b>Billion Board Feet</b>	<b>2005</b>	<b>2010</b>	<b>2015</b>	<b>2020</b>
<b>Canadian Lumber Production</b>	<b>35</b>	<b>24</b>	<b>29</b>	<b>28</b>
<b>Domestic Consumption</b>	<b>(11)</b>	<b>(11)</b>	<b>(11.5)</b>	<b>(12)</b>
<b>Offshore Exports</b>	<b>(2.5)</b>	<b>(4)</b>	<b>(5.5)</b>	<b>(6)</b>
<b>Available for U.S.</b>	<b>21.5</b>	<b>9</b>	<b>12</b>	<b>10</b>
<b>U.S. Demand</b>	<b>64</b>	<b>32.5</b>	<b>48</b>	<b>50</b>
<b>Canadian Share of U.S.</b>	<b>34%</b>	<b>28%</b>	<b>25%</b>	<b>20%</b>

Source: International Wood Markets, RISI

**Positive Trend for Our Timberlands and Lumber Businesses**

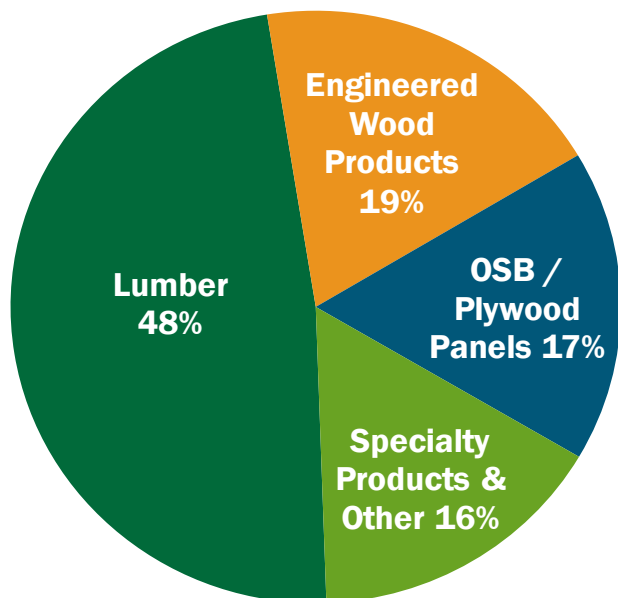




# WOOD PRODUCTS

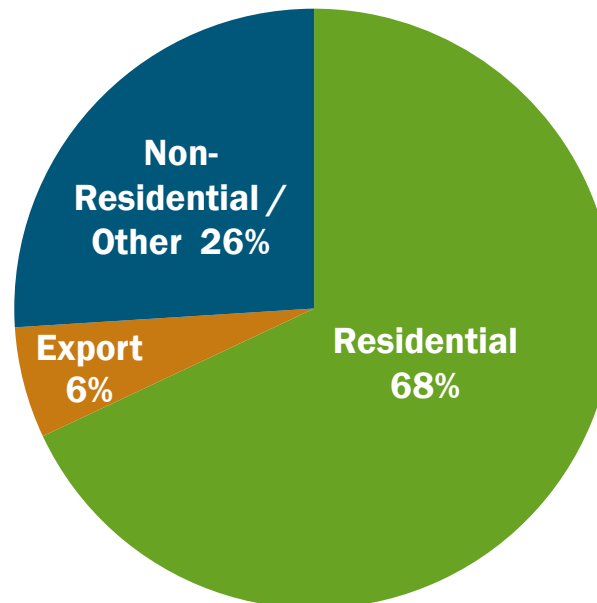
## Diverse Product Mix

(% of 2011 Sales)



## Broad Market Reach

(% of 2011 Sales)



Business	Facilities	Capacity
Softwood Lumber	18	4.5 BBF
OSB	6	3.0 BSF
Engineered Wood Products	10	Solid Section – 33 MMCF TJI – 380 MMLF
Distribution	22	Located in strong US housing markets



# WOOD PRODUCTS

WOOD PRODUCTS	
Revenue (LTM) <sup>1</sup>	<b>\$2.9 billion</b>
EBITDA (LTM) <sup>2</sup>	<b>\$152 million</b>
Key Economic Indicators	<b>US housing starts Repair &amp; remodel</b>

- **Positive business outlook**
  - Significant leverage to US housing recovery
  - Mountain Pine beetle constrains supply of Canadian lumber
- **Our business focus**
  - Improving operating performance
  - Reducing costs
  - Expanding customer base and market reach
  - Product innovation

**Diverse mix of building products leveraged to housing recovery**

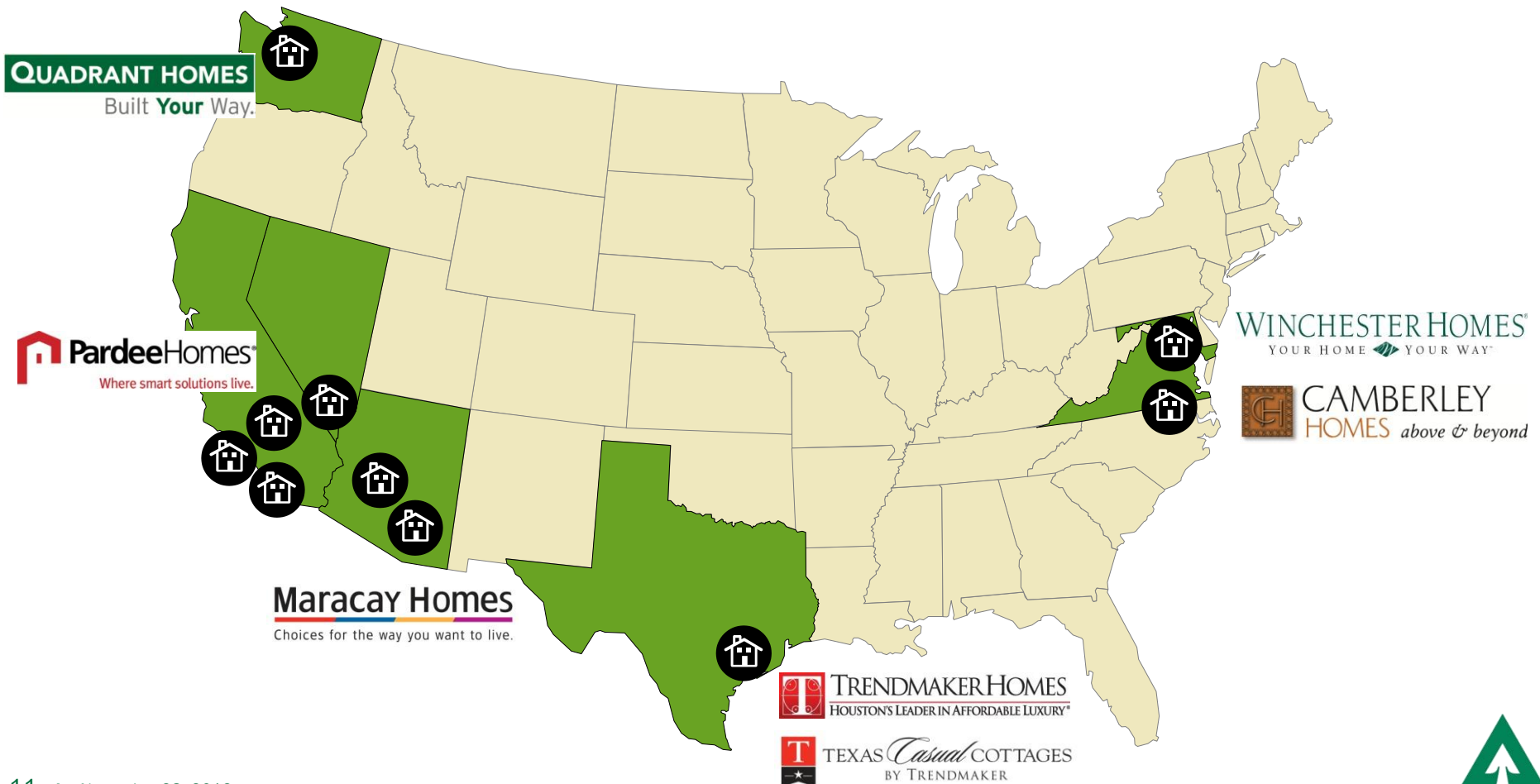
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# REAL ESTATE

- Top 20 builder of single-family homes
- Operate in select markets with positive long-term trends
- Industry-leading customer satisfaction and margins



# REAL ESTATE

REAL ESTATE	
Revenue (LTM) <sup>1</sup>	\$0.9 billion
EBITDA (LTM) <sup>2</sup>	\$104 million
Key Economic Indicators	US single-family starts Employment growth Demographic trends

- **US housing is recovering**
- **Innovating with new products, features and buyer services**
- **Controlling costs**
- **Enhancing margins**
- **Repositioning land portfolio**

**Unique value propositions and industry-leading margins**

1. Includes intersegment sales. A reconciliation to GAAP is set forth on slide 22.

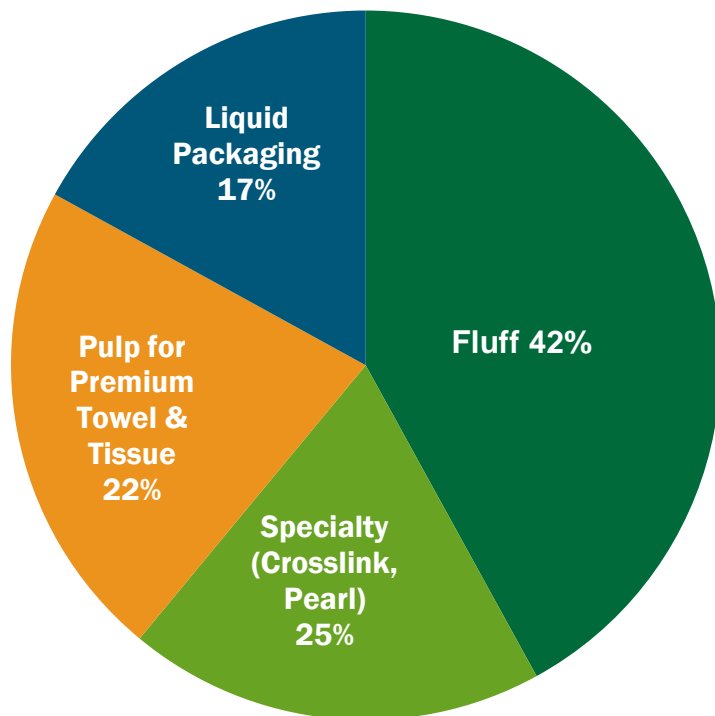
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# CELLULOSE FIBERS

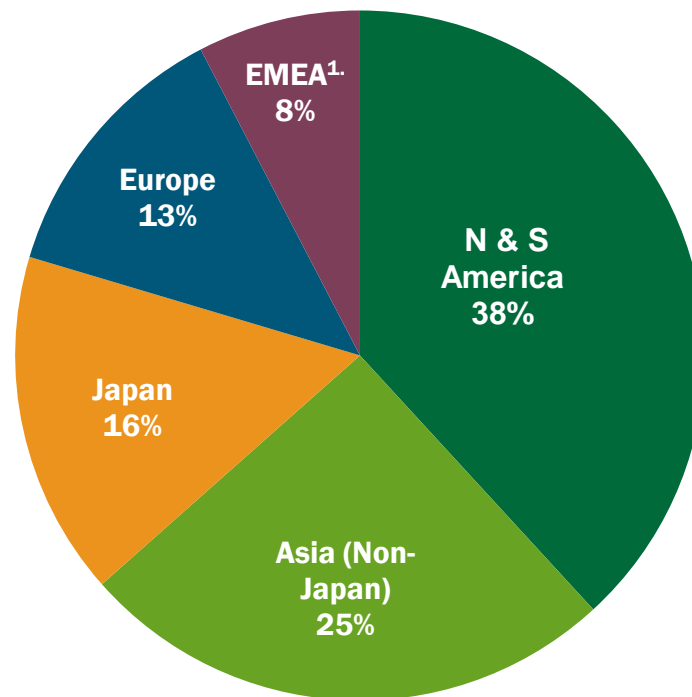
## Diverse Product Mix

(% of 2011 Sales)



## Broad Market Reach

(% of 2011 Sales)



# CELLULOSE FIBERS

CELLULOSE FIBERS	
Revenue (LTM) <sup>1</sup>	<b>\$1.9 billion</b>
EBITDA (LTM) <sup>2</sup>	<b>\$441 million</b>
Key Economic Indicators	<b>Global fluff demand World GDP Emerging market demographics</b>

- **Expanding margins through focus on value-added products**
- **Growing strategic customer relationships**
- **World-class industry efficiency and highly competitive manufacturing costs**
- **Innovating with new and “next generation” proprietary fibers**

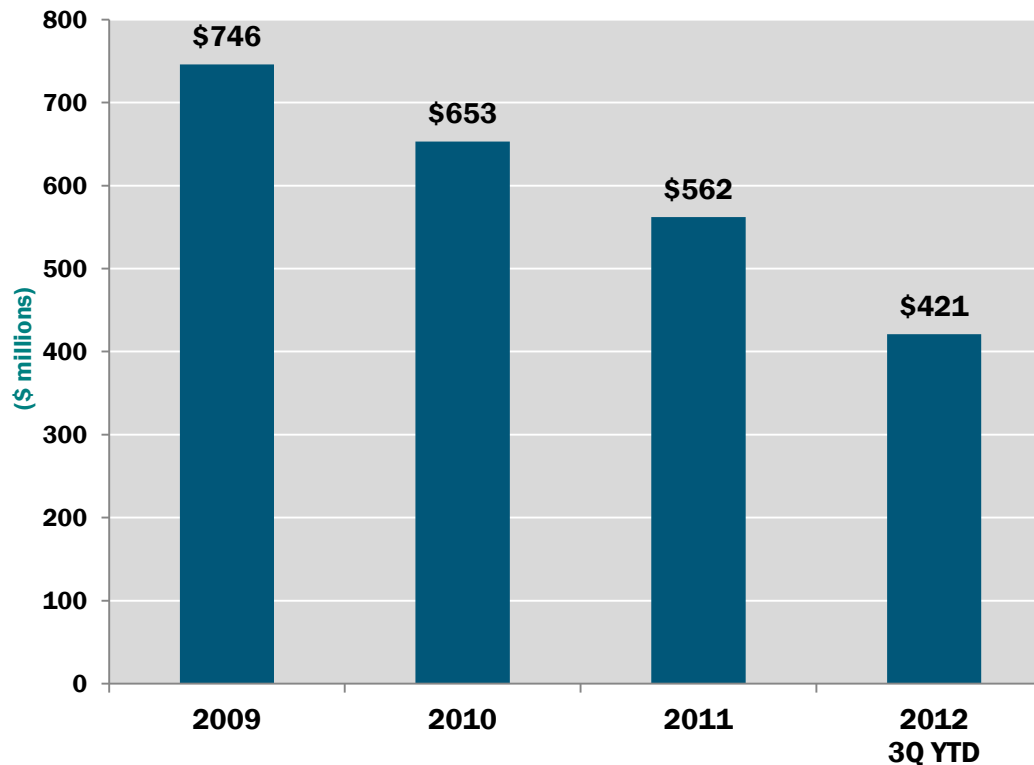
**Growing global market reach  
with innovative, value-added products**

1. Includes intersegment sales. A reconciliation to GAAP is set forth on slide 22.

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# RELENTLESS FOCUS ON SG&A COSTS



**SG&A Expense from Continuing Operations <sup>1</sup>**  
**(excluding Pension & OPEB)**

**Reduced SG&A by ~\$200 Million from 2009-2011  
While Growing Revenue by ~\$1.1 Billion, or 23%**



# PRIORITIES FOR CAPITAL ALLOCATION

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- **Returning cash to shareholders**
- **Improving capital structure**
  - Strong liquidity and reducing interest expense
  - Managing retirement liabilities
- **Investing in our businesses**
  - Disciplined capital expenditures
  - Growth opportunities





# DIVIDEND PAYOUT POLICY

- **Targeting a dividend payout ratio of 75% of Funds Available for Distribution (FAD) over cycle**
  - FAD defined as cash flow before debt repayment and dividends
  - Will consider repurchasing shares
- **Current quarterly dividend of 17 cents per share, or 68 cents per share on annualized basis**
  - 2012 dividend payout ratio will likely exceed 75% of FAD, given current outlook

**A Sustainable Dividend That  
We Expect to Grow Over Time**



# COMMITTED TO STRONG LIQUIDITY AND IMPROVING CAPITAL STRUCTURE

- **Strong liquidity**

- \$1 billion credit facility, expires June 2015– no borrowings outstanding
- Cash balance as of 9/30/2012: \$608 million

<i>\$ millions</i>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Total Debt</b>					
Beginning of Year	\$4,291	\$3,882	\$3,867	\$3,867	\$3,867
Maturities	(409)	(15)	0	0	(281)
End of Year	<b>\$3,882</b>	<b>\$3,867</b>	<b>\$3,867</b>	<b>\$3,867</b>	<b>\$3,586</b>

**Strong Capital Structure  
Supports Sustainability of Dividend**



# REASONS TO OWN WEYERHAEUSER

- **Attractive, sustainably managed timberlands**
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- **Company positioned for strong EBITDA growth**
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# THIRD PARTY AWARDS AND RECOGNITION



## Most Admired Companies

FORTUNE Magazine, 1988-2012

## Dow Jones Sustainability Index

2005/06 - 2012/13 (North America);  
2011/12 - 2012/13 (World)



## World's Most Ethical Companies

Ethisphere Institute, 2009, 2010, 2012

## Bronze Class Distinction, The Sustainability Yearbook

Sustainable Asset Management, 2011-2012



## Top 100 S&P 500 Clean Capitalism Ranking

Corporate Knights, 2012

## FTSE4Good Index Series

FTSE Group, 2005-2008 and 2011-2012



FTSE4Good



## 100 Best Corporate Citizens

Corporate Responsibility Magazine,  
2008-2012

## Maplecroft Climate Innovation Indices

Cycles 1 (Leader), 2, and 3



## Joint Sector Leader

Forest Footprint Disclosure Project, 2011

## ECPI Global Equity Indices

Developed Ethical+ Equity, Ethical Global Equity,  
Global ESG Alpha Equity, and Global Alpha 40  
Equity



## oekom Prime Status

oekom Research, 2011-2012

## STOXX ESG Leaders Indices

2012/2013





# APPENDIX



# RECONCILIATION TO GAAP: TOTAL REVENUE

\$ millions	2011 Q4 through 2012 Q3				Total
	Timberlands	Wood Products	Cellulose Fibers	Real Estate	
<b>Sales to and Revenues from Unaffiliated Customers (GAAP)</b>	<b>\$1,053</b>	<b>\$2,768</b>	<b>\$1,914</b>	<b>\$939</b>	<b>\$6,674</b>
Intersegment Sales (GAAP)	665	77	0	0	742
<b>Revenue Including Intersegment Sales</b>	<b>\$1,718</b>	<b>\$2,845</b>	<b>\$1,914</b>	<b>\$939</b>	<b>\$7,416</b>



# RECONCILIATION TO GAAP: EBITDA

\$ millions	2011 Q4 through 2012 Q3					Unallocated items	Total
	Timberlands	Wood Products	Cellulose Fibers	Real Estate			
<b>EBITDA<sup>1</sup></b>	<b>\$434</b>	<b>\$152</b>	<b>\$441</b>	<b>\$104</b>	<b>(\$102)</b>	<b>\$1,029</b>	
Depreciation, Depletion and Amortization	(139)	(135)	(147)	(12)	(22)	(455)	
Special Items	0	(13)	0	0	89	76	
Capitalized Interest Included in Cost of Products Sold	0	0	0	(32)	(8)	(40)	
<b>Operating Income (GAAP)</b>	<b>\$295</b>	<b>\$4</b>	<b>\$294</b>	<b>\$60</b>	<b>(\$43)</b>	<b>\$610</b>	
Interest Income and Other	3	1	4	5	37	50	
<b>Net Contribution to Earnings (GAAP)</b>	<b>\$298</b>	<b>\$5</b>	<b>\$298</b>	<b>\$65</b>	<b>(\$6)</b>	<b>\$660</b>	

<sup>1</sup>EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. EBITDA, 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 should not be considered in isolation from and is not intended to represent an alternative to our results computed under GAAP.



# RECONCILIATION TO GAAP: SG&A EXPENSE

<b>\$ millions</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012 3Q YTD</b>
<b>SG&amp;A Expense, Excluding Pension &amp; OPEB</b>	<b>\$746</b>	<b>\$653</b>	<b>\$562</b>	<b>\$421</b>
Pension & Postretirement Costs (Credits)	(65)	(3)	39	27
<b>SG&amp;A Expense (GAAP)</b>	<b>\$681</b>	<b>\$650</b>	<b>\$601</b>	<b>\$448</b>





# PATTY BEDIENT



Patty Bedient was named Executive Vice President and Chief Financial Officer in April 2007. She became senior vice president of Finance and Strategic Planning in February 2006 and from February 2003 to 2006 she served as vice president of Strategic Planning.

Prior to joining the company, Patty was with Arthur Andersen LLP for 27 years, where she served a number of clients in the forest products, manufacturing, distribution and educational service industries. She began her career with Arthur Andersen in Portland, Oregon, becoming a partner in 1987. In 1993 she transferred to the Boise, Idaho, office. From 1999-2002 she served as the managing partner for the Seattle office and as the partner in charge of the firm's forest products practice.

Bedient attended Oregon State University where she received a bachelor of science degree in Business Administration, with a concentration in accounting and finance.

Patty is a certified public accountant and is a member of the American Institute of CPAs and the Washington Society of CPAs.

She currently serves on the board of directors of Alaska Air Group, the Oregon State University Foundation board of trustees, the advisory board for the University of Washington School of Business, and the San Francisco regional advisory board for FM Global.

She has served on the boards of the World Forestry Center, the Forest History Society, and the Forest Research Lab advisory committee, Oregon State University.

Bedient was recently recognized by the Wall Street Journal as one of the top 25 finance executives at S&P 500 companies.





**WEYERHAEUSER**

