



Annual Analyst Conference

**Weyerhaeuser Company
New York City
May 20, 2005**

Forward-looking Statement

- These presentations contain 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 of 2005; expected earnings and performance of the company's business segments during the second quarter of 2005, demand and pricing for the company's products in the second quarter of 2005, the expected closing of the sale of BC Coastal Assets in the second quarter of 2005, and forecasts regarding the outlook for economic and employment growth, housing fundamentals, the national housing market, housing demand, market position in particular markets, competitive landscape in particular markets, expectations regarding increased market share of large homebuilders, builder/dealer consolidation, innovation, technology, nonproduct sales, jobsite labor, cost reduction, quality improvement, capacity rationalization, increase in timber harvest, supply chain opportunities, achievement of target capital structure, and other 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, exchange rates, inflation and housing starts; immigration and population growth; market demand for the company's products, which may be tied to the relative strength of various U.S. business segments; the company's ability to increase the prices of its products; energy prices; weather conditions; availability and pricing of raw materials; the availability of transportation; the successful execution of internal performance plans and the performance of the company's manufacturing operations; the level of competition from domestic and foreign producers; the effect of forestry, land use, environmental and other governmental regulations; fires, floods and other natural disasters; and regulatory actions and legal proceedings.
- 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, including the countervailing and dumping duties imposed on the company's softwood lumber shipments from Canada to the United States. These and other factors that could cause or contribute to actual results differing materially from such forward-looking statements are discussed in greater detail in the company's Securities and Exchange Commission filings.
- In addition, some information in this presentation is derived from publicly available information, industry publications and websites, data compiled by market research firms, and similar sources. Although we believe that this information is reliable, we have not independently verified any of this information and we cannot assure you that it is accurate.



Weyerhaeuser Company

**Steven R. Rogel
Chairman, President and CEO**



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 **Weyerhaeuser**
The future is growing™

Agenda



- **Introduction** S. Rogel
- **Operations** R. Hanson
- **Weyerhaeuser Real Estate Company** D. Fulton
- **Residential Wood Products** L. Alford
- **Timberlands** T. Gideon
- **Cellulose Fibers and Fine Paper** M. Jackson
- **Containerboard Packaging and Recycling** J. Keller
- **Positioned for the Future** P. Bedient
R. Taggart

A photograph of a young evergreen tree in a misty, mountainous landscape. The tree is on the left side of the frame, and the background shows rolling hills and mountains shrouded in mist. The overall tone is soft and natural.

Weyerhaeuser Operations

**Richard E. Hanson
Executive Vice President and
Chief Operating Officer**

Senior Management Presenters



Daniel S. Fulton
President and CEO
Weyerhaeuser
Real Estate
Company



Thomas Gideon
Senior Vice President
Timberlands



Lee Alford
Senior Vice President
Residential
Wood Products

Senior Management Presenters



Michael A. Jackson
Senior Vice President
Pulp and White Paper



James R. Keller
Senior Vice President
Containerboard
Packaging &
Recycling



Patricia M. Bedient
Vice President
Strategic
Planning

Our Focus Remains on Improving Financial Performance



- **Manufacturing cost reduction and asset utilization**
- **Added value across the supply chain**
 - **Trees that fit our markets**
 - **Technology — leverage scale, product value differentiation**
 - **Scale to serve large market segments with broad array of products and services**
 - **Demand-driven sales and operating planning**

Our Focus Remains on Improving Financial Performance (cont.)



- **Maximize returns from Timberlands portfolio**
- **Improving performance in Cellulose Fiber, Paper and Containerboard Packaging**
 - **Choice of market segments and channels to market, aligned to manufacturing**
 - **Rationalization of capacity**
 - **Continued low-cost producer initiatives**
 - Energy
 - Reliability / efficiency
 - Capacity utilization



Weyerhaeuser Real Estate Company

**Daniel S. Fulton
President,
Weyerhaeuser Real Estate Company**

Weyerhaeuser Real Estate Company (WRECO)



Weyerhaeuser Real Estate Company

- **Single family homebuilding**
 - **Retail business — sell direct to final customer**
 - **Local / regional focus**
 - **Focused on markets where we have a competitive advantage**
- **Builder finance**



Who We Are



WRECO Performance

- **Steady improvement since 2000**
 - Closings growing — 12% per year
 - Average home price increase — 7% per year
 - Margins improving
 - Earnings increase — 24% per year
- **Quick start in 2005**



WRECO Performance

- Industry leading performance — where it counts
- WRECO ranking among top homebuilders for 2004
 - Closings — #16*
 - Revenue — #14*
 - Pre-tax margin — #1*
 - Net income — #8*



**Source: Industry Data*

Macro-economic Overview

- Overall economic and employment growth outlooks are favorable
- Long-term housing fundamentals are very good
- Housing demand on a trend basis should be in the 1.8–1.9 million unit range through the year 2015
 - Household formation
 - Home ownership rates increasing
 - Housing stock replacement
- Long-term interest rates influenced by: foreign capital flows, inflation and budget deficit
- Local market dynamics will determine future housing price velocity and direction

Large Builders Capture Increasing Market Share

- **Current stability of market drivers**
- **Supply constraints**
- **Improved inventory management**
- **Stronger balance sheets**
- **Product diversification**
- **Improved technology**
- **Purchasing efficiencies**
- **Geographic diversification**
- **Management discipline**

Our Competitive Advantages

- **Select markets**
- **Experienced management**
 - **22-year average tenure**
- **Localized approach**
 - **Product preferences**
 - **Community and governmental issues**
- **Aligned management processes focused on financial results**
- **Powerful regional brands**
- **Disciplined execution**
 - **Safe job sites**
 - **Focused value propositions**
 - **Inventory control**
- **Linkage with Weyerhaeuser**

WRECO is Positioned to Succeed

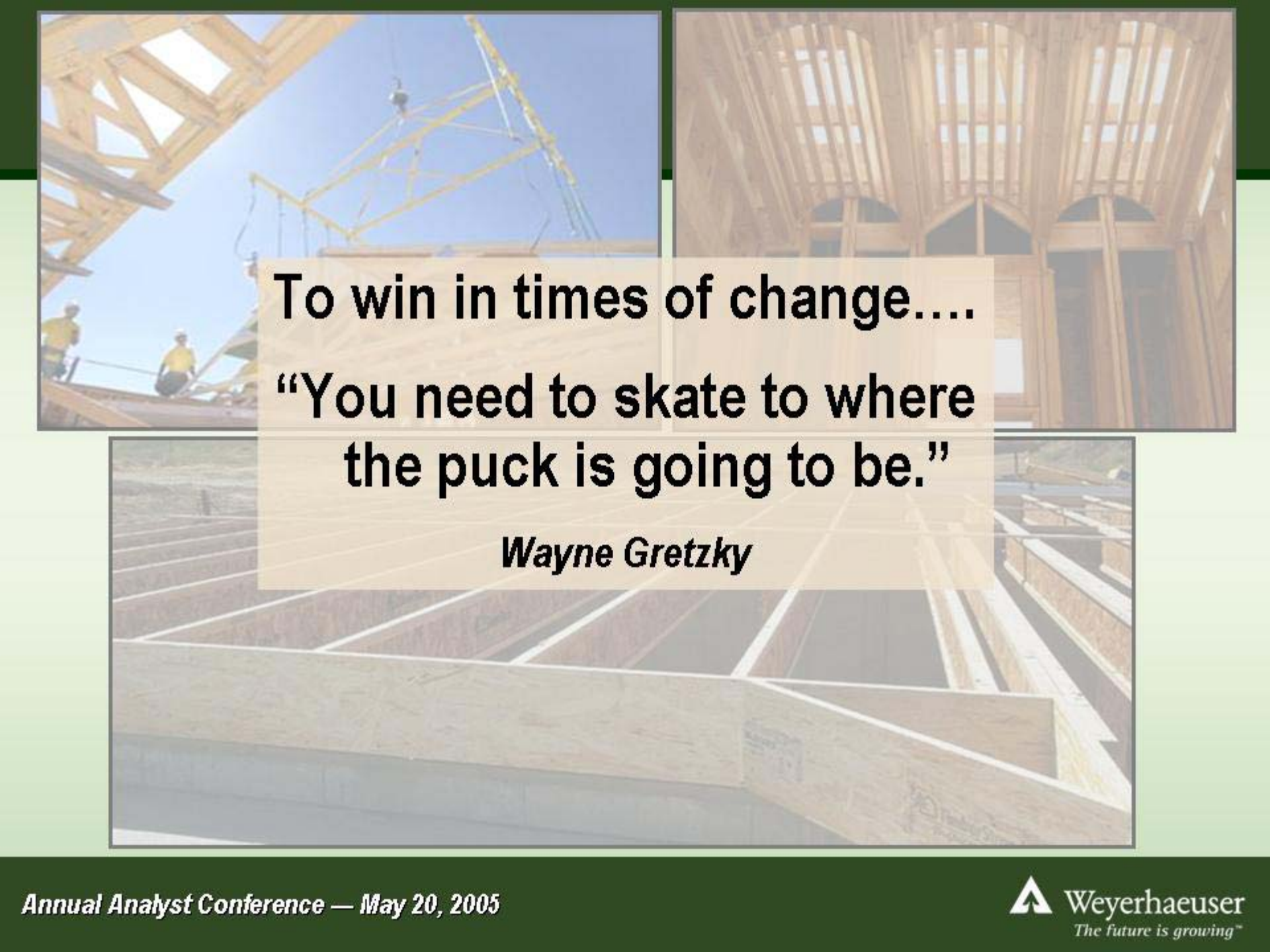
- **Outlook for the national housing market is favorable**
 - **Demographic trends are compelling**
- **WRECO is a top performer**
 - **We have strong competitive advantages**





Residential Wood Products

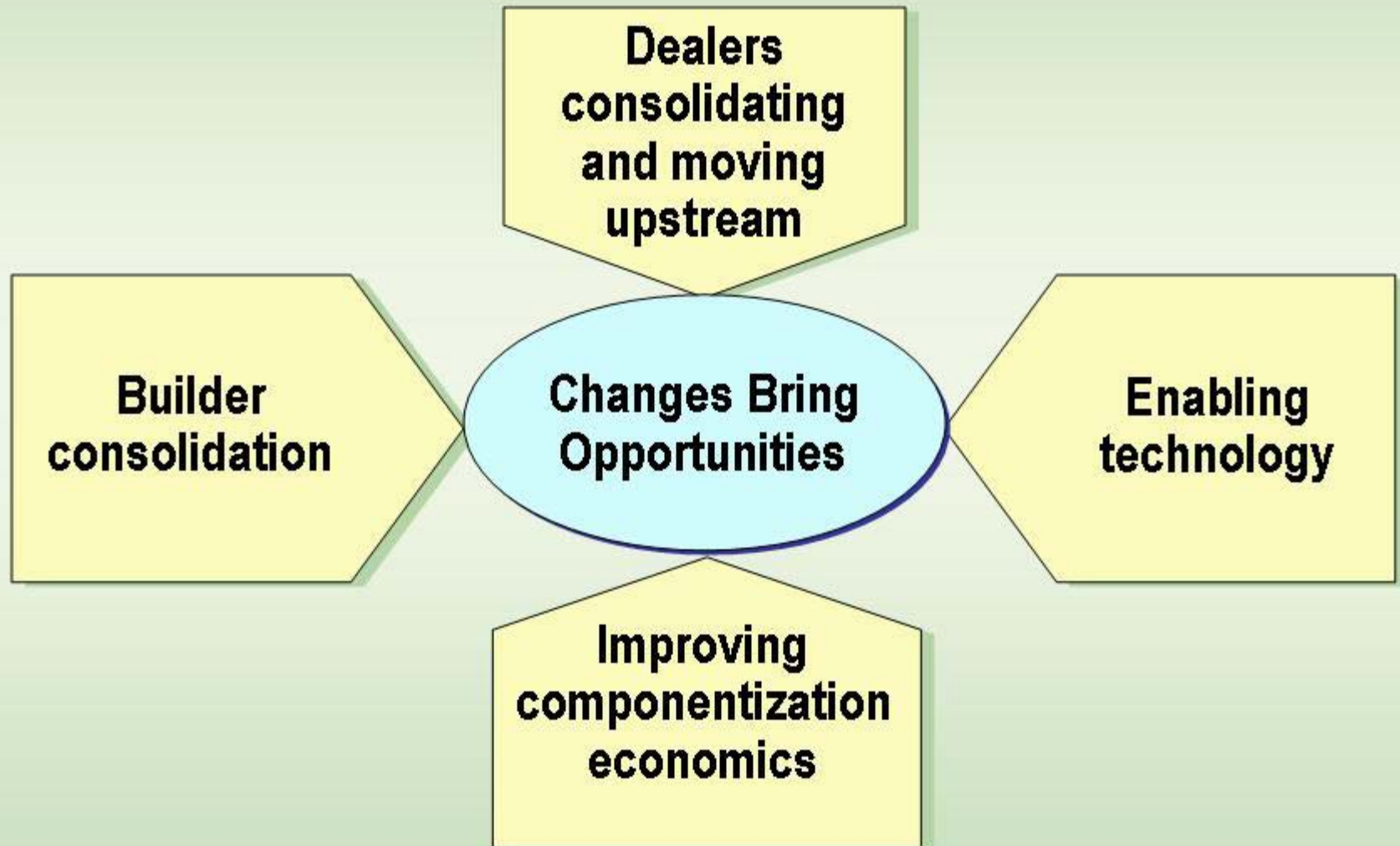
**Lee Alford
Senior Vice President,
Residential Wood Products**



**To win in times of change....
“You need to skate to where
the puck is going to be.”**

Wayne Gretzky

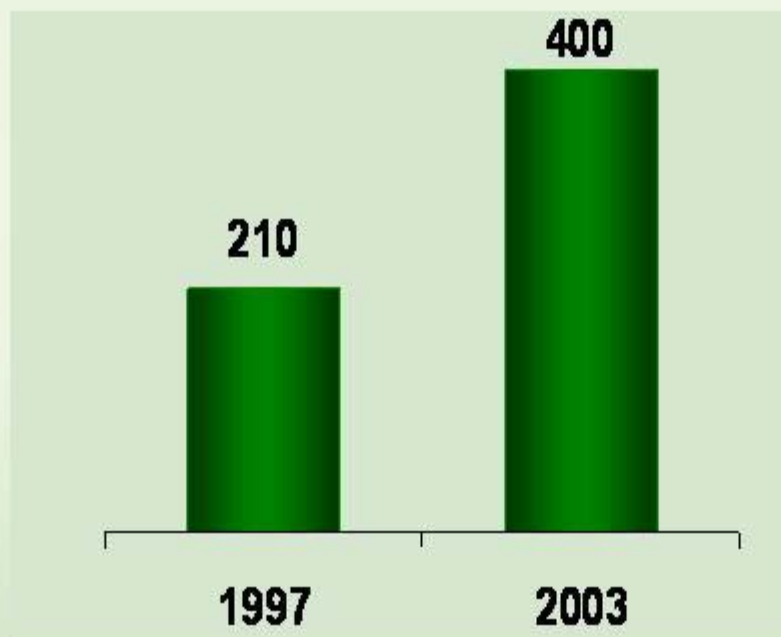
We Are Living in a Time of Change



Large Dealers Getting Larger

Average Size of Pro Dealer (\$ Million)

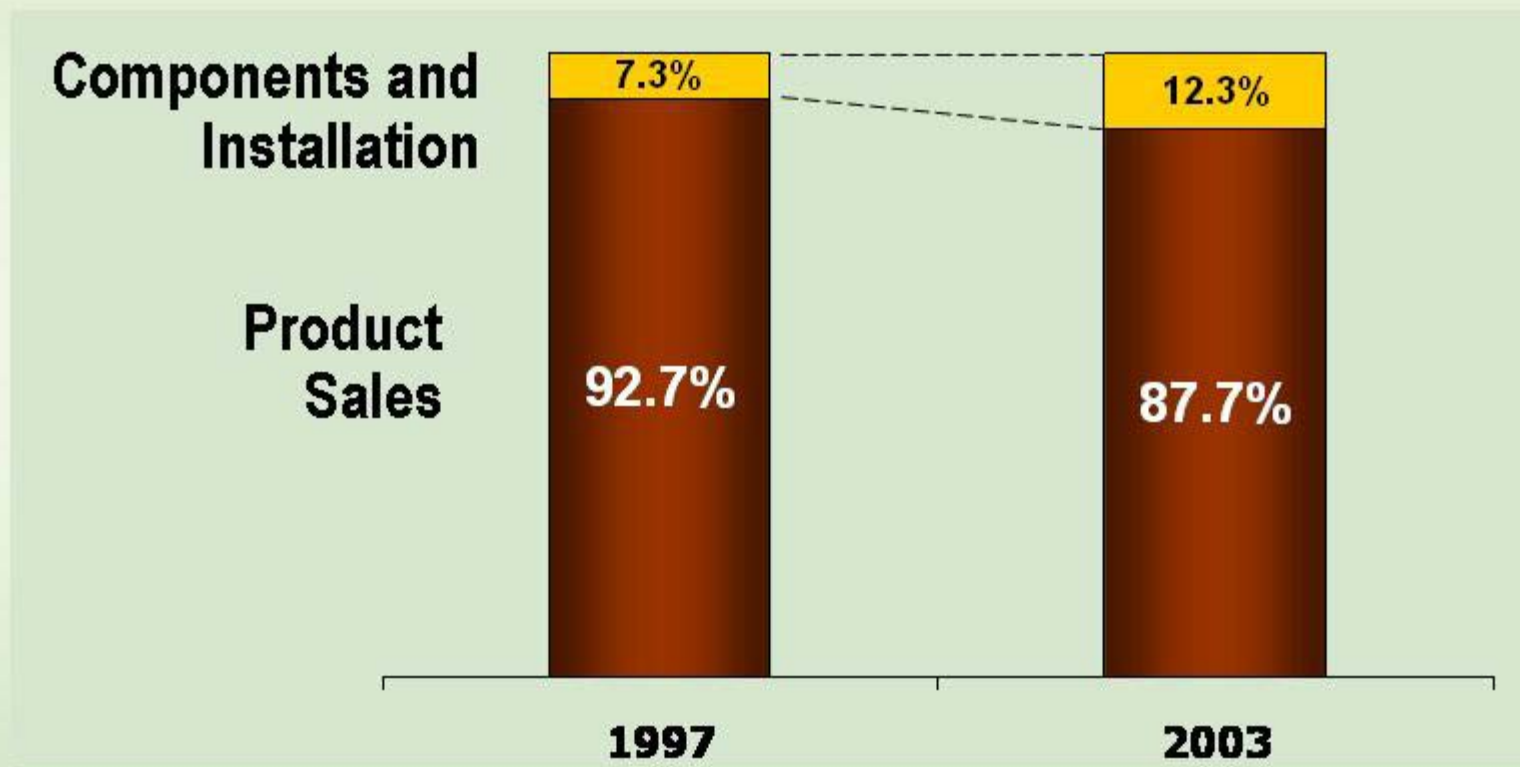
Large Dealer (> \$50 Million)



Source: Joint Center for Housing Studies, Harvard University

Non-product Sales Growing Faster Than Product Sales

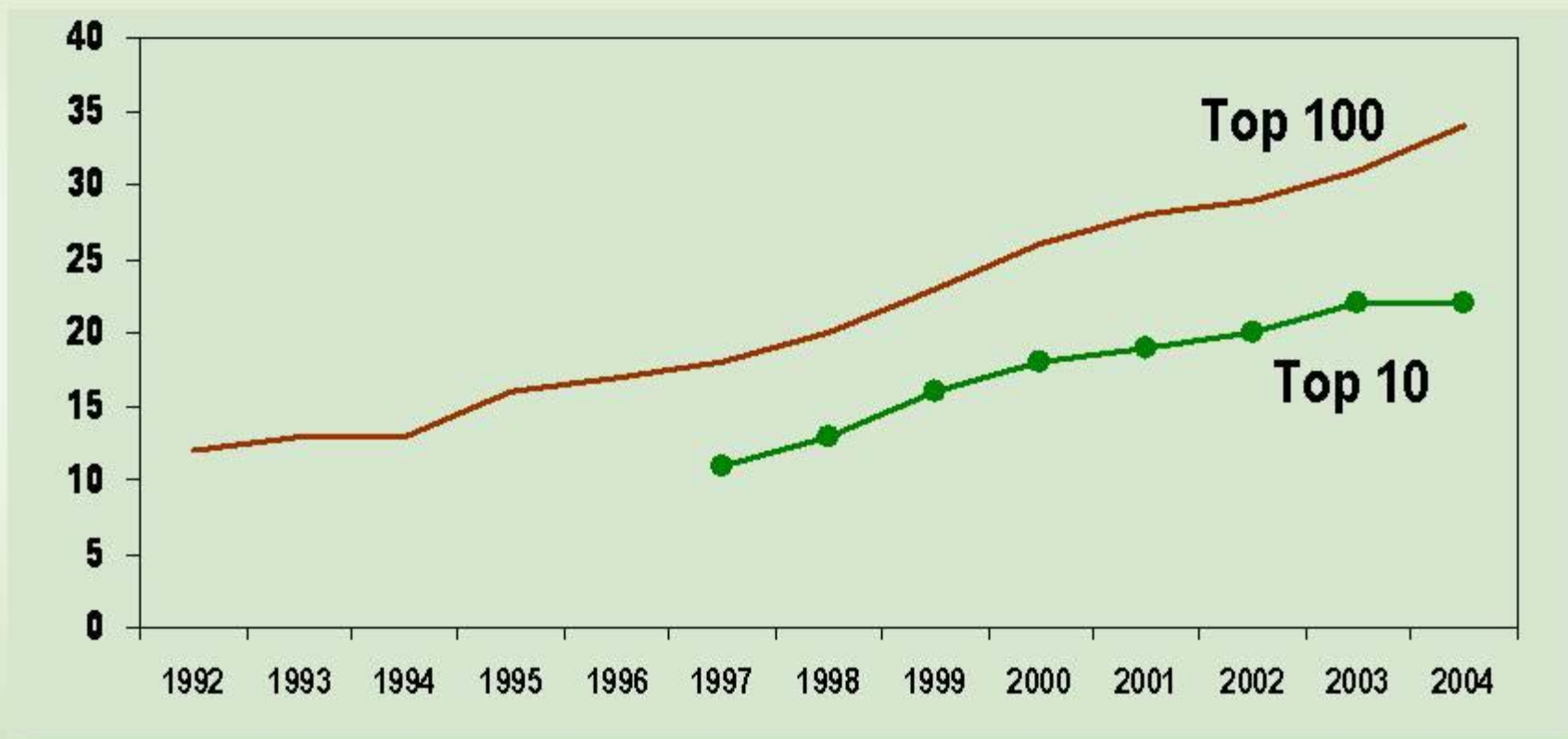
Dealer Revenue Source



Source: Joint Center for Housing Studies, Harvard University

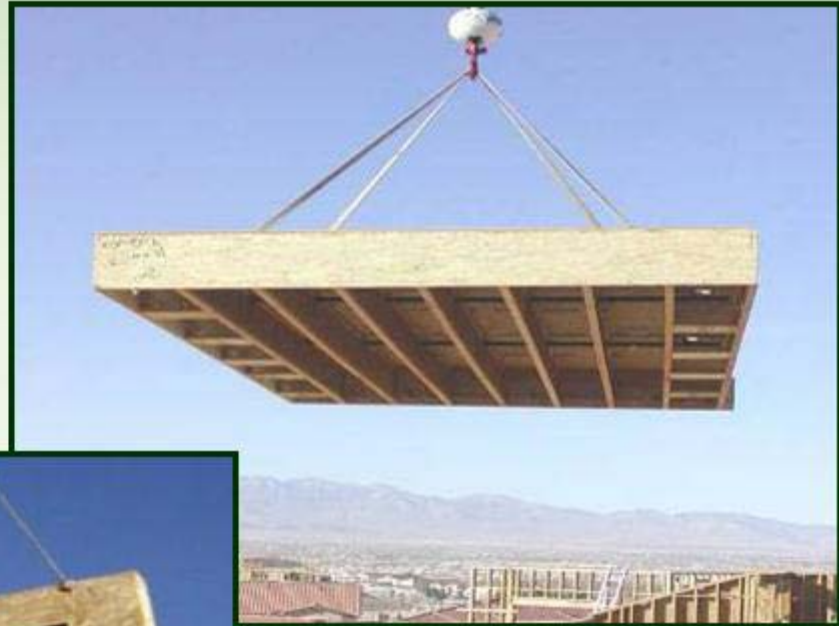
Builders Continue to Consolidate

Production Builder Market Share (% of total closings)

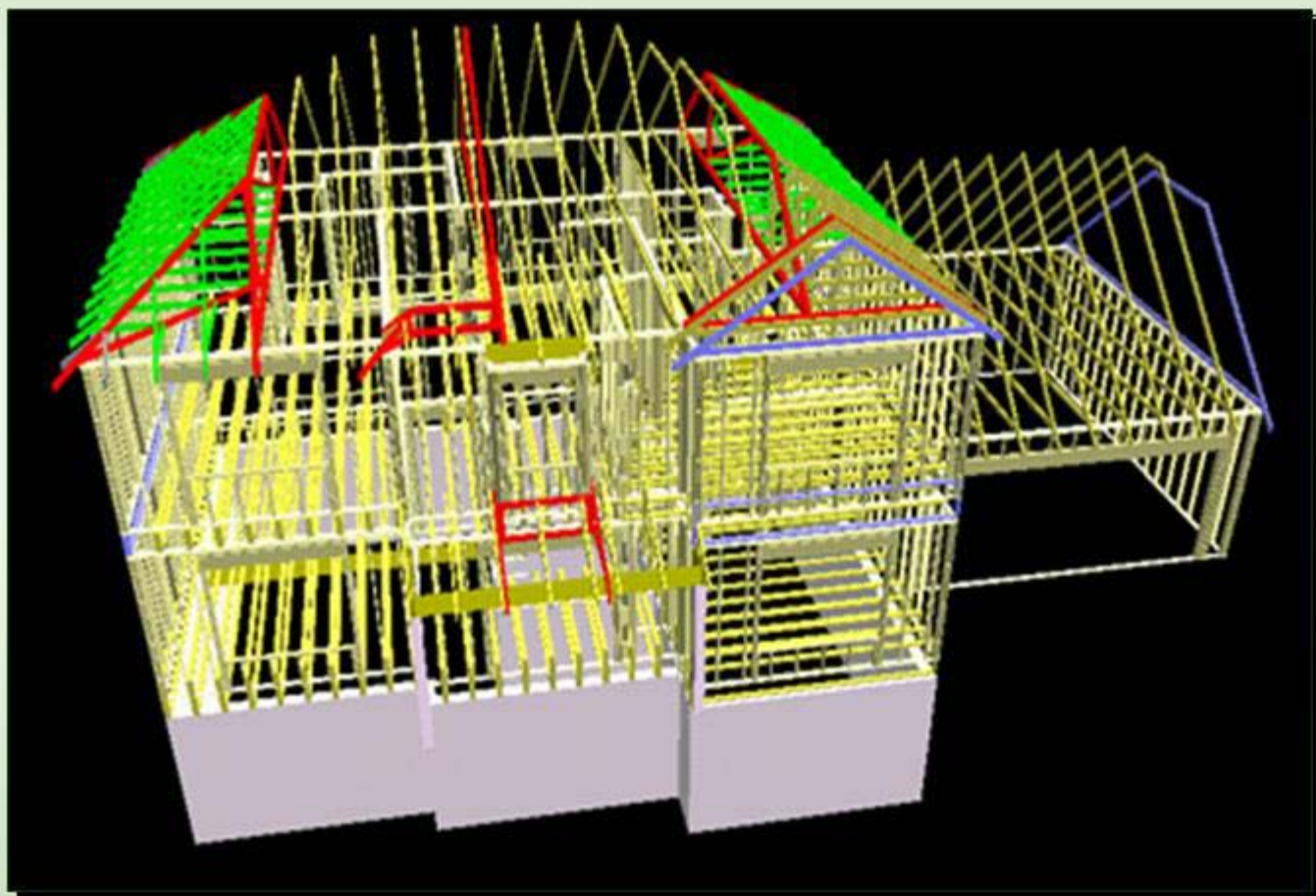


Source: *Builder Magazine*

Greater Usage of Components



Enabled by Technology



Change Implies New Ways



- **Market demands different solutions — higher quality, more efficient**
- **New building methods emerging — less labor on the jobsite**
- **Basis of competition will change from product to solution**
- **Production builders will lead**
- **Current channel structure will evolve**

Channel Evolution Drives New Solutions

**Builder requirements driving
single source solutions**

**New technologies enable
different building methods**

***Ongoing evolution to
larger dealers / framers
providing complete
turn-key operations***

***Requiring new
Solutions from
Suppliers***

Skating To Where The Puck Will Be...



- Superior value proposition will create a market advantage
- Leverage world-class technology to create proprietary, performance-based products and services
- Excellence in all activities results in consistent supply and quality, best-in-class safety and first-quartile operations
- Profit from integration — tree to customer

New Residential Builder Is Our Target Customer



- Target market is the \$50 billion new residential structural frame market
- Residential outlook is strong
- New residential is largest consumer of wood products

Large and growing customer segment

Focusing Our Value Proposition



- **Builders want better solutions, not just great products**
 - **Builders want more service, less labor and faster cycle times**
 - **Large builders set the trend**
- **Weyerhaeuser is advantaged in its ability to create new solutions for this segment**
 - **Leading brands**
 - **Market presence**
 - **Asset / fiber portfolio**

Leveraging World-Class Technology



- **Create proprietary solutions based on**
 - **Product innovation**
 - **Software development**
 - **Services offerings**
- **Create unique market position**
- **Support ongoing processes and system improvements**

Operating Excellence Continues to be a Priority



- **Rigorous process for continuous improvement since 2002 (fix / sell / close)**
 - 17 mills sold or closed
 - \$500 million in capital upgrades
- **Delivered \$100 million of controllable cost improvements in last 2 years**
- **Generated over \$1 billion cash flow in 2004**
- **Improved safety**

Generating Value Through Integration



- **Tightly integrating Residential Wood Products (RWP) businesses**
 - Improving customer experience
 - Selling integrated systems
 - Rapid replications
- **WRECO relationship**
 - Collaboration on direction-setting initiatives
 - 100% of WRECO homes use Weyerhaeuser products
- **Timberlands relationship**
 - Maximize value of the timberlands
 - Collaboration on new product development

We Are Well Positioned For the Future



- Value proposition focused on the new residential market
- Leaders in technology development and deployment
- Excellence in all activities
- Tightly integrated activities — tree to customer



Timberlands

**Thomas F. Gideon
Senior Vice President,
Timberlands**

Timberlands Strategy



Best returns today while enhancing future value

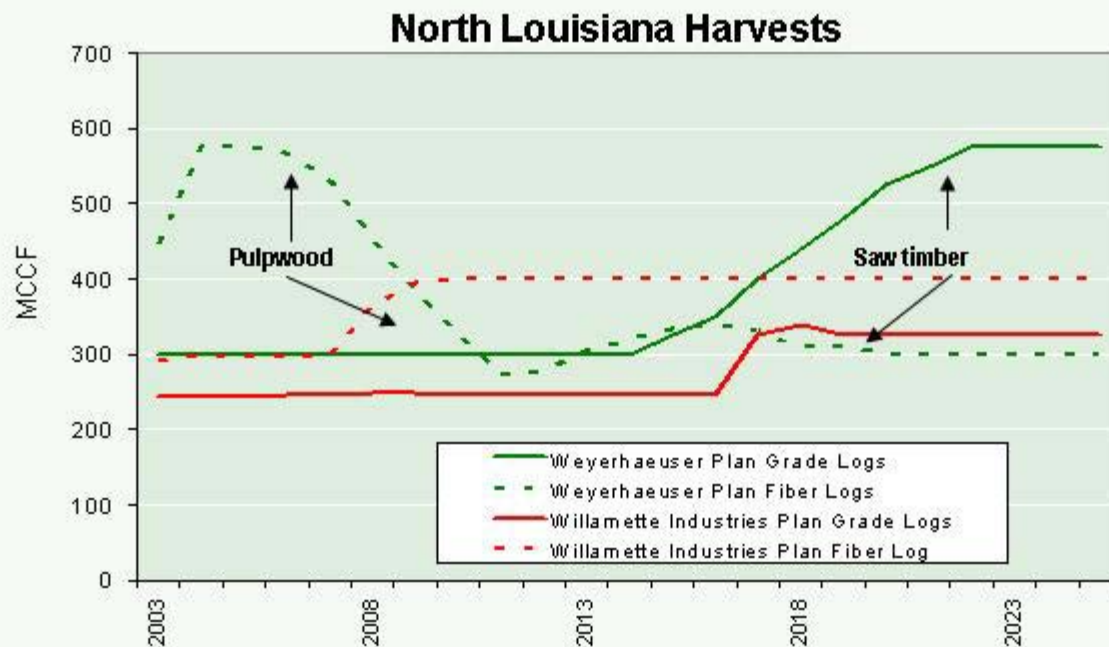
Innovative Weyerhaeuser Forestry



- **Returns from Weyerhaeuser forestry continue to improve**
 - **Grow bigger sawtimber faster, better, cheaper than competitors**
 - **Innovation and R&D have improved silvicultural returns by more than 10% on Southern and Western tree farms**
 - Innovations in bedding and planting stock
 - Precision silviculture
 - Optimal rotation scheduling

Innovative Weyerhaeuser Forestry

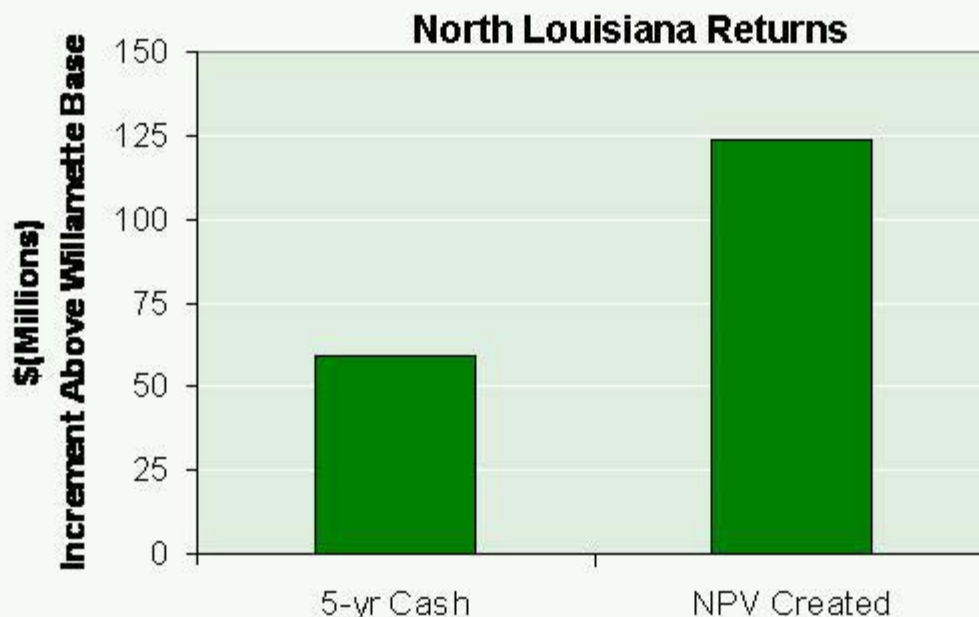
- Use of Weyerhaeuser forestry on former Willamette properties will nearly double the return over the harvest cycle
- Aggressive fertilize, thin, and prune regime produces higher sawlog harvest



Innovative Weyerhaeuser Forestry

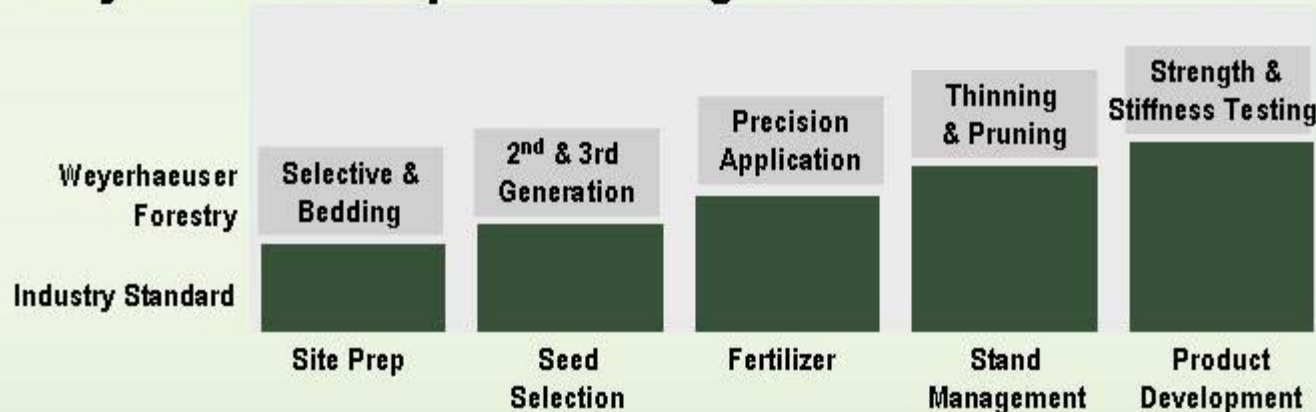
- Use of Weyerhaeuser forestry on former Willamette properties will nearly double the return over the harvest cycle

- Financial increases in near term cash and long term value
- Growing costs are comparable



Innovative Weyerhaeuser Forestry

- Weyerhaeuser has the perspective, experience, scale, people and technology to generate higher returns
 - Weyerhaeuser spearheading silviculture advancements



“New landowners are not supporting R&D to the extent that the integrated forest products companies did, and there is considerable evidence that even those latter levels of expenditures were too low.”

*– Clark Binkley, Managing Director and CIO (retired)
Hancock Timber Resource Group (March 20, 2005)*

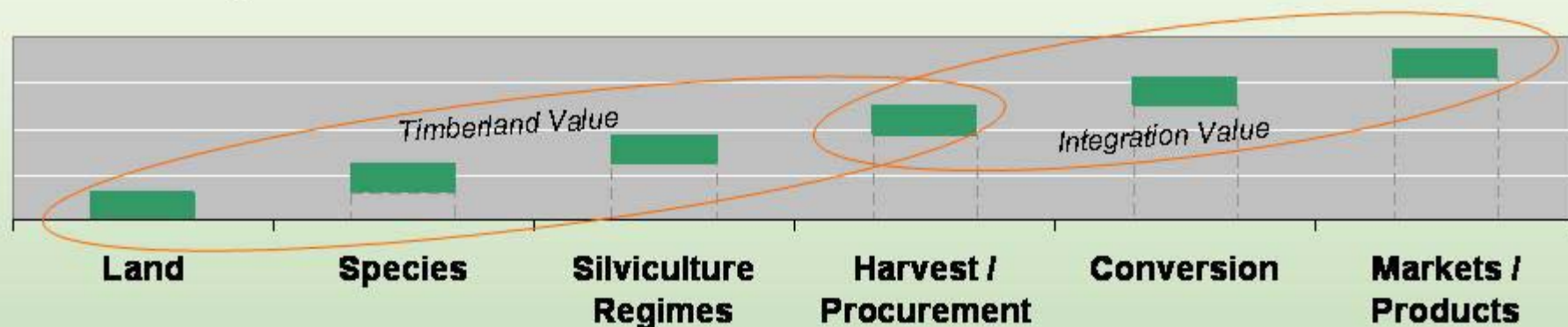


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 **Weyerhaeuser**
The future is growing™

Alignment With Markets and Internal Manufacturing

- **Leverage Weyerhaeuser's value delivery system**
 - Selling 60% of our wood internally to support higher return market segments
 - Allows full realization of value lift from our silvicultural investments
 - Facilitates lowest cost procurement and delivery from fee and non-fee sources
 - Scale supports customer commitments and long-term investment requirements



Alignment with Markets and Internal Manufacturing

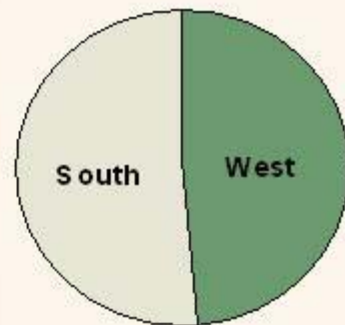
- **We take advantage of additional market opportunities to enhance Weyerhaeuser returns**
- **Exports to Japan have provided a consistent premium above domestic realizations for over 25 years**



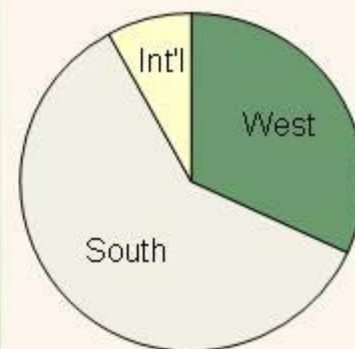
Portfolio Improvements

- Continually upgrading and diversifying timberlands portfolio
 - Enhance financial returns from forest investment
 - Upgrade asset operability and logistics
- Tailoring of timberlands sales to ensure highest profits
 - Structured 300,000 acres in Georgia into 14 unique offerings — resulting in higher overall price

11/87 Acres
(6.1 million)

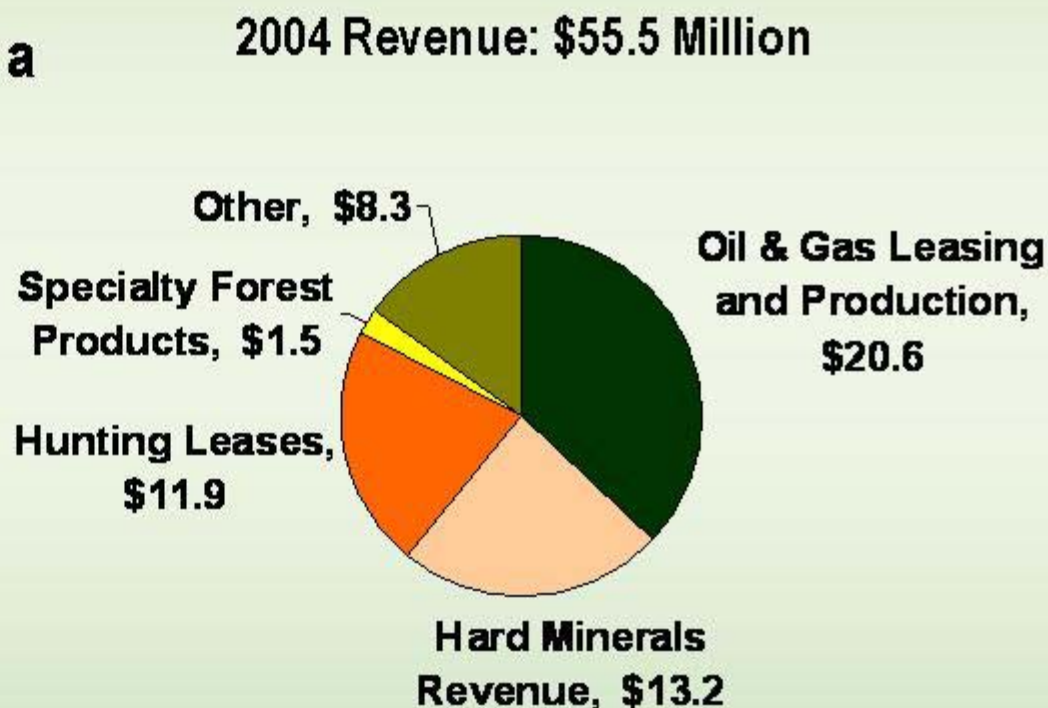


Current Acres
(7.0 million)



Returns From Oil, Gas, Minerals and Other Assets

- Higher energy prices, increased drilling and outside leases have led to a tripling of oil and gas revenues over the past 5 years
- Mineral earnings have enjoyed a comparable lift
- Sales of hunting rights, communication sites, and specialty forest products also provide significant revenues



Weyerhaeuser Timberlands Competitive Advantage

- 
- A person wearing an orange hard hat and a safety vest is standing in a forest, holding a mobile device. The background shows a dense forest with large trees.
- **Aggressively pursuing increases in current and future values through**
 - **Forestry innovation**
 - **Alignment with market and manufacturing**
 - **Portfolio improvements**
 - **Returns from non-timber assets**



Cellulose Fiber and Fine Paper

**Michael A. Jackson
Senior Vice President,
Pulp and White Paper**

Cellulose Fiber



- Innovative product development positioning
- Promoting creative R&D capabilities
- Worldwide direct sales and technical expertise
- Seamless integration
 - Sales
 - Marketing
 - R&D
 - Manufacturing

Strategy Description – Cellulose Fiber

Market / product development leads the strategy, supported by customer engagement and operational effectiveness



Strategy Description – Cellulose Fiber



- **Grow existing attractive position**
- **Develop new markets**
- **Commercialize new products**

Strategy Description – Cellulose Fiber



- **Strengthen direct customer relationships**
- **Create strategic relationships with key customers**

Strategy Description – Cellulose Fiber



- **Continuously refine market, product and customer mix**
- **Lower cost of operations**
- **Align entire organization**

Strategy Description – Cellulose Fiber

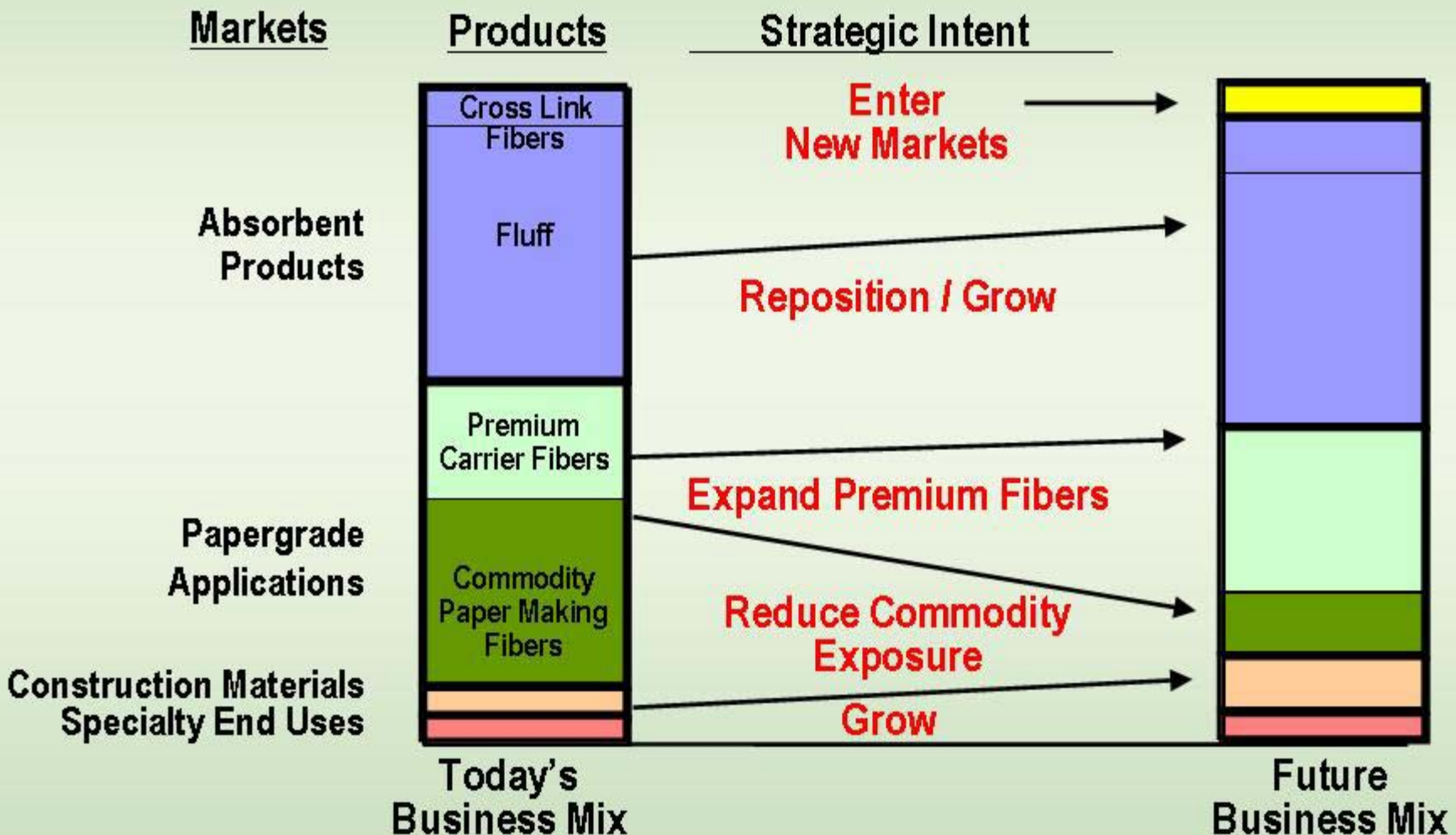


All 3 elements work together

Differentiated Fiber Families In Our Customers' Products



Market / Product Repositioning

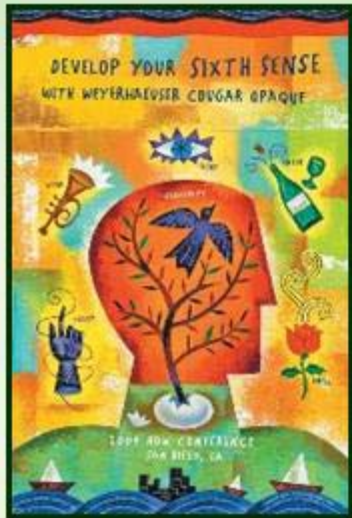


Weyerhaeuser Cellulose Fiber

- More than just a name change...

Changing the way we do business

Fine Paper



- Disciplined focus on improving margins
- Cost reduction initiatives
- Revenue initiatives
- Asset repositioning and capacity rationalization

Capacity Rationalization and Productivity Improvements



- **Downsized workforce**
 - Plymouth
 - Dryden
 - Prince Albert
- **Capacity rationalization**
 - Closed 5 less efficient paper machines

Better Alignment With Customers

3.2 million ton system



Old



New



Results Through 2004

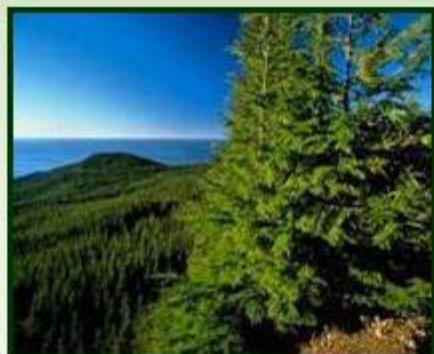


- 30% improvement in cost of quality
- 35% reduction in SKUs
- 12% improvement in inventory turns
- Significantly improved cash flow
- 20% smaller sales organization

One Company Approach Multiple Business Resources



Retail Bags



Environmental Affairs



Efficient Off-Site
Converting



Ink and Plates



Recycling



Customer Value Delivery System



Integrated
Packaging Facilities



Containerboard Packaging and Recycling

**James R. Keller
Senior Vice President,
Containerboard Packaging and Recycling**

Containerboard Packaging and Recycling



2004 Activities to Improve Financial Performance

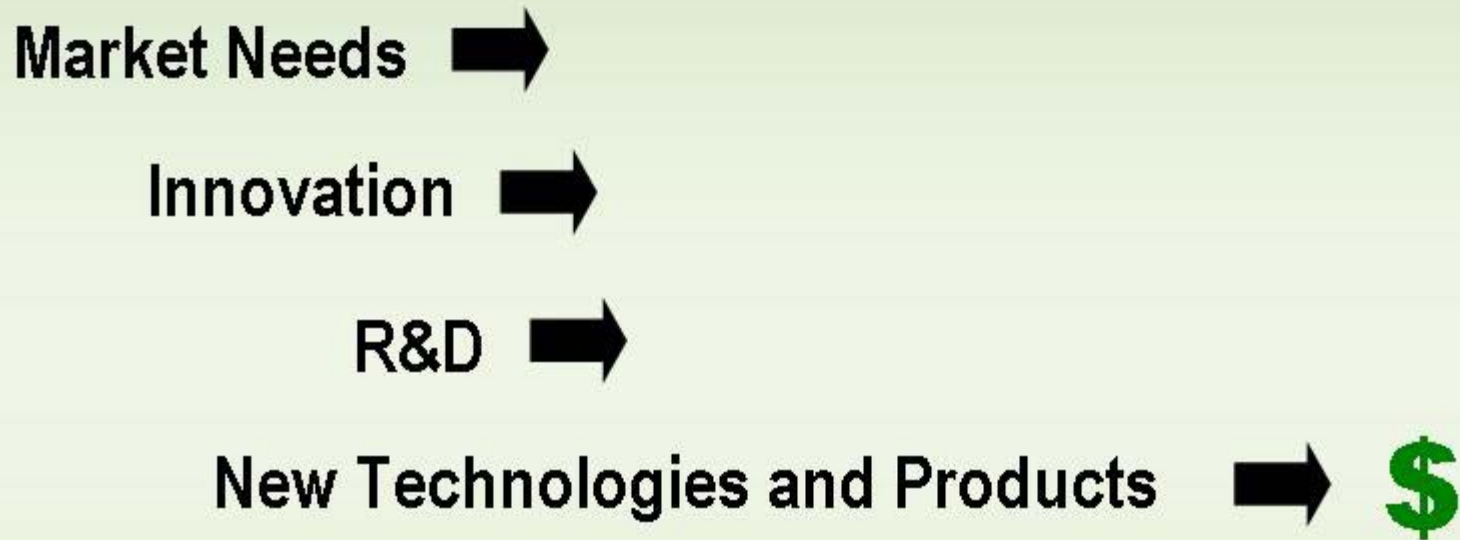


- **System alignment and cost reductions**
 - \$30 million non-fiber mill cost reductions
 - 2.8% mill productivity improvement in tons/day
 - Match production rates to demand
 - Price increase activities
 - Mix and account selection (de-selection)
- **Continued box plant rationalization**
 - 3% of capacity, 4 converting plants

Rationalization 2000—2004

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Packaging	Cleveland	Meridan	Nashville	Guthrie	Lakeland
10% of capacity	Houston		Laredo		Rivergate
	Rock Island		Richmond		San Leandro
	Jersey City		Denver		Tehuacan
			Tulsa		
Mills		Plymouth #3	Hawesville	North Bend	
988 M tons		Springfield #1	Sturgeon Falls		
16% capacity					
Recycle		Bloomington	Haverhill		
			Okla City		
			San Jose		
			Portland		

Innovation Drives Improved Financial Performance



Example: Weyerhaeuser's New Recyclable Wax Alternatives — the ClimaSeries™ Products

Market Issue — Retailers Hate Waste

Waxed Corrugated Packaging



Landfill



\$ Cost to Retailers

Regular Corrugated — OCC



Recycled Paper



\$ Revenue to Retailers

Market Threat

- Large retailers are demanding a solution



“Get wax out or else....”



Market Risk



- Industry shipments of wax boxes = 1.4 million tons (5% of shipments)
 - Produce and protein segments use 90% of all wax boxes
- Weyerhaeuser shipments of wax boxes = 0.4 million tons

Packaging Strategy



- Link retailers, customers, business and R&D to develop supply chain solutions
- Create portfolio of products which cover the entire spectrum of wax usage
 - Humid conditions
(*Light wax boxes*) ↔ Water and ice cooling
(*Saturated wax boxes*)

Packaging Strategy



- Ensure new products are recyclable and comparable in performance to wax boxes
 - Strength, moisture resistance, cost effectiveness
 - Preferred environmental solution

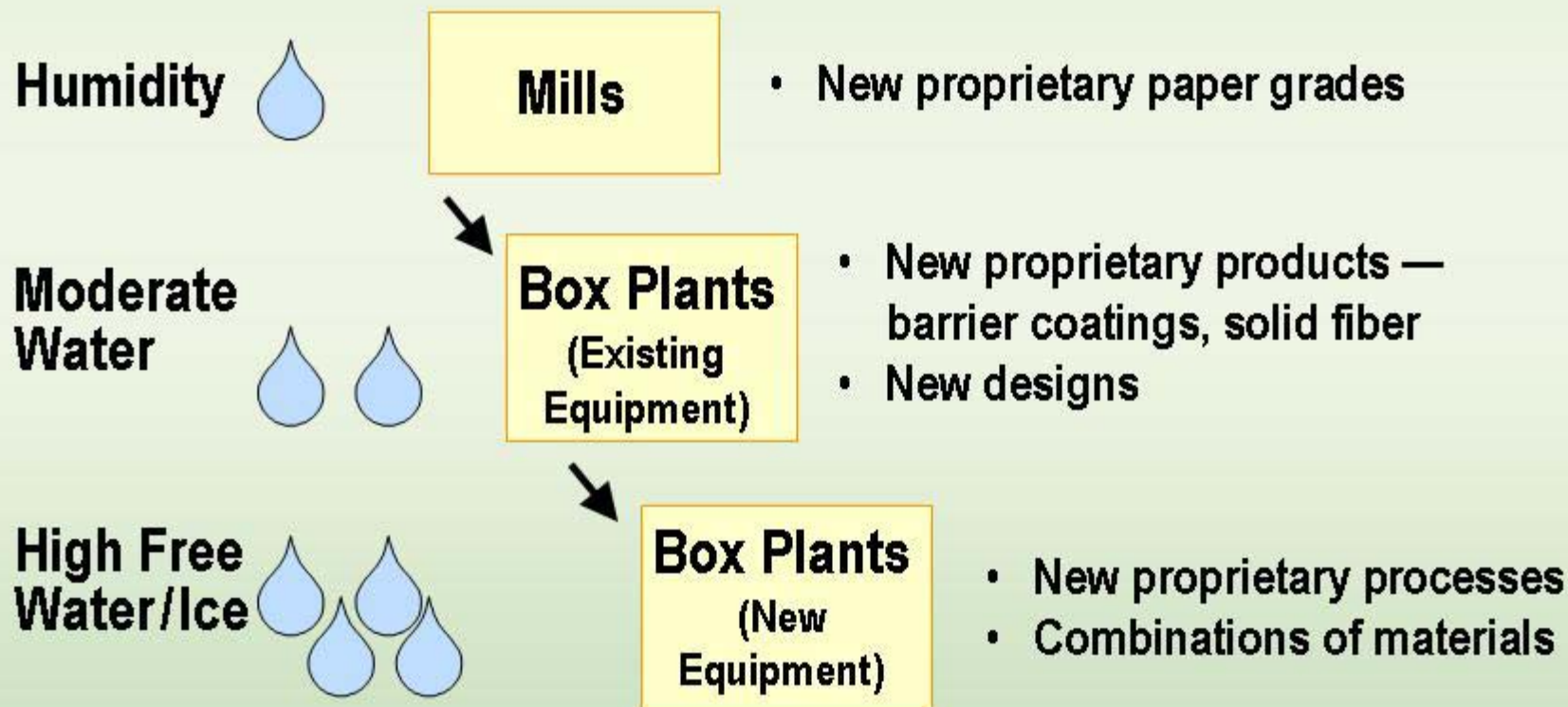
Packaging Strategy Objective



***Grow market share by
driving commercialization of
new and innovative products***

Technology Solutions — New ClimaSeries™ Recyclable Wax Alternatives

- Innovative products from R&D efforts



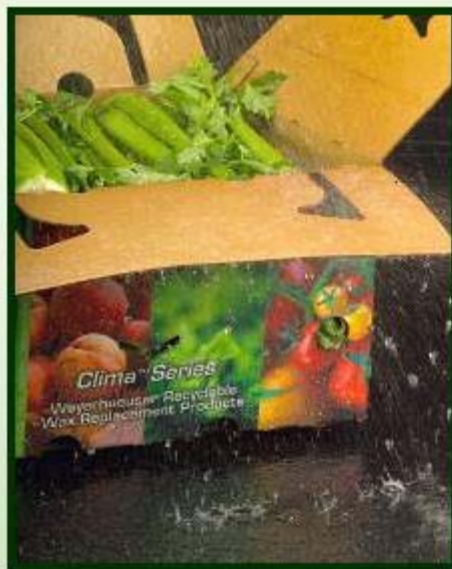
New ClimaSeries™ Recyclable Wax Alternatives

- Proprietary ClimaGuard™ paper, produced in our mills, is an effective alternative to wax impregnated liner or medium in humid environments



New ClimaSeries™ Recyclable Wax Alternatives

- Proprietary Ex-Ply™ solid fiber packaging, produced in our box plants, is a paper-based alternative to curtain-coated wax boxes in wet environments



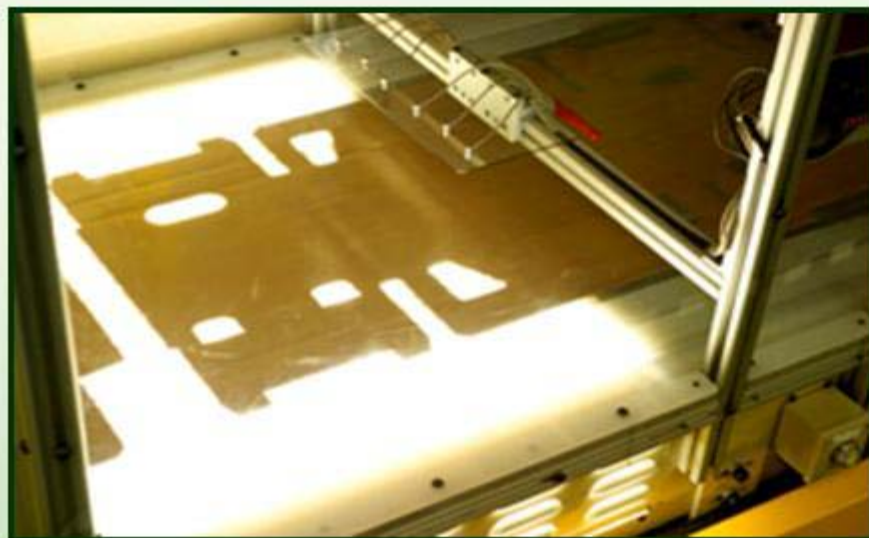
New ClimaSeries™ Recyclable Wax Alternatives

- Our ClimaProof™ box provides all the benefits of a wax saturated box in the wettest environments, yet is recyclable



New ClimaSeries™ Recyclable Wax Alternatives

- Our ClimaProof™ box is completely encapsulated in plastic film, yet recyclable. A new proprietary manufacturing process was developed for our box plants to produce ClimaProof™ boxes



Recyclable Wax Alternatives — Financial Opportunity

- **Solutions to replace wax boxes create significant financial opportunity**
- **Retailers, customers and Weyerhaeuser will share supply chain savings resulting from new wax-free products**
- **Savings will primarily accrue due to:**
 - **Elimination of landfill charges**
 - **Additional OCC revenue**

Summary



***Grow market share in
high value segments
with new innovative products***

- Better for the customer
- Better for the market
- Better for the environment
- Better for Weyerhaeuser



Weyerhaeuser — Positioned for the Future

**Patricia M. Bedient
Vice President, Strategic Planning**

Weyerhaeuser Vision

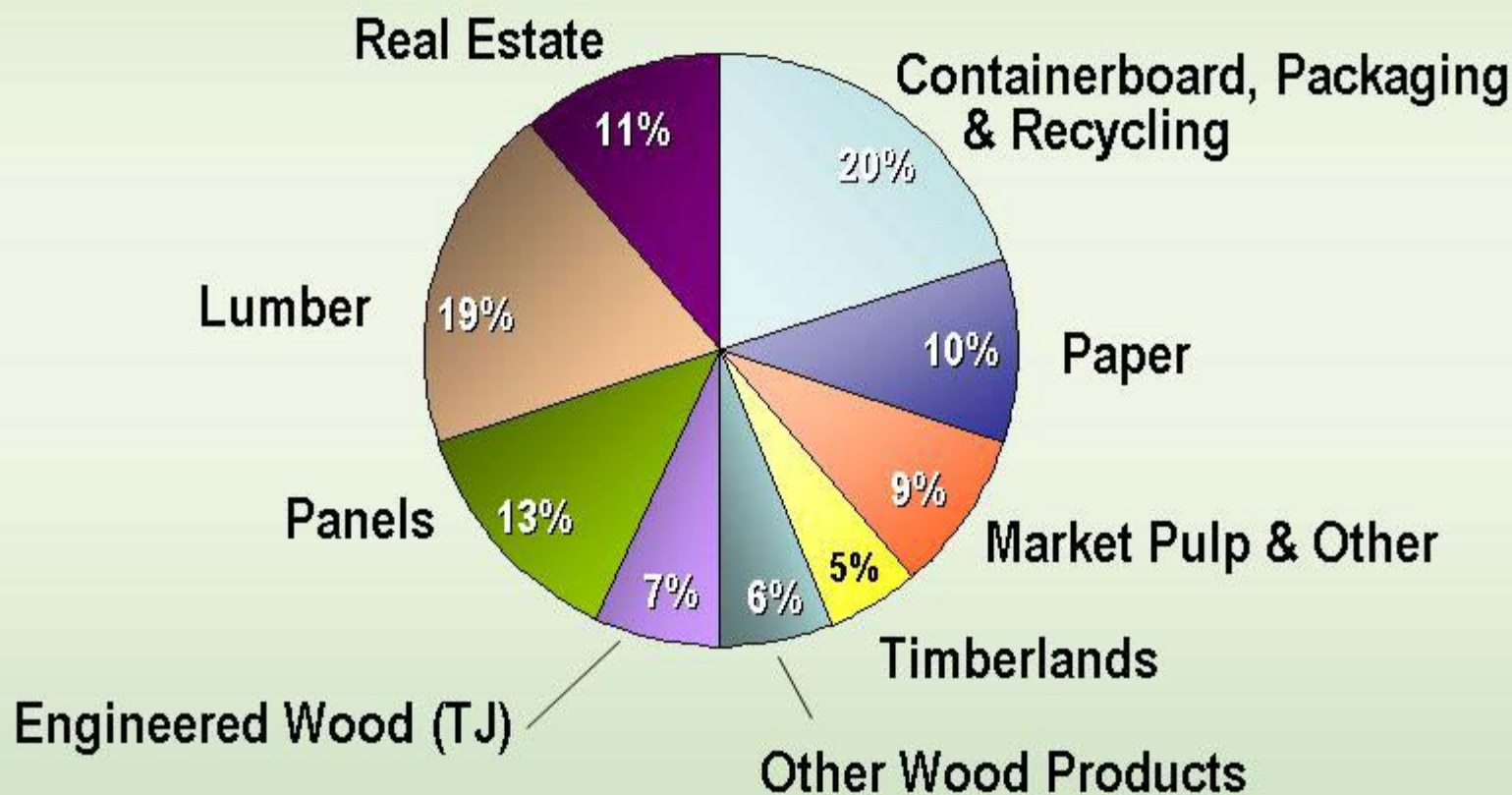
**The best forest products
company in the world
and a global leader
among all industries**

Company Direction-setting Framework



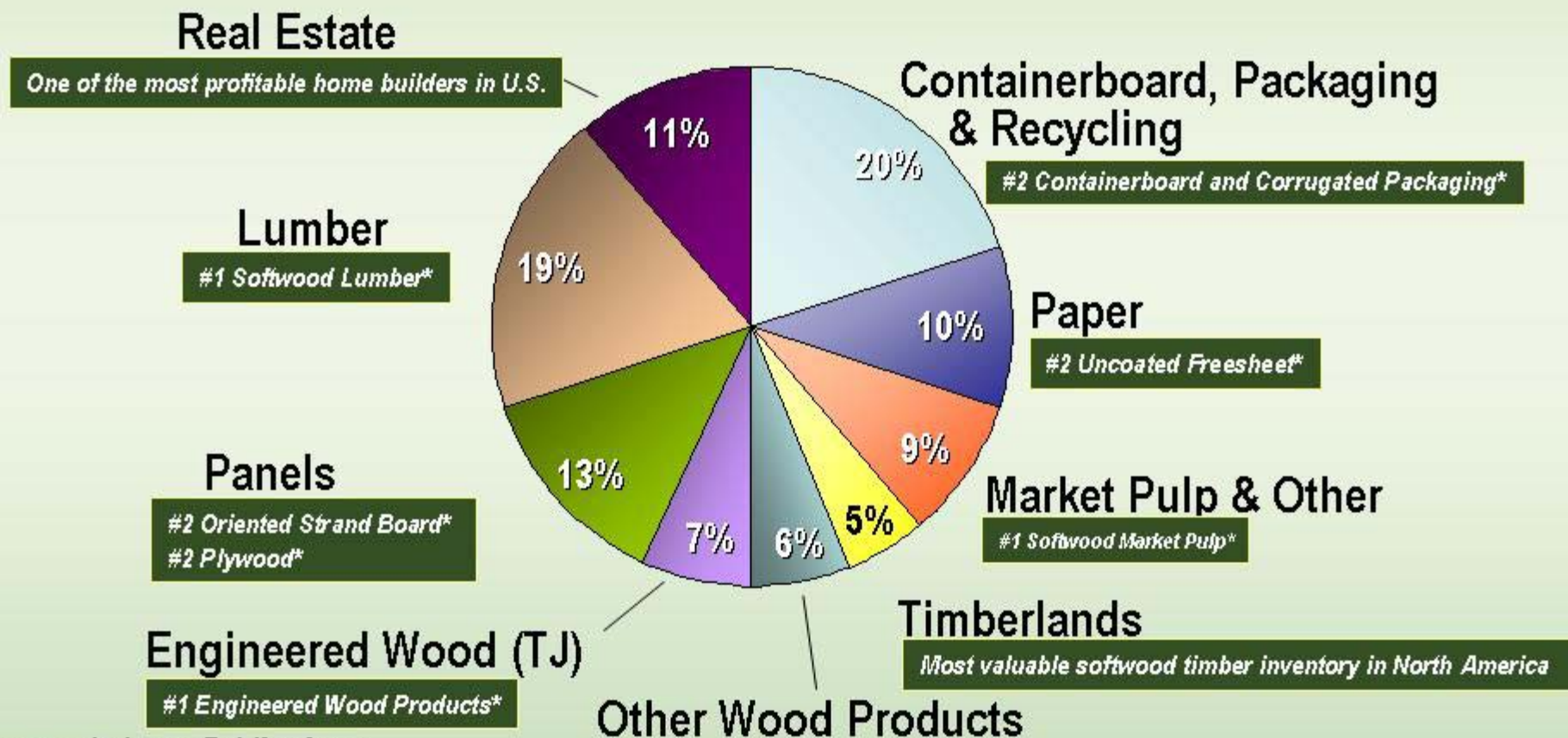
Weyerhaeuser Portfolio: 2004 Revenue

\$22.7 Billion



Weyerhaeuser Portfolio: 2004 Revenue

\$22.7 Billion



* Source: Industry Publications

Weyerhaeuser Portfolio: Key to Enhancing Shareholder Value

\$22.7 Billion

Real Estate

— One of the most profitable home builders in U.S.

Residential Wood Products

— Unique value proposition

Other Wood Products

Containerboard, Packaging & Recycling

— #2 Containerboard and Corrugated Packaging*

Paper

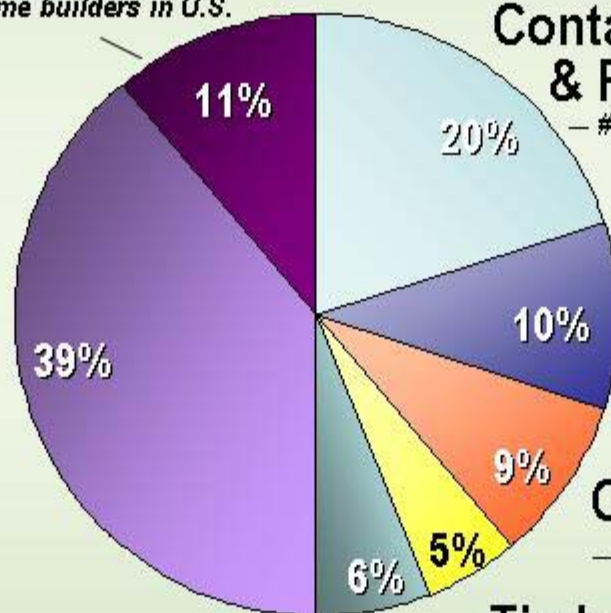
— #2 Uncoated Freesheet*

Cellulose Fiber

— #1 Softwood Market Pulp*

Timberlands

— Most valuable softwood timber
inventory in North America



* Source: Industry Publications

Portfolio Positioning



- Weyerhaeuser Real Estate Company (WRECO)
- Residential Wood Products
- Timberlands
- Specialty Cellulose Fiber
- Containerboard Packaging and Recycling
- Growing the global footprint

Considerations for Investment



- **Cost of capital**
- **Timing**
- **Discipline and focus**
- **Portfolio rationalization**
- **Returning cash to shareholders**

Improving Core Competencies




- Leadership
- Supply chain
- Performance-driven culture

Weyerhaeuser Vision

**The best forest products
company in the world
and a global leader
among all industries.**

Enhancing Shareholder Value



Weyerhaeuser — Priorities for the Future

**Richard J. Taggart
Executive Vice President and CFO**

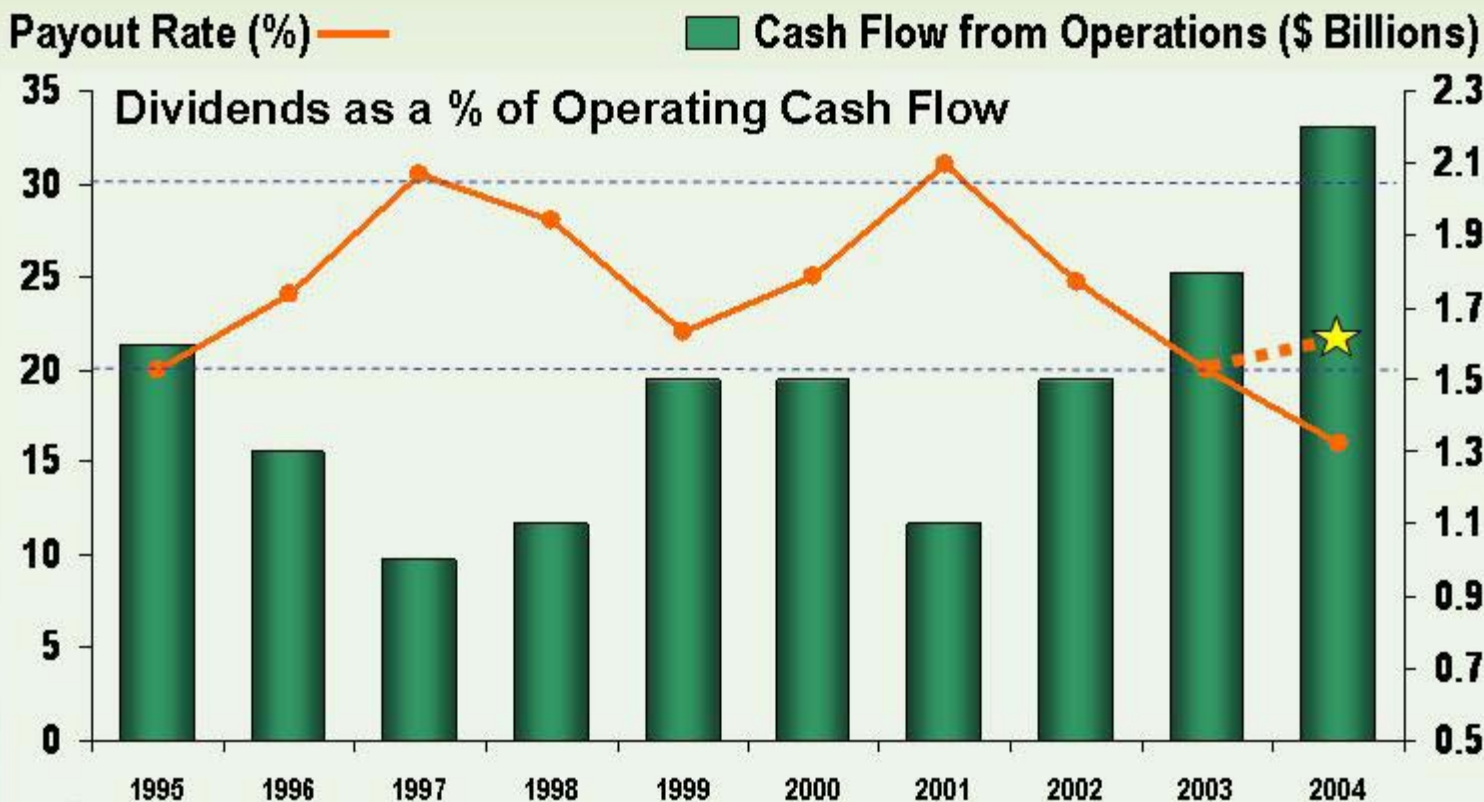
Weyerhaeuser: Where We Are Today



- **Sale of B.C. Coastal assets restores our target capital structure**
- **First priority was to increase our dividend 25%**

Weyerhaeuser: Priorities for the Future

- Recent dividend increase begins the process of using strong cash flow to create value for shareholders:



★ 2004 shown at \$2.00 per share

Weyerhaeuser: Priorities for the Future



- **Disciplined investment in our assets to further reduce costs**
 - Energy
 - Wood handling
 - Transportation
- **Grow selective businesses**
 - Homebuilding
 - International Timberlands
 - Residential Wood Products
- **Drive further rationalization in cellulose fiber, paper and containerboard packaging without additional major capital investment**

Weyerhaeuser: Priorities for the Future



- Pursue initiatives to enhance shareholder value by:
 - Disciplined use of capital
 - Executing value-adding strategies
 - Returning additional cash to shareholders
 - Maintaining target capital structure
- Continue to deliver on our commitments



Weyerhaeuser

The future is growing™

Question & Answer Session

Weyerhaeuser: Our Commitments for the Future



- **Continuously improve the safety and efficiency of our operations**
- **Implement strategies to unlock the unique power of our portfolio**
- **Provide innovative, integrated solutions to provide highly-valued products that meet our customers evolving needs**
- **Enhance fundamental value and return more cash to our shareholders**



Weyerhaeuser

The future is growing™