



# Investor Conference Weyerhaeuser Company

**New York  
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# 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 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 presentation contains forward-looking statements regarding the company's expectations during the third quarter of 2009, including fee timber harvest levels and lower earnings in the Timberlands segment and sales of non-strategic timberlands; the effect of operating efficiencies and cost control measures on operating losses in the Wood Products and demand and pricing for our wood products; average pulp price realizations, decreased expenses for maintenance and operations and levels of alternative fuel blending and earnings for the Cellulose Fibers segment; home sales, closings, cancellations and earnings for our real estate businesses; and earnings and performance of our business segments. The 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;

changes in the Company's business support functions and support costs;

performance of the company's manufacturing operations, including maintenance requirements and operating efficiencies;

changes in legislation or tax rules

raw material prices;

energy prices;

transportation costs;

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; and

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 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.

# Global footprint

|              | Thousands of Acres |                 |                     |                      |
|--------------|--------------------|-----------------|---------------------|----------------------|
|              | Fee Ownership      | Long-term Lease | Total Fee and Lease | License Arrangements |
| U.S. West    | 2,063              |                 | 2,063               |                      |
| U.S. South   | 3,429              | 696             | 4,125               |                      |
| Canada       |                    |                 |                     | 15,177               |
| Uruguay      | 321                | 26              | 347                 |                      |
| China        |                    | 52              |                     |                      |
| <b>Total</b> | <b>5,813</b>       | <b>774</b>      | <b>6,587</b>        | <b>15,177</b>        |

# Timberlands: Managed forestry creates value

Weyerhaeuser grows high-value softwood sawtimber using intensive forestry practices

## Loblolly pine in the South

- Fast early growth, resulting in younger harvest ages (compared to Douglas fir)
- Responsive to management to influence growth and reduce risk of insect loss

## Douglas fir in the West

- Manageable to increase yields
- Taller / older at normal harvest ages compared to pine
- Products generally command higher market values

Loblolly Pine



Douglas Fir



# Timberlands: Managed forestry creates value

Deferring harvest to preserve value in response to lower log demand and realizations

Upgrading portfolio through exchanges and occasional sales of non-strategic timberlands

**Additional revenue streams from land and timber**

- Minerals, oil and gas, and geothermal
- Pursuing potential of biomass, carbon credits, wind power and conservation easements

# Wood Products

- A leading producer of solid wood products and panels
- Largest engineered wood products producer
- National distribution footprint
- Most recognized and trusted product brands



# Wood Products: Managing through the downturn

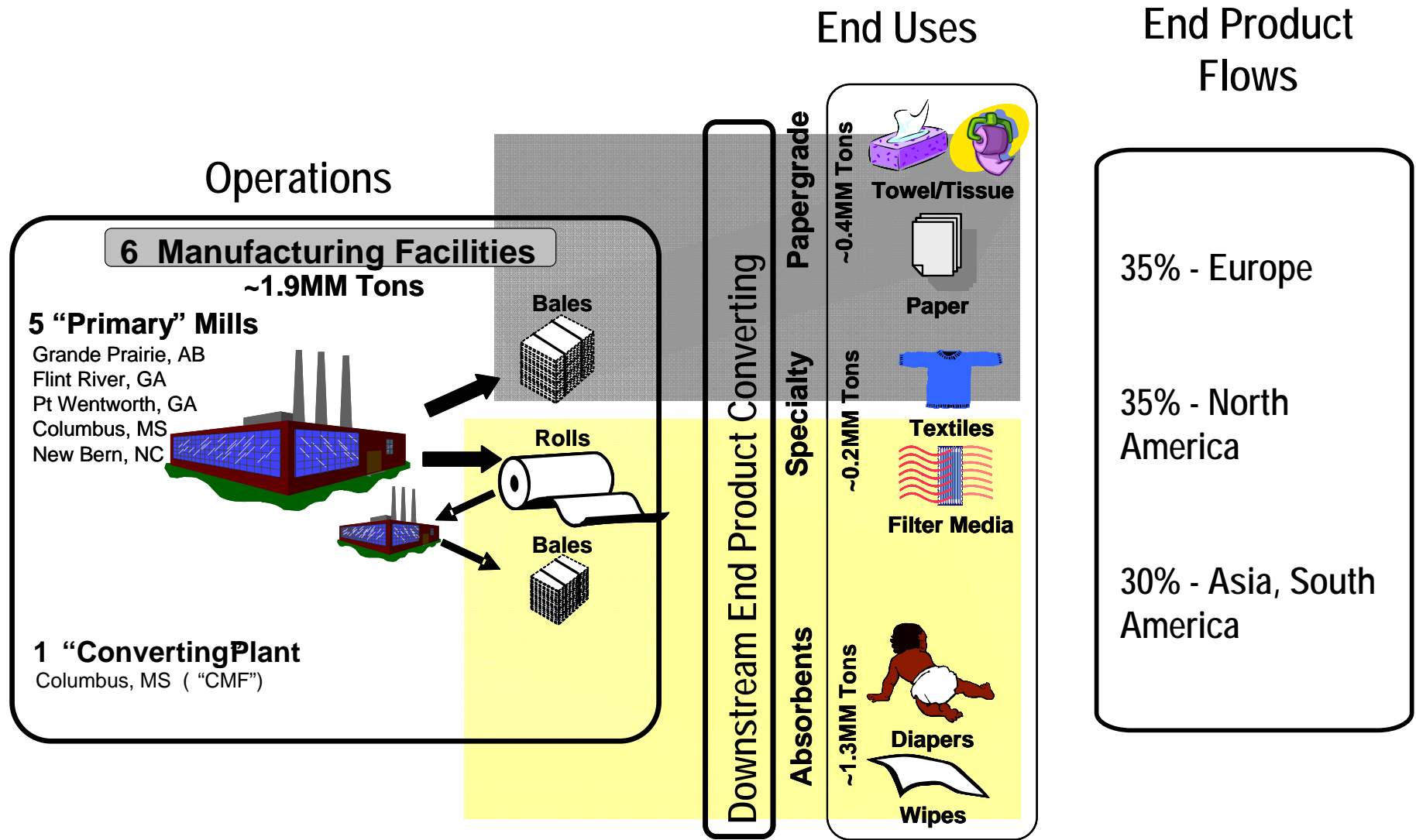
## Re-scaling operations to balance production against demand

- Closed or curtailed almost half of wood products facilities since market peak
- Comparable reduction in staffing

## Maintaining pricing discipline across all product lines

## Managing working capital and controlling cost

# Cellulose Fibers





# Cellulose Fibers: Value through differentiation

Focus on absorbents and specialty fibers provides competitive advantage

- Continuing leadership position with key customers
- Selectively pursuing opportunities that support business strategy

Pursuing potential opportunities in green energy and new uses for cellulose fibers

# Real Estate: Unique brands and value propositions



 **Pardee Homes**  
THE WAY YOU WANT TO LIVE



**QUADRANT HOMES**  
MORE HOUSE. LESS MONEY.



  
**TRENDMAKER HOMES**  
DISCOVER THE DIFFERENCES



**WINCHESTER HOMES**  
YOUR HOME  YOUR WAY



 **CAMBERLEY HOMES**<sup>TM</sup>



**Maracay Homes**  
 **flex design**

# Real Estate: Focused on cash generation

Despite current market weakness, our homebuilding businesses are well positioned in markets with strong long-term fundamentals

## Managing through the cycle

- Repositioning product for current market conditions and emerging trends
- Curtailing spending on land acquisitions and development
- Opportunistically selling land inventory
- Adjusting staffing and reducing costs

# 2009 Q3 Outlook

| Segment          | Comments  |
|------------------|---|
| Timberlands      | <ul style="list-style-type: none"><li>● Continued harvest deferral.</li><li>● Export markets stabilizing.</li><li>● \$160 million pre-tax gain on non-strategic timber sale.</li><li>● Exclusive of timber sale gain, earnings expected lower in Q3 2009 vs. Q2 2009.</li></ul>                                     |
| Wood Products    | <ul style="list-style-type: none"><li>● Further curtailments to match supply with demand.</li><li>● Continued weak pricing, especially in lumber.</li><li>● Focused on working capital management and cash generation.</li><li>● Loss in Q3 2009 should be less than in Q2 2009.</li></ul>                          |
| Cellulose Fibers | <ul style="list-style-type: none"><li>● Pulp pricing gaining momentum.</li><li>● Focused cost control and manufacturing efficiency.</li><li>● Lower maintenance expense and slight increase in alternative fuel blending.</li><li>● Significant increase in Q3 2009 earnings vs. Q2 2009.</li></ul>                 |
| Real Estate      | <ul style="list-style-type: none"><li>● Increased activity at lower price points.</li><li>● Increased number of closings in Q3 2009, lower margins than Q2 2009 due to mix.</li><li>● Cancellation rate improved vs. prior year.</li><li>● Loss in single family homebuilding similar to loss in Q2 2009.</li></ul> |

# Financial Update

**\$2.1 billion cash at the end of August 2009**

## **Significant September cash outflows**

- \$347 million debt maturities
- \$120 million interest payments
- \$20 million litigation settlement payment
- \$11 million dividends

## **Only minor debt maturities for next two years**

- \$37 million 4Q 2009
- \$43 million 2010
- \$30 million 2011

# Bank Credit Lines Amended

| Committed Bank Facilities          |                       |                      |
|------------------------------------|-----------------------|----------------------|
|                                    | Original              | Amended              |
| March 2010                         | \$1.2 billion         | \$0.4 billion        |
| December 2011                      | <u>1.0</u>            | <u>1.0</u>           |
| <b>Total</b>                       | <b>\$2.2</b>          | <b>\$1.4</b>         |
| Minimum Defined Net Worth Covenant |                       |                      |
|                                    | <b>\$3.75 billion</b> | <b>\$3.0 billion</b> |

# REIT update

## Unlikely that 2009 conversion would be value creating for shareholders

- Limitations on NOL carryback
- Low level of timber income reduces 2009 benefit

## Maintaining flexibility to elect REIT conversion

- Minimizing earnings and profit distribution
- Current portfolio likely meets REIT qualifications

## Monitoring potential tax law changes



# Questions