



Weyerhaeuser Company

Annual Analyst Meeting

New York
May 20, 2003

Forward-Looking Statement

- Some information included in the following 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 "believes," "will," "expects," "may," "should," "approximately," "anticipates," "indicates," "plans," and "estimates," and the negative or other variations of those terms with comparable terminology or by discussions of strategy, plans or intentions. In particular, some of these forward-looking statements deal with the expected synergies to be realized from the acquisition of Willamette Industries, Inc., expected increases in timber harvest volume, expected increase in timberlands cash flow, projected capital expenditures, production and growth of the company's business segments, expected closures and rationalizations of facilities, research and development, downtime, estimated contribution to earnings of certain business segments, and similar 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 and housing starts; market demand for the company's products, which may be tied to the relative strength of various U.S. business segments; performance of the company's manufacturing operations; the successful execution of internal performance plans; the level of competition from domestic and foreign producers; the effect of forestry, land use, environmental and other governmental regulations; the risk of loss from fires, floods and other natural disasters; the company's ability to successfully integrate and manage acquired businesses and to realize anticipated cost savings and synergies from these acquisitions, the ability of acquired businesses to perform in accordance with the company's expectations; 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 could cause or contribute to actual results differing materially from such forward looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward looking statements will occur, or if any of them occurs, what effect they will have on the company's results of operations or financial condition. Additional information on risks, assumptions and uncertainties that could cause actual results to vary are set forth in the company's filings with the Securities and Exchange Commission.



Weyerhaeuser Company

***Growing the
Global Leader***

Steven R. Rogel
Chairman, President & CEO

To Reach Our Goal

- Pay down our debt
- Fully capture the synergies from our last acquisition
- Focus on
 - Speed
 - Simplicity
 - Decisiveness
 - Accountability
 - Frugality

Signs of Progress

- Simplifying processes and reducing levels of management
- Rationalizing under-performing assets
- Increasing focus on customers and the bottom line



Weyerhaeuser Company
Financial Update

Richard J. Taggart
Executive Vice President & CFO

Financial Philosophy

- Commitment to a sound capital structure
 - Protect underlying interests of shareholders and lenders
 - Access to major financial markets at all times
- Elements of philosophy
 - Separate capital structures for Weyerhaeuser and Weyerhaeuser Real Estate Company
 - Minimize liquidity risk

Capital Structure Targets

Long-term Objectives

- Debt as a percent of total capitalization: range 30–40%*
- Cash flow as a percent of debt: range 40–60%
- Fixed charge coverage: range 4–8x

*Total capitalization = interest bearing debt + deferred taxes + equity

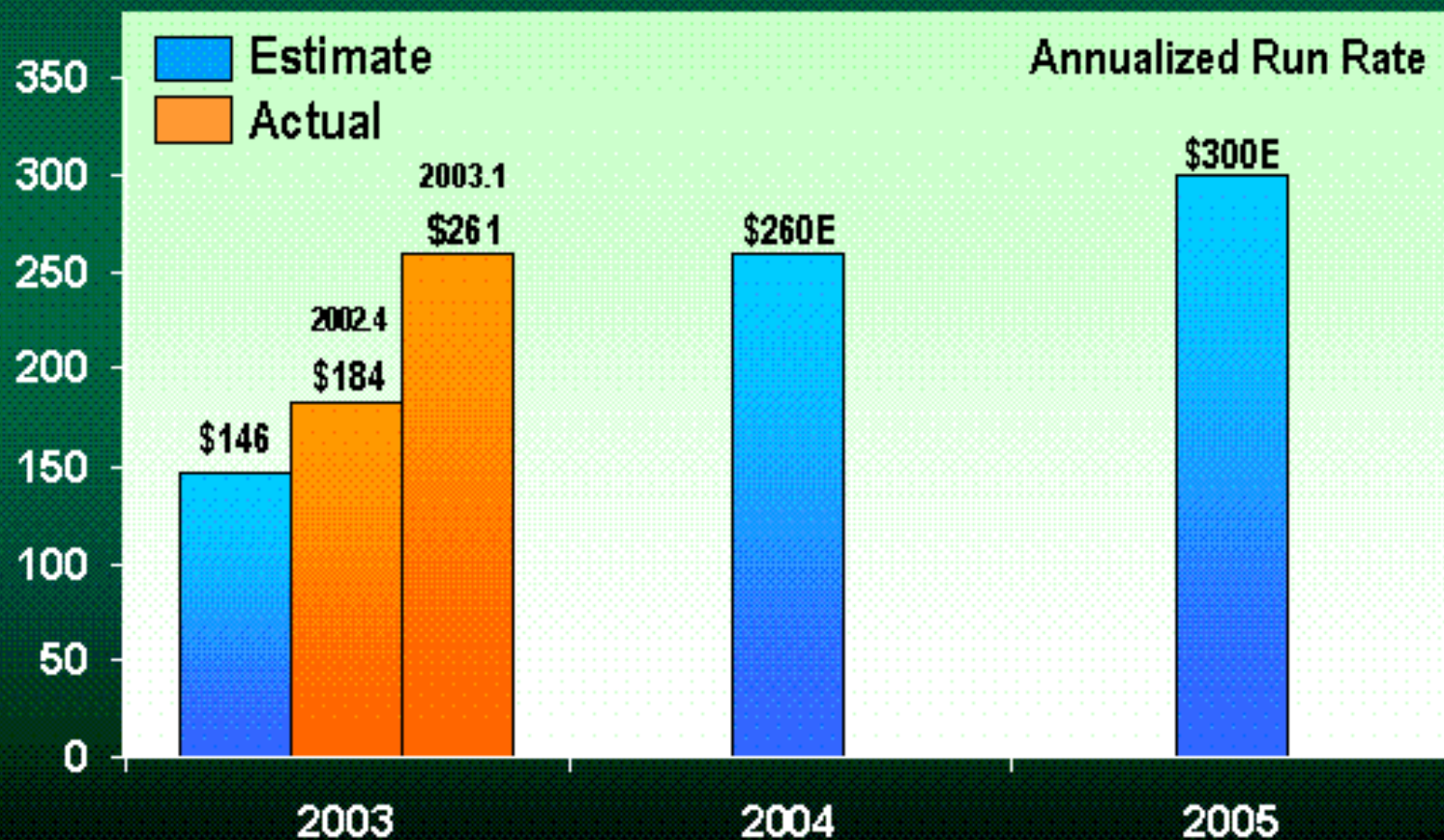
Key Focus Areas

- Accelerate capture of synergy gains and cost reductions
- Optimize the timberland portfolio
- Reduce capital spending
- Improve our earnings and cash flow

Capturing Willamette Synergies

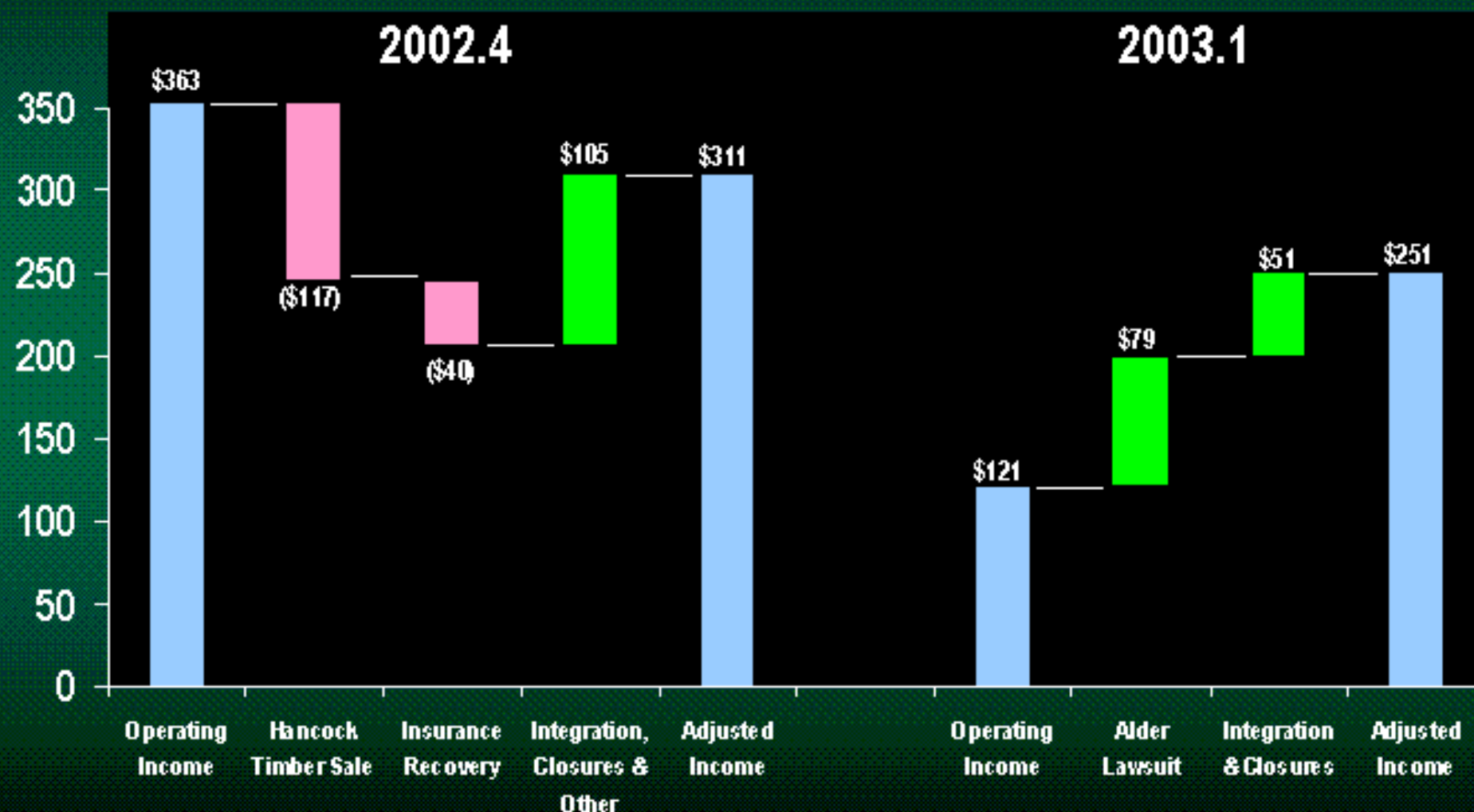
- End of 2003.1 continues to be ahead of our target

\$ Millions



Operating Income as Reported

\$ Millions



Adjusted Income Comparison — 2002.4 vs. 2003.1

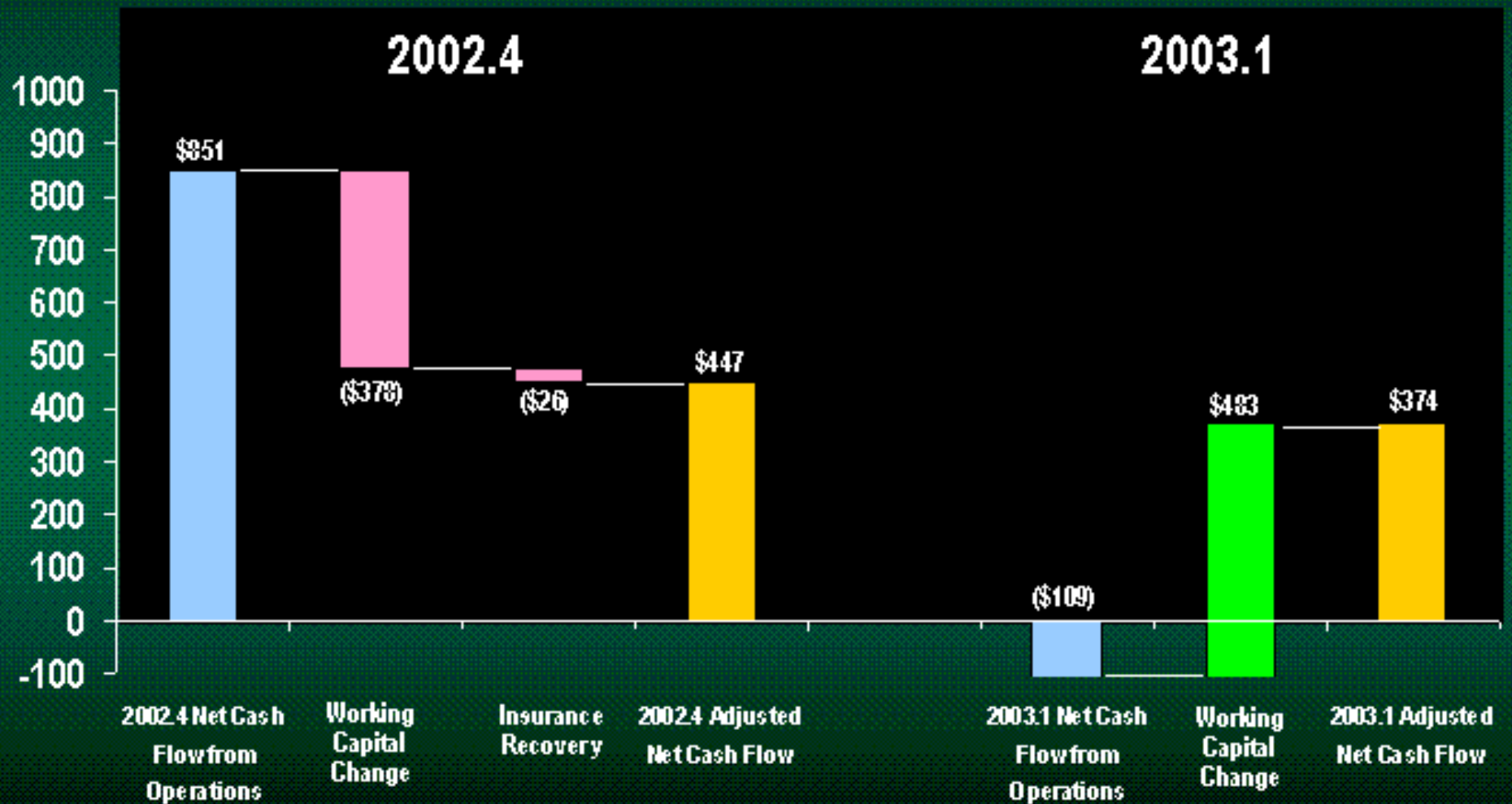
\$ Millions



The reconciliation to GAAP as shown on the previous slide can be found on our Website.

Net Cash Flow from Operations

\$ Millions



Adjusted Net Cash Flow Comparison — Dividends and Capital Spending

\$ Millions



Cash flow from operations excluding working capital change and insurance recovery

Goal: To Be a Global Leader

- Leverage scale in all core businesses
- Management team with the experience and commitment to achieve the vision
- Following rationalization we will have the highest quality asset base in the industry
- Most productive work force in the industry made more productive by the synergies from combining the companies
- Company committed to a sound financial philosophy and strategy



Weyerhaeuser Company

***New Operating Structure,
Capital Spending and
Timberlands***

Richard E. Hanson
Executive Vice President and Chief Operating Officer

Agenda

- New Role as Chief Operating Officer
- Capital Spending
- Timberlands
 - Ownership
 - Portfolio
 - Portfolio Management

Chief Operating Officer Role

- Senior Management Team sets strategy
- COO implements strategy
 - Portfolio management/rationalization
 - Cross-business strategies
 - Uniform labor relations approach
 - Capital effectiveness

Capital Spending

- Major capital projects completed
- Additional capacity and capabilities of the combined companies eliminates need for additional capital investment
- Close less-efficient facilities
- High-quality assets require minimal additional capital investment over the near term

Capital Spending *(cont.)*

- Captive engineering capability increases leverage of capital investment — more for less
- Maintenance spending of \$1.2 billion expensed in 2002
- There are opportunities to improve performance and lower costs in our current system
- Operations or safety not compromised

Changes in Capital Spending

\$ Millions

Type	Estimate		
	2001	2002	2003
Expansion / Additional Capacity	\$171	\$311	\$ 54
Small Maintenance Capital	214	200	209
Environmental	80	190	150
Optimization and Rationalization	189	181	252
Information Technology	29	78	85
Total	\$683	\$960	\$750

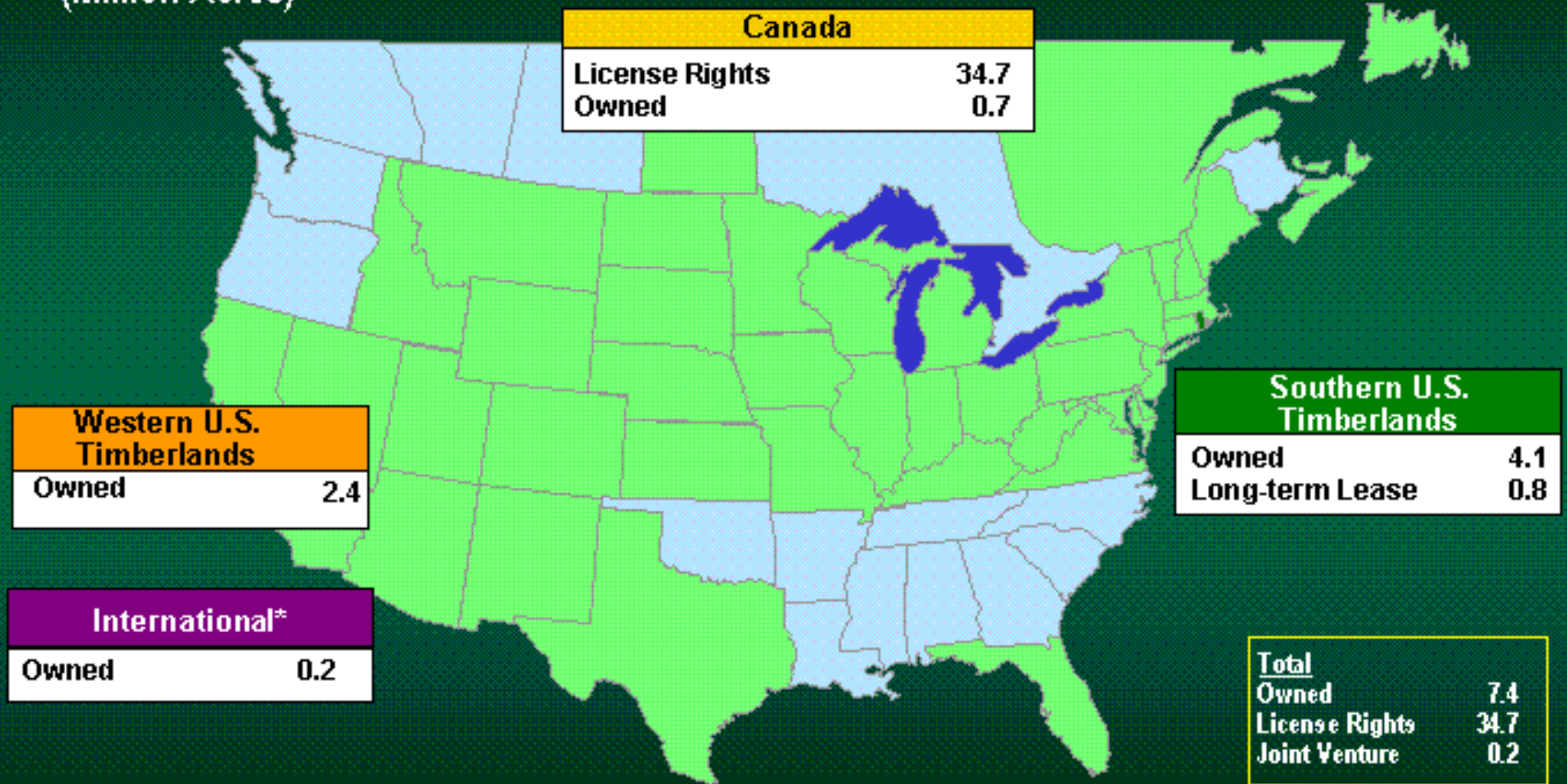
What We're Doing Differently

- Use of in-house project management and expertise can save 20–30% on capital projects
- Simplifying design and using innovative engineering
- Constantly adjusting the system to improve performance
- Emphasizing routine maintenance



Timberlands Ownership

(Million Acres)



*Joint venture ownership

Source: *Company Data*

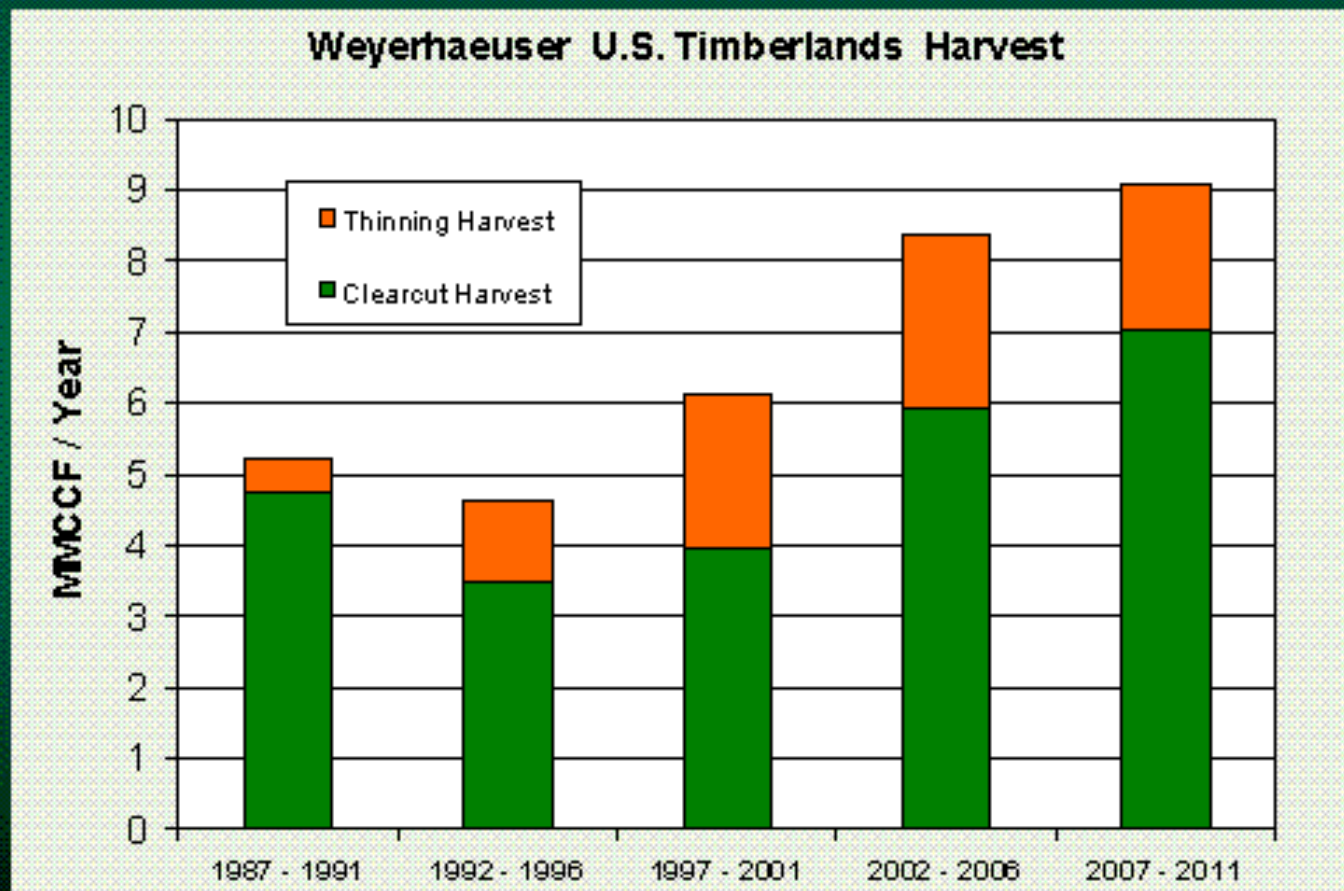
Timberlands Portfolio

- Timberlands is viewed as a business, characterized by
 - Ability to enhance value and cash flow through
 - Forest management
 - Portfolio management
 - Integrated marketing and manufacturing
 - Inherent growth in value
 - Physical asset growth
 - Unit value increases as tree ages

Timberlands Portfolio

Timberlands Harvest

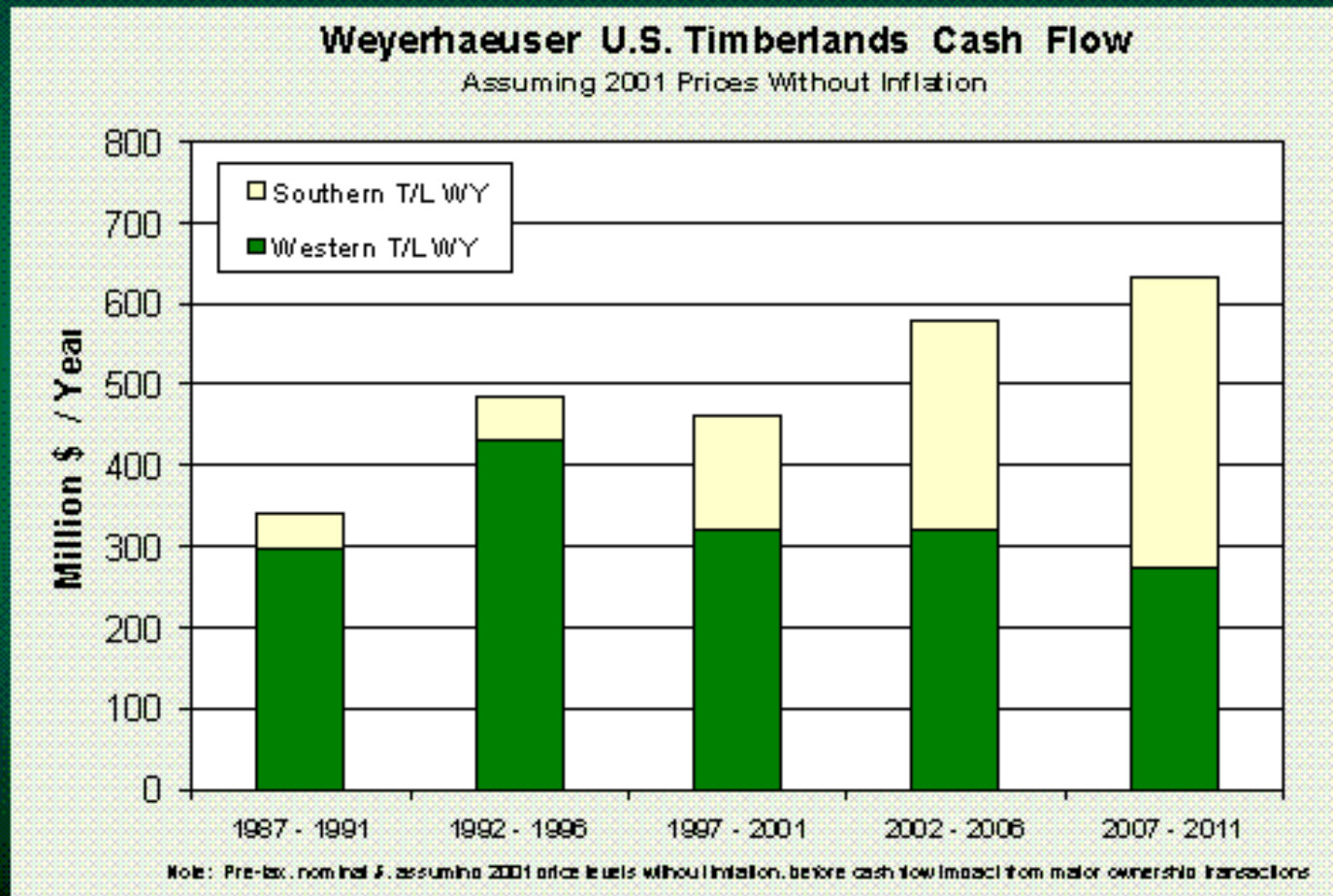
- Timberlands harvest volume is expected to increase significantly during this decade as Weyerhaeuser forests (plantations) mature



Timberlands Portfolio

Timberlands Cash Flow

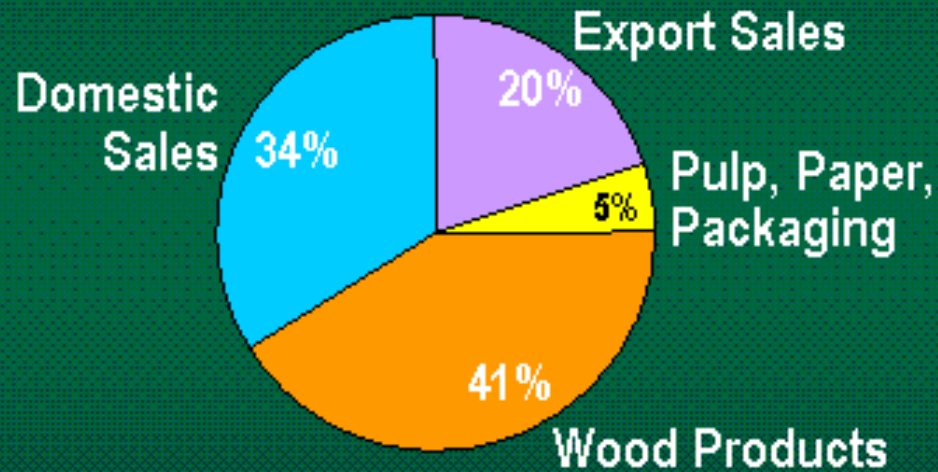
- Cash flow is projected to increase with the greater harvest volumes



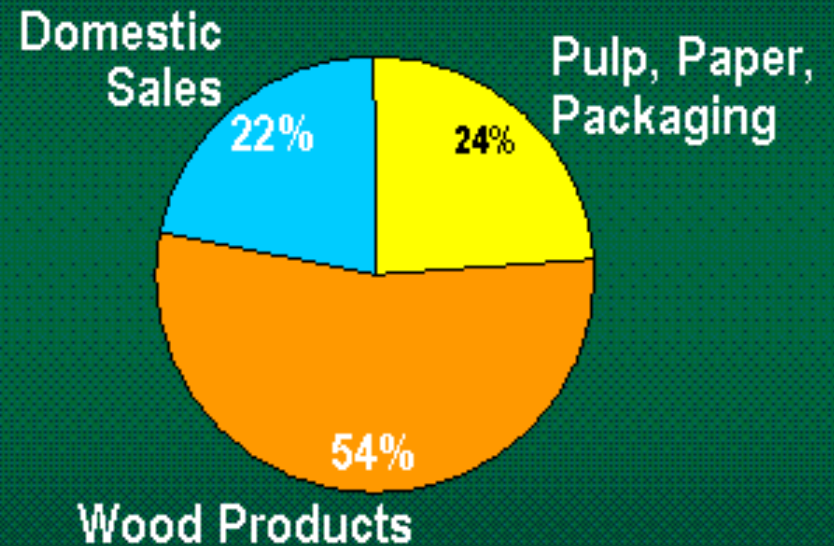
Timberlands Portfolio

Uses of Fee Timber

- 65% of Timberlands volumes are used internally



West

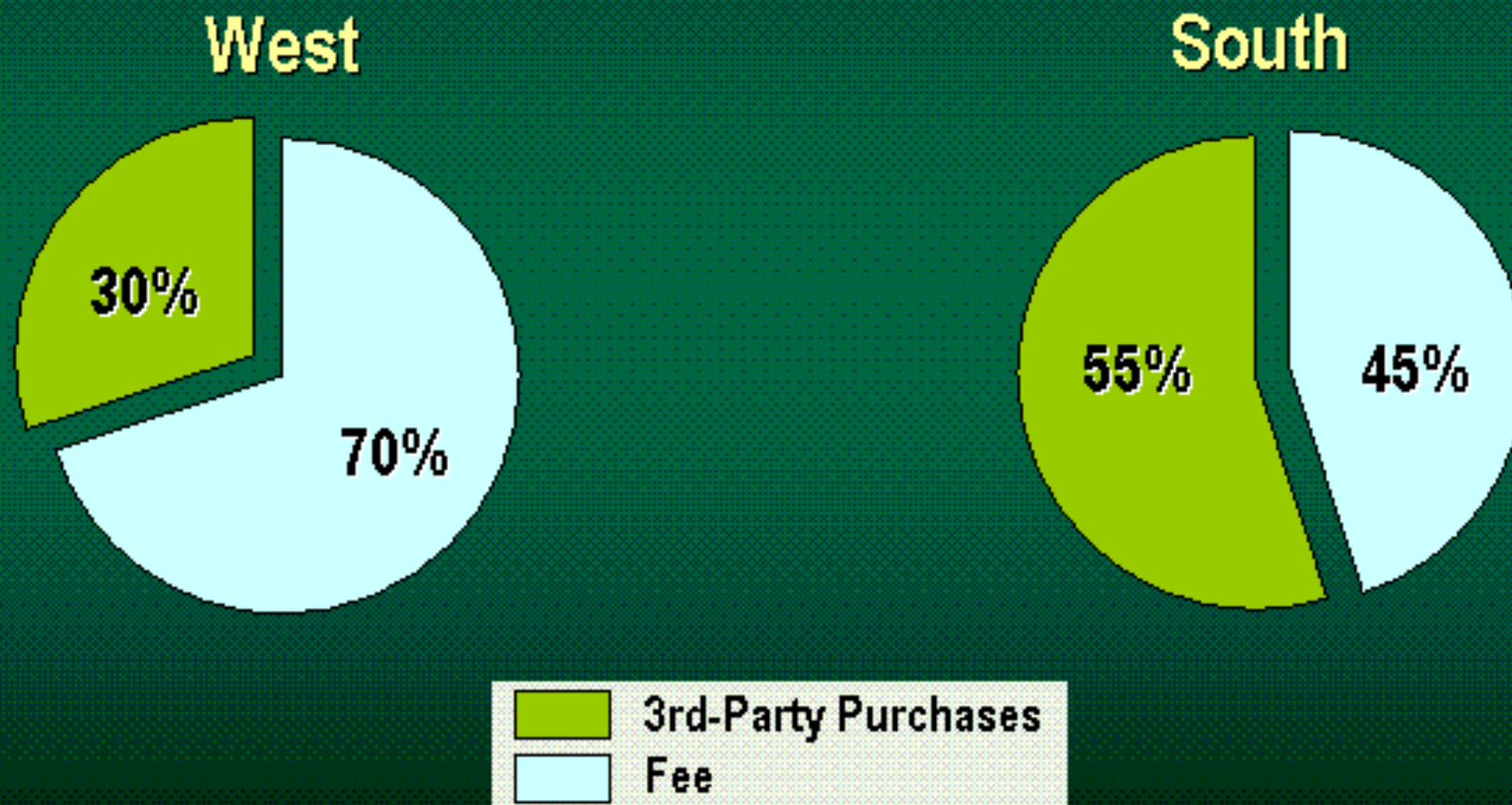


South

Timberlands Portfolio

Saw Timber Self-Sufficiency

- Significant raw material source for Weyerhaeuser businesses



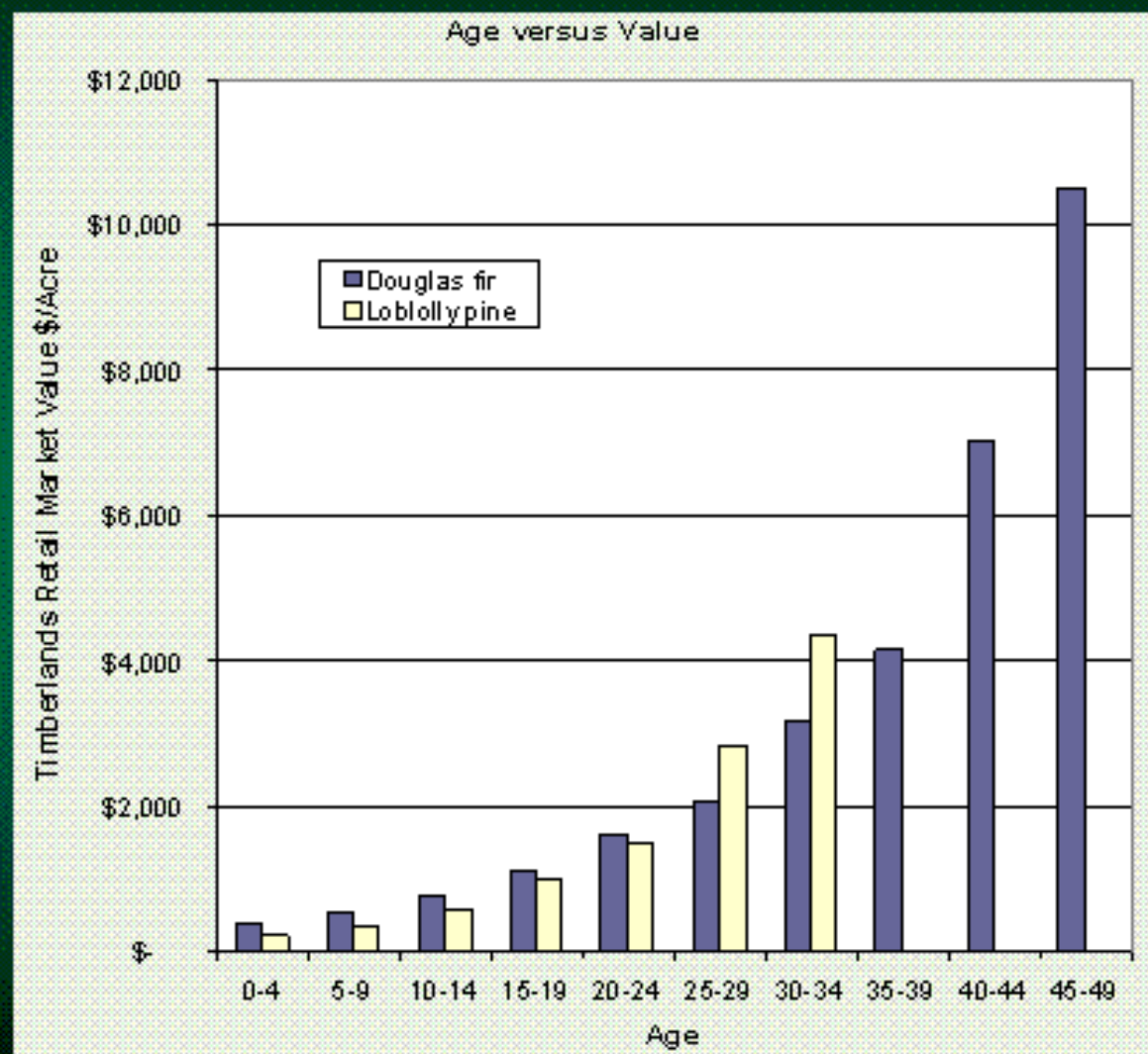
Portfolio Management

- **Evaluating the Timber Portfolio**
 - Financial returns to market
 - Company supply needs
 - Regulatory risk exposure
 - Cash flow patterns
 - Site quality and location
 - Operability and logistics — the cost to operate
- **Enhancing the Timber Portfolio**
 - Identifying and selling less strategic parcels
 - Matching timber portfolio with company needs
 - Reinvesting to increase the long-term value of portfolio

Timberlands Portfolio

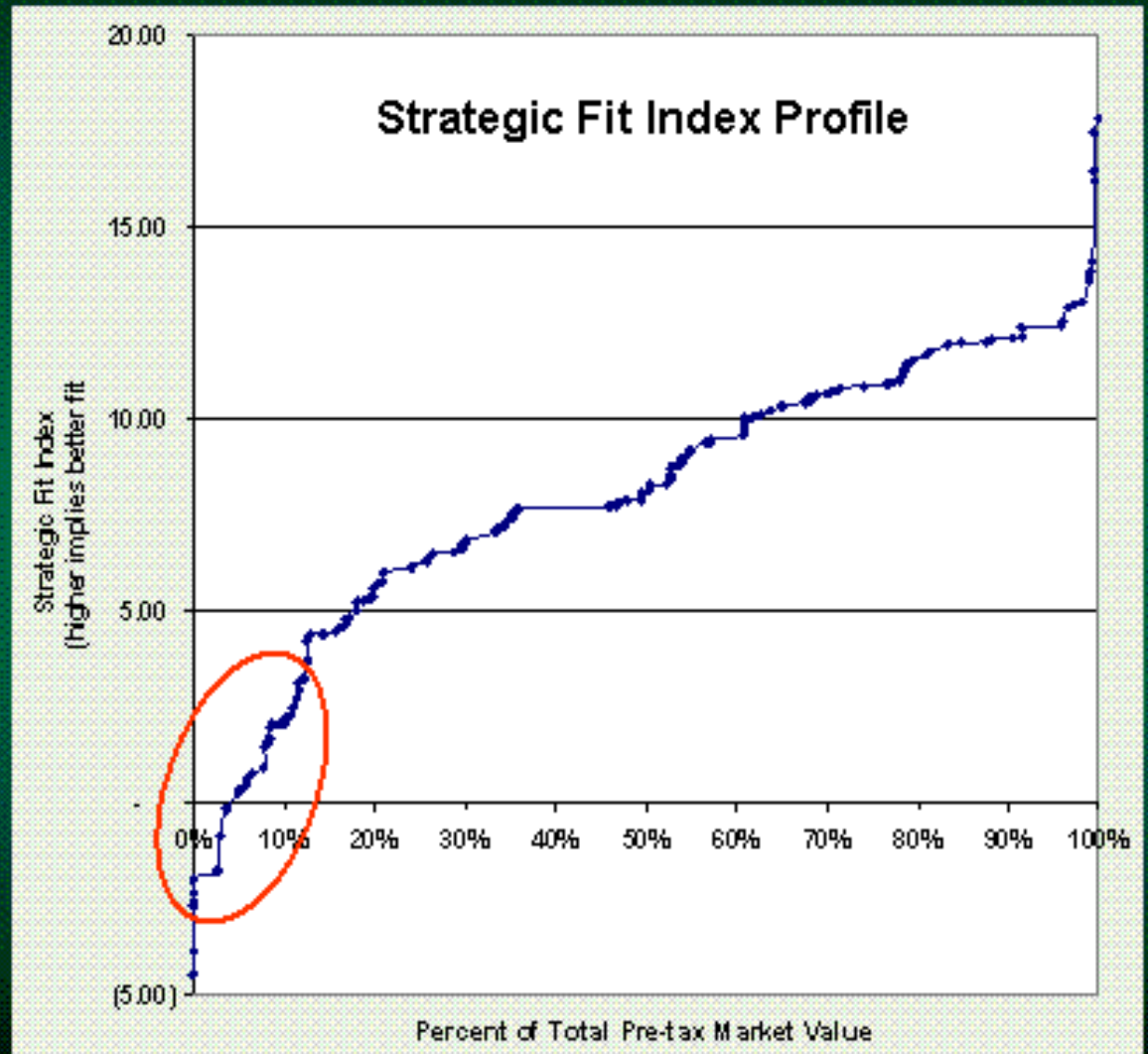
Unit Value Increases as Tree Ages

- Timberlands retail market value increases dramatically with age for both Douglas fir and Loblolly pine



Portfolio Management

- Properties with poor strategic fit and financial returns are the focus of our disposition program



Portfolio Management

Current Status

- **Over the last decade**
 - Timberlands acreage increased 50%
 - Timber inventory volume is up 75%
 - Average quality has improved
- **Self-sufficiency will continue to improve over the next decade**
- **In some geographies we are experiencing**
 - Pressure on land values from higher and better uses
 - Increasing regulatory pressures
- **Market opportunities exist to exit areas at risk, thus improving overall portfolio (return) characteristics**

Summary

- Our forest ownership position is diversified and strong
- Operating cash flows from our timberlands will continue to increase over the next decade
- These increasing cash flows are supported by both physical inventory growth and mix improvements
- Our process to continuously improve our portfolio will generate additional future free cash without jeopardizing the potential of the asset



Weyerhaeuser Company
Wood Products

William R. Corbin
Executive Vice President — Wood Products

Profitable Regardless of the Market

- **Couple best manufacturing to our fee timber base**
- **Asset rationalization**
- **Leverage world-class technology**
- **Build on a strong market presence**

Couple Best Manufacturing to Fee Timber

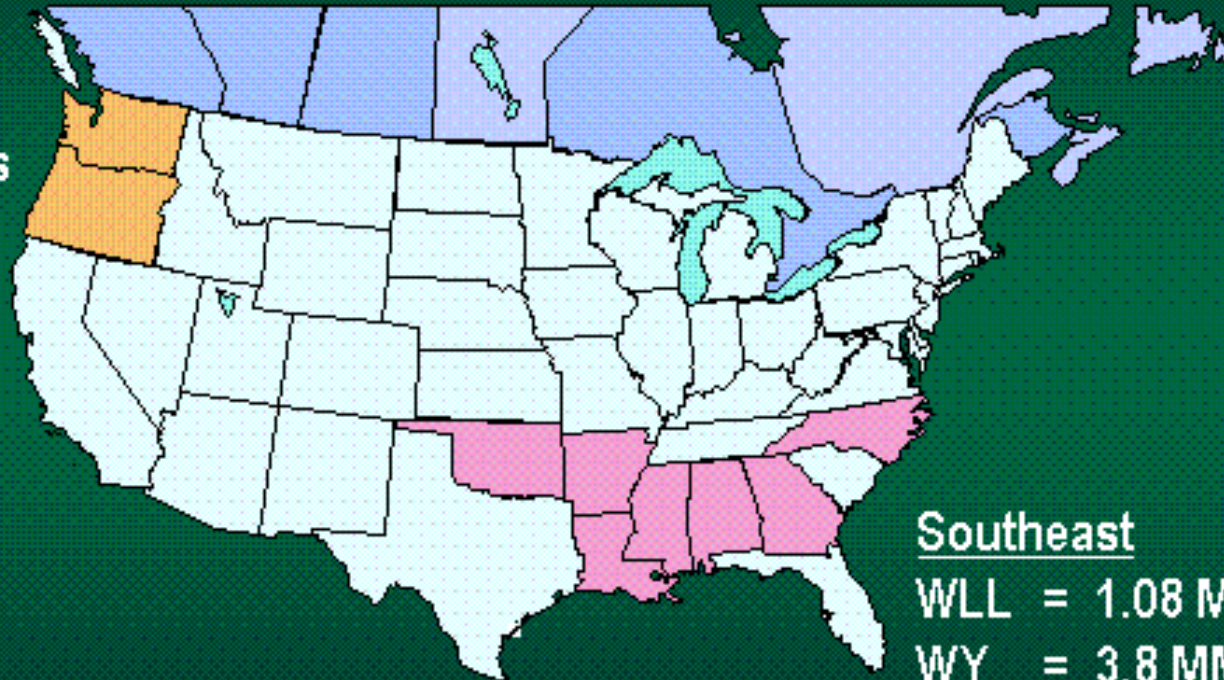
Northwest

WLL = .6 MM

WY = 1.8 MM

TOTAL = 2.4 MM acres

Canada – 35.4 million acres (5 provinces)



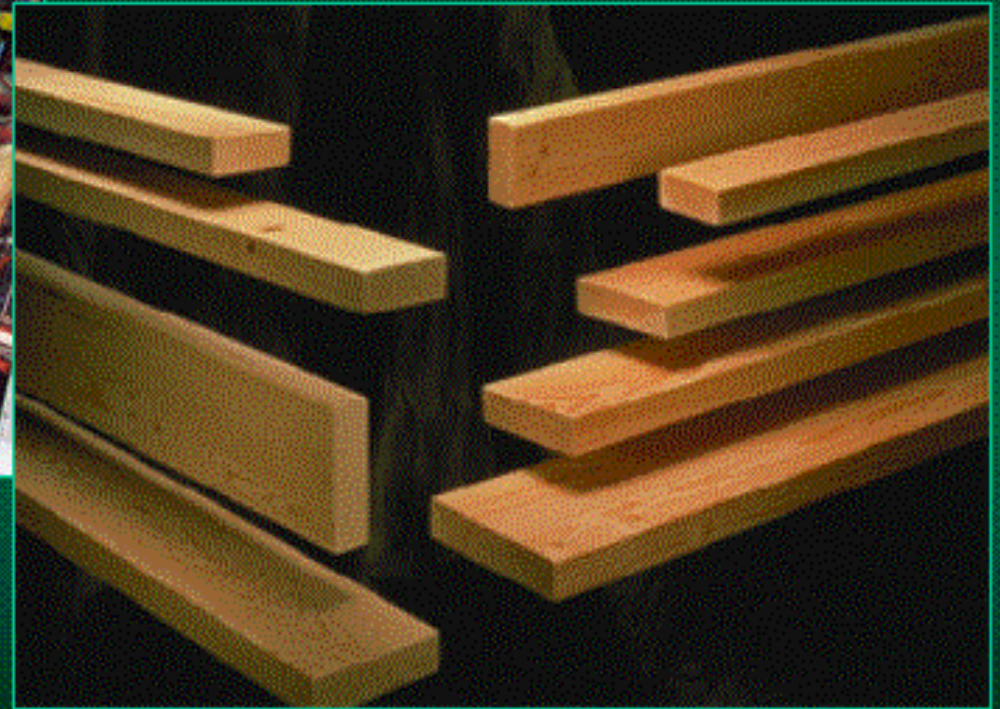
Southeast

WLL = 1.08 MM

WY = 3.8 MM

TOTAL = 4.9 MM acres

Couple Best Manufacturing to Fee Timber



Asset Rationalization

Facilities Closed or Sold in 2002–2003.1

Sawmills

4 closed

Plywood Plants

1 closed

1 sold

Oriented Strand Board

1 closed

Customer Service Centers

4 closed

Composites Mills

3 closed

1 sold

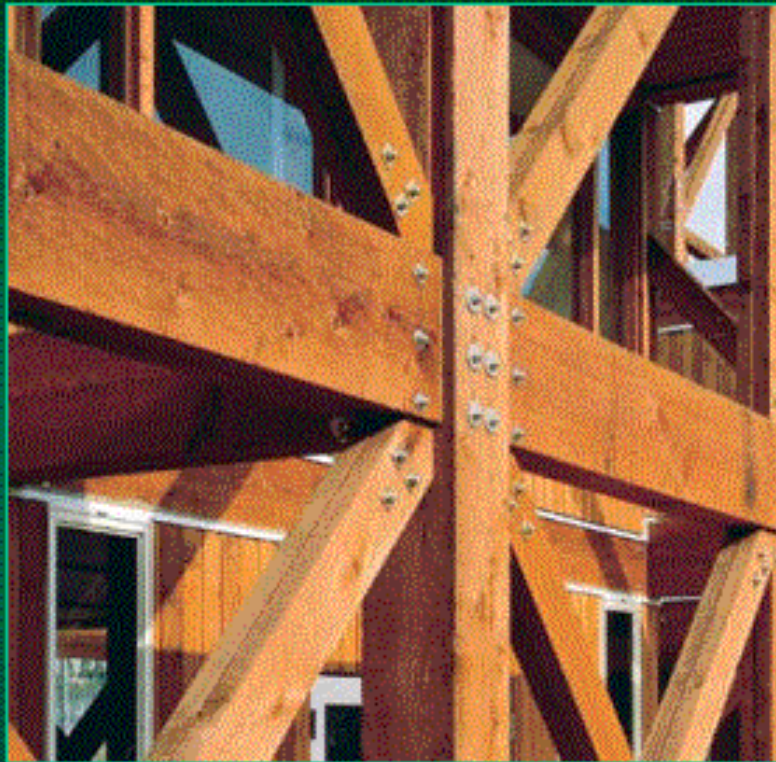
Engineered Lumber

3 closed

Reman / Retail

2 sold

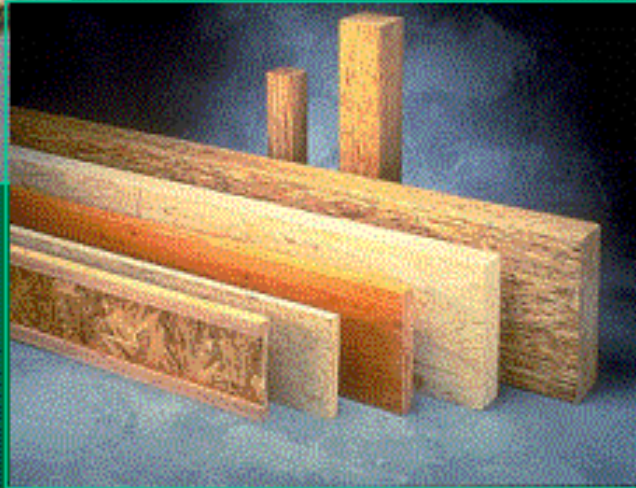
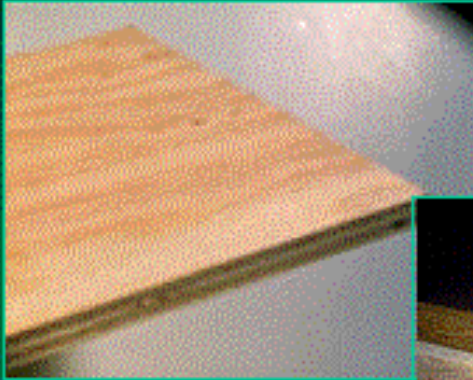
Asset Rationalization



Asset Rationalization



Leverage World-Class Technology



Leverage World-Class Technology

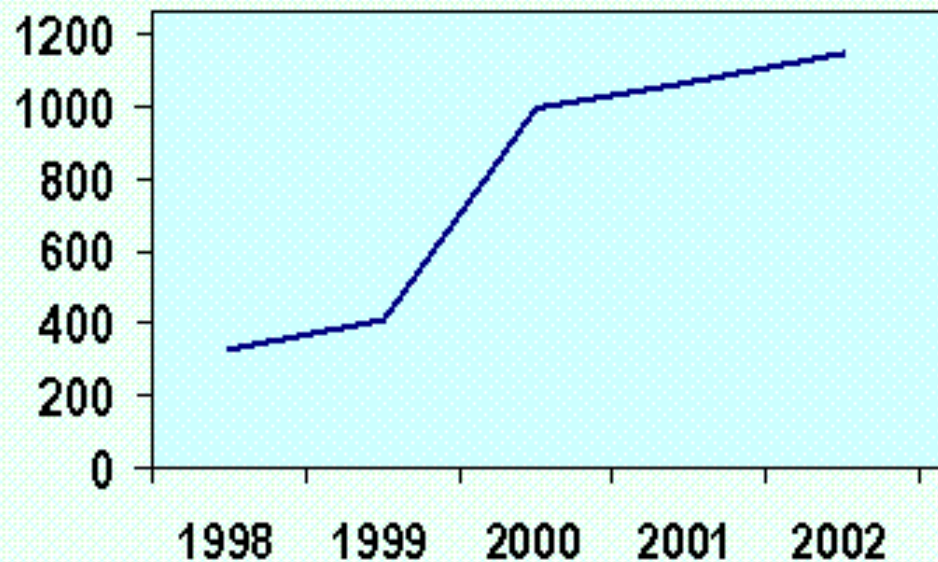


Structurwood®
EDGE

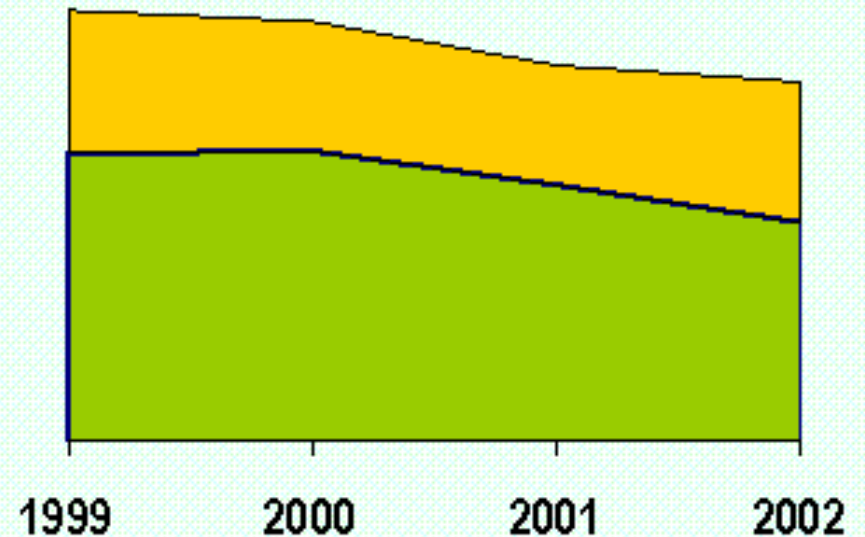


Leverage World-Class Technology

ELP Sales (\$)



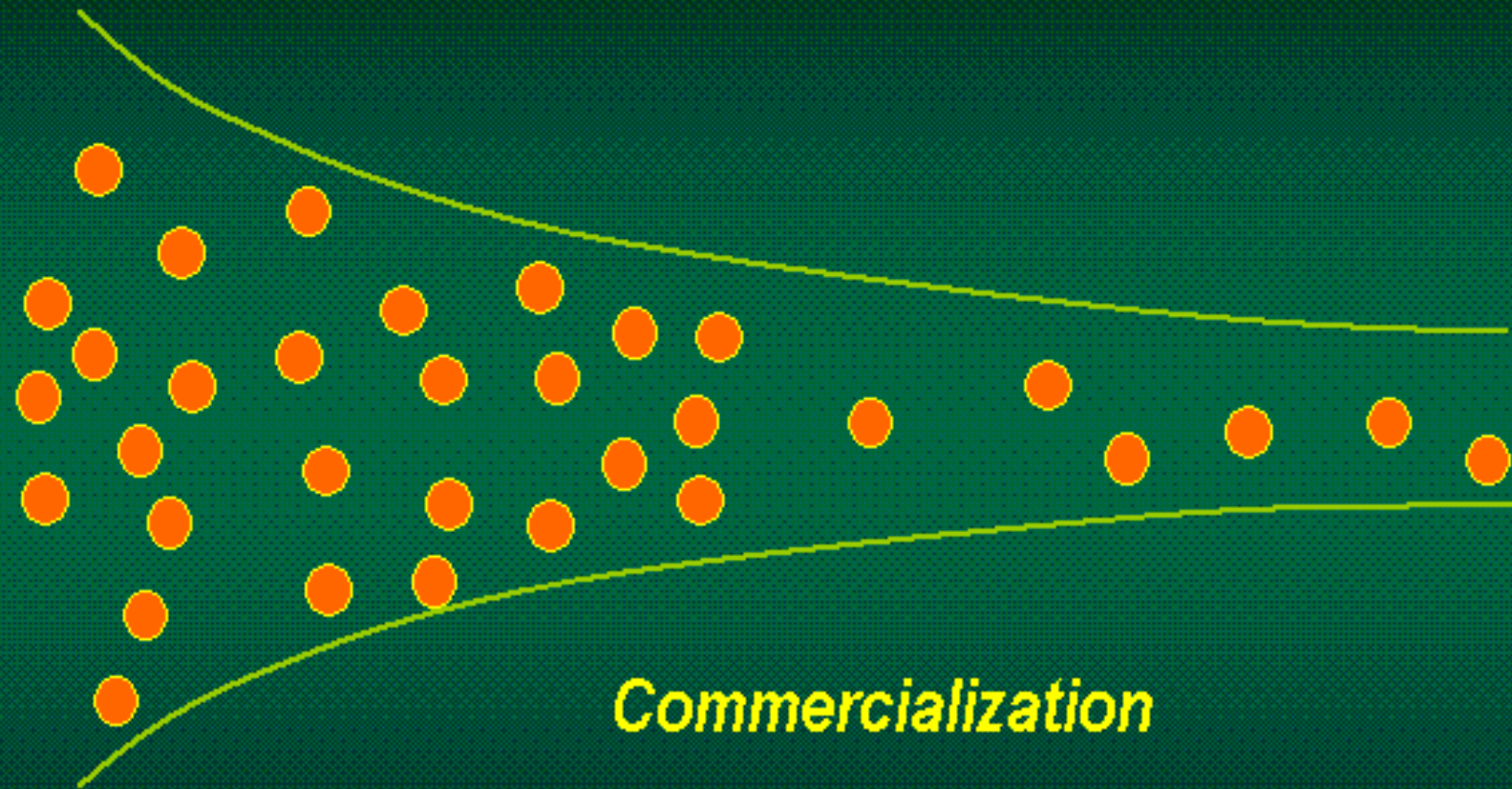
Selling and G&A (%)



Leverage World-Class Technology



Leverage World-Class Technology



Phase 0

Phase 1

Phase 2a

Phase 2b

Phase 3

Build on a Strong Market Presence

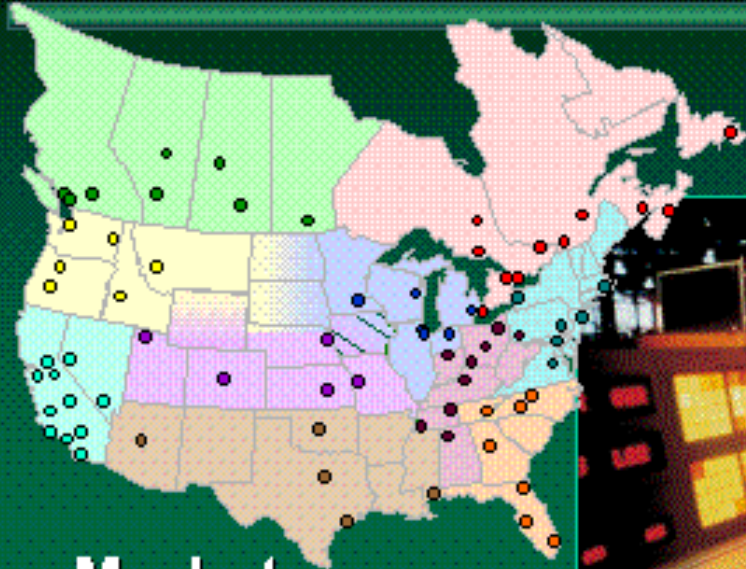


Build on a Strong Market Presence



- 8% of North American starts using multiple enterprise products in 2002
- Registered Homes = 24% increase over 2001
- Sales generated from construction = 29% over 2001
- Builders of 12% of North American starts registered for the program for 2003

Build on a Strong Market Presence



Market
Presence

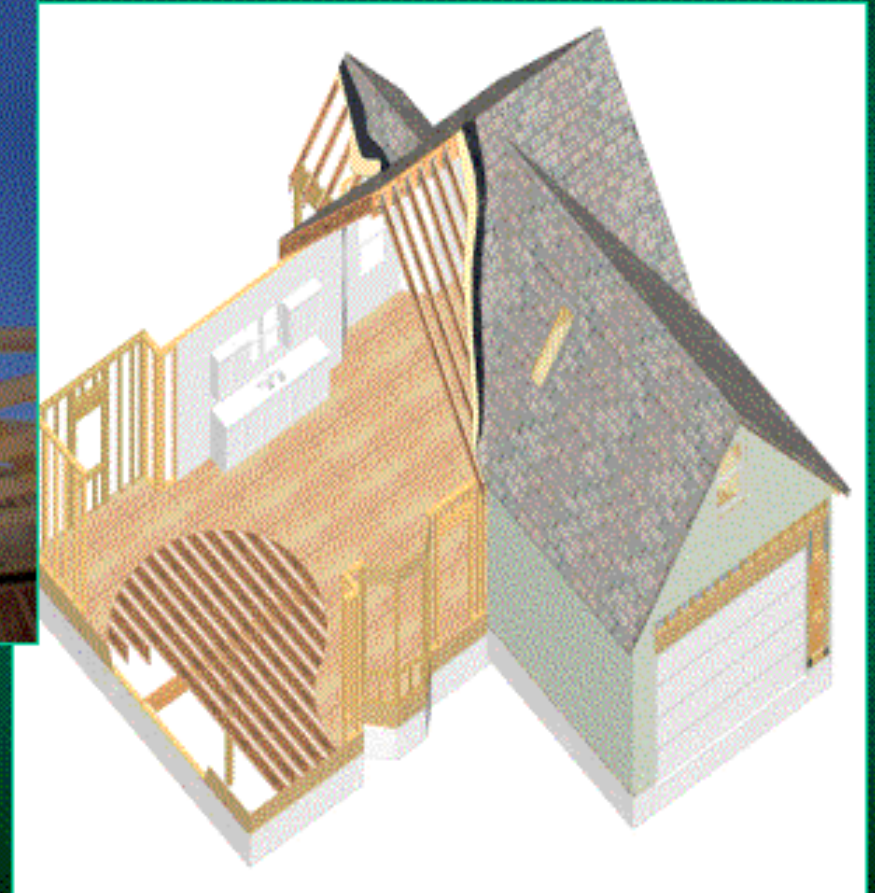


Technology



Manufacturing

Build on a Strong Market Presence



**Couple Best Manufacturing
to Fee Timber**

**Asset
Rationalization**

**Profitable
Regardless
of Market
Conditions**

**Leverage
World-Class
Technology**

**Build on a Strong
Market Presence**



Weyerhaeuser Company
Pulp & White Paper



Michael R. Onustock
Senior Vice President — Pulp & White Paper

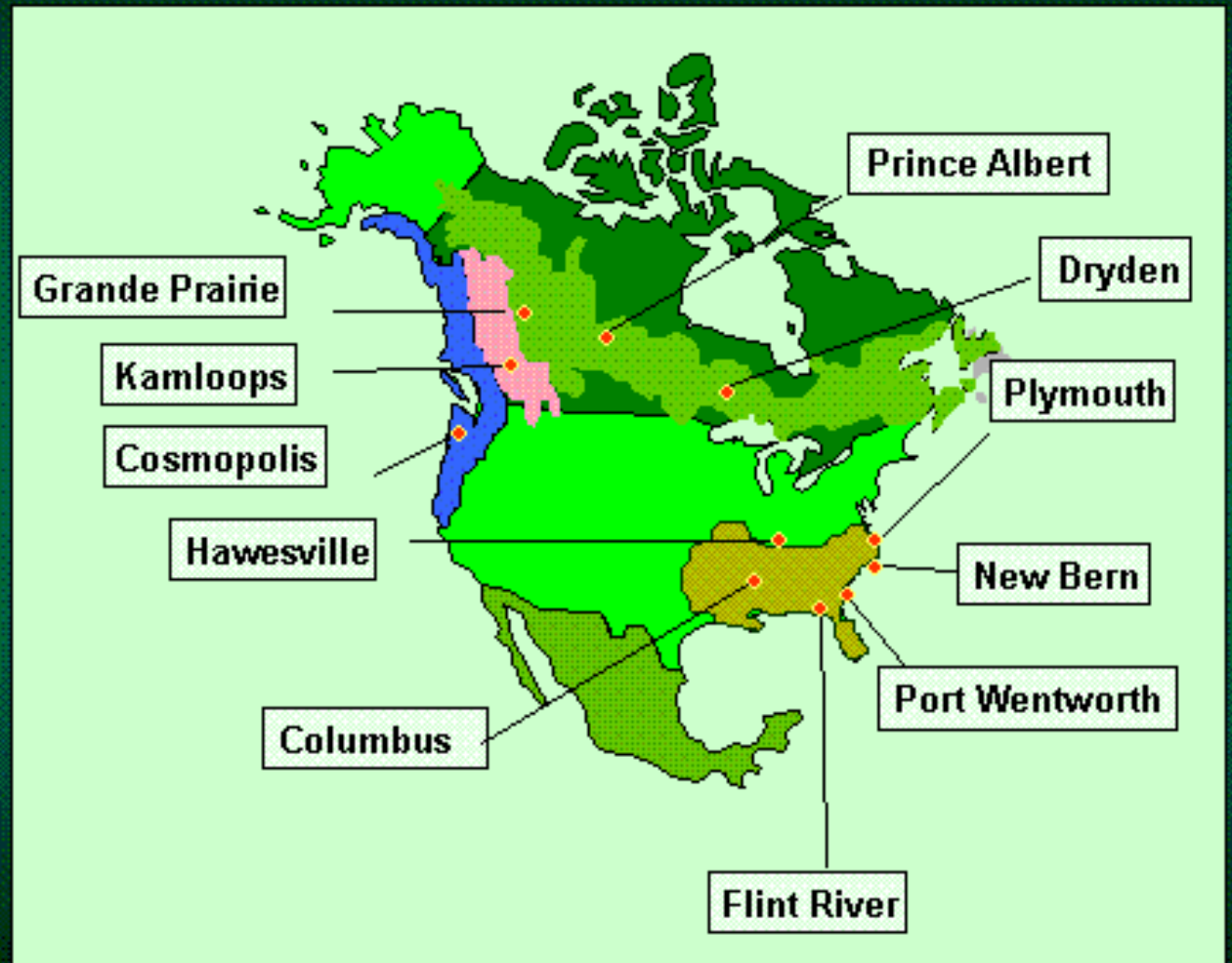
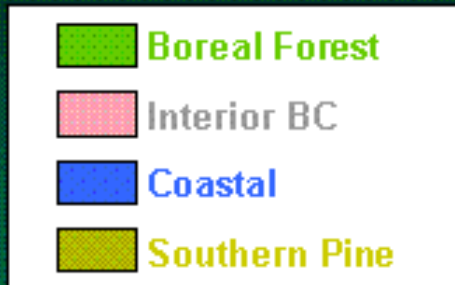
Top 10 Market Pulp Producers Worldwide

	Thousand Metric Tons
1. Weyerhaeuser	2,810
2. International Paper	2,113
3. Stora Enso	2,065
4. Sodra	2,000
5. Aracruz	2,000
6. Tembec	1,773
7. Georgia-Pacific	1,498
8. Canfor	1,344
9. Arauco	1,330
10. APRIL	1,300
Total	18,233

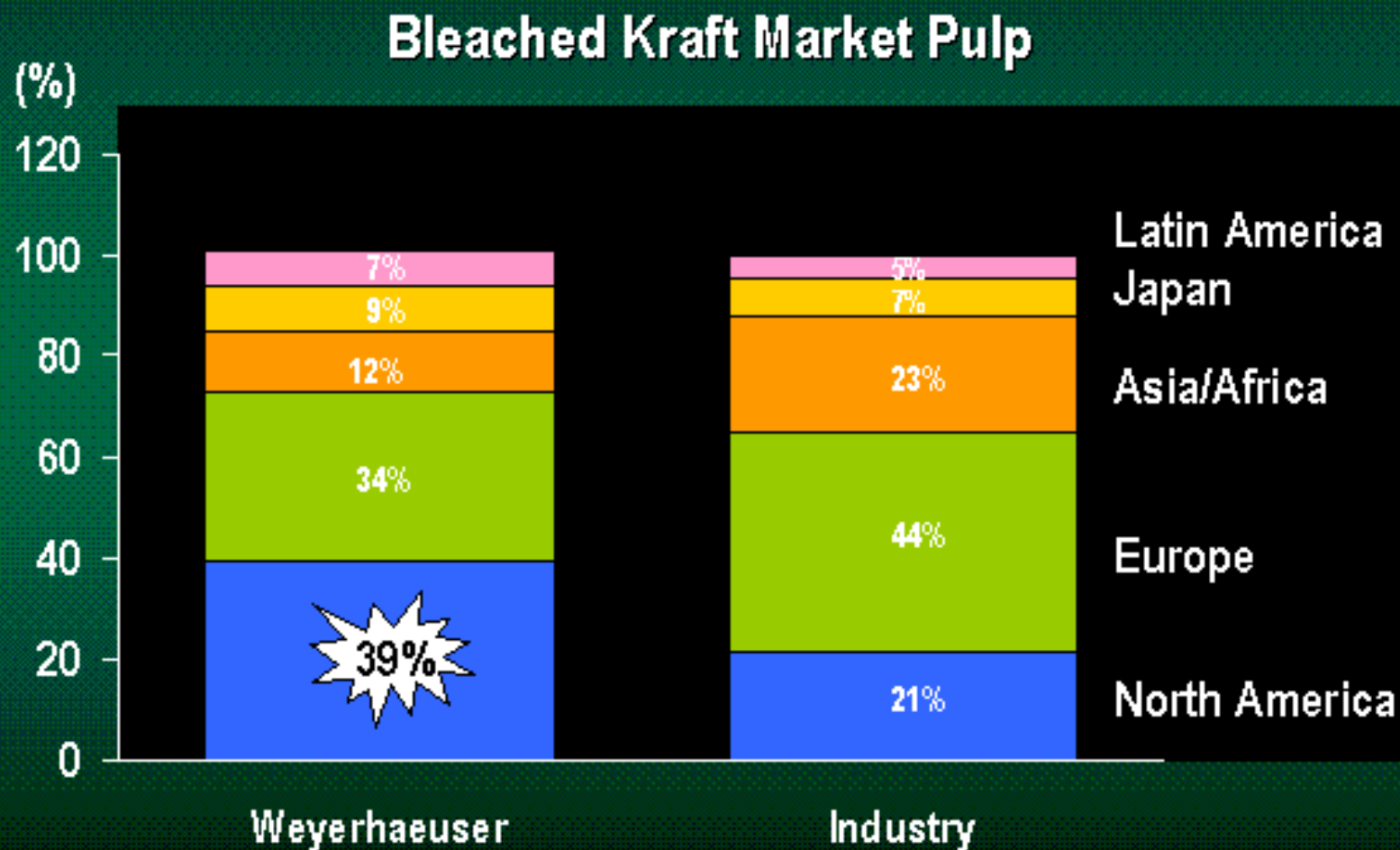
Top 10 Total Market Share 45.4%

Source: Bank of America

Forest Regions and Mill Locations



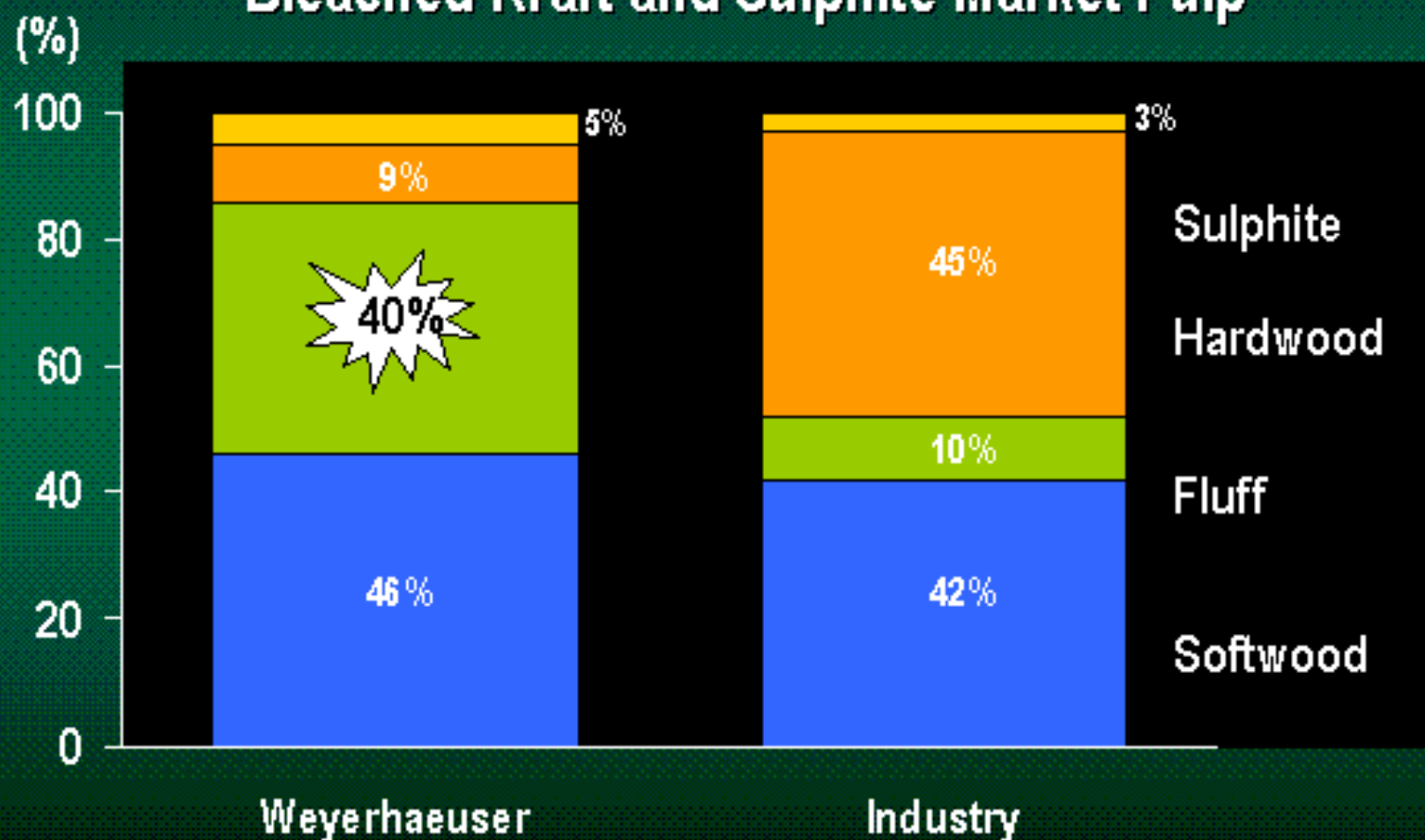
Weyerhaeuser Has a Larger Share of More Stable N.A. Pulp Markets



Source: Industry sources

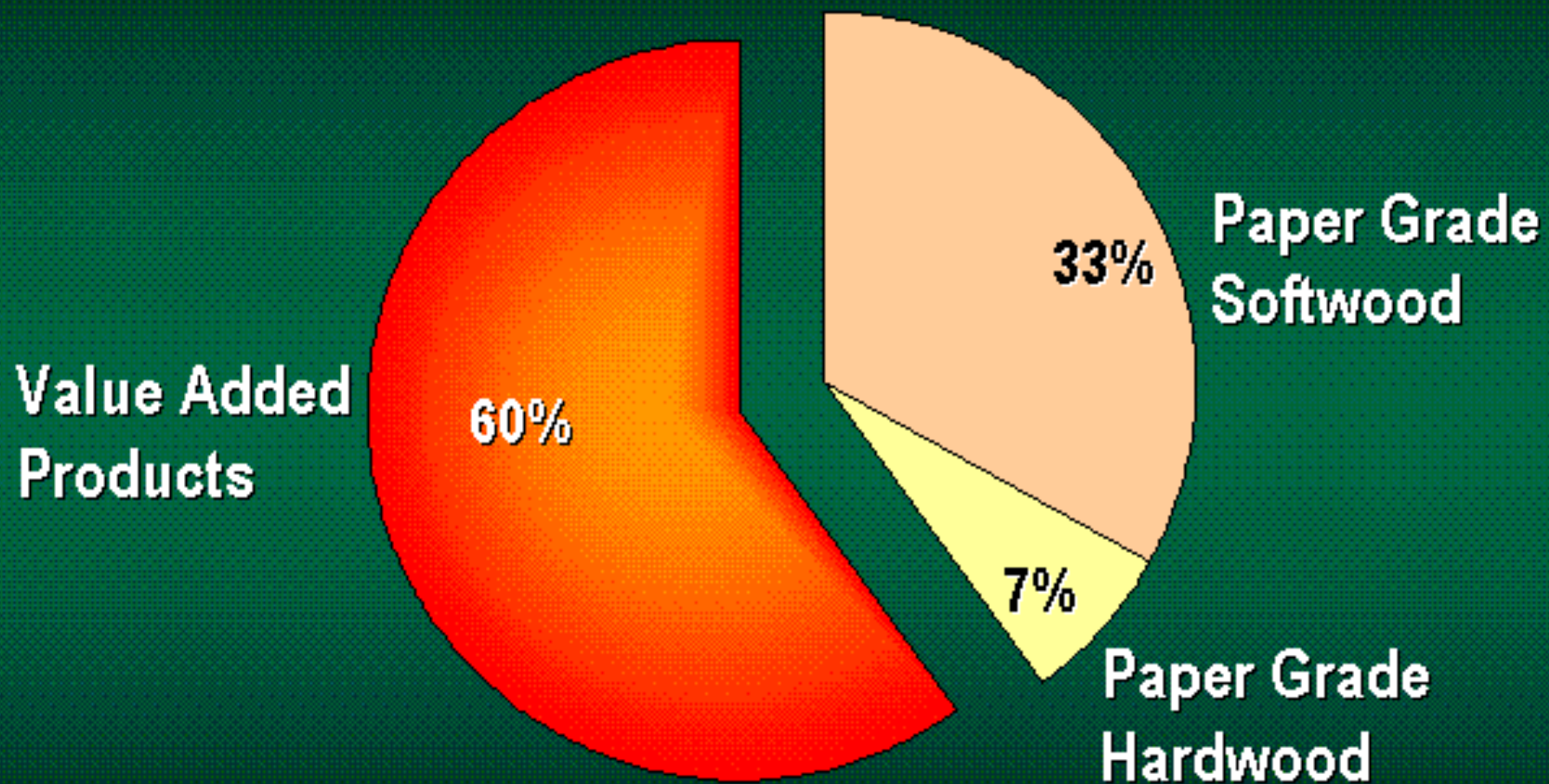
Product Mix Heavily Weighted Toward Fluff Production Compared to the Industry

Bleached Kraft and Sulphite Market Pulp

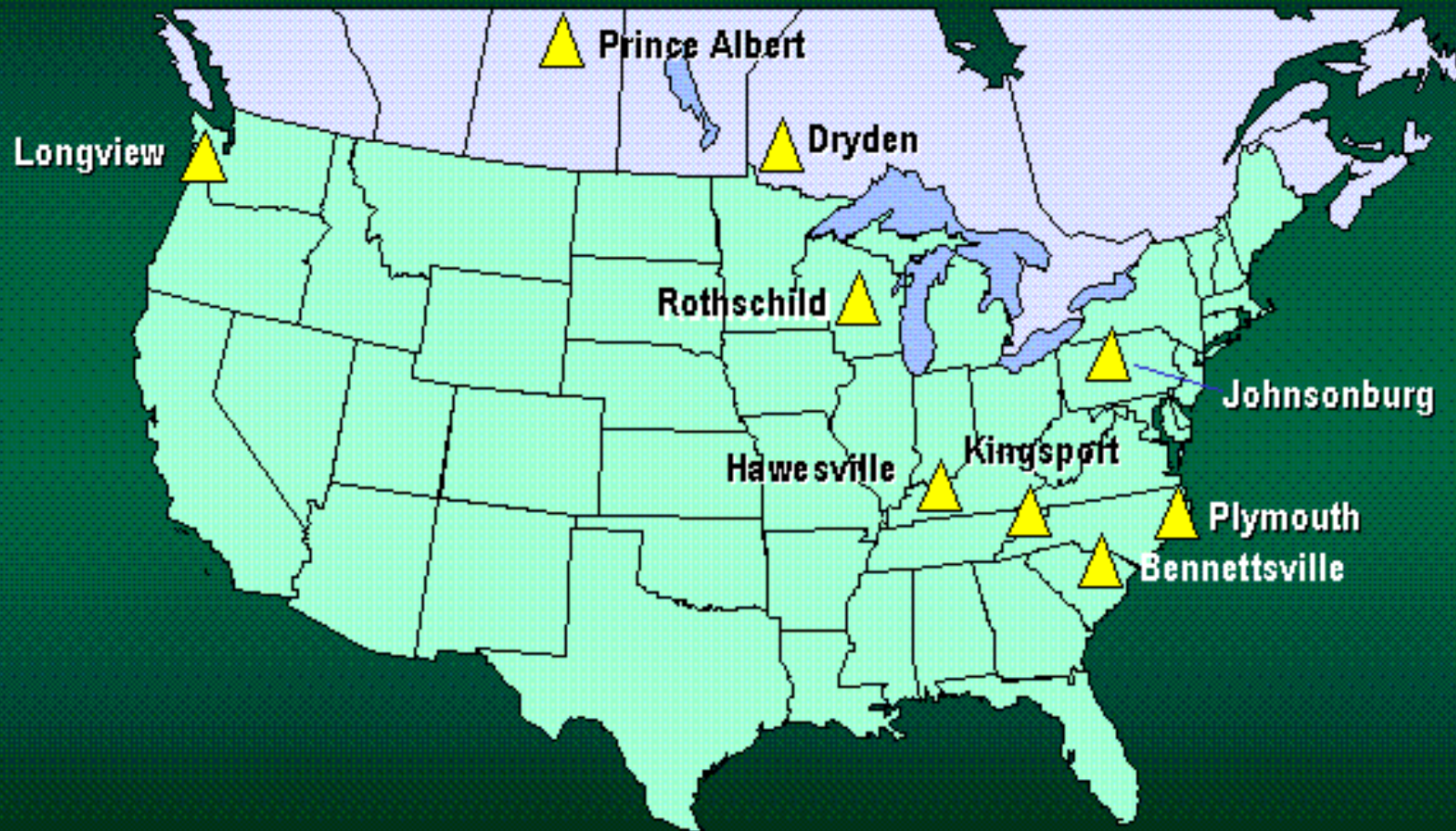


Source: Industry sources

Weyerhaeuser Market Pulp Products



Uncoated Freesheet (UCFS) Mills



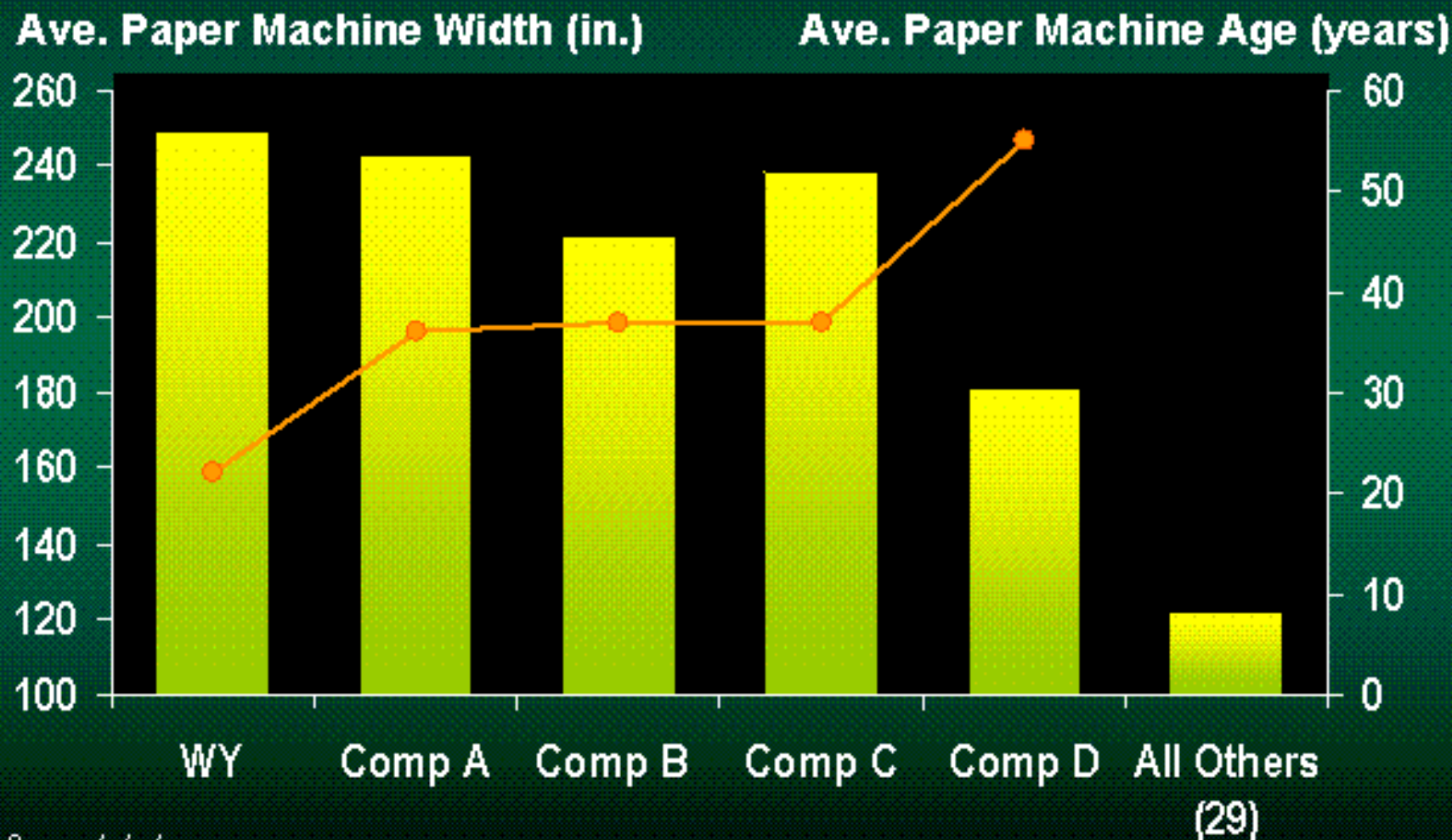
N.A. UCFS Capacity and Share

	<u>UCFS Tons (Thousands)</u>	<u>N.A. Share</u>
International Paper	3,919	26%
Weyerhaeuser	2,970	19%
Domtar	2,358	15%
Boise Cascade	1,525	10%
Georgia-Pacific	1,138	7%
Top 5 Producers	11,890	78%
Appleton Papers	448	
PH Glatfelter	368	
Fraser	333	
Mead Westvaco	285	
Blue Ridge Paper	249	
Top 10 Producers	13,573	89%
Total Capacity	15,330	

Source: Industry sources

N.A. USFS 2003

Paper Machine Width and Age



Source: Industry sources

Capacity Rationalization

<u>Paper Machine</u>	<u>Tons</u>	<u>S/D Date</u>
Johnsonburg 2	40 K	11/00
Longview 2	70 K	5/01
Kingsport 4	28 K	2/02
Kingsport 5	140 K	9/02
Johnsonburg 3	<u>45 K</u>	9/02
Total	323K	

UCFS Competitive Advantage

- Broad product range serving all market segments
- Reputation for quality and service
- Customer focus

Gaining Synergies

- Product mix optimization
- Grade rationalization
- Machine efficiencies
- Logistic opportunities
- One central hub

Uncoated Freesheet Segments

Segment	Products	End Uses	Tons
Business & Converting Papers	<ul style="list-style-type: none"> Standard-size cut sheets (8 1/2 x 11 to 11 x 17) 	<ul style="list-style-type: none"> Photo copiers Inkjet & laser printers Plain paper faxes 	1.4 MM
	<ul style="list-style-type: none"> Rolls for conversion 	<ul style="list-style-type: none"> Envelopes Tablets Business Forms Labels 	
Printing & Publishing Papers	Rolls and sheets larger than 11x17	<ul style="list-style-type: none"> Annual reports Brochures Books & manuals Direct mail Financial materials 	1.0 MM
Enterprise Group	Single and multi-part continuous forms and digital demand applications	<ul style="list-style-type: none"> Roll-fed printing Data processing Billing statements 	.6 MM

Summary

- Build on the strength of our product mix and market channels
- Continue listening to our customers while focusing on how to better service their needs
- Further rationalize machines within our system



Weyerhaeuser Company **Containerboard, Packaging and Recycling**

James Keller

Senior Vice President — Containerboard, Packaging and Recycling

Containerboard Packaging & Recycling

U.S. Leader in Industry

- Geographic coverage / scale
- Significant synergies
 - Mills — logistics / best practices
 - Recycled fiber supply
 - Rationalization status
- Low-cost system
- Customer alignment
 - Retail focus

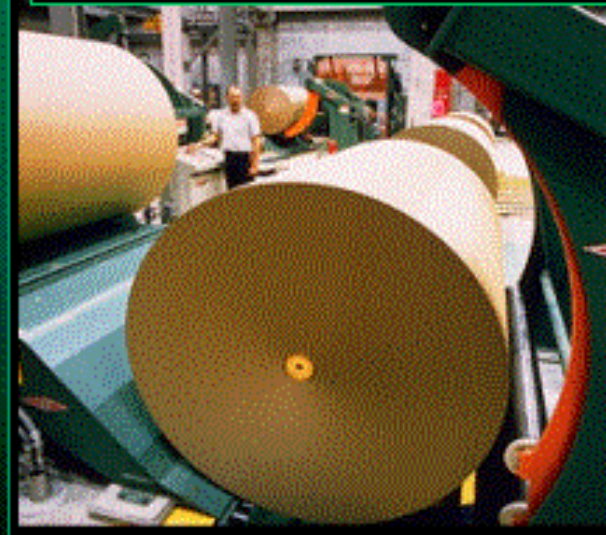
Containerboard Packaging Overview

- Integrated, 6.3 million ton system
 - 90% of containerboard consumed by Weyerhaeuser box and bag plants*
 - Packaging 3rd-party sales are 80% of revenue base

** Based on mill production, not capacity. By capacity, it's 86%*

Containerboard

- 4.5 million tons liner
- 1.8 million tons medium
- 500,000 tons U.S. open market
- Export 300,000 tons / year
 - 17% share of U.S. containerboard exports
 - Primary markets: UK, Japan, China



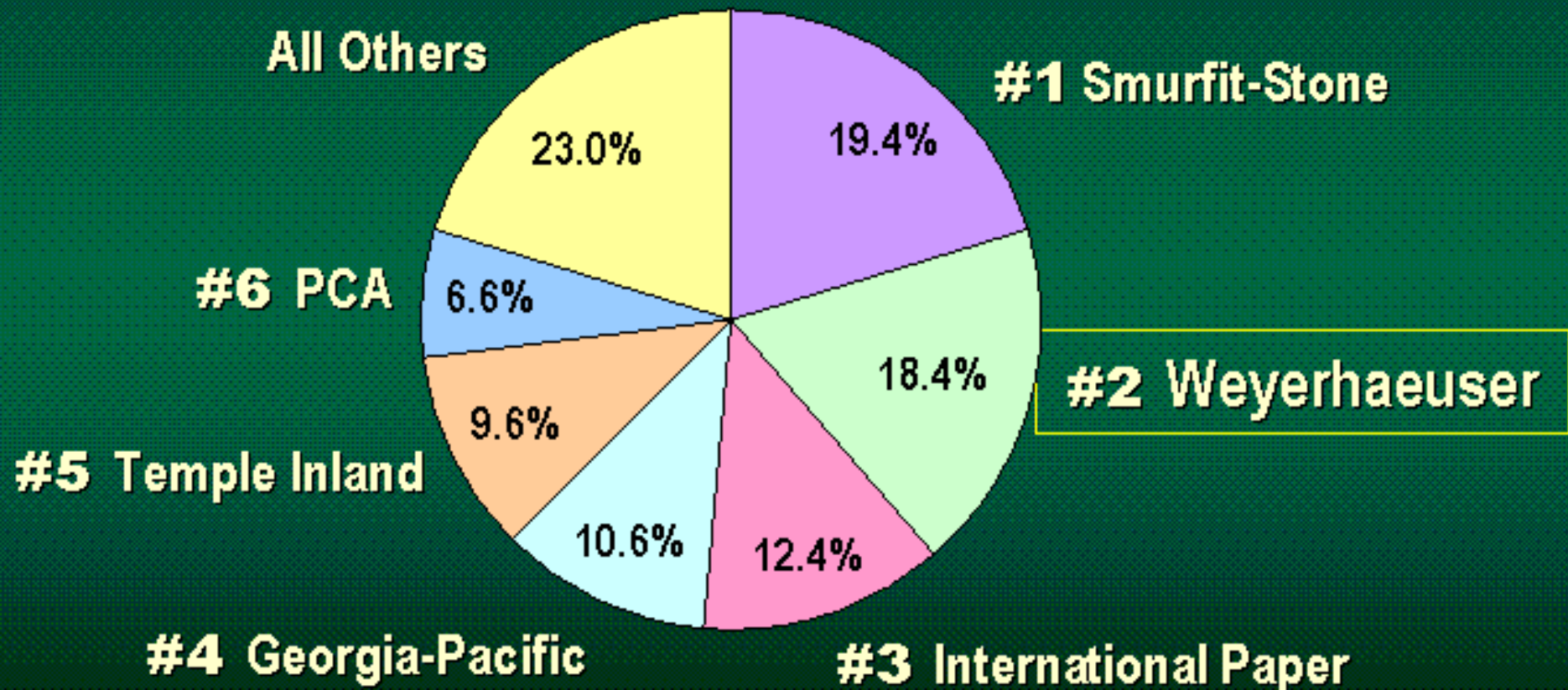
Containerboard



**11 mills;
17 paper
machines**

U.S. Containerboard Market Position

2003 view including 2002 acquisitions / divestitures / closures (as of 5-8-03)



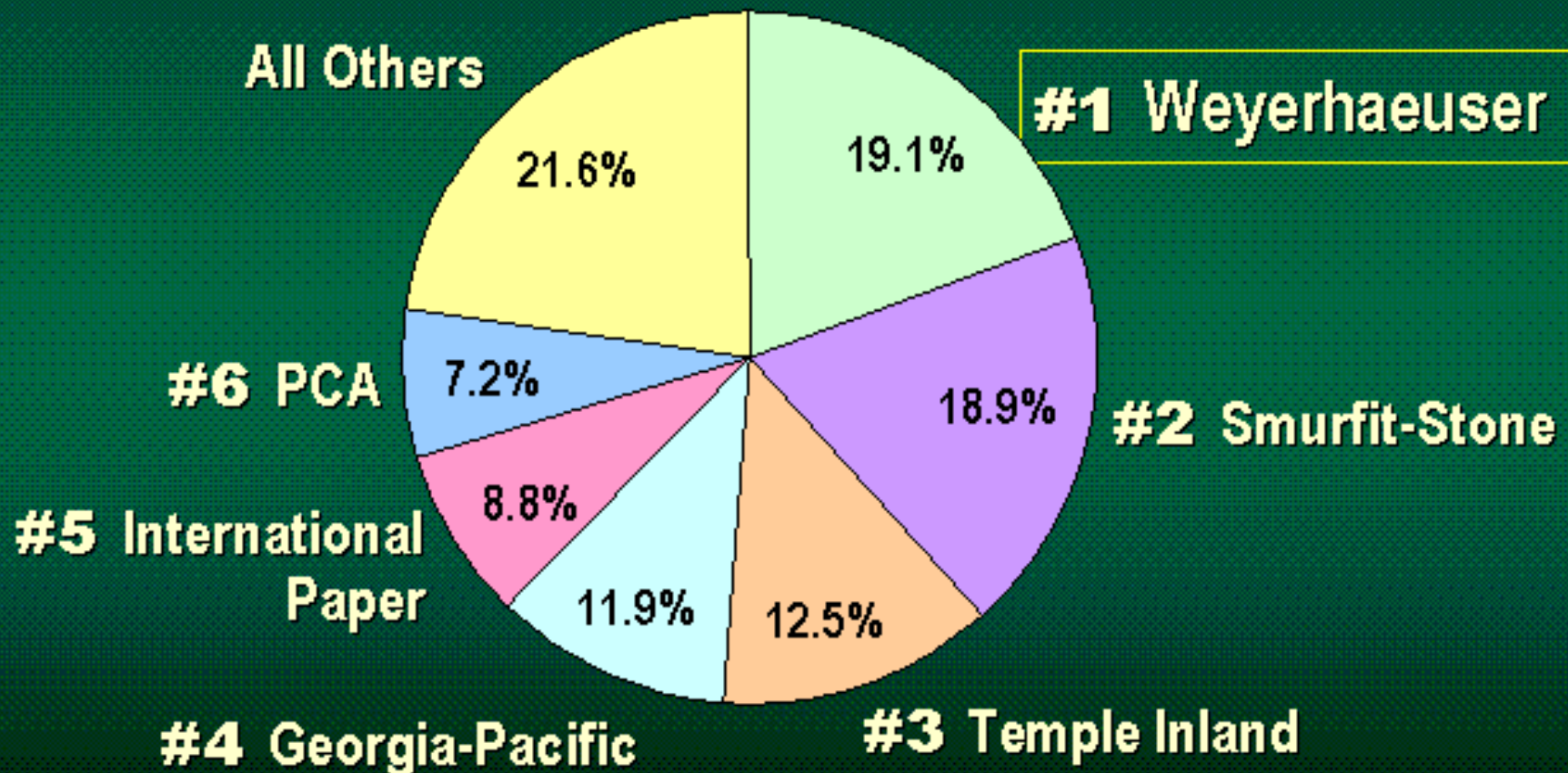
Packaging

- 7,000 customers
- 44,000 ship-to locations nationwide
- Major supplier to largest consumer products companies
- #1 market position in produce, protein, beverages



U.S. Box Market Position

2003 view including 2002 acquisitions / divestitures / closures (as of 5-8-03)



Recycling

- “Safely provide the lowest delivered-cost fiber to our internal mills and profitably serve external customers”
- 4 million tons supplied internally
- 2 million tons in 3rd-party sales



Recycling



19 recycling plants

Synergies — Examples

- Capital avoidance
- Containerboard machine optimization
 - Grades, widths
 - Transportation and logistics
- Best practices
 - Engineering, technical, operations, construction
 - Corporate services, staffing benchmarks

Optimize Mills to Drive Costs Down

- Full implementation of synergies
 - Grade mix contribution
 - Replicate reliable methods
 - Efficiency improvements
- Maximize contribution of in-place capital
- Balance production to monthly demand

Reduce Costs

- Fiber flexibility
 - Recycle vs. virgin flexibility
 - Maintain OCC supply
- Headcount — operations and overhead

Rationalization: Facility Shutdowns — 2000-2002

Containerboard

700 M tons (11% of capacity)

2002

Hawesville, KY
Sturgeon Falls, ON

2001

Plymouth, NC #3
Springfield, OR #1

Packaging

6.5 bsf (6% of capacity)

2002

Nashville, TN
Laredo, TX
Richmond, VA
Denver, CO
Tulsa, OK

2001

Meriden, CT

2000

Cleveland, OH
Houston, TX
Jersey City, NJ
Rock Island, IL

Recycling

2002

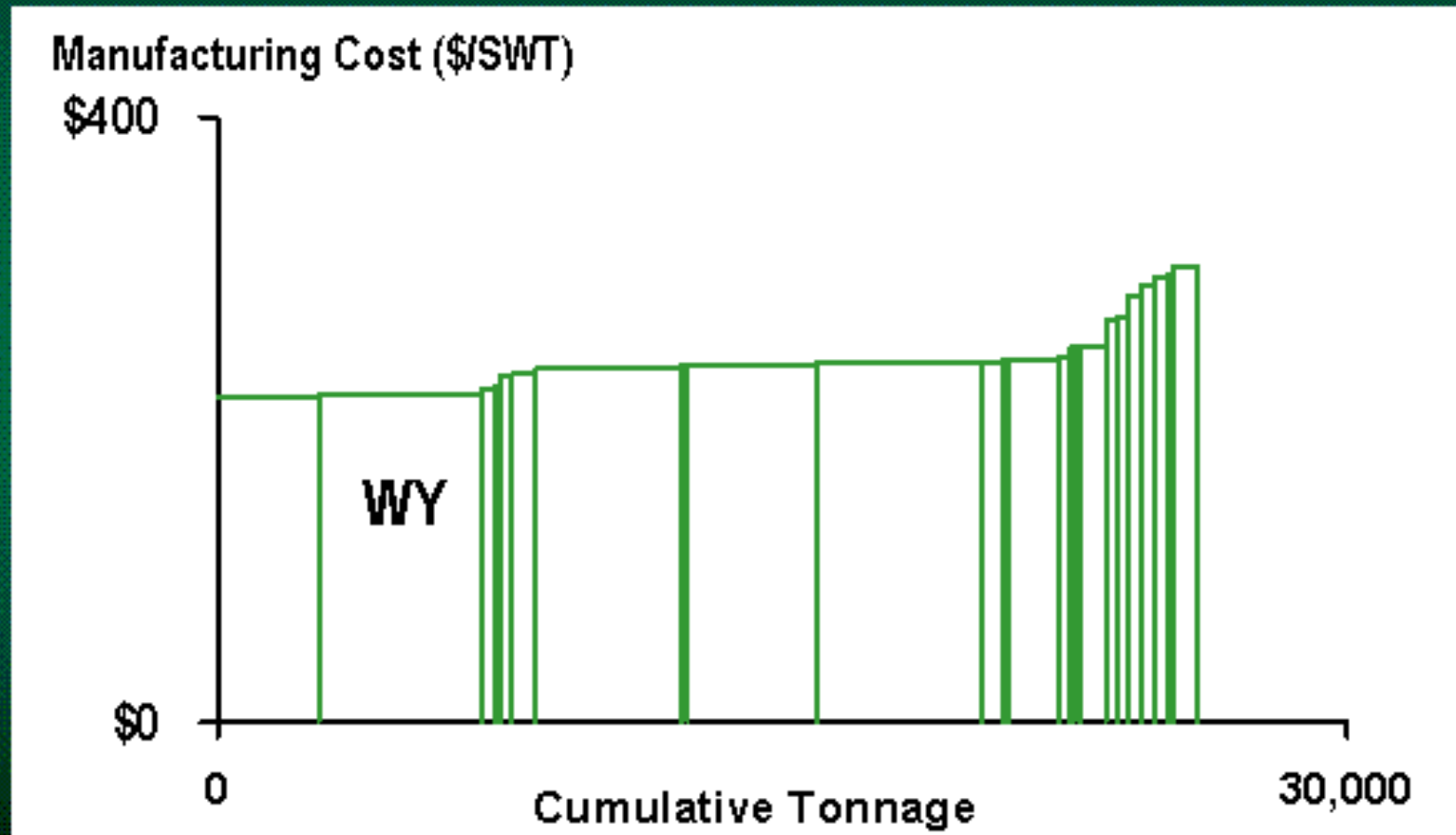
Portland, OR
San Jose, CA
Oklahoma City, OK
Haverhill, MD

2001

Bloomington, IN

System Weighted Average Cash Operating Costs

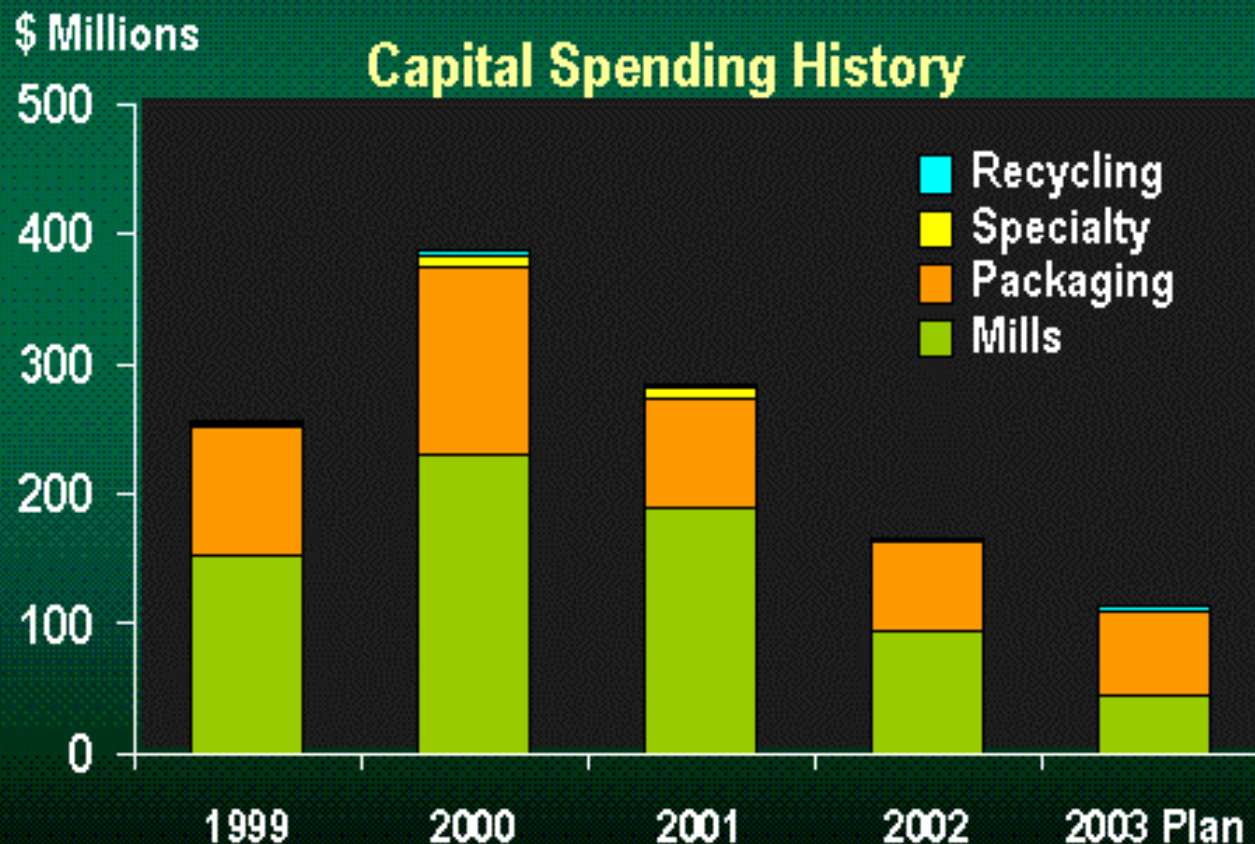
Liner System Cost @ \$75/T OCC Price FOB Chicago



Source: Company reports / Jacobs Serrine study

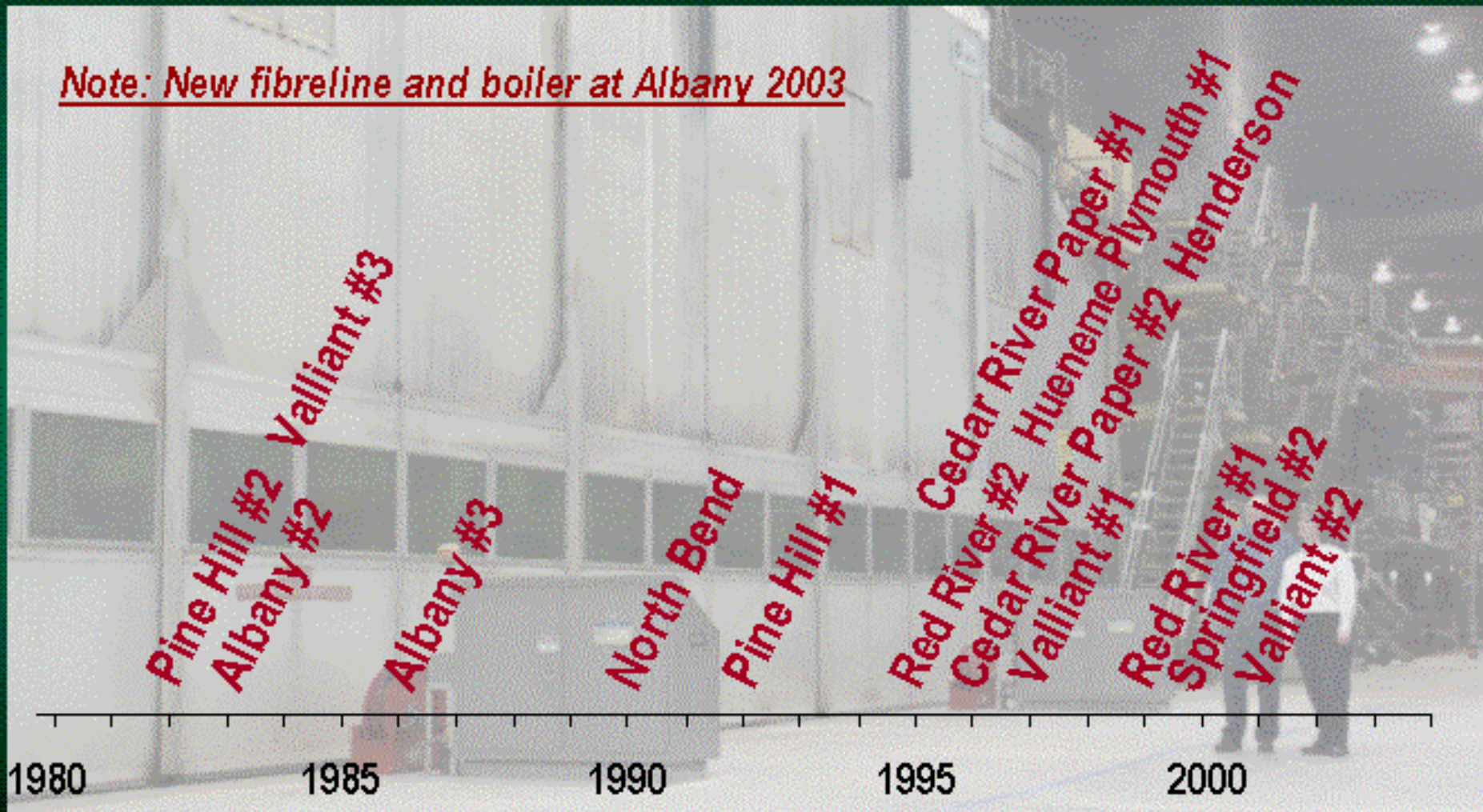
Low Capital Requirements

- Combined Weyerhaeuser and Willamette
- Modern mills / converting

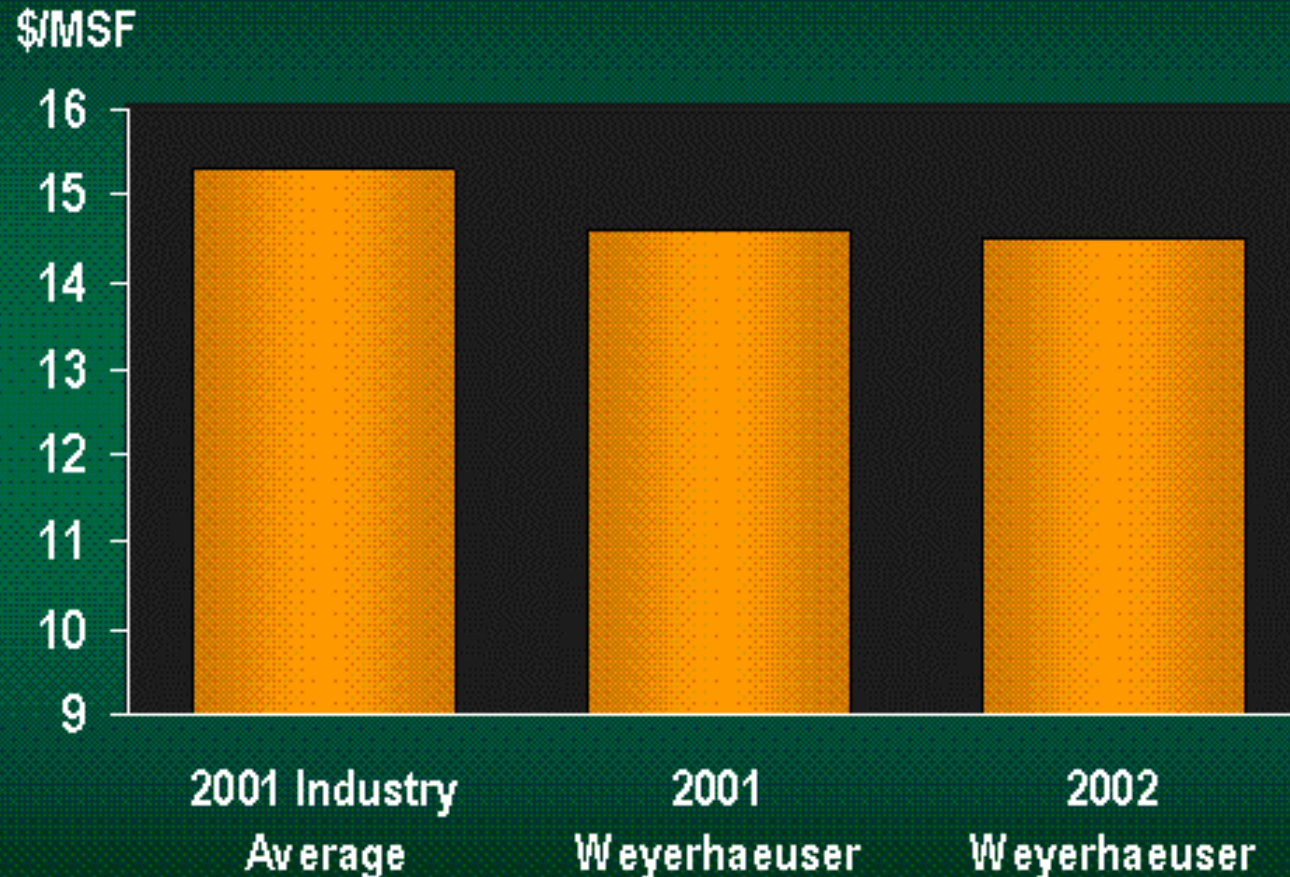


Paper Machine Age Class

Note: New fibreline and boiler at Albany 2003



Packaging is a Low-Cost System



**Source: FBA Key Performance Indicator Survey (U.S. Integrated Corrugator Plants, All Areas, All Shipment Levels)*

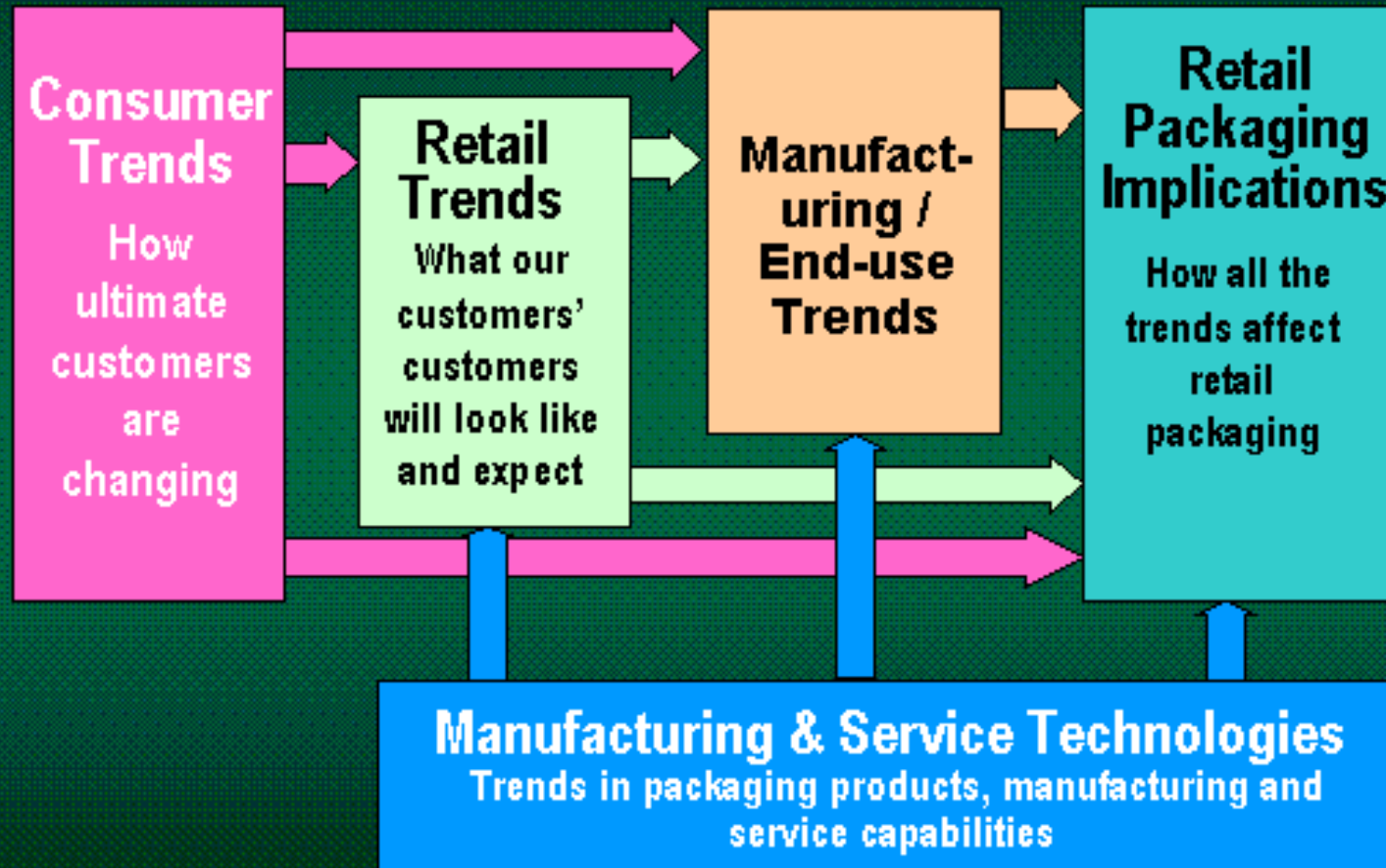
The Future

- Grow the Packaging Business
- Optimize the mill system
- Reduce costs
 - Fiber costs
 - All costs

Grow the Packaging Business

- Grow with existing customers and asset base
- Retail focus

Retail Trends



Retailers

Category Killers



TOYSRUS

PETSMART

Office DEPOT

Club Stores

COSTCO



Mass Merchants

Walmart



TARGET

Fred Meyer

Grocery Stores



Albertsons

SAFEWAY

WINN-DIXIE
America's Supermarket



Convenience Stores



WAL-MART
Neighborhood Market

Internet Services

amazon.com

iQVC



Economic Concentration by Retail Channel

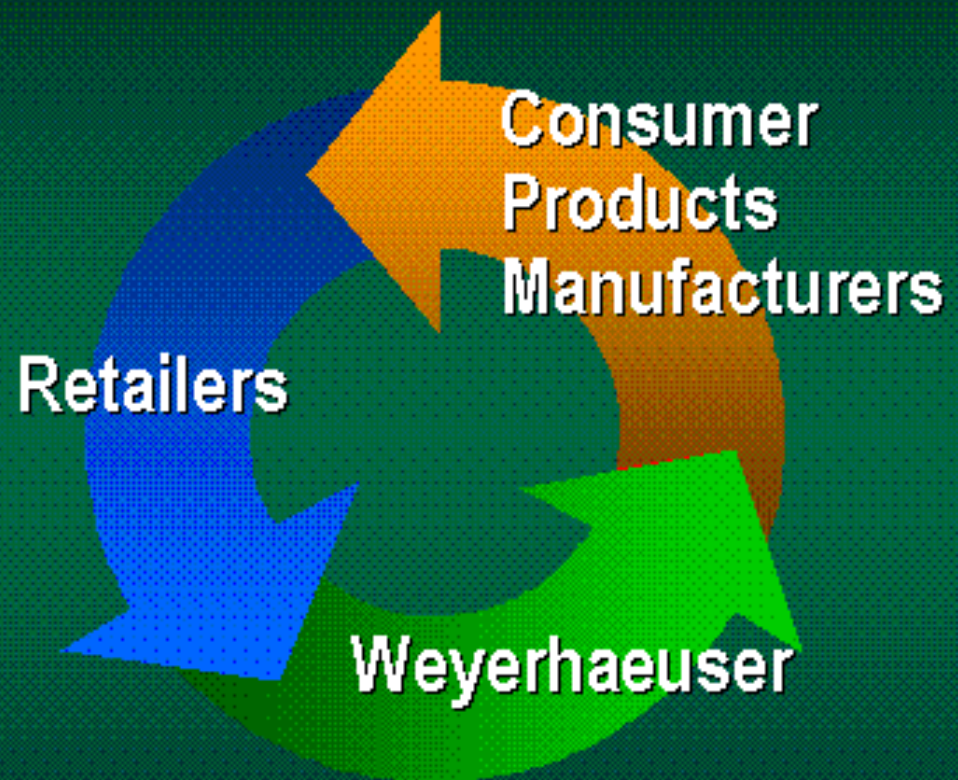
(% of channel sales accounted for by 10 largest players)



We've Implemented a Team Approach

Packaging at the speed of retail®

- Seek supply chain solutions
- Help our customers better meet their customers' needs



Develop Retail

- Align existing assets and utilize alliances for product and service breadth
- Sales structure
- Leverage Weyerhaeuser breadth to realize cross-company synergies
 - Home Depot, Lowes, Office Depot

Summary

- Weyerhaeuser / MacMillan Bloedel / Willamette = great packaging fit
- Synergies are clear and achievable resulting in low-cost mill / packaging system
- World-class facilities and people focused on customers' needs and financial returns



Weyerhaeuser Company

***Weyerhaeuser
Real Estate Company***

Daniel S. Fulton

President, Weyerhaeuser Real Estate Company

Weyerhaeuser Real Estate Company

- Single family homebuilding
 - Retail business — sell direct to final customer
 - Local / regional focus

Weyerhaeuser Real Estate and Related Activities

- Refocused in the early 1990s
 - Exited certain markets and businesses
 - Mortgage banking
 - Annuities
 - Selected homebuilding markets
- Current
 - Focusing on markets where we have a competitive advantage

Real Estate Performance Has Improved

(\$ Millions)

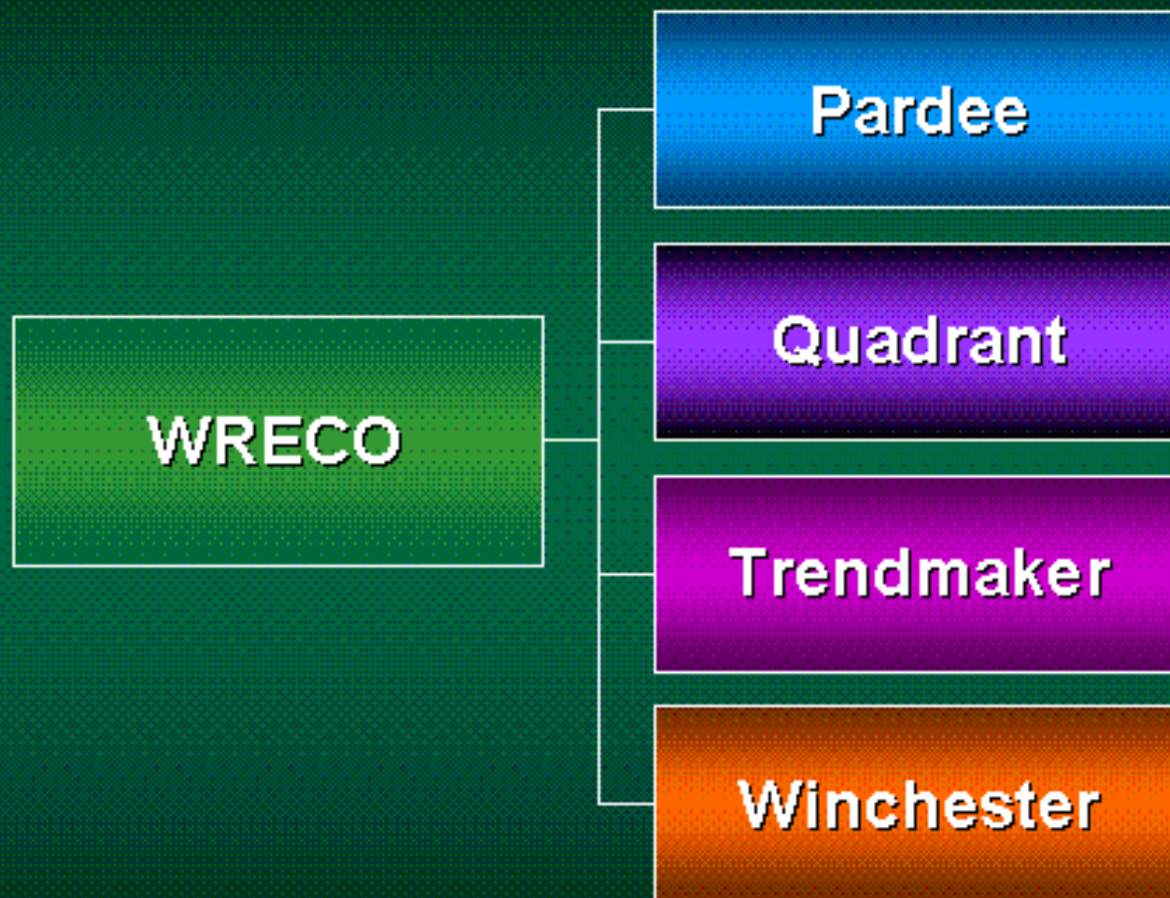
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Closings	3,089	3,431	3,369	3,651	4,280
Contribution to Earnings	\$124	\$190	\$259	\$264	\$336

WRECO 2002 Rankings

	<u>All Builders</u>	<u>Public Builders</u>
Closings (4,280)	#17	#15
Revenues	#14	#13
Pre-Tax Income	n/a	#8
Pre-Tax Net Margin	n/a	#2

Source: *Builder*, *Big Builder* and *Professional Builder* magazines

Who We Are



Pardee Homes



"We build homes and communities for the way people live creating a premium value through a trusting builder relationship."

<u>Home Sizes (sf)</u>	<u>Price Range</u>	<u>Communities</u>	<u>2002 Closings</u>
1,287–5,148	\$143,000–\$1,370,000	30	2,234 homes 547 apartments

- Celebrating 50 years in the Las Vegas and San Diego markets
- *Builder* magazine's "2003 America's Best Builder"
- U.S. EPA Energy Star "2003 Partner of the Year — New Homes"



Quadrant Homes

QUADRANT HOMES
MORE HOUSE. LESS MONEY.

"We provide the most home for the money - space, choice, value, and hassle-free."

Home Sizes (sf)	Price Range	Communities	2002 Closings
923-4,129	\$154,000-\$424,000	11	870 homes

- #1 in sales volume in the Puget Sound Region
- Constructing homes using an "even-flow" production system
- Included in *Washington CEO* magazine's "Top 100 Employers"



Trendmaker Homes



TRENDMAKER HOMES
THE LEADER IN AFFORDABLE LUXURY

"We offer luxury, production homes at a price below custom homes, but at a premium from other production builders, while using processes that minimize the hassle and anxiety of the home buying / building experience."

<u>Home Sizes (sf)</u>	<u>Price Range</u>	<u>Communities</u>	<u>2002 Closings</u>
1,700–4,595	\$164,000–\$440,000	17	511 homes

- #1 or #2 in Houston JD Powers Customer Satisfaction 2000–2002
- 2001 Builder of the Year — Greater Houston Builders Association



Winchester Homes



Your Home. *Your Way.*
Our Promise to Make it Personal.

"Delivering a superior customer-focused buying experience to customers that value and can afford customization, in well-designed communities in superior locations. Preferred brand for the upscale buyer."

<u>Home Sizes (sf)</u>	<u>Price Range</u>	<u>Communities</u>	<u>2002 Closings</u>
1,369–4,502	\$229,000–\$880,000	23	665 homes

- 3rd largest builder of upscale homes in the DC area
- Market customization leader through *Your Home. Your Way.* program
- Included in *Professional Builder* magazine's "Top 100 Employers"



Why We're Positioned to Succeed

- National housing market is expected to remain strong
- The real estate market is undergoing increased consolidation
- We have strong competitive advantages

National Housing Market Expected to Remain Strong

Market Drivers

- Increasing household formations
- Aging population base
- Increasing rate of homeownership
- Immigrant / minority homeownership
- Less stringent lending practices
- National migratory patterns

Large Builders Continue to Gain Market Share

- Current stability of market drivers
- Powerful brands
- Improved inventory management
- Supply constraints
- Geographic diversification
- Product diversification
- Management acuity
- Improved technology
- Availability / cost of insurance
- Purchasing efficiencies

Our Competitive Advantages

- Select markets
- Experienced management
 - 24 year average tenure
- Localized approach
 - Product preferences
 - Community and governmental issues
- Optimize land positions
- Linkage to customers
- Disciplined execution
 - Safe job sites
 - Focused value propositions
 - Cycle time
 - Inventory control
- Linkage with Weyerhaeuser

Summary

- Homebuilding industry demand drivers are positive
- WRECO is positioned to continue strong performance



Weyerhaeuser Company *Recap*

William C. Stivers
Executive Vice President



Weyerhaeuser Today

- **Well-balanced and focused business mix**
- **Improving our competitiveness by capturing synergies and streamlining our organization**
- **A major timberland owner — actively managing the timber portfolio**
- **Disciplined management of capital spending taken to the next level**
- **Maintaining commitment to safety**
- **Focusing on growing earnings and reducing debt**



Weyerhaeuser

The future is growing™



Weyerhaeuser Company

***Annual Analysts
Meeting***

Q & A