



# Earnings Release 4th Quarter — 2009

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**Weyerhaeuser Company**  
**February 5, 2010**

# 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 first quarter of 2010, including log sales realizations and operating costs in the Timberlands segment, operating rates and sales realization improvements for most of our products in the Wood Products segment, increased expenses for annual planned maintenance, fiber costs and pulp price realizations in the Cellulose Fiber segment, sales of partnership interests and home sale closings in the Real Estate segment, cost control measures, and performance of our business segments. 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;
- performance of the company's manufacturing operations, including maintenance requirements and operating efficiencies;
- raw material prices;
- energy prices;
- transportation costs;
- changes in the Company's business support functions and support costs;
- changes in legislation or tax rules;
- 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;
- 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, China and Korea. 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***

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- **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](http://www.weyerhaeuser.com)**

# 2009 Q4 Consolidated Results

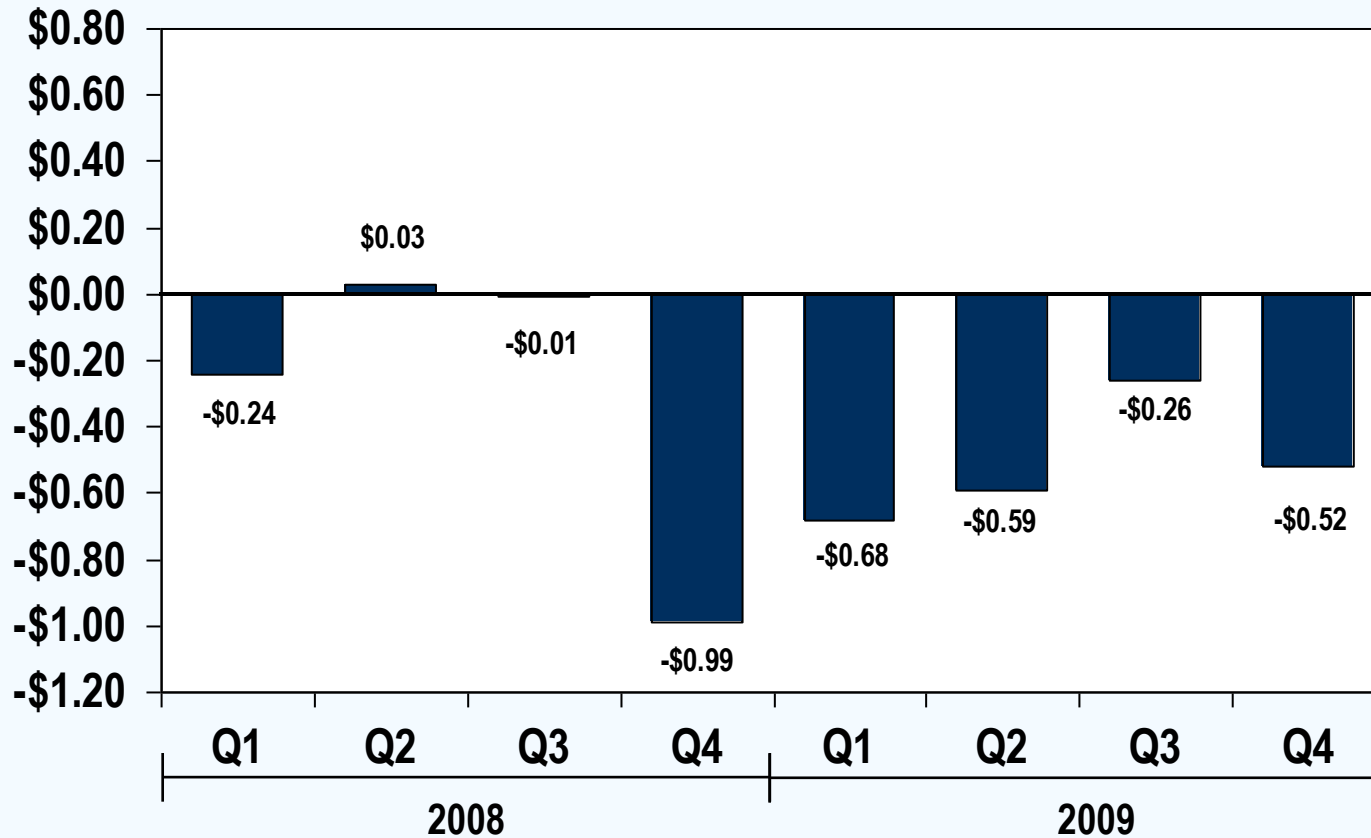
	<u>2009 Q4</u>
Revenues (\$ Millions)	<b>\$1,455</b>
Net Earnings before Special Items (\$ Millions) 1.	<b>(\$109)</b>
Earnings Per Share before Special Items 1.	<b>(\$0.52)</b>

1. A reconciliation to GAAP is set forth on Chart 3 and at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)
2. Interest expense for 2009 Q4 includes a \$28 million loss on early extinguishment of debt.
3. Income taxes for 2009 Q3 include 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.

\$ Millions except EPS	2009	2009
	Q3	Q4
Contribution to Pre-Tax Earnings before Special Items		
Timberlands	\$58	\$28
Wood Products	(92)	(123)
Cellulose Fibers	44	34
Real Estate	(9)	11
Corporate and Other	14	(11)
<b>Total Contribution to Pre-Tax Earnings before Special Items</b>	<b>\$15</b>	<b>(\$61)</b>
Special Items	128	(72)
<b>Total Contribution to Pre-Tax Earnings</b>	<b>\$143</b>	<b>(\$133)</b>
Interest Expense, net 2.	(108)	(143)
Income Taxes 3.	(35)	101
<b>Net Income</b>	<b>\$0</b>	<b>(\$175)</b>
<b>EPS</b>	<b>\$0.00</b>	<b>(\$0.83)</b>
<b>EPS before Special Items 1.</b>	<b>(\$0.26)</b>	<b>(\$0.52)</b>

# Diluted EPS Before Special Items

A reconciliation to GAAP EPS is available on Chart 12 and at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)



# Reconciliation to GAAP

\$ Millions except EPS

	EPS		Net Earnings	
	2009	2009	2009	2009
	Q3	Q4	Q3	Q4
EPS / Net Earnings before Special Items	(\$0.26)	(\$0.52)	(\$56)	(\$109)
Alternative Fuel Mixture Credits	0.35	0.36	74	77
Real Estate Asset Impairments, Restructuring, and Related Charges	(0.16)	(0.31)	(33)	(67)
Forest Products Asset Impairments, Closures, Restructuring and Other Charges	(0.29)	(0.27)	(62)	(57)
Loss on Extinguishment of Debt		(0.09)		(19)
Gain on Sale of 140,000 Acres of Non-Strategic Timberlands	0.46		98	
Income Tax Adjustments	(0.10)		(21)	
EPS / Net Earnings (GAAP)	<u>\$0.00</u>	<u>(\$0.83)</u>	<u>\$0</u>	<u>(\$175)</u>

# Changes in Contribution to Earnings by Segment

Earnings Before Special Items, Interest and Taxes (\$ millions)<sup>1</sup>.



1. A reconciliation before Special Items to GAAP can be found on Chart 3 and at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)

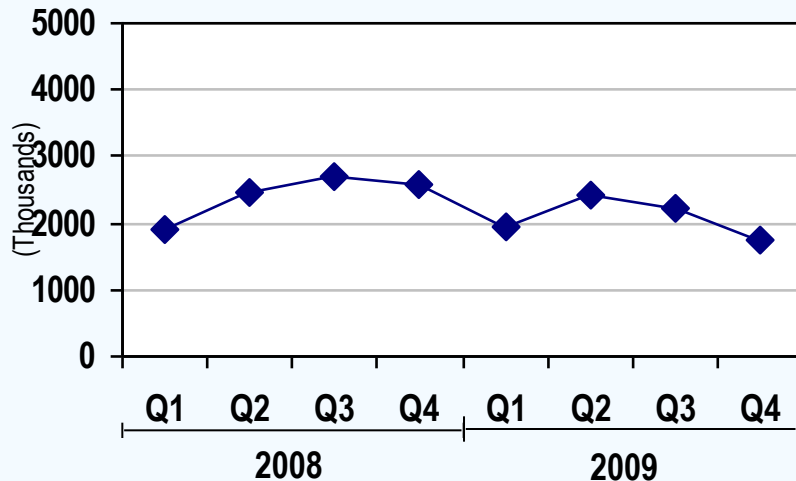
# Timberlands Segment

<u>Timberlands</u> (\$ Millions)	<u>2009 Q3</u>	<u>2009 Q4</u>
Third Party Revenues <sup>1</sup> .	\$188	\$149
Inter-Segment Revenues <sup>1</sup> .	\$94	\$79
Contribution to Pre-Tax Earnings	\$219	\$13

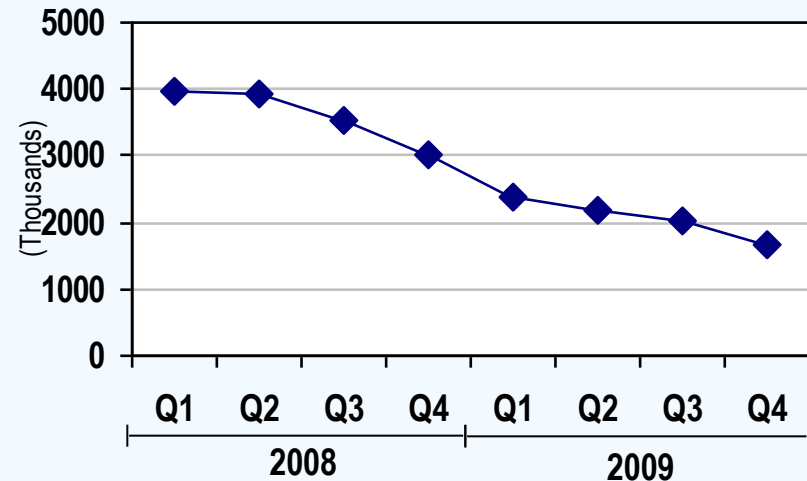
## 4th Quarter Notes

- Additional harvest deferrals
- Lower sales of non-strategic timberlands
- Higher logging costs on lower volumes
- 4th quarter includes special charges of \$15 million, compared to a \$163 million gain on the sale of timberlands in the 3rd quarter

3<sup>rd</sup>-Party Sales Volumes — Logs (m3)<sup>1</sup>.



Inter-Segment Sales Volumes — Logs (m3)<sup>1</sup>.



1. Revenues and volumes exclude Canadian Forestland operations.



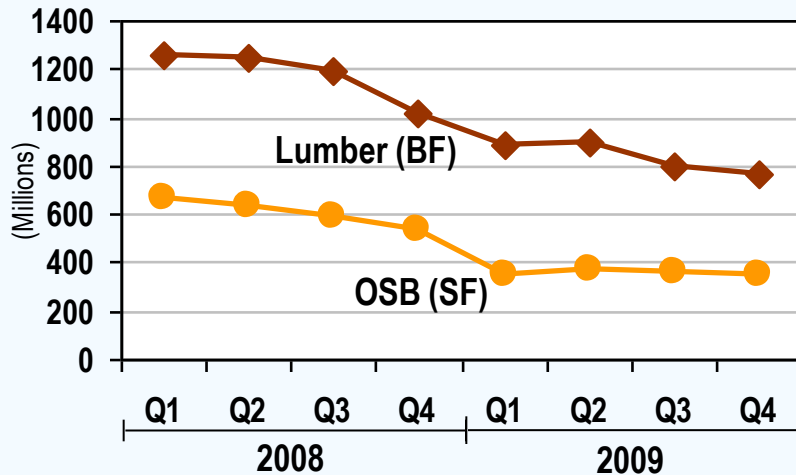
# Wood Products Segment

<u>Wood Products</u> (\$ Millions)	<u>2009 Q3</u>	<u>2009 Q4</u>
Revenues	\$588	\$510
Contribution to Pre-Tax Earnings	(\$97)	(\$208)

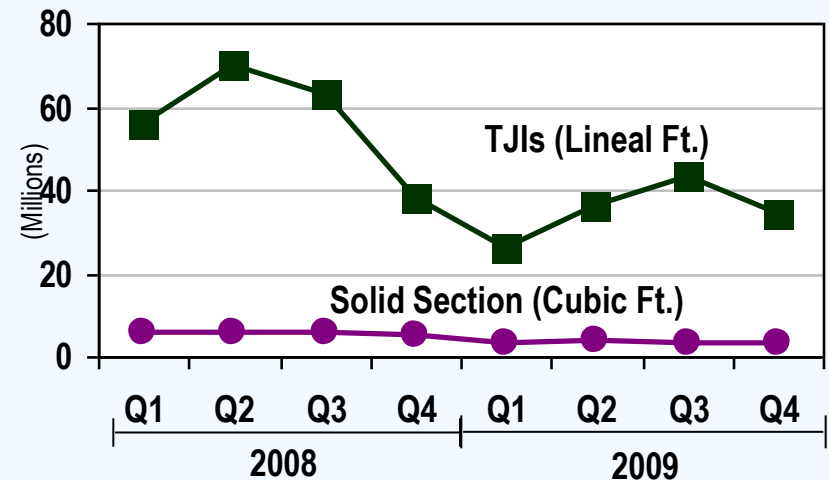
## 4th Quarter Notes

- Lower sales volumes and prices in nearly all product lines
- Additional downtime to match lower seasonal and market demand
- 4th quarter includes special items of \$85 million, compared to \$5 million in the 3rd quarter

3<sup>rd</sup>-Party OSB and Lumber Sales Volumes

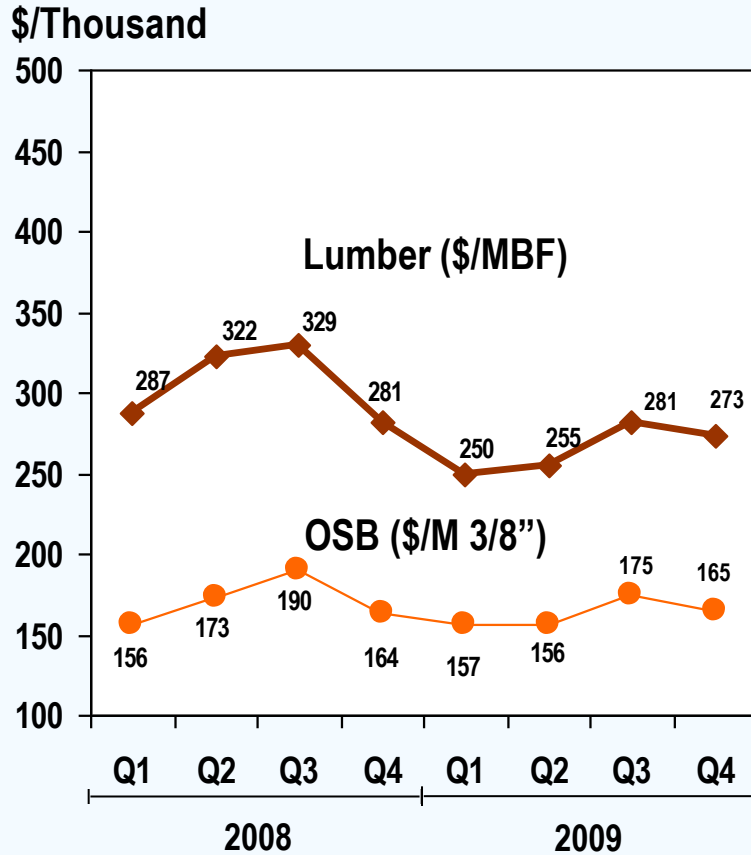


3<sup>rd</sup>-Party Engineered Wood Products Sales Volumes

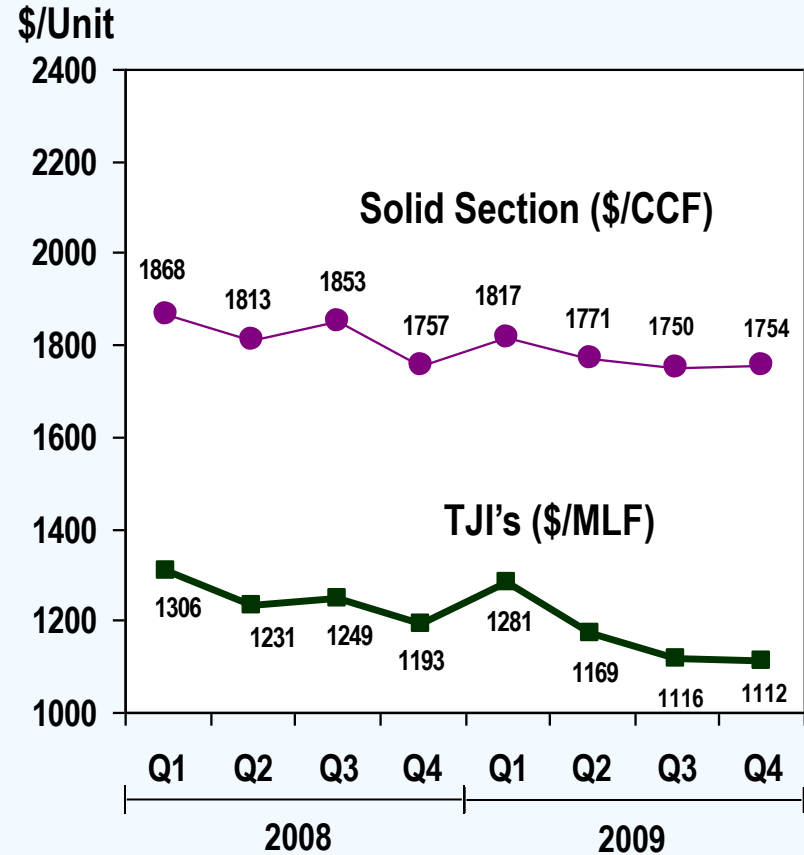


# Average 3<sup>rd</sup>-Party Realizations — OSB and Lumber / Engineered Lumber

OSB and Lumber



Engineered Lumber

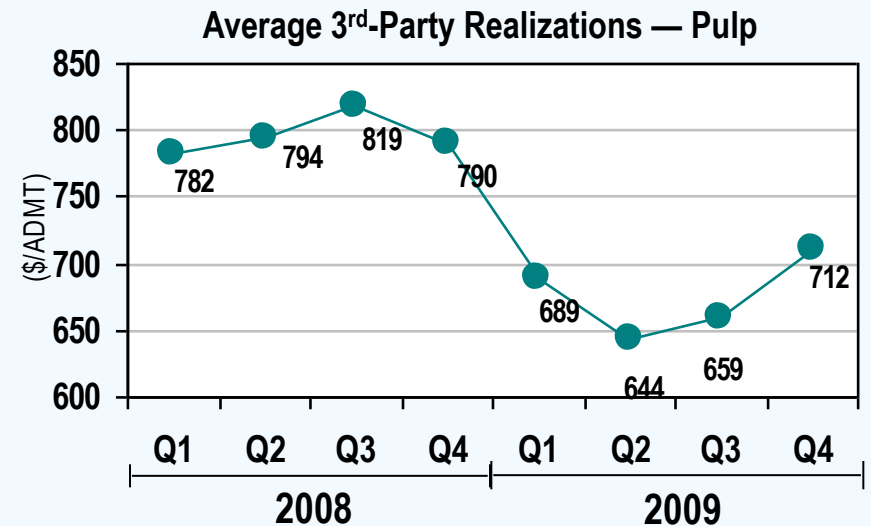
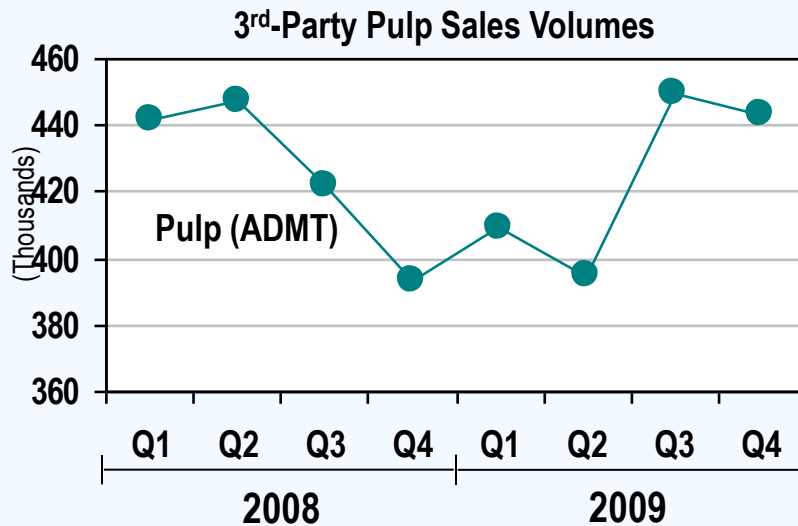


# Cellulose Fibers Segment

<u>Cellulose Fibers</u> (\$ Millions)	<u>2009 Q3</u>	<u>2009 Q4</u>
Revenues	\$390	\$408
Contribution to Pre-Tax Earnings	\$166	\$147

### 4th Quarter Notes

- Improved sales realizations for pulp and liquid packaging products
- Increased fiber and energy costs
- Lower production and increased maintenance costs due to an extended annual outage
- 4th quarter includes \$115 million of alternative fuel mixture credits, compared to \$122 million in the 3rd quarter



# Real Estate Segment

<b>Real Estate</b> (\$ Millions)	<b>2009 Q3</b>	<b>2009 Q4</b>
Revenues	\$196	\$337
Contribution to Pre-Tax Earnings	(\$64)	(\$89)

## 4th Quarter Notes

- Significant seasonal increase in closings
- Increase in average home closing price due to mix
- Increased selling expenses due to higher volumes
- Includes losses of \$10 million on land and lot sales
- 4th quarter includes special items of \$100 million, compared to \$55 million in the 3rd quarter

## Weyerhaeuser Real Estate Company Key Indicators

	2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales Traffic (in Thousands)	33	30	30	20	19	20	15	12
Single-Family Homes Sold (Net New Orders)	920	742	531	329	455	790	593	431
Single-Family Homes Sold But Not Closed At End of Period (Backlog)	1,300	1,173	984	558	584	910	997	650
Cancellation Rate (%)	26%	31%	36%	41%	28%	19%	22%	27%
Single-Family Homes Closed	844	869	720	755	429	464	506	778
Average Home Closing Price (\$ Thousands)	\$399	\$399	\$421	\$408	\$377	\$388	\$366	\$392

# 2010 Q1 Outlook

Segment	Comments
<b>Timberlands</b>	<ul style="list-style-type: none"> <li>● Excluding the effect of non-strategic land sales, Weyerhaeuser expects 2010 Q1 operating earnings to be comparable to 2009 Q4.</li> <li>● We will continue to defer harvest volumes.</li> <li>● The company expects improved log sales realizations to be offset by higher costs.</li> </ul>
<b>Wood Products</b>	<ul style="list-style-type: none"> <li>● Weyerhaeuser expects a lower operating loss in 2010 Q1 compared to 2009 Q4.</li> <li>● Sales realizations and volumes are expected to increase, driven primarily by improvements in lumber and OSB.</li> <li>● The company anticipates lower unit manufacturing costs as a result of improved operating rates.</li> <li>● Log costs are expected to increase.</li> </ul>
<b>Cellulose Fibers</b>	<ul style="list-style-type: none"> <li>● Excluding the effect of alternative fuel mixture credits, which ended in 2009, Weyerhaeuser expects earnings from operations in 2010 Q1 to be comparable to 2009 Q4.</li> <li>● The company expects increased costs for annual maintenance shutdowns, as well as increased fiber costs.</li> <li>● These costs are expected to offset improved pulp price realizations.</li> </ul>
<b>Real Estate</b>	<ul style="list-style-type: none"> <li>● Excluding asset impairments, restructuring and related charges, Weyerhaeuser expects the segment to be profitable in 2010 Q1.</li> <li>● The company expects a loss from single-family homebuilding operations due to seasonally lower closings.</li> <li>● Two commercial partnership interests sold in January 2010 will contribute \$33 million to earnings.</li> </ul>

# *Appendix*

# Earnings Summary

\$ Millions except EPS	2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Contribution to Earnings before Special Items								
Timberlands	\$112	\$102	\$107	\$62	\$40	\$71	\$58	\$28
Wood Products	(203)	(131)	(109)	(199)	(176)	(147)	(92)	(123)
Cellulose Fibers	56	43	78	65	32	(7)	44	34
Containerboard, Packaging & Recycling 1.	97	109	8	--	--	--	--	--
Real Estate	(22)	(26)	(84)	(146)	(24)	2	(9)	11
Corporate and Other	(19)	17	17	5	(14)	20	14	(11)
<b>Total Contribution to Earnings before Special Items</b>	<b>\$21</b>	<b>\$114</b>	<b>\$17</b>	<b>(\$213)</b>	<b>(\$142)</b>	<b>(\$61)</b>	<b>\$15</b>	<b>(\$61)</b>
Special Items	(156)	(254)	1,085	(1,225)	(192)	28	128	(72)
<b>Total Contribution to Earnings</b>	<b>(\$135)</b>	<b>(\$140)</b>	<b>\$1,102</b>	<b>(\$1,438)</b>	<b>(\$334)</b>	<b>(\$33)</b>	<b>\$143</b>	<b>(\$133)</b>
Interest Expense, net 2.	(108)	(106)	(116)	(86)	(106)	(105)	(108)	(143)
Income Taxes 3.	95	150	(706)	312	176	32	(35)	101
<b>Net Income (loss)</b>	<b>(\$148)</b>	<b>(\$96)</b>	<b>\$280</b>	<b>(\$1,212)</b>	<b>(\$264)</b>	<b>(\$106)</b>	<b>\$0</b>	<b>(\$175)</b>
<b>Diluted EPS</b>	<b>(\$0.70)</b>	<b>(\$0.45)</b>	<b>\$1.33</b>	<b>(\$5.73)</b>	<b>(\$1.25)</b>	<b>(\$0.50)</b>	<b>\$0.00</b>	<b>(\$0.83)</b>
<b>Diluted EPS before Special Items 4.</b>	<b>(\$0.24)</b>	<b>\$0.03</b>	<b>(\$0.01)</b>	<b>(\$0.99)</b>	<b>(\$0.68)</b>	<b>(\$0.59)</b>	<b>(\$0.26)</b>	<b>(\$0.52)</b>

1. Containerboard, Packaging & Recycling was sold in August 2008.

2. Interest expense includes a \$28 million loss in 2009 Q4 and a \$33 million gain in 2008 Q4 on early extinguishment of debt.

3. Income taxes for 2008 Q2 include a \$14 million tax benefit from the release of FIN 48 tax liabilities. 2009 Q2 includes 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.

4. A reconciliation to GAAP is set forth on Chart 12 and at [www.weyerhaeuser.com](http://www.weyerhaeuser.com)

# Earnings per Share Reconciliation

	2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Diluted EPS before Special Items	(\$0.24)	\$0.03	(\$0.01)	(\$0.99)	(\$0.68)	(\$0.59)	(\$0.26)	(\$0.52)
Alternative Fuel Mixture Credits						0.34	0.35	0.36
Real Estate Related Charges	(0.17)	(0.98)	(0.69)	(1.48)	(0.21)	(0.17)	(0.16)	(0.31)
Closures, Restructuring and Impairment of Forest Products Assets	(0.19)	(0.20)	(0.16)	(0.15)	(0.29)	(0.21)	(0.29)	(0.27)
Gain (Loss) on Early Extinguishment of Debt				0.10				(0.09)
Net Gain on Divestiture of Assets and Operations / Restructuring of Uruguay Ownership		0.48	2.19	0.70		0.06	0.46	
Legal and Insurance Settlement and Reserve Adjustments	(0.05)				(0.06)	0.07		
Impairment of Goodwill				(3.91)	(0.01)			
Changes to Post-Retirement Benefits		0.15						
Tax Law Changes / Other One-time Tax Adjustments		0.07					(0.10)	
Environmental Reserve Adjustment	(0.05)							
<b>Diluted EPS (GAAP)</b>	<b>(\$0.70)</b>	<b>(\$0.45)</b>	<b>\$1.33</b>	<b>(\$5.73)</b>	<b>(\$1.25)</b>	<b>(\$0.50)</b>	<b>\$0.00</b>	<b>(\$0.83)</b>