

WEYERHAEUSER

Earnings Release – 3rd Quarter 2010

10.29.10



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 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 other variations of those terms.

This presentation contains forward-looking statements regarding the company's expectations during the during the fourth quarter of 2010, including the company's markets; lower log prices and harvest volumes in Timberlands; seasonally lower sales and realizations across product lines in the Wood Products segment; impairments which may result from management's review of the company's capacity plan in the Wood Products segment; increased scheduled maintenance and lower average pulp price realizations in the Cellulose Fiber segment; and lower margins offset by seasonally higher home closings in our single-family homebuilding operations. 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 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 U.S. business segments and economic conditions;
- performance of the company's manufacturing operations, including maintenance requirements;
- the level of competition from domestic and foreign producers;
- raw material prices;
- energy prices;
- transportation costs;
- the level of competition from domestic and foreign producers;
- the effect of weather;
- the risk of loss from fires, floods, windstorms, hurricanes, pest infestation and other natural disasters;
- the successful execution of internal performance plans, including restructurings and cost reduction initiatives;
- 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 company stock on charges for stock-based compensation;
- changes in accounting principles;
- performance of pension fund investments and related derivatives; 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.



Statements Relating to Non-GAAP Financial Measures

- **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**



2010 Q3 Consolidated Results

Chart 1

	2010 Q3
Revenues (\$ Millions)	\$1,664
Net Earnings Before Special Items (\$ Millions) ¹	\$81
Diluted Earnings Per Share Before Special Items ^{1,4}	\$0.25

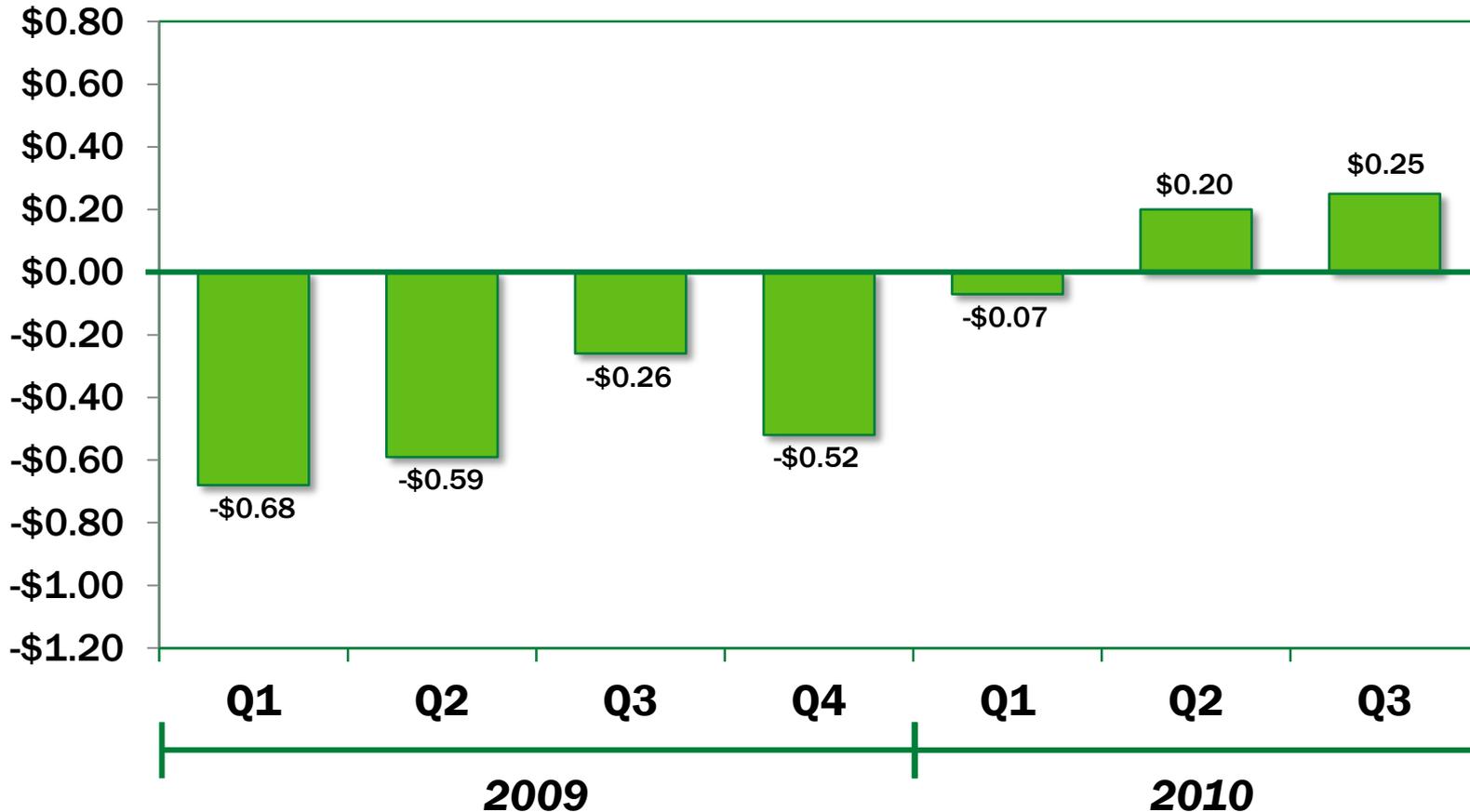
1. A reconciliation to GAAP is set forth on Chart 3, and at www.weyerhaeuser.com
2. Excludes interest income. Interest expense includes losses on early extinguishment of debt of \$1 million in 2010 Q3 and \$49 million in 2010 Q2.
3. Income taxes for 2010 Q3 include \$1,043 million of income for the reversal of deferred tax liabilities associated with the conversion to REIT status and \$8 million in tax charges related to Medicare Part D subsidy plan changes, unrecognized tax benefits and other adjustments.
4. Weyerhaeuser's share count increased during 2010 Q3 due to the company's special dividend payment. An explanation of the changes and pro forma EPS calculations are set forth on Charts 12 and 13.

\$ Millions except EPS	2010 Q2	2010 Q3
Contribution to Pre-Tax Earnings Before Special Items		
Timberlands	\$70	\$75
Wood Products	(11)	(100)
Cellulose Fibers	74	181
Real Estate	27	20
Corporate and Other	8	10
Total Contribution to Pre-Tax Earnings Before Special Items	\$168	\$186
Special Items	8	–
Total Contribution to Pre-Tax Earnings	\$176	\$186
Interest Expense, Net ²	(155)	(95)
Income Taxes ³	(7)	1,025
Net Income	\$14	\$1,116
Diluted EPS ⁴	\$0.07	\$3.50
Diluted EPS Before Special Items ^{1,4}	\$0.20	\$0.25



Diluted EPS Before Special Items

A reconciliation to GAAP EPS is available on Chart 16 and at www.weyerhaeuser.com



1. Weyerhaeuser's share count increased during 2010 Q3 due to the company's special dividend payment. An explanation of the changes and pro forma EPS calculations are set forth on Charts 12 and 13.



Reconciliation to GAAP

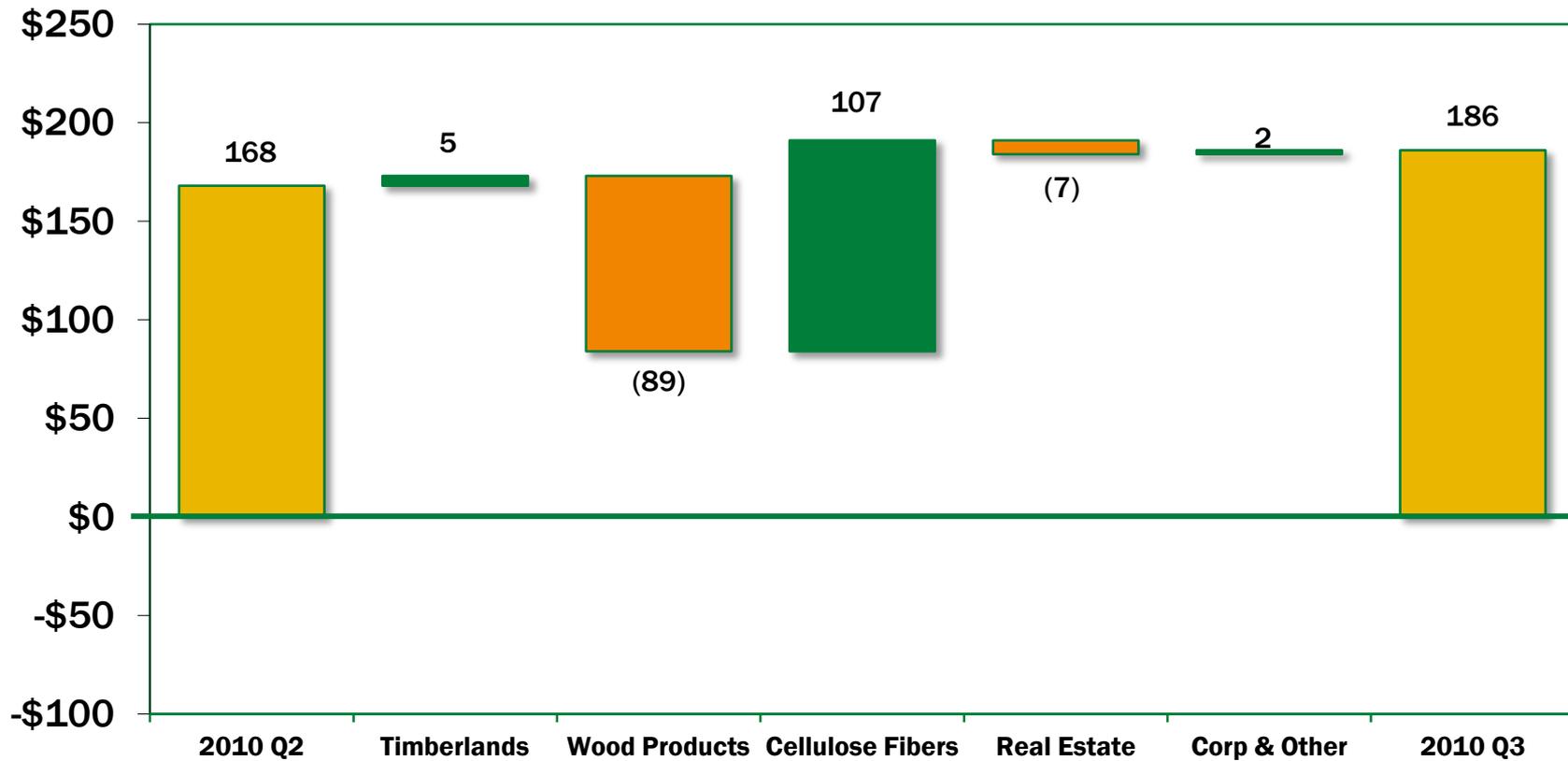
Chart 3

\$ Millions except EPS	Diluted EPS		Net Earnings	
	2010 Q2	2010 Q3	2010 Q2	2010 Q3
Diluted EPS / Net Earnings Before Special Items	\$0.20	\$0.25	\$42	\$81
Income Tax Adjustments		\$3.25		\$1,035
Loss on Early Extinguishment of Debt	(0.16)		(33)	
Wood Products Asset Sales	0.03		5	
Diluted EPS / Net Earnings (GAAP)	\$0.07	\$3.50	\$14	\$1,116



Changes in Contribution to Earnings by Segment

Earnings Before Special Items, Interest and Taxes (\$ millions)¹.



1. A reconciliation before Special Items to GAAP can be found on Chart 3 and at www.weyerhaeuser.com



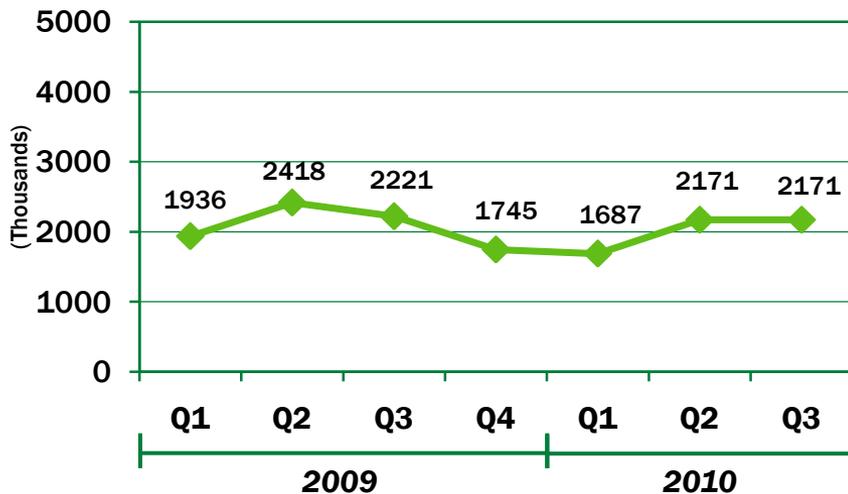
Timberlands Segment

Timberlands (\$ Millions)	2010 Q2	2010 Q3
Third Party Revenues ¹ .	\$225	\$237
Inter-Segment Revenues ¹ .	\$101	\$103
Contribution to Pre-Tax Earnings <i>Including Special Items</i>	\$70	\$75

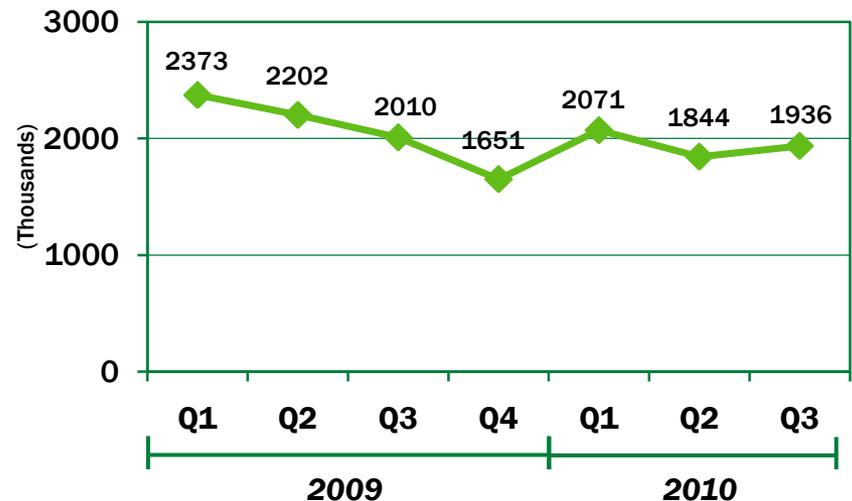
3rd Quarter Notes

- Lower log price realizations, primarily in the west
- Seasonally higher road and silviculture expenses
- Harvest deferrals continue
- 3rd quarter includes gains of \$34 million on timberlands dispositions, compared to \$14 million in the 2nd quarter

3rd-Party Sales Volumes — Logs (m3)¹.



Inter-Segment Sales Volumes — Logs (m3)¹.



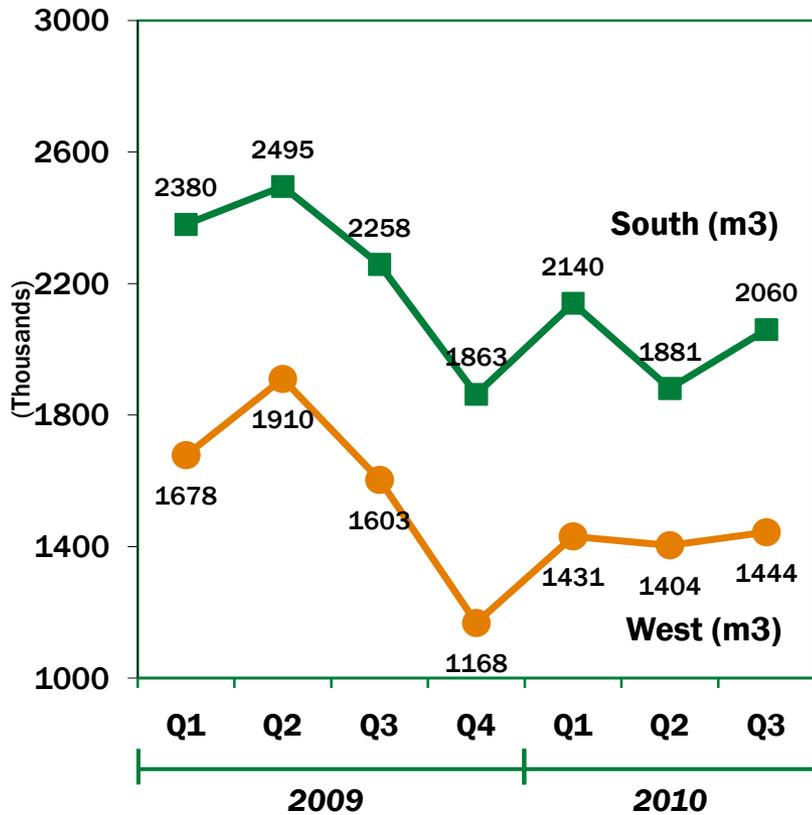
1. Revenues and volumes exclude Canadian Forestland operations.



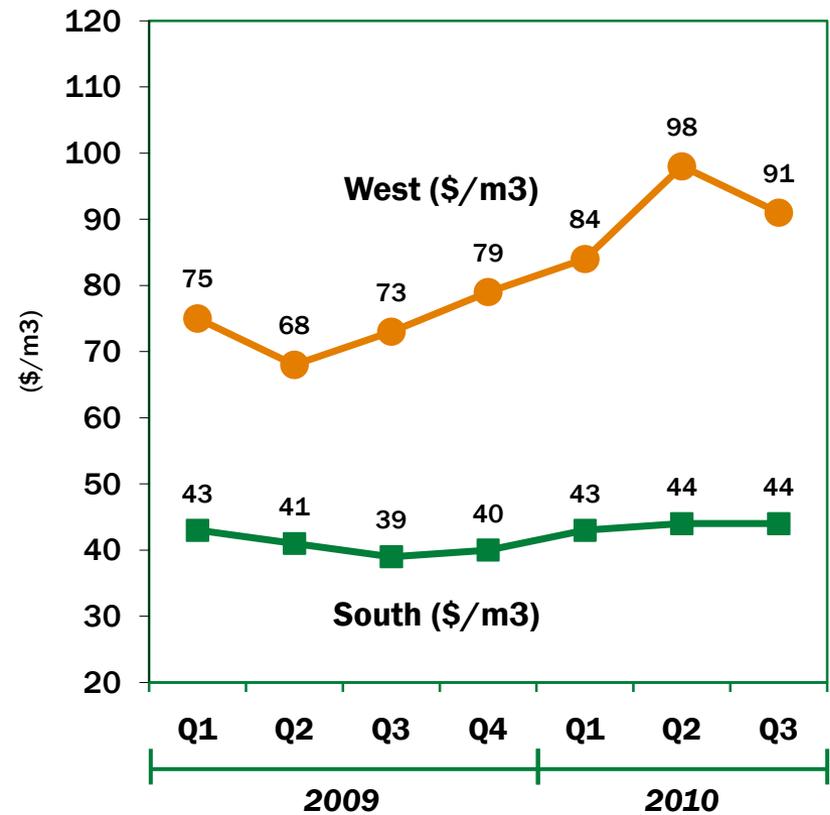
Fee Harvest and 3rd-Party Log Realizations — Western / Southern Timberlands

Chart 6

Fee Harvest Volume



Average 3rd-Party Realizations — Logs



Wood Products Segment

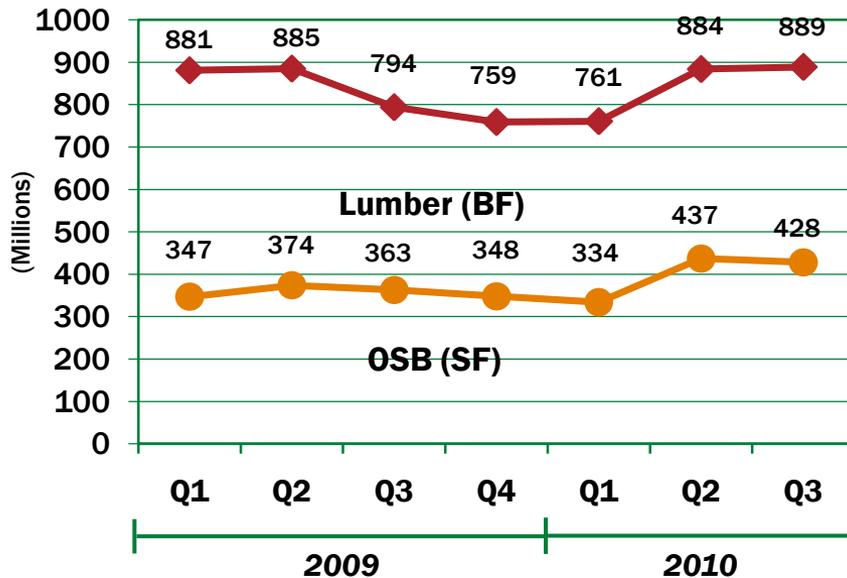
Chart 7

Wood Products (\$ Millions)	2010 Q2	2010 Q3
Revenues	\$789	\$626
Contribution to Pre-Tax Earnings <i>Including Special Items</i> ¹	(\$3)	(\$100)

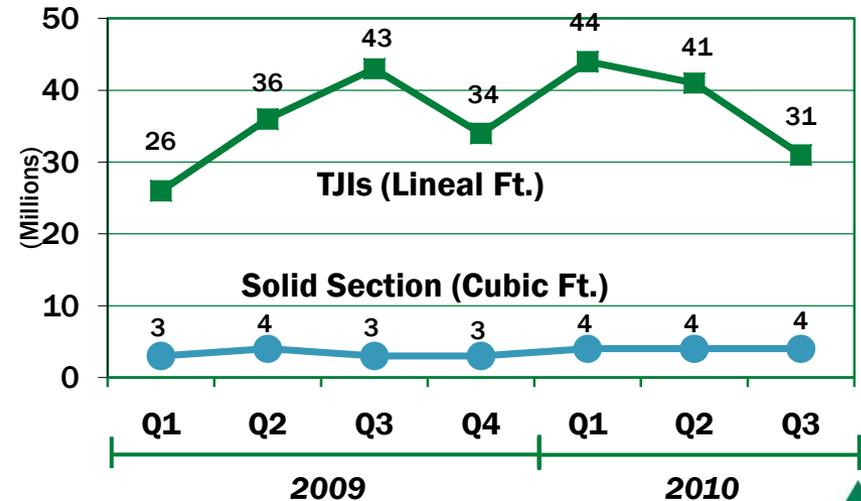
3rd Quarter Notes

- Weak market conditions persisted
- Significant decline in average sales realizations for lumber and OSB
- Lower sales volumes for engineered wood products
- Operating rates for OSB and engineered lumber mills declined
- 2nd quarter included gains on asset sales of \$8 million

3rd-Party OSB and Lumber Sales Volumes



3rd-Party Engineered Wood Products Sales Volumes



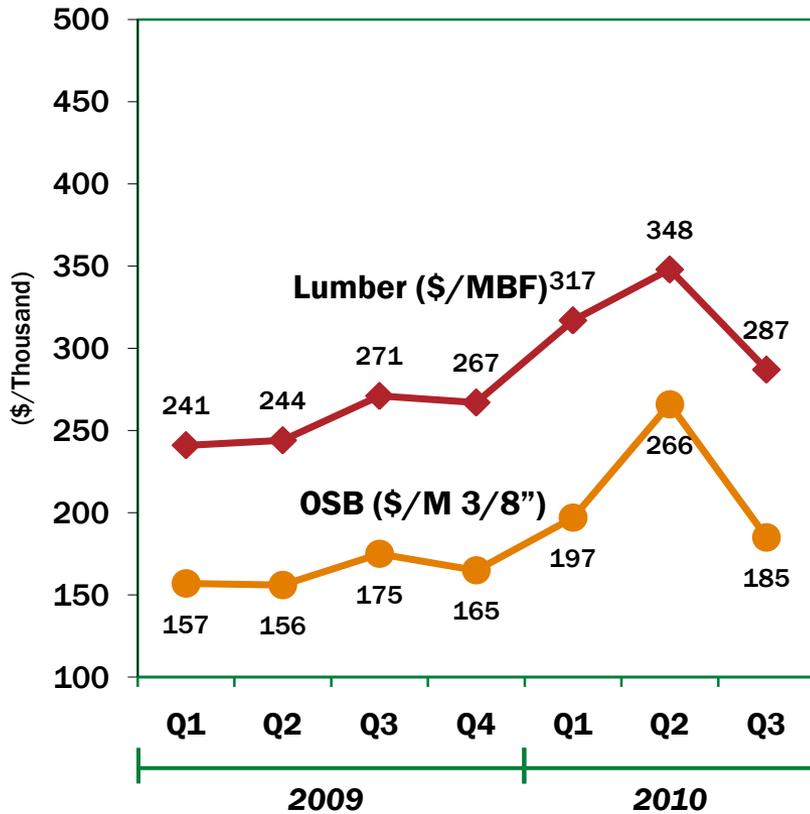
1. 2010 Q2 special items included pre-tax gains of \$8 million from the sale of assets.



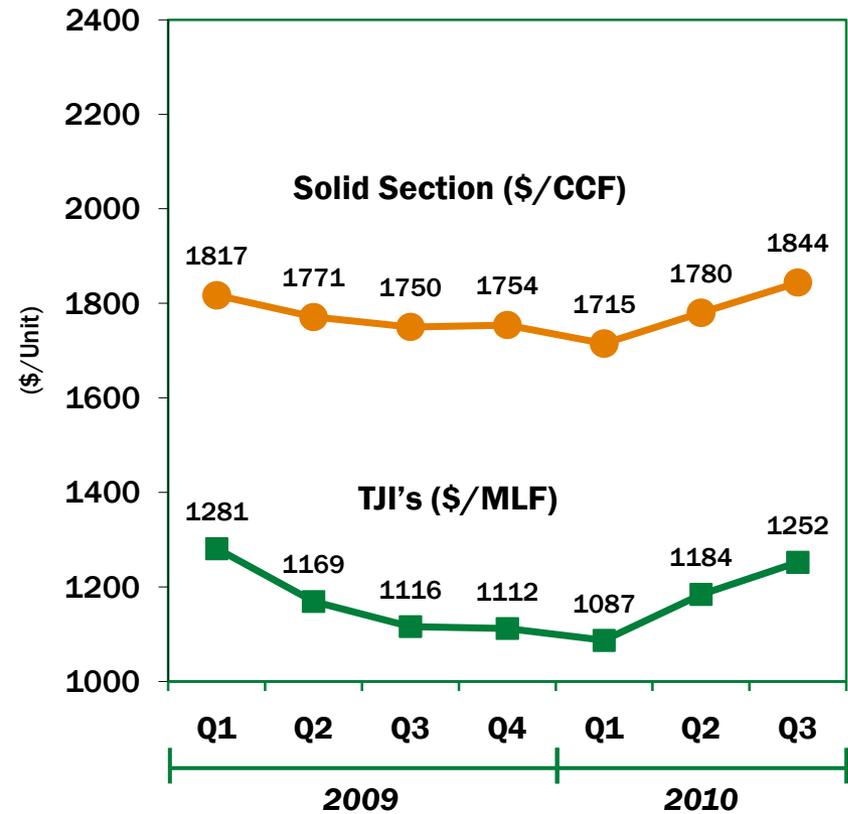
Average 3rd-Party Realizations — OSB and Lumber / Engineered Lumber

Chart 8

OSB and Lumber



Engineered Lumber



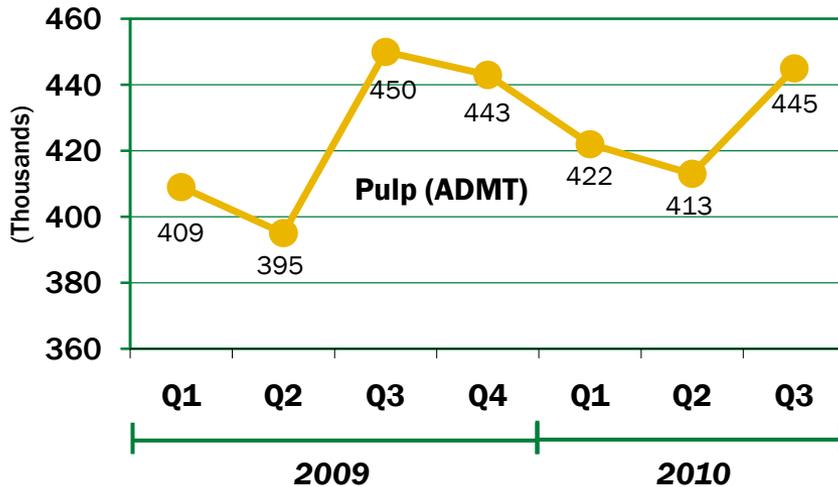
Cellulose Fibers Segment

Cellulose Fibers (\$ Millions)	2010 Q2	2010 Q3
Revenues	\$468	\$522
Contribution to Pre-Tax Earnings <i>Including Special Items</i>	\$74	\$181

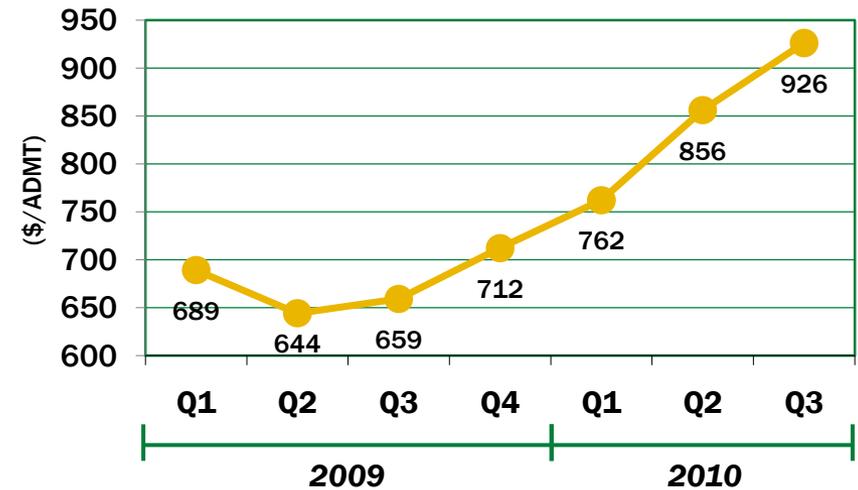
3rd Quarter Notes

- Higher average price realizations
- Lower maintenance costs due to no annual maintenance outages in the 3rd quarter, compared with three in the 2nd quarter
- Strong operating performance by all mills

3rd-Party Pulp Sales Volumes



Average 3rd-Party Realizations — Pulp



Real Estate Segment

Chart 10

Real Estate (\$ Millions)	2010 Q2	2010 Q3
Revenues	\$257	\$210
Contribution to Pre-Tax Earnings <i>Including Special Items</i>	\$27	\$20

3rd Quarter Notes

- Fewer home sale closings
- Improved margins on homes closed due to mix
- 3rd quarter includes partnership income of \$7 million and gains of \$4 million on land and lot sales
- 2nd quarter included partnership income of \$3 million and gains of \$13 million on land and lot sales

Weyerhaeuser Real Estate Company Key Indicators

	2009				2010		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales Traffic (in Thousands)	19	20	15	12	23	17	16
Single-Family Homes Sold (Net New Orders)	455	790	593	431	620	491	418
Single-Family Homes Sold But Not Closed At End of Period (Backlog)	584	910	997	650	877	743	660
Cancellation Rate (%)	28%	19%	22%	27%	19%	22%	20%
Single-Family Homes Closed	429	464	506	778	393	625	501
Average Home Closing Price (\$ Thousands)	\$377	\$388	\$366	\$392	\$365	\$371	\$400



2010 Q4 Outlook

Chart 11

Segment	Comments
Timberlands	<ul style="list-style-type: none">▪ Expect lower log price realizations, primarily in the west, and seasonally lower harvest volumes▪ Anticipate increased silviculture costs, primarily in the south▪ Excluding the disposition of non-strategic timberlands, Weyerhaeuser expects 2010 Q4 operating earnings to be lower than 2010 Q3
Wood Products	<ul style="list-style-type: none">▪ Expect seasonally lower volumes across all product lines and modestly lower price realizations, offset by lower log costs▪ 2010 Q4 loss expected to be comparable to 2010 Q3
Cellulose Fibers	<ul style="list-style-type: none">▪ Anticipate lower average pulp price realizations and increased scheduled maintenance▪ 2010 Q4 earnings expected to be lower than 2010 Q3
Real Estate	<ul style="list-style-type: none">▪ Anticipate an increase in single-family home closings, offset by somewhat lower margins▪ Expect slightly lower earnings from single-family homebuilding operations in 2010 Q4▪ No significant non-single family transactions anticipated in 2010 Q4



Reconciliation of Changes in Share Count

Chart 12

- On Sept. 1, 2010, Weyerhaeuser paid a previously announced special dividend consisting of approximately 324 million shares of common stock and \$560 million in cash.
- All numbers are approximate due to rounding.

Explanation of 2010 Q3 Ending Share Count	(millions)
Common shares outstanding at the end of 2010 Q2	212
Basic shares issued as part of special dividend	324
Basic shares outstanding at the end of 2010 Q3	536
Dilutive effect of other potential shares (e.g. stock options)	1
Diluted shares outstanding at the end of 2010 Q3	537

- 2010 Q3 EPS was calculated based on approximately 318 million weighted average shares outstanding.

Share Count Used in Calculation of 2010 Q3 EPS	(millions) ¹
Common shares outstanding at end of 2010 Q2	212
Weighted average new shares outstanding during 2010 Q3 (324 million new shares issued and outstanding for 30 of the 92 days in the quarter = 106)	106
Weighted average shares used in calculation of 2010 Q3 EPS	318

- Weyerhaeuser expects to calculate 2010 Q4 EPS based on approximately 537 million weighted average shares outstanding.

1. Dilutive effect of additional share issuance in 2010 Q3 weighted average share count is not called out due to rounding.



Pro Forma Earnings Per Share

- After payment of the Special Dividend, Weyerhaeuser had approximately 536 million shares outstanding, or 537 million shares on a diluted basis.
- The following table sets forth a pro forma EPS as if Special Dividend shares had been outstanding.
- Weyerhaeuser expects to calculate 2010 Q4 EPS based on approximately 537 million weighted average shares outstanding.

	2009	2009	2010	2010	2010
	Q3	Q4	Q1	Q2	Q3
Net Earnings, as Reported (\$ millions)					
Net Earnings	\$0	(\$175)	(\$20)	\$14	\$1,116
Net Earnings Before Special Items	(\$56)	(\$109)	(\$15)	\$42	\$81
Earnings Per Share, As Reported					
Weighted average shares outstanding (millions)	211	211	211	212	318
Diluted EPS	\$0.00	(\$0.83)	(\$0.10)	\$0.07	\$3.50
Diluted EPS before Special Items	(\$0.26)	(\$0.52)	(\$0.07)	\$0.20	\$0.25
Pro Forma EPS, as if Special Dividend shares had been outstanding for entire reporting period					
Assumed weighted average shares outstanding (millions) ¹	536	536	536	537	537
Pro Forma Diluted EPS	\$0.00	(\$0.33)	(\$0.04)	\$0.03	\$2.08
Pro Forma Diluted EPS before Special Items	(\$0.10)	(\$0.20)	(\$0.03)	\$0.08	\$0.15

1. Pro forma earnings for 2009 Q3 through 2010 Q1 are calculated based on 536 million basic shares outstanding, as EPS calculations do not incorporate dilutive effects when a company reports a net loss. An explanation of Weyerhaeuser's basic and diluted shares outstanding at the end of 2010 Q3 is set forth on Chart 12.



Effective Tax Rate

Chart 14

- As a result of converting to a Real Estate Investment Trust (REIT), Weyerhaeuser's 2010 effective income tax rate decreased due to lower taxes on REIT income.
- The company's effective YTD tax rate as of 2010 Q3 was 18.5%.
- The income tax benefit for 2010 Q3 included the following items:

\$ Millions	2010 Q3
Income tax on 2010 Q3 operating earnings Q3 Earnings Before Tax \$91MM x 18.5% YTD effective tax rate	(\$17)
Benefit from YTD tax rate true-up applied to 2010 Q1 and 2010 Q2 earnings Q1 + Q2 Earnings Before Tax \$39MM x (37.8% prior effective tax rate - 18.5% new effective tax rate)	7
Income Tax Adjustments \$1,043 from reversal of deferred income tax liabilities due to REIT conversion (\$8) from Medicare Part D subsidy plan changes and unrecognized tax benefits	1,035
2010 Q3 Income Tax Benefit	\$1,025

- Weyerhaeuser expects to calculate 2010 Q4 income tax expense using the 2010 YTD effective tax rate of 18.5%, excluding the effect of the Cellulosic Biofuel Producers tax credit.



Appendix



Earnings Summary

Chart 15

\$ Millions except EPS	2009				2010		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Contribution to Earnings before Special Items							
Timberlands	\$40	\$71	\$58	\$28	\$81	\$70	\$75
Wood Products	(176)	(147)	(92)	(123)	(63)	(11)	(100)
Cellulose Fibers	32	(7)	44	34	19	74	181
Real Estate	(24)	2	(9)	11	31	27	20
Corporate and Other	(14)	20	14	(11)	12	8	10
Total Contribution to Earnings before Special Items	(\$142)	(\$61)	\$15	(\$61)	\$80	\$168	\$186
Special Items	(192)	28	128	(72)	44	8	–
Total Contribution to Earnings	(\$334)	(\$33)	\$143	(\$133)	\$124	\$176	\$186
Interest Expense, net ¹	(106)	(105)	(108)	(143)	(106)	(155)	(95)
Income Taxes ²	176	32	(35)	101	(38)	(7)	1,025
Net Income (loss)	(\$264)	(\$106)	\$0	(\$175)	(\$20)	\$14	\$1,116
Net Income (loss) before Special Items³	(\$144)	(\$125)	(\$56)	(\$109)	(\$15)	\$42	\$81
Diluted EPS ⁴	(\$1.25)	(\$0.50)	\$0.00	(\$0.83)	(\$0.10)	\$0.07	\$3.50
Diluted EPS before Special Items ^{3,4}	(\$0.68)	(\$0.59)	(\$0.26)	(\$0.52)	(\$0.07)	\$0.20	\$0.25

1. Excludes interest income. Interest expense includes losses on early extinguishment of debt of \$1 million in 2010 Q3, \$49 million in 2010 Q2, and \$28 million in 2009 Q4.

2. Income taxes for 2010 Q3 include \$1,043 million of income for the reversal of deferred tax liabilities associated with the conversion to REIT status and \$8 million in tax charges related to Medicare Part D subsidy plan changes, unrecognized tax benefits and other adjustments. 2010 Q1 includes a \$28 million tax charge related to a change in Medicare prescription drug subsidies and a \$3 million charge related to a state tax rate change. 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. 2009 Q2 includes a \$13 million tax charge primarily related to state tax law and rate changes.

3. A reconciliation to GAAP Net Income is set forth on Chart 3. A reconciliation to GAAP EPS is set forth on Chart 16.

4. Weyerhaeuser's share count increased during 2010 Q3 due to the company's special dividend payment. An explanation of the changes and pro forma EPS calculations are set forth on Charts 12 and 13.

Earnings per Share Reconciliation

Chart 16

	2009				2010		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Diluted EPS before Special Items	(\$0.68)	(\$0.59)	(\$0.26)	(\$0.52)	(\$0.07)	\$0.20	\$0.25
One-time Tax Adjustments / Tax Law Changes			(0.10)		(0.15)		\$3.25
Gain (Loss) on Early Extinguishment of Debt				(0.09)		(0.16)	
Net Gain on Divestiture of Assets and Operations / Restructuring of Uruguay Ownership		0.06	0.46		0.12	0.03	
Alternative Fuel Mixture Credits		0.34	0.35	0.36			
Real Estate Related Charges	(0.21)	(0.17)	(0.16)	(0.31)			
Closures, Restructuring and Impairment of Forest Products Assets	(0.29)	(0.21)	(0.29)	(0.27)			
Legal and Insurance Settlement and Reserve Adjustments	(0.06)	0.07					
Impairment of Goodwill	(0.01)						
Diluted EPS (GAAP)	(\$1.25)	(\$0.50)	\$0.00	(\$0.83)	(\$0.10)	\$0.07	\$3.50

