



# Earnings Release

## 2<sup>nd</sup> Quarter — 2006

Weyerhaeuser Company  
July 25, 2006

# 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. 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 third quarter 2006 and long term; expected earnings and performance of the company's business segments during the third quarter 2006, demand and pricing for the company's products in the third quarter 2006, reduced harvest and sales activity from normal seasonal shutdowns, softening domestic log prices, lower export sales volumes and lower sales of non-strategic properties in the third quarter 2006, lower prices for lumber and oriented strand board, and increased costs for some engineered lumber products in the third quarter 2006, expected downtime at the Sutton, West Virginia OSB plant for replacement of a press; the expected closing of the sale of the North American composite mills and a realization of a gain from such sale during the third quarter 2006, reduction in scheduled annual maintenance outages and improved operating performance in the Cellulose Fiber and White Paper segment, expected decline in volume in packaging and lower manufacturing costs during the third quarter of 2006, increased OCC costs, anticipated capital spending for 2006, expected lower single-family housing sales volumes and margins in certain real estate markets, demand for housing over the long-term, opportunities in regard to land positions and related 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; Energy prices; Raw material prices; Chemical prices; Performance of the company's manufacturing operations including unexpected maintenance requirements; 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, and changes in accounting regulations; The effect of weather; The risk of loss from fires, floods, windstorms, hurricanes and other natural disasters; Transportation costs; Legal proceedings; the effect of timing of retirements and changes in the market price of company stock on charges for stock-based compensation; and Performance of pension fund investments and related derivatives.
- 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 anti-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. The company expressly declines any obligation to publicly revise any forward-looking statements that have been made to reflect the occurrence of events after the date of this news release.



## *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)

# 2006 Q2 Earnings Summary

\$ in Millions except EPS

	2005				2006	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
Operating Earnings before Special Items						
Timberlands	\$ 203	\$ 210	\$ 191	\$ 186	\$ 198	\$ 224
Wood Products	132	222	130	117	117	132
Cellulose Fiber & White Papers	19	16	20	(50)	(17)	34
Containerboard, Packaging & Recycling	64	99	36	(20)	22	97
Real Estate & Related Assets	183	156	145	283	155	123
Corporate & Other	(17)	(22)	(13)	(47)	(102)	(40)
<b>Total Op. Earnings before Special Items</b>	<b>\$ 584</b>	<b>\$ 681</b>	<b>\$ 509</b>	<b>\$ 469</b>	<b>\$ 373</b>	<b>\$ 570</b>
Special Items	(20)	103	86	(642)	(729)	(35)
<b>Total Operating Earnings</b>	<b>\$ 564</b>	<b>\$ 784</b>	<b>\$ 595</b>	<b>\$ (173)</b>	<b>\$ (356)</b>	<b>\$ 535</b>
Interest Expense, net <sup>1</sup>	(196)	(176)	(190)	(167)	(136)	(132)
Income Taxes <sup>2</sup>	(129)	(188)	(120)	129	(88)	(88)
<b>Net Income (loss)</b>	<b>\$ 239</b>	<b>\$ 420</b>	<b>\$ 285</b>	<b>\$ (211)</b>	<b>\$ (580)</b>	<b>\$ 315</b>
<b>Diluted EPS</b>	<b>\$ 0.98</b>	<b>\$ 1.71</b>	<b>\$ 1.16</b>	<b>\$ (0.86)</b>	<b>\$ (2.36)</b>	<b>\$ 1.26</b>
<b>Diluted EPS before Special Items</b>	<b>\$ 1.03</b>	<b>\$ 1.34</b>	<b>\$ 0.93</b>	<b>\$ 0.94</b>	<b>\$ 0.62</b>	<b>\$ 1.16</b>

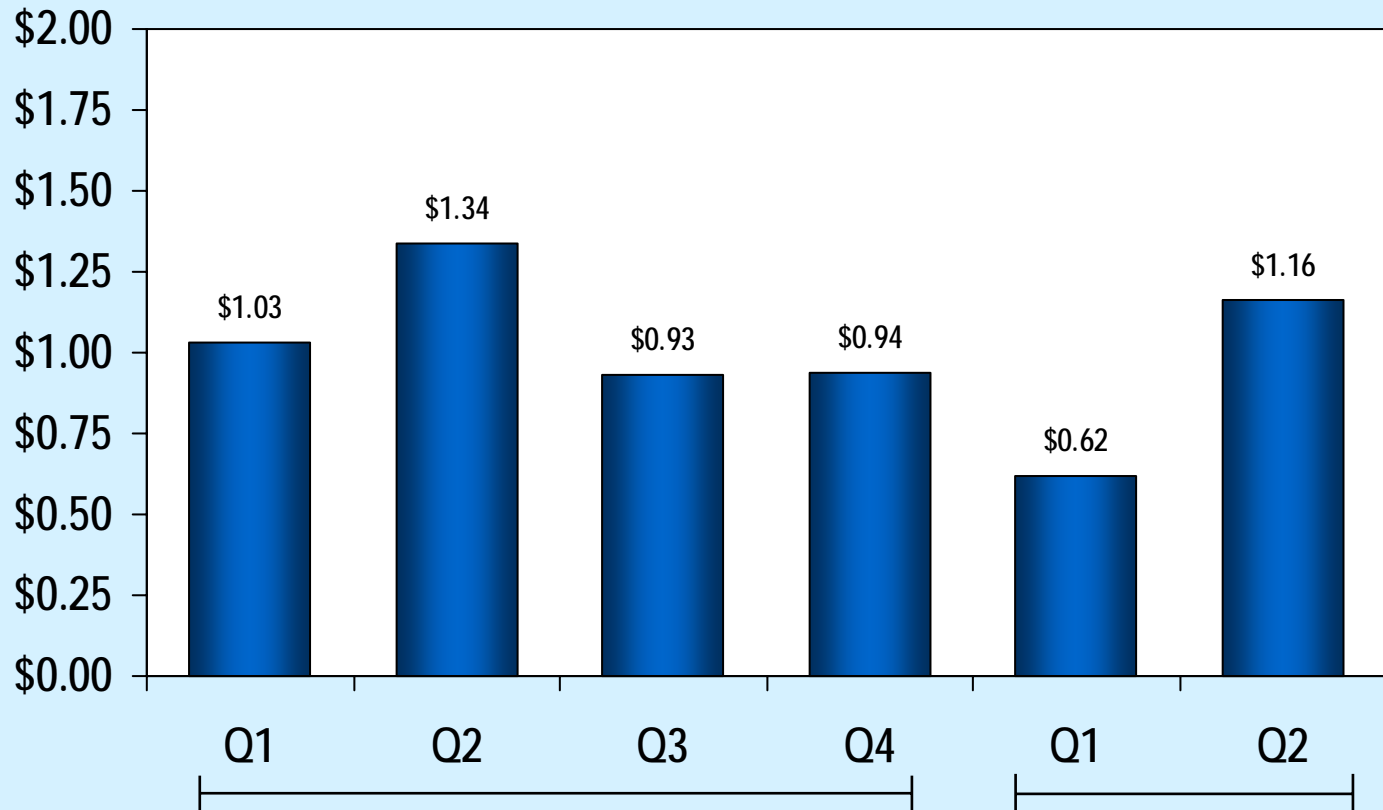
1. Interest expense included losses of \$21MM and \$15MM in 2005Q3 and 2005Q4, respectively, on early extinguishment of debt.

2. Income taxes included \$44MM in 2005Q2 related to the planned repatriation of \$1.1 billion of eligible Canadian earnings, a one-time tax benefit of \$14MM in 2005Q3, and a one-time tax benefit of \$48MM in 2006Q2.

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# Diluted EPS Before Special Items

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





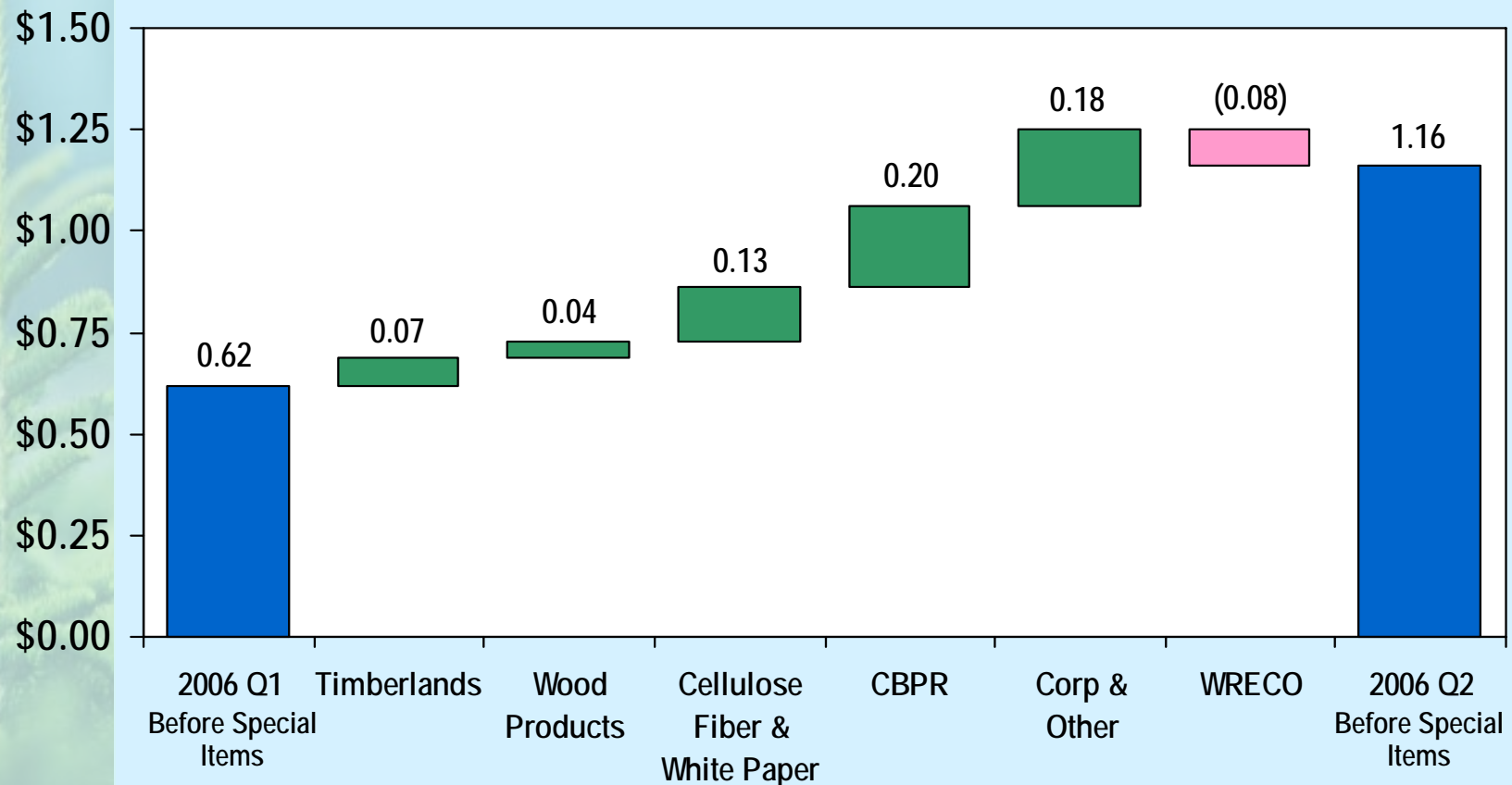
# Earnings per Share Reconciliation

	2005				2006	
	Q1	Q2	Q3	Q4	Q1	Q2
Diluted EPS before Special Items	\$ 1.03	\$ 1.34	\$ 0.93	\$ 0.94	\$ 0.62	\$ 1.16
<b>Charges for Closure of Facilities</b>	(0.02)		(0.08)	(1.78)		(0.04)
Gain on Sale of Assets		0.60	0.31	0.13		
Litigation Charges	(0.03)	(0.05)		(0.10)		
Loss on Early Extinguishment of Debt			(0.06)	(0.04)		
Capitalized Interest on WRECO Projects (Cum Adj)				0.12		
Asset / Goodwill Impairments				(0.13)	(3.03)	
Tax Expense on Dividend Repatriation		(0.18)				
<b>One-time Tax Benefits</b>			0.06			0.19
Warranty Insurance Recovery (WRECO)					0.02	
Recognize Deferred Partnership Income (WRECO)					0.03	
<b>Charges for Restructuring of Containerboard</b>						(0.05)
<b>Diluted EPS (GAAP)</b>	<b>\$ 0.98</b>	<b>\$ 1.71</b>	<b>\$ 1.16</b>	<b>\$ (0.86)</b>	<b>\$ (2.36)</b>	<b>\$ 1.26</b>

# Earnings per Share Comparison

## Segment Breakdown — 2006 Q1 vs. 2006 Q2

\$ per Share Before Special Items\*

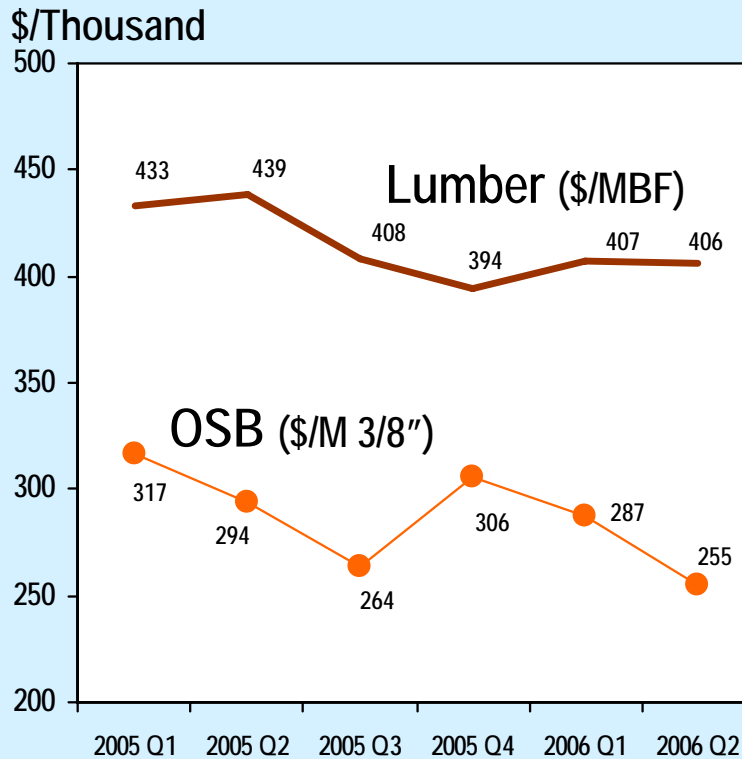


\*A reconciliation before Special Items to GAAP can be found on page 6.

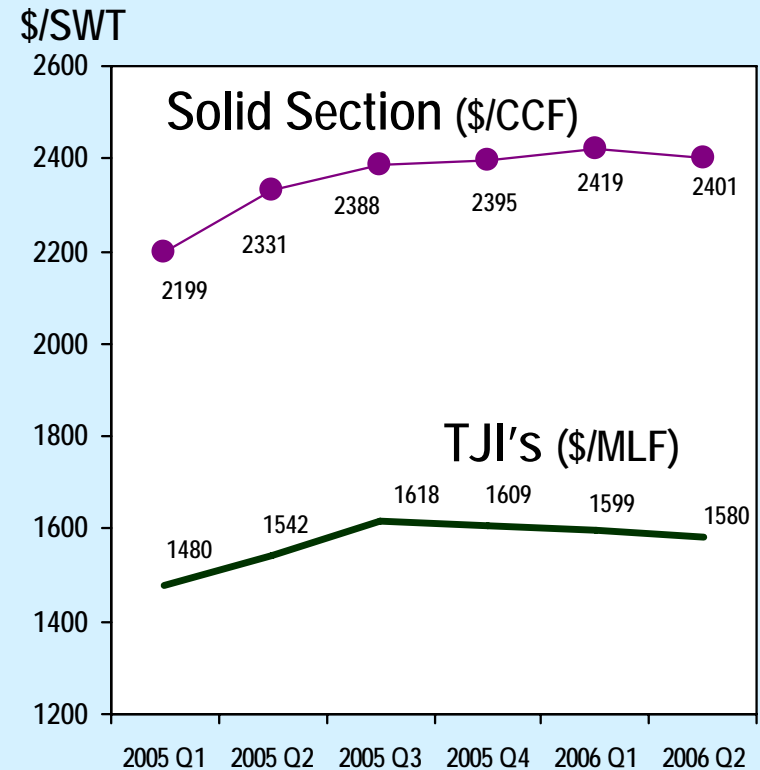
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# Average Mill Net 3<sup>rd</sup>-Party Realizations — OSB and Lumber / Engineered Lumber

## OSB and Lumber



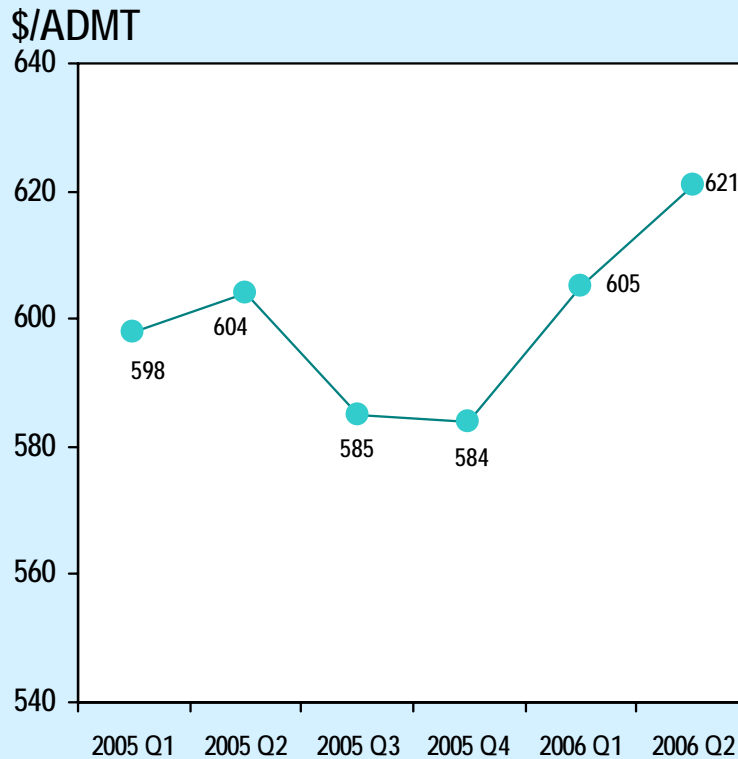
## Engineered Lumber



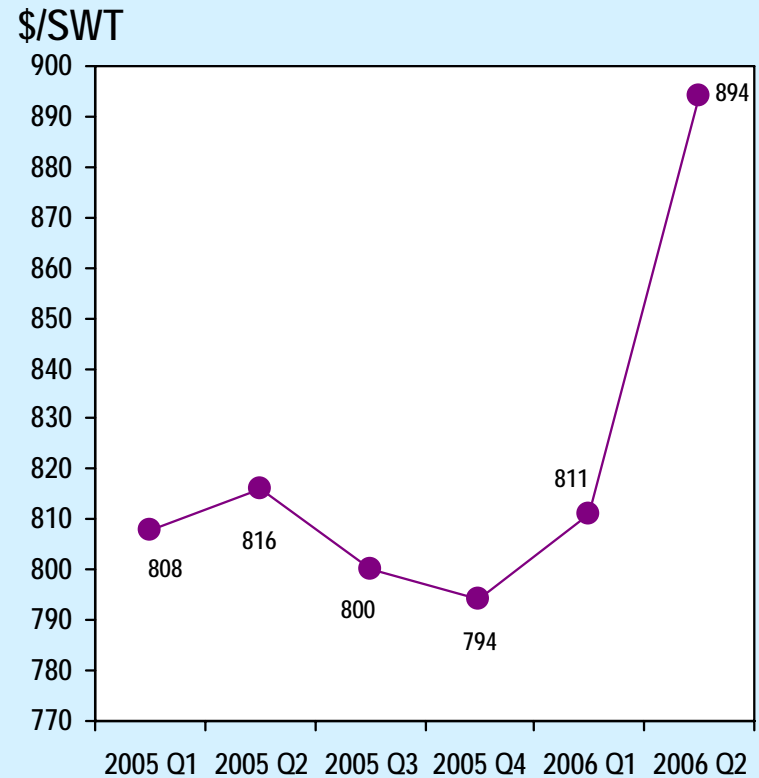


# Average Mill Net 3<sup>rd</sup>-Party Realizations — Cellulose Fiber and Fine Paper

## Cellulose Fiber

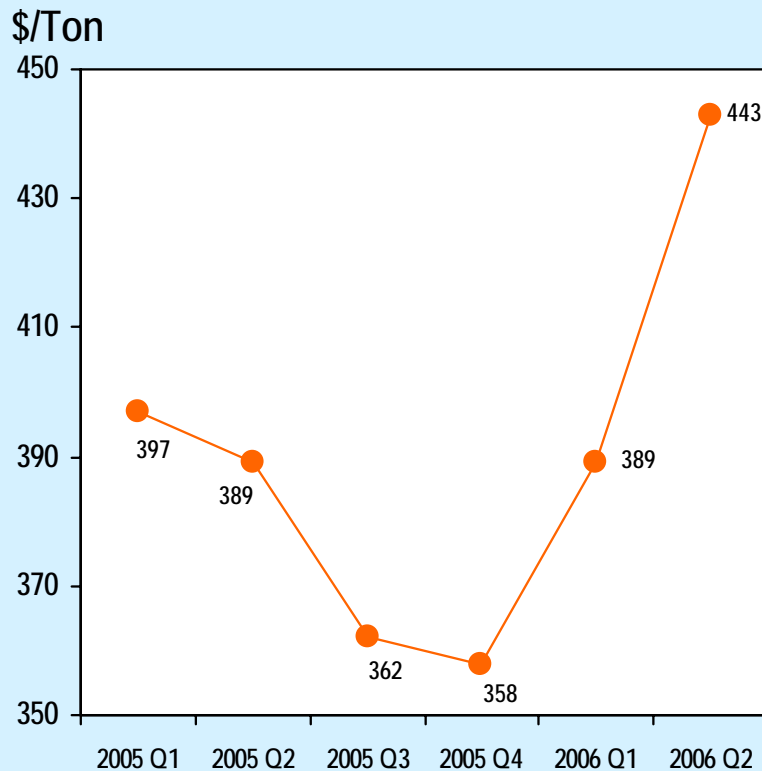


## Fine Paper

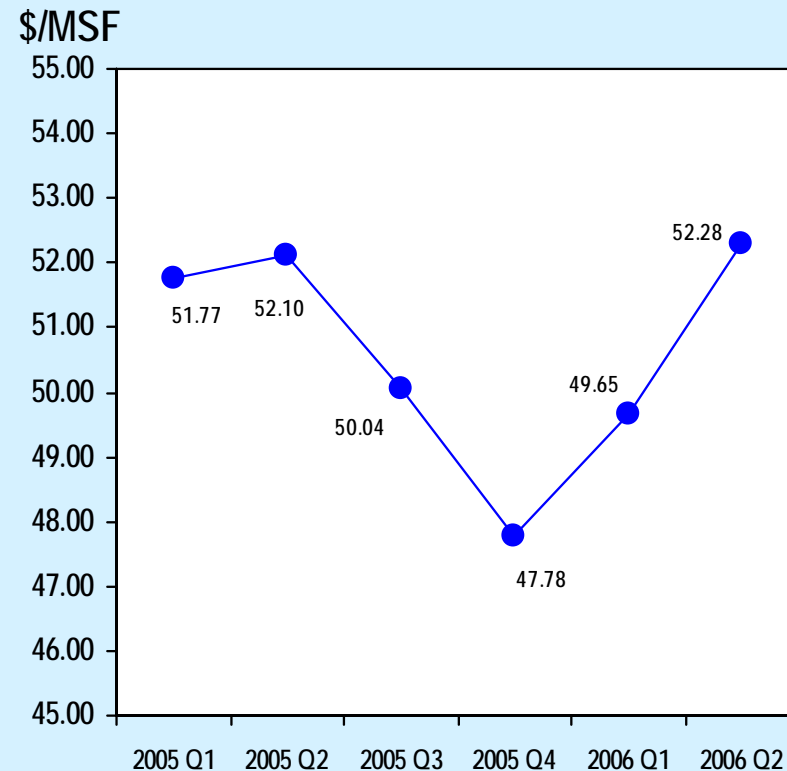


# Average Mill Net 3<sup>rd</sup>-Party Realizations — Containerboard and Packaging

## Containerboard

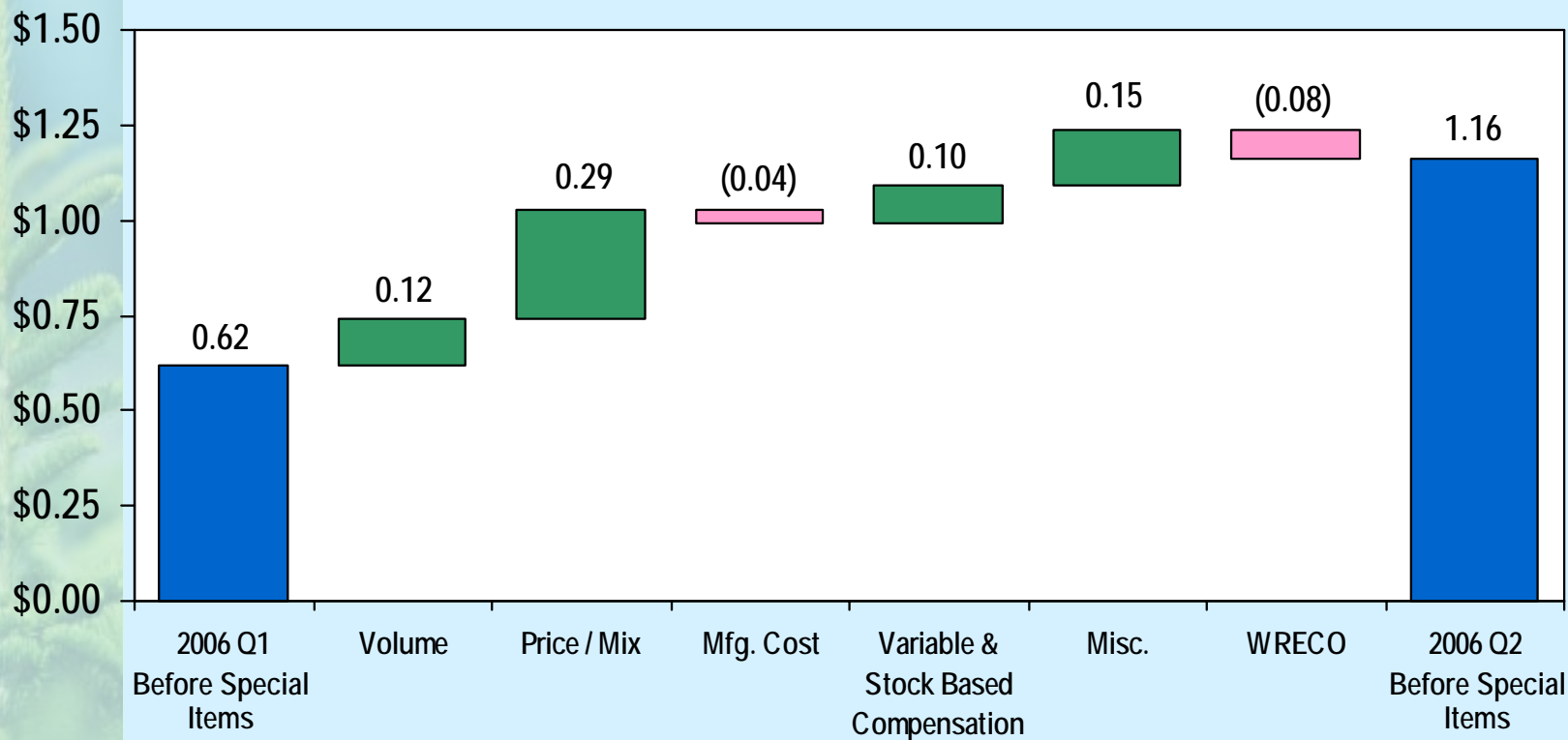


## Packaging (Box)



# Earnings per Share Comparison 2006 Q1 vs. 2006 Q2

\$ per Share Before Special Items\*



\*A reconciliation before Special Items to GAAP can be found on page 6.