

CONSOLIDATED STATEMENT OF EARNINGS

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 30, 2007

(DOLLAR AMOUNTS IN MILLIONS EXCEPT PER-SHARE FIGURES)

	2007	2006	2005
Net sales and revenues:			
Weyerhaeuser	\$13,949	\$15,336	\$15,930
Real Estate	2,359	3,335	2,915
Total net sales and revenues	16,308	18,671	18,845
Costs and expenses:			
Weyerhaeuser:			
Costs of products sold	11,375	12,182	12,417
Depreciation, depletion and amortization	900	947	944
Selling expenses	422	451	411
General and administrative expenses	771	895	808
Research and development expenses	71	69	61
Charges for restructuring (Note 19)	37	21	17
Charges for closure of facilities (Note 20)	124	72	191
Refund of countervailing and anti-dumping deposits	—	(344)	—
Impairment of goodwill (Note 8)	30	—	—
Other operating costs (income), net (Note 21)	(7)	(136)	(39)
	13,723	14,157	14,810
Real Estate:			
Costs and operating expenses	1,752	2,338	1,946
Depreciation and amortization	23	25	16
Selling expenses	179	180	152
General and administrative expenses	99	124	105
Other operating costs (income), net	(2)	(3)	(3)
Charge for impairment of long-lived assets (Note 11)	128	36	33
	2,179	2,700	2,249
Total costs and expenses	15,902	16,857	17,059
Operating income	406	1,814	1,786
Interest expense and other:			
Weyerhaeuser:			
Interest expense incurred	(574)	(519)	(643)
Less interest capitalized (Note 21)	118	84	59
Interest income and other (Notes 7 and 10)	83	70	214
Equity in income (loss) of affiliates (Note 7)	2	7	(6)
Real Estate:			
Interest expense incurred	(57)	(55)	(55)
Less interest capitalized	57	55	55
Interest income and other	(1)	30	12
Equity in income of unconsolidated entities (Note 7)	25	58	57
Earnings from continuing operations before income taxes	59	1,544	1,479
Income taxes (Note 22)	(8)	(480)	(530)
Earnings from continuing operations	51	1,064	949
Discontinued operations, net of income taxes (Note 3)	739	(611)	(216)
Net earnings	\$ 790	\$ 453	\$ 733
Basic earnings per share (Note 4):			
Continuing operations	\$ 0.23	\$ 4.35	\$ 3.88
Discontinued operations	3.37	(2.50)	(0.88)
Net earnings	\$ 3.60	\$ 1.85	\$ 3.00
Diluted earnings per share (Note 4):			
Continuing operations	\$ 0.23	\$ 4.33	\$ 3.86
Discontinued operations	3.36	(2.49)	(0.88)
Net earnings	\$ 3.59	\$ 1.84	\$ 2.98
Dividends paid per share	\$ 2.40	\$ 2.20	\$ 1.90

See accompanying Notes to Consolidated Financial Statements.