

2007
INVESTOR
GUIDE
WEYERHAEUSER
COMPANY



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WELCOME TO THE 2007 WEYERHAEUSER INVESTOR GUIDE.

THIS PUBLICATION IS DESIGNED TO PROVIDE INFORMATION TO SECURITY ANALYSTS, INVESTORS AND OTHERS DOING RESEARCH ON THE LONG-TERM FINANCIAL PERFORMANCE OF OUR COMPANY.



INSIDE YOU'LL FIND:

- Information about who we are, what we do, our financial philosophy and our governance practices.
- Detailed financial data from our filings with the Securities and Exchange Commission.
- Market, strategy and operational information for each of our business segments.

- A copy of our 2007 Annual Report and 2008 Proxy Statement.

WE UPDATE THIS BOOKLET ANNUALLY.

We welcome any suggestions on how to make it more useful to you. More information about us can be found at www.weyerhaeuser.com, or you can call Kathryn F. McAuley, vice president, Investor Relations, at (253) 924-2058.

Thank you for your continued interest in Weyerhaeuser.

Steven R. Rogel

STEVEN R. ROGEL
Chairman and CEO

TO GENERATE THE RESULTS YOU EXPECT, WE CONTINUE TO PUT STRATEGIES INTO ACTION.

IN 2007, WE TOOK DISCIPLINED, FOCUSED STEPS TO CREATE VALUE FOR SHAREHOLDERS, DELIVER QUALITY PRODUCTS AND SERVICES TO OUR CUSTOMERS, AND POSITION OUR COMPANY FOR CONTINUED SUCCESS.

WHO WE ARE

We release the potential in trees to solve important problems for people and the planet. The need for imaginative, sustainable solutions to the world's challenges has never been greater. We are uniquely qualified to meet these needs and those of our customers in ways that create ongoing prosperity.

WHAT WE DO

We grow and harvest trees, build homes, and manufacture, distribute and sell forest products. We have offices or operations in 13 countries and serve customers worldwide. In 2007, we generated \$16.3 billion in net sales and revenues.

OUR VALUES

Lead

- Setting the standard for safety and integrity in business.
- Executing strategies for profitable businesses.
- Achieving success through disciplined business processes.
- Managing our company in a sustainable and responsible way.

Perform

- Keeping safety paramount in everything we do.
- Delivering strong financial returns to shareholders.
- Providing customer value through every step of the supply chain.
- Conserving resources and reducing waste.

Invent

- Bringing new market-driven products and services to customers faster.
- Encouraging smart risk-taking.
- Rewarding innovation.
- Embracing change.

Grow

- Attracting, engaging and retaining talented people.
- Developing a culture of personal growth, empowerment and accountability.
- Building an inclusive, diverse workplace.
- Making our communities better places to work and live.

OPERATING COMMITTEE



RICHARD E. HANSON
Executive Vice
President and
Chief Operating
Officer

Led by the chief operating officer, this committee is charged with effectively executing business and portfolio strategies (except for Real Estate) agreed upon by the chief executive officer, senior management team and board of directors. Key operational processes managed by the COO and executive committee are:

- The capital budget within the corporate budget.
- Performance management and margin improvement.
- Execution of portfolio additions and divestitures as agreed to by the CEO and board of directors.
- Policy and best practices for safety, environmental leadership, information technology strategies and standardization, process reliability and customer value propositions.

FINANCIAL PHILOSOPHY



PATRICIA M. BÉDIENT
Executive Vice
President and
Chief Financial Officer

Guiding Principles

- To protect the underlying interests of our shareholders and lenders.
- To maintain an investment-grade credit rating.
- To ensure access to capital markets at all times.

Conservative Financial Strategy

- We manage our capital structure to target a 30–40 percent debt-to-total-capital ratio.
- We continually seek to improve returns from our businesses to strengthen our cash flow ratios.

Capital Management

- We have high-quality assets that are efficient and relatively modern.
- We remove underperforming and nonstrategic assets from our system.
- We continually seek to improve productivity and optimize our operating systems.
- We will target to return 20–30 percent of our operating cash flow to shareholders in dividends.
- We periodically repurchase shares when market conditions warrant.

ETHICAL BUSINESS CONDUCT

- Ethics is at the core of every decision made at Weyerhaeuser, and every employee is personally responsible for ethical business conduct.
- In 1976, the company adopted a business ethics policy that has been revised over the years to incorporate best practices and address changing business environments.
- We provide a confidential and anonymous way for employees and others to raise questions about business practices, internal controls, accounting issues or compliance with laws.
- Weyerhaeuser's Ethics and Business Conduct management system addresses all seven criteria that the U.S. Sentencing Commission included in its revised Sentencing Guidelines describing an effective program to prevent and detect violations of the law.

CORPORATE GOVERNANCE

Weyerhaeuser has a number of important governance practices that are intended to maintain the integrity of our financial reports. These practices include the following:

- The board of directors is composed substantially of independent directors and has adopted formal corporate governance guidelines. The independent directors routinely meet in separate executive sessions without any member of management present.

- The audit committee is composed solely of independent directors and is responsible for approving the retention of the external auditor and any non-audit work to be done by the auditor. The committee meets separately with our internal audit leadership and the external auditor at each audit committee meeting. One of our audit committee members is designated as a financial expert.
- Both the corporate governance committee and compensation committee have retained one or more outside consultants to advise and assist them in carrying out their responsibilities. The corporate environment, health and safety department annually reports directly to the corporate governance committee about company performance on environmental, health and safety issues.
- Weyerhaeuser's disclosure committee monitors developments that may be material, reviews our periodic reports and disclosure controls and supports the chief executive officer and chief financial officer in their certifications of our periodic reports.

BOARD OF DIRECTORS

AS OF MARCH 31, 2008



DEBRA CAFARO
Chairman, President and CEO,
Ventas, Inc., Director since
2007, term expires 2009



JOHN I. KIECKHEFER
President, Kieckhefer
Associates Inc., Director since
1990, term expires 2008



ARNOLD G. LANGBO
Former Chairman, Kellogg
Company, Director since
1999, term expires 2008



**RT. HON. DONALD F.
MAZANKOWSKI**
Business Consultant,
Director since 1997, term
expires 2009



NICOLE W. PIASECKI
President, Boeing Japan,
Director since 2003, term
expires 2009



STEVEN R. ROGEL
Chairman and Chief Executive
Officer, Weyerhaeuser
Company, Director since
1997, term expires 2009



RICHARD H. SINKFIELD
Senior Partner, Rogers &
Hardin, Director since 1993,
term expires 2010



D. MICHAEL STEUERT
Senior Vice President,
Chief Financial Officer, Fluor
Corporation, Director since
2004, term expires 2010



JAMES N. SULLIVAN
Retired Vice Chairman, Board
of Directors, Chevron Corp.,
Director since 1998, term
expires 2010



KIM WILLIAMS
Former Financial Analyst,
Wellington Management Co.
LLP Director since 2006, term
expires 2010



CHARLES R. WILLIAMSON
Former Chairman and Chief
Executive Officer, Unocal
Corporation, Director since
2004, term expires 2008

SENIOR MANAGEMENT TEAM

AS OF MARCH 31, 2008



STEVEN R. ROGEL
Chairman and Chief
Executive Officer



DANIEL S. FULTON
President



RICHARD E. HANSON
Executive Vice President
and Chief Operating Officer



PATRICIA M. BEDIENT
Executive Vice President
and Chief Financial Officer



LEE T. ALFORD
Senior Vice President,
Residential Wood Products



ERNESTA BALLARD
Senior Vice President,
Corporate Affairs



JAMES (MIKE) M. BRANSON
Senior Vice President,
Timberlands



LARRY BURROWS
President and CEO,
Weyerhaeuser Real Estate
Company



SHAKER CHANDRASEKARAN
Senior Vice President,
Cellulose Fibers



MILES DRAKE
Senior Vice President,
Research and Development,
Chief Technology Officer



THOMAS F. GIDEON
Senior Vice President,
Containerboard, Packaging
and Recycling



SANDY D. MCDADE
Senior Vice President
and General Counsel



SUSAN M. MERSEREAU
Senior Vice President,
Information Technology,
Chief Information Officer



CRAIG D. NEESER
Senior Vice President,
Industrial Wood Products
and International



EDWARD P. ROGEL
Senior Vice President,
Human Resources

COMPANY FINANCIAL INFORMATION

2007 FINANCIAL HIGHLIGHTS

DOLLAR AMOUNTS IN MILLIONS EXCEPT PER-SHARE FIGURES			
	2007	2006	CHANGE
Net sales and revenues	\$ 16,308	\$ 18,671	-12.66%
Net earnings	\$ 790	\$ 453	74.39%
Basic net earnings per share	\$ 3.60	\$ 1.85	94.59%
Diluted net earnings per share	\$ 3.59	\$ 1.84	95.11%
Total assets	\$ 23,806	\$ 26,862	-11.38%
Capital expenditures (EXCLUDING ACQUISITIONS)	\$ 724	\$ 874	-17.16%
Shareholders' interest	\$ 7,981	\$ 9,085	-12.15%
Number of common and exchangeable shares outstanding (IN THOUSANDS)	211,146	238,008	-11.29%
Book value per share	\$ 37.80	\$ 38.17	-0.97%
Return on shareholders' interest	9.3%	4.8%	93.75%
Common stock price range	\$ 86.20–62.97	\$ 75.09–55.35	

FINANCIAL INFORMATION

INVESTOR INFORMATION FOR FISCAL YEAR 2007

COMMON SHARE EARNINGS, PRICES AND DIVIDENDS BY QUARTER, 2002–2007

	QUARTER	BASIC NET EARNINGS (LOSS) PER SHARE	COMMON SHARE PRICE: HIGH	COMMON SHARE PRICE: LOW	DIVIDENDS PAID PER SHARE
2007	4th	\$ (0.30)	\$ 77.68	\$ 67.75	\$ 0.60
	3rd	0.47	84.05	62.97	0.60
	2nd	0.15	82.62	74.69	0.60
	1st	3.09	86.20	71.37	0.60
2006	4th	2.12	71.93	60.49	0.60
	3rd	0.91	63.37	55.35	0.60
	2nd	1.20	75.09	56.69	0.50
	1st	(2.34)	73.77	66.32	0.50
2005	4th	(0.86)	68.75	61.12	0.50
	3rd	1.16	68.98	63.42	0.50
	2nd	1.72	71.52	62.86	0.50
	1st	0.98	69.39	62.02	0.40
2004	4th	0.82	67.86	59.94	0.40
	3rd	2.46	65.19	58.57	0.40
	2nd	1.57	67.80	56.04	0.40
	1st	0.54	66.76	60.00	0.40
2003	4th	0.41	63.01	56.01	0.40
	3rd	0.37	62.00	52.50	0.40
	2nd	0.71	53.76	47.83	0.40
	1st	(0.24)	53.58	45.80	0.40
2002	4th	0.57	52.60	38.04	0.40
	3rd	0.06	62.88	43.77	0.40
	2nd	0.32	67.83	57.85	0.40
	1st	0.14	65.52	50.93	0.40

Information prior to 2002 is no longer included in our financial presentation due to major acquisitions that occurred between 1999 and 2002. Financial results for periods prior to 2002 are not comparable to the periods being presented. Information on the acquisitions can be found in the Timeline of Major Events on page 16.

CONSOLIDATED STATEMENT OF EARNINGS

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN MILLIONS OF DOLLARS EXCEPT PER-SHARE FIGURES						
	2007	2006	2005	2004	2003	2002
Net sales and revenues:						
Weyerhaeuser	\$ 13,949	\$ 15,336	\$ 15,930	\$ 15,963	\$ 14,017	\$ 13,028
Real Estate	2,359	3,335	2,915	2,495	2,029	1,750
Total net sales and revenues	16,308	18,671	18,845	18,458	16,046	14,778
Costs and expenses:						
Weyerhaeuser:						
Costs of products sold	11,375	12,182	12,417	11,940	10,917	10,264
Depreciation, depletion and amortization	900	947	944	899	922	901
Selling expenses	422	451	411	430	401	402
General and administrative expenses	771	895	808	844	843	757
Research and development expenses	71	69	61	55	51	52
Charges for integration and restructuring	37	21	17	25	81	72
Charges for closure of facilities	124	72	191	18	91	91
Impairment of goodwill	30	—	—	—	—	—
Refund of countervailing and anti-dumping duties	—	(344)	—	—	—	—
Other operating costs (income), net	(7)	(136)	(39)	(231)	(230)	(136)
	13,723	14,157	14,810	13,980	13,076	12,403
Real Estate:						
Costs and operating expenses	1,752	2,338	1,946	1,763	1,518	1,329
Depreciation and amortization	23	25	16	14	11	11
Selling expenses	179	180	152	126	107	90
General and administrative expenses	99	124	105	82	64	49
Other operating costs (income), net	(2)	(3)	(3)	(17)	(9)	(1)
Charge for impairment of long-lived assets	128	36	33	—	—	—
	2,179	2,700	2,249	1,968	1,691	1,478
Total costs and expenses	15,902	16,857	17,059	15,948	14,767	13,881
Operating income	406	1,814	1,786	2,510	1,279	897
Interest expense and other:						
Weyerhaeuser:						
Interest expense incurred	(574)	(519)	(643)	(742)	(719)	(725)
Less interest capitalized	118	84	59	9	19	50
Interest income and other	83	70	214	24	17	28
Equity in income (loss) of affiliates	2	7	(6)	14	(4)	(13)
Real Estate:						
Interest expense incurred	(57)	(55)	(55)	(57)	(53)	(53)
Less interest capitalized	57	55	55	57	53	53
Interest income and other	(1)	30	12	31	33	33
Equity in income of unconsolidated entities	25	58	57	52	20	31
Earnings from continuing operations before income taxes and cumulative effect of a change in accounting principle	59	1,544	1,479	1,898	645	301
Income taxes	(8)	(480)	(530)	(646)	(217)	(105)
Earnings from continuing operations before cumulative effect of a change in accounting principle	51	1,064	949	1,252	428	196
Earnings (loss) from discontinued operations, net of income taxes	739	(611)	(216)	31	(140)	45
Earnings before cumulative effect of a change in accounting principle	790	453	733	1,283	288	241
Cumulative effect of a change in accounting principle, net of income taxes	—	—	—	—	(11)	—
Net earnings	\$ 790	\$ 453	\$ 733	\$ 1,283	\$ 277	\$ 241
Basic earnings per share:						
Earnings from continuing operations	\$ 0.23	\$ 4.35	\$ 3.88	\$ 5.32	\$ 1.93	\$ 0.89
Earnings (loss) from discontinued operations	3.37	(2.50)	(0.88)	0.13	(0.63)	0.20
Effect of accounting changes	—	—	—	—	(0.05)	—
Net earnings per share, basic	\$ 3.60	\$ 1.85	\$ 3.00	\$ 5.45	\$ 1.25	\$ 1.09
Diluted earnings per share:						
Earnings from continuing operations	\$ 0.23	\$ 4.33	\$ 3.86	\$ 5.30	\$ 1.93	\$ 0.89
Earnings (loss) from discontinued operations	3.36	(2.49)	(0.88)	0.13	(0.63)	0.20
Effect of accounting changes	—	—	—	—	(0.05)	—
Net earnings per share, diluted	\$ 3.59	\$ 1.84	\$ 2.98	\$ 5.43	\$ 1.25	\$ 1.09
Dividends paid per share	\$ 2.40	\$ 2.20	\$ 1.90	\$ 1.60	\$ 1.60	\$ 1.60

Certain reclassifications have been made to conform prior years' data to the current format.

Fiscal year 2006 includes 53 weeks of operations compared with 52 weeks in all other fiscal years.

CONSOLIDATED NET SALES AND REVENUES BY SOURCE

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN MILLIONS OF DOLLARS						
	2007	2006	2005	2004	2003	2002
Weyerhaeuser:						
Logs	\$ 677	\$ 805	\$ 823	\$ 947	\$ 835	\$ 910
Softwood lumber	2,433	3,145	3,778	4,080	3,421	3,299
Engineered lumber products	1,142	1,553	1,644	1,438	1,134	1,116
Oriented strand board	589	940	1,164	1,390	1,109	649
Plywood	372	530	735	929	784	700
Veneer	44	42	44	44	39	34
Composite panels ⁽¹⁾	82	473	717	703	562	507
Hardwood lumber	360	401	393	365	350	333
Pulp	1,478	1,657	1,482	1,471	1,305	1,196
Paper ⁽²⁾	433	2,468	2,417	2,226	2,182	2,163
Coated groundwood ⁽²⁾	26	171	180	156	140	126
Liquid packaging board	247	229	203	208	198	179
Containerboard	457	377	395	368	304	350
Packaging	4,020	3,935	3,712	3,584	3,544	3,466
Recycling	413	345	352	347	247	229
Kraft bags and sacks	96	88	83	80	80	75
Marine shipping	210	198	203	194	173	149
Other products	1,433	1,558	1,643	1,572	1,392	1,258
	14,512	18,915	19,968	20,102	17,799	16,739
Net sales and revenues from discontinued operations	(563)	(3,579)	(4,038)	(4,139)	(3,782)	(3,711)
	13,949	15,336	15,930	15,963	14,017	13,028
Real Estate:						
Single-family units	2,079	2,951	2,686	2,193	1,730	1,455
Multi-family units	49	33	—	1	27	91
Residential lots	51	253	113	170	141	117
Commercial lots	127	25	22	31	69	34
Commercial buildings	—	—	8	—	10	14
Acreage	20	31	66	84	28	11
Other	33	42	20	16	24	28
	2,359	3,335	2,915	2,495	2,029	1,750
Total consolidated	\$ 16,308	\$ 18,671	\$ 18,845	\$ 18,458	\$ 16,046	\$ 14,778

⁽¹⁾Reflects the divestitures of our French Composite panel operations in December 2005, Irish Composite panel operations in November 2006, and North American Composite panel operations in July 2006.

⁽²⁾Reflects the Domtar Transaction in March 2007.

Fiscal year 2006 includes 53 weeks of operations compared with 52 weeks in all other fiscal years.

CONSOLIDATED BALANCE SHEET

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN MILLIONS OF DOLLARS						
ASSETS	2007	2006	2005	2004	2003	2002
Weyerhaeuser:						
Current assets:						
Cash and cash equivalents	\$ 93	\$ 223	\$ 816	\$ 1,042	\$ 170	\$ 114
Receivables, less allowances	1,333	1,183	1,380	1,269	1,190	1,063
Inventories	1,255	1,355	1,325	1,304	1,264	1,358
Prepaid expenses	333	385	387	548	417	384
Assets held for sale	—	105	—	—	—	—
Current assets of discontinued operations	—	870	968	1,130	980	969
Total current assets	3,014	4,121	4,876	5,293	4,021	3,888
Property and equipment, net	6,817	7,061	7,191	7,630	7,877	8,378
Construction in progress	442	395	476	229	165	326
Timber and timberlands at cost less depletion charged to disposals	3,769	3,681	3,704	3,732	3,822	4,006
Investments in and advances to equity affiliates	356	499	486	489	546	566
Goodwill	2,207	2,185	2,215	2,228	2,227	2,153
Deferred pension and other assets	2,505	1,368	1,279	1,182	1,272	1,276
Restricted assets held by special purpose entities	916	917	916	909	547	110
Noncurrent assets of discontinued operations	—	3,011	4,179	5,790	6,118	5,644
	20,026	23,238	25,322	27,482	26,595	26,347
Real Estate:						
Cash and cash equivalents, including restricted deposits	21	20	286	153	31	7
Receivables, less discounts and allowances	63	144	42	43	64	70
Real estate in process of development and for sale	1,270	1,449	1,055	861	723	696
Land being processed for development	1,622	1,365	1,037	987	922	962
Investments in unconsolidated entities, less reserves	58	72	61	59	38	28
Other assets	473	423	296	270	226	207
Consolidated assets not owned	273	151	130	99	—	—
	3,780	3,624	2,907	2,472	2,004	1,970
Total assets	\$ 23,806	\$ 26,862	\$ 28,229	\$ 29,954	\$ 28,599	\$ 28,317
LIABILITIES AND SHAREHOLDERS' INTEREST	2007	2006	2005	2004	2003	2002
Weyerhaeuser:						
Current liabilities:						
Notes payable and commercial paper	\$ 54	\$ 72	\$ 3	\$ 3	\$ 4	\$ 2
Current maturities of long-term debt	507	488	374	473	74	775
Accounts payable	869	948	1,107	999	861	803
Accrued liabilities	1,177	1,363	1,435	1,288	1,010	1,023
Current liabilities of discontinued operations	—	258	336	386	576	391
Total current liabilities	2,607	3,129	3,255	3,149	2,525	2,994
Long-term debt	6,059	7,069	7,404	9,260	11,479	11,874
Deferred income taxes	3,290	3,011	3,292	3,419	3,168	2,929
Deferred pension, other postretirement benefits and other liabilities	1,669	1,759	1,548	1,461	1,321	1,233
Liabilities (nonrecourse to Weyerhaeuser) held by special purpose entities	765	765	764	815	490	98
Noncurrent liabilities of discontinued operations	—	717	786	1,180	1,206	1,217
	14,390	16,450	17,049	19,284	20,189	20,345
Real Estate:						
Notes payable and commercial paper	—	—	3	2	1	63
Long-term debt	775	606	851	867	893	814
Other liabilities	432	606	417	460	407	472
Consolidated liabilities not owned	228	115	109	86	—	—
	1,435	1,327	1,380	1,415	1,301	1,349
Total liabilities	15,825	17,777	18,429	20,699	21,490	21,694
Shareholders' interest	7,981	9,085	9,800	9,255	7,109	6,623
Total liabilities and shareholders' interest	\$ 23,806	\$ 26,862	\$ 28,229	\$ 29,954	\$ 28,599	\$ 28,317

FINANCIAL DATA BY BUSINESS SEGMENT

FOR THE YEAR ENDED DECEMBER 30, 2007, IN MILLIONS OF DOLLARS									
	TIMBERLANDS	WOOD PRODUCTS	CELLULOSE FIBERS	FINE PAPER	CONTAINER-BOARD, PACKAGING AND RECYCLING	CORPORATE AND OTHER	REAL ESTATE	ELIMINATIONS/DISCONTINUED OPERATIONS	TOTAL
Trade sales and revenues	\$ 910	\$ 5,699	\$ 1,832	\$ 459	\$ 5,168	\$ 444	\$ 2,359	\$ (563)	\$ 16,308
Intersegment sales	1,328	230	40	43	9	58	—	(1,708)	—
Net sales and revenues	2,238	5,929	1,872	502	5,177	502	2,359	(2,271)	16,308
Costs and expenses:									
Costs of products sold	1,432	5,656	1,411	408	4,138	493	1,752	(2,163)	13,127
Depreciation, depletion and amortization	119	268	148	47	297	72	23	(51)	923
Selling expenses	2	235	19	6	149	18	179	(7)	601
General and administrative expenses	88	258	71	18	224	128	99	(16)	870
Research and development expenses	—	—	—	—	—	71	—	—	71
Charges for integration and restructuring	1	20	3	—	2	11	—	—	37
Charges (reversals) for closure of facilities	—	115	(1)	2	9	1	—	(2)	124
Impairment of goodwill	—	30	—	—	—	—	—	—	30
Charge for impairment of long-lived assets	—	—	—	—	—	—	128	—	128
Other operating costs (income), net	(32)	76	(10)	1	(23)	(675)	(2)	656	(9)
Total costs and expenses	1,610	6,658	1,641	482	4,796	119	2,179	(1,583)	15,902
Operating income (loss)	628	(729)	231	20	381	383	180	(688)	406
Interest income and other, net	6	1	1	—	1	74	(1)	—	82
Equity in income (loss) of equity affiliates	—	(6)	(3)	—	—	11	25	—	27
Earnings (loss) before interest and income taxes	634	(734)	229	20	382	468	204	(688)	515
Interest expense, net of capitalized interest	—	—	—	—	—	(473)	—	17	(456)
Earnings (loss) before income taxes	634	(734)	229	20	382	(5)	204	(671)	59
Income taxes	—	—	—	—	—	135	(75)	(68)	(8)
Earnings (loss) from continuing operations	\$ 634	\$ (734)	\$ 229	\$ 20	\$ 382	\$ 130	\$ 129	(739)	51
Earnings from discontinued operations, net of tax								739	739
Net earnings								\$ —	\$ 790

FOR THE YEAR ENDED DECEMBER 31, 2006, IN MILLIONS OF DOLLARS									
	TIMBERLANDS	WOOD PRODUCTS	CELLULOSE FIBERS	FINE PAPER	CONTAINER-BOARD, PACKAGING AND RECYCLING	CORPORATE AND OTHER	REAL ESTATE	ELIMINATIONS/DISCONTINUED OPERATIONS	TOTAL
Trade sales and revenues	\$ 1,016	\$ 7,902	\$ 1,956	\$ 2,645	\$ 4,912	\$ 484	\$ 3,335	\$ (3,579)	\$ 18,671
Intersegment sales	1,675	236	125	261	55	33	—	(2,385)	—
Net sales and revenues	2,691	8,138	2,081	2,906	4,967	517	3,335	(5,964)	18,671
Costs and expenses:									
Costs of products sold	1,757	7,220	1,696	2,350	3,965	485	2,338	(5,291)	14,520
Depreciation, depletion and amortization	122	298	171	280	304	83	25	(311)	972
Selling expenses	2	269	20	37	143	27	180	(47)	631
General and administrative expenses	87	314	79	117	264	136	124	(102)	1,019
Research and development expenses	—	—	—	—	—	69	—	—	69
Charges (reversals) for integration and restructuring	(1)	(1)	—	1	21	2	—	(1)	21
Charges (reversals) for closure of facilities	1	59	(3)	15	14	26	—	(40)	72
Impairment of goodwill	—	—	—	749	—	—	—	(749)	—
Refund of countervailing and anti-dumping duties	—	(344)	—	—	—	—	—	—	(344)
Charge for impairment of long-lived assets	—	—	—	—	—	—	36	—	36
Other operating costs (income), net	(39)	(146)	(9)	4	(6)	(26)	(3)	86	(139)
Total costs and expenses	1,929	7,669	1,954	3,553	4,705	802	2,700	(6,455)	16,857
Operating income (loss)	762	469	127	(647)	262	(285)	635	491	1,814
Interest income and other	5	1	1	—	1	63	30	(1)	100
Equity in income (loss) of equity affiliates	—	(6)	14	—	—	(1)	58	—	65
Earnings (loss) before interest and income taxes	767	464	142	(647)	263	(223)	723	490	1,979
Interest expense, net of capitalized interest	—	—	—	—	—	(531)	—	96	(435)
Earnings (loss) before income taxes	767	464	142	(647)	263	(754)	723	586	1,544
Income taxes	—	—	—	—	—	(233)	(272)	25	(480)
Earnings (loss) from continuing operations	\$ 767	\$ 464	\$ 142	\$ (647)	\$ 263	\$ (987)	\$ 451	611	1,064
Loss from discontinued operations, net of tax								(611)	(611)
Net earnings								\$ —	\$ 453

CONSOLIDATED ASSETS BY BUSINESS SEGMENT

FOR THE FIVE YEARS ENDED DECEMBER 30, 2007, IN MILLIONS OF DOLLARS									
	TIMBERLANDS	WOOD PRODUCTS	CELLULOSE FIBERS	FINE PAPER	CONTAINER-BOARD, PACKAGING AND RECYCLING	CORPORATE AND OTHER	REAL ESTATE	RECLASSIFY DISCONTINUED OPERATIONS	TOTAL
Current assets									
2007	\$ 182	\$ 835	\$ 418	\$ —	\$ 1,081	\$ 498	\$ 1,353	\$ —	\$ 4,367
2006	138	1,136	498	688	1,030	631	1,593	—	5,714
2005	161	1,245	480	728	991	1,271	1,366	—	6,242
2004	209	1,388	442	660	995	1,599	1,044	—	6,337
2003	154	1,239	441	591	928	668	785	—	4,806
Timber and timberlands at cost, less depletion charged to disposals									
2007	\$ 3,665	\$ —	\$ —	\$ —	\$ —	\$ 104	\$ —	\$ —	\$ 3,769
2006	3,643	—	—	—	—	39	—	(1)	3,681
2005	3,647	—	—	—	—	58	—	(1)	3,704
2004	4,176	—	—	—	—	36	—	(480)	3,732
2003	4,260	—	—	—	—	27	—	(465)	3,822
Property and equipment, net									
2007	\$ 230	\$ 1,867	\$ 1,921	\$ —	\$ 2,756	\$ 485	\$ 36	\$ —	\$ 7,295
2006	227	1,968	2,019	2,763	2,918	521	50	(2,960)	7,506
2005	198	2,236	2,028	2,942	3,046	593	47	(3,376)	7,714
2004	226	2,586	1,977	3,481	3,253	589	44	(4,253)	7,903
2003	239	2,716	2,205	3,486	3,509	491	36	(4,604)	8,078
Other									
2007	\$ 165	\$ 871	\$ 285	\$ —	\$ 1,253	\$ 3,410	\$ 2,391	\$ —	\$ 8,375
2006	165	862	298	—	1,256	2,438	1,981	2,961	9,961
2005	163	838	289	749	1,272	2,387	1,494	3,377	10,569
2004	356	897	115	755	1,284	2,458	1,384	4,733	11,982
2003	341	908	132	749	1,397	2,114	1,183	5,069	11,893
Combined total									
2007	\$ 4,242	\$ 3,573	\$ 2,624	\$ —	\$ 5,090	\$ 4,497	\$ 3,780	\$ —	\$ 23,806
2006	4,173	3,966	2,815	3,451	5,204	3,629	3,624	—	26,862
2005	4,169	4,319	2,797	4,419	5,309	4,309	2,907	—	28,229
2004	4,967	4,871	2,534	4,896	5,532	4,682	2,472	—	29,954
2003	4,994	4,863	2,778	4,826	5,834	3,300	2,004	—	28,599

CAPITAL EXPENDITURES BY BUSINESS SEGMENT (EXCLUDING ACQUISITIONS)

FOR THE FIVE YEARS ENDED DECEMBER 31, 2007, IN MILLIONS OF DOLLARS								
	TIMBERLANDS	WOOD PRODUCTS	CELLULOSE FIBERS	FINE PAPER	CONTAINER-BOARD, PACKAGING AND RECYCLING	CORPORATE AND OTHER	REAL ESTATE	TOTAL
Timberlands reforestation								
2007	\$ 44	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 44
2006	37	—	—	—	—	—	—	37
2005	32	—	—	—	—	—	—	32
2004	30	—	—	—	—	—	—	30
2003	34	—	—	—	—	—	—	34
Property and equipment								
2007	\$ 24	\$ 244	\$ 104	\$ 2	\$ 190	\$ 98	\$ 18	\$ 680
2006	25	191	190	62	234	110	25	837
2005	27	161	230	87	221	117	18	861
2004	25	147	82	72	85	63	18	492
2003	24	145	204	86	86	47	16	608
Combined total								
2007	\$ 68	\$ 244	\$ 104	\$ 2	\$ 190	\$ 98	\$ 18	\$ 724
2006	62	191	190	62	234	110	25	874
2005	59	161	230	87	221	117	18	893
2004	55	147	82	72	85	63	18	522
2003	58	145	204	86	86	47	16	642

TIMELINE OF MAJOR EVENTS (1999–2003)

	1999	2000	2001	2002	2003
SALES	<ul style="list-style-type: none"> • Composite products business • Ply-veneer plant (AR) • Chemicals business (WA, NC) • 2 recycling plants (AZ, WV) 	<ul style="list-style-type: none"> • Door business (WI) • Recycling plant (IL) 	<ul style="list-style-type: none"> • Box plant (CT) 	<ul style="list-style-type: none"> • 115,000 acres of timberlands (WA) 	<ul style="list-style-type: none"> • 444,000 acres of timberlands (WA, TN, Carolinas) • Softwood lumber mill (ON)
CLOSURES	<ul style="list-style-type: none"> • Chip export facility (MS) 	<ul style="list-style-type: none"> • 4 box plants (OH, IL, NJ, TX) 	<ul style="list-style-type: none"> • Fine paper machine (WA) • Linerboard machine (OR) • Corrugating medium machine (NC) • Softwood lumber mill (AR) • Sawmill and particle-board plant (BC) • Sawmill, wood fiber cement and beam facilities (Mexico) 	<ul style="list-style-type: none"> • Softwood lumber mill (BC) • Willamette particle-board facility (OR) • Oriented strand board facility (SK) • Willamette glulam facility (OR) • Willamette I-Line facility (LA) • Particleboard plant (LA) • Laminated veneer lumber mill (OR) • 3 packaging sheet plants (VA, OK, TX) • Corrugating medium mill (ON) • Corrugating medium machine (KY) • 3 recycling plants (MD, CA, OK) • Willamette fine paper machine (PA) 	<ul style="list-style-type: none"> • Corrugating medium mill (OR) • Engineered lumber plant (OR) • 2 fine paper machines (WA, WI) • Hardwood lumber mill (AR) • Packaging sheet plant (KY) • 2 plywood mills and 1 line (AR, AL) • 4 softwood lumber mills (BC, WA, ON) • Recycling center (OR)
ACQUISITIONS	<ul style="list-style-type: none"> • MacMillan Bloedel Ltd: <ul style="list-style-type: none"> – 635,000 acres of timberlands – 6.3 million acres of timber licenses – 19 wood products facilities – 31 distribution centers – 22 containerboard facilities • 62,500 acres of timberlands and solid wood manufacturing assets of CSR Ltd. of Australia 	<ul style="list-style-type: none"> • TJ International • 2 sawmills and related assets from CSR Ltd. of Australia • Coast Mountain Hardwoods (BC) 	<ul style="list-style-type: none"> • Cedar River Paper Company • 68,000 acres of timber and timberlands from West Fraser Timber Co. Ltd., Uruguay 	<ul style="list-style-type: none"> • Willamette Industries: <ul style="list-style-type: none"> – 1.7 million acres of timberlands in the United States – 35 wood products facilities – 53 containerboard facilities – 18 cellulose fiber and fine paper facilities 	
OTHER				<ul style="list-style-type: none"> • Outsourced logging operations on licensed timberlands in Canada 	

TIMELINE OF MAJOR EVENTS (2004–2007)

	2004	2005	2006	COMPLETED IN 2007	ANNOUNCED IN 2007 AND 2008
SALES	<ul style="list-style-type: none"> • 270,000 acres of timberlands (GA) • 2 softwood lumber mills (GA, SC) • OSB facility (AB) • 2 plywood plants (SC, NC) • Box plant (CA) • Joint venture in 2 box plants (China) 	<ul style="list-style-type: none"> • 5 softwood sawmills (BC) • 2 remanufacturing facilities (BC) • 3.2 million acres of owned and licensed timberlands in Canada • 635,000 acres of timberlands (BC) • Engineered lumber facility (OR) • 2 composite panels facilities (Europe) 	<ul style="list-style-type: none"> • U.S. composite panels business • Composite panel facility (Europe) • 2 corrugated sheet plants (AR, LA) • Single-face packaging plant (OH) 	<ul style="list-style-type: none"> • Canadian distribution facilities • Select U.S. distribution facilities • Veneer facility (WA) • Investment in New Zealand joint venture, Nelson Forests, and New Zealand management company, Weyerhaeuser New Zealand Inc. • 1 plywood mill (OR) previously closed 	<ul style="list-style-type: none"> • Select U.S. distribution facilities • 114 containerboard, packaging and recycling locations
CLOSURES	<ul style="list-style-type: none"> • Softwood lumber mill (AB) • Paper converting facility (WA) • 3 packaging sheet plants (FL, OR, Mexico) • Utility pole operation (AR) • 1 box plant (KY) 	<ul style="list-style-type: none"> • Softwood lumber mill (WA) • Veneer and plywood facility (OK) • Hardwood facility (OK) • Concentration yard (AR) • Packaging sheet feeder (TN) 	<ul style="list-style-type: none"> • 5 box plants (OH, NY, AR, NC, IL) • Corrugated sheet plant (TN) • 2 packaging sheet feeders (AR, TX) • Bag plant (MO) • Containerboard machine (NC) • 3 plywood facilities (AR, OR-2) • 4 softwood lumber facilities (OR-2, SK)⁽¹⁾ • Veneer facility (OR) • Pulp facility (WA) • 2 paper machines (ON, SK)⁽²⁾ • Wood room operation (ON)⁽²⁾ • Paper converting operation (SK)⁽²⁾ • Pulp mill (SK)⁽²⁾ 	<ul style="list-style-type: none"> • 1 plywood line (LA) • 2 softwood lumber sawmills (OR, BC) • 1 Trus Joist I-Joist line (AB) • 1 box plant (NJ) • Select U.S. distribution facilities • 1 veneer operation (GA) • 1 Canadian distribution facility (ON) 	<ul style="list-style-type: none"> • 3 softwood lumber sawmills (OR, WA, SK) • 1 veneer facility (SK) • 1 box plant (HI)
ACQUISITIONS	<ul style="list-style-type: none"> • Hardwood lumber mill from Aracruz Cellulose S.A., Brazil 		<ul style="list-style-type: none"> • Maracay Homes (AZ) • Budres Lumber Company Inc. (MI) • OrganicID (CO) • PSA Composites, LLC (WA) 	<ul style="list-style-type: none"> • Softwood lumber mill (OK)⁽³⁾ 	
OTHER			<ul style="list-style-type: none"> • Opened new plywood mill in Uruguay (Los Piques joint venture) • Purchased 78,000 acres of timberlands in Uruguay 	<ul style="list-style-type: none"> • Combination of fine paper and related assets with Domtar Inc. • Startup of a bag plant (NC) • 1 softwood lumber sawmill contract cancelled (AR)⁽⁴⁾ 	<ul style="list-style-type: none"> • Continued construction of 2 new softwood lumber sawmills (OR, WA) • Partition of Uruguay joint ventures

⁽¹⁾Big River Lumber, Saskatchewan, closed in April 2006 and then was included in the Domtar combination in 2007.

⁽²⁾Dryden, Ontario, and Prince Albert, Saskatchewan, were closed in 2006 and then were included in the Domtar combination in 2007.

⁽³⁾Weyerhaeuser purchased the Idabel, Oklahoma, mill in 2007. Prior to purchase, this was reported as a fully consolidated contract mill.

⁽⁴⁾Weyerhaeuser canceled its contract with the Russellville, Arkansas, mill in 2007. Prior to the cancellation, this was reported as a fully consolidated contract mill.

FACILITIES CLOSED, CURTAILED, SOLD OR ANNOUNCED FOR SALE OR CLOSURE IN 2007 AND 2008

BUSINESS				
	TYPE OF FACILITY	LOCATION	DISPOSITION	CAPACITY
iLevel Wood Products	16 Canadian distribution facilities	Various	Sold	Not reported
	1 Canadian distribution facility	Windsor, ON	Closed	Not reported
	9 U.S. distribution facilities	Various	Sold or sale announced	Not reported
	6 U.S. distribution facilities	Various	Closed	Not reported
	Softwood lumber	Coburg, OR	Closure announced	350 million board feet
	Softwood lumber	Green Mountain, WA	Closure announced	340 million board feet
	Softwood lumber	Bauman, OR	Closed	110 million board feet
	Softwood lumber	Okanagan Falls, BC	Closed	230 million board feet
	Softwood lumber	Russellville, AR	Contract terminated	150 million board feet
	Softwood lumber	Carrot River, SK	Closure announced	80 million board feet
	Veneer and plywood	Elma, WA	Sold	165 million square feet (3/8")
	Veneer and plywood	Dodson, LA	Plywood line closed	185 million square feet (3/8")
	Veneer and plywood	Hudson Bay, SK	Closure announced	110 million square feet (3/8")
	Engineered I-joists	Valdosta, GA	Indefinite curtailment	100 million lineal feet
	Engineered I-joists	Claresholm, AB	Closed	30 million lineal feet
	Engineered wood products	Valdosta, GA	Indefinite curtailment	100 million lineal feet
	Engineered wood products	Deerwood, MN	Indefinite curtailment	6 million cubic feet
	Strand technology	Miramichi, NB	Indefinite curtailment	430 million square feet (3/8")
	Strand technology	Drayton Valley, AB	Indefinite curtailment	415 million square feet (3/8")
	Strand technology	Wawa, ON	Indefinite curtailment	470 million square feet (3/8")
Hardwood & Industrial Wood Products	U.S. distribution facility	Sedro Woolley	Sold	Not reported
Containerboard & Packaging	Packaging sheet feeder plant	Cerritos, CA	Corrugator moved to Exeter, building sold	Not applicable
	Box plant	Closter, NJ	Closed	1,190 million square feet
Containerboard, Packaging and Recycling	114 various facilities	Various	Sale announced	Various

LOCATIONS IN DOMTAR TRANSACTION

BUSINESS				
	TYPE OF FACILITY	LOCATION	DISPOSITION	CAPACITY
Cellulose Fibers & White Papers	6 fine paper mills and related pulp production facilities	United States	Domtar transaction	Various
	1 coated groundwood mill	United States	Domtar transaction	Various
	2 fine paper mills	Canada	Domtar transaction	Various
	1 pulp mill	Canada	Domtar transaction	Various
	16 paper converting facilities	United States and Canada	Domtar transaction	Various
iLevel Wood Products	3 softwood lumber mills	Canada	Domtar transaction	Various

FACILITIES ACQUIRED, OPENED OR ANNOUNCED FOR ACQUISITION OR OPENING IN 2008

BUSINESS				
	TYPE OF FACILITY	LOCATION	DISPOSITION	CAPACITY
iLevel Wood Products	Softwood lumber	Idabel, OK	Purchased	130 million board feet
	Softwood lumber	Lebanon, OR (Santiam)	New construction — 2008 startup	350 million board feet
	Softwood lumber	Longview, WA	New construction — 2008 startup	435 million board feet
Containerboard & Packaging	Bag plant	Charlotte, NC	Startup April 2007	35,000 tons

TIMBERLANDS

EVERY PRODUCT WE MAKE BEGINS WITH TREES.

WE TAP THE POTENTIAL OF OUR HIGHLY PRODUCTIVE TIMBERLANDS BY HARVESTING THE TREES FOR LUMBER AND OTHER WOOD PRODUCTS, DEVELOPING ITS MINERAL RESOURCES AND REAL ESTATE POTENTIAL, AND PROVIDING ACCESS FOR RECREATIONAL USE. OUR PRACTICES PROMOTE HEALTHY, SUSTAINABLE FORESTS.

TIMBERLANDS

CAPTURING FULL VALUE FROM OUR MANAGED FORESTS TO MEET CUSTOMER AND PUBLIC EXPECTATIONS



JAMES (MIKE) M. BRANSON
Senior Vice President,
Timberlands

SITUATION SNAPSHOT

- Wood fiber markets in Latin America, China, Japan and other Asian countries are growing rapidly.
- While currently affected by the housing cycle, long-term demand for softwood fiber in the United States remains strong.
- Offshore structural lumber producers face cost disadvantages when shipping to the United States.
- Natural events — such as hurricanes, wind storms, pest outbreaks and wildfires — are affecting North American forest conditions and timber supplies.
- Increasing interest in nontimber use of forestlands, such as mineral exploration and energy production, is creating new opportunities.
- Current federal tax policies result in higher tax rates for C corporations such as Weyerhaeuser than for other timberlands ownership structures.

OPERATING STRATEGY

- Lead the industry in safety, environmental performance and value generation.
- Improve how we sustainably manage forests to meet customer and public expectations.
- Reduce the time it takes to realize returns by practicing precision forest management and participating aggressively in the most advantageous markets.
- Grow minerals, gas, biofuels and environmental credits programs.
- Build long-term relationships with customers who rely on a consistent supply of high-quality raw material.
- Work closely with Weyerhaeuser businesses to efficiently deliver fiber into internal supply chains at market prices.
- Continuously review our portfolio to improve productivity, lower risk and create more value.

TIMBERLANDS

INVESTOR INFORMATION FOR FISCAL YEAR 2007

FINANCIAL DATA

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN MILLIONS OF DOLLARS						
	2007	2006	2005	2004	2003	2002
Trade sales and revenues	\$ 910	\$ 1,016	\$ 1,047	\$ 1,102	\$ 994	\$ 930
Intersegment sales	1,328	1,675	1,794	1,622	1,605	1,545
Net sales and revenues	2,238	2,691	2,841	2,724	2,599	2,475
Costs and expenses:						
Costs of products sold	1,432	1,757	1,864	1,796	1,852	1,738
Depreciation, depletion and amortization	119	122	122	124	123	125
Selling expenses	2	2	2	3	3	4
General and administrative expenses	88	87	81	85	86	58
Charges (reversals) for integration and restructuring	1	(1)	1	3	2	—
Charges for closures	—	1	6	—	—	—
Gain on significant sales of nonstrategic timberlands	—	—	—	(271)	(205)	(117)
Other operating costs (income), net	(32)	(39)	(14)	(39)	(36)	(32)
Total costs and expenses	1,610	1,929	2,062	1,701	1,825	1,776
Operating income	628	762	779	1,023	774	699
Interest income and other	6	5	5	4	3	3
Earnings before interest, income taxes and accounting changes	\$ 634	\$ 767	\$ 784	\$ 1,027	\$ 777	\$ 702

SALES VOLUMES TO UNAFFILIATED CUSTOMERS AND PRICES

FOR THE SIX YEARS ENDED DECEMBER 30, 2007						
	2007	2006	2005	2004	2003	2002
Product sales (thousands):						
Logs — cunits	3,081	3,436	3,552	3,920	4,125	3,600
Selected published product prices:						
Export logs — \$/MBF:						
Coastal — Hemlock	\$ 433	\$ 442	\$ 439	\$ 386	\$ 354	\$ 416
Coastal — Douglas fir	767	833	780	780	707	697

PRODUCTION VOLUMES

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN THOUSANDS						
	2007	2006	2005	2004	2003	2002
Fee depletion — cunits	8,144	8,450	8,730	9,013	9,428	9,358

Fiscal year 2006 includes 53 weeks of operations compared with 52 weeks in all other fiscal years.

U.S. OWNED AND LEASED TIMBERLANDS

ACRES IN THOUSANDS	
ALABAMA	581
ARKANSAS	663
LOUISIANA	1,038
MISSISSIPPI	782
NORTH CAROLINA	542
OKLAHOMA/TEXAS	549
OREGON	1,106
WASHINGTON	1,114
TOTAL ACRES OWNED OR LEASED: 6.4 MILLION	

CANADIAN OWNED AND LICENSED TIMBERLANDS

ACRES IN MILLIONS	
ALBERTA	5.2
BRITISH COLUMBIA	2.4
NEW BRUNSWICK	0.2
ONTARIO	2.6
SASKATCHEWAN	4.7
TOTAL ACRES OWNED OR LEASED: 15.1 MILLION (6.1 MILLION HECTARES)	

TIMBERLANDS PRODUCTS

MAIN PRODUCTS	HOW THEY'RE USED
Logs	Made into lumber and other wood and building products
Other revenues: <ul style="list-style-type: none"> • Nonstrategic timberlands • Minerals, oil and gas 	<ul style="list-style-type: none"> • Sold to other landowners • Sold into energy markets

FOCUS ON SAWTIMBER

Weyerhaeuser intensively manages its timberlands to extract maximum value. In 2007, this resulted in 81 percent of fee harvest being used for sawtimber that is manufactured into high-value appearance and structural products.

BALANCED PORTFOLIO

Weyerhaeuser manages a balanced portfolio of timberlands assets located primarily in North America. In the United States, we own and operate privately managed forests for sustainable wood production in nine states. The 2007 U.S. fee harvest volume by region was 55 percent in the South and 45 percent in the West.

CANADA

In Canada, forests generally are owned and administered by provincial governments. Weyerhaeuser holds renewable, long-term licenses on 15.1 million acres (6.1 million hectares) of forestlands in five provinces. Revenues and expenses associated with the management of licensed forestlands are included with the results of the operations they support, generally in the Wood Products segment.

ENVIRONMENTAL STEWARDSHIP

Weyerhaeuser believes that well-managed forests, where wood is produced in a renewable cycle, are part of the solution to sustaining forests worldwide. Every year, the company plants more than 100 million tree seedlings and harvests only one percent of the forests it manages. The company listens to many perspectives and participates in a variety of cooperative efforts.

All of the forests Weyerhaeuser owns or manages worldwide have environmental management systems registered to the ISO 14001 standard. In addition, 100 percent of the forests it owns or manages in North America have been independently certified as meeting the standards of either the Sustainable Forestry Initiative® or the Canadian Standards Association.

WOOD PRODUCTS

WE DELIVER INNOVATIVE SOLUTIONS TO THE INDUSTRIAL AND STRUCTURAL FRAME MARKETS, HELPING CUSTOMERS OPERATE MORE QUICKLY AND EFFICIENTLY.

WE WILL STRENGTHEN OUR SUPPLY CHAIN ACROSS THE WOOD PRODUCTS BUSINESSES AND WILL CONTINUE TO SEEK OPPORTUNITIES FOR INTERNATIONAL GROWTH IN THE INDUSTRIAL WOOD PRODUCTS SECTOR.

iLEVEL

DELIVERING PRODUCTS AND SOLUTIONS TO THE STRUCTURAL FRAME MARKET TO SIMPLIFY HOME CONSTRUCTION



LEE T. ALFORD
Senior Vice President,
Residential Wood
Products

SITUATION SNAPSHOT

- The cyclical downturn in the housing market continued through 2007.
- To adjust, we divested or closed numerous manufacturing and sales centers. This is in addition to the significant curtailments and shift adjustments taken across almost every unit.
- We took aggressive actions to reduce selling, general and administrative costs in 2007.
- We continue to position the business to take advantage of the inevitable upturn in the housing economy, through capital investments, new product development and other strategic actions.

OPERATING STRATEGY

- Deliver innovative homebuilding solutions to dealers so they can efficiently meet the needs of their builder customers.
- Leverage technology to provide our customers with performance-based proprietary products, processes and systems.
- Achieve operating excellence throughout the delivery chain.
- Adjust production levels to balance with demand.
- Take advantage of our size, scale, expertise and breadth of products that make us unique in serving the residential structural frame market.
- Continue to improve or remove underperforming and non-strategic assets from our system and focus investments on strategic goals.

INTERNATIONAL AND INDUSTRIAL WOOD PRODUCTS

IMPROVING PROFITABILITY OF CUSTOMERS BY PROVIDING A DEPENDABLE SUPPLY OF WOOD PRODUCTS AND SOLUTIONS



CRAIG D. NEESER
Senior Vice
President, Industrial
Wood Products and
International

SITUATION SNAPSHOT

- The North American cyclical housing downturn is affecting the cabinet, millwork and furniture industries. However, the global market for wood products continues to grow, driven by China and other international markets.
- In 2007, we continued to strengthen the international* and industrial wood products businesses by aligning them to realize gains in sales coverage and logistics costs, and by continuing to demand efficiency gains in our manufacturing operations.
- We manufacture plywood and solid lumber products in South America with broad acceptance from our selected customer base for these product lines.

OPERATING STRATEGY

- Establish a position as one of the largest, lowest-cost, global softwood and hardwood timber growers through both wholly owned and joint venture operations.
- Meet the growing global demand for appearance and structural woods using our softwood and hardwood materials grown in sustainably managed plantations in North and South America and Australia.
- Continue to improve or remove underperforming and non-strategic assets from our system and focus investments on strategic goals.

*Financial results for our international operations are reported as part of the "Corporate and Other" segment. See pages 18 and 48 in our 2007 Annual Report and Form 10-K.

WOOD PRODUCTS

INVESTOR INFORMATION FOR FISCAL YEAR 2007

FINANCIAL DATA

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN MILLIONS OF DOLLARS						
	2007	2006	2005	2004	2003	2002
Trade sales and revenues	\$ 5,699	\$ 7,902	\$ 9,278	\$ 9,775	\$ 8,140	\$ 7,515
Intersegment sales	230	236	235	229	254	213
Net sales and revenues	5,929	8,138	9,513	10,004	8,394	7,728
Costs and expenses:						
Costs of products sold	5,656	7,220	8,031	8,084	7,286	6,875
Depreciation, depletion and amortization	268	298	321	334	344	333
Selling expenses	235	269	239	263	244	251
General and administrative expenses	258	314	308	274	289	244
Charges (reversals) for integration and restructuring	20	(1)	10	—	7	4
Charges for closure of facilities	115	59	99	2	78	51
Refund of countervailing and anti-dumping duties	—	(344)	—	—	—	—
Impairment of goodwill	30	—	—	—	—	—
Other operating costs (income), net	76	(146)	16	(12)	85	(14)
Total costs and expenses	6,658	7,669	9,024	8,945	8,333	7,744
Operating income (loss)	(729)	469	489	1,059	61	(16)
Interest income and other	1	1	1	1	1	(1)
Equity in loss of equity affiliates	(6)	(6)	(5)	(5)	(3)	(3)
Earnings (loss) before interest, income taxes and accounting changes	\$ (734)	\$ 464	\$ 485	\$ 1,055	\$ 59	\$ (20)

SALES VOLUMES AND PRICES

FOR THE SIX YEARS ENDED DECEMBER 30, 2007						
	2007	2006	2005	2004	2003	2002
Product sales (in millions):						
Softwood lumber — board feet	6,538	7,871	8,650	8,890	8,981	8,623
Engineered solid section — cubic feet	30	36	38	37	32	28
Engineered I-joists — lineal feet	338	456	484	496	447	400
Oriented strand board — square feet (3/8")	3,466	4,096	3,948	4,213	4,361	4,205
Plywood — square feet (3/8")	1,049	1,663	2,180	2,629	2,665	2,685
Veneer — square feet (3/8")	262	215	231	225	239	218
Composite panels — square feet (3/4")	121	802	1,229	1,234	1,162	1,092
Hardwood lumber — board feet	363	412	427	417	435	435
Logs — cunits (in thousands)	143	169	451	934	799	1,657
Selected published product prices:						
Lumber (common) — \$/MBF						
2x4 Douglas fir (kiln-dried)	\$ 282	\$ 351	\$ 406	\$ 459	\$ 347	\$ 328
2x4 Douglas fir (green)	231	284	355	406	307	289
2x4 southern yellow pine (kiln-dried)	279	329	421	387	330	302
2x4 spruce-pine-fir (kiln-dried)	220	265	322	361	242	236
Plywood (1/2" CDX) — /MSF						
West	344	341	386	448	367	287
South	323	279	353	403	335	248
Oriented strand board (7/16"-24/16" North Central) — \$/MSF	162	218	323	374	295	160

PRODUCTION VOLUMES

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN MILLIONS						
	2007	2006	2005	2004	2003	2002
Softwood lumber — board feet	5,490	6,355	6,986	7,187	7,113	6,831
Engineered solid section — cubic feet	28	41	41	42	34	32
Engineered I-joists — lineal feet	339	473	483	504	437	409
Oriented strand board — square feet (3/8")	3,428	4,166	4,078	4,081	4,170	4,020
Plywood — square feet (3/8") ⁽¹⁾	423	900	1,155	1,628	1,708	1,776
Veneer — square feet (3/8") ⁽²⁾	1,150	1,739	1,979	2,386	2,199	2,187
Composite panels — square feet (3/4")	—	666	1,080	1,066	988	864
Hardwood lumber — board feet	294	324	364	349	373	372

⁽¹⁾All Weyerhaeuser plywood facilities also produce veneer.

⁽²⁾Veneer production represents lath production and includes volumes that are further processed into plywood and engineered lumber products by company mills.

Fiscal year 2006 includes 53 weeks of operations compared with 52 weeks in all other fiscal years.

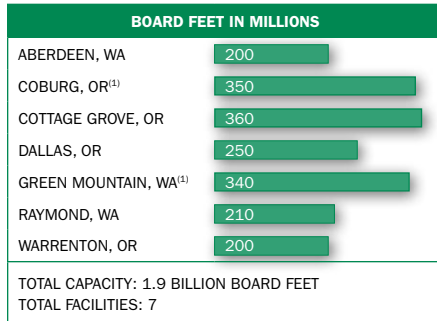
RESIDENTIAL WOOD PRODUCTS

INVESTOR INFORMATION FOR FISCAL YEAR 2007

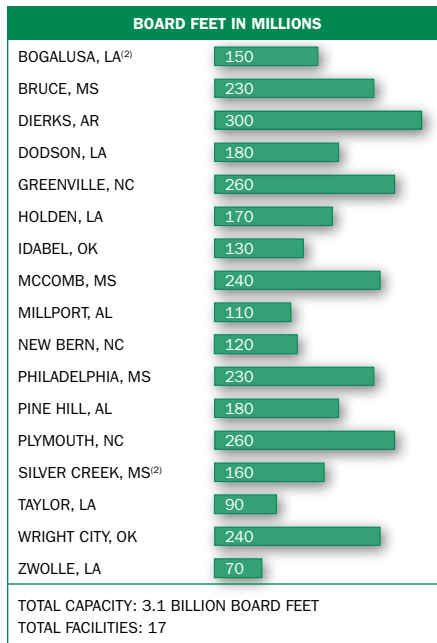
SOFTWOOD LUMBER

TOTAL CAPACITY: 6 BILLION BOARD FEET
TOTAL FACILITIES: 28

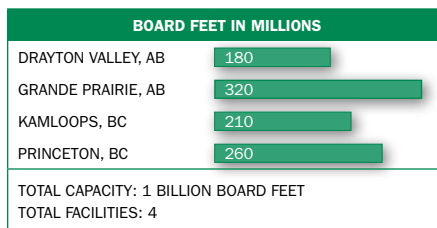
Western United States



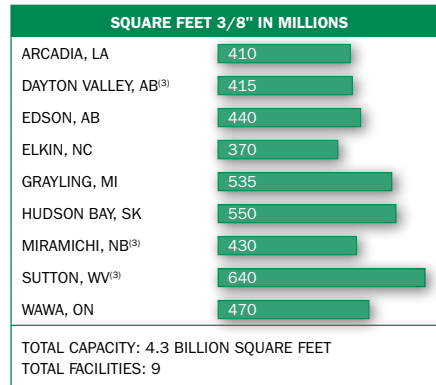
Southern United States



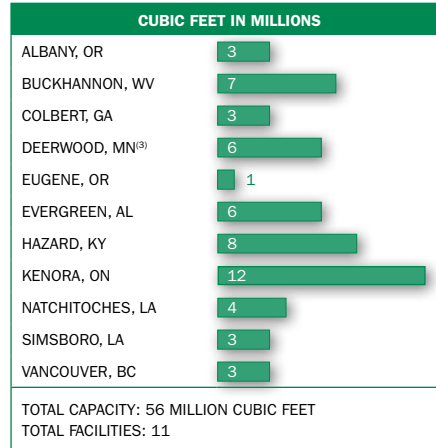
Canada



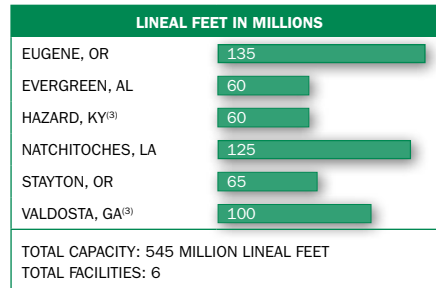
ORIENTED STRAND BOARD



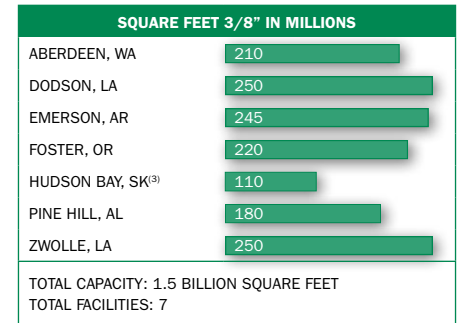
ENGINEERED SOLID SECTION



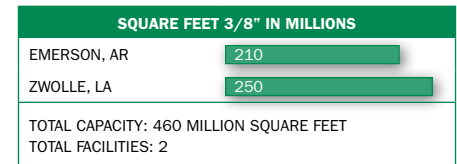
ENGINEERED I-JOISTS



VENEER



PLYWOOD



⁽¹⁾Closure announced.

⁽²⁾Contract mills.

⁽³⁾Indefinite curtailment announced.

LUMBER TECHNOLOGIES

PRODUCTS	DESCRIPTION	APPLICATIONS
Machine-stress-rated lumber (MSR) Machine evaluated lumber (MEL)	Lumber that is rigorously tested to meet precision requirements for strength and stiffness. Each piece is visually inspected for inconsistencies like wane and warp. Made from Douglas-fir, Hem-fir, Southern pine and SPF (spruce-pine-fir).	Roof and floor trusses, open-web floor joists, engineered floor systems
Premium/Prime	Structural frame lumber with stiffness and good appearance. Made from Douglas-fir, Hem-fir, Southern pine and SPF.	Appearance construction framing and home projects
Standard & Better #2 & Better	Structural frame lumber, with strength and appearance appropriate for general construction. Made from Douglas-fir, Hem-fir, Southern pine and SPF.	General residential construction framing (walls, floors, etc.)
#3/Utility #4 & Better	Lumber for use in applications where strength and appearance are less important. Made from Douglas-fir, Hem-fir, Southern pine and SPF.	Industrial applications, such as pallet manufacturing
Studs	Special purpose grade available in precut lengths common for ceiling heights so they require little or no trimming. Made from Douglas-fir, Hem-fir, Southern pine and SPF.	Specifically suited to wall framing
Boards	Boards graded for appearance are 1 to 1 1/2 inches thick and 2 or more inches wide. They're made from Southern pine.	Various applications, including shelving, crating, fencing and remanufacturing
Squares, Planks, Timbers	Thick pieces of wood made from Douglas-fir, Hem-fir and Southern pine.	Used in a variety of construction applications, often where special beam, stringer or design requirements are required

VENEER TECHNOLOGIES

PRODUCTS	DESCRIPTION	APPLICATIONS
TJI Joists	Wooden I-joists were developed by Trus Joist® more than 40 years ago, and since then, we've continually improved their quality and consistency. They are manufactured with either Microllam® LVL or solid-sawn finger-jointed lumber flanges and Performance Plus® OSB webs. Engineered for dimensional stability, they resist bowing, shrinking and twisting, which can lead to squeaky floors. TJI joists are lightweight and come in long lengths, which helps save on labor because they're faster and easier to install than traditional framing.	TJI® I-joists, floor joists, roof joists, custom applications and factory-built structures
Microllam — Laminated Veneer Lumber	Microllam® laminated veneer lumber (LVL) is manufactured from thin sheets of veneer bonded together to make headers and beams that span long distances and support heavy loads. Beams and headers can be built up on site to cut down on heavy lifting, providing quick installation and reducing waste. It is a traditional engineered lumber product offering reliable and versatile solutions for residential and industrial uses such as scaffold planks, concrete forming and flanges for our TJI joists.®	Beams and headers, I-joist flanges, concrete forming, scaffold planks, signposts and light poles, custom applications and factory-built structures
Parallam — Parallel Strand Lumber	Parallam® parallel strand lumber (PSL) is made from long, thin strands of wood bonded together using a microwave process. The beams and columns are manufactured in large sections and long spans. This means our beams can support heavy loads over long spans, allowing open floor plans. Its warm and exotic grain is perfect for applications that call for exposed interior beams and columns. Parallam PSL is also available with preservative treatment for exterior applications.	Columns and posts, exposed applications, headers and beams, railroad ties and timbers, concrete forming, wood bridges, custom applications
Open Web Trusses	iLevel Trus Joist® Commercial open-web trusses are among the strongest structural trusses produced — and they are lightweight, stable, nailable, and easy to install. Utilizing either TimberStrand® LSL, Microllam® LVL or MSR lumber, they are the solution of choice for special projects with exceptionally long spans as well as for typical light commercial applications.	Commercial-strength trusses made with Microllam, TimberStrand, or MSR Lumber
Plywood	Weyerhaeuser plywood is manufactured from thin sheets of cross-laminated veneer bonded together with adhesives using heat and pressure. A variety of grades, finishes and thicknesses of plywood panels are available to provide solutions for multiple applications.	Building and construction panels, appearance panels

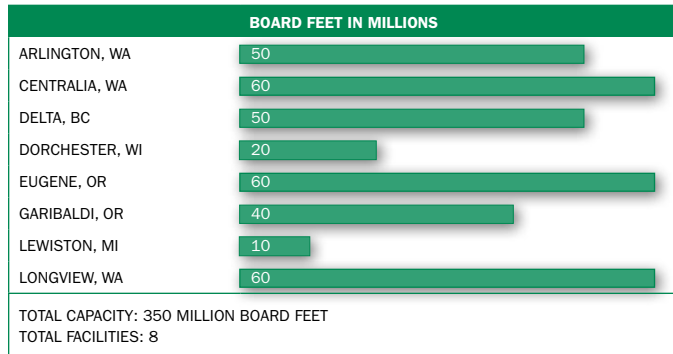
STRAND TECHNOLOGIES

PRODUCTS	DESCRIPTION	APPLICATIONS
Structurwood® Structurwood Edge Structurwood Edge Gold SturdiStep Trus Joist Performance Plus Panel®	Structurwood® oriented strand board uses wood strands that are oriented in a cross pattern and bonded together under heat and pressure using thermosetting adhesives to create a strong, stiff panel. Used primarily for residential construction, Structurwood offers products for multiple applications, including single-layer flooring panels and sheathing for walls and roofs.	Structural sheathing, subflooring, Performance Plus web, RV flooring, stair treads
TimberStrand — Laminated Strand Lumber	TimberStrand® Laminated Strand Lumber (LSL) is manufactured primarily from small-diameter trees to produce high-quality and versatile engineered lumber products. These products are designed to resist twisting, shrinking and bowing, thus helping prevent sheetrock cracks after installation and resulting in a superior structural frame.	Beams and columns, factory-built structures (window, door and garage door headers), rim board, wall studs and plates, furniture and millwork, concrete forming, truss chords, custom applications

HARDWOODS & INDUSTRIAL WOOD PRODUCTS

INVESTOR INFORMATION FOR FISCAL YEAR 2007

HARDWOOD LUMBER LOCATIONS AND CAPACITIES



HARDWOOD LUMBER PRODUCTS

USES	BRAND NAMES
Pallet cants and ties	Northwest Hardwoods
Cabinets, mouldings	Northwest Hardwoods, Lyptus®
Architectural millwork, panels	Northwest Hardwoods, Lyptus®
Components	Northwest Hardwoods
Furniture	Northwest Hardwoods, Lyptus®
Retail boards	Choicewood®

INTERNATIONAL

INVESTOR INFORMATION FOR FISCAL YEAR 2007

SOUTHERN HEMISPHERE STRATEGY

- Establish a scale position as one of the lowest-cost global softwood and hardwood timber growers.
- Produce plantation softwood and hardwood raw materials and finished products for structural and appearance uses for the Northern Hemisphere, Australasian and Mercosur markets.

INTERNATIONAL OPERATIONS OVERVIEW

- Total acres owned or managed: 514,000
- Annual harvest from owned or managed forest steady rate: 3,000 acres
- Acres that will be owned or managed after the partitioning of our Uruguay joint ventures: 357,879
- Offshore employees: 2,730 (excluding employees of joint ventures: 1,889)

URUGUAY

- Weyerhaeuser is general partner in:
 - Colonvade S.A. (owned 50 percent by Weyerhaeuser, 50 percent by Global Forest Partners)
 - Los Piques S.A. and Vandora S.A. (owned 50 percent by Weyerhaeuser, 50 percent by GFP GTI6)
- Colonvade investment dates back to 1997. Los Piques and Vandora were acquired from West Fraser in 2001.
- The joint ventures collectively manage 128,000 hectares (318,000 acres), of which 87,000 hectares are planted.
- These plantation forests are predominantly loblolly pine and Eucalyptus grandis.
- Los Piques plywood mill is in full operation with a production capacity of 120,000 cubic meters. Construction to almost triple capacity is under way and expected to be completed in 2009.
- Contracts were signed with Global Forest Partners for the partitioning of the Colonvade S.A., Los Piques S.A. and Vandora S.A. joint ventures. Final government approval was received in March 2008.
- After partition of the joint ventures, Weyerhaeuser will own and manage 66,000 hectares (163,090 acres) of the total 128,000 hectares (318,000 acres) previously owned and managed by the joint venture.
- Weyerhaeuser Uruguay S.A. is a wholly owned Weyerhaeuser subsidiary that owns and manages 54,050 hectares (133,560 acres). During 2007, 21,141 acres were planted.

BRAZIL

- Weyerhaeuser is managing partner in Brazil joint venture.
- Ownership is 67 percent Weyerhaeuser and 33 percent Aracruz Celulose SA.
- Hardwood sawmill with 31 million board feet of capacity produces high-value eucalyptus (Lyptus®) lumber and related appearance wood products.

NEW ZEALAND

- New Zealand joint venture — Nelson Forests Joint Venture — was sold to our partners, Global Forest Partners, during 2007.

AUSTRALIA

- Weyerhaeuser wholly owns and manages two sawmills and is the managing partner in the GTFP and PSA joint ventures.
- Emphasis is on softwood manufacturing and marketing; includes some plantation pines (24,000 hectares) and long-term supply contracts.
- Mature forests (20,000 hectares) and converting facilities were acquired from CSR in 1999 and 2000.

PROPERTY	OWNERSHIP	GENERAL
Green Triangle Forest Products Ltd. (GTFP)	RII Weyerhaeuser World Timberfund LP: • 50 percent Weyerhaeuser • 50 percent Global Forest Partners	Vertically integrated, operating timberlands and wood chip export, two sawmill facilities, and one finger-jointing and mouldings plant
Pine Solutions Australia (PSA)	85 percent Weyerhaeuser 15 percent Global Forest Partners	Markets 20 percent of all softwood in Australia
Weyerhaeuser Australia Ptd. Ltd. (WAPL)	100 percent Weyerhaeuser	Operates two sawmills

Financial results for our international operations are reported as part of the "Corporate and Other" segment. See pages 18 and 48 in our 2007 Annual Report and Form 10-K.

CELLULOSE FIBERS

WE WILL BRING TO MARKET INNOVATIVE SOLUTIONS THAT HAVE THE POTENTIAL FOR HIGH GROWTH AND MARGIN, MAKING EVERYDAY PRODUCTS BETTER AND EASIER ON THE ENVIRONMENT.

WE WILL DEVELOP NEW MARKETS WHILE TAKING ADVANTAGE OF OUR LEADING TECHNICAL EXPERTISE AND GLOBAL DIRECT SALES.

CELLULOSE FIBERS

FINDING NEW OPPORTUNITIES TO BRING CELLULOSE-BASED SOLUTIONS TO MARKET



**SHAKER
CHANDRASEKARAN**
Senior Vice President,
Cellulose Fibers

SITUATION SNAPSHOT

- The global pulp market overall continues to grow, led by increasing demand for absorbent products, especially in Asia.
- Various softwood supply-side issues, including fiber shortages and high energy costs, have shifted the cost curve upward, resulting in high manufacturing costs.
- Our primary markets — absorbents, premium towel and tissue — are much less affected by the structural and cyclical reduction in North American and European papergrade demand.

OPERATING STRATEGY

- Focus on value-added, innovative products and services to strengthen our position in the existing markets of hygiene (absorbents, premium towel and tissue), textiles and construction materials, as well as develop new markets in plastic composites and agriculture.
- Leverage sales and technical resources to reach the global markets served by this segment (pulp, newsprint and liquid packaging board).
- In liquid packaging, continue to strengthen our customer portfolio to improve returns.
- Rebalance our product portfolio at NORPAC to expand our positioning in higher-value papers, which will augment our newsprint business.
- Improve our cost-competitiveness and prudently invest capital.
- Achieve operating excellence via supply chain execution.

CELLULOSE FIBERS

INVESTOR INFORMATION FOR FISCAL YEAR 2007

As a result of the Domtar transaction in March 2007, we have reorganized our operating segments. The results of the segment “Cellulose Fiber and White Papers” are now reported in two segments, “Cellulose Fibers” and “Fine Paper.” The Cellulose Fibers segment remains with Weyerhaeuser, while the Fine Paper segment was included in the divestiture of fine paper and related assets to Domtar.

FINANCIAL DATA

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN MILLIONS OF DOLLARS						
	2007	2006	2005	2004	2003	2002
Trade sales and revenues	\$ 1,832	\$ 1,956	\$ 1,736	\$ 1,722	\$ 1,488	\$ 1,370
Intersegment sales	40	125	160	152	147	118
Net sales and revenues	1,872	2,081	1,896	1,874	1,635	1,488
Costs and expenses:						
Costs of products sold	1,411	1,696	1,624	1,501	1,371	1,221
Depreciation, depletion and amortization	148	171	171	147	160	186
Selling expenses	19	20	21	22	20	18
General and administrative expenses	71	79	80	86	74	78
Charges for integration and restructuring	3	—	1	3	9	—
Charges (reversals) for closure of facilities	(1)	(3)	17	—	—	—
Other operating costs (income), net	(10)	(9)	(6)	—	(5)	21
Total costs and expenses	1,641	1,954	1,908	1,759	1,629	1,524
Operating income (loss)	231	127	(12)	115	6	(36)
Interest income and other	1	1	1	1	8	14
Equity in income (loss) of equity affiliates	(3)	14	13	8	(6)	(11)
Earnings (loss) before interest, income taxes and accounting changes	\$ 229	\$ 142	\$ 2	\$ 124	\$ 8	\$ (33)

SALES VOLUMES AND PRICES

FOR THE SIX YEARS ENDED DECEMBER 30, 2007						
	2007	2006	2005	2004	2003	2002
Product sales (in thousands):						
Pulp — air-dry metric tons	2,070	2,621	2,502	2,558	2,414	2,331
Liquid packaging board — tons	286	275	258	276	256	229
Selected published product prices (per ton):						
Pulp — NBSKP — air-dry metric — U.S.	\$ 823	\$ 721	\$ 646	\$ 640	\$ 553	\$ 488

PRODUCTION VOLUMES

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN THOUSANDS						
	2007	2006	2005	2004	2003	2002
Pulp — air-dry metric tons	1,851	2,588	2,502	2,546	2,522	2,281
Liquid packaging board — tons	283	282	264	266	261	227

Fiscal year 2006 includes 53 weeks of operations compared with 52 weeks in all other fiscal years.

CELLULOSE FIBERS

Weyerhaeuser is one of the world’s largest softwood market pulp producers, with a global direct sales network supported by manufacturing facilities in North America. Our focus is on providing cellulose fibers (pulp) for specifically targeted markets, including premium towel and tissue, absorbent personal products, premium publication and technical specialty papers and construction materials. As a leader in cellulose-based research and development, Weyerhaeuser works extensively with its customers to develop unique or specialized applications for cellulose fibers. Our fiber is found in familiar products such as kitchen towels, bathroom tissue, baby diapers, household wipes, annual reports, catalogs, periodicals, textiles and non-woven fabrics.

MILL LOCATIONS AND CAPACITIES

METRIC TONS IN THOUSANDS	
COLUMBUS, MS	420
FLINT RIVER, GA	350
GRANDE PRAIRIE, AB	370
NEW BERN, NC	320
PORT WENTWORTH, GA	290
TOTAL CAPACITY: 1.8 MILLION METRIC TONS	
TOTAL FACILITIES: 5	

CELLULOSE FIBERS PRODUCTS

MAIN PRODUCTS	HOW THEY'RE USED
Pulp: <ul style="list-style-type: none"> Fluff pulp (Southern softwood kraft fiber) Papergrade pulp (Northern softwood kraft fiber) Specialty chemical cellulose pulp 	<ul style="list-style-type: none"> Used in sanitary disposable products that require bulk, softness and absorbency Used in products that include printing and writing papers and tissue Used in textiles, absorbent products, specialty packaging, specialty applications and proprietary high-bulking fibers
Liquid packaging board	Converted into containers to hold liquid materials such as milk, juice and tea
Other products: <ul style="list-style-type: none"> Slush pulp Wet lap pulp 	Used in the manufacture of paper products

LIQUID PACKAGING BOARD

Liquid packaging board is used primarily for the production of liquid containers.

MILL LOCATION AND CAPACITY

TONS IN THOUSANDS	
LONGVIEW, WA	270

NORPAC

North Pacific Paper Corporation (NORPAC) is a joint venture with Nippon Paper Industries that makes high-quality newsprint and premium publishing papers used in the United States and Japan.

FINE PAPER

INVESTOR INFORMATION FOR FISCAL YEAR 2007

In March 2007, Weyerhaeuser's fine paper business and related assets were combined with Domtar to create a new fine paper company, Domtar Corporation. For Weyerhaeuser, this meant \$1.35 billion in tax-free cash proceeds, which were used to pay down debt. We also retired approximately 25 million of our outstanding common shares through the exchange offering of Weyerhaeuser shares for shares in the new Domtar.

FINANCIAL DATA

Results for 2007 include nine weeks of operations up to the closing of the Domtar transaction. This data is for the Fine Paper business and does not include information related to the related assets that were included in the Domtar transaction.

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN MILLIONS OF DOLLARS						
	2007	2006	2005	2004	2003	2002
Trade sales and revenues	\$ 459	\$ 2,645	\$ 2,600	\$ 2,393	\$ 2,363	\$ 2,313
Intersegment sales	43	261	205	225	35	17
Net sales and revenues	502	2,906	2,805	2,618	2,398	2,330
Costs and expenses:						
Costs of products sold	408	2,350	2,365	2,167	1,987	1,910
Depreciation, depletion and amortization	47	280	314	312	289	191
Selling expenses	6	37	41	40	43	42
General and administrative expenses	18	117	100	110	115	74
Charges for integration and restructuring	—	1	4	13	21	2
Charges (reversals) for closure of facilities	2	15	432	—	32	(8)
Impairment of goodwill	—	749	—	—	—	—
Other operating costs (income), net	1	4	(5)	(4)	1	4
Total costs and expenses	482	3,553	3,251	2,638	2,488	2,215
Earnings (loss) before interest, income taxes and accounting changes	\$ 20	\$ (647)	\$ (446)	\$ (20)	\$ (90)	\$ 115

SALES VOLUMES AND PRICES

FOR THE SIX YEARS ENDED DECEMBER 30, 2007						
	2007	2006	2005	2004	2003	2002
Product sales (in thousands):						
Paper — tons	461	2,749	2,996	2,876	2,822	2,742
Coated groundwood — tons	38	234	232	243	234	210
Paper converting — tons	318	1,932	1,964	1,839	1,847	1,823
Selected published product prices (per ton):						
Paper — uncoated free-sheet — U.S.	\$ 832	\$ 815	\$ 709	\$ 658	\$ 622	\$ 658

PRODUCTION VOLUMES

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN THOUSANDS						
	2007	2006	2005	2004	2003	2002
Paper — tons ⁽¹⁾	444	2,796	3,060	3,006	2,833	2,611
Coated groundwood — tons	43	230	234	240	239	210
Paper converting — tons	318	1,931	1,950	1,838	1,785	1,766

⁽¹⁾Paper production includes unprocessed rolls and converted paper volumes.

Fiscal year 2006 includes 53 weeks of operations compared with 52 weeks in fiscal years 2002–2005. Fiscal year 2007 includes nine weeks of operations for the Fine Paper segment.

REAL ESTATE

OUR APPROACH IS UNIQUE AMONG LARGE HOME-BUILDERS. WE OPERATE A PORTFOLIO OF HIGH-PERFORMING COMPANIES FOCUSED ON TARGETED BUT VARIABLE MARKET SEGMENTS IN EACH OF THEIR RESPECTIVE GEOGRAPHIES.

THIS DECENTRALIZED APPROACH ALLOWS OUR OPERATIONS TO PURSUE MARKET STRATEGIES WHERE WE HAVE A COMPETITIVE ADVANTAGE IN SELECT DIVERSE REGIONS.

REAL ESTATE

CONTINUE TO DELIVER INDUSTRY-LEADING FINANCIAL RETURNS



LARRY BURROWS
President and CEO,
Weyerhaeuser Real
Estate Company

SITUATION SNAPSHOT

- The dramatic correction in the national housing markets affected our operations in 2007. Excess housing inventories and weak demand created a competitive sales environment in which price discounting on new homes occurred in most markets.
- Disruption in the mortgage markets caused additional weakness, particularly at lower price points. Interest rates are favorable in a historical context, but credit standards have tightened.
- These powerful market forces pushed home prices lower, affecting consumer confidence.
- With deteriorating demand trends and declining home prices, underlying land values in many communities also declined.
- Despite these difficult business conditions in 2007, WRECO ended the year as the second-highest “absolute” earning homebuilder in the industry. For several consecutive years, our business has performed among the industry leaders in terms of pretax margin and return on investment.
- The outlook for 2008 forecasts continued challenges. This extended disruption in the markets will likely result in some compelling land-related opportunities over time.
- Our business is well positioned for the long term with experienced leadership, desirable markets and an enviable land position.

OPERATING STRATEGY

- Position our operations to take advantage of opportunities presented by the severity and length of the housing market downturn.
- Refresh our distinctive market-driven strategies to penetrate target regional niches.
- Maintain focus on capital efficiency by optimizing our land pipeline and controlling inventories.
- Enhance business processes to improve customer satisfaction, and selectively invest in technology to support future business expansion.
- Attract, retain and develop highly talented employees in anticipation of our growth plans.

REAL ESTATE

INVESTOR INFORMATION FOR FISCAL YEAR 2007

FINANCIAL DATA

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN MILLIONS OF DOLLARS						
	2007	2006	2005	2004	2003	2002
Net sales and revenues	\$ 2,359	\$ 3,335	\$ 2,915	\$ 2,495	\$ 2,029	\$ 1,750
Costs and expenses:						
Costs and operating expenses	1,752	2,338	1,946	1,763	1,518	1,329
Depreciation and amortization	23	25	16	14	11	11
Selling expenses	179	180	152	126	107	90
General and administrative expenses	99	124	105	82	64	49
Charge for impairment of long-lived assets	128	36	33	—	—	—
Other operating costs (income), net	(2)	(3)	(3)	(17)	(9)	(1)
Total costs and expenses	2,179	2,700	2,249	1,968	1,691	1,478
Operating income	180	635	666	527	338	272
Interest income and other	(1)	30	12	31	34	33
Equity in income of unconsolidated entities	25	58	57	52	20	31
Earnings before income taxes and accounting changes	\$ 204	\$ 723	\$ 735	\$ 610	\$ 392	\$ 336

GROSS MARGIN

FOR THE SIX YEARS ENDED DECEMBER 30, 2007						
	2007	2006	2005	2004	2003	2002
Single-family homes	15.4%	26.5%	32.8%	29.7%	25.7%	24.2%

UNITS CLOSED

FOR THE SIX YEARS ENDED DECEMBER 30, 2007						
	2007	2006	2005	2004	2003	2002
Single-family homes	4,427	5,836	5,647	5,264	4,626	4,280
Residential lots	572	3,028	935	2,663	1,722	1,724
Multi-family units	168	160	—	10	133	547

UNITS SOLD

FOR THE SIX YEARS ENDED DECEMBER 30, 2007						
	2007	2006	2005	2004	2003	2002
Single-family homes	4,152	4,541	5,685	5,375	5,005	4,374

UNITS SOLD BUT NOT CLOSED AT YEAR-END (BACKLOG)

FOR THE SIX YEARS ENDED DECEMBER 30, 2007						
	2007	2006	2005	2004	2003	2002
Single-family homes	1,224	1,499	2,410	2,372	2,261	1,882

Fiscal year 2006 includes 53 weeks of operations compared with 52 weeks in all other fiscal years.

REAL ESTATE OPERATIONS

COMPANY	PRODUCT MIX	PRODUCT PRICES	NUMBER OF COMMUNITIES	PRINCIPAL MARKETS
Maracay Homes	Move-up and luxury homes	Range: \$135,000–\$1,616,000 Average: \$391,000	14	Phoenix and Tucson, Arizona
Pardee Homes	Entry-level, move-up and luxury homes Developer of master-planned communities	Range: \$203,000–\$2,000,000 Average: \$543,000	55	Los Angeles, Sacramento and San Diego, California, and Las Vegas, Nevada
Quadrant Homes	Entry-level and move-up homes Developer of master-planned communities	Range: \$171,000–\$622,000 Average: \$336,000	18	Puget Sound region of Washington state and suburbs of Portland, Oregon
Trendmaker Homes	Move-up and luxury homes Developer of master-planned communities	Range: \$202,000–\$726,000 Average: \$397,000	24	Houston, Texas
Winchester Homes	Move-up and luxury homes Developer of master-planned communities	Range: \$153,000–\$2,480,000 Average: \$825,000	25	Maryland and Virginia suburbs of Washington, D.C.
Weyerhaeuser Realty Investors	Investment manager of, and investor in, development financing for homebuilders	Housing-related investments with various product price ranges	N/A	Offices in Scottsdale, Arizona; Irvine, Pleasanton and Roseville, California; Denver, Colorado; Schaumburg, Illinois; Las Vegas, Nevada; Reston, Virginia; and Seattle, Washington, to service customers in surrounding and adjacent regional markets

CONTAINERBOARD, PACKAGING AND RECYCLING

ON MARCH 17, 2008, WE ANNOUNCED INTERNATIONAL PAPER IS PURCHASING OUR CONTAINERBOARD, PACKAGING AND RECYCLING SEGMENT.

WE EXPECT TO USE A SIGNIFICANT PORTION OF THE \$6 BILLION IN CASH PROCEEDS TO PAY DOWN DEBT. THE TRANSACTION INCLUDES 114 FACILITIES AND AFFECTS APPROXIMATELY 14,300 EMPLOYEES.

CONTAINERBOARD, PACKAGING AND RECYCLING

LEAD THE INDUSTRY IN FINANCIAL PERFORMANCE WHILE MEETING CUSTOMER NEEDS



THOMAS F. GIDEON
Senior Vice President,
Containerboard,
Packaging and
Recycling

SITUATION SNAPSHOT

- U.S. containerboard and box markets expect to experience flat to modest growth in 2008.
- Export containerboard markets are growing and expect to benefit from the weaker dollar.
- China's rapid expansion in recycled containerboard has created demand pressures on the global supply of recovered fiber.
- Packaging customers continue to respond to pressure from retailers for lower prices by executing supply chain initiatives and cost-reduction programs.

OPERATING STRATEGY

Until the sale of this segment to International Paper closes, we will continue to:

- Provide value and reliability for customers through our state-of-the-art technology, quality processes and plant system in the United States and Mexico.
- Develop and produce innovative, cost-effective solutions to meet our customers' needs for packaging that both protect their products and communicate to the people who buy these products.
- Deliver products and services to selected customer segments where we can meet or exceed our performance goals.
- Reduce supply chain costs and improve productivity by organizing our plants in supply zones.
- Help customers and retailers meet waste reduction and recycling goals by developing material recovery programs using our recycling collection and distribution system.

CONTAINERBOARD, PACKAGING AND RECYCLING

INVESTOR INFORMATION FOR FISCAL YEAR 2007

FINANCIAL DATA

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN MILLIONS OF DOLLARS						
	2007	2006	2005	2004	2003	2002
Trade sales and revenues	\$ 5,168	\$ 4,912	\$ 4,707	\$ 4,535	\$ 4,322	\$ 4,212
Intersegment sales	9	55	81	63	49	70
Net sales and revenues	5,177	4,967	4,788	4,598	4,371	4,282
Costs and expenses:						
Costs of products sold	4,138	3,965	3,895	3,609	3,359	3,185
Depreciation, depletion and amortization	297	304	310	321	326	330
Selling expenses	149	143	140	138	127	119
General and administrative expenses	224	264	264	270	266	244
Charges for integration and restructuring	2	21	—	—	1	8
Charges for closure of facilities	9	14	137	12	17	52
Other operating costs (income), net	(23)	(6)	49	1	13	11
Total costs and expenses	4,796	4,705	4,795	4,351	4,109	3,949
Operating income (loss)	381	262	(7)	247	262	333
Interest income and other	1	1	2	2	1	3
Equity in income (loss) of equity affiliates	—	—	—	—	(1)	(1)
Earnings (loss) before interest, income taxes and accounting changes	\$ 382	\$ 263	\$ (5)	\$ 249	\$ 262	\$ 335

SALES VOLUMES AND PRICES

FOR THE SIX YEARS ENDED DECEMBER 30, 2007						
	2007	2006	2005	2004	2003	2002
Product sales (in thousands):						
Containerboard — tons	957	856	1,046	1,001	890	983
Packaging — MSF	73,572	74,867	73,631	72,885	72,741	70,330
Recycling — tons	2,580	2,875	2,728	2,694	2,290	2,292
Kraft bags and sacks — tons	99	89	89	95	100	93
Selected published product prices (per ton):						
Linerboard — 42 lb. — Eastern U.S.	\$ 517	\$ 488	\$ 414	\$ 411	\$ 366	\$ 383
Recycling — old corrugated containers	102	63	70	80	61	60
Recycling — old newsprint	68	48	55	57	40	36

PRODUCTION VOLUMES

FOR THE SIX YEARS ENDED DECEMBER 30, 2007, IN THOUSANDS						
	2007	2006	2005	2004	2003	2002
Containerboard — tons ⁽¹⁾	6,106	6,260	6,268	6,291	6,003	6,004
Packaging — MSF	77,221	79,851	78,089	77,822	77,830	75,100
Recycling — tons ⁽²⁾	6,655	6,829	6,743	6,718	6,216	6,092
Kraft bags and sacks — tons	93	82	88	94	98	93

⁽¹⁾Containerboard production represents machine production and includes volumes that are further processed into packaging and kraft bags and sacks by company facilities.

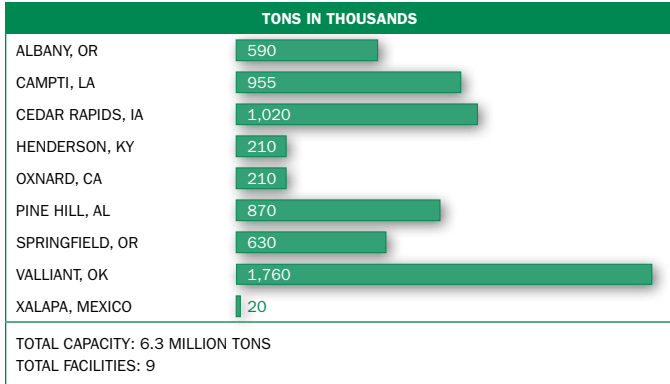
⁽²⁾Recycling production includes volumes processed in Weyerhaeuser recycling facilities that are consumed by company facilities and brokered volumes.

Fiscal year 2006 includes 53 weeks of operations compared with 52 weeks in all other fiscal years.

CONTAINERBOARD

The following facilities manufacture a full range of corrugating medium and linerboard grades. Linerboard is used for the inside and outside facing of a corrugated box. Medium is used in forming the fluted, or wavy, portion of corrugated boxes to provide strength and product protection.

MILL LOCATIONS AND CAPACITIES



PACKAGING LOCATIONS

The following packaging plants make corrugated boxes for a range of industrial, agricultural and consumer products in the United States and Mexico.

TOTAL CAPACITY: 100.7 BILLION SQUARE FEET
TOTAL FACILITIES: 74

Alabama

Huntsville

Florida

Plant City
Tampa

Iowa

Cedar Rapids
Waterloo

Mississippi

Jackson
Magnolia
Olive Branch

Ohio

Delaware
Eaton
Mount Vernon

Washington

Bellevue
Moses Lake
Olympia
Yakima

Arizona

Phoenix
Yuma

Georgia

Columbus
Griffin
Lithonia

Kansas

Kansas City

Missouri

Maryland Heights
St. Joseph

Oklahoma

Oklahoma City

Wisconsin

Manitowoc

Arkansas

Fort Smith
Russellville

Hawaii

Honolulu⁽¹⁾

Kentucky

Bowling Green
Louisville

Nebraska

Omaha

Oregon

Beaverton
Portland

Mexico

Ixtac
Mexico City
Monterrey
Silao

California

Anaheim
Camarillo
Compton
Elk Grove
Exeter
Modesto
Salinas
Sanger
Santa Paula

Illinois

Aurora
Bedford Park
Belleville
Lincoln
Montgomery
Rockford

Maryland

Baltimore⁽¹⁾

Michigan

Three Rivers
Warren

New Jersey

Barrington
Bellmawr

Tennessee

Cleveland

Texas

Amarillo
Dallas
McAllen
Sealy

Colorado

Golden

Indiana

Butler
Indianapolis

Minnesota

Austin
Fridley
St. Paul
White Bear Lake

North Carolina

Charlotte
Lumberton
Newton

Virginia

Lynchburg

⁽¹⁾Closure announced.

RECYCLING LOCATIONS

In 2007, the Recycling business collected and sorted more than 40 grades of recovered paper at plants across the United States. The business consists of three main areas: recovered-paper collection, recovered-paper purchase from outside sources, and recovered-paper sales to outside manufacturers. The business also provides document-destruction services and includes a large national brokerage system.

TOTAL FACILITIES: 19

Arizona

Phoenix

Colorado

Denver

Kansas

Wichita

Minnesota

New Brighton

Oregon

Beaverton
Eugene

Texas

Carrollton

Virginia

Richmond

California

Fremont
Los Angeles/
Norwalk
West Sacramento

Illinois

Chicago/Itasca

Maryland

Baltimore

Nebraska

Omaha

Tennessee

Memphis

Utah

Salt Lake City

Washington

Kent

Iowa

Des Moines

North Carolina

Charlotte

SPECIALTY PACKAGING LOCATIONS

The following specialty packaging facilities produce bulk shipping containers, inks and printing plates, preprint products and retail packaging displays.

TOTAL FACILITIES: 10

California

Cypress

Illinois

Aurora

Indiana

Indianapolis

Kentucky

Richwood

North Carolina

Charlotte

Ohio

Delaware

Oregon

Beaverton
Hillsboro
Salem

Georgia

Tucker

KRAFT BAG AND SACKS LOCATIONS

The Kraft Bags division has four plants that manufacture paper bags and sacks used by grocery, department, drug and hardware stores, as well as fast-food restaurants.

TOTAL CAPACITY: 199,000 TONS

TOTAL FACILITIES: 4

California

Buena Park

North Carolina

Charlotte

Oregon

Beaverton

Texas

Dallas

CONTAINERBOARD, PACKAGING AND RECYCLING PRODUCTS

MAIN PRODUCTS	HOW THEY'RE USED
Containerboard: <ul style="list-style-type: none"> • Linerboard • Medium • White top linerboard • Kraft bag paper 	Used to produce corrugated packaging
Corrugated packaging: <ul style="list-style-type: none"> • Boxes • Tri-Wall™ • Laminated bins • Sheets 	Corrugated packaging for the transport of products and a wide variety of other uses
Recycling: <ul style="list-style-type: none"> • Used corrugated containers • Used office paper • Other recyclable materials 	Used in the manufacture of paper and other products
Kraft bags and sacks	Sacks used for groceries in retail, bags used for fast food
Other products: <ul style="list-style-type: none"> • SpaceKraft™ and bulk packaging • Inks and plates • Retail centers • Preprinted linerboard 	<ul style="list-style-type: none"> • Used primarily to transport high density products such as liquids, chemicals and bulk foods • Printing for corrugated packaging • Design and project services for display, point-of-purchase and retail needs • Used to produce enhanced graphics packaging

PROXY STATEMENT

ANNUAL REPORT AND FORM 10-K

FOR THE FISCAL YEAR 2007



FOR MORE INFORMATION, PLEASE VISIT:
<http://investor.weyerhaeuser.com>