WEYERHAEUSER COMPANY
A WASHINGTON CORPORATION
91-0470860
(IRS EMPLOYER IDENTIFICATION NO.)
FEDERAL WAY, WASHINGTON 98063-9777 TELEPHONE (253) 924-2345
SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLES OF EACH CLASS NAME OF EACH EXCHANGE ON WHICH REGISTERED:
Common Shares ($1.25 par value) Chicago Stock Exchange
New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [X] Yes [   ] No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. [   ] Yes [X] No
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [ ] Yes [X] No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). [X] Yes [   ] No
Indicate by check mark whether disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.
Large accelerated filer [X] Accelerated filer [   ] Non-accelerated filer [ ] Smaller reporting company [ ]
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). [   ] Yes [X] No
As of June 30, 2011, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $11,586,262,405 based on the closing sale price as reported on the New York Stock Exchange Composite Price Transactions.
As of February 3, 2012, 536,500,796 shares of the registrant's common stock ($1.25 par value) were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the Notice of 2012 Annual Meeting of Shareholders and Proxy Statement for the company's Annual Meeting of Shareholders to be held April 12, 2012, are incorporated by reference into Part II and III.

WEYERHAEUSER COMPANY > 2011 ANNUAL REPORT AND FORM 10-K
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OUR BUSINESS

We are a forest products company that grows and harvests trees, builds homes and makes a range of forest products essential to everyday lives. Our goal is to do this safely, profitably and responsibly. We are committed to operate as a sustainable company. We focus on increasing energy and resource efficiency, reducing greenhouse gas emissions, reducing water consumption, conserving natural resources, and offering products that meet human needs with superior sustainability attributes. We operate with world class safety results, understand and address the needs of the communities in which we operate, and present ourselves transparently.

We have offices or operations in 11 countries and have customers worldwide. We manage 20.3 million acres of forests, of which we own 5.7 million acres, lease 0.7 million acres and have renewable, long-term licenses on 13.9 million acres. In 2011, we generated $6.2 billion in net sales from our continuing operations.

This portion of our Annual Report and Form 10-K provides detailed information about who we are, what we do and where we are headed. Unless otherwise specified, current information reported in this Form 10-K is as of the fiscal year ended December 31, 2011.

We break out financial information such as revenues, earnings and assets by the business segments that form our company. We also discuss the development of our company and the geographic areas where we do business.

We report our financial condition in two groups:

- Forest Products — our forest products-based operations, principally the growing and harvesting of timber, the manufacture, distribution and sale of forest products and corporate governance activities; and

- Real Estate — our real estate development and construction operations.

Throughout this Form 10-K, unless specified otherwise, references to “we,” “our,” “us” and “the company” refer to the consolidated company, including both Forest Products and Real Estate.

WE CAN TELL YOU MORE

AVAILABLE INFORMATION

We meet the information-reporting requirements of the Securities Exchange Act of 1934 by filing periodic reports, proxy statements and other information with the Securities and Exchange Commission (SEC). These reports and statements — information about our company's business, financial results and other matters — are available at:

- the SEC Internet site — www.sec.gov;
- the SEC’s Public Conference Room, 100 F St. N.E., Washington, D.C., 20549, (800) SEC-0330; and

When we file the information electronically with the SEC, it also is added to our Internet site.

WHO WE ARE

We started out as Weyerhaeuser Timber Company, incorporated in the state of Washington in January 1900, when Frederick Weyerhaeuser and 15 partners bought 900,000 acres of timberland.

REAL ESTATE INVESTMENT TRUST (REIT) ELECTION

Starting with our 2010 fiscal year, we elected to be taxed as a REIT. We expect to derive most of our REIT income from investments in timberlands, including the sale of standing timber through pay-as-cut sales contracts. REIT income can be distributed to shareholders without first paying corporate level tax, substantially eliminating the double taxation on income. A significant portion of our timberland segment earnings receives this favorable tax treatment. We are, however, subject to corporate taxes on built-in-gains (the excess of fair market value over tax basis at January 1, 2010) on sales of real property (other than standing timber) held by the REIT during the first 10 years following the REIT conversion. We continue to be required to pay federal corporate income taxes on earnings of our Taxable REIT Subsidiary (TRS), which principally includes our manufacturing businesses, our real estate development business and our non-qualified timberland segment income.

OUR BUSINESS SEGMENTS

In the Consolidated Results section of Management’s Discussion and Analysis of Financial Condition and Results of Operations, you will find our overall performance results for our business segments:

- Timberlands,
- Wood Products,
- Cellulose Fibers,
- Real Estate and
- Corporate and Other.

Detailed financial information about our business segments and our geographic locations is in Note 2: Business Segments and Note 21: Geographic Areas in the Notes to Consolidated Financial Statements, as well as in this section and in the Management’s Discussion and Analysis of Financial Condition and Results of Operations.

CURRENT MARKET CONDITIONS

In 2011, the U.S. economy slowed its pace of recovery. The underlying causes included the Japan earthquake and tsunami, the U.S. deficit and related political instability and European debt crisis. These factors weighed heavily on the economy, delaying many anticipated improvements in key economic indicators. The U.S. housing market continues to be affected by these events and consequently lags other sectors in the recovery.
Improvement in the latter part of 2011 in key areas such as job creation, industrial production and GDP may help spur growth in U.S. housing; however, the sector remains burdened by excess inventory and a diminished pool of qualified home buyers. The health of the U.S. housing...
market strongly affects our Real Estate, Wood Products and Timberlands segments. Real Estate focuses on building single family homes. Wood Products primarily sells into the new residential building and repair and remodel markets. Demand for logs from our Timberlands segment is affected by the production of wood-based building products as well as export demand. Cellulose Fibers is primarily affected by global demand and the relative strength of the U.S. dollar.

COMPETITION IN OUR MARKETS
We operate in highly competitive domestic and foreign markets, with numerous companies selling similar products. Many of our products also face competition from substitutes for wood and wood-fiber products. In real estate development, our competitors include numerous regional and national firms. We compete in our markets primarily through price, product quality and service levels.

Our business segments’ competitive strategies are as follows:
- Timberlands — Extract maximum value from each acre we own or manage.
- Wood Products — Deliver high-quality lumber, structural panels, engineered wood products and complementary products for residential and commercial applications.
- Cellulose Fibers — Concentrate on value-added pulp products.
- Real Estate — Deliver unique value propositions in target markets.

SALES OUTSIDE THE U.S.
In 2011, $2.2 billion — 36 percent — of our total consolidated sales and revenues from continuing operations were to customers outside the U.S.

The table below shows sales outside the U.S. for the last three years.

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports from the U.S.</td>
<td>$1,775</td>
<td>$1,610</td>
<td>$1,237</td>
</tr>
<tr>
<td>Canadian export and domestic sales</td>
<td>363</td>
<td>327</td>
<td>219</td>
</tr>
<tr>
<td>Other foreign sales</td>
<td>70</td>
<td>52</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>$2,208</td>
<td>$1,989</td>
<td>$1,488</td>
</tr>
<tr>
<td>Percent of total sales</td>
<td>36%</td>
<td>33%</td>
<td>29%</td>
</tr>
</tbody>
</table>

OUR EMPLOYEES
We have approximately 12,800 employees. This number includes:
- 11,910 employed in North America and
- 890 employed by our operations outside of North America.

Of these employees, approximately 3,400 are members of unions covered by multi-year collective-bargaining agreements. More information about these agreements is in Note 8: Pension and Other Postretirement Benefit Plans in the Notes to Consolidated Financial Statements.

COMPARABILITY OF DATA
Over the last five years, we have exited businesses that did not fit our long-term strategic direction. As you review our results for the past five years, it may be helpful to keep in mind the following divestitures and the segments affected.

Summary of Recent Divestitures

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TRANSACTION</th>
<th>SEGMENTS AFFECTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Westwood Shipping Lines – sold</td>
<td>Corporate and Other segment</td>
</tr>
<tr>
<td>2011</td>
<td>Hardwoods operations – sold</td>
<td>Wood Products segment</td>
</tr>
<tr>
<td>2010</td>
<td>Five short line railroads – sold</td>
<td>Corporate and Other segment</td>
</tr>
<tr>
<td>2009</td>
<td>Trus Joist Commercial division – sold</td>
<td>Wood Products segment</td>
</tr>
<tr>
<td>2008</td>
<td>Containerboard, Packaging and Recycling segment – sold</td>
<td>Containerboard, Packaging and Recycling segment</td>
</tr>
<tr>
<td>2008</td>
<td>Australian operations – sold</td>
<td>Corporate and Other segment</td>
</tr>
<tr>
<td>2008</td>
<td>Uruguay operations – partition completed</td>
<td>Timberlands and Corporate and Other segments</td>
</tr>
<tr>
<td>2007</td>
<td>Fine Paper and related assets – divested</td>
<td>Fine Paper, Timberlands and Wood Products segments</td>
</tr>
<tr>
<td>2007</td>
<td>New Zealand operations – sold</td>
<td>Corporate and Other segment</td>
</tr>
<tr>
<td>2007</td>
<td>Canadian wood products distribution centers – sold</td>
<td>Wood Products segment</td>
</tr>
</tbody>
</table>

Additional information related to our discontinued operations can be found in Note 3: Discontinued Operations in the Notes to Consolidated Financial Statements. Information pertaining to segment comparability can be found in Note 2: Business Segments in the Notes to Consolidated Financial Statements.
WHAT WE DO

This section provides information about how we:

• grow and harvest trees,

• manufacture and sell products made from them,

• build and sell homes and

• develop land.

For each of our business segments, we provide details about what we do, where we do it, how much we sell and where we are headed.

TIMBERLANDS

Our Timberlands business segment manages 6.4 million acres of private commercial forestland worldwide. We own 5.7 million of those acres and lease the other 0.7 million acres. In addition, we have renewable, long-term licenses on 13.9 million acres of forestland located in four Canadian provinces. The tables presented in this section include data from this segment's business units as of the end of 2011.

WHAT WE DO

Forestry Management

Our Timberlands business segment:

• grows and harvests trees for use as lumber, other wood and building products and pulp and paper;

• exports logs to other countries where they are made into products;

• plants seedlings — and in parts of Canada we use natural regeneration — to reforest the harvested areas using the most effective regeneration method for the site and species;

• monitors and cares for the new trees as they grow to maturity; and

• seeks to sustain and maximize the timber supply from our forestlands while keeping the health of our environment a key priority.

Our goal is to maximize returns by selling logs and stumpage to internal and external customers. We focus on solid wood and use intensive silviculture to improve forest productivity and returns while managing our forests on a sustainable basis to meet customer and public expectations. International operations in this segment consist principally of forest plantations, forest licenses and converting assets in South America. We serve as owners or managing partner in these operations, which are either wholly-owned subsidiaries or joint ventures. In Brazil, we are the managing partner in a joint venture established in 2004. We own 67 percent of this joint venture and Fibria Celulose SA owns the remaining 33 percent. A hardwood sawmill with 65,000 cubic meters of capacity produces high-value eucalyptus (Lyptus®) lumber and related appearance wood products. In China, we are the managing partner in a joint venture established in 2007. We own 51 percent of this joint venture and Fujian Yong’An Forestry Company owns the remaining 49 percent. As of December 31, 2011, the joint venture managed 44,000 acres of timberlands.

Sustainable Forestry Practices

We are committed to responsible environmental stewardship wherever we operate, managing forests to produce financially mature timber while protecting the ecosystem services they provide. Our working forests include places with unique environmental, cultural, historical or recreational value. To protect their unique qualities, we follow regulatory requirements, voluntary standards and implement the Sustainable Forestry Initiative® (SFI) standard. Independent auditing of all of the forests we own or manage in the United States and Canada certifies that we meet the SFI standard. Our forestlands in Uruguay are Forest Stewardship Council (FSC) certified or managed to the developing Uruguayan national forestry management standard designed to meet the Program for the Endorsement of Forest Certification (PEFC).

Canadian Forestry Operations

In Canada, we have licenses to operate forestlands that provide raw material for our manufacturing units in various provinces. When we harvest trees, we pay the provinces at stumpage rates set by the government, which generally are based on prevailing market prices. We do not generate any profit in the Timberlands segment from the harvest of timber from the licensed acres in Canada.

Other Values From Our Timberlands

In the United States, we actively manage mineral, oil and gas leases on our land and use geologic databases to identify and market opportunities for commercial mineral and geothermal development. We recognize leasing revenue over the terms of agreements with customers. Revenue primarily comes from:

• royally payments on oil and gas production;

• upfront bonus payments from oil and gas leasing and exploration activity;

• royally payments on hard minerals (rock, sand and gravel);

• geothermal lease and option revenues; and

• the sale of mineral assets.

In managing mineral resources, we generate revenue related to our ownership of the minerals and, separately, related to our ownership of the surface. The ownership of mineral rights and surface acres may be held by two separate parties. Materials that can be mined from the surface, and whose value comes from factors other than their chemical composition, typically belong to the surface owner. Examples of surface materials include rock, sand, gravel, dirt and topsoil. The mineral owner holds the title to commodities that derive value from their unique chemical composition. Examples of mineral rights include oil, gas, coal (even if mined at the surface) and precious metals. If the two types of rights conflict, then mineral rights generally are superior to surface rights. A third type of land right is geothermal, which can belong to either the surface or mineral owner. We routinely reserve mineral and geothermal rights when selling surface timberlands acreage.
### Timberlands Products

<table>
<thead>
<tr>
<th>PRODUCTS</th>
<th>HOW THEY’RE USED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logs</td>
<td>Logs are made into lumber, other wood and building products and pulp and paper products</td>
</tr>
<tr>
<td>Timberlands</td>
<td>Timberland tracts are exchanged to improve our timberland portfolio or are sold to third parties by our land development subsidiary within this segment</td>
</tr>
<tr>
<td>Timber</td>
<td>Standing timber is sold to third parties</td>
</tr>
<tr>
<td>Minerals, oil and gas</td>
<td>Sold into construction and energy markets</td>
</tr>
<tr>
<td>Other products</td>
<td>Includes seed and seedlings, poles, as well as plywood and hardwood lumber produced by our international operations, primarily in South America</td>
</tr>
</tbody>
</table>

**HOW WE MEASURE OUR PRODUCT**

We report Timberlands data in cubic meters. Cubic meters measure the total volume of wood fiber in a tree or log that we can sell. Cubic meter volume is determined from the large and small-end diameters and length and provides a more consistent and comparative measure of timber and log volume among operating regions, species, size and seasons of the year than other units of measure.

We also use two other units of measure when transacting business including:

- thousand board feet (MBF) — used in the West to measure the expected lumber recovery from a tree or log, but it does not include taper or recovery of nonlumber residual products; and

- green tons — used in the South to measure weight, but factors used for conversion to product volume can vary by species, size, location and season.

Both measures are accurate in the regions where they are used, but they do not provide a meaningful basis for comparisons between the regions. The conversion rate for MBF to cubic meters varies based on several factors including diameter, length and taper of the timber. The average conversion rate for MBF to cubic meters is approximately 6.7 cubic meters per MBF.

The conversion rate from green tons to cubic meters also varies based on the season harvested and the specific gravity of the wood for the region where the timber is grown. An average conversion rate for green tons to cubic meters is approximately 0.825 cubic meters per green ton.

**WHERE WE DO IT**

Our timberlands assets are located primarily in North America. In the U.S. we own and manage sustainable forests in nine states for use in wood products and pulp and paper manufacturing. We own or lease:

- 4.0 million acres in the southern U.S. (Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Oklahoma and Texas); and

- 2.0 million acres in the Pacific Northwest (Oregon and Washington).

Our international operations are located primarily in Uruguay and China. In Uruguay we own 300,000 acres and have long-term leases on 26,000 acres. In China we have long-term leases on 44,000 acres.

In addition, we have renewable, long-term licenses on 13.9 million acres of forestland owned by the provincial government of four Canadian provinces.

Our total timber inventory — including timber on owned and leased land in our U.S. and international operations — is approximately 297 million cubic meters. The timber inventory on licensed lands in Canada is approximately 384 million cubic meters. The amount of timber inventory does not translate into an amount of lumber or panel products because the quantity of end products:

- varies according to the species, size and quality of the timber; and

- will change through time as the mix of these variables adjust.

The species, size and grade of the trees affects the relative value of our timberlands.

**DISCUSSION OF OPERATIONS BY GEOGRAPHY**

### Summary of 2011 Timber Inventory and Timberland Locations

#### United States

<table>
<thead>
<tr>
<th>GEOGRAPHIC AREA</th>
<th>MILLIONS OF CUBIC METERS</th>
<th>THOUSANDS OF ACRES AT DECEMBER 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TOTAL INVENTORY</td>
<td>FEE OWNERSHIP</td>
</tr>
<tr>
<td>U.S.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>154</td>
<td>1,961</td>
</tr>
<tr>
<td>South</td>
<td>135</td>
<td>3,399</td>
</tr>
<tr>
<td>Total U.S.</td>
<td>289</td>
<td>5,360</td>
</tr>
</tbody>
</table>
Western United States
Our Western acres are well situated to serve the wood product markets in Oregon and Washington. Their location near Weyerhaeuser mills and many third-party facilities allows for multiple sales opportunities. In addition, our location on the West Coast provides access to higher-value export markets for Douglas fir and hemlock logs in Japan, Korea and China. The size and quality of our Western timberlands, coupled with their proximity to several deep-water port facilities, positions us to meet the needs of Pacific Rim log markets.

Our lands are composed primarily of Douglas fir, a species highly valued for its structural strength. Our coastal lands also contain western hemlock and have a higher proportion of hemlock than our interior holdings. Our management systems, which provide us a competitive operating advantage, range from research and forestry, to technical planning models, mechanized harvesting and marketing and logistics.

The average age of timber harvested in 2011 was 51 years. Most of our U.S. timberland is intensively managed for timber production, but some areas are conserved for environmental, historical, recreational or cultural reasons. Some of our older trees are protected in acreage set aside for conservation, and some are not yet logged due to harvest rate regulations. While over the long term our average harvest age will decrease in accordance with our sustainable forestry practices, we will only harvest approximately 1.5 percent of our Western acreage each year.

Southern United States
Our Southern acres predominantly contain southern yellow pine and encompass timberlands in seven states. This area provides a constant year round flow of logs to a variety of internal and third-party customers. We sell grade logs to mills that manufacture a diverse range of products including lumber, plywood and veneer. We also sell chips and fiber logs to oriented strand board, pulp and paper mills. Our timberlands are well located to take advantage of road, logging and transportation systems for efficient delivery of logs to these customers.

We intensively manage our timber plantations using forestry research and planning systems to optimize grade log production. We also actively manage our land to capture revenues from our oil, gas and hard minerals resources. We do this while providing quality habitat for a range of animals and birds, which is in high demand for recreational purposes. We lease more than 95 percent of our acres to the public and state wildlife agencies for recreational purposes.

The average age of timber harvested in 2011 was 31 years for southern yellow pine. In accordance with our sustainable forestry practices, we harvest approximately 3.0 percent to 3.5 percent of our acreage each year in the South.

International
<table>
<thead>
<tr>
<th>GEOGRAPHIC AREA</th>
<th>MILLIONS OF CUBIC METERS</th>
<th>THOUSANDS OF ACRES AT DECEMBER 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TOTAL INVENTORY</td>
<td>FEE OWNERSHIP</td>
</tr>
<tr>
<td>Uruguay</td>
<td>7</td>
<td>300</td>
</tr>
<tr>
<td>China(1)</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Total International</td>
<td>8</td>
<td>300</td>
</tr>
</tbody>
</table>

(1) Includes Weyerhaeuser percentage ownership of timberlands owned and managed through joint ventures.

Our forestlands in Uruguay are approximately 51 percent loblolly pine and 49 percent eucalyptus. On average, the timber in Uruguay is in the first third of its rotation age. It is entering into that part of the growth rotation when we will see increased volume accretion. About 93 percent of the area to be planted has been afforested to date. The afforestation program is planned to be completed within the next two years.

In Uruguay, the target rotation ages are 21 to 22 years for pine and 14 to 17 years for eucalyptus. We manage both species to a grade (appearance) regime.

We also operate a plywood mill in Uruguay with a production capacity of 210,000 cubic meters and a production volume of 140,500 cubic meters reached in 2011.

In Brazil, Weyerhaeuser is a managing partner in a joint venture. We own 67 percent and Fibria Celulose SA owns 33 percent. A hardwood sawmill with 65,000 cubic meters of capacity produces high-value eucalyptus (Lyptus®) lumber and related appearance wood products. The mill’s production in 2011 was 56,000 cubic meters.

Our investment in China is a joint venture with a public company that is controlled by the state and local governments. Weyerhaeuser is the managing partner in a joint venture started in 2007. Ownership is 51 percent Weyerhaeuser and 49 percent Fujian Yong’An Forestry Company. The joint venture currently manages 44,000 acres of timberlands.

In China, the target rotation age is seven years, since we are managing the forests of loblolly pine and eucalyptus for fiber.

Canada — Licensed Timberlands
<table>
<thead>
<tr>
<th>GEOGRAPHIC AREA</th>
<th>MILLIONS OF CUBIC METERS</th>
<th>THOUSANDS OF ACRES AT DECEMBER 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TOTAL INVENTORY</td>
<td>LICENSED STANDING VOLUME</td>
</tr>
<tr>
<td>Canada:</td>
<td>253</td>
<td>5,306</td>
</tr>
<tr>
<td>Alberta</td>
<td>12</td>
<td>1,018</td>
</tr>
<tr>
<td>British Columbia</td>
<td>39</td>
<td>2,573</td>
</tr>
<tr>
<td>Ontario</td>
<td>80</td>
<td>4,968</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>384</td>
<td>13,865</td>
</tr>
<tr>
<td>Total Canada</td>
<td>13,865</td>
<td></td>
</tr>
</tbody>
</table>
We lease and license forestland in Canada from the provincial government to secure the volume for our manufacturing units in the various provinces. When the volume is harvested, we pay the province at stumpage rates set by the government and generally based on prevailing market prices. The harvested logs are transferred to our manufacturing facilities at cost (stumpage plus harvest, haul and overhead costs less any margin on selling logs to third parties). Any conversion profit is recognized at the respective mill in either the Cellulose Fibers or Wood Products segment.

Five-Year Summary of Timberlands Production

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee depletion – cubic meters:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>6,595</td>
<td>5,569</td>
<td>6,359</td>
<td>10,626</td>
<td>10,403</td>
</tr>
<tr>
<td>South</td>
<td>9,738</td>
<td>8,197</td>
<td>8,996</td>
<td>12,363</td>
<td>12,645</td>
</tr>
<tr>
<td>International(1)</td>
<td>854</td>
<td>349</td>
<td>503</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>17,187</td>
<td>14,115</td>
<td>15,858</td>
<td>22,989</td>
<td>23,048</td>
</tr>
</tbody>
</table>

(1) International forestlands started commercial thinning in 2009 leading to production volumes.

Our Timberlands annual fee depletion represents the harvest of the timber assets we own. Depletion is a method of expensing the cost of establishing the fee timber asset base over the harvest or timber sales volume. The decline in fee depletion from 2008 through 2010 reflects the company's decision to defer harvest and preserve the long-term value of the assets.

HOW MUCH WE SELL

Our net sales to unaffiliated customers over the last two years were:

- $1.0 billion in 2011 — up 19 percent from 2010; and
- $874 million in 2010.

Our intersegment sales over the last two years were:

- $646 million in 2011 — up 7 percent from 2010; and
- $603 million in 2010.

Five-Year Summary of Net Sales for Timberlands

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>To unaffiliated customers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>$545</td>
<td>$414</td>
<td>$329</td>
<td>$547</td>
<td>$565</td>
</tr>
<tr>
<td>South</td>
<td>196</td>
<td>145</td>
<td>144</td>
<td>97</td>
<td>56</td>
</tr>
<tr>
<td>Canada</td>
<td>17</td>
<td>17</td>
<td>13</td>
<td>20</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td>758</td>
<td>576</td>
<td>486</td>
<td>664</td>
<td>659</td>
</tr>
<tr>
<td>Pay as cut timber sales</td>
<td>34</td>
<td>33</td>
<td>31</td>
<td>32</td>
<td>25</td>
</tr>
<tr>
<td>Timberlands sales and exchanges(2)</td>
<td>77</td>
<td>109</td>
<td>66</td>
<td>73</td>
<td>128</td>
</tr>
<tr>
<td>Higher and better use land sales(2)</td>
<td>25</td>
<td>22</td>
<td>11</td>
<td>11</td>
<td>33</td>
</tr>
<tr>
<td>Minerals, oil and gas</td>
<td>53</td>
<td>60</td>
<td>62</td>
<td>61</td>
<td>40</td>
</tr>
<tr>
<td>Products from international operations(2)</td>
<td>86</td>
<td>65</td>
<td>44</td>
<td>40</td>
<td>12</td>
</tr>
<tr>
<td>Other products</td>
<td>11</td>
<td>9</td>
<td>14</td>
<td>18</td>
<td>25</td>
</tr>
<tr>
<td>Subtotal sales to unaffiliated customers</td>
<td>1,044</td>
<td>874</td>
<td>714</td>
<td>899</td>
<td>922</td>
</tr>
<tr>
<td>Intersegment sales:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>424</td>
<td>409</td>
<td>392</td>
<td>817</td>
<td>983</td>
</tr>
<tr>
<td>Other</td>
<td>222</td>
<td>194</td>
<td>145</td>
<td>217</td>
<td>363</td>
</tr>
<tr>
<td>Subtotal intersegment sales</td>
<td>646</td>
<td>603</td>
<td>537</td>
<td>1,034</td>
<td>1,346</td>
</tr>
<tr>
<td>Total</td>
<td>$1,690</td>
<td>$1,477</td>
<td>$1,251</td>
<td>$1,933</td>
<td>$2,268</td>
</tr>
</tbody>
</table>

(1) Higher and better use timberland and non-strategic timberlands are conducted through Forest Products subsidiaries.
(2) Includes logs, plywood and hardwood lumber harvested or produced by our international operations, primarily in South America.
Logs sold to unaffiliated customers in 2011 increased approximately 2,316 thousand cubic meters — 27 percent — from 2010.

- Sales volumes in the West increased 791 cubic meters — 18 percent — primarily due to strong export demand. Our western sales to unaffiliated customers generally are higher-grade logs sold into the export market and domestic-grade logs sold to West Coast sawmills.

- Sales to unaffiliated customers in the South increased 1.5 million cubic meters — 45 percent — primarily due to increased harvest levels and increased sales of logs to third parties. Our southern sales volumes to unaffiliated customers generally are lower-grade fiber logs sold to pulp or containerboard mills. We use most of our high-grade logs in our own converting facilities.

- Sales volumes from Canada decreased 28 thousand cubic meters — 6 percent — in 2011. This decrease in volume to unaffiliated customers primarily was due to increased demand by our internal mills for logs mainly in Alberta.

- Sales volumes from our international operations increased 31 thousand cubic meters — 11 percent — in 2011. This increase in volume was due to sales of logs to China.

We sell three grades of logs — domestic grade, domestic fiber and export. Factors that may affect log sales in each of these categories include:

- domestic grade log sales — lumber usage, primarily for housing starts and repair and remodel activity, the needs of our own mills and the availability of logs from both outside markets and our own timberlands;

- domestic fiber log sales — demand for chips by pulp and containerboard mills; and

- export log sales — the level of housing starts in Japan, where most of our North American export logs are sold.

Our sales volumes include logs purchased in the open market and all our domestic and export logs that are sold to unaffiliated customers or transferred at market prices to our internal mills by the sales and marketing staff within our Timberlands business units.

Five-Year Summary of Log Sales Volumes to Unaffiliated Customers for Timberlands

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Logs – cubic meters:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>5,267</td>
<td>4,476</td>
<td>4,479</td>
<td>6,967</td>
<td>6,212</td>
</tr>
<tr>
<td>South</td>
<td>4,879</td>
<td>3,357</td>
<td>3,536</td>
<td>2,347</td>
<td>1,581</td>
</tr>
<tr>
<td>Canada</td>
<td>479</td>
<td>507</td>
<td>409</td>
<td>529</td>
<td>925</td>
</tr>
<tr>
<td>International</td>
<td>314</td>
<td>283</td>
<td>305</td>
<td>329</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>10,939</td>
<td>8,623</td>
<td>8,729</td>
<td>10,172</td>
<td>8,718</td>
</tr>
</tbody>
</table>
Log Prices
The majority of our log sales to unaffiliated customers involves sales to the export market and to other domestic sawmills in the Pacific Northwest. Following is a five-year summary of selected export log prices.

Five-Year Summary of Selected Export Log Prices (#2 Sawlog Bark On — $/MBF)

<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>767</td>
</tr>
<tr>
<td>2008</td>
<td>731</td>
</tr>
<tr>
<td>2009</td>
<td>686</td>
</tr>
<tr>
<td>2010</td>
<td>687</td>
</tr>
<tr>
<td>2011</td>
<td>750</td>
</tr>
</tbody>
</table>

Our log prices are affected by the supply of and demand for grade and fiber logs and are influenced by the same factors that affect log sales. Export log prices are particularly affected by the Japanese housing market.

Average 2011 log realizations in the West increased from 2010 — primarily due to higher demand for logs in the Chinese market. Export prices rose as a result of the demand from China, which also resulted in higher Western domestic prices. Average 2011 log realizations in the South decreased from 2010 — primarily due to weaker demand for logs in the South.

Minerals and Energy Products
Mineral revenue decreased in 2011 as recognition of leasing revenue was completed on older leases and sales of producing oil and gas properties was limited. The decline was partially offset by increased oil and gas royalties as the Haynesville Shale gas wells began to produce commercially. Earnings from construction aggregates decreased slightly. Revenues from wind power and geothermal agreements increased from year-to-year, as the company entered into three new wind power agreements and three new geothermal agreements.

WHERE WE’RE HEADED
Our competitive strategies include:

• managing forests on a sustainable basis to meet customer and public expectations;

• reducing the time it takes to realize returns by practicing intensive forest management and focusing on the most advantageous markets;

• efficiently delivering raw materials to internal supply chains;

• building long-term relationships with external customers who rely on a consistent supply of high-quality raw material;

• continuously reviewing our portfolio of land holdings to create the greatest value for the company;

• investing in technology and advances in silviculture to improve yields and timber quality;

• positioning ourselves as one of the largest, lowest-cost growers of global softwood and hardwood timber;

• leveraging our mineral ownership position; and

• positioning ourselves to take advantage of new market opportunities that may be created by energy and climate change legislation and regulation.

In addition, we believe we will generate additional revenues from new products and services, such as wetland mitigation banking and conservation easements, and from participating in emerging carbon and energy markets.

WOOD PRODUCTS
We are a large manufacturer and distributor of wood products primarily in North America and Asia.

WHAT WE DO
Our wood products segment:

• provides a family of high-quality softwood lumber, engineered lumber, structural panels and other specialty products to the residential, multi-family and light commercial markets;

• delivers innovative homebuilding solutions to help our customers quickly and efficiently meet their customers’ needs;

• sells our products and services primarily through our own sales organizations and distribution facilities as well as building materials that we
• purchases timber from the public timberland; and
• sells certain products into the repair and remodel market through the wood preserving and home-improvement warehouse channels; and
• exports our softwood lumber and engineered building materials to Asia and Europe.
Wood Products

<table>
<thead>
<tr>
<th>PRODUCTS</th>
<th>HOW THEY’RE USED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural lumber</td>
<td>Structural framing for new residential, repair and remodel, treated applications, industrial and commercial structures</td>
</tr>
<tr>
<td>Engineered lumber</td>
<td>Floor and roof joists, and headers and beams for residential, multi-family and commercial structures</td>
</tr>
<tr>
<td>• Solid section</td>
<td></td>
</tr>
<tr>
<td>• I-joists</td>
<td></td>
</tr>
<tr>
<td>Structural panels</td>
<td>Structural sheathing, subflooring and stair tread for residential, multi-family and commercial structures</td>
</tr>
<tr>
<td>• Oriented strand board (OSB)</td>
<td></td>
</tr>
<tr>
<td>• Softwood plywood</td>
<td></td>
</tr>
<tr>
<td>Other products</td>
<td>Complementary building products such as cedar, decking, siding, insulation, rebar and engineered lumber connectors</td>
</tr>
</tbody>
</table>

WHERE WE DO IT

We operate manufacturing facilities in the United States and Canada. We distribute through a combination of Weyerhaeuser and third-party locations. Information about the locations, capacities and actual production of our manufacturing facilities is included below.

Principal Manufacturing Locations

Locations of our principal manufacturing facilities as of December 31, 2011, by major product group were:

• Structural lumber
  – U.S. — Alabama, Arkansas, Louisiana, Mississippi, North Carolina, Oklahoma, Oregon and Washington
  – Canada — Alberta and British Columbia

• Engineered lumber
  – U.S. — Alabama, Georgia, Louisiana, Oregon and West Virginia
  – Canada — British Columbia and Ontario

• Oriented strand board
  – U.S. — Louisiana, Michigan, North Carolina and West Virginia
  – Canada — Alberta and Saskatchewan

• Softwood plywood
  – U.S. — Arkansas and Louisiana

Summary of 2011 Wood Products Capacities

<table>
<thead>
<tr>
<th>CAPACITIES IN MILLIONS</th>
<th>PRODUCTION CAPACITY</th>
<th>NUMBER OF FACILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural lumber — board feet</td>
<td>4,515</td>
<td>18</td>
</tr>
<tr>
<td>Engineered solid section — cubic feet</td>
<td>33</td>
<td>7</td>
</tr>
<tr>
<td>Engineered I-joists — lineal feet</td>
<td>380</td>
<td>3</td>
</tr>
<tr>
<td>Oriented strand board — square feet (3/8&quot;)</td>
<td>3,015</td>
<td>6</td>
</tr>
<tr>
<td>Softwood plywood — square feet (3/8&quot;)</td>
<td>460</td>
<td>2</td>
</tr>
</tbody>
</table>

Capacities include two indefinitely closed facilities that produce engineered solid section and I-joists products.

In response to market conditions over the last few years, we sold or closed a number of facilities and curtailed production at several other mills. We also sold our hardwoods operations in August 2011. More information about this sale is in Note 3: Discontinued Operations in the Notes to Consolidated Financial Statements. The sales and closures include:

• Sales:
  – 2011 — two lumber mills, one oriented strand board mill, one engineered lumber mill and our hardwoods operations;
  – 2010 — one lumber mill; and

• Permanent closures:
  – 2011 — three engineered lumber mills;
  – 2010 — one lumber mill, one engineered lumber mill, one oriented strand board mill; and
  – 2009 — four lumber mills, two engineered lumber mills and six distribution centers.

• Indefinite closures:
  – 2010 — one engineered lumber mill; and
  – 2009 — one lumber mill and five engineered lumber mills.

In addition to these sales and closures, we discontinued our contractual relationship with two southern lumber mills in 2010. We no longer produce lumber at Bogalusa, Louisiana and Silver Creek, Mississippi.
Five-Year Summary of Wood Products Production

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural lumber – board feet</td>
<td>3,528</td>
<td>3,289</td>
<td>3,098</td>
<td>4,451</td>
<td>5,490</td>
</tr>
<tr>
<td>Engineered solid section – cubic feet(1)</td>
<td>13</td>
<td>15</td>
<td>11</td>
<td>22</td>
<td>28</td>
</tr>
<tr>
<td>Engineered I-joists – lineal feet(1)</td>
<td>122</td>
<td>133</td>
<td>109</td>
<td>218</td>
<td>339</td>
</tr>
<tr>
<td>Oriented strand board – square feet (3/8&quot;)</td>
<td>2,127</td>
<td>1,721</td>
<td>1,448</td>
<td>2,468</td>
<td>3,428</td>
</tr>
<tr>
<td>Softwood plywood – square feet (3/8&quot;)(2)</td>
<td>197</td>
<td>212</td>
<td>150</td>
<td>333</td>
<td>423</td>
</tr>
<tr>
<td>Hardwood lumber – board feet(3)</td>
<td>135</td>
<td>231</td>
<td>201</td>
<td>253</td>
<td>294</td>
</tr>
</tbody>
</table>

(1) Weyerhaeuser engineered I-joist facilities also may produce engineered solid section.
(2) All Weyerhaeuser plywood facilities also produce veneer.
(3) Reflects the sale of our hardwoods operations in August 2011.

HOW MUCH WE SELL

Revenues of our Wood Products business segment come from sales to wood products dealers, do-it-yourself retailers, builders and industrial users. In 2011, Wood Products net sales were $2.5 billion, a decrease of 4 percent, compared with $2.6 billion in 2010.

Five-Year Summary of Net Sales for Wood Products

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural lumber</td>
<td>$1,087</td>
<td>$1,044</td>
<td>$846</td>
<td>$1,351</td>
<td>$2,006</td>
</tr>
<tr>
<td>Engineered solid section</td>
<td>253</td>
<td>272</td>
<td>238</td>
<td>414</td>
<td>608</td>
</tr>
<tr>
<td>Engineered I-joists</td>
<td>161</td>
<td>171</td>
<td>162</td>
<td>284</td>
<td>467</td>
</tr>
<tr>
<td>Oriented strand board</td>
<td>361</td>
<td>334</td>
<td>234</td>
<td>416</td>
<td>589</td>
</tr>
<tr>
<td>Softwood plywood</td>
<td>69</td>
<td>73</td>
<td>58</td>
<td>148</td>
<td>293</td>
</tr>
<tr>
<td>Hardwood lumber(4)</td>
<td>138</td>
<td>223</td>
<td>206</td>
<td>291</td>
<td>355</td>
</tr>
<tr>
<td>Other products produced</td>
<td>156</td>
<td>145</td>
<td>146</td>
<td>225</td>
<td>226</td>
</tr>
<tr>
<td>Other products purchased for resale(4)</td>
<td>273</td>
<td>329</td>
<td>344</td>
<td>639</td>
<td>1,155</td>
</tr>
<tr>
<td>Total</td>
<td>$2,498</td>
<td>$2,591</td>
<td>$2,234</td>
<td>$3,768</td>
<td>$5,699</td>
</tr>
</tbody>
</table>

(1) Reflects the sale of our hardwoods operations in August 2011.

Five-Year Trend for Total Net Sales in Wood Products

<table>
<thead>
<tr>
<th>NET SALES IN MILLIONS OF DOLLARS</th>
<th>$8,000</th>
<th>5,699</th>
<th>3,768</th>
<th>2,234</th>
<th>2,591</th>
<th>2,498</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Reflects the sale of our hardwoods operations in August 2011.

Percentage of 2011 Net Sales in Wood Products

[Pie chart showing the percentage distribution of net sales for different products.]

WEYERHAEUSER COMPANY > 2011 ANNUAL REPORT AND FORM 10-K 10
Wood Products Volume
The volume of structural lumber and OSB sold in 2011 increased from 2010 due to increased demand and the re-opening of our Hudson Bay, Saskatchewan OSB facility. Volumes for engineered lumber decreased primarily due to continued weakness in the U.S. housing market.

Five-Year Summary of Sales Volume for Wood Products

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural lumber – board feet</td>
<td>3,586</td>
<td>3,356</td>
<td>3,319</td>
<td>4,659</td>
<td>6,344</td>
</tr>
<tr>
<td>Engineered solid section – cubic feet</td>
<td>14</td>
<td>15</td>
<td>13</td>
<td>23</td>
<td>30</td>
</tr>
<tr>
<td>Engineered I-joists – lineal feet</td>
<td>128</td>
<td>145</td>
<td>139</td>
<td>227</td>
<td>338</td>
</tr>
<tr>
<td>Oriented strand board – square feet (3/8&quot;)</td>
<td>2,008</td>
<td>1,607</td>
<td>1,432</td>
<td>2,438</td>
<td>3,466</td>
</tr>
<tr>
<td>Softwood Plywood – square feet (3/8&quot;)</td>
<td>258</td>
<td>260</td>
<td>223</td>
<td>474</td>
<td>912</td>
</tr>
<tr>
<td>Hardwood lumber – board feet(1)</td>
<td>162</td>
<td>269</td>
<td>252</td>
<td>324</td>
<td>363</td>
</tr>
</tbody>
</table>

(1) Reflects the sale of our hardwoods operations in August 2011.

Wood Products Prices
Prices for commodity wood products — Structural lumber, OSB and Plywood — decreased in 2011 from 2010.

In general, the following factors influence prices for wood products:

- Demand for wood products used in residential and multi-family construction and the repair and remodel of existing homes affects prices. Residential construction is influenced by factors such as population growth and other demographics, the level of employment, consumer confidence, consumer income, availability of financing and interest rate levels, and the supply and pricing of existing homes on the market. Repair and remodel activity is affected by the size and age of existing housing inventory and access to home equity financing and other credit.

- The availability of supply of commodity building products such as structural lumber, OSB and plywood affects prices. A number of factors can influence supply, including changes in production capacity and utilization rates, weather, raw material supply and availability of transportation.

The North American housing market continues to struggle through the worst downturn on record. Demand for new homes fell dramatically from 2006 through 2009, and has been relatively flat from 2010 through 2011. Because demand for wood products is tied so closely to home construction, the weakness in this industry has resulted in depressed demand for and prices of wood products. The following graphs reflect product price trends for the past five years.

Five-Year Summary of Selected Published Lumber Prices — $/MBF

![Lumber Price Graph]

<table>
<thead>
<tr>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>2x4 DOUGLAS FIR (KILN DRIED)</td>
<td>301</td>
<td>285</td>
<td>285</td>
<td>295</td>
</tr>
<tr>
<td>2x4 DOUGLAS FIR (GREEN)</td>
<td>242</td>
<td>213</td>
<td>213</td>
<td>230</td>
</tr>
<tr>
<td>2x4 SOUTHERN YELLOW PINE (KILN DRIED)</td>
<td>231</td>
<td>219</td>
<td>229</td>
<td>249</td>
</tr>
<tr>
<td>2x4 SPRUCE-PINE-FIR (KILN DRIED)</td>
<td>220</td>
<td>190</td>
<td>164</td>
<td>155</td>
</tr>
</tbody>
</table>
WHERE WE'RE HEADED
Our competitive strategies include:

- improving our cost competitiveness through operational excellence;
- expanding our customer base in nonresidential markets and geographies outside of North America;
- continuing to develop innovative building solutions and products to meet customer needs; and
- differentiating our products and services from other manufacturers to create demand for them in the marketplace, and build on our reputation as the preferred provider of quality building products.

CELLULOSE FIBERS
Our cellulose fibers segment is one of the world's largest producers of absorbent fluff used in products such as diapers. We also manufacture liquid packaging board and other pulp products. We have a 50 percent interest in North Pacific Paper Corporation (NORPAC) — a joint venture with Nippon Paper Industries that produces newsprint and high-brightness publication papers.

WHAT WE DO
Our cellulose fibers segment:

- provides cellulose fibers for absorbent products in markets around the world;
- works closely with our customers to develop unique or specialized applications;
- manufactures liquid packaging board used primarily for the production of containers for liquid products; and
- generates energy, of which 84 percent is from black liquor produced at the mills and biomass.

Cellulose Fibers Products

<table>
<thead>
<tr>
<th>PRODUCTS</th>
<th>HOW THEY'RE USED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulp</td>
<td></td>
</tr>
<tr>
<td>• Fluff pulp (Southern softwood kraft fiber)</td>
<td>• Used in sanitary disposable products that require bulk, softness and absorbency</td>
</tr>
<tr>
<td>• Papergrade pulp (Southern and Northern softwood kraft fiber)</td>
<td>• Used in products that include printing and writing papers and tissue</td>
</tr>
<tr>
<td>• Specialty chemical cellulose pulp</td>
<td>• Used in textiles, absorbent products, specialty packaging, specialty applications and proprietary high-bulking fibers</td>
</tr>
<tr>
<td>Liquid packaging board</td>
<td>Converted into containers to hold liquid materials such as milk, juice and tea</td>
</tr>
<tr>
<td>Other products</td>
<td>Used in the manufacture of paper products</td>
</tr>
<tr>
<td>• Slush pulp</td>
<td></td>
</tr>
<tr>
<td>• Wet lap pulp</td>
<td></td>
</tr>
</tbody>
</table>

WHERE WE DO IT
Our cellulose fibers (pulp) products are distributed through a global direct sales network, and our liquid packaging products are sold directly to carton and food product packaging converters in North America and Asia. Locations of our principal manufacturing facilities by major product group are:

- Pulp
  - U.S. — Georgia (2), Mississippi and North Carolina
  - Canada — Alberta
- Liquid packaging board
  - U.S. — Washington

Summary of 2011 Cellulose Fibers Capacities

<table>
<thead>
<tr>
<th>CAPACITIES IN THOUSANDS</th>
<th>PRODUCTION CAPACITY</th>
<th>NUMBER OF FACILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulp — air-dry metric tons</td>
<td>1,835</td>
<td>5</td>
</tr>
<tr>
<td>Liquid packaging board — tons</td>
<td>300</td>
<td>1</td>
</tr>
</tbody>
</table>
Five-Year Summary of Cellulose Fibers Production

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulp – air-dry metric tons</td>
<td>1,769</td>
<td>1,774</td>
<td>1,629</td>
<td>1,760</td>
<td>1,851</td>
</tr>
<tr>
<td>Liquid packaging board – tons</td>
<td>307</td>
<td>316</td>
<td>282</td>
<td>297</td>
<td>283</td>
</tr>
</tbody>
</table>

HOW MUCH WE SELL
Revenues of our Cellulose Fibers segment come from sales to customers who use the products for further manufacturing or distribution and for direct use. Our net sales were $2.1 billion in 2011, an increase of 8 percent, compared with $1.9 billion in 2010.

Five-Year Summary of Net Sales for Cellulose Fibers

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulp</td>
<td>$1,617</td>
<td>$1,489</td>
<td>$1,148</td>
<td>$1,357</td>
<td>$1,478</td>
</tr>
<tr>
<td>Liquid packaging board</td>
<td>346</td>
<td>337</td>
<td>290</td>
<td>290</td>
<td>247</td>
</tr>
<tr>
<td>Other products</td>
<td>95</td>
<td>85</td>
<td>73</td>
<td>118</td>
<td>107</td>
</tr>
<tr>
<td>Total</td>
<td>$2,058</td>
<td>$1,911</td>
<td>$1,511</td>
<td>$1,765</td>
<td>$1,832</td>
</tr>
</tbody>
</table>

Five-Year Trend for Total Net Sales in Cellulose Fibers

Percentage of 2011 Net Sales in Cellulose Fibers

Pulp Volumes
Our sales volumes of cellulose fiber products were 1.8 million tons in 2011 and 1.7 million tons in 2010 and 2009.

Factors that affect sales volumes for cellulose fiber products include:

• growth of the world gross domestic product and
• demand for paper production and diapers.

Five-Year Summary of Sales Volume for Cellulose Fibers

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulp – air-dry metric tons</td>
<td>1,756</td>
<td>1,714</td>
<td>1,697</td>
<td>1,704</td>
<td>2,070</td>
</tr>
<tr>
<td>Liquid packaging board – tons</td>
<td>297</td>
<td>311</td>
<td>288</td>
<td>302</td>
<td>286</td>
</tr>
</tbody>
</table>

Pulp Prices
Our average pulp prices in 2011 increased compared with 2010 due to the:

- weakening of the U.S. dollar,

- level of demand and

- world economic environment.

### Five-Year Summary of Selected Published Pulp Prices — $/TON

<table>
<thead>
<tr>
<th>Year</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>823</td>
</tr>
<tr>
<td>2008</td>
<td>857</td>
</tr>
<tr>
<td>2009</td>
<td>715</td>
</tr>
<tr>
<td>2010</td>
<td>960</td>
</tr>
<tr>
<td>2011</td>
<td>977</td>
</tr>
</tbody>
</table>

WHERE WE'RE HEADED

Our competitive strategies include:

- improving our cost-competitiveness through operational excellence and noncapital solutions;

- focusing capital investments on new and improved product capabilities, cost-reduction, and green energy opportunities;

- collaborating with third parties to develop new value-added products; and

- focusing research and development resources on new ways to expand and improve the range of applications for cellulose fibers and new product opportunities.

REAL ESTATE

Our Real Estate business segment includes our wholly-owned subsidiary Weyerhaeuser Real Estate Company (WRECO) and its subsidiaries.

WHAT WE DO

The Real Estate segment focuses on:

- constructing single-family housing and

- developing residential lots for our use and for sale.

Real Estate Products and Activities

<table>
<thead>
<tr>
<th>PRODUCTS</th>
<th>HOW THEY'RE USED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family housing</td>
<td>Residential living</td>
</tr>
<tr>
<td>Land</td>
<td>Residential lots and land for construction and sale, master-planned communities with mixed-use property</td>
</tr>
</tbody>
</table>

WHERE WE DO IT

Our operations are concentrated in metropolitan areas in Arizona, California, Maryland, Nevada, Texas, Virginia and Washington.

HOW MUCH WE SELL

We are one of the top 20 homebuilding companies in the United States as measured by annual single-family home closings.

Our revenues decreased to $838 million in 2011, down 9 percent, compared with $923 million in 2010. This decrease occurred as a result of fewer home closings in a challenged market, affected by low consumer confidence, high unemployment, tightened mortgage underwriting standards and continued downward pressure on pricing caused by excess supply.

The following factors affect revenues in our Real Estate business segment:

- The market prices of the homes that we build varies.

- The product and geographic mix of sales varies based on the following:
  - the markets where we build vary by geography;
  - we build homes that range in price points to meet our target customers’ needs, from first-time to semi-custom homes based on geography; and
  - the mix of price points, which differ for traditional, single-family detached homes and attached products such as townhomes and condominiums.

- Land and lot sales are a component of our activities. These sales do not occur evenly from year to year and may range from approximately 5 percent to 15 percent of total Real Estate revenues annually.

- From time to time, we sell apartment buildings and other income producing properties.
Five-Year Summary of Net Sales for Real Estate

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family housing</td>
<td>$768</td>
<td>$842</td>
<td>$832</td>
<td>$1,294</td>
<td>$2,079</td>
</tr>
<tr>
<td>Land</td>
<td>67</td>
<td>64</td>
<td>68</td>
<td>99</td>
<td>213</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>17</td>
<td>4</td>
<td>15</td>
<td>67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$838</td>
<td>$923</td>
<td>$904</td>
<td>$1,408</td>
<td>$2,359</td>
</tr>
</tbody>
</table>

Five-Year Trend for Total Net Sales in Real Estate

![Net Sales Trend Graph]

Percentage Breakdown of 2011 Net Sales in Real Estate

- Single-family homes: 92%
- Land development and other: 8%

Five-Year Summary of Single-Family Unit Statistics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Homes sold</td>
<td>1,902</td>
<td>1,914</td>
<td>2,269</td>
<td>2,522</td>
<td>4,152</td>
</tr>
<tr>
<td>Homes closed</td>
<td>1,912</td>
<td>2,125</td>
<td>2,177</td>
<td>3,188</td>
<td>4,427</td>
</tr>
<tr>
<td>Homes sold but not closed (backlog)</td>
<td>429</td>
<td>439</td>
<td>650</td>
<td>558</td>
<td>1,224</td>
</tr>
<tr>
<td>Cancellation rate</td>
<td>16%</td>
<td>20%</td>
<td>23%</td>
<td>32%</td>
<td>26%</td>
</tr>
<tr>
<td>Buyer traffic</td>
<td>50,125</td>
<td>68,430</td>
<td>65,781</td>
<td>112,817</td>
<td>181,896</td>
</tr>
<tr>
<td>Average price of homes closed</td>
<td>$402,000</td>
<td>$396,000</td>
<td>$382,000</td>
<td>$406,000</td>
<td>$470,000</td>
</tr>
<tr>
<td>Single-family gross margin – excluding impairments (%)</td>
<td>23.3%</td>
<td>23.7%</td>
<td>17.5%</td>
<td>15.1%</td>
<td>21.5%</td>
</tr>
</tbody>
</table>

(1) Single-family gross margin equals revenue less cost of sales and period costs (other than impairments, deposit write-offs and project abandonments).

During 2011, we experienced lower traffic year-over-year, however the number of homes sold remained comparable as our conversion rates improved.

WHERE WE’RE HEADED
Our competitive strategies include:

- offering customer-driven, distinct value propositions to specific market niches in each of our targeted geographies;
- delivering quality homes to satisfied customers — measured, in part, by “willingness to refer” rates from independent surveys of homebuyers;
- replicating best practices developed in each geographic area; and
- optimizing value from our land portfolio.
CORPORATE AND OTHER

WHAT WE DO
Corporation and Other includes certain gains or charges that are not related to an individual operating segment and the portion of items such as share-based compensation, pension and postretirement costs, foreign exchange transaction gains and losses associated with financing and other general and administrative expenses that are not allocated to the business segments. Historically, Corporation and Other included the results of our transportation operations. This included our five short line railroads that were sold at the end of 2010 and Westwood Shipping Lines that was sold on September 30, 2011. Westwood results are included in our results of discontinued operations.

HOW MUCH WE SELL
Sales and revenues for Corporation and Other are related to our discontinued transportation and international operations. In 2011, our net sales were $180 million compared with $253 million in 2010. The decrease in revenues is due to the sale of our transportation operations.

Five-Year Summary of Net Sales for Corporate and Other

<table>
<thead>
<tr>
<th>NET SALES IN MILLIONS OF DOLLARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation(^{(1)})</td>
</tr>
<tr>
<td>International wood products(^{(2)})</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

(1) Reflects the sale of Westwood Shipping Lines in September 2011 and our five short line railroads in December 2010.
(2) Reflects the divestitures of our Australian operations in July 2008.

Five-Year Trend for Total Net Sales in Corporate and Other, Including Discontinued Operations

Catchlight Energy
Catchlight Energy is Weyerhaeuser’s joint venture with Chevron, which is focused on the commercialization of liquid transportation fuels produced from conversion of forest-based material. During 2011, Catchlight was engaged in research and development work in the areas of sustainability, feedstock sourcing and scalability, and conversion technologies. Catchlight Energy also spent time developing relationships with selected technology partners. Our share of Catchlight Energy results are reported in Corporate and Other.
NATURAL RESOURCE AND ENVIRONMENTAL MATTERS

Many social values are expressed in the laws and regulations that pertain to growing and harvesting timber. We participate in voluntary certification of our timberlands to assure that we sustain their values including the protection of wildlife and water quality. We are also subject to laws regulating forestry practices. Changes in law and regulation can significantly affect local or regional timber harvest levels and market values of timber-based raw materials.

ENDANGERED SPECIES PROTECTIONS

In the United States, a number of fish and wildlife species that inhabit geographic areas near or within our timberlands have been listed as threatened or endangered under the federal Endangered Species Act (ESA) or similar state laws, including:

- the northern spotted owl, the marbled murrelet, a number of salmon species, bull trout and steelhead trout in the Pacific Northwest;
- several freshwater mussel and sturgeon species; and
- the red-cockaded woodpecker, gopher tortoise and American burying beetle in the South or Southeast.

Additional species or populations may be listed as threatened or endangered as a result of pending or future citizen petitions or petitions initiated by federal or state agencies.

Restrictions on our timber harvests result, or could result from:

- federal and state requirements to protect habitat for threatened and endangered species;
- additional listings of fish and wildlife species as endangered, threatened or sensitive under the ESA or similar state laws; or
- regulatory actions taken in the future by federal or state agencies to protect habitat for these species.

Such actions also could increase our operating costs and affect timber supply and prices in general.

In Canada:

- The federal Species at Risk Act (SARA) requires protective measures for species identified as being at risk and for critical habitat.
- Environment Canada announced a series of western science studies in 2010 that, with other landscape information, are designed to identify critical habitat.
- The Canadian Minister of the Environment released for comment in 2011 a strategy for the recovery of the boreal woodland caribou population under SARA.

The identification and protection of habitat may, over time, result in additional restrictions on timber harvests and other forest management practices that could increase operating costs for operators of forestlands in Canada. To date these Canadian measures have not had, and in 2012 will not have, a significant effect on our harvesting operations. We anticipate that future measures will not disproportionately affect Weyerhaeuser as compared with comparable operations.

REGULATIONS AFFECTING FORESTRY PRACTICES

In the United States, regulations established by federal, state and local governments or agencies to protect water quality and wetlands could affect future harvests and forest management practices on some of our timberlands. Forest practice acts in some states in the United States that increasingly affect present or future harvest and forest management activities include:

- limits on the size of clearcuts,
- requirements that some timber be left unharvested to protect water quality and fish and wildlife habitat,
- regulations regarding construction and maintenance of forest roads,
- rules requiring reforestation following timber harvest,
- procedures for state agencies to review and approve proposed forest practice activities and
- various permit programs.

Each state in which we own timberlands has developed best management practices to reduce the effects of forest practices on water quality and aquatic habitats. Additional and more stringent regulations may be adopted by various state and local governments to achieve water-quality standards under the federal Clean Water Act, protect fish and wildlife habitats, or achieve other public policy objectives.

In Canada, our forest operations are carried out on public forestlands under forest licenses. All forest operations are subject to:

- forest practices and environmental regulations and
- license requirements established by contract between us and the relevant province designed to:
  - protect environmental values and
  - encourage other stewardship values.

On May 18, 2010, 21 member companies of the Forest Products Association of Canada (FPAC), including Weyerhaeuser’s Canadian subsidiary, announced the signing of a Canadian Boreal Forest Agreement (CBFA) with nine environmental organizations. The CBFA applies to approximately 72 million hectares of public forests licensed to FPAC members and, when fully implemented, is expected to lead to the conservation of significant areas of Canada’s boreal forest and protection of woodland caribou. CBFA signatories continue to meet with provincial governments, and aboriginal and local communities to seek their participation in advancing the goals of the CBFA. Progress under the CBFA is measured by an independent auditor.
FOREST CERTIFICATION STANDARDS
We operate in North America under the Sustainable Forestry Initiative®. This is a certification standard designed to supplement government regulatory programs with voluntary landowner initiatives to further protect certain public resources and values. The Sustainable Forestry Initiative® is an independent standard, overseen by a governing board consisting of:

- conservation organizations,
- academia,
- the forest industry and
- large and small forest landowners.

Compliance with the Sustainable Forestry Initiative® may result in some increases in our operating costs and curtailment of our timber harvests in some areas.

WHAT THESE REGULATIONS AND CERTIFICATION PROGRAMS MEAN TO US
The regulatory and nonregulatory forest management programs described above have:

- increased our operating costs;
- resulted in changes in the value of timber and logs from our timberlands;
- contributed to increases in the prices paid for wood products and wood chips during periods of high demand;
- sometimes made it more difficult for us to respond to rapid changes in markets, extreme weather or other unexpected circumstances; and
- potentially encouraged further reductions in the usage of, or substitution of other products for, lumber and plywood.

We believe that these kinds of programs have not had, and in 2012 will not have, a significant effect on the total harvest of timber in the United States or Canada. However, these kinds of programs may have such an effect in the future. We expect we will not be disproportionately affected by these programs as compared with typical owners of comparable timberlands. We also expect that these programs will not significantly disrupt our planned operations over large areas or for extended periods.

CANADIAN ABORIGINAL RIGHTS
Many of the Canadian forestlands are subject to the constitutionally protected treaty or common-law rights of aboriginal peoples of Canada. Most of British Columbia (B.C.) is not covered by treaties, and as a result the claims of B.C.'s aboriginal peoples relating to forest resources are largely unresolved, although many aboriginal groups are engaged in treaty discussions with the governments of B.C. and Canada.

Final or interim resolution of claims brought by aboriginal groups is expected to result in:

- additional restrictions on the sale or harvest of timber,
- potential increase in operating costs and
- effects on timber supply and prices in Canada.

We believe that such claims will not have a significant effect on our total harvest of timber or production of forest products in 2012, although they may have such an effect in the future. In 2008, FPAC, of which we are a member, signed a Memorandum of Understanding with the Assembly of First Nations, under which the parties agree to work together to strengthen Canada’s forest sector through economic-development initiatives and business investments, strong environmental stewardship and the creation of skill-development opportunities particularly targeted to aboriginal youth.

POLLUTION-CONTROL REGULATIONS
Our operations are subject to various laws and regulations, including:

- federal,
- state,
- provincial and
- local pollution controls.

These laws and regulations, as well as market demands, impose controls with regard to:

- air, water and land;
- solid and hazardous waste management;
- disposal and remediation; and
- the chemical content of some of our products.

Compliance with these laws, regulations and demands usually involves capital expenditures as well as additional operating costs. We cannot easily quantify the future amounts of capital expenditures we might have to make to comply with these laws, regulations and demands or the effects on our operating costs because in some instances compliance standards have not been developed or have not become final or definitive. In addition, it is difficult to isolate the environmental component of most manufacturing capital projects.

Our capital projects typically are designed to:
- enhance safety,
- extend the life of a facility,
- increase capacity,
- increase efficiency,
- change raw material requirements,
- increase the economic value of assets or products and
- comply with regulatory standards.

We estimate that our capital expenditures made primarily for environmental compliance were approximately $5 million in 2011 (approximately 2 percent of total capital expenditures). Based on our understanding of current regulatory requirements in the U.S. and Canada, we expect no material capital expenditures for environmental compliance in 2012.
ENVIRONMENTAL CLEANUP
We are involved in the environmental investigation or remediation of numerous sites. Of these sites:
- we may have the sole obligation to remediate,
- we may share that obligation with one or more parties,
- several parties may have joint and several obligations to remediate or
- we may have been named as a potentially responsible party for sites designated as Superfund sites.
Our liability with respect to these various sites ranges from insignificant to substantial. The amount of liability depends on:
- the quantity, toxicity and nature of materials at the site; and
- the number and economic viability of the other responsible parties.
We spent approximately $5 million in 2011 and expect to spend approximately $6 million in 2012 on environmental remediation of these sites.
It is our policy to accrue for environmental-remediation costs when we:
- determine it is probable that such an obligation exists and
- can reasonably estimate the amount of the obligation.
We currently believe it is reasonably possible that our costs to remediate all the identified sites may exceed our current accruals of $34 million. The excess amounts required may be insignificant or could range, in the aggregate, up to $90 million over several years. This estimate of the upper end of the range of reasonably possible additional costs is much less certain than the estimates we currently are using to determine how much to accrue. The estimate of the upper range also uses assumptions less favorable to us among the range of reasonably possible outcomes.

REGULATION OF AIR EMISSIONS IN THE U.S.
The United States Environmental Protection Agency (EPA) had promulgated regulations for air emissions from:
- pulp and paper manufacturing facilities,
- wood products facilities and
- industrial boilers.
These regulations cover:
- hazardous air pollutants that require use of maximum achievable control technology (MACT) and
- controls for pollutants that contribute to smog, haze and more recently greenhouse gases.
The U.S. Court of Appeals for the D.C. Circuit issued decisions in 2007:
- vacating the MACT standards for air emissions from industrial boilers and process heaters and
- remanding the standards for plywood and composite wood products to the EPA.
The EPA must promulgate:
- technology and residual risk review for pulp and paper manufacturing facilities,
- supplemental MACT standards for plywood and composite products and
- new MACT standards for boilers.
Pending final action by the EPA, we expect:
- some states may implement MACT requirements for boilers on a case-by-case basis and
- we might spend as much as $30 million to $45 million over the next few years to comply with the MACT standards that are finally determined by the EPA and the states.
We cannot currently quantify the amount of capital we will need in the future to comply with new regulations being developed by the EPA or Canadian environmental agencies because final rules have not been promulgated.
In 2007, the U.S. Supreme Court ruled that greenhouse gases are pollutants that can be subject to regulation under the Clean Air Act. As a result, the EPA:
- promulgated regulations in 2009 for reporting greenhouse gas emissions that are applicable to our manufacturing operations;
- issued a final rule in 2010 to limit the growth in greenhouse gas emissions from new projects meeting certain emission thresholds starting in 2011 that applies to our manufacturing operations on a project-by-project basis;
- issued a final rule deferring for three years greenhouse gas permitting requirements for carbon dioxide emissions from biomass;
- initiated in 2011 efforts to further develop independent scientific analysis and rulemaking on how biomass emissions should be treated.
It is unclear what the effect of EPA's greenhouse gas regulations will be on our operations until final rules regarding biomass emissions are promulgated.
To address concerns about greenhouse gases as a pollutant, we:
• closely monitor legislative, regulatory and scientific developments pertaining to climate change;

• adopted in 2006, as part of the Company's sustainability program, a goal of reducing greenhouse gas emissions by 40 percent by 2020 compared with our emissions in 2000, assuming a comparable portfolio and regulations;

• determined to achieve this goal by increasing energy efficiency and using more greenhouse gas-neutral, biomass fuels instead of fossil fuels; and

• reduced greenhouse gas emissions by approximately 26 percent considering changes in the asset portfolio according to 2010 data, compared to our 2000 baseline.
Additional factors that could affect greenhouse gas emissions in the future include:

- policy proposals by state governments regarding regulation of greenhouse gas emissions,
- Congressional legislation regulating greenhouse gas emissions within the next several years or
- establishment of a multistate and federal greenhouse gas emissions reduction trading system with potentially significant implications for all U.S. businesses.

It is not yet known when and to what extent these policy activities may come into force or how they may relate to each other in the future.

We believe these measures have not had, and in 2012 will not have, a significant effect on our operations, although they may have such an effect in the future. We expect we will not be disproportionately affected by these measures as compared with typical owners of comparable operations. We maintain an active forestry research program to track and understand any potential effect from actual climate change related parameters that could affect the forests we own and manage and do not anticipate any disruptions to our planned operations.

REGULATION OF AIR EMISSIONS IN CANADA

In Canada:

- We participate in negotiations between the FPAC and Environment Canada to define industry obligations for complying with Canada's national plan for reducing greenhouse gas emissions and achieving ambient air quality objectives over the next several years.
- We work with provincial forestry associations to develop technically sound and economically viable policies, practices and procedures for measuring, reporting and managing greenhouse gas emissions and protecting air quality.

The Canada federal government:

- proposed a regulatory framework for air emissions in 2007 that adopted some aspects of the Kyoto Protocol;
- called for mandatory reductions in greenhouse gas emissions for heavy industrial emissions producers, among other measures, to be put in place by 2010;
- signed the Copenhagen Accord in December 2009, committing to reducing its greenhouse gas emissions by 17 percent below 2005 levels; and
- announced in December 2011 that it is withdrawing from the Kyoto Protocol.

All Canadian provincial governments:

- have greenhouse gas reporting requirements;
- are working on reduction strategies; and
- together with the Canadian federal government, are considering new or revised emission standards.

We believe these measures have not had, and in 2012 will not have, a significant effect on our operations, although they may have such an effect in the future. We expect we will not be disproportionately affected by these measures as compared with typical owners of comparable operations. We also expect that these measures will not significantly disrupt our planned operations.

REGULATION OF WATER

In the U.S., as a result of litigation (some of which is ongoing), additional federal or state permits will be required in the future under the federal Clean Water Act in one or more of the states in which we operate in relation to:

- pollution discharges from forest roads,
- other drainage features on forest land and
- the application of pesticides, including herbicides, on forest lands.

Some of these permits will be in effect in 2012 and will entail additional costs for Weyerhaeuser and some other forest landowners.

In Canada, in 2011, a National Round Table on the Environment and the Economy (NRTEE) proposed changes to water-use management across Canada and recommended that federal, provincial and territorial governments develop new water strategies. NRTEE will convene experts from across Canada to develop a national action plan on how to effectively implement the report's recommendations. Recommendations, which have not yet been developed, may entail additional costs. However, we do not expect a disproportionate effect on Weyerhaeuser as compared to comparable operations of other forest landowners.

POTENTIAL CHANGES IN POLLUTION REGULATION

State governments continue to promulgate total maximum daily load (TMDL) requirements for pollutants in water bodies that do not meet state or EPA water quality standards. State TMDL requirements may:

- set limits on pollutants that may be discharged to a body of water; or
- set additional requirements, such as best management practices for nonpoint sources, including timberland operations, to reduce the amounts of pollutants.

It is not possible to estimate the capital expenditures that may be required for us to meet pollution allocations across the various proposed state TMDL programs until a specific TMDL is promulgated.

Various levels of government in Canada have started work to address water usage and quality issues. Regional watershed protection is increasing and appears to be a part of future water strategies across Canada. As part of our membership in the U.S. Business Roundtable S.E.E. Change (society, environment and economy) initiative, we established a goal in May 2008 to reduce water use at our cellulose fibers mills 20 percent by the end of 2012, using a 2007 baseline. We achieved a 16 percent water use reduction in 2010 compared to our 2007 baseline.
FORWARD-LOOKING STATEMENTS

This report contains statements concerning our future results and performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements:

• use forward-looking terminology,

• are based on various assumptions we make and

• may not be accurate because of risks and uncertainties surrounding the assumptions we make.

Factors listed in this section — as well as other factors not included — may cause our actual results to differ from our forward-looking statements. There is no guarantee that any of the events anticipated by our forward-looking statements will occur. Or if any of the events occur, there is no guarantee what effect it will have on our operations or financial condition.

We will not update our forward-looking statements after the date of this report.

FORWARD-LOOKING TERMINOLOGY

Some forward-looking statements discuss our plans, strategies and intentions. They use words such as expects, may, will, believes, should, approximately, anticipates, estimates and plans. In addition, these words may use the positive or negative or other variations of those terms.

STATEMENTS

We make forward-looking statements of our expectations regarding first quarter 2012 as compared to fourth quarter 2011, including:

• increased fee harvest volumes in the West, slightly improved average selling prices due to a higher percentage of export logs sold to Japan, flat fee harvest volume and prices in the South, higher fuel costs across all geographies, higher silviculture expenses in the South, and slightly higher earnings in the Timberlands segment excluding earnings from disposition of non-strategic timberlands;

• increased sales and slightly higher selling prices for lumber, higher sales volumes and over five percent increase in selling prices for oriented strand board, increased sales volumes and flat prices for engineered wood products, higher log costs in the South and Canada and lower log costs in the West, higher operating rates across all product lines, and a smaller loss from continuing operations in the Wood Products segment excluding special items;

• considerably lower average selling prices for pulp and slightly lower shipment volumes, significantly higher maintenance costs and lower production due to scheduled annual maintenance outages, higher energy and chemical costs, and substantially lower earnings in the Cellulose Fibers segment;

• seasonally lower home closing volume, lower average selling prices and margins due to mix, and a loss from single-family homebuilding operations in the Real Estate segment.

In addition, we base our forward-looking statements on the expected effect of:

• the economy;

• regulations;

• adverse litigation outcomes and the adequacy of reserves;

• changes in accounting principles;

• contributions to pension plans;

• projected benefit payments;

• projected tax rates and credits; and

• other related matters.

RISKS, UNCERTAINTIES AND ASSUMPTIONS

Major risks and uncertainties — and assumptions that we make — that affect our business include, but are not limited to:

• general economic conditions, including employment rates, housing starts, the level of interest rates, availability of financing for home mortgages, and strength of the U.S. dollar;

• market demand for our products, which is related to the strength of the various U.S. business segments and economic conditions;

• performance of our manufacturing operations, including maintenance requirements;

• successful execution of our internal performance plans, including restructurings and cost-reduction initiatives;

• level of competition from domestic and foreign producers;

• raw material and energy prices and transportation costs;

• the effect of design value changes on demand for the company’s southern yellow pine lumber;
• the effect of forestry, land use, environmental and other governmental regulations;
• federal tax policies;
• legal proceedings;
• the effect of timing of retirements and changes in the market price of our common stock on charges for share-based compensation;
• the effect of weather;
• risk of loss from fires, floods, windstorms, hurricanes, pest infestations and other natural disasters;
• changes in accounting principles;
• performance of pension fund investments and related derivatives; and
• other factors described under Risk Factors.

**EXPORTING ISSUES**
We are a large exporter, affected by changes in:
• economic activity in Europe and Asia — especially Japan and China;
• currency exchange rates — particularly the relative value of the U.S. dollar to the euro and the Canadian dollar, and the relative value of the euro to the yen; and
• restrictions on international trade or tariffs imposed on imports.
RISK FACTORS

We are subject to certain risks and events that, if one or more of them occur, could adversely affect our business, our financial condition, our results of operations and the trading price of our common stock.

You should consider the following risk factors, in addition to the other information presented in this report and the matters described in “Forward-Looking Statements,” as well as the other reports and registration statements we file from time to time with the SEC, in evaluating us, our business and an investment in our securities.

The risks below are not the only risks we face. Additional risks not currently known to us or that we currently deem immaterial also may adversely affect our business.

RISKS RELATED TO OUR INDUSTRIES AND BUSINESS

MACROECONOMIC CONDITIONS

The industries in which we operate are sensitive to macroeconomic conditions and consequently highly cyclical.

The overall levels of demand for the products we manufacture and distribute and consequently our sales and profitability reflect fluctuations in levels of end-user demand, which depend in part on general macroeconomic conditions in North America and worldwide as well as on local economic conditions. Current economic conditions in the United States and the global economic downturn, combined with the decreased availability of credit due to extremely conservative underwriting criteria and high foreclosure rates, has resulted in a continued weakness in the homebuilding industry (including the company’s Real Estate business), increased inventories of available new homes, significant declines in home prices, loss of home equity values and loss of consumer confidence and demand. Our Wood Products segment is highly dependent on the strength of the homebuilding industry and the weakness in that industry has resulted in depressed prices of and demand for wood products and building materials. This has been further reflected in declining prices and demand for logs and reduced harvests in our Timberland segment. The length and magnitude of industry cycles have varied over time and by product, but generally reflect changes in macroeconomic conditions. A further decline in the recovery of consumer demand could further adversely affect our businesses.

COMMODITY PRODUCTS

Many of our products are commodities that are widely available from other producers.

Because commodity products have few distinguishing properties from producer to producer, competition for these products is based primarily on price, which is determined by supply relative to demand and competition from substitute products. Prices for our products are affected by many factors outside of our control, and we have no influence over the timing and extent of price changes, which often are volatile. Our profitability with respect to these products depends, in part, on managing our costs, particularly raw material and energy costs, which represent significant components of our operating costs and can fluctuate based upon factors beyond our control. Prices of and demand for many of our products have declined significantly in recent quarters, while many of our raw material or energy costs have increased. This has adversely affected both our sales and profitability.

INDUSTRY SUPPLY OF LOGS, WOOD PRODUCTS AND PULP

Excess supply of products may adversely affect prices and margins.

Industry supply of logs, wood products and pulp is subject to changing macroeconomic and industry conditions that may cause producers to idle or permanently close individual machines or entire mills or to decrease harvest levels. To avoid substantial cash costs in connection with idling or closing a mill, some producers choose to continue to operate at a loss, which could prolong weak prices due to oversupply. Oversupply of products also may result from producers introducing new capacity or increasing harvest levels in response to favorable short-term pricing trends. Industry supplies of pulp also are influenced by overseas production capacity, which has grown in recent years and is expected to continue to grow. While the weakness of the U.S. dollar in recent years has improved the company’s competitive position and mitigated the levels of imports, the recent strengthening of the U.S. dollar and decreases in demand for consumer products in emerging markets may result in increased imports of pulp from overseas, resulting in lower prices. Continuation of these factors could materially and adversely affect sales volumes and margins of our operations.

HOMEBUILDING MARKET AND ECONOMIC RISKS

Continuing high foreclosure rates, low demand and low levels of consumer confidence could continue to adversely affect our sales volume, pricing and margins and result in further impairments.

Demand for homes is sensitive to changes in economic conditions such as the level of employment, consumer confidence, consumer income, the availability of financing and interest rate levels. During the period of 2007 through 2011, the mortgage industry experienced significant instability and increasing default rates, particularly with regard to subprime and other nonconforming loans. This caused many lenders to tighten credit requirements and reduce the number of mortgage loans available for financing home purchases. Demand for new homes also has been adversely affected by factors such as continued high unemployment, elevated foreclosure rates and distress sales of houses, significant declines in home values and a collapse of consumer confidence. While our cancellation rates have improved, homebuyers may still find it more advantageous to forfeit a deposit than to complete the purchase of the home because of the fear of further price declines.

The company has traditionally carried a larger supply of land for development than many of our competitors. Some of the land was purchased during the last few years. Land prices have fallen in these markets and may continue to fall. As new housing demand in our markets has fallen significantly, we have elected to sell some of our non-strategic land and lots at a loss or declined to exercise options, even though that required us to forfeit deposits and write off preacquisition costs. We also have changed our competitive strategies in some markets and elected to discontinue or postpone development in other markets in response to the downturn. As a result, we continue to look for opportunities to reposition our portfolio through the sale of our assets.
Our homebuyers’ ability to qualify for and obtain affordable mortgages could be affected by changes in government sponsored entities and private mortgage insurance companies supporting the mortgage market.

The federal government has historically had a significant role in supporting mortgage lending through its sponsorship of Fannie Mae and Freddie Mac. As a result of turbulence in the credit markets and mortgage finance industry in the last few years, the effect of the federal government’s conservatorship of these government sponsored entities on the short-term and long-term demand for new housing remains uncertain. The liquidity provided to the mortgage industry by Fannie Mae and Freddie Mac, both of which purchase home mortgages and mortgage-backed securities originated by mortgage lenders, is critical to the housing market. There have been significant concerns about the future purpose of Fannie Mae and Freddie Mac and a number of proposals to curtail their activities over time are under review. Any limitations or restrictions on the availability of financing by these entities could adversely affect interest rates, mortgage financing, and increase the effective cost of our homes, which could reduce demand for our homes and adversely affect our results of operations.

Changes in tax regulations could harm our future sales and earnings.

Significant costs of homeownership include mortgage interest expense and real estate taxes, both of which are generally deductible for an individual’s federal and, in some cases, state income taxes. Any changes to income tax laws by the federal government or a state government to eliminate or substantially reduce these income tax deductions, as has been considered from time to time, would increase the after-tax cost of owning a home. Increases in real estate taxes by local governmental authorities also increase the cost of homeownership. Any such increases to the cost of homeownership could adversely affect the demand for and sales prices of new homes.

CAPITAL MARKETS
Deterioration in economic conditions and the credit markets could adversely affect our access to capital.

Financial and credit markets have been experiencing a period of turmoil that has included the failure or sale of various financial institutions, a continuing series of international economic crises, particularly in Europe, and increasingly restrictive underwriting standards. While it is difficult to predict the ultimate results of these events, they may impair the company’s ability to borrow money. Similarly, our customers may be unable to borrow money to fund their operations.

Continued deteriorating or volatile market conditions could:

- adversely affect our ability to access credit markets on terms acceptable to us,

- limit our capital expenditures for repair or replacement of existing facilities or equipment,

- adversely affect our compliance with covenants under existing credit agreements,

- result in adverse changes in the credit ratings of our debt securities,

- have an adverse effect on our customers and suppliers and their ability to purchase our products,

- adversely affect the banks providing financial security for the transaction structures used to defer taxes related to several major sales of timber,

- adversely affect the performance of our pension plans requiring additional company contributions and

- reduce our ability to take advantage of growth and expansion opportunities.

CHANGES IN CREDIT RATINGS
Changes in credit ratings issued by nationally recognized statistical rating organizations could adversely affect our cost of financing and have an adverse effect on the market price of our securities.

Credit rating agencies rate our debt securities on factors that include our operating results, actions that we take, their view of the general outlook for our industry and their view of the general outlook for the economy. Actions taken by the rating agencies can include maintaining, upgrading or downgrading the current rating or placing the company on a watch list for possible future downgrading. Downgrading the credit rating of our debt securities or placing us on a watch list for possible future downgrading could limit our access to the credit markets, increase our cost of financing, and have an adverse effect on the market price of our securities.

SUBSTITUTION
Some of our products are vulnerable to declines in demand due to competing technologies or materials.

Our products may compete with nonfiber-based alternatives or with alternative products in certain market segments. For example, plastic, wood/plastic or composite materials may be used by builders as alternatives to the products produced by our Wood Products businesses such as lumber, veneer, plywood and oriented strand board. Changes in prices for oil, chemicals and wood-based fiber can change the competitive position of our products relative to available alternatives and could increase substitution of those products for our products. As the use of these alternatives grows, demand for our products may further decline.

CHANGES IN PRODUCT MIX OR PRICING
Our results of operations and financial condition could be materially adversely affected by changes in product mix or pricing.

Our results may be affected by a change in our sales mix. Our outlook assumes a certain volume and product mix of sales. If actual results vary from this projected volume and product mix of sales, our operations and our results could be negatively affected. Our outlook also assumes we will be successful in implementing previously announced or future price increases, or plans to move customers to higher-priced products. Delays in acceptance of price increases or failure of customers to accept higher-priced products could negatively affect our results. Moreover, price discounting, if required to maintain our competitive position, could result in lower than anticipated price realizations.

INTENSE COMPETITION
We face intense competition in our markets, and the failure to compete effectively could have a material adverse effect on our business, financial condition and results of operations.

We compete with North American and, for many of our product lines, global producers, some of which may have greater financial resources and lower production costs than we do. The principal basis for competition is selling price. Our ability to maintain satisfactory margins depends in large
part on our ability to control our costs. Our industries also are particularly sensitive to other factors including innovation, design, quality and service, with varying emphasis on these factors depending on the product line. To the extent that one or more of our competitors become more
successful with respect to any key competitive factor, our ability to attract and retain customers could be materially adversely affected. If we are unable to compete effectively, such failure could have a material adverse effect on our business, financial condition and results of operations.

MATERIAL DISRUPTION OF MANUFACTURING
A material disruption at one of our manufacturing facilities could prevent us from meeting customer demand, reduce our sales or negatively affect our results of operation and financial condition.

Any of our manufacturing facilities, or any of our machines within an otherwise operational facility, could cease operations unexpectedly due to a number of events, including:

- unscheduled maintenance outages;
- prolonged power failures;
- equipment failure;
- a chemical spill or release;
- explosion of a boiler;
- the effect of a drought or reduced rainfall on its water supply;
- labor difficulties;
- disruptions in the transportation infrastructure, including roads, bridges, railroad tracks and tunnels;
- fires, floods, windstorms, earthquakes, hurricanes or other catastrophes;
- terrorism or threats of terrorism;
- governmental regulations; and
- other operational problems.

Any such downtime or facility damage could prevent us from meeting customer demand for our products or require us to make unplanned capital expenditures. If one of these machines or facilities were to incur significant downtime, our ability to meet our production targets and satisfy customer requirements could be impaired, resulting in lower sales and income.

CAPITAL REQUIREMENTS
Our operations require substantial capital.

The company has substantial capital requirements for expansion and repair or replacement of existing facilities or equipment. Although we maintain our production equipment with regular scheduled maintenance, key pieces of equipment may need to be repaired or replaced periodically. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could have a material adverse effect on our financial condition, results of operations and cash flows.

We believe our capital resources will be adequate to meet our current projected operating needs, capital expenditures and other cash requirements. If for any reason we are unable to provide for our operating needs, capital expenditures and other cash requirements on economic terms, we could experience a material adverse effect on our business, financial condition, results of operations and cash flows.

LAWS AND REGULATIONS
We could incur substantial costs as a result of compliance with, violations of, or liabilities under applicable environmental laws and other laws and regulations.

We are subject to a wide range of general and industry-specific laws and regulations relating to the protection of the environment, including those governing:

- air emissions;
- wastewater discharges;
- harvesting;
- silvicultural activities;
- the storage, management and disposal of hazardous substances and wastes;
- the cleanup of contaminated sites;
- landfill operation and closure obligations;
- forestry operations and endangered species habitat; and
- health and safety matters.

For example, the U.S. Environmental Protection Agency (EPA) is in the process of developing Maximum Achievable Control Technology (MACT) standards that regulate air emissions from pulp and paper facilities, wood products facilities and industrial boilers. The EPA also is in the process of
developing final rules regulating greenhouse gases that apply to our operations on a project-by-project basis and may be applied to carbon dioxide emissions from biomass. These and similar laws and regulations in the U.S. and Canada will require us to obtain authorizations from and comply with the authorization requirements of the appropriate governmental authorities, which have considerable discretion over the terms and timing of permits.

We have incurred, and we expect to continue to incur, significant capital, operating and other expenditures complying with applicable environmental laws and regulations and as a result of remedial obligations. We also could incur substantial costs, such as civil or criminal fines, sanctions and enforcement actions (including orders limiting our operations or requiring corrective measures, installation of pollution control equipment or other remedial actions), cleanup and closure costs, and third-party claims for property damage and personal injury as a result of violations of, or liabilities under, environmental laws and regulations.

As the owner and operator of real estate, including in our homebuilding business, we may be liable under environmental laws for cleanup, closure and other damages resulting from the presence and release of hazardous substances on or from our properties or operations. The amount and timing of environmental expenditures is difficult to predict, and in some cases, our liability may exceed forecasted amounts or the value of the property itself. The discovery of additional contamination or the imposition of additional cleanup obligations at our sites or third-party sites may result in significant additional costs. Any material liability we incur could adversely affect our financial condition or preclude us from making capital expenditures that otherwise would benefit our business.

We also anticipate public policy developments at the state, federal and international level regarding climate change and energy access, security and competitiveness. We expect these developments to address emission of carbon dioxide, renewable energy and fuel standards, and the
We would be subject to federal and state income tax on our taxable income at regular corporate rates. We would not be allowed to deduct dividends to shareholders in computing our taxable income. Certain of our business activities are potentially subject to prohibited transactions tax or corporate-level income tax. If we fail to qualify as a REIT, we might need to borrow funds or liquidate some investments to pay the additional tax liability. Accordingly, funds available for investment or dividends to our shareholders could be reduced. Qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code to our operations and the interpretations of these provisions. Although we operate in a manner consistent with the REIT qualification rules, we cannot assure you that we are or will remain so qualified. In addition, federal and state tax laws are constantly under review by persons involved in the legislative process, the Internal Revenue Service, the United States Department of the Treasury, and state taxing authorities. Changes to the tax law could adversely affect our shareholders. We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws applicable to us or our shareholders may be changed.

**CURRENCY EXCHANGE RATES**

We will be affected by changes in currency exchange rates. We have manufacturing operations in Canada, Uruguay and Brazil. We are also a large exporter and compete with producers of products very similar to ours. Therefore, we are affected by changes in the strength of the U.S. dollar relative to the Canadian dollar, euro and yen, and the strength of the euro relative to the yen.

**AVAILABILITY OF RAW MATERIALS AND ENERGY**

Our business and operations could be materially adversely affected by changes in the cost or availability of raw materials and energy. We rely heavily on certain raw materials (principally wood fiber and chemicals) and energy sources (principally natural gas, electricity, coal and fuel oil) in our manufacturing processes. Our ability to increase earnings has been, and will continue to be, affected by changes in the costs and availability of such raw materials and energy sources. We may not be able to fully offset the effects of higher raw material or energy costs through hedging arrangements, price increases, productivity improvements or cost-reduction programs.

**TRANSPORTATION**

We depend on third parties for transportation services and increases in costs and the availability of transportation could materially adversely affect our business and operations. Our business depends on the transportation of a large number of products, both domestically and internationally. We rely primarily on third parties for transportation of the products we manufacture or distribute as well as delivery of our raw materials. In particular, a significant portion of the goods we manufacture and raw materials we use are transported by railroad or trucks, which are highly regulated. If any of our third-party transportation providers were to fail to deliver the goods we manufacture or distribute in a timely manner, we may be unable to sell those products at full value — or at all. Similarly, if any of these providers were to fail to deliver raw materials to us in a timely manner, we may be unable to manufacture our products in response to customer demand. In addition, if any of these third parties were to cease operations or cease doing business with us, we may be unable to replace them at reasonable cost.

Any failure of a third-party transportation provider to deliver raw materials or finished products in a timely manner could harm our reputation, negatively affect our customer relationships and have a material adverse effect on our financial condition and results of operation. In addition, an increase in transportation rates or fuel surcharges could materially adversely affect our sales and profitability.

**REIT STATUS**

If we fail to remain qualified as a REIT, we would be subject to tax at corporate rates and would not be able to deduct dividends to shareholders when computing our taxable income because our timber-related income will be subject to taxation.

In any taxable year in which we fail to qualify as a REIT, unless we are entitled to relief under the Internal Revenue Code:

- We would be subject to federal and state income tax on our taxable income at regular corporate rates.

- We would not be allowed to deduct dividends to shareholders in computing our taxable income.

- We also would be disqualified from treatment as a REIT for the four taxable years following the year during which we lost qualification.

If we fail to qualify as a REIT, we might need to borrow funds or liquidate some investments to pay the additional tax liability. Accordingly, funds available for investment or dividends to our shareholders could be reduced.

Qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code to our operations and the determination of various factual matters and circumstances not entirely within our control. There are only limited judicial or administrative interpretations of these provisions. Although we operate in a manner consistent with the REIT qualification rules, we cannot assure you that we are or will remain so qualified.

In addition, federal and state tax laws are constantly under review by persons involved in the legislative process, the Internal Revenue Service, the United States Department of the Treasury, and state taxing authorities. Changes to the tax law could adversely affect our shareholders. We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws applicable to us or our shareholders may be changed.

Certain of our business activities are potentially subject to prohibited transactions tax or corporate-level income tax.

Under the Internal Revenue Code, REITs generally must engage in the ownership and management of income producing real estate. For the Company, this generally includes owning and managing a timberland portfolio for the production and sale of standing timber. Accordingly, the manufacture and sale of pulp products, the development and sale of puls products, the development of real estate, the building and sale of single-family houses and the development and sale of land and lots for real estate development are conducted through one or more of our wholly-owned taxable REIT subsidiaries (“TRSs”) because such activities could generate non-qualifying REIT income and could constitute “prohibited transactions.” Prohibited transactions are defined by the Internal Revenue Code generally to be sales or other dispositions of property to customers in the ordinary course of a trade or business. By conducting our business in this manner we believe that we satisfy the REIT requirements of the Internal Revenue Code and are not subject to the 100 percent tax that could be imposed if a REIT were to conduct a prohibited transaction. We may not always be successful, however, in limiting such activities to our TRSs. Therefore, we could be subject to the 100 percent prohibited transactions tax if such instances were to occur. The net income of our TRSs is subject to corporate-level income tax. The extent of our use of our TRS may affect the price of our common shares relative to the share price of other REITs.

We conduct a significant portion of our business activities through one or more TRSs. Our use of TRSs enables us to engage in non-REIT qualifying business activities such as the sale of logs, production and sale of wood products and pulp products, real estate development and
single-family home sales, and sale of HBU property. Our TRSs are subject to corporate-level tax. Therefore, we pay income taxes on the income generated by our TRSs. Under the Code, no more than 25 percent of the value of the gross assets of a REIT may be represented by securities of one or more TRSs. This limitation may affect our ability to increase the size of our TRSs’ operations. Furthermore, our use of TRSs may cause the market to value our common shares differently than the shares of other REITs, which may not use TRSs as extensively as we use them.

We may be limited in our ability to fund distributions using cash generated through our taxable REIT subsidiaries.

The ability of the REIT to receive dividends from our TRS is limited by the rules with which we must comply to maintain our status as a REIT. In particular, at least 75 percent of gross income for each taxable year as a REIT must be derived from passive real estate sources including sales of our standing timber and other types of qualifying real estate income and no more than 25 percent of our gross income may consist of dividends from our TRS and other non-real estate income.

This limitation on our ability to receive dividends from our TRSs may affect our ability to fund cash distributions to our shareholders using cash flows from our TRSs. We can, however, under current law, issue stock dividends for up to 90 percent of our regular dividend distribution for calendar years through 2011. The net income of our TRSs is not required to be distributed, and income that is not distributed will not be subject to the REIT income distribution requirement.

Our cash dividends are not guaranteed and may fluctuate.

Generally, REITs are required to distribute 90 percent of their ordinary taxable income and 95 percent of their net capital gains income. Capital gains may be retained by the REIT, but would be subject to income taxes. If capital gains are retained rather than distributed, our shareholders would be notified and they would be deemed to have received a taxable distribution, with a refundable credit for any federal income tax paid by the REIT. Accordingly, we believe that we are not required to distribute material amounts of cash since substantially all of our taxable income is treated as capital gains income. Our Board of Directors, in its sole discretion, determines the amount of quarterly dividends to be provided to our shareholders based on consideration of a number of factors. These factors include, but are not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions that may impose limitations on cash payments, future acquisitions and divestitures, harvest levels, changes in the price and demand for our products and general market demand for timberlands including those timberland properties that have higher and better uses. Consequently, our dividend levels may fluctuate.

We may not be able to complete desired like-kind exchange transactions for timberlands and real estate we sell.

When we sell timberlands and real estate, we generally seek to match these sales with the acquisition of suitable replacement timberlands. This allows us “like-kind exchange” treatment for these transactions under section 1031 and related regulations of the Code. This matching of sales and purchases provides us with significant tax benefits, most importantly the deferral of any gain on the property sold until ultimate disposition of the replacement property. While we attempt to complete like-kind exchanges wherever practical, we may not be able to do so in all instances due to various factors, including the lack of availability of suitable replacement property on acceptable terms and our inability to complete a qualifying like-kind exchange transaction within the time frames required by the Code. The inability to obtain like-kind exchange treatment would result in the payment of taxes with respect to the property sold, and a corresponding reduction in earnings and cash available for distribution to shareholders as dividends.

LEGAL PROCEEDINGS

We are a party to a number of legal proceedings, and adverse judgments in certain legal proceedings could have a material adverse effect on our financial condition.

The costs and other effects of pending litigation against us and related insurance recoveries cannot be determined with certainty. Although the disclosure in Note 15: Legal Proceedings, Commitments and Contingencies of Notes to Consolidated Financial Statements contains management’s current views of the effect such litigation will have on our financial results, there can be no assurance that the outcome of such proceedings will be as expected.

For example, there have been several lawsuits filed against us alleging that we violated U.S. antitrust laws. Those included lawsuits alleging antitrust violations against us and other manufacturers of oriented strand board and lawsuits alleging antitrust violations with respect to alder logs and lumber. All of these matters have been settled.

It is possible that there could be adverse judgments against us in some or all major litigation against us and that we could be required to take a charge for all or a portion of any damage award. Any such charge could materially and adversely affect our results of operations for the quarter or year in which we record it.

EXPORT TAXES

We may be required to pay significant export taxes or countervailing and anti-dumping duties for exported products.

We may experience reduced revenues and margins on some of our businesses as a result of export taxes or countervailing and anti-dumping duty applications. For example, in 2001, a group of companies filed petitions with the U.S. Department of Commerce and the International Trade Commission claiming that production of softwood lumber in Canada was being subsidized by Canada and that imports into the U.S. from Canada were being sold in U.S. markets at less than their fair value. We have softwood lumber facilities in Canada that export lumber into the U.S. We paid a total of $370 million in deposits for countervailing duty and anti-dumping tariffs from 2002 through 2006 related to those lumber exports. The U.S. and Canadian governments reached a settlement of the dispute in 2006. As a result of the settlement, we received a refund of $344 million in the fourth quarter of 2006. However, our Canadian softwood lumber facilities will have to pay an export tax when the price of lumber is at or below a threshold price. The export tax could be as high as 22.5 percent if a province exceeds its total allotted export share. The U.S. subsequently claimed that British Columbia violated the 2006 agreement by downgrading timber in British Columbia's interior region to lower its price. Canada has responded to the claim, which will be heard by the London Court of International Arbitration in March 2012. If the U.S. claims are upheld, our Canadian operations could be subject to damage claims for as much as $15 million. Similar types of actions have been initiated from time to time against us and other U.S. producers of products such as paper or lumber by countries such as China and Korea. It is possible that countervailing duty and antidumping tariffs, or similar types of tariffs could be imposed on us in the future. We may experience reduced revenues and margins in any business that is subject to such tariffs or to the terms of the settlements of such international disputes. These tariffs or settlement terms could have a material adverse effect on our business, financial results and financial condition, including facility closures or impairments of assets.
NATURAL DISASTERS
Our business and operations could be adversely affected by weather, fire, infestation or natural disasters.
Our timberlands assets may be damaged by adverse weather, severe wind and rainstorms, fires, pest infestation or other natural disasters.
Because our manufacturing processes primarily use wood fiber, in many cases from our own timberlands, in the event of material damage to our timberlands, our operations could be disrupted or our production costs could be increased.

SOUTHERN YELLOW PINE DESIGN VALUES
The demand for our southern yellow pine could be adversely affected by design value changes.
The Southern Pine Inspection Bureau (SPIB) submitted proposed design value changes to the American Lumber Standards Committee (ALSC) in 2011 for visually graded southern yellow pine lumber. The proposed changes were the result of tests on southern yellow pine No. 2 2X4 specimens that showed reductions in certain design values. Our Southern timberlands predominantly contain southern yellow pine. We sell both visually graded and mechanically graded southern yellow pine. Under the SPIB proposal, design values for mechanically graded lumber would not change. The ALSC held two public hearings on the matter and the results of the tests. On January 11, 2012, the ALSC Board of Review approved new design values for southern yellow pine 2X4 lumber of grade No. 2 and lower, with a recommended effective date of June 1, 2012, but declined to approve design value changes for other sizes. Further testing and analysis of other sizes of southern yellow pine is expected to be completed later in 2012. It is unknown whether the testing of other sizes will result in a SPIB proposal for additional design value changes or what changes the ALSC Board of Review would make or the timing for their implementation if changes were proposed. The design value reductions for visually graded southern yellow pine 2X4s of grade No. 2 and lower, and the possibility of additional design value reductions for other widths could result in an increase in product substitution or species substitution and could adversely affect demand for visually graded southern yellow pine.

RISKS RELATED TO OWNERSHIP OF OUR COMMON STOCK

STOCK-PRICE VOLATILITY
The price of our common stock may be volatile.
The market price of our common stock may be influenced by many factors, some of which are beyond our control, including those described above under “Risks Related to our Industries and Business” and the following:
• actual or anticipated fluctuations in our operating results or our competitors’ operating results;
• announcements by us or our competitors of new products, capacity changes, significant contracts, acquisitions or strategic investments;
• our growth rate and our competitors’ growth rates;
• the financial market and general economic conditions;
• changes in stock market analyst recommendations regarding us, our competitors or the forest products industry generally, or lack of analyst coverage of our common stock;
• sales of our common stock by our executive officers, directors and significant stockholders or sales of substantial amounts of common stock;
• changes in accounting principles; and
• changes in tax laws and regulations.
In addition, there has been significant volatility in the market price and trading volume of securities of companies operating in the forest products industry that often has been unrelated to the operating performance of particular companies.
Some companies that have had volatile market prices for their securities have had securities litigation brought against them. If litigation of this type is brought against us, it could result in substantial costs and would divert management’s attention and resources.

UNRESOLVED STAFF COMMENTS
There are no unresolved comments that were received from the SEC staff relating to our periodic or current reports under the Securities Exchange Act of 1934.

PROPERTIES
Details about our facilities, production capacities and locations are found in the Our Business — What We Do section of this report.
• For details about our Timberlands properties, go to Our Business/What We Do/Timberlands/Where We Do It.
• For details about our Wood Products properties, go to Our Business/What We Do/Wood Products/Where We Do It.
• For details about our Cellulose Fibers properties, go to Our Business/What We Do/Cellulose Fibers/Where We Do It.
• For details about our Real Estate properties, go to Our Business/What We Do/Real Estate/Where We Do It.
Production capacities listed represent annual production volume under normal operating conditions and producing a normal product mix for each individual facility. Production capacities do not include any capacity for facilities that were sold or permanently closed as of the end of 2011.

LEGAL PROCEEDINGS
See Note 15: Legal Proceedings, Commitments and Contingencies in the Notes to Consolidated Financial Statements for a summary of legal proceedings.
MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock trades on the following exchanges under the symbol WY:

- New York Stock Exchange and
- Chicago Stock Exchange

As of December 31, 2011, there were approximately 9,724 holders of record of our common shares. Dividend-per-share data and the range of closing market prices for our common stock for each of the four quarters in 2011 and 2010 are included in Note 22: Selected Quarterly Financial Information (unaudited) in the Notes to Consolidated Financial Statements.

INFORMATION ABOUT SECURITIES AUTHORIZED FOR ISSUANCE UNDER OUR EQUITY COMPENSATION PLAN

<table>
<thead>
<tr>
<th></th>
<th>NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (A)</th>
<th>WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (B)</th>
<th>NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A)) (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity compensation plans approved by security holders</td>
<td>32,799,526</td>
<td>$22.37</td>
<td>11,714,621</td>
</tr>
<tr>
<td>Equity compensation plans not approved by security holders</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
<td>32,799,526</td>
<td>$22.37</td>
<td>11,714,621</td>
</tr>
</tbody>
</table>

(1) Includes 1,738,574 restricted stock units and 314,426 performance share units. Because there is no exercise price associated with restricted stock units and performance share units, such stock units are not included in the weighted average price calculation.

INFORMATION ABOUT COMMON STOCK REPURCHASES DURING 2011

<table>
<thead>
<tr>
<th></th>
<th>TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED</th>
<th>AVERAGE PRICE PAID PER SHARE (OR UNIT)</th>
<th>TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS</th>
<th>MAXIMUM NUMBER (OR APPROXIMATE DOLLAR VALUE) OF SHARES (OR UNITS) THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock Repurchases During Third Quarter:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>—</td>
<td>N/A</td>
<td>—</td>
<td>$248,142,704</td>
</tr>
<tr>
<td>August</td>
<td>1,199,800</td>
<td>$16.67</td>
<td>1,199,800</td>
<td>$250,000,000</td>
</tr>
<tr>
<td>September</td>
<td>589,824</td>
<td>$15.89</td>
<td>589,824</td>
<td>$240,625,690</td>
</tr>
<tr>
<td>Total repurchases during third quarter</td>
<td>1,789,624</td>
<td>$16.41</td>
<td>1,789,624</td>
<td>$240,625,690</td>
</tr>
<tr>
<td>Common Stock Repurchases During Fourth Quarter:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>500,000</td>
<td>$15.33</td>
<td>500,000</td>
<td>$232,962,165</td>
</tr>
<tr>
<td>November</td>
<td>—</td>
<td>N/A</td>
<td>—</td>
<td>$232,962,165</td>
</tr>
<tr>
<td>December</td>
<td>—</td>
<td>N/A</td>
<td>—</td>
<td>$232,962,165</td>
</tr>
<tr>
<td>Total repurchases during fourth quarter</td>
<td>500,000</td>
<td>$15.33</td>
<td>500,000</td>
<td>$232,962,165</td>
</tr>
<tr>
<td>Total common stock repurchases during 2011</td>
<td>2,289,624</td>
<td>$15.63</td>
<td>2,289,624</td>
<td>$232,962,165</td>
</tr>
</tbody>
</table>

(1) On August 11, 2011, our board of directors terminated the 2008 stock repurchase program and approved the 2011 stock repurchase program under which we are authorized to repurchase up to $250 million of outstanding shares. As of December 31, 2011, we had repurchased $20 million and $17 million under the 2008 and 2011 programs, respectively. All common stock purchases under both programs were made in open-market transactions.
COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL SHAREHOLDER RETURN
Weyerhaeuser Company, S&P 500 and S&P Global Timber & Forestry Index

PERFORMANCE GRAPH ASSUMPTIONS

• Assumes $100 invested on December 31, 2006 in Weyerhaeuser common stock, the S&P 500 Index and the S&P Global Timber & Forestry Index.

• Total return assumes dividends are reinvested quarterly.

• Measurement dates are the last trading day of the calendar year shown.
### SELECTED FINANCIAL DATA

**DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES**

#### PER SHARE

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Diluted earnings (loss) from continuing operations attributable to Weyerhaeuser common shareholders</td>
<td>$0.59</td>
<td>3.96</td>
<td>(2.38)</td>
<td>(8.73)</td>
<td>(1.06)</td>
</tr>
<tr>
<td>Diluted earnings (loss) from discontinued operations attributable to Weyerhaeuser common shareholders</td>
<td>0.02</td>
<td>0.03</td>
<td>(0.20)</td>
<td>3.16</td>
<td>4.66</td>
</tr>
<tr>
<td>Diluted net earnings (loss) attributable to Weyerhaeuser common shareholders</td>
<td>$0.61</td>
<td>3.99</td>
<td>(2.58)</td>
<td>(5.57)</td>
<td>3.60</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>$0.60</td>
<td>26.61</td>
<td>0.60</td>
<td>2.40</td>
<td>2.40</td>
</tr>
<tr>
<td>Weyerhaeuser shareholders’ interest (end of year)</td>
<td>$7.95</td>
<td>8.60</td>
<td>19.13</td>
<td>22.78</td>
<td>37.80</td>
</tr>
</tbody>
</table>

### FINANCIAL POSITION

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Total assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forest Products</td>
<td>$10,681</td>
<td>11,476</td>
<td>13,248</td>
<td>14,080</td>
<td>20,026</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1,917</td>
<td>1,953</td>
<td>2,002</td>
<td>2,615</td>
<td>3,736</td>
</tr>
<tr>
<td>Total</td>
<td>$12,598</td>
<td>13,429</td>
<td>15,250</td>
<td>16,695</td>
<td>23,762</td>
</tr>
<tr>
<td><strong>Total long-term debt:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forest Products</td>
<td>$4,193</td>
<td>4,710</td>
<td>5,284</td>
<td>5,560</td>
<td>6,566</td>
</tr>
<tr>
<td>Real Estate</td>
<td>285</td>
<td>350</td>
<td>402</td>
<td>456</td>
<td>775</td>
</tr>
<tr>
<td>Total</td>
<td>$4,478</td>
<td>5,060</td>
<td>5,686</td>
<td>6,016</td>
<td>7,341</td>
</tr>
<tr>
<td>Weyerhaeuser shareholders’ interest</td>
<td>$4,263</td>
<td>4,612</td>
<td>4,044</td>
<td>4,814</td>
<td>7,981</td>
</tr>
<tr>
<td>Percent earned on average Weyerhaeuser shareholders’ interest</td>
<td>7.5%</td>
<td>29.6%</td>
<td>(12.3)%</td>
<td>(18.4)%</td>
<td>9.3%</td>
</tr>
</tbody>
</table>

### OPERATING RESULTS

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales and revenues</strong></td>
<td>$6,216</td>
<td>5,954</td>
<td>5,068</td>
<td>7,413</td>
<td>10,065</td>
</tr>
<tr>
<td>Earnings (loss) from continuing operations</td>
<td>$319</td>
<td>1,274</td>
<td>(525)</td>
<td>(1,911)</td>
<td>(284)</td>
</tr>
<tr>
<td>Discontinued operations, net of income taxes(1)</td>
<td>12</td>
<td>9</td>
<td>(43)</td>
<td>669</td>
<td>1,023</td>
</tr>
<tr>
<td>Net earnings (loss)</td>
<td>331</td>
<td>1,283</td>
<td>(568)</td>
<td>(1,242)</td>
<td>739</td>
</tr>
<tr>
<td>Less: Net loss (earnings) attributable to noncontrolling interest</td>
<td>—</td>
<td>(2)</td>
<td>23</td>
<td>66</td>
<td>51</td>
</tr>
<tr>
<td>Net earnings (loss) attributable to Weyerhaeuser common shareholders</td>
<td>$331</td>
<td>1,281</td>
<td>(545)</td>
<td>(1,176)</td>
<td>790</td>
</tr>
</tbody>
</table>

### CASH FLOWS

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash from operations</strong></td>
<td>$291</td>
<td>689</td>
<td>(203)</td>
<td>(1,411)</td>
<td>489</td>
</tr>
<tr>
<td>Cash from investing activities</td>
<td>$122</td>
<td>164</td>
<td>276</td>
<td>5,571</td>
<td>917</td>
</tr>
<tr>
<td>Cash from financing activities</td>
<td>($927)</td>
<td>(1,255)</td>
<td>(498)</td>
<td>(1,980)</td>
<td>(1,535)</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents</td>
<td>($514)</td>
<td>(402)</td>
<td>(425)</td>
<td>2,180</td>
<td>(129)</td>
</tr>
</tbody>
</table>

### STATISTICS (UNAUDITED)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>12,800</td>
<td>14,250</td>
<td>14,888</td>
<td>19,843</td>
<td>37,857</td>
</tr>
<tr>
<td>Number of shareholder accounts at year-end:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common</td>
<td>9,724</td>
<td>10,050</td>
<td>10,577</td>
<td>11,088</td>
<td>10,489</td>
</tr>
<tr>
<td>Exchangeable</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,037</td>
</tr>
<tr>
<td>Number of shares outstanding at year-end (thousands):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common</td>
<td>536,425</td>
<td>535,976</td>
<td>211,359</td>
<td>211,289</td>
<td>209,546</td>
</tr>
<tr>
<td>Exchangeable</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,600</td>
</tr>
<tr>
<td>Weighted average shares outstanding – diluted (thousands)</td>
<td>539,879</td>
<td>321,096</td>
<td>211,342</td>
<td>211,258</td>
<td>219,305</td>
</tr>
</tbody>
</table>

(1) A summary of our discontinued operations is presented in Note 3: Discontinued Operations in the Notes to Consolidated Financial Statements.

To implement our decision to be taxed as a REIT, we distributed to our shareholders our accumulated earnings and profits, determined under federal income tax provisions, as a “Special Dividend.” On September 1, 2010, we paid a dividend of $5.6 billion which included the Special Dividend and the regular quarterly dividend of approximately $11 million. At the election of each shareholder, the Special Dividend was paid in cash or Weyerhaeuser common shares. The number of common shares issued was approximately 324 million. The stock portion of the Special Dividend was treated as the issuance of new shares for accounting purposes and affects our earnings per share only for periods after the distribution. Prior
periods are not restated. The required treatment results in earnings per share that is less than would have been the case had the common shares not been issued. See Note 4: Net Earnings (Loss) Per Share in the Notes to Consolidated Financial Statements for pro forma results giving effect to the common stock distribution for diluted earnings per common share as if the common stock distribution had occurred at the beginning of each period.
ECONOMIC AND MARKET CONDITIONS AFFECTING OUR OPERATIONS

In 2011, the U.S. economy slowed its pace of recovery. The underlying causes included the Japan earthquake and tsunami, the U.S. deficit and related political instability and European debt crisis. These factors weighed heavily on the economy, delaying many anticipated improvements in key economic indicators. The U.S. housing market continues to be affected by these events and consequently lags other sectors in the recovery. Improvement in the latter part of 2011 in key areas such as job creation, industrial production and GDP may help spur growth in U.S. housing; however, the sector remains burdened by excess inventory and a diminished pool of qualified home buyers. The health of the U.S. housing market strongly affects our Real Estate, Wood Products and Timberlands segments. Real Estate focuses on building single family homes. Wood Products primarily sells into the new residential building and repair and remodel markets. Demand for logs from our Timberlands segment is affected by the production of wood-based building products as well as export demand. Cellulose Fibers is primarily affected by global demand and the relative strength of the U.S. dollar.

HOUSING MARKET

We track certain indicators such as employment, consumer confidence, housing starts, home sales, foreclosures, home prices, mortgage interest rates and the number of homes for sale to assess housing market conditions. The following market statements refer to industry conditions in general and not to Weyerhaeuser operations directly.

Total U.S. housing starts for 2011 were 606 thousand units, with single family units accounting for 429 thousand of the total. This represents a 9 percent decline in single family starts from 2010; however demand for homes was bolstered by government programs such as the new home buyer tax credit for part of the year in 2010. These programs were not renewed in 2011. Multifamily construction did relatively better in 2011 compared with 2010, averaging 177 thousand units compared with 114 thousand in 2010. In total, current housing demand remains well below 1 million or more single family starts, the typical level during the 15-year period of 1992-2007. New home sales in the U.S. totaled 303 thousand units in 2011. This level of new home sales is 6 percent lower than 2010 and lower than any year recorded since 1963, when U.S. Census started reporting this data. Through much of 2011 the unemployment rate has remained above 9 percent, but as of December had fallen to 8.5 percent, the lowest level for the year. Weak employment growth contributed to weak consumer confidence, limiting any growth in demand for housing and wood products. The number of mortgages in default remains very large and the number of foreclosures is expected to remain high relative to historic trends. This will continue to contribute to the inventory of existing homes for sale, which limits demand for new homes.

Demand for wood products continued to be affected by the depressed level of new home construction in 2011. Overall demand levels for lumber increased 3 percent from 2010 while demand for oriented strand board (OSB), which is more heavily dependent on residential construction, increased 1.5 percent from 2010 levels. Demand for both lumber and OSB remain 35 percent to 40 percent below peak levels. As a result, industry operating rates for lumber and OSB have averaged between 70 and 80 percent of capacity. Prices for some commodity wood products were modestly higher in 2011, while others such as southern yellow pine lumber and OSB were lower in 2011 than in 2010. In 2011, most prices peaked in the second quarter, coinciding with the strongest quarter of construction, but decreased to levels closer to their costs of production for much of the year. Demand for logs increased as lumber production increased slightly. In the western region, weak domestic demand for logs was offset by demand from Japan, China and Korea, resulting in significant increases in western log prices in 2011.

U.S. DOLLAR/GLOBAL DEMAND

The U.S. dollar remained weak relative to most developed world currencies during 2011. Cellulose Fibers benefited from the decline in the value of the U.S. dollar, as our pulp mills became more competitive compared to European, Canadian and South American producers. The combination of the weaker dollar, steady global demand and flat capacity helped prices for the key indicator, northern bleached softwood kraft (NBSK) pulp, to remain above $550/ton in 2011, 2 percent higher than in 2010. Pulp prices started the year similar to 2010, peaking in the second quarter and then declining into the fourth quarter, largely as a result of a weakening euro. Debt concerns in the Eurozone countries has lowered the value of the euro relative to the U.S. dollar, reducing the competitiveness of U.S. producers relative to European competitors, causing a decline in the key NBSK indicator price in the fourth quarter.

The weaker dollar compared to the yen resulted in U.S. logs being less expensive to importers in Japan. Although Japan experienced a major disruption with the earthquake and tsunami in March 2011, total housing starts in Japan increased 3 percent from 2010 levels as rebuilding efforts began in the second half of the year. The export log market was affected by increased demand from China. Chinese imports of softwood logs from the U.S. were estimated to exceed 5 million cubic meters for 2011, double the level from 2010.
WHERE WE ARE HEADED

Growth in the U.S. economy improved to 2.8 percent in fourth quarter 2011 compared to 1.8 percent in third quarter 2011 and that momentum is expected to continue into 2012. Job growth also has shown gradual improvement in the latter part of 2011 and the U.S. is expected to add enough jobs to lower the overall unemployment rate in 2012. Single-family starts are expected to gradually increase in 2012, a result of improving demand for homes and record low inventory of new homes for sale. Demand for wood products is expected to increase as a result of greater demand for housing; however sustainable demand growth is expected to be modest in 2012. As a result, prices in 2012 are expected to be similar to 2011. Log prices in western markets are expected to remain flat, exclusive of seasonal swings. In the South, log prices are also expected to remain flat, but at lower levels than the West, which benefits from strong demand from Asia. The U.S. dollar is expected to remain weak relative to developed currencies outside of the euro, which is expected to continue to be affected by uncertainty in the Eurozone. Weakness in the euro is expected to undermine the competitive position of U.S. market pulp producers and will likely put downward pressure on prices.

REAL ESTATE INVESTMENT TRUST (REIT) ELECTION

Starting with our 2010 fiscal year, we elected to be taxed as a REIT. We expect to derive most of our REIT income from investments in timberlands, including the sale of standing timber through pay-as-cut sales contracts. REIT income can be distributed to shareholders without first paying corporate level tax, substantially eliminating the double taxation on income. A significant portion of our timberland segment earnings receives this favorable tax treatment. We are, however, subject to corporate taxes on built-in-gains (the excess of fair market value over tax basis at January 1, 2010) on sales of real property (other than standing timber) held by the REIT during the first 10 years following the REIT conversion. We continue to be required to pay federal corporate income taxes on earnings of our Taxable REIT Subsidiary (TRS), which principally includes our manufacturing businesses, our real estate development business and our non-qualified timberland segment income. Following are points related to our conversion:

• To implement our decision to be taxed as a REIT, we distributed to our shareholders our accumulated earnings and profits, determined under federal income tax provisions, as a “Special Dividend.” On September 1, 2010, we paid a dividend of $5.6 billion which included the Special Dividend and the regular quarterly dividend of approximately $11 million. At the election of each shareholder, the Special Dividend was paid in cash or Weyerhaeuser common shares. The aggregate amount of cash distributed was $560 million and the number of common shares issued was approximately 324 million.

• The stock portion of the Special Dividend is treated as the issuance of new shares for accounting purposes and affects our earnings (loss) per share only for periods after the distribution. Prior periods are not restated. The required treatment results in earnings (loss) per share that is less than would have been the case had the common shares not been issued.

• We reversed certain deferred income tax liabilities, which resulted in a benefit in the Consolidated Statement of Operations during 2010 of approximately $1,064 million. Our 2010 effective income tax rate also decreased due to lower taxes on REIT qualifying timberlands income.
## FINANCIAL PERFORMANCE SUMMARY

### Net Sales and Revenues by Segment

<table>
<thead>
<tr>
<th>Segment</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIMBERLANDS</td>
<td>714</td>
<td>874</td>
<td>1,044</td>
</tr>
<tr>
<td>WOOD PRODUCTS</td>
<td>1,922</td>
<td>2,224</td>
<td>2,276</td>
</tr>
<tr>
<td>CELLULOSE FIBERS</td>
<td>1,511</td>
<td>1,911</td>
<td>2,058</td>
</tr>
<tr>
<td>REAL ESTATE</td>
<td>904</td>
<td>923</td>
<td>838</td>
</tr>
<tr>
<td>CORPORATE &amp; OTHER</td>
<td>17</td>
<td>22</td>
<td>0</td>
</tr>
</tbody>
</table>

### Contribution (Charge) to Pretax Earnings by Segment, Including Discontinued Operations

<table>
<thead>
<tr>
<th>Segment</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIMBERLANDS</td>
<td>338</td>
<td>282</td>
<td>485</td>
</tr>
<tr>
<td>WOOD PRODUCTS</td>
<td>444</td>
<td>412</td>
<td>435</td>
</tr>
<tr>
<td>CELLULOSE FIBERS</td>
<td>(310)</td>
<td>(270)</td>
<td>(299)</td>
</tr>
<tr>
<td>REAL ESTATE</td>
<td>91</td>
<td>58</td>
<td>(107)</td>
</tr>
<tr>
<td>CORPORATE &amp; OTHER</td>
<td>(733)</td>
<td>(47)</td>
<td></td>
</tr>
</tbody>
</table>
RESULTS OF OPERATIONS

In reviewing our results of operations, it is important to understand these terms:

- Price realizations refer to net selling prices — this includes selling price plus freight minus normal sales deductions.
- Net contribution to earnings can be positive or negative and refers to earnings (loss) attributable to Weyerhaeuser shareholders before interest expense and income taxes.

CONSOLIDATED RESULTS

HOW WE DID IN 2011

Summary of Financial Results

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>AMOUNT OF CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales and revenues</td>
<td>$ 6,216</td>
<td>$ 5,954</td>
<td>$ 5,068</td>
<td>$ 262</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>594</td>
<td>454</td>
<td>(379)</td>
<td>140</td>
</tr>
<tr>
<td>Earnings (loss) from discontinued operations, net of tax</td>
<td>12</td>
<td>9</td>
<td>(43)</td>
<td>3</td>
</tr>
<tr>
<td>Net earnings (loss) attributable to Weyerhaeuser common shareholders</td>
<td>$ 331</td>
<td>$ 1,281</td>
<td>$ (545)</td>
<td>$ (950)</td>
</tr>
<tr>
<td>Basic earnings (loss) per share attributable to Weyerhaeuser common shareholders</td>
<td>$ 0.62</td>
<td>$ 4.00</td>
<td>$ (2.58)</td>
<td>$ (3.38)</td>
</tr>
<tr>
<td>Diluted earnings (loss) per share attributable to Weyerhaeuser common shareholders</td>
<td>$ 0.61</td>
<td>$ 3.99</td>
<td>$ (2.58)</td>
<td>$ (3.38)</td>
</tr>
</tbody>
</table>

COMPARING 2011 WITH 2010

Net Sales and Revenues
Net sales and revenues increased $262 million — 4 percent — primarily due to the following:
- Timberlands segment sales increased $170 million, as a result of higher log prices and volumes sold;
- Cellulose Fibers segment sales increased $147 million, as a result of higher pulp prices and volumes sold; and
- Wood Products segment sales from continuing operations increased $52 million, as a result of increased volumes sold of structural lumber and OSB.

These increases were partially offset by an $85 million decrease in Real Estate segment sales, as a result of fewer home closings.

Net Earnings (Loss) Attributable to Weyerhaeuser Common Shareholders
Our net earnings attributable to Weyerhaeuser common shareholders decreased $950 million — 74 percent — primarily due to certain significant benefits in 2010 that were not repeated in 2011, including:
- $1,064 million reversal of certain deferred income tax liabilities as a result of our conversion to a REIT in 2010;
- $149 million cellulosic biofuel producer credit in 2010; and
- $46 million gain on the sale of five short line railroads in 2010.

These decreases in our earnings were partially offset by:
- $96 million net gain on sale of 82,000 acres of non-strategic timberlands in 2011;
- $76 million tax benefit related to foreign tax credits in 2011;
- $68 million decrease in interest expense due to lower charges associated with the early extinguishment of debt and lower interest expense due to a lower level of debt;
- $65 million decrease in restructuring, closure and asset impairment charges, primarily due to decreased impairments recognized in our Wood Products segment; and
- $49 million decrease in selling, general and administrative expenses.

COMPARING 2010 WITH 2009

Net Sales and Revenues
Net sales and revenues increased $886 million — 17 percent — primarily due to the following:
- Cellulose Fibers segment sales increased $400 million, as a result of higher pulp sales realizations;
- Wood Products segment sales from continuing operations increased $302 million, as a result of increased price realizations and sales
volumes for residential building products; and

- Timberlands segment sales increased $160 million, as a result of increased price realizations for log sales in the West and increased land exchanges, dispositions of non-strategic timberlands and sales of higher and better-use lands.
Net Earnings (Loss) Attributable to Weyerhaeuser Common Shareholders
Our net earnings attributable to Weyerhaeuser common shareholders increased $1,826 million primarily due to the following:

- $943 million increase in income tax benefit, primarily due to $1,064 million reversal of certain deferred income tax liabilities as a result of our conversion to a REIT in 2010 and a tax benefit of $149 million for cellulosic biofuel producer credits in 2010, partially offset by a reduced income tax benefit due to having earnings before tax in 2010 compared to a loss in 2009;

- $716 million increase in gross margin, primarily due to higher domestic and export prices in our Timberlands segment, increased price realizations for OSB and structural lumber in our Wood Products segment, increased price realizations for pulp in our Cellulose Fibers segment and increased contributions from single-family closings and land and lot sales in our Real Estate segment, partially offset by increased operating costs in our Timberlands, Wood Products and Cellulose Fibers segments;

- $542 million decrease in restructuring, closure and asset impairment charges, primarily due to charges recognized in our Timberlands, Wood Products, Real Estate and Corporate and Other segments in 2009; and

- $52 million increase in net earnings from discontinued operations.

The increases were partially offset by the following:

- $344 million tax benefit for alternative fuel mixture credits in 2009 and

- $98 million net gain on sale of 140,000 acres of non-strategic timberlands in 2009.

TIMBERLANDS

HOW WE DID IN 2011
We report sales volume and annual production data for our Timberlands business segment in Our Business/What We Do/Timberlands.

Here is a comparison of net sales and revenues to unaffiliated customers, intersegment sales, and net contribution to earnings for the last three years:

### Net Sales and Revenues and Net Contribution to Earnings for Timberlands

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>AMOUNT OF CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales and revenues to unaffiliated customers:</td>
<td></td>
</tr>
<tr>
<td>Logs:</td>
<td></td>
</tr>
<tr>
<td>West</td>
<td>$545</td>
</tr>
<tr>
<td>South</td>
<td>196</td>
</tr>
<tr>
<td>Canada</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>758</td>
</tr>
<tr>
<td>Pay as cut timber sales</td>
<td>34</td>
</tr>
<tr>
<td>Timberlands exchanges(1)</td>
<td>77</td>
</tr>
<tr>
<td>Higher and better-use land sales(1)</td>
<td>25</td>
</tr>
<tr>
<td>Minerals, oil and gas</td>
<td>53</td>
</tr>
<tr>
<td>Products from international operations(2)</td>
<td>86</td>
</tr>
<tr>
<td>Other products</td>
<td>11</td>
</tr>
<tr>
<td>Subtotal sales to unaffiliated customers</td>
<td>1,044</td>
</tr>
<tr>
<td>Intersegment sales:</td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>424</td>
</tr>
<tr>
<td>Other</td>
<td>222</td>
</tr>
<tr>
<td>Subtotal intersegment sales</td>
<td>646</td>
</tr>
<tr>
<td>Total</td>
<td>$1,690</td>
</tr>
<tr>
<td>Net contribution to earnings</td>
<td>$485</td>
</tr>
</tbody>
</table>

(1) Disposition of higher and better use timberland and non-strategic timberlands are conducted through Forest Products subsidiaries.
(2) Includes logs, plywood and hardwood lumber harvested or produced by our international operations, primarily in South America.
COMPARING 2011 WITH 2010

Net Sales and Revenues — Unaffiliated Customers
Net sales and revenues to unaffiliated customers increased $170 million — 19 percent — primarily due to the following:

- Western log sales increased by $131 million due to increased sales volumes of 18 percent and increased price realizations of 12 percent as a result of strong export demand.

- Southern log sales increased by $51 million due to increased sales volumes of 45 percent resulting from increased harvest levels and increased sales of logs to third parties.

- Sales from our International operations increased by $21 million, primarily due to increased plywood sales volumes of 34 percent.

The above items were partially offset by a decrease of $29 million in land exchanges and higher and better-use land sales.

Intersegment Sales
Intersegment sales increased $43 million — 7 percent — primarily due to the following:

- $28 million increase due to increased Canadian log and chip sales volumes and

- $15 million increase due to higher log prices and sales volumes in the West partially offset by lower log prices and sales volumes in the South.

Net contribution to earnings
Net contribution to earnings increased $203 million — 72 percent — primarily due to the following:

- $152 million pretax gain on the first quarter 2011 sale of 82,000 acres of non-strategic timberlands in southwestern Washington;

- $77 million increase, primarily due to higher domestic and export prices in the West; and

- $59 million increase, primarily due to an increase in harvest levels of 18 percent in the West and 19 percent in the South.

These items were partially offset by:

- $33 million increase in operating costs, primarily due to higher fuel and silviculture costs;

- $23 million decrease due to fewer land exchanges and higher and better-use land sales; and

- $20 million decrease due to lower prices for logs in the South.

COMPARING 2010 WITH 2009

Net Sales and Revenues — Unaffiliated Customers
Net sales and revenues to unaffiliated customers increased $160 million primarily due to the following:

- Western log sales increased $85 million due to increased price realizations of 26 percent.

- Land exchanges, dispositions of non-strategic timberlands and sales of higher and better-use lands increased $54 million.

- Sales from our International operations increased $21 million due to improvement in prices across most products and increased sales volumes.

Intersegment Sales
Intersegment sales increased $66 million, primarily due to the following:

- $49 million increase due to increased Canadian log and chip sales volumes and

- $17 million increase due to an increase in U.S. log prices.

Net contribution to earnings
The $56 million decrease in net contribution to earnings resulted primarily from the following:

- $163 million pre-tax gain on the third quarter 2009 sale of 140,000 acres of non-strategic timberland in northwestern Oregon;

- $30 million decrease resulting from increased incentive compensation and increased allocations of corporate costs to the business segments;

- $24 million decrease due to decreased harvest levels of 9 percent in the South and 12 percent in the West; and

- $17 million increase in operating costs, which includes higher road maintenance and increased fuel costs.

These items were partially offset by:

- $125 million increase, primarily due to higher domestic and export prices;

- $27 million increase due to land exchanges, dispositions of non-strategic timberlands and sales of higher and better-use lands; and

- $25 million decrease in charges for restructuring, closures and asset impairments.

OUR OUTLOOK
Excluding earnings from disposition of non-strategic timberlands, we expect slightly higher earnings from the Timberlands segment in first quarter 2012 as compared to fourth quarter 2011. We anticipate increased fee harvest volumes in the West and slightly improved average selling prices due to a higher percentage of export logs sold to Japan. We also anticipate higher fuel costs and seasonally higher silviculture expenses.
WOOD PRODUCTS

HOW WE DID IN 2011

We report sales volume and annual production data for our Wood Products business segment in Our Business/What We Do/Wood Products.

We sold our hardwoods operations in a transaction that closed on August 1, 2011. The hardwoods results are included in our Wood Products segment and results of discontinued operations for all periods presented in this report. Here is a comparison of net sales and revenues and net contribution to earnings for the last three years:

Net Sales and Revenues and Net Contribution to Earnings for Wood Products

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales and revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structural lumber</td>
<td>$1,087</td>
<td>$1,044</td>
<td>$846</td>
<td>$43</td>
<td>$198</td>
</tr>
<tr>
<td>Engineered solid section</td>
<td>253</td>
<td>272</td>
<td>238</td>
<td>(19)</td>
<td>34</td>
</tr>
<tr>
<td>Engineered I-joists</td>
<td>161</td>
<td>171</td>
<td>162</td>
<td>(10)</td>
<td>9</td>
</tr>
<tr>
<td>Oriented strand board</td>
<td>361</td>
<td>334</td>
<td>234</td>
<td>27</td>
<td>100</td>
</tr>
<tr>
<td>Softwood plywood</td>
<td>69</td>
<td>73</td>
<td>58</td>
<td>(4)</td>
<td>15</td>
</tr>
<tr>
<td>Hardwood lumber</td>
<td>138</td>
<td>223</td>
<td>206</td>
<td>(85)</td>
<td>17</td>
</tr>
<tr>
<td>Other products produced</td>
<td>156</td>
<td>145</td>
<td>146</td>
<td>11</td>
<td>(1)</td>
</tr>
<tr>
<td>Other products purchased for resale</td>
<td>273</td>
<td>329</td>
<td>344</td>
<td>(56)</td>
<td>(15)</td>
</tr>
<tr>
<td>Total</td>
<td>2,498</td>
<td>2,591</td>
<td>2,234</td>
<td>(93)</td>
<td>357</td>
</tr>
</tbody>
</table>

| Less sales of discontinued operations | (222) | (367) | (312) | 145 | (55) |
| Net sales and revenues from continuing operations | $2,276 | $2,224 | $1,922 | 52 | $302 |
| Net contribution to earnings from continuing operations | $245 | (318) | (686) | 73 | $368 |
| Net contribution to earnings from discontinued operations | (25) | 8 | (47) | (33) | 55 |
| Net contribution to earnings | $ (270) | $ (310) | $ (733) | $40 | $423 |

COMPARING 2011 WITH 2010

Restructuring, Closures and Asset Impairments

During 2011, we recognized $29 million of impairment charges in the Wood Products segment primarily related to the decision to permanently close four engineered lumber facilities that had been previously indefinitely closed. These facilities are located in Albany, Oregon; Dodson, Louisiana; Pine Hill, Alabama; and Simsboro, Louisiana. Total restructuring, closures and asset impairment charges in 2011 for the segment were $64 million. This compares with total Wood Products restructuring, closures and asset impairment charges of $114 million in 2010.

Net Sales and Revenues, Including Discontinued Operations

Net sales and revenues decreased $93 million — 4 percent — primarily due to the following:

- Structural lumber average price realizations decreased 3 percent as a result of:
  - An 11 percent decrease in southern yellow pine realizations. In 2011, southern yellow pine accounted for 50 percent of the sales volume from our sawmills.
  - This was partially offset by a 9 percent increase in Douglas fir realizations.
- OSB average price realizations decreased 14 percent.
- Engineered solid section shipment volumes decreased 10 percent.
- Engineered I-joists shipment volumes decreased 12 percent.
- Hardwood lumber sales decreased due to the sale of our hardwoods operations.
- Other products purchased for resale decreased primarily as a result of ceasing to offer a composite decking product line and the sale of our hardwoods operations.

These items were partially offset by the following:

- Structural lumber shipment volumes increased 7 percent.
- OSB shipment volumes increased 25 percent, primarily due to the re-opening of our Hudson Bay, Saskatchewan facility.
- Engineered I-joists average price realizations increased 7 percent.
Net Contribution to Earnings, Including Discontinued Operations

Net contribution to earnings increased $40 million — 13 percent — primarily due to the following:

- $74 million decrease in manufacturing costs, primarily due to increased operating rates;
- $64 million decrease in selling and administrative costs, primarily due to previous cost reduction efforts and the sale of our hardwoods operations;
- $50 million decrease in charges for restructuring, closures and asset impairments; and
- $32 million increase in by-product sales.

These changes were partially offset by the following:

- $62 million decrease due to lower sales price realizations, primarily for OSB and structural lumber;
- $43 million increase in freight expense due to higher fuel cost and increasing shipments of OSB and structural lumber;
- $40 million pretax gain on the sale of certain British Columbia forest licenses and associated rights in 2010;
- $22 million increase in charges related to the sale of our hardwoods operations; and
- $16 million increase in log costs as domestic prices increased in the West as a result of strong export demand.

COMPARING 2010 WITH 2009

Net Sales and Revenues, Including Discontinued Operations

The $357 million increase in net sales and revenues was primarily due to the following:

- Structural lumber average price realizations increased 22 percent.
- OSB average price realizations increased 27 percent and shipment volumes increased 12 percent.
- Softwood plywood average price realizations increased 8 percent and shipment volumes increased 17 percent.
- Hardwood lumber shipment volumes increased 8 percent.

Net Contribution to Earnings, Including Discontinued Operations

The $423 million improvement in net contribution to earnings was primarily due to the following:

- $276 million increase due to sales price realizations, primarily OSB and structural lumber;
- $63 million decrease in charges for restructuring, closures and asset impairments;
- $59 million decrease in manufacturing and other costs of sales as a result of increased operating efficiencies and cost reductions;
- $52 million increase in the net pretax gain on the sale of assets and operations, including the sale of certain British Columbia forest licenses and associated rights;
- $35 million decrease in selling and administrative costs, primarily due to staff reductions in 2009; and
- $13 million decrease in litigation charges, primarily due to the settlement of Alder litigation in 2009.

These improvements were partially offset by a $64 million increase in log costs.

OUR OUTLOOK

Excluding special items, we anticipate a smaller loss from the Wood Products segment in first quarter 2012 as compared to fourth quarter 2011. We expect slightly higher selling prices for lumber and OSB and increased sales volumes across all product lines. Unit manufacturing costs should decline due to seasonally improved operating rates.

CELLULOSE FIBERS

HOW WE DID IN 2011

We report sales volume and annual production data for our Cellulose Fibers business segment in Our Business/What We Do/Cellulose Fibers. Here is a comparison of net sales and revenues and net contribution to earnings for the last three years:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>AMOUNT OF CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales and revenues:</td>
<td></td>
</tr>
<tr>
<td>Pulp</td>
<td>$1,617</td>
</tr>
<tr>
<td></td>
<td>Liquid packaging board</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td></td>
<td>$ 346</td>
</tr>
<tr>
<td></td>
<td>$ 337</td>
</tr>
<tr>
<td></td>
<td>$ 290</td>
</tr>
<tr>
<td></td>
<td>$ 9</td>
</tr>
<tr>
<td></td>
<td>$ 47</td>
</tr>
</tbody>
</table>

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COMPARING 2011 WITH 2010

Net Sales and Revenues
Net sales and revenues increased $147 million — 8 percent — primarily due to the following:

- Pulp price realizations increased $52 per ton — 6 percent — primarily due to lower global softwood pulp inventories in the first half of the year and a change in sales mix to higher valued products;
- Sales volumes for pulp increased 42,000 tons — 2 percent; and
- Liquid packaging board price realizations increased $82 per ton — 8 percent — due to a favorable shift in product mix to coated board sales and an increase in market price.

Net Contribution to Earnings
Net contribution to earnings increased $23 million — 6 percent — primarily due to the following:

- $92 million increase due to higher pulp price realizations;
- $24 million improvement in liquid packaging board price realizations; and
- $13 million increase in other non operating income, which includes earnings from an equity affiliate.

Partially offsetting these increases in earnings are the following:

- $57 million increase, primarily due to rising fiber and chemical costs;
- $41 million increase in operating costs, maintenance, freight, energy and the effect on Canadian operating costs of the weakening U.S. dollar compared to the Canadian dollar; and
- $12 million increase in selling, general and administrative costs.

COMPARING 2010 WITH 2009

Net Sales and Revenues
Net sales and revenues increased $400 million primarily due to the following:

- Pulp price realizations increased $192 per ton — 28 percent — primarily due to tight global softwood pulp inventories, due in part to lower industry production in the first half of 2010 as a result of the Chilean earthquake that occurred in February 2010.
- Sales volumes for pulp increased 17,000 tons — 1 percent.
- Liquid packaging board price realizations increased $80 per ton — 8 percent — primarily due to a favorable shift in product mix to coated board.
- Sales volumes for liquid packaging board increased approximately 23,000 tons — 8 percent.

Net Contribution to Earnings
Net contribution to earnings decreased $32 million primarily due to the following:

- $344 million decrease due to alternative fuel mixture credits, see “Liquidity and Capital Resources — Cash From Operations” for more information related to the alternative fuel mixture credits;
- $69 million increase in operating costs, freight and the effect on Canadian operating costs of the weakening U.S. dollar compared to the Canadian dollar; and
- $11 million increase in general and administrative cost.

Partially offsetting these decreases in earnings were the following increases:

- $330 million increase due to higher pulp price realizations,
- $24 million increase in other product realizations,
- $25 million increase due to higher liquid packaging board price realizations and
- $12 million in other non operating income.

OUR OUTLOOK

We expect substantially lower earnings from the Cellulose Fibers segment in first quarter 2012 as compared to fourth quarter 2011. We anticipate considerably lower average selling prices for pulp and significantly higher maintenance costs due to scheduled annual maintenance outages. We also expect seasonally higher energy costs and increased fiber and chemical costs.
REAL ESTATE

HOW WE DID IN 2011

We report single-family unit statistics for our Real Estate business segment in Our Business/What We Do/Real Estate.

Here is a comparison of net sales and revenues and net contribution to earnings for the last three years:

Net Sales and Revenues and Net Contribution to Earnings for Real Estate

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales and revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single-family housing</td>
<td>$768</td>
<td>$842</td>
<td>$832</td>
<td>$(74)</td>
<td>$10</td>
</tr>
<tr>
<td>Land</td>
<td>67</td>
<td>64</td>
<td>68</td>
<td>3</td>
<td>(4)</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>17</td>
<td>4</td>
<td>(14)</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>$838</td>
<td>$923</td>
<td>$904</td>
<td>$(85)</td>
<td>$19</td>
</tr>
<tr>
<td>Net contribution to earnings</td>
<td>$58</td>
<td>$91</td>
<td>$(299)</td>
<td>$(33)</td>
<td>$390</td>
</tr>
</tbody>
</table>

COMPARING 2011 WITH 2010

Net Sales and Revenues
Net sales and revenues decreased $85 million — 9 percent — primarily due to:

- Home closings declined 10 percent to 1,912 in 2011 from 2,125 in 2010.
- Revenues from land and other sales decreased $11 million.

Net Contribution to Earnings
Net contribution to earnings decreased $33 million — 36 percent — primarily due to:

- $33 million decrease in contribution from the sale of partnership interests — first quarter 2010 included the sale of interests in two commercial partnerships;
- $25 million decrease — 12 percent — in contribution from single-family operations, primarily due to fewer home closings; and
- $9 million decrease in contribution from partnerships interests.

These decreases were partially offset by the following improvements:

- $16 million decrease in selling, general and administrative expenses, resulting from both lower closing volumes and ongoing cost reduction efforts;
- $11 million related to contingent loss reserves — 2011 included net income from reserve adjustments for settled matters compared to net charges in 2010; and
- $10 million decrease in impairments and restructuring charges.

COMPARING 2010 WITH 2009

Net Sales and Revenues
Net sales and revenues increased $19 million — 2 percent — primarily from:

- $10 million increase in single-family housing revenues, primarily due to a shift in product mix; and
  - The average price of homes closed improved to $396,000 in 2010 from $382,000 in 2009.
  - This was partially offset by a 2 percent decline in home closings — 2010 included closings of 2,125 compared to 2,177 in 2009.
- $9 million net increase in land and other revenues, primarily related to the sale of an apartment building in 2010.

Net Contribution to Earnings
Net contribution to earnings increased $390 million, primarily due to:

- $264 million decrease in impairments, restructuring and other related charges;
- $56 million increase — 37 percent — in contribution from single-family closings. The net contribution reflects a $60 million benefit as a result of improved margins due to the mix of homes closed, partially offset by a $4 million decrease as a result of fewer closings;
- $24 million increase in contributions from sales of partnership interests — 2010 included gains of $33 million on sales compared to $9 million in 2009;
- $23 million increase in contribution from land and lot sales; and
- $19 million decrease in selling and general and administrative expenses due to cost cutting measures, including reductions in headcount.

OUR OUTLOOK
We anticipate a loss from single-family homebuilding operations in first quarter 2012 as compared to fourth quarter 2011. We expect a seasonal decline in home closing volume and lower average margins due to mix.
CORPORATE AND OTHER

We report what our Corporate and Other segment includes in Our Business/What We Do/Corporate and Other.

Here is a comparison of net sales and revenues and net contribution to earnings for the last three years:

**Net Sales and Revenues and Net Contributions to Earnings for Corporate and Other**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales and revenues</td>
<td>$180</td>
<td>$253</td>
<td>$165</td>
<td>$(73)</td>
<td>$88</td>
</tr>
<tr>
<td>Less sales of discontinued operations</td>
<td>(180)</td>
<td>(231)</td>
<td>(148)</td>
<td>51</td>
<td>(83)</td>
</tr>
<tr>
<td><strong>Net sales and revenues from continuing operations</strong></td>
<td>$—</td>
<td>$22</td>
<td>$17</td>
<td>$(22)</td>
<td>$5</td>
</tr>
<tr>
<td>Net contributions to earnings from continuing operations</td>
<td>$(92)</td>
<td>$65</td>
<td>$(86)</td>
<td>$(157)</td>
<td>$151</td>
</tr>
<tr>
<td>Net contributions to earnings from discontinued operations</td>
<td>45</td>
<td>6</td>
<td>(21)</td>
<td>39</td>
<td>27</td>
</tr>
<tr>
<td><strong>Net contributions to earnings</strong></td>
<td>$(47)</td>
<td>$71</td>
<td>$(107)</td>
<td>$(118)</td>
<td>$178</td>
</tr>
</tbody>
</table>

**HOW WE DID IN 2011**

Corporate and Other includes certain gains or charges that are not related to an individual operating segment and the portion of items such as share-based compensation, pension and postretirement costs, foreign exchange transaction gains and losses associated with financing and other general and administrative expenses that are not allocated to the business segments. Historically, Corporate and Other included the results of our transportation operations. This included our five short line railroads that were sold at the end of 2010 and Westwood Shipping Lines that was sold on September 30, 2011. Westwood results are included in our results of discontinued operations.

**COMPARING 2011 WITH 2010**

**Net Sales and Revenues, Including Discontinued Operations**

Net sales and revenues decreased $73 million — 29 percent — primarily due to the sale of our transportation operations.

**Net Contribution to Earnings, Including Discontinued Operations**

Net contribution to earnings decreased $118 million, primarily due to the following:

- $100 million increase in pension and postretirement costs, primarily due to the amortization of deferred pension losses;
- $46 million gain on the sale of our five short line railroads recognized in 2010;
- $16 million decrease in foreign exchange, primarily as a result of a weaker Canadian dollar relative to the U.S. dollar;
- $14 million decrease in transportation contribution to earnings as a result of the sale of these operations; and
- $11 million increase in environmental remediation expense related to discontinued operations.

These items were partially offset by the following:

- $49 million gain on the sale of Westwood Shipping Lines in 2011 and
- $10 million decrease in share-based compensation expense.

**COMPARING 2010 WITH 2009**

**Net Sales and Revenues, Including Discontinued Operations**

Net sales and revenues increased $88 million— 53 percent — primarily due to increased revenues from Westwood operations as a result of higher volumes and prices.

**Net Contribution to Earnings, Including Discontinued Operations**

Net contribution to earnings increased $178 million, primarily due to the following:

- $183 million decrease in charges for asset impairments and corporate restructuring activities;
- $46 million gain on the sale of our five short line railroads recognized in 2010; and
- $32 million increase in earnings from transportation operations, primarily from Westwood operations.

These items were partially offset by the following:

- $29 million decrease related to litigation and insurance reimbursements received in 2009;
- $28 million decrease in foreign exchange, primarily resulting from a smaller change in the Canadian dollar relative to the U.S. dollar; and
- $18 million decrease related to the 2009 sale of a Honolulu box plant site.
INTEREST EXPENSE

Our net interest expense incurred for the last three years was:

- $384 million in 2011,
- $452 million in 2010 and
- $462 million in 2009.

Reductions in our amount of outstanding debt was:

- $583 million in 2011,
- $627 million in 2010 and
- $327 million in 2009.

In connection with the repayments, included in our net interest expense, we recognized the following pretax losses on early extinguishment of debt:

- $26 million in 2011,
- $50 million in 2010 and
- $28 million in 2009.

INCOME TAXES

Our benefit for income taxes for our continuing operations over the last three years was:

- $62 million in 2011,
- $1,192 million in 2010 and
- $249 million in 2009.

During 2011, we recorded the following tax benefits or charges:

- $76 million tax benefit related to foreign tax credits associated with the repatriation of Canadian earnings,
- $57 million tax charge resulting from the sale of non-strategic timberlands and
- $10 million tax benefit due to the early extinguishment of debt.

During 2010, we recorded the following tax benefits or charges:

- We reversed certain deferred income tax liabilities as a result of our conversion to a REIT, which resulted in a benefit of $1,064 million.
- We recorded a tax benefit of $149 million for cellulosic biofuel producer credits; see “Fuel Credits” for more information.
- We recorded a $32 million tax charge as a result of the Patient Protection and Affordable Care Act, as modified by the Health Care and Education Reconciliation Act and a change in our postretirement medical plan.

There were no one-time deferred tax benefits or charges during 2009.

As a REIT, we generally are not subject to corporate level tax on income of the REIT that is distributed to shareholders. We will, however, be subject to corporate taxes on built-in-gains (the excess of fair market value over tax basis at January 1, 2010) on sales of real property (other than standing timber) held by the REIT during the first 10 years following the REIT conversion. We also will continue to be required to pay federal corporate income taxes on earnings of our TRS, which principally includes our manufacturing businesses, our real estate development business and the portion of our timberlands segment income included in the TRS.

The table below summarizes the historical tax characteristics of distributions to shareholders for the years ended December 31:

<table>
<thead>
<tr>
<th>AMOUNTS PER SHARE</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualified dividend</td>
<td>$</td>
<td>—</td>
<td>$25.53</td>
</tr>
<tr>
<td>Capital gain dividend</td>
<td>0.60</td>
<td>0.61</td>
<td>—</td>
</tr>
<tr>
<td>Return of capital</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Pre-March 1, 1913 earnings</td>
<td>—</td>
<td>0.47</td>
<td>—</td>
</tr>
<tr>
<td>Total distributions</td>
<td>$0.60</td>
<td>$26.61</td>
<td>$0.60</td>
</tr>
</tbody>
</table>

LIQUIDITY AND CAPITAL RESOURCES

We are committed to maintaining a sound, conservative capital structure that enables us to:

- protect the interests of our shareholders and lenders and
- have access at all times to major financial markets.

CASH FROM OPERATIONS

Cash from operations includes:
• cash received from customers;
• cash paid to employees, suppliers and others;
• cash paid for interest on our debt; and
• cash paid or received for taxes.
Consolidated net cash provided by (used in) our operations was:

- $291 million in 2011,
- $689 million in 2010 and
- $(203) million in 2009.

**COMPARING 2011 WITH 2010**

Net cash provided by operations decreased $398 million in 2011 as compared with 2010:

- Net cash inflows related to income taxes decreased $481 million. We paid taxes of $28 million in 2011 and received $453 million in 2010.
- Cash paid to employees, suppliers and others increased $144 million.

Partially offsetting the above decreases were:

- Pension and postretirement contributions decreased $137 million. These contributions were $143 million in 2011 compared to $280 million in 2010.
- Cash we received from customers increased $80 million, primarily due to increased net sales and revenues from our Timberlands and Cellulose Fibers segments partially offset by decreased net sales in our Wood Products, Real Estate and Corporate and Other segments.

**COMPARING 2010 WITH 2009**

Net cash used in operations increased $892 million in 2010 as compared with 2009:

- Cash we received from customers increased approximately $864 million primarily due to increased net sales and revenues from our Wood Products, Cellulose Fibers, Timberlands and Corporate and Other segments.
- Consolidated cash received for income taxes increased $495 million as compared to 2009. We received taxes of $453 million in 2010 and paid $42 million in 2009.

Partially offsetting the above increases were:

- Cash paid to employees, suppliers and others increased $312 million.
- Pension and postretirement contributions increased $165 million. These contributions were $280 million in 2010 compared to $115 million in 2009.

**Fuel Credits**

During 2009, the U.S. Internal Revenue Code allowed a $0.50 per gallon tax credit for the alternative fuel component of alternative fuel mixtures produced and used as a fuel in a taxpayer's trade or business. In 2009, we had 688 million gallons of qualifying alternative fuel mixture, resulting in $344 million of credits. The alternative fuel mixture credit expired on December 31, 2009.

In 2010, the IRS concluded that black liquor sold or used in 2009 qualifies for the cellulosic biofuel producer credit. Black liquor potentially qualifies for either the cellulosic biofuel producer credit or the alternative fuel mixture credit (but not both on the same gallon of black liquor). During 2009, we produced approximately 238 million gallons of black liquor, which did not qualify for the alternative fuel mixture credit. This equals $240 million of potential cellulosic biofuel producer credit at $1.01 per gallon, or $149 million net of tax, which we recognized in fourth quarter 2010.

**INVESTING IN OUR BUSINESS**

Cash from investing activities includes:

- acquisitions of property, equipment, timberlands and reforestation;
- investments in or distribution from equity affiliates;
- proceeds from sale of assets and operations; and
- purchases and redemptions of short-term investments.


**Three-Year Summary of Capital Spending by Business Segment**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timberlands</td>
<td>$53</td>
<td>72</td>
<td>83</td>
</tr>
<tr>
<td>Wood Products</td>
<td>35</td>
<td>31</td>
<td>53</td>
</tr>
<tr>
<td>Cellulose Fibers(1)</td>
<td>146</td>
<td>123</td>
<td>61</td>
</tr>
<tr>
<td>Corporate and Other</td>
<td>1</td>
<td>1</td>
<td>13</td>
</tr>
<tr>
<td>Real Estate</td>
<td>3</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>241</strong></td>
<td><strong>234</strong></td>
<td><strong>223</strong></td>
</tr>
</tbody>
</table>

(1) 2010 includes the exercise of an option to acquire liquid packaging board extrusion equipment for $21 million, including the assumption of liabilities of $4 million.

We anticipate that our net capital expenditures for 2012 — excluding acquisitions — will be approximately $260 million to $290 million. However, that amount could change due to:

- future economic conditions,
• weather and
timing of equipment purchases.
PROCEEDS FROM THE SALE OF NONSTRATEGIC ASSETS
Proceeds received from the sale of nonstrategic assets over the last three years were:

- $362 million in 2011 including:
  - $192 million for the sale of 82,000 acres of non-strategic timberlands in southwestern Washington;
  - $84 million for the sale of our hardwoods operations (we expect to receive an additional $25 million plus interest in 2016 from a note receivable);
  - $58 million for the sale of our Westwood Shipping Lines operations; and
  - $28 million for the sale of other non-strategic assets.

- $213 million in 2010 including:
  - $66 million for the sale of Wood Products assets,
  - $52 million for the sale of five short line railroads,
  - $40 million for the sale of British Columbia forest licenses and associated rights in our Wood Products segment,
  - $33 million for the sale of partnership interests in our Real Estate segment and
  - $22 million for the sale of other non-strategic assets.

- $355 million in 2009 including:
  - $295 million from the sale of nonstrategic timberlands in Oregon and
  - $20 million from the sale of our closed Honolulu box plant.

Discontinued operations are discussed in Note 3: Discontinued Operations in the Notes to Consolidated Financial Statements.

FINANCING
Cash from financing activities includes:

- issuances and payments of long-term debt,
- borrowings and payments under revolving lines of credit,
- changes in book overdrafts,
- proceeds from stock offerings and option exercises and
- payments of cash dividends and repurchasing stock.

DEBT
Our consolidated long-term debt was:

- $4.5 billion as of December 31, 2011;
- $5.1 billion as of December 31, 2010; and
- $5.7 billion as of December 31, 2009.

Long-term debt proceeds were $491 million in 2009. There were no proceeds in 2010 or 2011.

Long-term debt we retired according to its scheduled maturity was:

- $33 million in 2011,
- $43 million in 2010 and
- $459 million in 2009.

Long-term debt we retired prior to its scheduled maturity was:

- $550 million in 2011,
- $589 million in 2010 and
- $367 million in 2009.

Losses recognized on early extinguishment of debt and included in our net interest expense were:

- $26 million in 2011 and
- $50 million in 2010 and
- $28 million in 2009.

See Note 13: Long-Term Debt in the Notes to Consolidated Financial Statements for more information.

REVOLVING CREDIT FACILITIES
During June 2011, Weyerhaeuser Company and Weyerhaeuser Real Estate Company (WRECO) entered into a new $1.0 billion 4-year revolving credit facility that expires in June 2015. This replaces a $1.0 billion revolving credit facility that was set to expire December 2011. WRECO can borrow up to $50 million under this facility. Neither of the entities is a guarantor of the borrowing of the other under this credit facility.

There were no net proceeds from the issuance of debt or from borrowings (repayments) under our available credit facility in 2011, 2010 or 2009.

Debt covenants:
As of December 31, 2011, Weyerhaeuser Company and WRECO:

• had no borrowings outstanding under our credit facility and
• were in compliance with the credit facility covenants.
Weyerhaeuser Company Covenants:
Key covenants related to Weyerhaeuser Company include the requirement to maintain:
- a minimum defined net worth of $3.0 billion;
- a defined debt-to-total-capital ratio of 65 percent or less; and
- ownership of, or long-term leases on, no less than four million acres of timberlands.
Weyerhaeuser Company’s defined net worth is comprised of:
- total Weyerhaeuser shareholders’ interest,
- plus or minus accumulated comprehensive income (loss) related to pension and postretirement benefits,
- minus Weyerhaeuser Company’s investment in subsidiaries in our Real Estate segment or other unrestricted subsidiaries.

Total Weyerhaeuser Company capitalization is comprised of:
- total Weyerhaeuser Company (excluding WRECO) debt
- plus total defined net worth.

As of December 31, 2011, Weyerhaeuser Company had:
- a defined net worth of $5.0 billion and
- a defined debt-to-total-capital ratio of 46.1 percent.

Weyerhaeuser Real Estate Company Covenants
Key covenants related to WRECO revolving credit facility and medium-term notes include the requirement to maintain:
- a minimum capital base of $100 million,
- a defined debt-to-total-capital ratio of 80 percent or less and
- Weyerhaeuser Company or a subsidiary must own at least 79 percent of WRECO.
WRECO’s defined net worth is:
- total WRECO shareholders’ interest,
- minus intangible assets,
- minus WRECO’s investment in joint ventures and partnerships.

Total WRECO defined debt is:
- total WRECO debt — including any intercompany debt
- plus outstanding WRECO guarantees and letters of credit.

Total WRECO capitalization is defined as:
- total WRECO defined debt and
- total WRECO defined net worth.

As of December 31, 2011, WRECO had:
- a capital base of $850 million and
- a defined debt-to-total-capital ratio of 50.5 percent.

There are no other significant financial debt covenants related to our third party debt for either Weyerhaeuser Company or WRECO.
See Note 12: Lines of Credit in the Notes to Consolidated Financial Statements for more information.

OPTION EXERCISES
We received cash proceeds of $38 million from the exercise of stock options in 2011.

PAYING DIVIDENDS AND REPURCHASING STOCK
We paid cash dividends of:
- $323 million in 2011,
- $608 million in 2010 and
- $127 million in 2009.
Changes in the amount of dividends we paid were primarily due to:
- the Special Dividend paid on September 1, 2010;
- an increase in the number of our common shares outstanding as a result of the Special Dividend; and
• an increase in our quarterly dividend from 5 cents per share to 15 cents per share in February 2011.

On February 9, 2012, our board declared a dividend of 15 cents per share, payable on March 15, 2012.

During 2011, we repurchased 1,199,800 shares of common stock for $20 million under the 2008 stock repurchase program. On August 11, 2011, our board of directors terminated the 2008 stock repurchase program and approved the 2011 stock repurchase program under which we are authorized to repurchase up to $250 million of outstanding shares. During 2011, we repurchased 1,089,824 shares of common stock for $17 million under the 2011 program. As of December 31, 2011, we had remaining authorization of $233 million for future share repurchases.

During 2009, we repurchased 66,691 shares of common stock for $2 million under the 2008 stock repurchases program. All common stock purchases under both programs were made in open-market transactions.
OU CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

More details about our contractual obligations and commercial commitments are in Note 8: Pension and Other Postretirement Benefit Plans,  

Significant Contractual Obligations as of December 31, 2011

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>TOTAL LESS THAN 1 YEAR</th>
<th>1-3 YEARS</th>
<th>3-5 YEARS</th>
<th>MORE THAN 5 YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt obligations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forest Products</td>
<td>$4,198</td>
<td>$12</td>
<td>$340</td>
<td>—</td>
</tr>
<tr>
<td>Real Estate</td>
<td>285</td>
<td>176</td>
<td>84</td>
<td>—</td>
</tr>
<tr>
<td>Interest(1)</td>
<td>4,069</td>
<td>354</td>
<td>634</td>
<td>620</td>
</tr>
<tr>
<td>Operating lease obligations</td>
<td>218</td>
<td>35</td>
<td>51</td>
<td>24</td>
</tr>
<tr>
<td>Purchase obligations(2)</td>
<td>143</td>
<td>63</td>
<td>62</td>
<td>11</td>
</tr>
<tr>
<td>Employee-related obligations(3)</td>
<td>705</td>
<td>271</td>
<td>123</td>
<td>49</td>
</tr>
<tr>
<td>Liabilities related to unrecognized tax benefits(4)</td>
<td>284</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>$9,902</td>
<td>$911</td>
<td>$1,294</td>
<td>$704</td>
</tr>
</tbody>
</table>

(1) Amounts presented for interest payments assume that all long-term debt obligations outstanding as of December 31, 2011 will remain outstanding until maturity, and interest rates on variable-rate debt in effect as of December 31, 2011 will remain in effect until maturity.
(2) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on the company and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Purchase obligations exclude arrangements that the company can cancel without penalty.
(3) The timing of certain of these payments will be triggered by retirements or other events. When the timing of payment is uncertain, the amounts are included in the total column only. Minimum pension funding is required by established funding standards and estimates are not made beyond 2013. Estimated payments of contractually obligated postretirement benefits are not made beyond 2011.
(4) We have recognized total liabilities related to unrecognized tax benefits of $284 million as of December 31, 2011, including interest of $33 million. The timing of payments related to these obligations is uncertain; however, none of this amount is expected to be paid within the next year.

OFF-BALANCE SHEET ARRANGEMENTS

Off-balance sheet arrangements have not had — and are not reasonably likely to have — a material effect on our current or future financial condition, results of operations or cash flows. Note 9: Variable Interest Entities and Note 12: Lines of Credit in the Notes to Consolidated Financial Statements contain our disclosures of:

- surety bonds,
- letters of credit and guarantees and
- information regarding variable interest entities.

ENVIRONMENTAL MATTERS, LEGAL PROCEEDINGS AND OTHER CONTINGENCIES

See Note 15: Legal Proceedings, Commitments and Contingencies in the Notes to Consolidated Financial Statements.

ACCOUNTING MATTERS

CRITICAL ACCOUNTING POLICIES

Our critical accounting policies involve a higher degree of judgment and estimates. They also have a high degree of complexity.

In accounting, we base our judgments and estimates on:

- historical experience and
- assumptions we believe are appropriate and reasonable under current circumstances.

Actual results, however, may differ from the estimated amounts we have recorded.

Our most critical accounting policies relate to our:

- pension and postretirement benefit plans;
- potential impairments of long-lived assets;
- legal, environmental and product liability reserves; and
- depletion accounting.
Details about our other significant accounting policies — what we use and how we estimate — are in Note 1: Summary of Significant Accounting Policies in the Notes to Consolidated Financial Statements.
PENSION AND POSTRETIREMENT BENEFIT PLANS
We sponsor several pension and postretirement benefit plans for our employees. Key assumptions we use in accounting for the plans include our:

- discount rates,
- expected long-term rate of return,
- anticipated trends in health care costs,
- assumed increases in salaries and
- mortality rates.

At the end of every year, we review our assumptions with external advisers and make adjustments as appropriate. Actual experience that differs from our assumptions or any changes in our assumptions could have a significant effect on our financial position, results of operations and cash flows.

Other factors that affect our accounting for the plans include:

- actual pension fund performance,
- level of lump sum distributions,
- plan changes,
- changes in plan participation or coverage and
- portfolio changes and restructuring.

This section provides more information about our:

- expected long-term rate of return,
- discount rates and
- cash contributions.

Expected Long-Term Rate of Return
Plan assets are assets of the pension plan trusts that fund the benefits provided under the pension plans. The expected long-term rate of return is our estimate of the long-term rate of return that our plan assets will earn. Our expected long-term rate of return is important in determining the net income or expense we recognize for our plans.

After considering available information at the end of 2011, we reduced our expected long-term rate of return from 9.5 percent to 9.0 percent. Factors we considered include:

- the 14.8 percent net compounded annual return achieved by our U.S. pension trust investment strategy over the past 27 years and
- current and expected valuation levels in the global equity and credit markets.

The revised rate will affect the amount of net periodic benefit costs that we record in 2012. Every 0.5 percent decrease in our expected long-term rate of return would increase expense or reduce a credit by approximately:

- $19 million for our U.S. qualified pension plans and
- $3 million for our Canadian registered pension plans.

Likewise, every 0.5 percent increase in our expected long-term rate of return would decrease expense or increase a credit by those same amounts.

The actual return on plan assets in any given year may vary from our expected long-term rate of return. Actual returns on plan assets affect the funded status of the plans. Differences between actual returns on plan assets and the expected long-term rate of return are reflected as adjustments to cumulative other comprehensive income (loss), a component of total equity.

Discount Rates
Our discount rates as of December 31, 2011, are:

- 4.5 percent for our U.S. pension plans — compared with 5.4 percent at December 31, 2010;
- 4.1 percent for our U.S. postretirement plans — compared with 5.0 percent at December 31, 2010;
- 4.9 percent for our Canadian pension plans — compared with 5.3 percent at December 31, 2010; and
- 4.8 percent for our Canadian postretirement plans — compared with 5.2 percent at December 31, 2010.

We review our discount rates annually and revise them as needed. The discount rates are selected at the measurement date by matching current spot rates of high-quality corporate bonds with maturities similar to the timing of expected cash outflows for benefits.

Pension and postretirement benefit expenses for 2012 will be based on the 4.5 percent and 4.1 percent assumed discount rates for U.S. plans and the 4.9 percent and 4.8 percent assumed discount rates for the Canadian plans.

Our discount rates are important in determining the cost of our plans. A 0.5 percent decrease in our discount rate would increase expense or reduce a credit by approximately:

- $27 million for our U.S. qualified pension plans and
Contributions Made and Benefits Paid
During 2011:

- We contributed approximately $82 million to our Canadian registered and nonregistered pension plans in accordance with minimum funding rules and respective provincial regulations.

- We contributed approximately $21 million to our U.S. nonqualified pension plans.

- We made benefit payments of approximately $40 million related to our U.S. and Canadian other postretirement plans.
During 2012:
Based on estimated year-end assets and projections of plan liabilities we expect to:

- have a required contribution for our U.S. qualified plan for 2012 of approximately $60 million, which is payable by September 15, 2013;
- be required to contribute approximately $83 million to our Canadian registered and nonregistered pension plans;
- contribute $20 million to our U.S. nonqualified pension plans; and
- make benefit payments of $42 million to our U.S. and Canadian other postretirement plans.

LONG-LIVED ASSETS
We review the carrying value of our long-lived assets whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable through future operations. The carrying value is the amount assigned to long-lived assets in our books.

An impairment occurs when the carrying value of long-lived assets will not be recovered from future cash flows and is more than fair market value. Fair market value is the estimated amount we would receive if we were to sell the assets.

In determining fair market value and whether impairment has occurred, we are required to estimate:

- future cash flows,
- residual values and
- fair values of the assets.

Key assumptions we use in developing the estimates include:

- probability of alternative outcomes,
- product pricing,
- raw material costs,
- product sales and
- discount rate.

IMPAIRMENT OF LONG-LIVED ASSETS: REAL ESTATE
We review homebuilding long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. We recorded long-lived homebuilding asset impairments and related charges attributable to Weyerhaeuser shareholders of $11 million in 2011, $21 million in 2010 and $261 million in 2009.

Real Estate In Process of Development and Land Being Processed for Development
Real estate in process of development and land being processed for development includes subdivisions and master planned communities (MPCs). MPCs typically include several product segments such as residential, active adult, retail and commercial. We evaluate impairment at the subdivision or MPC product segment level. Factors that are considered when evaluating a subdivision or MPC product segment for impairment include:

- gross margins and selling costs on homes closed in recent months;
- projected gross margins and selling costs based on our operating budgets;
- competitor pricing and incentives in the same or nearby communities; and
- trends in average selling prices, discounts, incentives, sales velocity and cancellations.

We update the undiscounted cash flow forecast for each subdivision and MPC product segment that may be impaired. The undiscounted cash flow forecasts are affected by community-specific factors that include:

- estimates and timing of future revenues;
- estimates and timing of future land development, materials, labor and contractor costs;
- community location and desirability, including availability of schools, retail, mass transit and other services;
- local economic and demographic trends regarding employment, new jobs and taxes;
- competitor presence, product types, future competition, pricing, incentives and discounts; and
- land availability, number of lots we own or control, entitlement restrictions and alternative uses.

The carrying amount of each subdivision and MPC product segment is written down to fair value when the forecasted cash flows are less than the carrying amount of a subdivision or MPC product segment. An impairment charge for a subdivision or MPC product segment is allocated to each lot in the community in the same manner as land and development costs are allocated to each lot.

Real Estate for Sale
Real estate for sale includes homes that have been completed and land that we intend to sell. We regularly sell land or lots that do not fit our value proposition or development plans.
The carrying amount of real estate for sale is reduced to fair value less estimated costs to sell if the forecasted net proceeds are less than the carrying amount. The fair value analysis is affected by local market economic conditions, demographic factors and competitor actions, and is inherently uncertain. Actual net proceeds can differ from the estimates. The carrying amount of real estate for sale is evaluated quarterly.

**Market Approach**
We use the market approach to determine fair value of real estate assets when information for comparable assets is available. This approach is commonly used for completed inventory and individual assets for sale. We typically use:

- sales prices for comparable assets,
- market studies,
- appraisals or
- legitimate offers.
Income Approach

We generally use the income approach to determine fair value of real estate for our inactive projects and assets in process of development. The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The fair value measurement is based on the value indicated by current market expectations regarding those future estimated cash inflows and outflows. We use present value techniques based on discounting the estimated cash flows at a rate commensurate with the inherent risks associated with the assets and related estimated cash flow streams. Discount rates applied to the estimated future cash flows of our homebuilding assets in 2011 ranged from 15 percent to 18 percent. The income approach relies on management judgment regarding the various inputs to the undiscounted cash flow forecasts.

CONTINGENT LIABILITIES

We are subject to lawsuits, investigations and other claims related to environmental, product and other matters, and are required to assess the likelihood of any adverse judgments or outcomes to these matters, as well as potential ranges of probable losses. We record contingent liabilities when:

- it becomes probable that we will have to make payments and
- the amount of loss can be reasonably estimated.

Assessing probability of loss and estimating probable losses requires analysis of multiple factors, including:

- historical experience,
- judgments about the potential actions of third party claimants and courts and
- recommendations of legal counsel.

In addition to contingent liabilities recorded for probable losses, we disclose contingent liabilities when there is a reasonable possibility that an ultimate loss may occur.

While we do our best in developing our projections, recorded contingent liabilities are based on the best information available and actual losses in any future period are inherently uncertain. If estimated probable future losses or actual losses exceed our recorded liability for such claims, we would record additional charges in other (income) expense, net. These exposures and proceedings can be significant and the ultimate negative outcomes could be material to our operating results or cash flow in any given quarter or year. See Note 15: Legal Proceedings, Commitments and Contingencies in the Notes to Consolidated Financial Statements for more information.

DEPLETION

We record depletion — the costs attributed to timber harvested — as trees are harvested.

To calculate our depletion rate, which is updated annually, we:

- take the total carrying cost of the timber and
- divide by the total timber volume estimated to be harvested during the harvest cycle.

Estimating the volume of timber available for harvest over the harvest cycle requires the consideration of the following factors:

- changes in weather patterns,
- effect of fertilizer and pesticide applications,
- changes in environmental regulations and restrictions,
- limits on harvesting certain timberlands,
- changes in harvest plans,
- scientific advancement in seedling and growing technology and
- changes in harvest cycles.

In addition, the length of the harvest cycle varies by geographic region and species of timber. Depletion-rate calculations do not include estimates for:

- future silviculture — or sustainable forest management — costs associated with existing stands;
- future reforestation costs associated with a stand’s final harvest; and
- future volume in connection with the replanting of a stand subsequent to its final harvest.

PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

Currently there are no significant prospective accounting pronouncements that are expected to have a material impact on us.
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

LONG-TERM DEBT OBLIGATIONS

The following summary of our long-term debt obligations includes:

- scheduled principal repayments for the next five years and after,
- weighted average interest rates for debt maturing in each of the next five years and after and
- estimated fair values of outstanding obligations.

We estimate the fair value of long-term debt based on quoted market prices we received for the same types and issues of our debt or on the discounted value of the future cash flows using market yields for the same type and comparable issues of debt. Changes in market rates of interest affect the fair value of our fixed-rate debt.

SUMMARY OF LONG-TERM DEBT OBLIGATIONS AS OF DECEMBER 31, 2011

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>THEREAFTER</th>
<th>TOTAL</th>
<th>FAIR VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Products:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed-rate debt</td>
<td>$12</td>
<td>$340</td>
<td>$—</td>
<td>$—</td>
<td>$—</td>
<td>$3,846</td>
<td>$4,198</td>
<td>$4,579</td>
</tr>
<tr>
<td>Average interest rate</td>
<td>6.58%</td>
<td>7.33%</td>
<td>—%</td>
<td>—%</td>
<td>—%</td>
<td>7.44%</td>
<td>7.43%</td>
<td>N/A</td>
</tr>
<tr>
<td>Real Estate:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed-rate debt</td>
<td>$176</td>
<td>$69</td>
<td>$15</td>
<td>$—</td>
<td>$—</td>
<td>$25</td>
<td>$25</td>
<td>$25</td>
</tr>
<tr>
<td>Average interest rate</td>
<td>6.10%</td>
<td>6.14%</td>
<td>6.22%</td>
<td>—%</td>
<td>—%</td>
<td>—%</td>
<td>6.12%</td>
<td>N/A</td>
</tr>
<tr>
<td>Variable-rate debt</td>
<td>$—</td>
<td>$—</td>
<td>$—</td>
<td>$—</td>
<td>$—</td>
<td>$25</td>
<td>$25</td>
<td>$25</td>
</tr>
<tr>
<td>Average interest rate</td>
<td>—%</td>
<td>—%</td>
<td>—%</td>
<td>—%</td>
<td>—%</td>
<td>0.44%</td>
<td>0.44%</td>
<td>N/A</td>
</tr>
</tbody>
</table>
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Weyerhaeuser Company:

We have audited the accompanying consolidated balance sheets of Weyerhaeuser Company and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, cash flows, and changes in equity and comprehensive income for each of the years in the three-year period ended December 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Weyerhaeuser Company and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Weyerhaeuser Company's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 22, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Seattle, Washington
February 22, 2012

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2011

DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales and revenues</td>
<td>$6,216</td>
<td>$5,954</td>
<td>$5,068</td>
</tr>
<tr>
<td>Costs of products sold</td>
<td>5,120</td>
<td>4,831</td>
<td>4,661</td>
</tr>
<tr>
<td>Gross margin</td>
<td>1,096</td>
<td>1,123</td>
<td>407</td>
</tr>
<tr>
<td>Selling, general and admin</td>
<td>601</td>
<td>650</td>
<td>681</td>
</tr>
<tr>
<td>Research and development</td>
<td>30</td>
<td>34</td>
<td>51</td>
</tr>
<tr>
<td>Alternative fuel mixture</td>
<td>—</td>
<td>—</td>
<td>(344)</td>
</tr>
<tr>
<td>charges (Note 20)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for restructuring,</td>
<td>83</td>
<td>148</td>
<td>686</td>
</tr>
<tr>
<td>closures and impairments</td>
<td>(212)</td>
<td>(163)</td>
<td>(288)</td>
</tr>
<tr>
<td>Other operating income, net</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Note 19)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>594</td>
<td>454</td>
<td>(379)</td>
</tr>
<tr>
<td>Interest income and other</td>
<td>47</td>
<td>83</td>
<td>74</td>
</tr>
<tr>
<td>Impairment of investments</td>
<td>—</td>
<td>(3)</td>
<td>(7)</td>
</tr>
<tr>
<td>and other related charges</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Note 18)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>(384)</td>
<td>(452)</td>
<td>(462)</td>
</tr>
<tr>
<td>of capitalized interest</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Note 13)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings (loss) from</td>
<td>257</td>
<td>82</td>
<td>(774)</td>
</tr>
<tr>
<td>continuing operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>before income taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income taxes (Note 20)</td>
<td>62</td>
<td>1,192</td>
<td>249</td>
</tr>
<tr>
<td>Earnings (loss) from</td>
<td>319</td>
<td>1,274</td>
<td>(525)</td>
</tr>
<tr>
<td>continuing operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings (loss) from</td>
<td>12</td>
<td>9</td>
<td>(43)</td>
</tr>
<tr>
<td>discontinued operations,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>net of income taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Note 3)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings (loss)</td>
<td>331</td>
<td>1,283</td>
<td>(568)</td>
</tr>
<tr>
<td>Less: net (earnings) loss</td>
<td>—</td>
<td>(2)</td>
<td>23</td>
</tr>
<tr>
<td>attributable to noncontrolling interests</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings (loss)</td>
<td>$331</td>
<td>$1,281</td>
<td>$(545)</td>
</tr>
<tr>
<td>attributable to Weyerhaeuser common shareholders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings (loss) per</td>
<td>$0.60</td>
<td>$3.97</td>
<td>$(2.38)</td>
</tr>
<tr>
<td>share attributable to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weyerhaeuser common</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>shareholders (Note 4):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations</td>
<td>$0.02</td>
<td>$0.03</td>
<td>(0.20)</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings (loss) per</td>
<td>$0.62</td>
<td>$4.00</td>
<td>$(2.58)</td>
</tr>
<tr>
<td>share</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted earnings (loss) per</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>share attributable to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weyerhaeuser common</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>shareholders (Note 4):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations</td>
<td>$0.59</td>
<td>$3.96</td>
<td>$(2.38)</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>$0.02</td>
<td>$0.03</td>
<td>(0.20)</td>
</tr>
<tr>
<td>Net earnings (loss) per</td>
<td>$0.61</td>
<td>$3.99</td>
<td>$(2.58)</td>
</tr>
<tr>
<td>share</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid per share</td>
<td>$0.60</td>
<td>$26.61</td>
<td>$0.60</td>
</tr>
<tr>
<td>(Note 16)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted average shares</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>outstanding (in thousands)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Note 4):</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
See accompanying Notes to Consolidated Financial Statements.

## CONSOLIDATED BALANCE SHEET

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$950</td>
<td>$1,466</td>
</tr>
<tr>
<td>Receivables, less allowances of $6 and $8</td>
<td>490</td>
<td>451</td>
</tr>
<tr>
<td>Inventories (Note 5)</td>
<td>476</td>
<td>478</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>68</td>
<td>81</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>81</td>
<td>113</td>
</tr>
<tr>
<td>Total current assets</td>
<td>2,065</td>
<td>2,589</td>
</tr>
<tr>
<td>Property and equipment, less accumulated depreciation of $6,550 and $6,784 (Note 6)</td>
<td>2,901</td>
<td>3,217</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>145</td>
<td>123</td>
</tr>
<tr>
<td>Timber and timberlands at cost, less depletion charged to disposals</td>
<td>3,978</td>
<td>4,035</td>
</tr>
<tr>
<td>Investments in and advances to equity affiliates (Note 7)</td>
<td>192</td>
<td>194</td>
</tr>
<tr>
<td>Goodwill</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Other assets</td>
<td>444</td>
<td>363</td>
</tr>
<tr>
<td>Restricted assets held by special purpose entities (Note 9)</td>
<td>916</td>
<td>915</td>
</tr>
<tr>
<td>Total assets</td>
<td>$10,681</td>
<td>$11,476</td>
</tr>
<tr>
<td>Real Estate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Receivables, less discounts and allowances of $2 and $3</td>
<td>41</td>
<td>51</td>
</tr>
<tr>
<td>Real estate in process of development and for sale (Note 10)</td>
<td>555</td>
<td>517</td>
</tr>
<tr>
<td>Land being processed for development</td>
<td>936</td>
<td>974</td>
</tr>
<tr>
<td>Investments in and advances to equity affiliates (Note 7)</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>240</td>
<td>266</td>
</tr>
<tr>
<td>Other assets</td>
<td>113</td>
<td>120</td>
</tr>
<tr>
<td>Consolidated assets not owned (Note 9)</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Total assets</td>
<td>$12,598</td>
<td>$13,429</td>
</tr>
</tbody>
</table>

See accompanying Notes to Consolidated Financial Statements.

## CONSOLIDATED BALANCE SHEET

### LIABILITIES AND EQUITY

<table>
<thead>
<tr>
<th></th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current maturities of long-term debt (Notes 13 and 14)</td>
<td>$12</td>
<td>$—</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>336</td>
<td>340</td>
</tr>
<tr>
<td>Accrued liabilities (Note 11)</td>
<td>593</td>
<td>734</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>941</td>
<td>1,074</td>
</tr>
<tr>
<td>Long-term debt (Notes 13 and 14)</td>
<td>4,181</td>
<td>4,710</td>
</tr>
<tr>
<td>Deferred income taxes (Note 20)</td>
<td>93</td>
<td>366</td>
</tr>
<tr>
<td>Deferred pension and other postretirement benefits (Note 8)</td>
<td>1,467</td>
<td>930</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>408</td>
<td>393</td>
</tr>
<tr>
<td>Liabilities (nonrecourse to Weyerhaeuser) held by special-purpose entities (Note 9)</td>
<td>776</td>
<td>772</td>
</tr>
<tr>
<td></td>
<td>7,866</td>
<td>8,245</td>
</tr>
<tr>
<td>Real Estate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt (Notes 13 and 14)</td>
<td>285</td>
<td>350</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>172</td>
<td>212</td>
</tr>
<tr>
<td>Consolidated liabilities not owned (Note 9)</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>465</td>
<td>570</td>
</tr>
</tbody>
</table>
## Commitments and contingencies (Note 15)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities</strong></td>
<td>8,331</td>
<td>8,815</td>
</tr>
<tr>
<td><strong>Equity:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Weyerhaeuser shareholders' interest (Notes 16 and 17):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common shares: $1.25 par value; authorized 1,360,000,000 shares; issued and outstanding: 536,425,400 and 535,975,518 shares</td>
<td>671</td>
<td>670</td>
</tr>
<tr>
<td>Other capital</td>
<td>4,595</td>
<td>4,552</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>176</td>
<td>181</td>
</tr>
<tr>
<td>Cumulative other comprehensive loss</td>
<td>(1,179)</td>
<td>(791)</td>
</tr>
<tr>
<td>Total Weyerhaeuser shareholders' interest</td>
<td>4,263</td>
<td>4,612</td>
</tr>
<tr>
<td>Noncontrolling interests</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>4,267</td>
<td>4,614</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>$12,598</td>
<td>$13,429</td>
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</tbody>
</table>

See accompanying Notes to Consolidated Financial Statements.
## CONSOLIDATED STATEMENT OF CASH FLOWS
### FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2011

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operations:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings (loss)</td>
<td>$331</td>
<td>$1,283</td>
<td>$(568)</td>
</tr>
<tr>
<td>Noncash charges (credits) to income:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation, depletion and amortization</td>
<td>480</td>
<td>503</td>
<td>538</td>
</tr>
<tr>
<td>Deferred income taxes, net (Note 20)</td>
<td>(26)</td>
<td>(1,257)</td>
<td>66</td>
</tr>
<tr>
<td>Pension and other postretirement benefits (Note 8)</td>
<td>81</td>
<td>(21)</td>
<td>(19)</td>
</tr>
<tr>
<td>Share-based compensation expense (Note 17)</td>
<td>25</td>
<td>24</td>
<td>26</td>
</tr>
<tr>
<td>Charges for impairment of assets (Notes 18)</td>
<td>56</td>
<td>117</td>
<td>458</td>
</tr>
<tr>
<td>Net gains on dispositions of assets and operations</td>
<td>(236)</td>
<td>(149)</td>
<td>(197)</td>
</tr>
<tr>
<td>Foreign exchange transaction (gains) losses</td>
<td>6</td>
<td>(8)</td>
<td>(41)</td>
</tr>
<tr>
<td><strong>Change in:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables less allowances</td>
<td>(53)</td>
<td>(67)</td>
<td>93</td>
</tr>
<tr>
<td>Receivable for taxes</td>
<td>(14)</td>
<td>583</td>
<td>(529)</td>
</tr>
<tr>
<td>Inventories</td>
<td>(46)</td>
<td>(30)</td>
<td>251</td>
</tr>
<tr>
<td>Real estate and land</td>
<td>(12)</td>
<td>5</td>
<td>125</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>3</td>
<td>6</td>
<td>23</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(133)</td>
<td>(53)</td>
<td>(296)</td>
</tr>
<tr>
<td>Deposits on land positions and other assets</td>
<td>(4)</td>
<td>(10)</td>
<td>13</td>
</tr>
<tr>
<td>Pension and postretirement contributions</td>
<td>(143)</td>
<td>(280)</td>
<td>(115)</td>
</tr>
<tr>
<td>Other</td>
<td>(24)</td>
<td>43</td>
<td>(31)</td>
</tr>
<tr>
<td><strong>Net cash from operations</strong></td>
<td>291</td>
<td>689</td>
<td>(203)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment</td>
<td>(212)</td>
<td>(194)</td>
<td>(187)</td>
</tr>
<tr>
<td>Timberlands reforestation</td>
<td>(29)</td>
<td>(36)</td>
<td>(36)</td>
</tr>
<tr>
<td>Redemption of short-term investments</td>
<td>—</td>
<td>49</td>
<td>92</td>
</tr>
<tr>
<td>Proceeds from sale of assets and operations</td>
<td>362</td>
<td>213</td>
<td>355</td>
</tr>
<tr>
<td>Repayments from pension trust</td>
<td>—</td>
<td>146</td>
<td>54</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>(14)</td>
<td>(2)</td>
</tr>
<tr>
<td><strong>Cash from investing activities</strong></td>
<td>122</td>
<td>164</td>
<td>276</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of debt</td>
<td>—</td>
<td>—</td>
<td>491</td>
</tr>
<tr>
<td>Notes, commercial paper borrowings and revolving credit facilities, net</td>
<td>—</td>
<td>(4)</td>
<td>—</td>
</tr>
<tr>
<td>Cash dividends</td>
<td>(323)</td>
<td>(608)</td>
<td>(127)</td>
</tr>
<tr>
<td>Change in book overdrafts</td>
<td>2</td>
<td>(10)</td>
<td>(30)</td>
</tr>
<tr>
<td>Payments on debt (Note 13)</td>
<td>(583)</td>
<td>(632)</td>
<td>(826)</td>
</tr>
<tr>
<td>Exercises of stock options</td>
<td>38</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Repurchase of common stock (Note 16)</td>
<td>(37)</td>
<td>—</td>
<td>(2)</td>
</tr>
<tr>
<td>Other</td>
<td>(24)</td>
<td>(1)</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>Cash from financing activities</strong></td>
<td>(927)</td>
<td>(1,255)</td>
<td>(498)</td>
</tr>
<tr>
<td>Net change in cash and cash equivalents</td>
<td>(514)</td>
<td>(402)</td>
<td>(425)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>1,467</td>
<td>1,869</td>
<td>2,294</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>$953</td>
<td>$1,467</td>
<td>$1,869</td>
</tr>
</tbody>
</table>

Cash paid (received) during the year for:
- Interest, net of amounts capitalized of $30 in 2011, $29 in 2010, and $32 in 2009: $420
- Income taxes: $28

See accompanying Notes to Consolidated Financial Statements.
<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common shares:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$ 670</td>
<td>$ 264</td>
<td>$ 264</td>
</tr>
<tr>
<td>Issued for exercise of stock options</td>
<td>4</td>
<td>1</td>
<td>—</td>
</tr>
<tr>
<td>Share repurchases</td>
<td>(3)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Special Dividend (Note 16)</td>
<td>—</td>
<td>405</td>
<td>—</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ 671</td>
<td>$ 670</td>
<td>$ 264</td>
</tr>
<tr>
<td>Other capital:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$ 4,552</td>
<td>$ 1,786</td>
<td>$ 1,767</td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>35</td>
<td>2</td>
<td>—</td>
</tr>
<tr>
<td>Special Dividend (Note 16)</td>
<td>—</td>
<td>2,745</td>
<td>—</td>
</tr>
<tr>
<td>Repurchase of common shares</td>
<td>(34)</td>
<td>—</td>
<td>(2)</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>27</td>
<td>21</td>
<td>23</td>
</tr>
<tr>
<td>Other transactions, net</td>
<td>15</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ 4,595</td>
<td>$ 4,552</td>
<td>$ 1,786</td>
</tr>
<tr>
<td>Retained earnings:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$ 181</td>
<td>$ 2,658</td>
<td>$ 3,278</td>
</tr>
<tr>
<td>Net earnings (loss) attributable to Weyerhaeuser common shareholders</td>
<td>331</td>
<td>1,281</td>
<td>(545)</td>
</tr>
<tr>
<td>Dividends on common shares (Note 16)</td>
<td>(336)</td>
<td>(3,758)</td>
<td>(75)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ 176</td>
<td>$ 181</td>
<td>$ 2,658</td>
</tr>
<tr>
<td>Cumulative other comprehensive loss:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$ (791)</td>
<td>$ (664)</td>
<td>$ (495)</td>
</tr>
<tr>
<td>Annual changes – net of tax:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(8)</td>
<td>30</td>
<td>91</td>
</tr>
<tr>
<td>Changes in unamortized net pension and other postretirement benefit loss (Note 8)</td>
<td>(463)</td>
<td>(166)</td>
<td>(298)</td>
</tr>
<tr>
<td>Changes in unamortized prior service credit (Note 8)</td>
<td>82</td>
<td>9</td>
<td>37</td>
</tr>
<tr>
<td>Cash flow hedge fair value adjustments</td>
<td>—</td>
<td>—</td>
<td>(1)</td>
</tr>
<tr>
<td>Unrealized gains on available-for-sale securities</td>
<td>1</td>
<td>—</td>
<td>2</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ (1,179)</td>
<td>$ (791)</td>
<td>$ (664)</td>
</tr>
<tr>
<td>Total Weyerhaeuser shareholders’ interest:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ 4,263</td>
<td>$ 4,612</td>
<td>$ 4,044</td>
</tr>
<tr>
<td>Noncontrolling interests:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>$ 2</td>
<td>$ 10</td>
<td>$ 33</td>
</tr>
<tr>
<td>Net earnings (loss) attributable to noncontrolling interests</td>
<td>—</td>
<td>2</td>
<td>(23)</td>
</tr>
<tr>
<td>Contributions</td>
<td>2</td>
<td>—</td>
<td>2</td>
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<tr>
<td>Distributions</td>
<td>—</td>
<td>—</td>
<td>(2)</td>
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<td>New consolidations, de-consolidations and other transactions</td>
<td>—</td>
<td>(10)</td>
<td>—</td>
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<tr>
<td>Balance at end of year</td>
<td>$ 4</td>
<td>$ 2</td>
<td>$ 10</td>
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<tr>
<td>Total equity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$ 4,267</td>
<td>$ 4,614</td>
<td>$ 4,054</td>
</tr>
<tr>
<td>Comprehensive income (loss):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated net earnings (loss)</td>
<td>$ 331</td>
<td>$ 1,283</td>
<td>(568)</td>
</tr>
<tr>
<td>Other comprehensive income (loss):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustments</td>
<td>(8)</td>
<td>30</td>
<td>91</td>
</tr>
<tr>
<td>Changes in unamortized net pension and other postretirement benefit loss, net of tax expense (benefit) of ($243) in 2011, $66 in 2010, and ($154) in 2009</td>
<td>(463)</td>
<td>(166)</td>
<td>(298)</td>
</tr>
<tr>
<td>Changes in unamortized prior service credit, net of tax expense (benefit) of $49 in 2011, ($9) in 2010, and $3 in 2009</td>
<td>82</td>
<td>9</td>
<td>37</td>
</tr>
<tr>
<td>Cash flow hedges – reclassification of gains, net of tax expense of $1 in 2009</td>
<td>—</td>
<td>—</td>
<td>(1)</td>
</tr>
<tr>
<td>Unrealized gains on available-for-sale securities</td>
<td>1</td>
<td>—</td>
<td>2</td>
</tr>
<tr>
<td>Total comprehensive income (loss)</td>
<td>(57)</td>
<td>1,156</td>
<td>(737)</td>
</tr>
<tr>
<td>Less: comprehensive (earnings) loss attributable to noncontrolling interests</td>
<td>—</td>
<td>(2)</td>
<td>23</td>
</tr>
<tr>
<td>Total comprehensive income (loss) attributable to Weyerhaeuser shareholders</td>
<td>$ (57)</td>
<td>$ 1,154</td>
<td>(714)</td>
</tr>
<tr>
<td>NOTE</td>
<td>TITLE</td>
<td>PAGE</td>
<td></td>
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<tr>
<td>-------</td>
<td>------------------------------------------------------------</td>
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<tr>
<td>1</td>
<td>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>BUSINESS SEGMENTS</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>DISCONTINUED OPERATIONS</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>NET EARNINGS (LOSS) PER SHARE</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>INVENTORIES</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>PROPERTY AND EQUIPMENT</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>EQUITY AFFILIATES</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS</td>
<td>62</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>VARIABLE INTEREST ENTITIES</td>
<td>74</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>REAL ESTATE IN PROCESS OF DEVELOPMENT AND FOR SALE</td>
<td>74</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>ACCRUED LIABILITIES</td>
<td>74</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>LINES OF CREDIT</td>
<td>74</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>LONG-TERM DEBT</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>FAIR VALUE OF FINANCIAL INSTRUMENTS</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>LEGAL PROCEEDINGS, COMMITMENTS AND CONTINGENCIES</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>SHAREHOLDERS’ INTEREST</td>
<td>79</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>SHARE-BASED COMPENSATION</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>CHARGES FOR RESTRUCTURING, CLOSURES AND ASSET IMPAIRMENTS</td>
<td>86</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>OTHER OPERATING INCOME, NET</td>
<td>88</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>INCOME TAXES</td>
<td>88</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>GEOGRAPHIC AREAS</td>
<td>91</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>SELECTED QUARTERLY FINANCIAL INFORMATION (unaudited)</td>
<td>91</td>
<td></td>
</tr>
</tbody>
</table>
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Our significant accounting policies describe:

• our election to be taxed as a real estate investment trust,

• how we report our results,

• changes in how we report our results and

• how we account for various items.

OUR ELECTION TO BE TAXED AS A REAL ESTATE INVESTMENT TRUST (REIT)

Starting with our 2010 fiscal year, we elected to be taxed as a REIT. We expect to derive most of our REIT income from investments in timberlands, including the sale of standing timber through pay-as-cut sales contracts. REIT income can be distributed to shareholders without first paying corporate level tax, substantially eliminating the double taxation on income. A significant portion of our timberland segment earnings receives this favorable tax treatment. We are, however, subject to corporate taxes on built-in-gains (the excess of fair market value over tax basis at January 1, 2010) on sales of real property (other than standing timber) held by the REIT during the first 10 years following the REIT conversion. We continue to be required to pay federal corporate income taxes on earnings of our Taxable REIT Subsidiary (TRS), which principally includes our manufacturing businesses, our real estate development business and our non-qualified timberland segment income.

HOW WE REPORT OUR RESULTS

Our report includes:

• consolidated financial statements,

• our business segments,

• foreign currency translation, and

• estimates.

CONSOLIDATED FINANCIAL STATEMENTS

Our consolidated financial statements provide an overall view of our results and financial condition. They include our accounts and the accounts of entities that we control, including:

• majority-owned domestic and foreign subsidiaries and

• variable interest entities in which we are the primary beneficiary.

They do not include our intercompany transactions and accounts, which are eliminated, and noncontrolling interests are presented as a separate component of equity.

We account for investments in and advances to unconsolidated equity affiliates using the equity method, with taxes provided on undistributed earnings. This means that we record earnings and accrue taxes in the period that the earnings are recorded by our unconsolidated equity affiliates.

We report our financial condition in two groups:

• Forest Products — our forest products-based operations, principally the growing and harvesting of timber, the manufacture, distribution and sale of forest products and corporate governance activities; and

• Real Estate — our real estate development and construction operations.

Throughout these Notes to Consolidated Financial Statements, unless specified otherwise, references to “Weyerhaeuser,” “we” and “our” refer to the consolidated company, including both Forest Products and Real Estate.

OUR BUSINESS SEGMENTS

We are principally engaged in:

• growing and harvesting timber;

• manufacturing, distributing and selling forest products; and

• developing real estate and constructing homes.

Our business segments are organized based primarily on products and services.
Our Business Segments and Products

<table>
<thead>
<tr>
<th>SEGMENT</th>
<th>PRODUCTS AND SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timberlands</td>
<td>Logs, timber, minerals, oil and gas and international wood products</td>
</tr>
<tr>
<td>Wood Products</td>
<td>Softwood lumber, engineered lumber, structural panels and building materials distribution</td>
</tr>
<tr>
<td>Cellulose Fibers</td>
<td>Pulp, liquid packaging board and an equity interest in a newsprint joint venture</td>
</tr>
<tr>
<td>Real Estate</td>
<td>Real estate development, construction and sales</td>
</tr>
<tr>
<td>Corporate and Other</td>
<td>Certain gains or charges that are not related to an individual operating segment and the portion of items such as share-based compensation, pension and postretirement costs, foreign exchange transaction gains and losses associated with financing and other general and administrative expenses that are not allocated to the business segments.</td>
</tr>
</tbody>
</table>

We also transfer raw materials, semifinished materials and end products among our business segments. Because of this intracompany activity, accounting for our business segments involves:

- allocating joint conversion and common facility costs according to usage by our business segment product lines and
- pricing products transferred between our business segments at current market values.

FOREIGN CURRENCY TRANSITION

Local currencies are the functional currencies for most of our operations outside the U.S. We translate foreign currencies into U.S. dollars in two ways:

- assets and liabilities — at the exchange rates in effect as of our balance sheet date; and
- revenues and expenses — at average monthly exchange rates throughout the year.

ESTIMATES

We prepare our financial statements according to U.S. generally accepted accounting principles (U.S. GAAP). This requires us to make estimates and assumptions during our reporting periods and at the date of our financial statements. The estimates and assumptions affect our:

- reported amounts of assets, liabilities and equity;
- disclosure of contingent assets and liabilities; and
- reported amounts of revenues and expenses.

While we do our best in preparing these estimates, actual results can and do differ from those estimates and assumptions.

CHANGES IN HOW WE REPORT OUR RESULTS

Changes in how we report our results come from:

- accounting changes made upon our adoption of new accounting guidance and
- our reclassification of certain balances and results from prior years to make them consistent with our current reporting.

RECLASSIFICATIONS

We have reclassified certain balances and results from the prior years to be consistent with our 2011 reporting. This makes year-to-year comparisons easier. Our reclassifications had no effect on net earnings (loss) or Weyerhaeuser shareholders’ interest. The reclassifications include changes to the way we classify certain transactions as operating, investing or financing on our Consolidated Statement of Cash Flows and to present the results of operations discontinued in 2011 separately on our Consolidated Statement of Operations. Note 3: Discontinued Operations provides information about our discontinued operations.

HOW WE ACCOUNT FOR VARIOUS ITEMS

This section provides information about how we account for certain key items related to:

- capital investments,
- financing our business and
- operations.

ITEMS RELATED TO CAPITAL INVESTMENTS

Key items related to accounting for capital investments pertain to property and equipment, timber and timberlands, impairment of long-lived assets and goodwill.

Property and Equipment

We maintain property accounts on an individual asset basis. Here's how we handle major items:

- Improvements to and replacements of major units of property are capitalized.
- Maintenance, repairs and minor replacements are expensed.
- Depreciation is calculated using a straight-line method at rates based on estimated service lives.
Logging railroads and truck roads are generally amortized — as timber is harvested — at rates based on the volume of timber estimated to be removed.

Cost and accumulated depreciation of property sold or retired are removed from the accounts and the gain or loss is included in earnings.
**Timber and Timberlands**
We carry timber and timberlands at cost less depletion charged to disposals. Depletion refers to the carrying value of timber that is harvested, lost as a result of casualty, or sold.

Key activities affecting how we account for timber and timberlands include:
- reforestation,
- depletion and
- forest management in Canada.

**Reforestation.** Generally, we capitalize initial site preparation and planting costs as reforestation. We transfer reforestation to a merchantable timber classification when the timber is considered harvestable. That generally occurs after:
- 15 years in the South and
- 30 years in the West.

Generally, we expense costs after the first planting as they are incurred or over the period of expected benefit. These costs include:
- fertilization,
- vegetation and insect control,
- pruning and precommercial thinning,
- property taxes and
- interest.

Accounting practices for these costs do not change when timber becomes merchantable and harvesting starts.

**Depletion.** To determine depletion rates, we divide the net carrying value of timber by the related volume of timber estimated to be available over the growth cycle. To determine the growth cycle volume of timber, we consider:
- regulatory and environmental constraints,
- our management strategies,
- inventory data improvements,
- growth rate revisions and recalibrations and
- known dispositions and inoperable acres.

We include the cost of timber harvested in the carrying values of raw materials and product inventories. As these inventories are sold to third parties, we include them in the cost of products sold.

**Forest management in Canada.** We hold forest management licenses in various Canadian provinces that are:
- granted by the provincial governments;
- granted for initial periods of 15 to 25 years; and
- renewable every five years provided we meet reforestation, operating and management guidelines.

Calculation of the fees we pay on the timber we harvest:
- varies from province to province,
- is tied to product market pricing and
- depends upon the allocation of land management responsibilities in the license.

**Impairment of Long-Lived Assets**
We review long-lived assets — including certain identifiable intangibles — for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Impaired assets held for use are written down to fair value. Impaired assets held for sale are written down to fair value less cost to sell. We determine fair value based on:
- appraisals,
- market pricing of comparable assets,
- discounted value of estimated cash flows from the asset and
- replacement values of comparable assets.

**Goodwill**
Goodwill is the purchase price minus the fair value of net assets acquired when we buy another entity. We assess goodwill for impairment:
- using a fair-value-based approach and
• at least annually — at the beginning of the fourth quarter.

In 2011 the fair value of the reporting unit with goodwill substantially exceeded its carrying value.

**Fair Value Measurements**

We use a fair value hierarchy in accounting for certain nonfinancial assets and liabilities including:

- long-lived assets (asset groups) measured at fair value for an impairment assessment,
- reporting units measured at fair value in the first step of a goodwill impairment test,
- nonfinancial assets and nonfinancial liabilities measured at fair value in the second step of a goodwill impairment assessment and
- asset retirement obligations initially measured at fair value.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon its own market assumptions.
The fair value hierarchy consists of the following three levels:

- **Level 1** — Inputs are quoted prices in active markets for identical assets or liabilities.

- **Level 2** — Inputs are:
  - quoted prices for similar assets or liabilities in an active market;
  - quoted prices for identical or similar assets or liabilities in markets that are not active; or
  - inputs other than quoted prices that are observable and market-corroborated inputs, which are derived principally from or corroborated by observable market data.

- **Level 3** — Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

**ITEMS RELATED TO FINANCING OUR BUSINESS**

Key items related to financing our business include financial instruments, cash and cash equivalents and accounts payable.

**Financial Instruments**

We estimate the fair value of financial instruments where appropriate. The assumptions we use — including the discount rate and estimates of cash flows — can significantly affect our fair-value amounts. Our fair values are estimates and may not match the amounts we would realize upon sale or settlement of our financial positions.

**Cash and Cash Equivalents**

Cash equivalents are investments with original maturities of 90 days or less. We state cash equivalents at cost, which approximates market.

**Accounts Payable**

Our banking system replenishes our major bank accounts daily as checks we have issued are presented for payment. As a result, we have negative book cash balances due to outstanding checks that have not yet been paid by the bank. These negative balances are included in accounts payable on our Consolidated Balance Sheet. Changes in these negative cash balances are reported as financing activities in our Consolidated Statement of Cash Flows. Negative book cash balances were:

- $47 million at December 31, 2011; and

**ITEMS RELATED TO OPERATIONS**

Key items related to operations include revenue recognition, inventories, shipping and handling costs, income taxes, share-based compensation, pension and other postretirement plans, and environmental remediation.

**Revenue Recognition**

Forest Products operations generally recognize revenue upon shipment to customers. For certain export sales, revenue is recognized when title transfers at the foreign port.

Real Estate operations recognize revenue when:

- closings have occurred,
- required down payments have been received,
- title and possession have been transferred to the buyer and
- all other criteria for sale and profit recognition have been satisfied.

**Inventories**

We state inventories at the lower of cost or market. Cost includes labor, materials and production overhead. We use LIFO — the last-in, first-out method — for certain of our domestic raw material, in-process and finished goods inventories. Our LIFO inventories were:

- $172 million at December 31, 2011; and
- $159 million at December 31, 2010.

We use FIFO — the first-in, first-out method — or moving average cost methods for the balance of our domestic raw materials and product inventories as well as for all material and supply inventories and all foreign inventories. If we used FIFO for all inventories, our stated product inventories would have been higher by:

- $120 million at December 31, 2011; and
- $121 million at December 31, 2010.

**Shipping and Handling Costs**

We classify shipping and handling costs in the costs of products sold in our Consolidated Statement of Operations.

**Income Taxes**

We account for income taxes under the asset and liability method. Unrecognized tax benefits represent potential future funding obligations to taxing authorities if uncertain tax positions the company has taken on previously filed tax returns are not sustained. In accordance with the company’s accounting policy, accrued interest and penalties related to unrecognized tax benefits are recognized as a component of income tax expense.

We recognize deferred tax assets and liabilities to reflect:

- future tax consequences due to differences between the carrying amounts for financial purposes and the tax bases of certain items and
- operating loss and tax credit carryforwards.
To measure deferred tax assets and liabilities, we:

- determine when the differences between the carrying amounts and tax bases of affected items are expected to be recovered or resolved and
- use enacted tax rates expected to apply to taxable income in those years.

**Share-Based Compensation**

We generally measure the fair value of share-based awards on the dates they are granted or modified. These measurements establish the cost of the share-based awards for accounting purposes. We then recognize the cost of share-based awards in our Consolidated Statement of Operations over each employee's required service period. Note 17: Share-Based Compensation provides more information about our share-based compensation.

**Pension and Other Postretirement Benefit Plans**

We recognize the overfunded or underfunded status of our defined benefit pension and other postretirement plans on our Consolidated Balance Sheet and recognize changes in the funded status through comprehensive income (loss) in the year in which the changes occur.

Actuarial valuations determine the amount of the pension and other postretirement benefit obligations and the net periodic benefit cost we recognize. The net periodic benefit cost includes:

- cost of benefits provided in exchange for employees' services rendered during the year;
- interest cost of the obligations;
- expected long-term return on fund assets;
- gains or losses on plan settlements and curtailments;
- amortization of prior service costs and plan amendments over the average remaining service period of the active employee group covered by the plans; and
- amortization of cumulative unrecognized net actuarial gains and losses — generally in excess of 10 percent of the greater of the accrued benefit obligation or market-related value of plan assets at the beginning of the year — over the average remaining service period of the active employee group covered by the plans.

**Pension plans.** We have pension plans covering most of our employees. Determination of benefits differs for salaried, hourly and union employees:

- Salaried employee benefits are based on each employee's highest monthly earnings for five consecutive years during the final 10 years before retirement.
- Hourly and union employee benefits generally are stated amounts for each year of service.
- Union employee benefits are set through collective-bargaining agreements.

We contribute to our U.S. and Canadian pension plans according to established funding standards. The funding standards for the plans are:

- U.S. pension plans — according to the Employee Retirement Income Security Act of 1974; and
- Canadian pension plans — according to the applicable Provincial Pension Benefits Act and the Income Tax Act.

**Postretirement benefits other than pensions.** We provide certain postretirement health care and life insurance benefits for some retired employees. In some cases, we pay a portion of the cost of the benefit. Note 8: Pension and Other Postretirement Benefit Plans provides additional information about changes made in our postretirement benefit plans during 2011 and 2010.

**Environmental Remediation**

We accrue losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Future expenditures for environmental remediation obligations are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when the recovery is deemed probable and does not exceed the amount of losses previously recorded.

**NOTE 2: BUSINESS SEGMENTS**

Our business segments and how we account for those segments are discussed in Note 1: Summary of Significant Accounting Policies. This note provides key financial data by business segment.

**DISCONTINUED OPERATIONS**

We have disposed of various businesses and operations that are excluded in the segment results below. See Note 3: Discontinued Operations for information regarding our discontinued operations and the segments affected.

**KEY FINANCIAL DATA BY BUSINESS SEGMENT**

**Sales, Revenues and Contribution (Charge) to Earnings**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>TIMBERLANDS</th>
<th>WOOD PRODUCTS</th>
<th>CELLULOSE FIBERS</th>
<th>REAL ESTATE</th>
<th>CORPORATE AND OTHER</th>
<th>INTERSEGMENT ELIMINATIONS</th>
<th>CONSOLIDATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to and revenues from unaffiliated customers</td>
<td>2011 $1,044</td>
<td>$2,276</td>
<td>$2,058</td>
<td>$838</td>
<td>—</td>
<td>—</td>
<td>$6,216</td>
</tr>
<tr>
<td></td>
<td>2010 $874</td>
<td>$2,224</td>
<td>$1,911</td>
<td>$923</td>
<td>$22</td>
<td>—</td>
<td>$5,954</td>
</tr>
<tr>
<td></td>
<td>2009 $714</td>
<td>$1,922</td>
<td>$1,511</td>
<td>$904</td>
<td>$17</td>
<td>—</td>
<td>$5,068</td>
</tr>
</tbody>
</table>
Intersegment sales

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$   646</td>
<td>$   603</td>
<td>$   537</td>
</tr>
<tr>
<td></td>
<td>$     80</td>
<td>$     63</td>
<td>$     55</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Contribution (charge) to earnings from continuing operations

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$   485</td>
<td>$ (245)</td>
<td>$   338</td>
</tr>
<tr>
<td></td>
<td>$   435</td>
<td>$   412</td>
<td>$   444</td>
</tr>
<tr>
<td></td>
<td>$     58</td>
<td>$     91</td>
<td>$ (299)</td>
</tr>
<tr>
<td></td>
<td>$ (92)</td>
<td>$     65</td>
<td>$ (86)</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

During 2010 we changed the methodology for allocating corporate costs to the business segments. The amounts for previous years were not reclassified. Had 2009 been presented using the same method, net contribution (charge) to earnings would have increased or decreased as follows:

Change in Contribution (Charge) to Earnings Resulting from Change in Allocation of Corporate Costs

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in contribution (charge) to earnings</td>
<td>$ (16)</td>
<td>$ (32)</td>
<td>$ (16)</td>
</tr>
<tr>
<td></td>
<td>$ (3)</td>
<td>$ 67</td>
<td>$ (289)</td>
</tr>
</tbody>
</table>

Management evaluates segment performance based on the contributions to earnings of the respective segments. An analysis and reconciliation of our business segment information to the consolidated financial statements follows:

Reconciliation of Contribution (Charge) to Earnings to Net Earnings

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution (charge) to earnings from continuing operations</td>
<td>$ 641</td>
<td>$ 532</td>
<td>$ (289)</td>
</tr>
<tr>
<td>Contribution (charge) to earnings from discontinued operations</td>
<td>$ 20</td>
<td>$ 14</td>
<td>$ (68)</td>
</tr>
<tr>
<td>Total contribution (charge) to earnings</td>
<td>$ 661</td>
<td>$ 546</td>
<td>$ (357)</td>
</tr>
<tr>
<td>Interest expense, net of capitalized interest</td>
<td>$ (384)</td>
<td>$ (452)</td>
<td>$ (462)</td>
</tr>
<tr>
<td>Income (loss) before income taxes (continuing and discontinued operations)</td>
<td>$ 277</td>
<td>$ 94</td>
<td>$ (819)</td>
</tr>
<tr>
<td>Income taxes (continuing and discontinued operations)</td>
<td>$ 54</td>
<td>$ 1,187</td>
<td>$ 274</td>
</tr>
<tr>
<td>Net earnings (loss) attributable to Weyerhaeuser common shareholders</td>
<td>$ 331</td>
<td>$ 1,281</td>
<td>$ (545)</td>
</tr>
</tbody>
</table>

Additional Financial Information

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation, depletion and amortization</td>
<td>$ 135</td>
<td>$ 118</td>
<td>$ 124</td>
</tr>
<tr>
<td></td>
<td>$ 144</td>
<td>$ 170</td>
<td>$ 190</td>
</tr>
<tr>
<td></td>
<td>$ 144</td>
<td>$ 145</td>
<td>$ 142</td>
</tr>
<tr>
<td></td>
<td>$ 12</td>
<td>$ 16</td>
<td>$ 17</td>
</tr>
<tr>
<td></td>
<td>$ 41</td>
<td>$ 46</td>
<td>$ 56</td>
</tr>
<tr>
<td></td>
<td>$ 476</td>
<td>$ 495</td>
<td>$ 529</td>
</tr>
<tr>
<td>Net pension and postretirement cost (credit)(1)</td>
<td>$ 7</td>
<td>$ 6</td>
<td>$ 4</td>
</tr>
<tr>
<td></td>
<td>$ 22</td>
<td>$ 19</td>
<td>$ 5</td>
</tr>
<tr>
<td></td>
<td>$ 13</td>
<td>$ 11</td>
<td>$ 6</td>
</tr>
<tr>
<td></td>
<td>$ 4</td>
<td>$ 3</td>
<td>$ (4)</td>
</tr>
<tr>
<td></td>
<td>$ 26</td>
<td>$ (73)</td>
<td>$ (141)</td>
</tr>
<tr>
<td></td>
<td>$ 72</td>
<td>$ (34)</td>
<td>$ (134)</td>
</tr>
<tr>
<td>Charges for restructuring, closures and impairments(2)</td>
<td>$ 64</td>
<td>$ 2</td>
<td>$ 27</td>
</tr>
<tr>
<td></td>
<td>$ 1</td>
<td>$ 113</td>
<td>$ 165</td>
</tr>
<tr>
<td></td>
<td>$ 14</td>
<td>$ 21</td>
<td>$ 296</td>
</tr>
<tr>
<td></td>
<td>$ 4</td>
<td>$ 12</td>
<td>$ 195</td>
</tr>
<tr>
<td></td>
<td>$ 83</td>
<td>$ 148</td>
<td>$ 686</td>
</tr>
<tr>
<td>Equity in income (loss) of equity affiliates and unconsolidated entities</td>
<td>$ 2</td>
<td>$ 6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 2</td>
<td>$ 12</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 8</td>
<td>$ 13</td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$ 53</td>
<td>$ 72</td>
<td>$ 83</td>
</tr>
<tr>
<td></td>
<td>$ 35</td>
<td>$ 31</td>
<td>$ 53</td>
</tr>
<tr>
<td></td>
<td>$ 146</td>
<td>$ 123</td>
<td>$ 61</td>
</tr>
<tr>
<td></td>
<td>$ 3</td>
<td>$ 5</td>
<td>$ 8</td>
</tr>
<tr>
<td></td>
<td>$ 1</td>
<td>$ 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 238</td>
<td>$ 232</td>
<td>$ 218</td>
</tr>
<tr>
<td>Investments in and advances to equity affiliates and unconsolidated entities</td>
<td>$ 191</td>
<td>$ 194</td>
<td>$ 197</td>
</tr>
<tr>
<td></td>
<td>$ 21</td>
<td>$ 16</td>
<td>$ 17</td>
</tr>
<tr>
<td></td>
<td>$ 1</td>
<td>$ 1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 213</td>
<td>$ 210</td>
<td>$ 214</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 4,689</td>
<td>$ 1,170</td>
<td>$ 2,377</td>
</tr>
<tr>
<td></td>
<td>$ 2,377</td>
<td>$ 1,917</td>
<td>$ 2,445</td>
</tr>
<tr>
<td></td>
<td>$ 12,598</td>
<td>$ 12,598</td>
<td>$ 12,598</td>
</tr>
</tbody>
</table>
NOTE 3: DISCONTINUED OPERATIONS

We have made certain reclassifications in our consolidated financial statements to reflect discontinued operations.

OPERATIONS INCLUDED IN DISCONTINUED OPERATIONS

<table>
<thead>
<tr>
<th>Operations</th>
<th>Disposition</th>
<th>Segment where activities were included</th>
<th>Pretax gain or loss on sale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardwoods</td>
<td>Sold 2011 — third quarter</td>
<td>Wood Products</td>
<td>$22 million loss in Wood Products</td>
</tr>
<tr>
<td>Westwood Shipping Lines</td>
<td>Sold 2011 — third quarter</td>
<td>Corporate and Other</td>
<td>$49 million gain in Corporate and Other</td>
</tr>
</tbody>
</table>

Sale of Hardwoods

On August 1, 2011, we completed the sale of our hardwoods operations to American Industrial Partners for consideration of $109 million, of which $25 million is a note receivable. During second quarter 2011, we reduced our hardwoods assets to their fair value less selling costs which resulted in the recognition of a $9 million charge. An additional $10 million pension curtailment charge was recognized in third quarter 2011 when the transaction closed. Total pre-tax charges on the sale of $22 million were recorded in our Wood Products segment. We recognized a tax benefit on the sale of $8 million, resulting in a year-to-date net loss of $14 million.

The following operating assets were included as part of the transaction:
- seven primary hardwood mills with a total capacity of 300 million board feet,
- four concentration yards,
- three remanufacturing plants,
- one log merchandising yard and
- sales office in the U.S., Canada, Japan, China and Hong Kong.
Sale of Westwood Shipping Lines

On September 30, 2011, we completed the sale of Westwood Shipping Lines to J-WesCo of Japan for $58 million in cash. We recognized a pre-tax gain of $49 million in Corporate and Other and recorded tax expense of $18 million, resulting in a net gain of $31 million. This transaction also reduced our operating lease obligations by approximately $130 million.

NET EARNINGS (LOSS) FROM DISCONTINUED OPERATIONS
Sales, Net Earnings (Loss) from Discontinued Operations

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hardwoods</td>
<td>$ 222</td>
<td>$ 367</td>
<td>$ 312</td>
</tr>
<tr>
<td>Westwood Shipping Lines</td>
<td>180</td>
<td>231</td>
<td>148</td>
</tr>
<tr>
<td>Total net sales from discontinued operations</td>
<td>$ 402</td>
<td>$ 598</td>
<td>$ 460</td>
</tr>
<tr>
<td>Income (loss) from operations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hardwoods</td>
<td>$(3)</td>
<td>8</td>
<td>$(47)</td>
</tr>
<tr>
<td>Westwood Shipping Lines</td>
<td>—</td>
<td>6</td>
<td>(21 )</td>
</tr>
<tr>
<td>Other discontinued operations</td>
<td>(13 )</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total income (loss) from discontinued operations</td>
<td>(16 )</td>
<td>14</td>
<td>(68 )</td>
</tr>
<tr>
<td>Income taxes</td>
<td>5</td>
<td>(5)</td>
<td>25</td>
</tr>
<tr>
<td>Net earnings (loss) from operations</td>
<td>(11 )</td>
<td>9</td>
<td>(43 )</td>
</tr>
<tr>
<td>Net gain (loss) on sale (after-tax):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hardwoods</td>
<td>(14 )</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Westwood Shipping Lines</td>
<td>31</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Sale of property</td>
<td>6</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net earnings (loss) from discontinued operations</td>
<td>$ 12</td>
<td>$ 9</td>
<td>$(43)</td>
</tr>
</tbody>
</table>

Results of discontinued operations exclude certain general corporate overhead costs that have been allocated to and are included in contribution to earnings for the operating segments.

Other discontinued operations relate to current period gains or losses for businesses we have divested in prior years and are included in the Corporate and Other segment. During 2011 we increased our reserve for estimated future environmental remediation costs and recognized an $11 million charge associated with discontinued operations. See Note 15: Legal Proceedings, Commitments and Contingencies.

CARRYING VALUE OF ASSETS AND LIABILITIES

Our Consolidated Balance Sheet includes the following assets and liabilities of our hardwoods and Westwood Shipping Lines operations as of December 31, 2010.

Carrying Value of Assets and Liabilities

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>December 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
</tr>
<tr>
<td>Receivables, less allowances</td>
<td>$ 36</td>
</tr>
<tr>
<td>Inventories</td>
<td>63</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>7</td>
</tr>
<tr>
<td>Total current assets</td>
<td>106</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>43</td>
</tr>
<tr>
<td>Other assets</td>
<td>15</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 164</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 8</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>24</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>$ 32</td>
</tr>
</tbody>
</table>
NOTE 4: NET EARNINGS (LOSS) PER SHARE
Our basic earnings (loss) per share attributable to Weyerhaeuser shareholders for the last three years were:
• $0.62 in 2011,
• $4.00 in 2010 and
• $(2.58) in 2009.
Our diluted earnings (loss) per share attributable to Weyerhaeuser shareholders for the last three years were:
• $0.61 in 2011,
• $3.99 in 2010 and
• $(2.58) in 2009.

This note discloses:
• how we calculate basic and diluted net earnings per share and
• our shares with an antidilutive effect.

HOW WE CALCULATE BASIC AND DILUTED NET EARNINGS PER SHARE
“Basic earnings” per share is net earnings divided by the weighted average number of our outstanding common shares.
“Diluted earnings” per share is net earnings divided by the sum of the:
• weighted average number of our outstanding common shares and
• the effect of our outstanding dilutive potential common shares.

Dilutive potential common shares may include:
• outstanding stock options,
• restricted stock units or
• performance share units.

We use the treasury stock method to calculate the effect of our outstanding dilutive potential common shares. Share-based payment awards that are contingently issuable upon the achievement of specified performance or market conditions are included in our diluted earnings per share calculation in the period in which the conditions are satisfied.

To implement our decision to be taxed as a REIT, we distributed to our shareholders our accumulated earnings and profits, determined under federal income tax provisions, as a “Special Dividend.” On September 1, 2010, we paid a dividend of $5.6 billion which included the Special Dividend and the regular quarterly dividend of approximately $11 million. At the election of each shareholder, the Special Dividend was paid in cash or Weyerhaeuser common shares. The number of common shares issued was approximately 324 million. The stock portion of the Special Dividend was treated as the issuance of new shares for accounting purposes and affects our earnings per share only for periods after the distribution. Prior periods are not restated. The required treatment results in earnings per share that is less than would have been the case had the common shares not been issued. Reflected below are pro forma results giving effect to the common stock distribution for diluted earnings per common share as if the common stock distribution had occurred at the beginning of the period.

### Pro Forma 2010 and 2009 Diluted Earnings per Share to Reflect Special Dividend

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER SHARE FIGURES</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net earnings (loss) attributable to Weyerhaeuser common shareholders</td>
<td>$1,281</td>
<td>$(545)</td>
</tr>
<tr>
<td>Diluted earnings (loss) per share:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As reported</td>
<td>$3.99</td>
<td>$(2.58)</td>
</tr>
<tr>
<td>Pro forma</td>
<td>$2.39</td>
<td>$(1.02)</td>
</tr>
<tr>
<td>Diluted weighted average shares outstanding (in thousands):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As reported</td>
<td>321,096</td>
<td>211,342</td>
</tr>
<tr>
<td>Pro forma</td>
<td>537,013</td>
<td>535,661</td>
</tr>
</tbody>
</table>

SHARES EXCLUDED FROM DILUTIVE EFFECT
The following shares were not included in the computation of diluted earnings (loss) per share because they were antidilutive. However, some or all of these shares may be dilutive potential common shares in future periods.

| Potential Shares Not Included in the Computation of Diluted Earnings per Share |
|-------------------------------|-----|-----|
| Shares in thousands | 2011 | 2010 | 2009 |
| Stock options | 23,363 | 26,385 | 11,721 |
| Restricted stock units | — | — | 706 |
| Performance share units | 396 | — | 219 |

The increase in options in 2010 is primarily due to our Long-Term Incentive Compensation Plan requiring outstanding stock options to be adjusted as a result of the Special Dividend. The number of awards increased by a ratio of the closing price of our common stock on the New York Stock Exchange on July 19, 2010 to the opening price on July 20, 2010.
NOTE 5: INVENTORIES
Forest Products inventories include raw materials, work-in-process and finished goods.

Inventories as of the End of Our Last Two Years

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logs and chips</td>
<td>$ 68</td>
<td>$ 66</td>
</tr>
<tr>
<td>Lumber, plywood, panels and engineered lumber</td>
<td>134</td>
<td>164</td>
</tr>
<tr>
<td>Pulp and paperboard</td>
<td>181</td>
<td>157</td>
</tr>
<tr>
<td>Other products</td>
<td>76</td>
<td>79</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>137</td>
<td>133</td>
</tr>
<tr>
<td>Subtotal</td>
<td>596</td>
<td>599</td>
</tr>
<tr>
<td>Less LIFO reserve</td>
<td>(120)</td>
<td>(121)</td>
</tr>
<tr>
<td>Total</td>
<td>$ 476</td>
<td>$ 478</td>
</tr>
</tbody>
</table>

The LIFO inventory reserve applies to major inventory products held at our U.S. domestic locations. These inventory products include grade and fiber logs, chips, lumber, plywood, oriented strand board, pulp and paperboard.

HOW WE ACCOUNT FOR OUR INVENTORIES
The Inventories section of Note 1: Summary of Significant Accounting Policies provides details about how we account for our inventories.

NOTE 6: PROPERTY AND EQUIPMENT
Forest Products property and equipment includes land, buildings and improvements, machinery and equipment, roads and other items.

Carrying Value of Forest Products Property and Equipment and Estimated Service Lives

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>RANGE OF LIVES</th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment, at cost:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>N/A</td>
<td>$ 142</td>
<td>$ 162</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>10–40</td>
<td>1,405</td>
<td>1,572</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>2–25</td>
<td>7,036</td>
<td>7,372</td>
</tr>
<tr>
<td>Roads</td>
<td>10–20</td>
<td>537</td>
<td>551</td>
</tr>
<tr>
<td>Other</td>
<td>3–10</td>
<td>331</td>
<td>344</td>
</tr>
<tr>
<td>Total cost</td>
<td></td>
<td>9,451</td>
<td>10,001</td>
</tr>
<tr>
<td>Allowance for depreciation and amortization</td>
<td>(6,550)</td>
<td>(6,784)</td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td></td>
<td>$ 2,901</td>
<td>$ 3,217</td>
</tr>
</tbody>
</table>

SERVICE LIVES AND DEPRECIATION
Buildings and improvements for Forest Products property and equipment have estimated lives that are generally at either the high end or low end of the range from 10 years to 40 years, depending on the type and performance of construction.

The maximum service lives for Forest Products machinery and equipment varies among our operations:

- Timberlands — 15 years;
- Wood products manufacturing facilities — 20 years; and
- Primary pulp mills — 25 years.

Forest Products depreciation expense, excluding discontinued operations, was:

- $361 million in 2011,
- $391 million in 2010 and
- $416 million in 2009.

NOTE 7: EQUITY AFFILIATES
We have investments in unconsolidated equity affiliates over which we have significant influence that we account for using the equity method with taxes provided on undistributed earnings. We record earnings and accrue taxes in the period that the earnings are recorded by the affiliates.

This note provides information about our:

- Forest Products equity affiliates and
- Real Estate equity affiliates.

FOREST PRODUCTS EQUITY AFFILIATES
Following is a list of Forest Products equity affiliates as of December 31, 2011:

Details About Our Equity Affiliates
Unconsolidated Financial Information of Forest Products Equity Affiliates

Aggregated assets, liabilities and operating results of the entities that we accounted for as equity affiliates are provided below.

**Assets and Liabilities of Forest Products Equity Affiliates**

<table>
<thead>
<tr>
<th>AFFILIATE</th>
<th>WHAT IT DOES</th>
<th>OUR OWNERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Pacific Paper Corporation (NORPAC)</td>
<td>Owns and operates a newsprint manufacturing facility in Longview, Washington</td>
<td>50 percent</td>
</tr>
<tr>
<td>Catchlight Energy</td>
<td>Researching and developing technology for converting cellulose-based biomass into economical, low-carbon biofuels</td>
<td>50 percent</td>
</tr>
<tr>
<td>Liaison Technologies Inc.</td>
<td>Provides integration and data management services across a wide variety of industries worldwide</td>
<td>10 percent</td>
</tr>
</tbody>
</table>

Doing Business with Forest Products Affiliates

Doing business with our affiliates varies by the individual affiliate. We:

- provide a varying mix of goods and services to some of our affiliates and
- buy finished products from some of our affiliates.

The goods and services we provide include:

- raw materials,
- management and marketing services,
- support services and
- shipping services.

In addition, we manage cash for NORPAC under a services agreement. Weyerhaeuser holds the cash and records a payable balance to NORPAC, which is included in accounts payable in the accompanying Consolidated Balance Sheet. We had the following payable balances to NORPAC:

- $75 million at December 31, 2011; and

**REAL ESTATE EQUITY AFFILIATES**

As of December 31, 2011, our Real Estate segment held equity investments in five real estate partnerships and limited liability companies. Our participation in these entities may be as a developer, a builder or an investment partner. Our ownership percentage varies from 7 percent to 50 percent depending on the investment. During 2011, our South Edge, LLC partnership, in which we held a five percent interest, was reorganized in bankruptcy proceedings. As a result, South Edge financial information for 2011 has been excluded from the following table. Pursuant to the plan of reorganization for South Edge, we became a member in a new entity that acquired the land previously owned by South Edge. Assets and liabilities of the new entity are included in the following table for 2011.

**Assets and Liabilities of Real Estate Equity Affiliates**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$ 40</td>
<td>$ 20</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>$ 264</td>
<td>$ 718</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>$ 21</td>
<td>$ 78</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>$ 94</td>
<td>$ 384</td>
</tr>
</tbody>
</table>

**Results of Operations From Real Estate Equity Affiliates**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales and revenues</td>
<td>$ 13</td>
<td>$ 51</td>
<td>$ 39</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>$ -3</td>
<td>$(31)</td>
<td>$(14)</td>
</tr>
</tbody>
</table>
NOTE 8: PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS
We sponsor several retirement programs for our employees.
This note provides details about:
  • types of plans we sponsor,
  • significant transactions and events affecting plans we sponsor,
  • funded status of plans we sponsor,
  • pension assets,
  • activity of plans we sponsor and
  • actuarial assumptions.

TYPES OF PLANS WE SPONSOR
The plans we sponsor in the U.S. and Canada differ according to each country’s requirements.
In the U.S., our pension plans are:
  • qualified — plans that qualify under the Internal Revenue Code; and
  • nonqualified — plans for select employees that provide additional benefits not qualified under the Internal Revenue Code.
In Canada, our pension plans are:
  • registered — plans that are registered under the Income Tax Act and applicable provincial pension acts; and
  • nonregistered — plans for select employees that provide additional benefits that may not be registered under the Income Tax Act or provincial pension acts.
We also offer retiree medical and life insurance plans in the U.S. and Canada. These plans are referred to as other postretirement benefit plans in the following disclosures.

Employee Eligibility and Accounting
The Pension and Other Postretirement Benefit Plans section of Note 1: Summary of Significant Accounting Policies provides information about employee eligibility for pension plans and postretirement health care and life insurance benefits, as well as how we account for the plans and benefits. See “Effects of Significant Transactions and Events” below for changes to eligibility in the pension and other postretirement benefit plans.

Measurement Date
We measure the fair value of pension plan assets and pension and other postretirement benefit obligations as of the end of our fiscal year. The fair value of pension plan assets are estimated at the end of the year and are revised in the first half of the following year when the information needed to finalize fair values is received.

EFFECTS OF SIGNIFICANT TRANSACTIONS AND EVENTS
The information that is provided in this footnote is affected by the following transactions and events.

Amendments of Pension and Other Postretirement Benefit Plans for Salaried Employees

Pension Benefit Plan Amendments
During fourth quarter 2011, we ratified an amendment to the Weyerhaeuser Pension Plan that eliminated the Retiree Medical Enhancement for active employees effective July 1, 2012. This change reduced the Plan’s projected benefit obligation by $16 million. This change was announced to affected participants during January 2012.
Effective December 31, 2010, the Weyerhaeuser Company Retirement Plan for Hourly Rated Employees was merged into the Weyerhaeuser Company Retirement Plan for Salaried Employees resulting in the Weyerhaeuser Pension Plan. There were no changes to the provisions as a result of the plan merger.
During third quarter 2009, we announced changes to the Weyerhaeuser Company Retirement Plan for Salaried Employees for service earned on and after January 1, 2010. The changes included a reduced pension benefit, changes in how benefits payable before age 65 are determined and a change from a single lump sum optional form of payment to an option for seven equal annual installments. There were no changes in the plan’s projected benefit obligation (PBO) for the 2009 plan year as a result of these changes. However, there was a change to the plan’s minimum benefit, which increased for all years of service including those earned prior to January 1, 2010. This change did not have a significant effect on the plan’s PBO, but the change was reflected in the PBO at December 31, 2009 and prior service cost was established as of December 31, 2009. All of the changes affected net periodic pension benefit credits (costs) and required funding beginning in 2010.

Postretirement Medical and Life Insurance Benefit Plan Amendments
During fourth quarter 2011, we ratified amendments to our postretirement medical and life insurance benefit plans for U.S. salaried employees that reduced or eliminated certain medical and life insurance benefits that were available to both past and present employees. The changes included the elimination of the Pre-Medicare Plan II company subsidy for those not enrolled as of July 1, 2012, and eliminated the Post-Medicare Health Reimbursement Account (HRA) for those not enrolled or Medicare eligible, if enrolled, as of July 1, 2012. These changes resulted in a $108 million reduction in the company’s postretirement liability as of December 31, 2011. These changes were announced to affected participants during January 2012.

During third quarter 2010, we made changes to our postretirement medical plan for certain retirees in the U.S. Specifically, Medicare eligible retirees will be covered by a Health Reimbursement Account (HRA) as of January 1, 2011. The HRA will allow these retirees to purchase coverage through a healthcare exchange, and will provide additional options for coverage. As a result of this plan change, the company will not be receiving a Medicare Part D subsidy for plan years beginning on or after January 1, 2011. The loss of Medicare Part D subsidy is considered in the calculation of the net prior service credit of $3 million resulting from the plan change. This amount will be amortized into the net periodic benefit costs (credits) over the life expectancy of the affected plan participants.

During third quarter 2009, amendments were approved for our postretirement medical and life insurance benefits for certain retirees and employees covered by plans in Canada. The changes to the Canadian plans included a decrease in the amounts paid for postretirement medical and life insurance for certain retirees and employees. As a result of the plan changes, the plans’ liabilities were re-measured at August 31, 2009. The remeasurement and the annual remeasurement at January 1, 2009 reduced the unrecognized gain by $19 million. The plan changes also generated an unrecognized prior service credit of $97 million which will be amortized into net periodic benefit costs (credits) over the remaining future service years of plan members.

During fourth quarter 2009, an amendment was approved for our postretirement life insurance benefit for certain U.S. salaried retirees. The change eliminated the life insurance benefit for certain salaried retirees effective January 1, 2010. The plan’s liabilities were re-measured at November 30, 2009. This remeasurement and the annual remeasurement at January 1, 2009 increased the unrecognized loss by $6 million. This change resulted in a $16 million prior service credit, which was fully recognized in 2009.

Restructuring Activities
The information that is provided in this footnote is affected by restructuring activities that occurred in 2011, 2010 and 2009.

2011 Restructuring
The 2011 curtailments and special termination benefits are related to involuntary terminations due to company-wide restructuring activities, and the sale of our hardwoods and Westwood Shipping Lines operations. The total curtailment charge for U.S. pension plans was $9 million. In addition, we recognized a $3 million settlement charge for a Canadian pension plan in fourth quarter 2011. There were no curtailment charges or credits to the U.S. or Canadian postretirement plans.

Termination benefits were provided under the pension plan in the U.S. for those terminated employees who were not yet eligible to retire but whose age plus service was at least 65 and had at least ten years of service (Rule of 65). Special termination charges were $6 million.

2010 Restructuring
The 2010 curtailments and special termination benefits are related to involuntary terminations due to company-wide restructuring activities, the closure of Wood Products facilities and the sale of five short line railroads. The total curtailment charge for U.S. pension plans was $5 million. There were no curtailment charges or credits to the Canadian pension plans, or the U.S. or Canadian postretirement plans.

Termination benefits were provided under the pension plan in the U.S. for those terminated employees who were not yet eligible to retire but whose age plus service was at least 65 and had at least ten years of service (Rule of 65). Special termination charges were $5 million.

2009 Restructuring
The cumulative lump sum distributions for the year triggered two settlements in the U.S. Settlement charges of $60 million and $16 million were recognized in third and fourth quarter 2009, respectively.

The 2009 curtailments and special termination benefits were related to involuntary terminations due to company-wide restructuring activities and the closure of Wood Products facilities. The total curtailment charge for the U.S. and Canadian pension plans was $22 million. The net curtailment credit to the Canadian postretirement benefit plans was less than $1 million. There were no curtailment charges or credits to the U.S. postretirement plans.

Termination benefits were available under both the pension and postretirement benefit plans in the U.S. and Canada, for those terminated employees who were not yet eligible to retire but whose age plus service was at least 65 and had at least ten years of service (Rule of 65). Special termination charges were $14 million and $9 million for the pension and postretirement benefit plans, respectively.

Midyear Remeasurement of Assets and Liabilities
Our pension and other postretirement benefit plans are only remeasured at fiscal year-end unless a significant event occurs that requires remeasurement of the assets or liabilities at an interim date. There were no significant events that triggered remeasurement in 2011 and 2010. During 2009, the following events required interim remeasurements:

- The amendment to the other postretirement benefit plans for certain retirees in the U.S. required remeasurement of the plans’ liabilities as of November 30, 2009.
The amendment to the other postretirement benefit plans for certain retirees and employees in Canada required remeasurement of the plans’ liabilities as of August 31, 2009.

The volume of lump sum distributions from our U.S. qualified pension plan for salaried employees required remeasurement of the plan’s assets and liabilities as of August 31, 2009, the date the settlement was triggered.

The discount rate used to remeasure the plans’ liabilities is reflective of current bond rates on the remeasurement date. As a result of the midyear remeasurements, multiple discount rates were used in estimating our net periodic benefit cost (credit) for 2009. These rates are discussed further in the Actuarial Assumptions portion of this footnote.

Receivable From Pension Trust
During 2009 and 2008, there was a high volume of lump sum distributions from our U.S. qualified pension plans. Retirement-eligible employees whose employment with the company terminated in connection with the sale of our Containerboard, Packaging and Recycling business or corporate restructuring activities could elect to receive their pension benefit as a lump sum distribution if permitted in accordance with the plans’ provisions. In addition, market events in late 2008 and early 2009 adversely affected liquidity. For instance, many of the funds in which plan assets are invested changed their redemption terms which delayed some of the pension trusts’ cash receipts. To avoid liquidating assets at depressed prices and, as permitted by law, we elected to provide $285 million of short-term liquidity to the U.S. pension trust through short-term loans. These short-term loans were made in 2008 and first quarter 2009. The pension trust repaid $139 million in fourth quarter 2009 and the remaining $146 million in 2010.

**Funded Status of Plans We Sponsor**
The funded status of the plans we sponsor is determined by comparing the projected benefit obligation with the fair value of plan assets at the end of the year.

**Changes in Projected Benefit Obligations of Our Pension and Other Postretirement Benefit Plans**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>PENSION</th>
<th>OTHER POSTRETIREMENT BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Projected benefit obligation beginning of year</td>
<td>$5,267</td>
<td>$4,759</td>
</tr>
<tr>
<td>Service cost</td>
<td>48</td>
<td>44</td>
</tr>
<tr>
<td>Interest cost</td>
<td>276</td>
<td>278</td>
</tr>
<tr>
<td>Plan participants’ contributions</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Actuarial (gains) losses</td>
<td>611</td>
<td>458</td>
</tr>
<tr>
<td>Foreign currency exchange rate changes</td>
<td>(15)</td>
<td>44</td>
</tr>
<tr>
<td>Benefits paid (includes lump sum settlements)</td>
<td>(338)</td>
<td>(332)</td>
</tr>
<tr>
<td>Plan amendments</td>
<td>(14)</td>
<td>9</td>
</tr>
<tr>
<td>Special termination benefits</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Plan assumptions in connection with an acquisition</td>
<td>—</td>
<td>2</td>
</tr>
<tr>
<td>Projected benefit obligation at end of year</td>
<td>$5,841</td>
<td>$5,267</td>
</tr>
</tbody>
</table>

**Changes in Fair Value of Plan Assets**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>PENSION</th>
<th>OTHER POSTRETIREMENT BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Fair value of plan assets at beginning of year (estimated)</td>
<td>$4,773</td>
<td>$4,159</td>
</tr>
<tr>
<td>Adjustment for final fair value of plan assets</td>
<td>138</td>
<td>166</td>
</tr>
<tr>
<td>Actual return on plan assets</td>
<td>49</td>
<td>515</td>
</tr>
<tr>
<td>Foreign currency exchange rate changes</td>
<td>(11)</td>
<td>32</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>103</td>
<td>233</td>
</tr>
<tr>
<td>Plan participants’ contributions</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Benefits paid (includes lump sum settlements)</td>
<td>(338)</td>
<td>(332)</td>
</tr>
<tr>
<td>Fair value of plan assets at end of year (estimated)</td>
<td>$4,714</td>
<td>$4,773</td>
</tr>
</tbody>
</table>
Funded Status of Our Pension and Other Postretirement Benefit Plans

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>PENSION</th>
<th>OTHER POSTRETIREMENT BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>$1</td>
<td>—</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(21)</td>
<td>(20)</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>(1,107)</td>
<td>(474)</td>
</tr>
<tr>
<td>Funded status</td>
<td>$1,127</td>
<td>(494)</td>
</tr>
</tbody>
</table>

Our qualified and registered pension plans and a portion of our nonregistered pension plans are funded. We contribute to these plans according to established funding standards. The nonqualified pension plan, a portion of the nonregistered pension plans, and the other postretirement benefit plans are unfunded. For the unfunded plans, we pay benefits to retirees from our general assets as they come due.

The values reported for our pension plan assets at the end of 2011 and 2010 were estimated. Additional information regarding the year-end values generally becomes available to us during the first half of the following year. We increased the fair value of plan assets by $138 million to reflect final valuations as of December 31, 2010.

During 2011, we contributed $78 million to our Canadian registered plan and $25 million to our nonqualified and nonregistered plans.

The asset or liability on our Consolidated Balance Sheet representing the funded status of the plans is different from the cumulative income or expense that we have recorded related to these plans. These differences are actuarial gains and losses and prior service costs and credits that are deferred and will be amortized into our periodic benefit costs in future periods. These unamortized amounts are recorded in cumulative other comprehensive income, which is a component of total equity on our Consolidated Balance Sheet.

Changes in Amounts Included in Cumulative Other Comprehensive Income

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>PENSION</th>
<th>OTHER POSTRETIREMENT BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Net amount at beginning of year</td>
<td>$1,258</td>
<td>$1,080</td>
</tr>
<tr>
<td>Net change during the year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net actuarial gain (loss):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net actuarial gain (loss) arising during the year, including foreign currency exchange rate changes</td>
<td>(837)</td>
<td>(250)</td>
</tr>
<tr>
<td>Amortization of net actuarial loss</td>
<td>140</td>
<td>61</td>
</tr>
<tr>
<td>Taxes</td>
<td>240</td>
<td>1</td>
</tr>
<tr>
<td>Net actuarial gain (loss), net of tax</td>
<td>(457)</td>
<td>(188)</td>
</tr>
<tr>
<td>Prior service credit (cost):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior service credit (cost) arising during the year</td>
<td>14</td>
<td>(9)</td>
</tr>
<tr>
<td>Amortization of prior service (credit) cost</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Taxes</td>
<td>(15)</td>
<td>(4)</td>
</tr>
<tr>
<td>Prior service credit (cost), net of tax</td>
<td>22</td>
<td>10</td>
</tr>
<tr>
<td>Net amount recorded during the year</td>
<td>(435)</td>
<td>(178)</td>
</tr>
<tr>
<td>Net amount at end of year</td>
<td>$1,693</td>
<td>$1,258</td>
</tr>
</tbody>
</table>

During 2010, we reversed net tax benefits related to pension and other postretirement benefit loss and prior service credit not yet recognized in earnings by $43 million as a result of our conversion to a REIT. We also reduced our estimated tax rate, which increased actuarial net losses and prior service credit, net of tax by $34 million.

Accumulated Benefit Obligations Greater Than Plan Assets

As of December 31, 2011, pension plans with accumulated benefit obligations greater than plan assets had:

- $5.8 billion in projected benefit obligations,
- $5.7 billion in accumulated benefit obligations and
- assets with a fair value of $4.7 billion.

As of December 31, 2010, pension plans with accumulated benefit obligations greater than plan assets had:

- $1.1 billion in projected benefit obligations,
- $1.0 billion in accumulated benefit obligations and
- assets with a fair value of $639 million.

The accumulated benefit obligation for all of our defined benefit pension plans was:

- $5.7 billion at December 31, 2011; and
- $5.1 billion at December 31, 2010.
PENSION ASSETS
Our Investment Policies and Strategies
Our investment policies and strategies guide and direct how we manage funds for the benefit plans we sponsor. These funds include our:

- U.S. Pension Trust — funds our U.S. qualified pension plans;
- Canadian Pension Trust — funds our Canadian registered pension plans; and
- Retirement Compensation Arrangements — fund a portion of our Canadian nonregistered pension plans.

U.S. and Canadian Pension Trusts
Our U.S. pension trust holds the funds for our U.S. qualified pension plans, while our Canadian pension trust holds the funds for our Canadian registered pension plans.

Our strategy within the trusts is to invest:

- directly in a diversified mix of nontraditional investments; and
- indirectly through derivatives to promote effective use of capital, increase returns and manage associated risk.

Consistent with past practice and in accordance with investment guidelines established by the company’s investment committee, the investment managers of the company’s pension plan asset portfolios utilize a diversified set of investment strategies.

Our direct investments include:

- cash and short-term investments,
- hedge funds,
- private equity,
- real estate fund investments and
- common and preferred stocks.

Our indirect investments include:

- equity index derivatives,
- fixed income derivatives and
- swaps and other derivative instruments.

The overall return for our pension trusts includes:

- returns earned on our direct investments and
- returns earned on the derivatives we use.

Cash and short-term investments generally consist of highly liquid money market and government securities and are primarily held to fund benefit payments, capital calls and margin requirements.

Hedge fund investments generally consist of privately-offered managed pools primarily structured as limited liability entities, with the general members or partners of such limited liability entities serving as portfolio manager and thus being responsible for the fund’s underlying investment decisions. Generally, these funds have varying degrees of liquidity and redemption provisions. Underlying investments within these funds may include long and short public and private equities, corporate, mortgage and sovereign debt, options, swaps, forwards and other derivative positions. These funds may also use varying degrees of leverage.

Private equity investments consist of investments in private equity, mezzanine, distressed, co-investments and other structures. Private equity funds generally participate in buyouts and venture capital of limited liability entities through unlisted equity and debt instruments. These funds may also employ borrowing at the underlying entity level. Mezzanine and distressed funds generally follow strategies of investing in the debt of public or private companies with additional participation through warrants or other equity type options.

Real estate fund investments in real property may be initiated through private transactions between principals or public market vehicles such as real estate investment trusts and are generally held in limited liability entities.

Common and preferred stocks are equity instruments that generally have resulted from transactions related to private equity investment holdings. Swaps and other derivative instruments generally are comprised of swaps, futures, forwards or options. In accordance with our investment risk and return objectives, some of these instruments are utilized to achieve target equity and bond asset exposure or to reduce exposure to certain market risks or to help manage the liquidity of our investments. The resulting asset mix achieved is intended to allow the assets to perform comparably with established benchmarks. Others, mainly total return swaps with limited exchange of principal, are designed to gain exposure to the return characteristics of specific financial strategies.

All swap, forward and option contracts are executed in a diversified manner through a number of financial institutions and in accordance with our investment guidelines.

Retirement Compensation Arrangements
Retirement Compensation Arrangements fund a portion of our Canadian nonregistered pension plans.

Under Retirement Compensation Arrangements, our contributions are split:

- 50 percent to our investments in a portfolio of equities; and
- 50 percent to a noninterest-bearing refundable tax account held by Canada Revenue Agency — as required by Canadian tax rules.
The Canadian tax rules requirement means that — on average, over time — approximately 50 percent of our Canadian nonregistered pension plans’ assets do not earn returns.
Managing Risk

Investments and contracts, in general, are subject to risk, including market price, liquidity, currency, interest rate and credit risks. We have established governance practices to manage certain risks. The following provides an overview of these risks and describes actions we take to mitigate the potential adverse effects of these risks on the performance of our pension plan assets. Generally, we manage these risks through:

- selection and diversification of managers and strategies,
- use of limited-liability vehicles,
- diversification and
- constraining risk profiles to predefined limits on the percentage of pension trust assets that can be invested in certain categories.

**Market price risk** is the risk that the future value of a financial instrument will fluctuate as a result of changes in its market price, whether caused by factors specific to the individual investment, its issuer, or any other market factor that may affect its price. We attempt to mitigate market price risk on the company's pension plan asset portfolios by investing in a diversified set of assets whose returns exhibit low correlation to those of traditional asset classes and each other. In addition, we and our investment advisers monitor the investments on a regular basis to ensure the decision to invest in particular assets continues to be suitable, including performing ongoing qualitative and quantitative assessments and comprehensive investment and operational due diligence. Special attention is paid to organizational changes made by the underlying fund managers and to changes in policy relative to their investment objectives, valuation, hedging strategy, degree of diversification, leverage, alignment of fund principles and investors, risk governance and costs.

**Liquidity risk** is the risk that the pension trusts will encounter difficulty in meeting obligations associated with their financial liabilities. Our financial obligations as they relate to the pension plans may consist of distributions and redemptions payable to pension plan participants, payments to counterparties and fees to service providers. As established, pension plan assets primarily consist of investments in limited liability pools for which there is no active secondary market. As a result, the investments may be illiquid. Further, hedge funds are subject to potential restrictions that may affect the timing of the realization of pending redemptions. Private equity funds are subject to distribution and funding schedules that are set by the private equity funds' respective managers and market activity. To mitigate liquidity risk on the company's pension plan asset portfolios, the hedge fund portfolios have been diversified across manager's strategies and funds that possess varying liquidity provisions and the private equity portfolios have been diversified across different vintage years and strategies. In addition, the investment committee regularly reviews cash flows of the pension trusts and sets appropriate guidelines to address liquidity needs.

**Currency risk** arises from holding pension plan assets denominated in a currency other than the currency in which its liabilities are settled. Such risk is managed generally through notional contracts designed to hedge the net exposure to non-functional currencies.

**Interest rate risk** is the risk that a change in interest rates will adversely affect the fair value of fixed income securities. The pension trust's primary exposure to interest rate risk is indirect and through their investments in limited liability pools. Such indirect exposure is managed by the respective fund managers in conjunction with their investment level decisions and predefined investment mandates.

**Credit risk** relates to the extent to which failures by counterparties to discharge their obligations could reduce the amount of future cash flows on hand at the balance sheet date. The pension trusts' exposure to counterparty credit risk is reflected as settlement receivables from derivative contracts within the pension plan assets. In evaluating credit risk, we will often be dependent upon information provided by the counterparty or a rating agency, which may be inaccurate. We decrease exposure to credit risk by only dealing with highly-rated financial counterparties, and as of year-end, our counterparties each had a credit rating of at least A from Standard and Poor's.

We further manage this risk through:

- diversification of counterparties,
- predefined settlement and margining provisions and
- documented agreements.

We expect that none of our counterparties will fail to meet its obligations. Also, no principal is at risk as a result of these types of investments. Only the amount of unsettled net receivables is at risk.

We are also exposed to credit risk indirectly through counterparty relationships struck by the underlying managers of investments in limited liability pools. This indirect exposure is mitigated through a due diligence process, which focuses on monitoring each investment fund to ensure the decision to invest in or maintain exposure to a fund continues to be suitable for the pension plans’ asset portfolios.

While we do not target specific direct investment or derivative allocations, we have established guidelines on the percentage of pension trust assets that can be invested in certain categories to provide diversification by investment type fund and investment managers, as well as to manage overall liquidity.

Assets within our qualified and registered pension plans in our U.S. and Canadian pension trusts were invested as follows:

<table>
<thead>
<tr>
<th></th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed income</td>
<td>11.5 %</td>
<td>16.4 %</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>51.9</td>
<td>48.0</td>
</tr>
<tr>
<td>Private equity and related funds</td>
<td>35.1</td>
<td>33.1</td>
</tr>
<tr>
<td>Real estate and related funds</td>
<td>2.1</td>
<td>2.5</td>
</tr>
<tr>
<td>Common and preferred stock and equity index instruments</td>
<td>—</td>
<td>0.4</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>(0.6)</td>
<td>(0.4)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0 %</strong></td>
<td><strong>100.0 %</strong></td>
</tr>
</tbody>
</table>
For our nonregistered plans, we invest 50 percent of the funds we contribute to our nonregistered pension plans. Under Canadian tax rules for Retirement Compensation Arrangements, the other 50 percent is allocated to a noninterest-bearing refundable tax account held by the Canada Revenue Agency. We have invested the assets that we are allowed to manage as follows:

<table>
<thead>
<tr>
<th></th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>23.0%</td>
<td>44.0%</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>77.0</td>
<td>56.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Valuation of Our Plan Assets**

The pension assets are stated at fair value based upon the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date. We do not value pension investments based upon a forced or distressed sale scenario. Instead, we consider both observable and unobservable inputs that reflect assumptions applied by market participants when setting the exit price of an asset or liability in an orderly transaction within the principal market of that asset or liability.

We value the pension plan assets based upon the observability of exit pricing inputs and classify pension plan assets based upon the lowest level input that is significant to the fair value measurement of the pension plan assets in their entirety. The fair value hierarchy we follow is outlined below:

**Level 1:** Inputs are unadjusted quoted prices for identical assets and liabilities traded in an active market.

**Level 2:** Inputs are quoted prices in non-active markets for which pricing inputs are observable either directly or indirectly at the reporting date.

**Level 3:** Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

The pension assets are comprised of cash and short-term investments, derivative contracts, common and preferred stock and fund units. The fund units are typically limited liability interests in hedge funds, private equity funds, real estate funds and cash funds. Each of these assets participates in its own unique principal market.

Cash and short-term investments, when held directly, are valued at cost.

Common and preferred stocks are valued at exit prices quoted in the public markets.

Derivative contracts held by our pension trusts are not publicly traded and each derivative contract is specifically negotiated with a unique financial counterparty and references either illiquid fund units or a unique number of synthetic units of a publicly reported market index. The derivative contracts are valued based upon valuation statements received from the financial counterparties. We review embedded calculations in the valuation statements and compare referenced values to external sources.

Fund units are valued based upon the net asset values of the funds which we believe represent the per-unit prices at which new investors are permitted to invest and the prices at which existing investors are permitted to exit. To the degree net asset values as of the end of the year have not been received, we use the most recently reported net asset values and adjust for market events and cash flows that have occurred between the interim date and the end of the year to estimate the fair values as of the end of the year.

Assets that do not have readily available quoted prices in an active market require a higher degree of judgment to value and have a higher degree of risk that the value that could have been realized upon sale as of the valuation date could be different from the reported value than assets with observable pricing inputs. It is possible that the full extent of market price, liquidity, currency, interest rate, or credit risks may not be fully factored into the fair values of our pension plan assets that use significant unobservable inputs. Approximately $4.2 billion, or 89 percent, of our pension plan assets were classified as Level 3 assets as of December 31, 2011.

We estimate the fair value of pension plan assets based upon the information available during the year-end reporting process. In some cases, primarily private equity funds, the information available consists of net asset values as of an interim date, cash flows between the interim date and the end of the year, and market events. When the difference are significant, we revise the year-end estimated fair value of pension plan assets to incorporate year-end net asset values received after we have filed our annual report on Form 10-K. We increased the fair value of pension assets in the second quarter of 2011 by $138 million, or 2.9 percent.
The net pension plan assets, when categorized in accordance with this fair value hierarchy, are as follows:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2011</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension trust investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income instruments</td>
<td>$470</td>
<td>$71</td>
<td>—</td>
<td>—</td>
<td>$541</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>—</td>
<td>—</td>
<td>2,436</td>
<td>2,436</td>
<td>2,436</td>
</tr>
<tr>
<td>Private equity and related funds</td>
<td>—</td>
<td>2</td>
<td>1,649</td>
<td>1,651</td>
<td></td>
</tr>
<tr>
<td>Real estate and related funds</td>
<td>—</td>
<td>—</td>
<td>96</td>
<td>96</td>
<td></td>
</tr>
<tr>
<td>Common and preferred stock and equity index instruments</td>
<td>1</td>
<td>1</td>
<td>—</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Total pension trust investments</td>
<td>$471</td>
<td>$74</td>
<td>4,181</td>
<td>4,726</td>
<td></td>
</tr>
<tr>
<td>Accrued liabilities, net</td>
<td>—</td>
<td>—</td>
<td>(27)</td>
<td></td>
<td>(27)</td>
</tr>
<tr>
<td>Pension trust net assets</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Canadian nonregistered plan assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$12</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$12</td>
</tr>
<tr>
<td>Investments</td>
<td>3</td>
<td>—</td>
<td>—</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total Canadian nonregistered plan assets</td>
<td>$15</td>
<td>—</td>
<td>—</td>
<td>$15</td>
<td></td>
</tr>
<tr>
<td>Total plan assets</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$4,714</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2010</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension trust investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income instruments</td>
<td>$711</td>
<td>$68</td>
<td>—</td>
<td>—</td>
<td>$779</td>
</tr>
<tr>
<td>Hedge funds</td>
<td>—</td>
<td>—</td>
<td>2,284</td>
<td>2,284</td>
<td>2,284</td>
</tr>
<tr>
<td>Private equity and related funds</td>
<td>—</td>
<td>(4)</td>
<td>1,575</td>
<td>1,571</td>
<td></td>
</tr>
<tr>
<td>Real estate and related funds</td>
<td>—</td>
<td>—</td>
<td>120</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>Common and preferred stock and equity index instruments</td>
<td>2</td>
<td>17</td>
<td>—</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Total pension trust investments</td>
<td>$713</td>
<td>$81</td>
<td>3,979</td>
<td>4,773</td>
<td></td>
</tr>
<tr>
<td>Accrued liabilities, net</td>
<td>—</td>
<td>—</td>
<td>(16)</td>
<td></td>
<td>(16)</td>
</tr>
<tr>
<td>Pension trust net investments</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Canadian nonregistered plan assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$11</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$11</td>
</tr>
<tr>
<td>Investments</td>
<td>5</td>
<td>—</td>
<td>—</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total Canadian nonregistered plan assets</td>
<td>$16</td>
<td>—</td>
<td>—</td>
<td>$16</td>
<td></td>
</tr>
<tr>
<td>Total plan assets</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$4,773</td>
</tr>
</tbody>
</table>

A reconciliation of the beginning and ending balances of the pension plan assets measured at fair value using significant unobservable inputs (Level 3) is presented below:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>INVESTMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hedge funds</td>
</tr>
<tr>
<td>Balance as of December 31, 2009</td>
<td>$2,320</td>
</tr>
<tr>
<td>Net realized gains</td>
<td>161</td>
</tr>
<tr>
<td>Net change in unrealized appreciation (depreciation)</td>
<td>317</td>
</tr>
<tr>
<td>Net purchases, (sales) and (settlements)</td>
<td>(514)</td>
</tr>
<tr>
<td>Balance as of December 31, 2010</td>
<td>2,284</td>
</tr>
<tr>
<td>Net realized gains (losses)</td>
<td>95</td>
</tr>
<tr>
<td>Net change in unrealized appreciation (depreciation)</td>
<td>(180)</td>
</tr>
<tr>
<td>Net purchases, (sales) and (settlements)</td>
<td>237</td>
</tr>
<tr>
<td>Balance as of December 31, 2011</td>
<td>$2,436</td>
</tr>
</tbody>
</table>
This table shows the fair value of the derivatives held by our pension trusts — which fund our qualified and registered plans — at the end of the last two years.

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity index instruments</td>
<td>$1</td>
<td>$17</td>
</tr>
<tr>
<td>Forward contracts</td>
<td>2</td>
<td>(4)</td>
</tr>
<tr>
<td>Swaps</td>
<td>220</td>
<td>315</td>
</tr>
<tr>
<td>Total</td>
<td>$223</td>
<td>$328</td>
</tr>
</tbody>
</table>

This table shows the aggregate notional amount of the derivatives held by our pension trusts — which fund our qualified and registered plans — at the end of the last two years.

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity index instruments</td>
<td>$390</td>
<td>$393</td>
</tr>
<tr>
<td>Forward contracts</td>
<td>208</td>
<td>221</td>
</tr>
<tr>
<td>Swaps</td>
<td>1,291</td>
<td>1,220</td>
</tr>
<tr>
<td>Total</td>
<td>$1,889</td>
<td>$1,834</td>
</tr>
</tbody>
</table>

### ACTIVITY OF PLANS WE SPONSOR

#### Net Periodic Benefit Costs (Credits)

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>PENSION</th>
<th>OTHER POSTRETIREMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net periodic benefit cost (credit):</td>
<td>$48</td>
<td>$44</td>
</tr>
<tr>
<td>Service cost</td>
<td>276</td>
<td>278</td>
</tr>
<tr>
<td>Interest cost</td>
<td>(421)</td>
<td>(448)</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>136</td>
<td>61</td>
</tr>
<tr>
<td>Amortization of actuarial loss</td>
<td>14</td>
<td>18</td>
</tr>
<tr>
<td>Amortization of prior service cost (credit)</td>
<td>18</td>
<td>10</td>
</tr>
<tr>
<td>Recognition of curtailments, settlements and special termination benefits due to closures, restructurings or divestitures (1)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net periodic benefit cost (credit)</td>
<td>$71</td>
<td>(37)</td>
</tr>
</tbody>
</table>

(1) Service cost includes $2 million in 2011 and $3 million in 2010 for employees that were part of the sale of our hardwoods operations. Curtailment and special termination benefits includes charges of $11 million in 2011 related to the sale of our hardwoods and Westwood Shipping Lines operations. These charges are included in our results of discontinued operations.

Estimated Amortization from Cumulative Other Comprehensive Income in 2012

Amortization of the net actuarial loss and prior service cost (credit) of our pension and postretirement benefit plans will affect our other comprehensive income in 2012. The net effect of the estimated amortization will be an increase in net periodic benefit costs or a decrease in net periodic benefit credits in 2012.

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>PENSION</th>
<th>POSTRETIREMENT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net actuarial loss</td>
<td>$170</td>
<td>$15</td>
<td>$185</td>
</tr>
<tr>
<td>Prior service cost (credit)</td>
<td>8</td>
<td>(126)</td>
<td>(118)</td>
</tr>
<tr>
<td>Net effect cost (credit)</td>
<td>$178</td>
<td>(111)</td>
<td>$67</td>
</tr>
</tbody>
</table>

### Expected Pension Funding

Established funding standards govern the funding requirements for our qualified and registered pension plans. We fund the benefit payments of our nonqualified and nonregistered plans as benefit payments come due.

Based on estimated year-end asset values and projections of plan liabilities, we expect to contribute the following to pension plans during 2012:

- approximately $60 million to our U.S. qualified pension plan for 2012, which is payable by September 15, 2013;
- approximately $20 million to our U.S. nonqualified pension plans; and
- approximately $83 million for required contributions to our Canadian registered and nonregistered pension plans.
**Expected Postretirement Benefit Funding**
Our retiree medical and life insurance plans are unfunded. Benefits for these plans are paid from our general assets as they come due. Except for benefits provided to certain unionized employees, we retain the right to terminate other postretirement benefits. We expect to contribute approximately $42 million to our U.S. and Canadian other postretirement benefit plans in 2012, including approximately $10 million expected to be required to cover benefit payments under collectively bargained contractual obligations.

**Estimated Projected Benefit Payments for the Next 10 Years**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>PENSION</th>
<th>OTHER POSTRETIREMENT BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$317</td>
<td>$42</td>
</tr>
<tr>
<td>2013</td>
<td>$323</td>
<td>$39</td>
</tr>
<tr>
<td>2014</td>
<td>$331</td>
<td>$36</td>
</tr>
<tr>
<td>2015</td>
<td>$337</td>
<td>$34</td>
</tr>
<tr>
<td>2016</td>
<td>$347</td>
<td>$32</td>
</tr>
<tr>
<td>2017-2021</td>
<td>$1,848</td>
<td>$140</td>
</tr>
</tbody>
</table>

**ACTUARIAL ASSUMPTIONS**
We use actuarial assumptions to estimate our benefit obligations and our net periodic benefit costs.

**Rates We Use in Estimating Our Benefit Obligations**
We use assumptions to estimate our benefit obligations that include:

- discount rates in the U.S. and Canada, including discount rates used to value lump sum distributions;
- rates of compensation increases for our salaried and hourly employees in the U.S. and Canada; and
- estimated percentages of eligible retirees who will elect lump sum payments of benefits.

**Discount Rates and Rates of Compensation Increase Used in Estimating Our Pension and Other Postretirement Benefit Obligation**

<table>
<thead>
<tr>
<th>DISCOUNT RATES</th>
<th>PENSION</th>
<th>OTHER POSTRETIREMENT BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>4.50%</td>
<td>5.40%</td>
</tr>
<tr>
<td>Canada</td>
<td>4.90%</td>
<td>5.30%</td>
</tr>
<tr>
<td>Lump sum distributions (US salaried and nonqualified plans only) (1)</td>
<td>Variable</td>
<td>Variable</td>
</tr>
<tr>
<td>Rate of compensation increase:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaried:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>2.00% for 2011</td>
<td>1.75% for 2010</td>
</tr>
<tr>
<td>Canada</td>
<td>2.00% for 2011</td>
<td>1.75% for 2010</td>
</tr>
<tr>
<td>Hourly:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>3.00%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Canada</td>
<td>3.25%</td>
<td>3.25%</td>
</tr>
<tr>
<td>Election of lump sum or installment distributions (US salaried and nonqualified plans only)</td>
<td>60.00%</td>
<td>65.00%</td>
</tr>
</tbody>
</table>

(1) The discount rates applicable to lump sum distributions vary based on expected retirement dates of the covered employees. The discount rates are determined in accordance with the Pension Protection Act.

**Estimating Our Net Periodic Benefit Costs**
The assumptions we use to estimate our net periodic benefit costs include:

- discount rates in the U.S. and Canada, including discount rates used to value lump sum distributions;
- expected returns on our plan assets;
- rates of compensation increases for our salaried and hourly employees in the U.S. and Canada; and
- estimated percentages of eligible retirees who will elect lump sum payments of benefits.

This table shows the discount rates, expected returns on our plan assets and rates of compensation increases we used the last three years to estimate our net periodic benefit costs.
## Rates Used to Estimate Our Net Periodic Benefit Costs

<table>
<thead>
<tr>
<th></th>
<th>PENSION</th>
<th>OTHER POSTRETIREMENT BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Discount rates:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. (1)</td>
<td>5.40%</td>
<td>5.90%</td>
</tr>
<tr>
<td>Salaried – lump sum distributions (U.S. salaried and nonqualified plan only) (2)</td>
<td>PPA phased Table</td>
<td>PPA phased Table</td>
</tr>
<tr>
<td>Remeasurement:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaried settlement at August 31, 2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remeasurement for elimination of life insurance for certain salaried retirees on November 30, 2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>5.30%</td>
<td>6.10%</td>
</tr>
<tr>
<td>Remeasurement:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate after August 31, 2009 remeasurement for postretirement plan changes</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expected return on plan assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualified/registered plans</td>
<td>9.50%</td>
<td>9.50%</td>
</tr>
<tr>
<td>Nonregistered plans (Canada only)</td>
<td>4.75%</td>
<td>4.75%</td>
</tr>
<tr>
<td><strong>Rate of compensation increase:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaried</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>2.00% for 2011 3.50% thereafter</td>
<td>1.75% for 2010 3.50% thereafter</td>
</tr>
<tr>
<td>Canada</td>
<td>2.00% for 2011 3.50% thereafter</td>
<td>1.75% for 2010 3.50% thereafter</td>
</tr>
<tr>
<td>Hourly</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>3.00%</td>
<td>3.00%</td>
</tr>
<tr>
<td>Canada</td>
<td>3.25%</td>
<td>3.25%</td>
</tr>
<tr>
<td>Election of lump sum distributions (U.S. salaried and nonqualified plans only)</td>
<td>65.00%</td>
<td>72.00%</td>
</tr>
</tbody>
</table>

(1) 2009 rate is for salaried and hourly employees, excluding settlements and elimination of retiree life for certain salaried retirees.

(2) PPA Phased Table: Interest and mortality assumptions as mandated by Pension Protection Act of 2006 including the phase out of the prior interest rate basis in 2012.

### Expected Return on Plan Assets

We estimate the expected long-term return on assets for our:
- qualified and registered pension plans and
- nonregistered plans.

**Qualified and Registered Pension Plans.** We reduced our expected long-term rate of return assumption for plan assets to 9.0 percent at the end of 2011. The revised rate will affect the amount of net periodic benefit costs that we record in 2012. The rate is comprised of:
- a 7.75 percent assumed return from direct investments and
- a 1.25 percent assumed return from derivatives.

Determining our expected return:
- requires a high degree of judgment,
- uses our historical fund returns as a base and
- places added weight on more recent pension plan asset performance.

Over the 27 years it has been in place, our U.S. pension trust investment strategy has achieved a 14.8 percent net compound annual return rate. Based on valuations received as of year-end, our total actual return on assets held by our pension trusts for the registered and qualified plans was a gain of approximately $49 million in 2011.

These trusts fund our qualified, registered and a portion of our nonregistered pension plans.

### Actual Returns (Losses) on Assets Held by Our Pension Trusts

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct investments</td>
<td>$</td>
<td>48</td>
<td>$362</td>
</tr>
<tr>
<td>Derivatives</td>
<td>1</td>
<td>153</td>
<td>166</td>
</tr>
<tr>
<td>Total</td>
<td>$49</td>
<td>$515</td>
<td>$691</td>
</tr>
</tbody>
</table>
Nonregistered plans. Canadian tax rules require that 50 percent of the assets for nonregistered plans go to a noninterest-bearing refundable tax account. As a result, the return we earn investing the other 50 percent is spread over 100 percent of the assets. Our expected long-term annual rate of return on the equity portion of this portfolio — the portion we are allowed to invest and manage — is 7 percent. We base that expected rate of return on:

- historical experience and
- future return expectations.

We reduced the expected overall annual return on assets that fund our nonregistered plan to 3.5 percent at the end of 2011. The revised rate will affect the amount of net periodic benefit costs that we record in 2012.

HEALTH CARE COSTS

Rising costs of health care affect the costs of our other postretirement plans.

Health Care Cost Trend Rates

We use assumptions about health care cost trend rates to estimate the cost of benefits we provide. In 2011, the assumed weighted health care cost trend rate for the next year was:

- 6.8 percent in the U.S. and
- 7.3 percent in Canada.

This table shows the assumptions we use in estimating the annual cost increase for health care benefits we provide.

**Assumptions We Use in Estimating Health Care Benefit Costs**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S.</td>
<td>CANADA</td>
</tr>
<tr>
<td>Weighted health care cost trend rate assumed for next year</td>
<td>6.80%</td>
<td>7.30%</td>
</tr>
<tr>
<td>Rate to which cost trend rate is assumed to decline (ultimate trend rate)</td>
<td>4.50%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Year that the rate reaches the ultimate trend rate</td>
<td>2029</td>
<td>2030</td>
</tr>
</tbody>
</table>

A 1 percent change in our assumed health care cost trend rates can affect our accumulated benefit obligations.

**Effect of a 1 Percent Change in Health Care Costs**

<table>
<thead>
<tr>
<th>AS OF DECEMBER 31, 2011 (DOLLAR AMOUNTS IN MILLIONS)</th>
<th>1% INCREASE</th>
<th>1% DECREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect on total service and interest cost components</td>
<td>$1</td>
<td>1</td>
</tr>
<tr>
<td>Effect on accumulated postretirement benefit obligation</td>
<td>$12</td>
<td>$</td>
</tr>
</tbody>
</table>

UNION-ADMINISTERED MULTIEmployER BENEFIT PLANS

We contribute to multiemployer defined benefit plans under the terms of collective-bargaining agreements that cover some of our union-represented employees.

The U.S. plans are established to provide retirement income for eligible employees who meet certain age and service requirements at retirement. The benefits are generally based on:

- a percentage of the employer contributions paid into the plan on the eligible employee's behalf or
- a formula considering an eligible employee's service, the total contributions paid on their behalf plus a benefit based on the value of an eligible employee's account.

The Canadian plan is a negotiated cost defined benefit plan. The plan is established to provide retirement income for members based on their number of years of service in the industry, and the benefit rate that applied to that service.

The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If we choose to stop participating in some of the multiemployer plans, we may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

As of December 31, 2011, these plans covered approximately 1,330 of our employees Our contributions were approximately:

- $4 million in 2011,
- $4 million in 2010 and
- $3 million in 2009.

There have been no significant changes that affect the comparability of the 2011, 2010 and 2009 contributions. None of our contributions exceeded more than five percent of any plan's total contributions during 2011, 2010 and 2009.
DEFINED CONTRIBUTION PLANS
We sponsor various defined contribution plans for our U.S. and Canadian salaried and hourly employees. Our contributions to these plans were:

- $19 million in 2011,
- $12 million in 2010 and

Effective May 1, 2009, the company match for the salaried defined contribution plan was temporarily suspended. The suspension was lifted in July 2010.

NOTE 9: VARIABLE INTEREST ENTITIES
This note provides details about:

- Forest Products special-purpose entities (SPEs) and
- Real Estate variable interest entities (VIEs).

FOREST PRODUCTS SPECIAL PURPOSE ENTITIES
From 2002 through 2004, Forest Products sold certain nonstrategic timberlands in five separate transactions. We are the primary beneficiary and consolidate the assets and liabilities of certain monetization and buyer-sponsored SPEs involved in these transactions. We have an equity interest in the monetization SPEs, but no ownership interest in the buyer-sponsored SPEs. The following disclosures refer to assets of buyer-sponsored SPEs and liabilities of monetization SPEs. However, because these SPEs are distinct legal entities:

- Assets of the SPEs are not available to satisfy our liabilities or obligations.
- Liabilities of the SPEs are not our liabilities or obligations.

Our Consolidated Statement of Operations includes:

- Interest expense on SPE debt of:
  - $31 million in 2011,
  - $32 million in 2010 and
  - $33 million in 2009.
- Interest income on SPE investments of:
  - $34 million in 2011,
  - $34 million in 2010 and
  - $36 million in 2009.

Sales proceeds paid to buyer-sponsored SPEs were invested in restricted bank financial instruments with a balance of $909 million as of December 31, 2011. The weighted average interest rate was 3.81 percent during 2011 and 2010. Maturities of the bank financial instruments at the end of 2011 were:

- $110 million in 2012,
- $184 million in 2013,
- $253 million in 2019 and

The long-term debt of our monetization SPEs was $767 million as of December 31, 2011, and $764 million as of December 31, 2010. The weighted average interest rate was 4.15 percent during 2011 and 2010. Maturities of the debt at the end of 2011 were:

- $96 million in 2012,
- $160 million in 2013,
- $209 million in 2019 and

Bank financial instruments consist of bank guarantees backed by bank notes for three of the SPE transactions and letters of credit backed by cash deposits for two of the SPE transactions. Interest earned from each bank financial instrument is used to pay interest accrued on the corresponding SPE's debt. Any shortfall between interest earned and interest accrued reduces our equity in the monetization SPEs.

Upon dissolution of the SPEs and payment of all obligations of the entities, we would receive any net equity remaining in the monetization SPEs and would be required to report deferred tax gains on our income tax return. In the event that proceeds from the bank financial instruments are insufficient to settle all of the liabilities of the SPEs, we are not obligated to contribute any funds to any of the SPEs. As of December 31, 2011, our net equity in the five SPEs was approximately $140 million and the deferred tax liability was estimated to be approximately $277 million.

REAL ESTATE VARIABLE INTEREST ENTITIES
In the ordinary course of business, our Real Estate segment enters into lot option purchase agreements in order to procure land and residential lots for development and the construction of homes in the future. The use of such lot option agreements generally allows us to reduce the risks associated with direct land ownership and development, and reduces our capital and financial commitments. Pursuant to these lot option purchase agreements, we generally provide a deposit to the seller as consideration for the right to purchase lots at different times in the future, usually at predetermined prices.

If the entity holding the lots under option is a VIE, our deposit represents a variable interest in that entity. If we are determined to be the primary beneficiary of the VIE, we consolidate the VIE in our financial statements and reflect its assets and liabilities as “Consolidated assets not owned”
and "Consolidated liabilities not owned." Creditors of the entities with which we have option agreements have no recourse against us. The maximum exposure to loss under our lot option agreements is limited to non-refundable option deposits and any capitalized pre-acquisition costs. In determining whether we are the primary beneficiary of a VIE, we consider our ability to control activities of the VIE including, but not limited to the ability to:

- determine the budget and scope of land development work, if any;
- control financing decisions for the VIE; and
- acquire additional land into the VIE or dispose of land in the VIE not already under contract.

If we conclude that we control such activities of the VIE, we also consider whether we have an obligation to absorb losses of or a right to receive benefits from the VIE.

As of the end of 2011 and 2010, our non-refundable option deposits to VIEs and capitalized pre-acquisition costs on assets under option from VIEs were not significant.

NOTE 10: REAL ESTATE IN PROCESS OF DEVELOPMENT AND FOR SALE

Carrying Value of Our Real Estate in Process of Development and for Sale

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwelling units</td>
<td>$ 206</td>
<td>$ 215</td>
</tr>
<tr>
<td>Residential lots</td>
<td>$ 261</td>
<td>$ 289</td>
</tr>
<tr>
<td>Commercial acreage and acreage for sale</td>
<td>$ 88</td>
<td>$ 13</td>
</tr>
<tr>
<td>Total</td>
<td>$ 555</td>
<td>$ 517</td>
</tr>
</tbody>
</table>

HOW WE ACCOUNT FOR OUR REAL ESTATE IN PROCESS OF DEVELOPMENT AND FOR SALE

Real estate in process of development and for sale is stated at cost unless events and circumstances trigger an impairment review. More information about real estate asset impairments can be found in Note 18: Charges for Restructuring, Closures and Asset Impairments.

NOTE 11: ACCRUED LIABILITIES

Forest Products accrued liabilities were comprised of the following:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>December 31, 2011</th>
<th>December 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages, salaries and severance pay</td>
<td>$ 136</td>
<td>$ 165</td>
</tr>
<tr>
<td>Pension and postretirement</td>
<td>$ 63</td>
<td>$ 65</td>
</tr>
<tr>
<td>Vacation pay</td>
<td>$ 44</td>
<td>$ 50</td>
</tr>
<tr>
<td>Income taxes</td>
<td>$ 13</td>
<td>$ 65</td>
</tr>
<tr>
<td>Taxes – Social Security and real and personal property</td>
<td>$ 29</td>
<td>$ 28</td>
</tr>
<tr>
<td>Interest</td>
<td>$ 99</td>
<td>$ 110</td>
</tr>
<tr>
<td>Customer rebates and volume discounts</td>
<td>$ 54</td>
<td>$ 63</td>
</tr>
<tr>
<td>Deferred income</td>
<td>$ 59</td>
<td>$ 51</td>
</tr>
<tr>
<td>Other</td>
<td>$ 96</td>
<td>$ 137</td>
</tr>
<tr>
<td>Total</td>
<td>$ 593</td>
<td>$ 734</td>
</tr>
</tbody>
</table>

NOTE 12: LINES OF CREDIT

This note provides details about our:

- lines of credit and
- other letters of credit and surety bonds.

OUR LINES OF CREDIT

During June 2011, we entered into a new $1 billion 4-year revolving credit facility that expires June 2015. This replaces a $1 billion revolving credit facility that was set to expire December 2011. Conditions of the line of credit include the following:

- The entire amount is available to Weyerhaeuser Company.
- $50 million of the amount is available to Weyerhaeuser Real Estate Company (WRECO).
- Neither Weyerhaeuser Company nor WRECO is a guarantor of the borrowing of the other.

Borrowings are at LIBOR plus a spread or at other interest rates mutually agreed upon between the borrower and the lending banks. As of December 31, 2011, there were no borrowings outstanding under the facility.

As of December 31, 2011, Weyerhaeuser Company and WRECO were in compliance with the credit facility covenants.
OTHER LETTERS OF CREDIT AND SURETY BONDS

The amounts of other letters of credit and surety bonds we have entered into as of the end of our last two years are included in the following table:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>FOREST PRODUCTS</th>
<th>REAL ESTATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letters of credit</td>
<td>$44</td>
<td>$29</td>
</tr>
<tr>
<td>Surety bonds</td>
<td>$166</td>
<td>$166</td>
</tr>
</tbody>
</table>

Our compensating balance requirements for our letters of credit were $40 million as of December 31, 2011.

NOTE 13: LONG-TERM DEBT

This note provides details about:

- Forest Products long-term debt and the portion due within one year,
- Real Estate long-term debt and the portion due within one year and
- long-term debt maturities.

Our long-term debt includes notes, debentures, revenue bonds and other borrowings. The following table lists Forest Products’ long-term debt, which includes Weyerhaeuser Company debt, by types and interest rates at the end of our last two years and includes the current portion.

Forest Products Long-Term Debt by Types and Interest Rates (Includes Current Portion)

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.75% notes due 2012</td>
<td>$</td>
<td>$518</td>
</tr>
<tr>
<td>7.50% debentures due 2013</td>
<td>156</td>
<td>156</td>
</tr>
<tr>
<td>7.25% debentures due 2013</td>
<td>129</td>
<td>129</td>
</tr>
<tr>
<td>6.95% debentures due 2017</td>
<td>281</td>
<td>281</td>
</tr>
<tr>
<td>7.00% debentures due 2018</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>7.375% notes due 2019</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>9.00% debentures due 2021</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>7.125% debentures due 2023</td>
<td>191</td>
<td>191</td>
</tr>
<tr>
<td>8.50% debentures due 2025</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>7.95% debentures due 2025</td>
<td>136</td>
<td>136</td>
</tr>
<tr>
<td>7.70% debentures due 2026</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>7.35% debentures due 2026</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>7.85% debentures due 2026</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>6.95% debentures due 2027</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>7.375% debentures due 2032</td>
<td>1,250</td>
<td>1,250</td>
</tr>
<tr>
<td>6.875% debentures due 2033</td>
<td>275</td>
<td>275</td>
</tr>
<tr>
<td>Industrial revenue bonds, rates from 6.7% to 6.8%, due 2022</td>
<td>88</td>
<td>88</td>
</tr>
<tr>
<td>Medium-term notes, rates from 6.6% to 7.3%, due 2012–2013</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Less unamortized discounts</td>
<td>(5)</td>
<td>(6)</td>
</tr>
<tr>
<td>Total</td>
<td>$4,193</td>
<td>$4,716</td>
</tr>
<tr>
<td>Portion due within one year</td>
<td>$12</td>
<td>$12</td>
</tr>
</tbody>
</table>

In addition to repaying debt that was scheduled to mature, we repaid approximately $518 million, $572 million and $367 million of long-term debt during the years ended December 31, 2011, 2010 and 2009, respectively. Included in our net interest expense, Weyerhaeuser recognized pretax charges in 2011, 2010 and 2009 of $26 million, $50 million and $28 million, respectively, which included early retirement premiums, unamortized debt issuance costs and other miscellaneous charges in connection with early extinguishment of debt.
Real Estate Long-Term Debt by Types and Interest Rates (Includes Current Portion)

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable, unsecured; weighted average interest rates are approximately 5.6%, due 2012-2027</td>
<td>$285</td>
<td>$350</td>
</tr>
<tr>
<td>Portion due within one year</td>
<td>$176</td>
<td>$33</td>
</tr>
</tbody>
</table>

In addition to repaying debt that was scheduled to mature, we repaid approximately $32 million of long-term debt during the year ended December 31, 2011.

Amounts of Long-Term Debt Due Annually for the Next Five Years and the Total Amount Due After 2016

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOREST PRODUCTS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Long-term debt maturities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>2015</td>
</tr>
<tr>
<td>2016</td>
</tr>
<tr>
<td>Thereafter</td>
</tr>
</tbody>
</table>

NOTE 14: FAIR VALUE OF FINANCIAL INSTRUMENTS
This note provides information about the fair value of our:

• debt and
• other financial instruments.

FAIR VALUE OF DEBT
The estimated fair values and carrying values of our long-term debt consisted of the following:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARRYING VALUE</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Long-term debt (including current maturities):</td>
</tr>
<tr>
<td>Forest Products</td>
</tr>
<tr>
<td>Real Estate</td>
</tr>
</tbody>
</table>

To estimate the fair value of long-term debt, we used the following valuation approaches:

• market approach — based on quoted market prices we received for the same types and issues of our debt; or
• income approach — based on the discounted value of the future cash flows using market yields for the same type and comparable issues of debt.

The inputs to these valuations are based on market data obtained from independent sources or information derived principally from observable market data.

The difference between the fair value and the carrying value represents the theoretical net premium or discount we would pay or receive to retire all debt at the measurement date.

FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS
We believe that our other financial instruments, including cash, short-term investments, receivables, and payables, have net carrying values that approximate their fair values with only insignificant differences. This is primarily due to:

• the short-term nature of these instruments,
• carrying short-term investments at expected net realizable value and
• the allowance for doubtful accounts.

NOTE 15: LEGAL PROCEEDINGS, COMMITMENTS AND CONTINGENCIES
This note provides details about our:

• legal proceedings,
• environmental matters and
• commitments and other contingencies.
LEGAL PROCEEDINGS
We are party to legal matters generally incidental to our business. The ultimate outcome of any legal proceeding:

- is subject to a great many variables and
- cannot be predicted with any degree of certainty.

However, whenever probable losses from litigation could reasonably be determined — we believe that we have established adequate reserves. In addition, we believe the ultimate outcome of the legal proceedings:

- could have a material adverse effect on our results of operations, cash flows or financial position in any given quarter or year; but
- will not have a material adverse effect on our long-term results of operations, cash flows or financial position.

Current Year Claim
On April 25, 2011, a complaint was filed in the United States District Court for the Western District of Washington on behalf of a person alleged to be a participant in the company's U.S. Retirement Plan for salaried employees. The complaint alleges violations of the Employee Retirement Security Act (ERISA) with respect to the management of the plan's assets and seeks certification as a class action. The company believes that its pension plans have been consistently managed in full compliance with established fiduciary standards and is vigorously contesting the claim. The Company is seeking to have the case dismissed.

ENVIRONMENTAL MATTERS
Our environmental matters include:
- site remediation and
- asset retirement obligations.

Site Remediation
Under the Comprehensive Environmental Response, Compensation and Liability Act — commonly known as the Superfund — and similar state laws, we:

- are a party to various proceedings related to the cleanup of hazardous waste sites and
- have been notified that we may be a potentially responsible party related to the cleanup of other hazardous waste sites for which proceedings have not yet been initiated.

Our established reserves. We have established reserves for estimated remediation costs on the active Superfund sites and other sites for which we are responsible.

Changes in the Reserve for Environmental Remediation

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve balance as of December 31, 2010</td>
<td>$ 29</td>
</tr>
<tr>
<td>Reserve charges and adjustments, net</td>
<td>12</td>
</tr>
<tr>
<td>Payments</td>
<td>(7)</td>
</tr>
<tr>
<td>Reserve balance as of December 31, 2011</td>
<td>$ 34</td>
</tr>
<tr>
<td>Total active sites as of December 31, 2011</td>
<td>53</td>
</tr>
</tbody>
</table>

Reserve charges in 2011 include $11 million related to discontinued operations.

We change our accrual to reflect:

- new information on any site concerning implementation of remediation alternatives,
- updates on prior cost estimates and new sites and
- costs incurred to remEDIATE sites.

Estimates. We believe it is reasonably possible — based on currently available information and analysis — that remediation costs for all identified sites may exceed our reserves by up to $90 million.

That estimate — in which those additional costs may be incurred over several years — is the upper end of the range of reasonably possible additional costs. The estimate:

- is much less certain than the estimates on which our accruals currently are based and
- uses assumptions that are less favorable to us among the range of reasonably possible outcomes.

In estimating our current accruals and the possible range of additional future costs, we:

- assumed we will not bear the entire cost of remediation of every site,
- took into account the ability of other potentially responsible parties to participate and
- considered each party's financial condition and probable contribution on a per-site basis.

We have not recorded any amounts for potential recoveries from insurance carriers.

Asset Retirement Obligations
We have obligations associated with the retirement of tangible long-lived assets consisting primarily of reforestation obligations related to forest management licenses in Canada and obligations to close and cap landfills.
Changes in the Reserve for Asset Retirement Obligations

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve balance as of December 31, 2010</td>
<td>$66</td>
<td></td>
</tr>
<tr>
<td>Reserve charges and adjustments, net</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td>(10)</td>
<td></td>
</tr>
<tr>
<td>Reserve balance as of December 31, 2011</td>
<td>$65</td>
<td></td>
</tr>
</tbody>
</table>

Some of our sites have asbestos containing materials. We have met our current legal obligation to identify and manage these materials. In situations where we cannot reasonably determine when asbestos containing materials might be removed from the sites, we have not recorded an accrual because the fair value of the obligation cannot be reasonably estimated.

COMMITMENTS AND OTHER CONTINGENCIES

Our commitments and contingencies include:

- guarantees of debt and performance,
- purchase obligations for goods and services and
- operating leases.

Guarantees

We have guaranteed the performance of the buyer/lessee of a timberlands lease we sold in 2005. Future payments on the lease — which expires in 2023 — are $19 million.

Our Real Estate segment has guaranteed buyer/lessee performance on ground leases that we sold. Future payments on the leases — which expire in 2041 — are $13 million.

Purchase Obligations

Our purchase obligations as of December 31, 2011 were:

- $63 million in 2012,
- $31 million in 2013,
- $31 million in 2014,
- $9 million in 2015,
- $2 million in 2016 and
- $7 million beyond 2016.

Purchase obligations for goods or services are agreements that:

- are enforceable and legally binding,
- specify all significant terms and
- cannot be canceled without penalty.

The terms include:

- fixed or minimum quantities to be purchased;
- fixed, minimum or variable price provisions; and
- an approximate timing for the transaction.

Our purchase obligations include items such as:

- stumpage and log purchases,
- energy and
- other service and supply contracts.

Operating Leases

Our rent expense was:

- $47 million in 2011,
- $55 million in 2010 and
- $92 million in 2009.

We have operating leases for:

- various equipment — including logging equipment, lift trucks, automobiles and office equipment;
• office and wholesale space;
• model homes; and
• real estate ground lease.

Commitments
Our operating lease commitments as of December 31, 2011 were:
• $35 million in 2012,
• $29 million in 2013,
• $22 million in 2014,
• $13 million in 2015,
• $11 million in 2016 and
• $108 million beyond 2016.
Operating lease commitments have not been reduced by minimum sublease rental income of $65 million that is due in future periods under noncancellable sublease agreements. These commitments include a lease that has commitment increases based on a consumer price index built into the agreement. These lease commitment increases are not included in the figures above.

NOTE 16: SHAREHOLDERS’ INTEREST
This note provides details about:

- preferred and preference shares,
- common shares,
- Special Dividend,
- share-repurchase programs, and
- cumulative other comprehensive loss.

PREFERRED AND PREFERENCE SHARES
We had no preferred or preference shares outstanding at the end of 2011 or 2010. However, we have authorization to issue:

- 7 million preferred shares with a par value of $1 per share and
- 40 million preference shares with a par value of $1 per share.

We may issue preferred or preference shares at one time or through a series of offerings. The shares may have varying rights and preferences that can include:

- dividend rates,
- redemption rights,
- conversion terms,
- sinking-fund provisions,
- values in liquidation and
- voting rights.

When issued, outstanding preferred and preference shares rank senior to outstanding common shares. That means preferred and preference shares would receive dividends and assets available on liquidation before any payments are made to common shares.

COMMON SHARES
We had 536 million shares of common stock outstanding at year-end 2011. The number of common shares we have outstanding changes when:

- new shares are issued,
- stock options are exercised,
- restricted stock units vest,
- shares are tendered,
- shares are repurchased or
- shares are canceled.

Reconciliation of Our Common Share Activity

<table>
<thead>
<tr>
<th>IN THOUSANDS</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at beginning of year</td>
<td>535,976</td>
<td>211,359</td>
<td>211,289</td>
</tr>
<tr>
<td>Stock options exercised</td>
<td>2,199</td>
<td>133</td>
<td>1</td>
</tr>
<tr>
<td>Issued for restricted stock units</td>
<td>540</td>
<td>165</td>
<td>135</td>
</tr>
<tr>
<td>Issued as part of Special Dividend</td>
<td>—</td>
<td>324,319</td>
<td>—</td>
</tr>
<tr>
<td>Repurchased</td>
<td>(2,290)</td>
<td>—</td>
<td>(66)</td>
</tr>
<tr>
<td>Outstanding at end of year</td>
<td>536,425</td>
<td>535,976</td>
<td>211,359</td>
</tr>
</tbody>
</table>

SPECIAL DIVIDEND
To implement our decision to be taxed as a REIT, we distributed to our shareholders our accumulated earnings and profits, determined under federal income tax provisions, as a “Special Dividend.” On September 1, 2010, we paid a dividend of $5.6 billion which included the Special
Dividend and the regular quarterly dividend of approximately $11 million. At the election of each shareholder, the Special Dividend was paid in cash or Weyerhaeuser common shares. The aggregate amount of cash distributed was $560 million and the number of common shares issued was approximately 324 million. Due to differences between book and tax earnings, the amount of the Special Dividend exceeded our book retained earnings. For book accounting purposes, the reduction in our retained earnings was limited to the outstanding balance of our retained earnings at the time of distribution. More information about the REIT conversion can be found in Note 1: Summary of Significant Accounting Policies.
OUR SHARE REPURCHASE PROGRAMS
During 2011, we repurchased 1,199,800 shares of common stock for $20 million under the 2008 stock repurchase program. On August 11, 2011, our board of directors terminated the 2008 stock repurchase program and approved the 2011 stock repurchase program under which we are authorized to repurchase up to $250 million of outstanding shares. During 2011, we repurchased 1,089,824 shares of common stock for $17 million under the 2011 program. During 2009, we repurchased 66,691 shares of common stock for $2 million under the 2008 stock repurchase program. All common stock purchases under both programs were made in open-market transactions.

CUMULATIVE OTHER COMPREHENSIVE LOSS
The components of our cumulative other comprehensive loss are:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign currency translation adjustments</td>
<td>$411</td>
<td>$419</td>
</tr>
<tr>
<td>Net pension and other postretirement benefit loss not yet recognized in earnings</td>
<td>(1,821)</td>
<td>(1,358)</td>
</tr>
<tr>
<td>Prior service credit not yet recognized in earnings</td>
<td>227</td>
<td>145</td>
</tr>
<tr>
<td>Unrealized gains on available-for-sale securities</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>(1,179)</strong></td>
<td><strong>(791)</strong></td>
</tr>
</tbody>
</table>

More information about the changes in net pension and other postretirement benefit loss not yet recognized in earnings and prior service credit not yet recognized in earnings can be found in Note 8: Pension and Other Postretirement Benefit Plans.

NOTE 17: SHARE-BASED COMPENSATION
Share-based compensation expense was:
- $25 million in 2011,
- $24 million in 2010 and
- $26 million in 2009.

This note provides details about:
- our Long-Term Incentive Compensation Plan,
- how we account for share-based awards,
- tax benefits of share-based awards,
- types of share-based compensation and
- unrecognized share-based compensation.

OUR LONG-TERM INCENTIVE COMPENSATION PLAN
Our Long-Term Incentive Compensation Plan (the Plan) provides for share-based awards that include:
- stock options,
- stock appreciation rights,
- restricted stock,
- restricted stock units,
- performance shares and
- performance share units.

We may issue future grants of up to 11,714,621 shares under the Plan. We also have the right to reissue forfeited and expired grants. For stock options and stock appreciation rights:
- An individual participant may receive a grant of up to 1,327,093 shares in any one calendar year.
- The exercise price is required to be the market price on the date of the grant.

For restricted stock, restricted stock units, performance shares, performance share units or other equity grants:
- An individual participant may receive a grant of up to 540,584 shares annually.
- The maximum aggregate number of shares that may be issued as grants is 9.2 million shares.

The compensation committee of our board of directors (the Committee) annually establishes an overall pool of stock awards available for grants based on performance.

For stock-settled awards, we:
• issue new stock into the marketplace and
  
  • generally do not repurchase shares in connection with issuing new awards.

Our common shares would increase by approximately 45 million shares if all share-based awards were exercised or vested. These include:
• all options, restricted stock units, and performance share units outstanding at December 31, 2011 under the Plan;

• all options outstanding at December 31, 2011 under earlier plans; and

• all remaining options, restricted stock units, and performance share units that could be granted under the Plan.
HOW WE ACCOUNT FOR SHARE-BASED AWARDS

We:

- use a fair-value-based measurement for share-based awards, and
- recognize the cost of share-based awards in our consolidated financial statements.

We recognize the cost of share-based awards in our Consolidated Statement of Operations over the required service period — generally the period from the date of the grant to the date when it is vested. Special situations include:

- Awards that vest upon retirement — the required service period ends on the date an employee is eligible for retirement, including early retirement.

- Awards that continue to vest following job elimination or the sale of a business — the required service period ends on the date the employment from the company is terminated.

In these special situations, compensation expense from share-based awards is recognized over a period that is shorter than the stated vesting period.

TAX BENEFITS OF SHARE-BASED AWARDS

Our total income tax benefit from share-based awards — as recognized in our Consolidated Statement of Operations — for the last three years was:

- $6 million in 2011,
- $4 million in 2010 and
- $9 million in 2009.

Tax benefits for share-based awards are accrued as stock compensation expense is recognized in the Consolidated Statement of Operations. Tax benefits on share-based awards are realized when:

- restricted shares and restricted share units vest,
- performance shares and performance share units vest,
- stock options are exercised and
- stock appreciation rights are exercised.

When actual tax benefits realized exceed the tax benefits accrued for share-based awards, we realize an excess tax benefit. We report the excess tax benefit as financing cash inflows rather than operating cash inflows. We had excess tax benefits of $2 million in 2011 and none in 2010 or 2009.

TYPES OF SHARE-BASED COMPENSATION

Our share-based compensation is in the form of:

- stock options,
- restricted stock units,
- performance share units,
- stock appreciation rights and
- deferred compensation stock equivalent units.

STOCK OPTIONS

Stock options entitle award recipients to purchase shares of our common stock at a fixed exercise price. We grant stock options with an exercise price equal to the market price of our stock on the date of the grant.

The Details

Our stock options generally:

- vest over four years of continuous service and
- must be exercised within 10 years of the grant date.

The vesting and post-termination vesting terms for stock options granted in 2011 and 2010 were as follows:

- vest ratably over 4 years;
- vest or continue to vest in the event of death, disability or retirement at an age of at least 62;
- continue to vest for one year in the event of involuntary termination when the retirement criteria for full or continued vesting have not been met; and
- stop vesting for all other situations including early retirement prior to age 62.

The vesting and post-termination vesting terms for stock options granted in 2009 were as follows:
• vest upon retirement for employees aged 65 or older, or employees aged 62 – 64 with at least 10 years of service;

• continue to vest following retirement for employees ages 55 – 61 with at least 10 years of service; and

• continue to vest following involuntary termination due to job elimination or the sale of a business.

During first quarter 2009, we awarded selected executives with special stock options that:

• vest at the end of four years of continuous service and

• must be exercised within ten years of the grant date.
Our Accounting

We use a Black-Scholes option valuation model to estimate the fair value of every stock option award on its grant date. In our estimates, we use:

- historical data — for option exercise time and employee terminations;
- a Monte-Carlo simulation — for how long we expect granted options to be outstanding; and
- the U.S. Treasury yield curve — for the risk-free rate. We use a yield curve over a period matching the expected term of the grant.

The expected volatility in our valuation model is based on:

- implied volatilities from traded options on our stock,
- historical volatility of our stock and
- other factors.

| Weighted Average Assumptions Used in Estimating Value of Stock Options Granted |
|---|---|---|---|
| **2011** | **2010** | **2009** |
| **GRANTS** | **GRANTS** | **GRANTS** |
| 10-YEAR STANDARD OPTIONS | 10-YEAR STANDARD OPTIONS | 10-YEAR STANDARD OPTIONS | 10-YEAR EXECUTIVE OPTIONS |
| Expected volatility | 38.56% | 37.62% | 36.61% | 36.51% |
| Expected dividends | 2.48% | 0.51% | 3.95% | 3.95% |
| Expected term (in years) | 5.73 | 5.16 | 6.16 | 7.08 |
| Risk-free rate | 2.65% | 2.52% | 2.54% | 2.75% |
| Weighted average grant date fair value | $7.54 | $5.28 | $6.45 | $6.69 |

Share-based compensation expense for stock options is generally recognized over the vesting period. There are exceptions for stock options awarded to employees who:

- are eligible for retirement;
- will become eligible for retirement during the vesting period; or
- whose employment is terminated during the vesting period due to job elimination or the sale of a business.

In these cases, we record the share-based compensation expense over a required service period that is less than the stated vesting period.

Activity

The following table shows our option unit activity for 2011.

<table>
<thead>
<tr>
<th>Options (in thousands)</th>
<th>Weighted average exercise price</th>
<th>Weighted average remaining contractual term (in years)</th>
<th>Aggregate intrinsic value (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at December 31, 2010</td>
<td>33,379</td>
<td>$22.16</td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>1,942</td>
<td>$24.16</td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(2,191)</td>
<td>$17.43</td>
<td></td>
</tr>
<tr>
<td>Forfeited or expired</td>
<td>(3,961)</td>
<td>$24.40</td>
<td></td>
</tr>
<tr>
<td>Outstanding at December 31, 2011$</td>
<td>29,169</td>
<td>$22.34</td>
<td>4.91</td>
</tr>
<tr>
<td>Exercisable at December 31, 2011</td>
<td>22,277</td>
<td>$24.10</td>
<td>4.00</td>
</tr>
</tbody>
</table>

(1) As of December 31, 2011, there were approximately 1,560 thousand stock options that had met the requisite service period and will be released as identified in the grant terms.

RESTRICTED STOCK UNITS

Through the Plan, we award restricted stock units — grants that entitle the holder to shares of our stock as the award vests.

The Details

Our restricted stock units granted in 2011 and 2010 generally:

- vest ratably over four years;
- immediately vest in the event of death while employed or disability;
- partially vest upon retirement at an age of at least 62 or job elimination depending on the employment period after grant date; and
- will be forfeited upon termination of employment in all other situations including early retirement prior to age 62.

Our restricted stock units granted in 2009 generally:
• vest over four years of continuous service; and
• are forfeited upon termination of employment for any reason, including retirement.
Our Accounting
The fair value of our restricted stock units is the market price of our stock on the grant date of the awards.

We generally record share-based compensation expense for restricted stock units over the four-year vesting period. Generally for restricted stock units that continue to vest following the termination of employment, we record the share-based compensation expense over a required service period that is less than the stated vesting period. For restricted stock units granted in 2009, we reverse the expense related to the unvested portion of the award following termination of employment.

Activity
The following table shows our restricted stock unit activity for 2011.

<table>
<thead>
<tr>
<th></th>
<th>Stock Units (in thousands)</th>
<th>Weighted Average Grant-date Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonvested at December 31, 2010</td>
<td>1,963</td>
<td>$26.44</td>
</tr>
<tr>
<td>Granted</td>
<td>720</td>
<td>$23.94</td>
</tr>
<tr>
<td>Vested</td>
<td>(783)</td>
<td>$28.50</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(161)</td>
<td>$23.74</td>
</tr>
<tr>
<td>Nonvested at December 31, 2011(1)</td>
<td>1,739</td>
<td>$24.72</td>
</tr>
</tbody>
</table>

(1) As of December 31, 2011, there were approximately 95 thousand restricted stock units that had met the requisite service period and will be released as identified in the grant terms.

Nonvested restricted stock units accrue dividends that are paid out when restricted stock units vest. Any restricted stock units forfeited will not receive dividends.

As restricted stock units vest, a portion of the shares awarded is withheld to cover employee taxes. As a result, the number of stock units vested and the number of common shares issued will differ.

PERFORMANCE SHARE UNITS
In 2011, as part of a new long-term incentive compensation strategy intended to tie executive compensation more closely to company performance, we granted a target number of performance share units to executives. Performance share units will be paid in the form of shares of Weyerhaeuser stock – to the extent earned through company performance against financial goals – over a four-year vesting period.

The Details
The final number of shares awarded will range from 0 percent to 150 percent of each grant's target, depending upon actual company performance.

The ultimate number of Performance Share Units earned is based on two measures:

- Weyerhaeuser’s cash flow during the first year determined the initial number of units earned and
- Weyerhaeuser’s relative total shareholder return (TSR) ranking in the S&P 500 during the first two years is used to adjust the initial number of units earned up or down by 20 percent.

At the end of the two-year performance period and over a further two-year vesting period, performance share units would be paid in shares of our stock. Performance share units granted in 2011 and that are earned vest as follows:

- units vest 50 percent, 25 percent and 25 percent on the second, third and fourth anniversaries of the grant date, respectively, as long as the individual remains employed by the company;
- units fully vest in the event the participant dies or becomes disabled while employed;
- a percentage of the units continue to vest upon retirement at age 62 or older or upon job elimination, with the percentage based on the length of time between the grant date and termination of employment; and
- unvested units will be forfeited upon termination of employment for all other reasons including early retirement prior to age 62.

Our Accounting
Since the award contains a market condition, the effect of the market condition is reflected in the grant date fair value which is estimated using a Monte Carlo simulation model. This model estimates the TSR ranking of the company among the S&P 500 index over the two-year performance period. Compensation expense is based on the estimated probable number of earned awards and recognized over the four-year vesting period on an accelerated basis. Generally, compensation expense would be reversed if the performance condition is not met unless the requisite service period has been achieved.

Weighted Average Assumptions Used in Estimating the Value of Performance Share Units

<table>
<thead>
<tr>
<th></th>
<th>2011 Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuation date closing stock price</td>
<td>$24.32</td>
</tr>
<tr>
<td>Expected dividends</td>
<td>2.47%</td>
</tr>
<tr>
<td>Risk-free rate</td>
<td>0.12% - 0.80%</td>
</tr>
<tr>
<td>Volatility</td>
<td>28.65% - 35.74%</td>
</tr>
</tbody>
</table>
Activity
The following table shows our performance share unit activity at target levels for 2011.

<table>
<thead>
<tr>
<th></th>
<th>Stock Units (in thousands)</th>
<th>Weighted Average Grant-Date Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Granted</td>
<td>326</td>
<td>$25.52</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(12)</td>
<td>$25.52</td>
</tr>
<tr>
<td>Nonvested at December 31, 2011(1)</td>
<td>314</td>
<td>$25.52</td>
</tr>
</tbody>
</table>

(1) As of December 31, 2011, there were approximately 33 thousand performance share units that had met the requisite service period and will be released as identified in the grant terms.

The Company's performance against the cash flow metrics during 2011 determined the initial number of performance shares earned to be slightly above target. The ultimate number of performance shares earned may be adjusted as the TSR component will be used to modify the initial number of shares earned up or down by 20 percent. No performance share units were awarded in 2009 or 2010.

As performance share units vest, a portion of the shares awarded is withheld to cover participant taxes. As a result, the number of stock units vested and the number of common shares issued will differ.

STOCK APPRECIATION RIGHTS
Through the Plan, we grant cash-settled stock appreciation rights as part of certain compensation awards.

The Details
Stock appreciation rights are similar to stock options. Employees benefit when the market price of our stock is higher on the exercise date than it was on the date the stock appreciation rights were granted. The differences are that the employee:

- receives the benefit as a cash award and
- does not purchase the underlying stock.

The vesting conditions and exceptions are the same as for 10-year stock options. Details are in the Stock Options section earlier in this note.

Stock appreciation rights are generally issued to employees outside of the U.S.

Our Accounting
We use a Black-Scholes option-valuation model to estimate the fair value of a stock appreciation right on its grant date and every subsequent reporting date that the right is outstanding. Stock appreciation rights are liability-classified awards and the fair value is remeasured at every reporting date.

The process used to develop our valuation assumptions is the same as for the 10-year stock options we grant. Details are in the Stock Options section earlier in this note.

Weighted Average Assumptions Used to Re-measure Value of Stock Appreciation Rights at Year-End

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected volatility</td>
<td>39.92%</td>
</tr>
<tr>
<td>Expected dividends</td>
<td>3.21%</td>
</tr>
<tr>
<td>Expected term (in years)</td>
<td>2.82</td>
</tr>
<tr>
<td>Risk-free rate</td>
<td>0.44%</td>
</tr>
<tr>
<td>Weighted average fair value</td>
<td>$3.24</td>
</tr>
</tbody>
</table>

Activity
The following table shows our stock appreciation rights activity for 2011.

<table>
<thead>
<tr>
<th></th>
<th>Rights (in thousands)</th>
<th>Weighted Average Exercise Price</th>
<th>Average Remaining Contractual Term (in years)</th>
<th>Aggregate Intrinsic Value (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at December 31, 2010</td>
<td>1,989</td>
<td>$22.74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Granted</td>
<td>53</td>
<td>$24.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercised</td>
<td>(91)</td>
<td>$23.92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forfeited or expired</td>
<td>(373)</td>
<td>$25.53</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding at December 31, 2011</td>
<td>1,578</td>
<td>$22.80</td>
<td>5.09</td>
<td>$</td>
</tr>
<tr>
<td>Exercisable at December 31, 2011</td>
<td>1,218</td>
<td>$24.80</td>
<td>4.36</td>
<td>$</td>
</tr>
</tbody>
</table>
UNRECOGNIZED SHARE-BASED COMPENSATION
As of December 31, 2011, our unrecognized share-based compensation cost for all types of share-based awards included:

• $40 million related to non-vested equity-classified share-based compensation arrangements — expected to be recognized over a weighted-average period of approximately 1.8 years; and

• $1 million related to non-vested liability-classified stock appreciation rights — expected to vest over a weighted-average period of approximately 1.5 years.

DEFERRED COMPENSATION STOCK EQUIVALENT UNITS
Certain employees and our board of directors can defer compensation into stock-equivalent units.

The Details
The plan works differently for employees and directors.

Eligible employees:

• may choose to defer all or part of their bonus into stock-equivalent units and

• receive a 15 percent premium if the deferral is for at least five years.

Our directors:

• have a portion of their annual retainer fee automatically deferred into stock-equivalent units,

• may choose to defer some or all of the remainder of their annual retainer fee into stock-equivalent units and

• do not receive a premium for their deferrals.

Employees and directors also choose when the deferrals will be paid out although no deferrals may be paid until after the separation from service of the employee or director.

Our Accounting
We settle all deferred compensation accounts in cash. In addition, we credit all stock-equivalent accounts with dividend equivalents.

Stock-equivalent units are:

• liability-classified awards and

• re-measured to fair value at every reporting date.

The fair value of a stock-equivalent unit is equal to the market price of our stock.

Subsequent to year-end, the director’s plan was amended to allow directors the ability to elect to receive payments of stock-equivalent units in cash or common shares. The number of common shares to be issued for directors who elected common share payments is 509,362.

Activity
The number of stock-equivalent units outstanding in our deferred compensation accounts was:

• 1,021,977 as of December 31, 2011;

• 1,027,768 as of December 31, 2010; and

• 430,789 as of December 31, 2009.

During 2010, the number of stock-equivalent units outstanding in our deferred compensation accounts increased by 664,957 as a result of the Special Dividend.
NOTE 18: CHARGES FOR RESTRUCTURING, CLOSURES AND ASSET IMPAIRMENTS

Items Included in Our Restructuring, Closure and Asset Impairment Charges

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring and closure charges:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Termination benefits</td>
<td>$4</td>
<td>$22</td>
<td>$101</td>
</tr>
<tr>
<td>Pension and postretirement charges</td>
<td>6</td>
<td>7</td>
<td>116</td>
</tr>
<tr>
<td>Other restructuring and closure costs</td>
<td>17</td>
<td>5</td>
<td>21</td>
</tr>
<tr>
<td>Charges for restructuring and closures</td>
<td>$27</td>
<td>$34</td>
<td>$238</td>
</tr>
<tr>
<td>Impairments of long-lived assets and other related charges:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges attributable to Weyerhaeuser shareholders:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-lived asset impairments</td>
<td>$42</td>
<td>$92</td>
<td>$157</td>
</tr>
<tr>
<td>Real estate impairments and charges</td>
<td>10</td>
<td>13</td>
<td>206</td>
</tr>
<tr>
<td>Write-off of pre-acquisition costs and abandoned community costs</td>
<td>1</td>
<td>5</td>
<td>52</td>
</tr>
<tr>
<td>Other assets</td>
<td>3</td>
<td>4</td>
<td>17</td>
</tr>
<tr>
<td>Charges attributable to non-controlling interests</td>
<td>—</td>
<td>—</td>
<td>16</td>
</tr>
<tr>
<td>Impairment of long-lived assets and other related charges</td>
<td>$56</td>
<td>$114</td>
<td>$448</td>
</tr>
<tr>
<td>Total charges for restructuring and impairment of long-lived assets</td>
<td>$83</td>
<td>$148</td>
<td>$686</td>
</tr>
<tr>
<td>Impairments of investments and other related charges:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges attributable to Weyerhaeuser shareholders</td>
<td>—</td>
<td>$3</td>
<td>$3</td>
</tr>
<tr>
<td>Charges attributable to non-controlling interests</td>
<td>—</td>
<td>—</td>
<td>4</td>
</tr>
<tr>
<td>Total impairments of investments and other related charges</td>
<td>—</td>
<td>$3</td>
<td>$7</td>
</tr>
</tbody>
</table>

RESTRUCTURING AND CLOSURES

Our restructuring and closure charges were primarily related to various Wood Products operations we closed or curtailed and restructuring our corporate staff functions to support achieving our competitive performance goals.

Pension and postretirement charges include a $76 million noncash pension charge during 2009 triggered by the amount of lump-sum distributions paid in 2009 to former employees — see Note 8: Pension and Other Postretirement Benefit Plans for more information.

Other restructuring and closure costs include lease termination charges, dismantling and demolition of plant and equipment, gain or loss on disposition of assets, environmental cleanup costs and incremental costs to wind down operating facilities.

ACCRUED TERMINATION BENEFITS

Changes in accrued severance related to restructuring and facility closures during 2011 were as follows:

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued severance as of December 31, 2010</td>
<td>$</td>
<td>20</td>
</tr>
<tr>
<td>Charges</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Payments</td>
<td>(20)</td>
<td></td>
</tr>
<tr>
<td>Accrued severance as of December 31, 2011</td>
<td>$</td>
<td>4</td>
</tr>
</tbody>
</table>

ASSET IMPAIRMENTS

The Impairment of Long-Lived Assets and Goodwill sections of Note 1: Summary of Significant Accounting Policies provide details about how we account for these impairments.
Long-Lived Assets
Our long-lived asset impairments were primarily related to the following:

• 2011 — charges include $29 million related to the decision to permanently close four engineered lumber facilities in our Wood Products segment that were previously indefinitely closed. These facilities are located in Albany, Oregon; Dodson, Louisiana; Pine Hill, Alabama; and Simsboro, Louisiana. The fair values of the facilities were determined using significant unobservable inputs (Level 3) based on liquidation values.

• 2010 — charges are primarily related to the decision to permanently close three Wood Products facilities that were previously indefinitely closed. These include an engineered wood products facility in Deerwood, Minnesota, a sawmill in Pine Hill, Alabama and an oriented strand board mill in Wawa, Ontario. The fair values of the assets were determined using significant other observable inputs (Level 2) based on market quotes and significant unobservable inputs (Level 3) based on discounted cash flow models.

• 2009 — charges for Wood Products facilities included $74 million related to engineered wood products facilities in Hazard, Kentucky and Valdosta, Georgia. In addition, charges included $30 million related to corporate-region buildings and $11 million related to a lumber mill in Brazil. The fair values of the assets were determined using significant other observable inputs (Level 2) based on market quotes and significant unobservable inputs (Level 3) based on discounted cash flow models.

Real Estate Impairments and Charges
We review homebuilding long-lived assets and investments within our Real Estate segment for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. These assets are stated at cost unless events or circumstances trigger an impairment review. If a triggering event occurs and the asset’s carrying amount is not recoverable, we record an impairment loss, which is the difference between the asset’s book value and fair value. The determination of fair value is based on appraisals and market pricing of comparable assets when that information is available, or the discounted value of estimated future net cash flows from these assets.

In recent years, unfavorable market conditions caused us to re-evaluate our strategy to develop certain projects, reduce sales prices, and increase customer incentives. Because of such changes, we reassessed the recoverability of several of our investments, which triggered impairment charges. Asset impairments are recorded as adjustments to the cost basis of inventory and investments.

The number of real estate projects owned or operated by us ranged from approximately 100 to 125 during the 3-year period presented. This includes communities where we were actively building homes or developing land and land positions held for future development. The table below provides, for each period indicated:

• the number of projects that were tested for recoverability as a result of triggering events that occurred during the period,

• the number of projects for which impairment charges were recognized in the period,

• the amount of real estate impairment charges attributable to Weyerhaeuser shareholders that were recognized in the period and

• additional information about the fair value of assets impaired in the period.

Real estate impairments relate primarily to projects or communities held for development. Within a community that is held for development, there may be individual homes or parcels of land that are currently held for sale. Impairment charges recognized as a result of adjusting individual held-for-sale assets within a community to estimated fair value less cost to sell are also included in the total impairment charges below. Impairment charges also include impairments of certain assets that were disposed of during the year. Impaired book values at December 31 only include assets that were impaired during the year and that remain on our balance sheet as of the end of each year.

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>Fair Value Measurements Using</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Projects Impaired</td>
</tr>
<tr>
<td>Real estate communities:</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>24</td>
</tr>
<tr>
<td>2010</td>
<td>28</td>
</tr>
<tr>
<td>2009</td>
<td>87</td>
</tr>
</tbody>
</table>

The significant unobservable inputs used in amounts reported above are discounted future cash flows of the projects. We use present value techniques based on discounting the estimated cash flows using a rate commensurate with the inherent risk associated with the assets and related estimated cash flow streams. Discount rates applied to the estimated future cash flows of our homebuilding assets for 2011 and 2010 ranged from 15 percent to 18 percent. Discount rates applied to the estimated future cash flows of our homebuilding assets for 2009 ranged from 12 percent to 25 percent.

Write-off of Pre-Acquisition Costs and Abandoned Community Costs
In addition to owning land and residential lots, we also have option agreements to purchase land and lots at a future date. As of December 31, 2011, we have option agreements on approximately 63,000 residential lots. Non-refundable option deposits and capitalized pre-acquisition costs associated with these lots were $37 million as of December 31, 2011. When the economics of a project no longer support acquisition of the land or lots under option, we may elect not to move forward with the acquisition. Option deposits and capitalized engineering and related costs associated with the assets under option may be forfeited at that time. Charges for such forfeitures are reported as write-off of pre-acquisition costs.

Also included in 2009 are charges for abandoned community costs, which include the write-off of unamortized costs related to projects that have been closed prior to full build-out or related to model complex costs written off due to decisions to sell active communities in their current condition or to change home styles offered within a community.

Impairments of Investments and Other Related Charges
Impairments of investments and other related charges relate to loans and investments in unconsolidated entities.
NOTE 19: OTHER OPERATING INCOME, NET

Other operating income, net:

• includes both recurring and occasional income and expense items and

• can fluctuate from year to year.

Various Income and Expense Items Included in Other Operating Income, Net

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on the sale of non-strategic timberlands</td>
<td>$ (152)</td>
<td>$ —</td>
<td>$ (163)</td>
</tr>
<tr>
<td>Gain on the sale of five short line railroads</td>
<td>—</td>
<td>(46)</td>
<td>—</td>
</tr>
<tr>
<td>Gain on disposition of assets</td>
<td>(17)</td>
<td>(63)</td>
<td>(22)</td>
</tr>
<tr>
<td>Insurance settlement and casualty losses</td>
<td>—</td>
<td>—</td>
<td>(11)</td>
</tr>
<tr>
<td>Foreign exchange (gains) losses, net</td>
<td>5</td>
<td>(10)</td>
<td>(42)</td>
</tr>
<tr>
<td>Land management income</td>
<td>(26)</td>
<td>(26)</td>
<td>(20)</td>
</tr>
<tr>
<td>Litigation expense (recovery), net</td>
<td>5</td>
<td>18</td>
<td>(2)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(27)</td>
<td>(36)</td>
<td>(28)</td>
</tr>
<tr>
<td>Total</td>
<td>$ (212)</td>
<td>$ (163)</td>
<td>$ (288)</td>
</tr>
</tbody>
</table>

The $152 million pretax gain on sale of non-strategic timberlands in 2011 resulted from the sale of 82,000 acres in southwestern Washington.
The $163 million pretax gain on sale of non-strategic timberlands in 2009 resulted from the sale of 140,000 acres in northwestern Oregon.
Gain on disposition of assets in 2010 included pretax gains of $40 million from the sale of certain British Columbia forest licenses and associated rights.
Foreign exchange (gains) losses result from changes in exchange rates primarily related to our Canadian operations.
Land management income includes income from recreational activities, land permits, grazing rights, firewood sales and other miscellaneous income related to land management activities.

NOTE 20: INCOME TAXES

This note provides details about our income taxes applicable to continuing operations:

• earnings (loss) before income taxes,

• provision for income taxes,

• effective income tax rate,

• deferred tax assets and liabilities and

• unrecognized tax benefits.

Income taxes related to discontinued operations are discussed in Note 3: Discontinued Operations.

EARNINGS (LOSS) BEFORE INCOME TAXES

Domestic and Foreign Earnings (Loss) From Continuing Operations Before Income Taxes

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic earnings (loss)</td>
<td>$ 341</td>
<td>$ 96</td>
<td>$ (605)</td>
</tr>
<tr>
<td>Foreign loss</td>
<td>(84)</td>
<td>(14)</td>
<td>(169)</td>
</tr>
<tr>
<td>Total</td>
<td>$ 257</td>
<td>$ 82</td>
<td>$ (774)</td>
</tr>
</tbody>
</table>
### Provision for Income Taxes

#### Provision (Benefit) for Income Taxes From Continuing Operations

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>$ (73)</td>
<td>$ 53</td>
<td>$(333)</td>
</tr>
<tr>
<td>Deferred</td>
<td>11</td>
<td>(1,180)</td>
<td>140</td>
</tr>
<tr>
<td>(62)</td>
<td>(1,127)</td>
<td>(193)</td>
<td></td>
</tr>
<tr>
<td><strong>State:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>16</td>
<td>3</td>
<td>(1)</td>
</tr>
<tr>
<td>Deferred</td>
<td>(11)</td>
<td>(69)</td>
<td>(22)</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>(66)</td>
<td>(23)</td>
</tr>
<tr>
<td><strong>Foreign:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>8</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>Deferred</td>
<td>(13)</td>
<td>(8)</td>
<td>(45)</td>
</tr>
<tr>
<td></td>
<td>(5)</td>
<td>1</td>
<td>(33)</td>
</tr>
<tr>
<td><strong>Total income tax benefit</strong></td>
<td>$ (62)</td>
<td>$ (1,192)</td>
<td>$ (249)</td>
</tr>
</tbody>
</table>

#### Effective Income Tax Rate

**Effective Income Tax Rate Applicable to Continuing Operations**

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. federal statutory income tax</strong></td>
<td>$ 90</td>
<td>$ 29</td>
<td>$(271)</td>
</tr>
<tr>
<td>State income taxes, net of federal tax benefit</td>
<td>4</td>
<td>4</td>
<td>(24)</td>
</tr>
<tr>
<td>REIT income not subject to federal income tax</td>
<td>(80)</td>
<td>(37)</td>
<td>—</td>
</tr>
<tr>
<td>Foreign taxes</td>
<td>20</td>
<td>4</td>
<td>23</td>
</tr>
<tr>
<td>Federal income tax credits</td>
<td>(4)</td>
<td>(4)</td>
<td>(6)</td>
</tr>
<tr>
<td>Medicare Part D subsidy</td>
<td>—</td>
<td>26</td>
<td>2</td>
</tr>
<tr>
<td>Provision for unrecognized tax benefits</td>
<td>(7)</td>
<td>(3)</td>
<td>18</td>
</tr>
<tr>
<td>REIT conversion benefit</td>
<td>—</td>
<td>(1,064)</td>
<td>—</td>
</tr>
<tr>
<td>Cellulosic biofuel producer credit</td>
<td>—</td>
<td>(149)</td>
<td>—</td>
</tr>
<tr>
<td>Repatriation of Canadian earnings</td>
<td>(76)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other, net</td>
<td>(9)</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total income tax benefit</strong></td>
<td>$ (62)</td>
<td>$ (1,192)</td>
<td>$ (249)</td>
</tr>
<tr>
<td><strong>Effective income tax rate</strong></td>
<td>(23.3)%</td>
<td>N/M*</td>
<td>32.1%</td>
</tr>
</tbody>
</table>

*Not meaningful*

#### One-Time Tax Benefits/Charges

In 2011, we recorded a tax benefit related to foreign tax credits associated with the repatriation of Canadian earnings.

As a result of the Patient Protection and Affordable Care Act, as modified by the Health Care and Education Reconciliation Act and a change in our postretirement medical plan, it was determined that previously recognized deferred tax assets related to the income tax deduction for prescription drug benefits provided to retirees and reimbursed under the Medicare Part D subsidy would not be realized and a $32 million charge was recorded in 2010.

In 2010, we reversed certain deferred income tax liabilities, primarily relating to temporary differences of timber assets, as a result of our conversion to a REIT. See Note 1: Summary of Significant Accounting Policies.

There were no one-time deferred tax benefits or charges during 2009.

#### Fuel Credits

During 2009, the U.S. Internal Revenue Code allowed a $0.50 per gallon tax credit for the alternative fuel component of alternative fuel mixtures produced and used as a fuel in a taxpayer’s trade or business. In 2009, we had 688 million gallons of qualifying alternative fuel mixture, resulting in $344 million of credits. The alternative fuel mixture credit expired on December 31, 2009.

In 2010, the IRS concluded that black liquor sold or used in 2009 qualifies for the cellulosic biofuel producer credit. Black liquor potentially qualifies for either the cellulosic biofuel producer credit or the alternative fuel mixture credit (but not both on the same gallon of black liquor). During 2009, we produced approximately 238 million gallons of black liquor, which did not qualify for the alternative fuel mixture credit. This equals $240 million of potential cellulosic biofuel producer credit at $1.01 per gallon, or $149 million net of tax, which we recognized in fourth quarter 2010.
DEFERRED TAX ASSETS AND LIABILITIES
Deferred tax assets and liabilities reflect temporary differences between pretax book income and taxable income. Deferred tax assets represent tax benefits that have already been recorded for book purposes but will be recorded for tax purposes in the future. Deferred tax liabilities represent income that has been recorded for book purposes but will be reported as taxable income in the future.

Deferred Income Tax Assets (Liabilities) Related to Continuing Operations by Category

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Products:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>$ 81</td>
<td>$ 113</td>
</tr>
<tr>
<td>Noncurrent</td>
<td>(93)</td>
<td>(366)</td>
</tr>
<tr>
<td>Real Estate</td>
<td>240</td>
<td>266</td>
</tr>
<tr>
<td><strong>Net deferred tax assets (liabilities)</strong></td>
<td><strong>$ 228</strong></td>
<td><strong>$ 13</strong></td>
</tr>
</tbody>
</table>

Items Included in Our Deferred Income Tax Assets (Liabilities)

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postretirement benefits</td>
<td>$ 134</td>
<td>$ 172</td>
</tr>
<tr>
<td>Pension</td>
<td>337</td>
<td>109</td>
</tr>
<tr>
<td>Real estate impairments</td>
<td>141</td>
<td>205</td>
</tr>
<tr>
<td>State tax credits</td>
<td>57</td>
<td>57</td>
</tr>
<tr>
<td>Net operating loss carryforwards</td>
<td>169</td>
<td>162</td>
</tr>
<tr>
<td>Cellulosic biofuel producers credit</td>
<td>238</td>
<td>240</td>
</tr>
<tr>
<td>Other</td>
<td>371</td>
<td>390</td>
</tr>
<tr>
<td><strong>Gross deferred tax assets</strong></td>
<td><strong>1,447</strong></td>
<td><strong>1,335</strong></td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>(146)</td>
<td>(142)</td>
</tr>
<tr>
<td><strong>Net deferred tax assets</strong></td>
<td>1,301</td>
<td>1,193</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>(610)</td>
<td>(668)</td>
</tr>
<tr>
<td>Timber installment notes</td>
<td>(277)</td>
<td>(277)</td>
</tr>
<tr>
<td>Other</td>
<td>(186)</td>
<td>(235)</td>
</tr>
<tr>
<td><strong>Deferred tax liabilities</strong></td>
<td><strong>(1,073)</strong></td>
<td><strong>(1,180)</strong></td>
</tr>
<tr>
<td><strong>Net deferred tax assets (liabilities)</strong></td>
<td><strong>$ 228</strong></td>
<td><strong>$ 13</strong></td>
</tr>
</tbody>
</table>

OTHER INFORMATION ABOUT OUR DEFERRED INCOME TAX ASSETS (LIABILITIES)

Other information about our deferred income tax assets (liabilities) include:

- net operating loss carryforwards,
- valuation allowances and
- reinvestment of undistributed earnings.

Net Operating Loss Carryforwards
Our state and foreign net operating loss carryforwards as of the end of 2011 are as follows:

- $815 million, which expire from 2012 through 2031; and
- $133 million, which do not expire.

Valuation Allowances
With the exception of the valuation allowance discussed below, we believe it is more likely than not that we will have sufficient future taxable income to realize our deferred tax assets.

Our valuation allowance on our deferred tax assets was $146 million as of the end of 2011. This primarily related to foreign and state net operating losses and state and provincial credits.

The total changes in our valuation allowance over the last year was a net increase of $4 million. This net increase resulted primarily from:

- $7 million increase due to additional foreign losses and
- $3 million decrease due to the change in expectations of future use of state net operating loss carryforwards.

Reinvestment of Undistributed Earnings
In 2011, we made the decision to dividend earnings from a foreign subsidiary which allows us to recognize a tax benefit of $76 million related to foreign tax credits associated with the repatriation of Canadian earnings. The balance of our foreign undistributed earnings was approximately $22 million at the end of 2011 and has been permanently reinvested; therefore, it is not subject to U.S. income tax. Generally, such earnings become subject to U.S. tax upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount
of deferred tax liability on the remaining undistributed earnings.

HOW WE ACCOUNT FOR INCOME TAXES
The Income Taxes section of Note 1: Summary of Significant Accounting Policies provides details about how we account for our income taxes.

UNRECOGNIZED TAX BENEFITS
Unrecognized tax benefits represent potential future obligations to taxing authorities if uncertain tax positions we have taken on previously filed tax returns are not sustained. The total amount of unrecognized tax benefits as of December 31, 2011 and 2010, are $251 million and $180 million, respectively, which does not include related interest of $33 million and $30 million, respectively. These amounts represent the gross amount of exposure in individual jurisdictions and do not reflect any additional benefits expected to be realized if such positions were not sustained, such as the federal deduction that could be realized if an unrecognized state deduction was not sustained.

Reconciliation of the Beginning and Ending Amount of Unrecognized Tax Benefits

<table>
<thead>
<tr>
<th>DOLLAR AMOUNTS IN MILLIONS</th>
<th>DECEMBER 31, 2011</th>
<th>DECEMBER 31, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$180</td>
<td>$170</td>
</tr>
<tr>
<td>Additions based on tax positions related to current year</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Additions for tax positions of prior years</td>
<td>91</td>
<td>17</td>
</tr>
<tr>
<td>Reductions for tax positions of prior years</td>
<td>(11)</td>
<td>(6)</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>(2)</td>
<td>4</td>
</tr>
<tr>
<td>Settlements</td>
<td>(2)</td>
<td>—</td>
</tr>
<tr>
<td>Lapse of statute</td>
<td>(6)</td>
<td>(6)</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$251</td>
<td>$180</td>
</tr>
</tbody>
</table>

The net liability recorded in our Consolidated Balance Sheet related to unrecognized tax benefits was $24 million as of December 31, 2011, and $48 million as of December 31, 2010, which includes interest of $33 million and $27 million respectively, net of payments made in advance of settlements.

The net liability recorded for tax positions across all jurisdictions that, if sustained, would affect our effective tax rate was $140 million as of December 31, 2011, and $98 million as of December 31, 2010, which includes interest of $33 million and $27 million, respectively.

In accordance with our accounting policy, we accrue interest and penalties related to unrecognized tax benefits as a component of income tax expense.

As of December 31, 2011, our 2008 - 2010 federal income tax audit has not yet begun. We are undergoing examination in various state and foreign jurisdictions for the 2005 - 2010 tax years. We expect that the outcome of any examination will not have a material effect on our consolidated financial statements; however, audit outcomes and the timing of audit settlements are subject to significant uncertainty.

In the next 12 months, we estimate a decrease of up to $4 million in unrecognized tax benefits on several individually insignificant tax positions due to the lapse of applicable statutes of limitation in multiple jurisdictions.

NOTE 21: GEOGRAPHIC AREAS
This note provides selected key financial data according to the geographical locations of our customers. The selected key financial data includes:

• sales to and revenues from unaffiliated customers,

• export sales from the U.S., and

• long-lived assets.

SALES AND REVENUES
Our sales to and revenues from unaffiliated customers outside the U.S. are primarily to customers in Canada, China, Japan and Europe. Our export sales from the U.S. include:

• pulp, liquid packaging board, logs, lumber and wood chips to Japan;

• pulp, logs and lumber to other Pacific Rim countries; and

• pulp to Europe.

Sales and Revenues by Geographic Area

<table>
<thead>
<tr>
<th>FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2011 (DOLLAR AMOUNTS IN MILLIONS)</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales to and revenues from unaffiliated customers:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$4,008</td>
<td>$3,965</td>
<td>$3,580</td>
</tr>
<tr>
<td>Japan</td>
<td>640</td>
<td>621</td>
<td>473</td>
</tr>
<tr>
<td>Europe</td>
<td>331</td>
<td>325</td>
<td>268</td>
</tr>
<tr>
<td>China</td>
<td>446</td>
<td>312</td>
<td>178</td>
</tr>
<tr>
<td>Canada</td>
<td>271</td>
<td>269</td>
<td>203</td>
</tr>
<tr>
<td>South America</td>
<td>75</td>
<td>70</td>
<td>49</td>
</tr>
<tr>
<td>Other foreign countries</td>
<td>445</td>
<td>392</td>
<td>317</td>
</tr>
</tbody>
</table>
LONG-LIVED ASSETS
Our long-lived assets — used in the generation of revenues in the different geographical areas — are nearly all in the U.S. and Canada. Our long-lived assets include:

- goodwill,
- timber and timberlands and
- property and equipment, including construction in progress.

Long-Lived Assets by Geographic Area

FOR THE THREE-YEAR PERIOD ENDED DECEMBER 31, 2011
(DOLLAR AMOUNTS IN MILLIONS)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-lived assets:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>$5,682</td>
<td>$5,946</td>
<td>$6,226</td>
</tr>
<tr>
<td>Canada</td>
<td>745</td>
<td>827</td>
<td>881</td>
</tr>
<tr>
<td>Other foreign countries</td>
<td>637</td>
<td>642</td>
<td>606</td>
</tr>
<tr>
<td>Total</td>
<td>$7,064</td>
<td>$7,415</td>
<td>$7,713</td>
</tr>
</tbody>
</table>

NOTE 22: SELECTED QUARTERLY FINANCIAL INFORMATION (unaudited)
Quarterly financial data provides a review of our results and performance throughout the year. Our earnings per share for the full year do not always equal the sum of the four quarterly earnings-per share amounts because of common share activity during the year.

Key Quarterly Financial Data for the Last Two Years

DOLLAR AMOUNTS IN MILLIONS EXCEPT PER-SHARE FIGURES

<table>
<thead>
<tr>
<th></th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales and revenues</td>
<td>$1,422</td>
<td>$1,610</td>
<td>$1,569</td>
<td>$1,615</td>
<td>$6,216</td>
</tr>
<tr>
<td>Operating income</td>
<td>$236</td>
<td>$127</td>
<td>$100</td>
<td>$131</td>
<td>$594</td>
</tr>
<tr>
<td>Earnings from continuing operations before income taxes</td>
<td>$154</td>
<td>$19</td>
<td>$29</td>
<td>$55</td>
<td>$257</td>
</tr>
<tr>
<td>Net earnings</td>
<td>$99 $10</td>
<td>$157</td>
<td>$65</td>
<td>$331</td>
<td></td>
</tr>
<tr>
<td>Net earnings attributable to Weyerhaeuser common shareholders</td>
<td>$99 $10</td>
<td>$157</td>
<td>$65</td>
<td>$331</td>
<td></td>
</tr>
<tr>
<td>Basic net earnings per share attributable to Weyerhaeuser common shareholders</td>
<td>$0.18 $0.02</td>
<td>$0.29</td>
<td>$0.12 $0.62</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted net earnings per share attributable to Weyerhaeuser common shareholders</td>
<td>$0.18 $0.02</td>
<td>$0.29</td>
<td>$0.12 $0.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid per share</td>
<td>$0.15 $0.15</td>
<td>$0.15</td>
<td>$0.15 $0.60</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2010:

<table>
<thead>
<tr>
<th></th>
<th>First Quarter</th>
<th>Second Quarter</th>
<th>Third Quarter</th>
<th>Fourth Quarter</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales and revenues</td>
<td>$1,283</td>
<td>$1,641</td>
<td>$1,514</td>
<td>$1,516</td>
<td>$5,954</td>
</tr>
<tr>
<td>Operating income</td>
<td>$85</td>
<td>$155</td>
<td>$160</td>
<td>$54</td>
<td>$454</td>
</tr>
<tr>
<td>Earnings (loss) from continuing operations before income taxes</td>
<td>$21</td>
<td>$12</td>
<td>$84</td>
<td>(35)</td>
<td>$82</td>
</tr>
<tr>
<td>Net earnings (loss)</td>
<td>$(18) $14</td>
<td>$1,116</td>
<td>$171</td>
<td>$1,283</td>
<td></td>
</tr>
<tr>
<td>Net earnings (loss) attributable to Weyerhaeuser common shareholders</td>
<td>$20 $14</td>
<td>$1,116</td>
<td>$171</td>
<td>$1,283</td>
<td></td>
</tr>
<tr>
<td>Basic net earnings (loss) per share attributable to Weyerhaeuser common shareholders</td>
<td>$(0.10) $0.07</td>
<td>$3.52</td>
<td>$0.32 $4.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diluted net earnings (loss) per share attributable to Weyerhaeuser common shareholders</td>
<td>$(0.10) $0.07</td>
<td>$3.50</td>
<td>$0.32 $3.99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid per share</td>
<td>$0.05 $0.05</td>
<td>$26.46</td>
<td>$0.05 $26.61</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To implement our decision to be taxed as a REIT, we distributed our accumulated earnings and profits to our shareholders, determined under federal income tax provisions, as a “Special Dividend.” On September 1, 2010, we paid a dividend of $5.6 billion which included the Special Dividend and the regular quarterly dividend of approximately $11 million. At the election of each shareholder, the Special Dividend was paid in cash or Weyerhaeuser common shares. The number of common shares issued was approximately 324 million. The stock portion of the Special Dividend was treated as the issuance of new shares for accounting purposes and affects our earnings per share only for periods after the distribution. Prior periods are not restated. The required treatment results in earnings per share that is less than would have been the case had the common shares been treated as the issuance of new shares for accounting purposes and affects our earnings per share only for periods after the distribution.
not been issued. See Note 4: Net Earnings (Loss) Per Share for pro forma results giving effect to the common stock distribution for diluted earnings per common share as if the common stock distribution had occurred at the beginning of each period. In addition, our stock price decreased on the ex-dividend date to reflect the issuance of common stock.

During third quarter 2010, we also reversed certain deferred income tax liabilities as a result of our REIT conversion, which resulted in a $1,064 million benefit in the Consolidated Statement of Operations.
CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The company's principal executive officer and principal financial officer have evaluated the effectiveness of the company's disclosure controls and procedures as of the end of the period covered by this annual report on Form 10-K. Disclosure controls are controls and other procedures that are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's (SEC) rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, to allow timely decisions regarding required disclosure.

Based on their evaluation, the company's principal executive officer and principal financial officer have concluded that the company's disclosure controls and procedures are effective to ensure that information required to be disclosed complies with the SEC's rules and forms.

CHANGES IN INTERNAL CONTROL

No changes occurred in the company's internal control over financial reporting during the period that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

The company has submitted to the New York Stock Exchange a certification that it is in compliance with the listing standards of the New York Stock Exchange.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting as is defined in the Securities and Exchange Act of 1934 rules. Management, under our supervision, conducted an evaluation of the effectiveness of the company's internal control over financial reporting based on the framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under the framework in Internal Control — Integrated Framework, management concluded that the company's internal control over financial reporting was effective as of December 31, 2011. The effectiveness of the company's internal control over financial reporting as of December 31, 2011, has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

/s/    DANIEL S. FULTON
Daniel S. Fulton
President and Chief Executive Officer

Dated:    February 22, 2012

/s/    PATRICIA M. BEDIENT
Patricia M. Bedient
Executive Vice President and Chief Financial Officer

Dated:    February 22, 2012
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders

Weyerhaeuser Company:

We have audited Weyerhaeuser Company's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Weyerhaeuser Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on Weyerhaeuser Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Weyerhaeuser Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Weyerhaeuser Company and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, cash flows, and changes in equity and comprehensive income for each of the years in the three-year period ended December 31, 2011, and our report dated February 22, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Seattle, Washington
February 22, 2012
DIRECTORS AND EXECUTIVE OFFICERS

Information with respect to directors of the company included in the Notice of 2012 Annual Meeting of Shareholders and Proxy Statement for the company’s Annual Meeting of Shareholders to be held April 12, 2012 under the headings “Nominees for Election — Terms Expire in 2013,” “Board of Directors and Committee Information” and “Continuing Directors — Terms Expire in 2013” is incorporated herein by reference. Information with regard to executive officers of the company contained in the Notice of 2012 Annual Meeting of Shareholders and Proxy Statement for the company’s Annual Meeting of Shareholders to be held April 12, 2012, under headings “Section 16(a) Beneficial Ownership Reporting Compliance,” and “Potential Payment upon Termination or Change in Control — Change in Control,” and “ — Severance” is incorporated herein by reference.

DIRECTORS

Debra A. Cafaro, 54, a director of the Company since February 2007, has been chairman, president and chief executive officer of Ventas, Inc. (health care real estate investment trust) since 2003. She was its president and chief executive officer from 1999 when she joined the company until 2003, and has been a director of the company since 1999. She served as president and director of Ambassador Apartments, Inc. (real estate investment trust) from 1997 until 1998 when it merged with AMICo. She was a director of GGP, Inc. (real estate investment trust) from March 2010 to November 2010. She is former chair of NAREIT (National Association of Real Estate Investment Trusts) and a director of the Real Estate Roundtable, World Business Chicago (not-for-profit economic development corporation) and a Trustee of the Ravinia Festival Association in Chicago. She has extensive REIT executive experience, with strong skills in real estate and corporate finance, strategic planning and public company executive compensation.

Mark A. Emmert, 59, a director of the Company since June 2008, has been President of the National Collegiate Athletic Association since October 2010. He served as President of the University of Washington in Seattle, Washington, from 2004 to 2010; as Chancellor of Louisiana State University from 1999 to 2004; and Chancellor and Provost of the University of Connecticut from 1994 to 1999. Prior to 1994, he was Provost and Vice President for Academic Affairs at Montana State University and held faculty and administrative positions at the University of Colorado. He also is a director of Expeditors International of Washington, Inc. and Omnicare, Inc. He is a Life Member of the Council on Foreign Relations and is a Fellow of the National Academy of Public Administration. He has also been a Fulbright Fellow, a Fellow of the American Council on Education and served on many non-profit boards. He is an experienced leader of major organizations, with strong skills in government and international relations, and strategic planning.

Daniel S. Fulton, 63, was elected chief executive officer and a member of the board of directors in April 2008. He has been president of Weyerhaeuser Company since January 2008. From May 2001 until March 2008 he was president and chief executive officer of Weyerhaeuser Real Estate Company, a wholly owned subsidiary of the company. In January 2004 he was named to Weyerhaeuser’s senior management team. Mr. Fulton is the chair of the Policy Advisory Board of the Joint Center for Housing Studies at Harvard University. He is on the board of numerous industry associations, including NAFO (National Association of Forest Owners), SFI (Sustainable Forestry Initiative), NCASI (National Council for Air and Stream Improvement), and NAREIT (National Association of Real Estate Investment Trusts). He is vice chair of the Washington Roundtable and a member of the Business Roundtable. He is a member of the Advisory Board for the Foster School of Business at the University of Washington, and a member of the Board of the United Way of King County. He has a strong executive background in real estate and corporate finance, with extensive experience managing capital intensive operations, international operations and strategic planning.
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John I. Kieckhefer, 67, a director of the Company since 1990, has been president of Kieckhefer Associates, Inc. (investment and trust management) since 1989, and was senior vice president prior to that time. He has been engaged in commercial cattle operations since 1967 and is a trustee of J.W. Kieckhefer Foundation, an Arizona charitable trust. He has a strong background in business and finance, with extensive experience in public company executive compensation.

Wayne W. Murdy, 67, a director of the Company since January 2009, held various management positions with Newmont Mining Corporation (international mining) from 1992 until his retirement in 2007, including Chairman of the Board from 2002 to December 2007 and Chief Executive Officer from 2001 to June 2007. Before joining Newmont Mining, Mr. Murdy spent 15 years serving in senior financial positions in the oil and gas industry, including positions with Apache Corporation and Getty Oil Company. He also is a director of BHP Billiton Limited and BHP Billiton Plc. He is a trustee of the Denver Art Museum and The Papal Foundation, a member of the Advisory Councils for the College of Engineering at the University of Notre Dame and the Daniels Business School at the University of Denver. He has extensive executive experience leading natural resources companies and managing capital-intensive industry operations, with strong skills in corporate finance and accounting, international operations, strategic planning and public company executive compensation.

Nicole W. Piasecki, 49, a director of the Company since 2003, is executive vice president Business Development and Strategic Integration for Boeing Commercial Airlines. Previously, she served as president of Boeing Japan from 2006 to 2010, executive vice president of Business Strategy & Marketing for Boeing Commercial Airplanes, The Boeing Company, from 2003 to 2006; was vice president of Commercial Airplanes Sales, Leasing Companies from 2000 until January 2003; and served in various positions in engineering, sales, marketing, and business strategy for the Commercial Aircraft Group from 1991. She is a Director on the Seattle Branch Board of Directors for the Federal Reserve Bank; a Trustee of Seattle University in Seattle, Washington; and a former member of the Board of Governors, Tokyo, of the American Chamber of Commerce of Japan and the Federal Aviation's Management Advisory Council. She has extensive executive experience in capital intensive industries, sales and marketing, strategic planning and international operations and relations.

Richard H. Sinkfield, 69, a director of the Company since 1993, is a senior partner in the law firm of Rogers & Hardin in Atlanta, Georgia, and has been a partner in the firm since 1976. He is a Trustee of Vanderbilt University and a member of the Advisory Board of the Georgia Appleseed Center for Law and Justice. He was a director of United Auto Group, Inc. (automobile retailer) from 1993 to 1999 and its executive vice president and chief administrative officer from 1997 to 1999. He was a director of Central Parking Corporation from 2000 to February 2005. He is a former director of the Metropolitan Atlanta Community Foundation, Inc. and the Atlanta College of Art, a former member of the executive board of the Atlanta Area Council of the Boy Scouts of America; and was a member of the Board of Directors of the State Bar of Georgia from 1990 to 1998. He has extensive experience in corporate and securities laws and corporate governance matters.
D. Michael Steuert, 63, a director of the Company since October 2004, has been senior vice president and chief financial officer for Fluor Corporation (engineering and construction) since 2001. He served as senior vice president and chief financial officer at Litton Industries Inc. (defense electronics, ship construction and electronic technologies) from 1999 to 2001 and as a senior officer and chief financial officer of GenCorp Inc. (aerospace, propulsion systems, vehicle sealing systems, chemicals and real estate) from 1990 to 1999. He also serves as Trustee of Prologis and was formerly a member of the National Financial Executives Institute and the Carnegie Mellon Council on finance. He has extensive executive experience in corporate finance and accounting, managing capital-intensive industry operations, natural resources development and strategic planning.

Kim Williams, 56, a director of the Company since October 2006, was senior vice president and associate director of global industry research for Wellington Management Company LLP (investment management) from 2001 to 2005, was elected a partner effective January 1995 and held various management positions with Wellington from 1986 to 2001. Prior to joining Wellington, she served as vice president, industry analyst for Loomis, Sayles & Co., Inc (investment management) from 1982 to 1986. She is also a director of E.W. Scripps Company, MicroVest and Xcel Energy Inc. She is a member of the Overseer Committee of Brigham and Women's Hospital in Boston, Massachusetts and a Trustee of Concord Academy, Concord, Massachusetts. She has extensive experience in corporate finance, strategic planning and international operations.

Charles R. Williamson, 63, a director of the company since October 2004 and chairman of the Board since April 2009, was the executive vice president of Chevron Corporation (international oil company) from August 2005 until his retirement December 1, 2005. He was chairman and chief executive officer of Unocal Corporation (oil and natural gas) until its acquisition by Chevron Corporation in 2005. He served as Unocal Corporation’s executive vice president, International Energy Operations from 1999 to 2000; group vice president, Asia Operations from 1998 to 1999; group vice president, International Operations from 1996 to 1997; and held numerous management jobs including positions in the United Kingdom, Thailand and the Netherlands after joining Unocal in 1977. He was a director of Unocal Corporation and former Chairman of the US-ASEAN Business Council. He is also a director and chairman of the board of Talisman Energy Inc. and a director of PACCAR Inc. He has extensive experience in corporate finance, management of capital-intensive operations, development of natural resources, technology, international operations, strategic planning and public company executive compensation.
EXECUTIVE OFFICERS

**Patricia M. Bedient**, 58, has been executive vice president and chief financial officer since 2007. She was senior vice president, Finance and Strategic Planning, from February 2006 to 2007. She served as vice president, Strategic Planning, from 2003, when she joined the company, to 2006. Prior to joining the company, she was a partner with Arthur Andersen LLP (Independent Accountant) from 1987 to 2002 and served as the managing partner for the Seattle office and as the partner in charge of the firm’s forest products practice from 1999 to 2002. She is on the Board of Directors for Alaska Air Group and also serves as Treasurer and Board member of Overlake Hospital Medical Center. She is a CPA and member of the American Institute of CPAs.

**Lawrence B. Burrows**, 59, has been senior vice president, Wood Products, since October 1, 2010. Prior to becoming senior vice president Wood Products, Mr. Burrows served as president of Weyerhaeuser Real Estate Company, a subsidiary of the company, from 2008 to 2010. He was president of Winchester Homes Inc., a subsidiary of the company, from 2003 to 2008; its executive vice president from 1998 to 2003; and held various leadership positions at Winchester Homes from 1989, when he joined the company, until 1998. Prior to joining the company, he was vice president and regional manager for Dickinson Heffner (real estate development) from 1986 to 1988; and project manager and vice president of Oliver T. Carr & Co. (real estate development) from 1982 to 1986.

**Srinivasan Chandrasekaran**, 62, has been senior vice president, Cellulose Fibers, since 2006. He was vice president, Manufacturing, Cellulose Fibers, from 2005 to 2006; vice president and mill manager at the Kamloops, British Columbia, Cellulose Fibers mill from 2003 to 2005; and vice president and mill manager at the Kingsport, Tennessee, paper mill from 2002 to 2003. He joined Weyerhaeuser in 2002 with the company’s acquisition of Willamette Industries Inc., where he served in a number of leadership positions.

**Miles P. Drake**, 62, has been senior vice president, Research and Development, and chief technology officer since 2006 when he joined the company. He was vice president, research and development and chief technology officer of Air Products and Chemicals Inc. (Industrial Gases) from 2001 until October 2006 and held numerous other leadership positions with Air Products and Chemicals Inc. from 1986 until 2001.
Daniel S. Fulton, 63, has been chief executive officer and a director of the company since April 2008 and has been its president since January 2008. From May 2001 until March 2008 he was president and chief executive officer of Weyerhaeuser Real Estate Company, a wholly owned subsidiary of the company. In January 2004, he was named to Weyerhaeuser’s senior management team. Mr. Fulton is the chair of the Policy Advisory Board of the Joint Center for Housing Studies at Harvard University. He is on the board of numerous industry associations, including NAFO (National Association of Forest Owners), SFI (Sustainable Forestry Initiative), NCASI (National Council for Air and Stream Improvement), and NAREIT (National Association of Real Estate Investment Trusts). He is vice chair of the Washington Roundtable, and a member of the Business Roundtable. He is a member of the Advisory Board for the Foster School of Business at the University of Washington, and a member of the Board of the United Way of King County.

Thomas F. Gideon, 60, has been executive vice president Timberlands, since October 1, 2010. Prior to becoming executive vice president Timberlands, Mr. Gideon served as executive vice president, Forest Products, from 2008 to 2010; and as senior vice president, Containerboard, Packaging and Recycling, from 2007 until its disposition in 2008. He was senior vice president, Timberlands, from 2005 to 2007; vice president, Western Timberlands, from 2003 to 2005; and director of Sales and Marketing for Western Timberlands from 1998 to 2003. He joined Weyerhaeuser in 1978 and held numerous human resources and sales management positions in Wood Products before moving into Western Timberlands in 1996.

John A. Hooper, 57, has been senior vice president, Human Resources, since July 2008. He was vice president, Human Resources Operations, from 2006 to 2008; Human Resources director from 2003 to 2006; and strategic projects consultant from 2001, when he joined the company, until 2003. Prior to joining the company, he was a management consultant specializing in leadership effectiveness, human resources strategy and change management from 1986 to 2001. From 1979 to 1986, he held leadership positions in Eaton Corporation (diversified power management) and Techtronix (testing and measurement equipment).

Sandy D. McDade, 60, has been senior vice president and general counsel since September 2006. He was senior vice president, Industrial Wood Products and International, from 2005 to 2006; senior vice president, Canada, from 2003 to 2005; vice president, Strategic Planning, from 2000 to 2003; and corporate secretary from 1993 to 2000. He joined Weyerhaeuser in 1980 and worked as a corporate and transaction lawyer until 2000.
Peter M. Orser, 55, has been president, Weyerhaeuser Real Estate Company, a subsidiary of the company, since October 1, 2010. Prior to becoming president, Weyerhaeuser Real Estate Company, Mr. Orser was president, Quadrant Corporation, a subsidiary of the company, from 2003 to 2010. He was executive vice president, Quadrant Corporation, from 2001 to 2003; residential senior vice president, Quadrant Corporation, from 1996 to 2001; vice president, Community Development, from 1992 to 1995; and held various leadership positions with Quadrant Corporation from 1987, when he joined the company, to 1992.
AUDIT COMMITTEE FINANCIAL EXPERT

As of December 31, 2011, the audit committee of the board of directors consisted of Mark A. Emmert, John I. Kieckhefer, D. Michael Steuert and Kim Williams. Each member is independent as defined under the New York Stock Exchange rules. The board of directors has determined that each audit committee member has sufficient knowledge in financial and accounting matters to serve on the committee and that Mr. Steuert is an “audit committee financial expert” as defined by SEC rules.

CORPORATE GOVERNANCE MATTERS

CODE OF ETHICS
The company has adopted a code of ethics that applies to all employees, including the principal executive officer, principal financial officer and principal accounting officer. A copy is incorporated in the exhibits to this 10-K by reference and is available on the company’s website at www.weyerhaeuser.com. A copy of the code of ethics is available free of charge upon written request to Claire S. Grace, Corporate Secretary, Weyerhaeuser Company, P.O. Box 9777, Federal Way, WA 98063-9777, or by e-mail at CorporateSecretary@Weyerhaeuser.com.

CORPORATE GOVERNANCE GUIDELINES
The company has adopted corporate governance guidelines. The company’s corporate governance guidelines are available on the company’s website at www.weyerhaeuser.com. Paper copies may be obtained by written request to Claire S. Grace, Corporate Secretary, Weyerhaeuser Company, P.O. Box 9777, Federal Way, WA 98063-9777, or by e-mail at CorporateSecretary@Weyerhaeuser.com.

EXECUTIVE AND DIRECTOR COMPENSATION

Information with respect to executive and director compensation contained in the Notice of 2012 Annual Meeting of Shareholders and Proxy Statement for the company’s Annual Meeting of Shareholders to be held April 12, 2012, under the headings “Board of Directors and Committee Information — Directors’ Compensation,” “Compensation Discussion and Analysis,” “Compensation Committee Report,” “Compensation Committee Interlocks and Insider Participation,” “Summary Compensation Table,” “Grants of Plan-Based Awards,” “Outstanding Equity Awards at Fiscal Year Year-End,” “Options Exercise in Fiscal 2011,” “Pension Benefits,” “Nonqualified Deferred Compensation,” and “Potential Payments Upon Termination or Change of Control” is incorporated herein by reference.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information with respect to security ownership of certain beneficial owners and management contained in the Notice of 2012 Annual Meeting of Shareholders and Proxy Statement for the company’s Annual Meeting of Shareholders to be held April 12, 2012, under the heading “Beneficial Ownership of Common Shares” is incorporated herein by reference.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information with regard to certain relationships and related transactions contained in the Notice of 2012 Annual Meeting of Shareholders and Proxy Statement for the company’s Annual Meeting of Shareholders to be held April 12, 2012, under the headings “Review, Approval or Ratification of Transactions with Related Persons” and “Board of Directors and Committee Information” is incorporated herein by reference.

PRINCIPAL ACCOUNTING FEES AND SERVICES

Information with respect to principal accounting fees and services in the Notice of 2012 Annual Meeting of Shareholders and Proxy Statement for the company’s Annual Meeting of Shareholders to be held April 12, 2012, under the heading “Relationships with Independent Registered Public Accounting Firm” is incorporated herein by reference.
## EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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All other financial statement schedules have been omitted because they are not applicable or the required information is included in the consolidated financial statements, or the notes thereto, in Financial Statements and Supplementary Data above.

### EXHIBITS

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</tr>
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<td>3</td>
<td>Bylaws (incorporated by reference to Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission May 6, 2011 — Commission File Number 1-4825)</td>
</tr>
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<td>Material Contracts</td>
</tr>
<tr>
<td>(a)</td>
<td>Form of Executive Change of Control Agreement (incorporated by reference to Form 8-K filed with the Securities and Exchange Commission January 4, 2012 — Commission File Number 1-4825)</td>
</tr>
<tr>
<td>(b)</td>
<td>Form of Executive Severance Agreement (incorporated by reference to Form 8-K filed with the Securities and Exchange Commission January 4, 2012 — Commission File Number 1-4825)</td>
</tr>
<tr>
<td>(c)</td>
<td>Weyerhaeuser Company Long-Term Incentive Compensation Plan (incorporated by reference to Form 8-K filed with the Securities and Exchange Commission December 29, 2010 - Commission File Number 1-4825)</td>
</tr>
<tr>
<td>(d)</td>
<td>Form of Weyerhaeuser Company 2004 Long-Term Incentive Plan Stock Option Agreement (incorporated by reference to Form 8-K filed with the Securities and Exchange Commission January 11, 2012 - Commission File Number 1-4825)</td>
</tr>
<tr>
<td>(e)</td>
<td>Form of Weyerhaeuser Company 2004 Long-Term Incentive Plan Performance Plan Award Agreement (incorporated by reference to Form 8-K filed with the Securities and Exchange Commission January 11, 2012 - Commission File Number 1-4825)</td>
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<tr>
<td>(f)</td>
<td>Form of Weyerhaeuser Company 2004 Long-Term Incentive Plan Restricted Stock Award Terms and Conditions (incorporated by reference to Form 8-K filed with the Securities and Exchange Commission January 11, 2012 - Commission File Number 1-4825)</td>
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<tr>
<td>(g)</td>
<td>Description of Weyerhaeuser Company Director Compensation Program (incorporated by reference to Current Report on Form 8-K filed with the Securities and Exchange Commission January 4, 2012 - Commission File Number 1-4825)</td>
</tr>
<tr>
<td>(h)</td>
<td>Weyerhaeuser Company Annual Incentive Plan for Salaried Employees (incorporated by reference to Form 8-K filed with the Securities and Exchange Commission January 4, 2012 - Commission File Number 1-4825)</td>
</tr>
<tr>
<td>(i)</td>
<td>Weyerhaeuser Company Deferred Compensation Plan (incorporated by reference to Form 8-K filed with the Securities and Exchange Commission December 29, 2010 — Commission File Number 1-4825)</td>
</tr>
<tr>
<td>(j)</td>
<td>Weyerhaeuser Company Deferred Compensation Plan (incorporated by reference to Form 8-K filed with the Securities and Exchange Commission December 29, 2009 — Commission File Number 1-4825)</td>
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<tr>
<td>(n)</td>
<td>Weyerhaeuser Real Estate Company Management Short-Term Incentive Plan (incorporated by reference to Form 8-K filed with the Securities and Exchange Commission February 9, 2010 — Commission File Number 1-4825)</td>
</tr>
<tr>
<td>(o)</td>
<td>Weyerhaeuser Real Estate Company Management Long-Term Incentive Plan (incorporated by reference to Form 8-K filed with the Securities and Exchange Commission February 9, 2010 — Commission File Number 1-4825)</td>
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<tr>
<td>(p)</td>
<td>Agreement with James M. Branson (incorporated by reference to quarterly report on Form 10-Q filed with the Securities and Exchange Commission November 5, 2010 — Commission File Number 1-4825)</td>
</tr>
<tr>
<td>(r)</td>
<td>Purchase Agreement, dated as of March 15, 2008, between Weyerhaeuser Company and International Paper Company (incorporated by reference to Form 8-K filed with the Securities and Exchange Commission March 20, 2008 — Commission File Number 1-4825)</td>
</tr>
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<td>14</td>
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<td>Subsidiaries of the Registrant</td>
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<tr>
<td>32</td>
<td>Certification pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and Section 310 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)</td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
</tr>
<tr>
<td>-------</td>
<td>--------------------------------------------------------------</td>
</tr>
<tr>
<td>101.INS</td>
<td>XBRL Instance Document</td>
</tr>
<tr>
<td>101.SCH</td>
<td>XBRL Taxonomy Extension Schema Document</td>
</tr>
<tr>
<td>101.CAL</td>
<td>XBRL Taxonomy Extension Calculation Linkbase Document</td>
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<td>101.DEF</td>
<td>XBRL Taxonomy Extension Definition Linkbase Document</td>
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<td>101.LAB</td>
<td>XBRL Taxonomy Extension Label Linkbase Document</td>
</tr>
<tr>
<td>101.PRE</td>
<td>XBRL Taxonomy Extension Presentation Linkbase Document</td>
</tr>
</tbody>
</table>
Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized February 22, 2012.

WEYERHAEUSER COMPANY

/s/ DANIEL S. FULTON
Daniel S. Fulton
President and Chief Executive Officer

/s/ WAYNE W. MURDY
Wayne W. Murdy
Director

/s/ PATRICIA M. BEDIENT
Patricia M. Bedient
Principal Financial Officer

/s/ NICOLE W. PIASECKI
Nicole W. Piasecki
Director

/s/ JERALD W. RICHARDS
Jerald W. Richards
Principal Accounting Officer

/s/ RICHARD H. SINKFIELD
Richard H. Sinkfield
Director

/s/ DEBRA A. CAFARO
Debra A. Cafaro
Director

/s/ D. MICHAEL STEUERT
D. Michael Steuert
Director

/s/ MARK A. EMMERT
Mark A. Emmert
Director

/s/ KIM WILLIAMS
Kim Williams
Director

/s/ JOHN I. KIECKHEFER
John I. Kieckhefer
Director

/s/ CHARLES R. WILLIAMSON
Charles R. Williamson
Chairman of the Board and Director
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Weyerhaeuser Company:

Under date of February 22, 2012, we reported on the consolidated balance sheets of Weyerhaeuser Company and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of operations, cash flows, and changes in equity and comprehensive income for each of the years in the three-year period ended December 31, 2011, which report is included in this annual report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule in this annual report on Form 10-K. This financial statement schedule is the responsibility of the Company’s management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP
Seattle, Washington
February 22, 2012

FINANCIAL STATEMENT SCHEDULE

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For the three years ended December 31, 2011

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<th>CHARGED TO INCOME</th>
<th>(DEDUCTIONS) FROM/ADDITIONS TO RESERVE</th>
<th>BALANCE AT END OF PERIOD</th>
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<tbody>
<tr>
<td>Forest Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowances deducted from related asset accounts:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doubtful accounts – accounts receivable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>$8</td>
<td>$1</td>
<td>$(3)</td>
<td>$6</td>
</tr>
<tr>
<td>2010</td>
<td>$12</td>
<td>$2</td>
<td>$(6)</td>
<td>$8</td>
</tr>
<tr>
<td>2009</td>
<td>$7</td>
<td>$11</td>
<td>$(6)</td>
<td>$12</td>
</tr>
<tr>
<td>Real Estate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allowances deducted from related asset accounts:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2011</td>
<td>$3</td>
<td>$(1)</td>
<td>$</td>
<td>$2</td>
</tr>
<tr>
<td>2010</td>
<td>$2</td>
<td>$1</td>
<td>$</td>
<td>$3</td>
</tr>
<tr>
<td>2009</td>
<td>$4</td>
<td>$</td>
<td>$(2)</td>
<td>$2</td>
</tr>
</tbody>
</table>
$1,000,000,000

REVOLVING CREDIT FACILITY AGREEMENT

Dated as of June 2, 2011

among

WEYERHAEUSER COMPANY, and

WEYERHAEUSER REAL ESTATE COMPANY, as Borrowers,

THE LENDERS, THE SWING LINE BANKS AND INITIAL FRONTING BANKS NAMED HEREIN,

JPMORGAN CHASE BANK, N.A., as Administrative Agent,

CITIBANK, N.A., as Syndication Agent,

PNC BANK, NATIONAL ASSOCIATION,
WELLS FARGO BANK, N.A. AND THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., as Documentation Agents,

COBANK, ACB, as Co-Documentation Agent

J.P. MORGAN SECURITIES LLC, CITIGROUP GLOBAL MARKETS INC., PNC BANK, NATIONAL ASSOCIATION, WELLS FARGO SECURITIES, LLC, THE BANK OF TOKYO-MITSUBISHI UFJ, LTD. AND COBANK, ACB,
as Lead Arrangers and Joint Book Runners
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Exhibit B Form of Administrative Questionnaire
Exhibit C Form of Assignment and Acceptance
Exhibit D-1 Form of Certification of Financial Statements for Weyerhaeuser
Exhibit D-2 Form of Certification of Financial Statements for WRECO
Exhibit D-3 Form of Compliance Certificate for Weyerhaeuser
Exhibit D-4 Form of Compliance Certificate for WRECO
Exhibit E Form of Subordinated Debt
Exhibit F Form of Promissory Note
Exhibit G Form of Swing Line Borrowing Request
Exhibit H Claim Agreement

SCHEDULES
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Schedule 3.08 Subsidiaries of Weyerhaeuser and WRECO
Schedule 9.01 Notices
Schedule 9.04(f) Voting Participants
REVOLVING CREDIT FACILITY AGREEMENT dated as of June 2, 2011 among
WEYERHAEUSER COMPANY, a Washington corporation (“Weyerhaeuser”), WEYERHAEUSER REAL
ESTATE COMPANY, a Washington corporation (“WRECO,” together with Weyerhaeuser, the “Borrowers”
and each, individually, a “Borrower”), the lenders listed in Schedule 2.01 (together with each assignee that
becomes a party hereto pursuant to Section 9.04, a “Lender,” and collectively, the “Lenders”), JPMORGAN
CHASE BANK, N.A., a national banking association (“JPMorgan Chase Bank”) and CITIBANK, N.A., a
national banking association (“Citibank”), as Initial Fronting Banks (as defined below), JPMORGAN
CHASE BANK and CITIBANK, as swing line banks (in such capacities, the “Swing Line Banks”)
JPMORGAN CHASE BANK as administrative agent for the Lenders (in such capacity, and its successors in
such capacity, the “Administrative Agent”), CITIBANK, as syndication agent (in such capacity, the
“Syndication Agent”), PNC BANK, NATIONAL ASSOCIATION, WELLS FARGO BANK, N.A. and THE
BANK OF TOKYO-MITSUBISHI UFJ, LTD., as documentation agents (collectively, in such capacities,
the “Documentation Agents”), and COBANK, ACB, as co-documentation agent (in such capacity, the “Co-
Documentation Agent”).

WITNESSETH:

WHEREAS, Weyerhaeuser has entered into that certain Competitive Advance and Revolving
Credit Agreement, dated as of December 19, 2006, as amended by that First Amendment thereto dated as of
September 14, 2009 (as amended, the “Existing Revolving Credit Agreement”) with JPMorgan Chase Bank,
as administrative agent, Citibank, N.A., as syndication agent, Bank of America, N.A., The Bank of Tokyo-
Mitsubishi, Ltd. and Deutsche Bank Securities Inc., as documentation agents, and Morgan Stanley Bank, as
co-documentation agent, and the lenders party thereto from time to time.

WHEREAS, Weyerhaeuser has requested that the Lenders enter into this Revolving Credit
Facility Agreement (a) to replace the Existing Revolving Credit Agreement, (b) to provide the Borrowers
and their Subsidiaries with financing for general corporate purposes and to back-stop commercial paper
issuances and (c) to provide for the issuance of Letters of Credit for the account of Weyerhaeuser which are
to be utilized for general corporate purposes.

WHEREAS, WRECO will derive a substantial benefit from the credit extended to
Weyerhaeuser.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and
agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

(5)
“Adjusted Net Worth” shall mean, as of the date of any computation thereof, the aggregate amount of capital stock (less treasury stock), surplus and retained earnings of WRECO and its Restricted Subsidiaries, after deducting (i) goodwill, patents, trade names, trademarks, unamortized debt discount and expense, deferred assets (other than prepaid taxes and insurance), experimental or organizational expense, any reappraisal, revaluation or write-up assets, and such other assets as are properly classified as “intangible assets” of WRECO and its Restricted Subsidiaries in accordance with GAAP, (ii) all minority interests in the capital stock and surplus of the Restricted Subsidiaries of WRECO, (iii) all Investments in Unrestricted Subsidiaries of WRECO, and (iv) all Investments of WRECO and its Restricted Subsidiaries in any joint venture, partnership or similar entity (not including any Investments in any Restricted Subsidiary of WRECO) entered into for the purpose of acquiring, developing, constructing, owning, operating, selling or leasing any Real Estate Assets.

“Administrative Agent Fees” shall have the meaning given such term in Section 2.04(b).

“Administrative Questionnaire” shall mean an Administrative Questionnaire in the form of Exhibit B hereto.

“Affiliate” shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

“Aggregate Credit Exposure” shall mean the aggregate amounts of the Lenders’ Credit Exposures.

“Agreement” shall mean this Revolving Credit Facility Agreement, together with all amendments, supplements and modifications hereof.

“Applicable Margin” shall have the meaning given such term in Section 2.06(d).

“Applicable Percentage” of any Lender at any time shall mean the percentage of the Total Commitment represented by such Lender’s Commitment; provided that in the case of Section 2.20 when a Defaulting Lender shall exist, “Applicable Percentage” shall mean the percentage of the Total Commitment (disregarding any Defaulting Lender’s Commitment). In the event the Commitments shall have expired or been terminated, the Applicable Percentage shall be determined on the basis of the Commitments most recently in effect, but giving effect to assignments pursuant to Section 9.04 and to any Lender’s status as a Defaulting Lender at the time of determination.

“Assignment and Acceptance” shall mean an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, which acceptance shall be governed by the terms of Section 9.04, substantially in the form of Exhibit C.
“Base Rate” shall mean, for any day, a rate per annum equal to the highest of (i) the Prime Rate in effect on such day, (ii) ½ of 1% plus the Federal Funds Rate for such day and (iii) the reserve adjusted Eurodollar Rate for a Eurodollar Loan with a one-month interest period commencing on such day plus 1%, each as in effect from time to time. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Rate, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Base Rate shall be determined without regard to clause (ii) of the first sentence of this definition, until the circumstances giving rise to such inability no longer exist. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Rate or the reserve adjusted Eurodollar Rate shall be effective on the effective date of such change in the Prime Rate, the Federal Funds Rate, or the reserve adjusted Eurodollar Rate, respectively.

“Base Rate Borrowing” shall mean a Borrowing comprised of Base Rate Loans.

“Base Rate Loan” shall mean any Loan bearing interest at a rate determined by reference to the Base Rate in accordance with the provisions of Article II.

“Board” shall mean the Board of Governors of the Federal Reserve System of the United States.

“Borrower” and “Borrowers” shall have the respective meanings given such terms in the introductory paragraph hereto.

“Borrowing” shall mean a group of Loans of a single Type made by the Lenders on a single date and as to which a single Interest Period is in effect.

“Business Day” shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City; provided, however, that, when used in connection with a Eurodollar Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

“Capital Base” shall mean, as of the date of any computation thereof, the sum of (i) Adjusted Net Worth plus (ii) the amount of WRECO/Weyerhaeuser Subordinated Debt then outstanding not to exceed Adjusted Net Worth.

“Capital Lease Obligations” of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP and, for purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.
A “Change in Control” shall be deemed to have occurred with respect to (a) Weyerhaeuser if, (i) any person or group (within the meaning of Rule 13d-5 of the SEC as in effect on the date hereof) shall own directly or indirectly, beneficially or of record, shares representing more than 20% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of Weyerhaeuser, (ii) a majority of the seats (other than vacant seats) on the board of directors of Weyerhaeuser shall at any time have been occupied by persons who were neither (A) nominated by the management of Weyerhaeuser in accordance with its charter and by-laws, nor (B) appointed by directors so nominated, or (iii) any person or group shall otherwise directly or indirectly Control Weyerhaeuser, and (b) WRECO if Weyerhaeuser shall fail to own directly or indirectly, beneficially or of record, shares representing at least 79% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of WRECO.

“Claim Agreement” means the Claim Agreement dated as of June 2, 2011 executed by Weyerhaeuser and WNR in favor of the Administrative Agent for the benefit of the Lenders and attached hereto as Exhibit H.

“Closing Date” shall mean the first date on which the conditions precedent set forth in Section 4.02 shall have been satisfied.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to the Code are to the Code, as in effect at the date of this Agreement and any subsequent provisions of the Code, amendatory thereof, supplemental thereto or substituted therefor.

“Commitment” shall mean, with respect to each Lender, the commitment of such Lender hereunder, if any, to make Revolving Loans, purchase Swing Line Loans and acquire participations in Letters of Credit in an aggregate principal and/or face amount not to exceed the amount set forth in Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender shall have assumed its commitment, as applicable, as the same may be permanently reduced, increased or terminated from time to time pursuant to Section 2.09, Section 2.18, Article VII or Section 9.04.

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities or by contract, and “Controlling” and “Controlled” shall have meanings correlative thereto.

“Credit Exposure” shall mean, with respect to each Lender, at any time, the aggregate principal amount at such time of all outstanding Revolving Loans of such Lender to the Borrowers, plus the aggregate amount at such time of such Lender’s L/C Exposure, plus the aggregate amount at such time of such Lender’s Swing Line Exposure.
“Default” shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

“Defaulting Lender” means any Lender, as determined by the Administrative Agent, that has (a) failed to fund any portion of its Loans or participations in Letters of Credit or Swing Line Loans within three Business Days of the date required to be funded by it hereunder, unless such Lender notifies the Administrative Agent and the Borrowers in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied (b) notified a Borrower, the Administrative Agent, the Initial Fronting Bank, the Swing Line Bank or any Lender in writing that it does not intend to comply with any of its funding obligations under this Agreement or has made a public statement to the effect that it does not intend to comply with its funding obligations under this Agreement or under other agreements in which it commits to extend credit, unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) cannot be satisfied, (c) failed, within three Business Days after request by the Administrative Agent, to confirm that it will comply with the terms of this Agreement relating to its obligations to fund prospective Loans and participations in then outstanding Letters of Credit and Swing Line Loans, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent, (d) otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within three Business Days of the date when due, unless the subject of a good faith dispute, or (e) (i) become or is insolvent or has a parent company that has become or is insolvent or (ii) become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment or has a parent company that has become the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Government Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such (or such Government Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

“Dollars,” “dollars” or “$” shall mean lawful money of the United States of America.

“Environmental Claims” shall mean any and all administrative, regulatory, or judicial actions, suits, demand letters, claims, liens, notices of noncompliance or violation, investigations, or proceedings relating in any way to any Environmental Law (hereinafter
referred to as “claims”) or any permit issued under any such Environmental Law, including without limitation (a) any and all claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial, or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation, or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to health, safety, or the environment.

“Environmental Laws” shall mean any and all Federal, state, local and foreign statutes, laws, regulations, ordinances, codes, rules (including rules of common law), judgments, orders, decrees, permits, concessions, grants, franchises, licenses, legally-binding agreements or other governmental restrictions now or hereafter in effect relating to the environment, health, safety, Hazardous Materials (including, without limitation, the manufacture, processing, distribution, use, treatment, storage, Release, and transportation thereof) or to industrial hygiene or the environmental conditions on, under or about real property, including, without limitation, soil, groundwater, and indoor and outdoor ambient air conditions.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

“ERISA Affiliate” shall mean any trade or business (whether or not incorporated) that, together with Weyerhaeuser or WRECO, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414(b), (c), (m) or (o) of the Code.

“Eurodollar Borrowing” shall mean a Borrowing comprised of Eurodollar Loans.

“Eurodollar Loan” shall mean any Loan bearing interest at a rate determined by reference to the Eurodollar Rate in accordance with the provisions of Article II.

“Eurodollar Rate” shall mean, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page or service, providing rate quotations comparable to those currently provided on such page, as determined by the Administrative Agent from time to time for the purpose of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the “Eurodollar Rate” with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m.,
London time, two Business Days prior to the commencement of such Interest Period.

“Eurodollar Revolving Borrowing” shall mean a Borrowing comprised of Revolving Loans bearing interest at a rate determined by reference to the Eurodollar Rate in accordance with the provisions of Article II.

“Event of Default” shall have the meaning given such term in Article VII.

“Existing Revolving Credit Agreement” shall have the meaning given such term in the preliminary statements hereto.

“Facility Fees” shall have the meaning given such term in Section 2.04(a).

“FATCA” shall mean Section 1471 through 1474 of the Code, as of the date of this Agreement (and any amended or successor version that is substantially comparable), and any current or future regulations or official interpretations thereof.

“Federal Funds Rate” shall mean, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

“Fees” shall mean the Facility Fees, the Fronting Fee, the L/C Participation Fee and the Administrative Agent Fees.

“Financial Officer” of any corporation shall mean the chief financial officer, principal accounting officer, treasurer or controller of such corporation.

“Fronting Banks” shall mean the Initial Fronting Banks and any other Lender designated by Weyerhaeuser to the extent such Lender (including the Initial Fronting Bank) has expressly agreed to perform all of the obligations that, by the terms of this Agreement, are required to be performed as the Fronting Banks, as such consent by such Lender may be evidenced from time to time by documentation reasonably acceptable to Weyerhaeuser, such Lender and the Administrative Agent.

“Fronting Fee” shall have the meaning given such term in Section 2.04(c).

“GAAP” shall mean accounting principles generally accepted in the United States, applied on a consistent basis.
“Governmental Authority,” shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantee” of or by any person shall mean any obligation, contingent or otherwise, of such person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness, (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, however, that the term Guarantee shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

“Hazardous Materials” shall mean (a) any petroleum or petroleum products, flammable substances, explosives, radioactive materials, hazardous wastes, substances or contaminants, toxic wastes, substances or contaminants, or any other wastes, substances, contaminants or pollutants prohibited, limited or regulated by any Governmental Authority; (b) asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers or other equipment that contains dielectric fluid containing levels of polychlorinated biphenyls or radon gas; (c) any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” “contaminants,” or “pollutants,” or words of similar import, under any applicable Environmental Law; and (d) any other chemical, material, or substance, exposure to which is prohibited, limited, or regulated by any Governmental Authority.

“Indebtedness” of any person shall mean, without duplication, (a) all obligations of such person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person upon which interest charges are customarily paid, (d) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person, (e) all obligations of such person issued or assumed as the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such person, whether or not the obligations secured thereby have been assumed, (g) all Guarantees by such person of Indebtedness of others, (h) all
Capital Lease Obligations of such person, and (i) all obligations of such person as an account party in respect of letters of credit, letters of guaranty and bankers’ acceptances. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner.

“Initial Fronting Banks” shall mean JPMorgan Chase Bank and Citibank, in each case, with respect to up to $100,000,000 of L/C Disbursements.

“Interest Period” shall mean, as to any Eurodollar Borrowing, the period commencing on the date of such Borrowing or on the date of conversion of a Borrowing of a different Type to a Eurodollar Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing or conversion thereof, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the applicable Borrower may elect; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of Eurodollar Loans, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day; provided further that no Interest Period for any Loan shall extend beyond the Termination Date.

“Investments” shall mean all investments in any Person, computed in accordance with GAAP, made by stock purchase, capital contribution, loan, advance, extension of credit, or creation or assumption of any other contingent liability or Guarantee in respect of any obligation of such Person, or otherwise; provided, however, that in computing any investment in any Person (i) all expenditures for such investment shall be taken into account at the actual amounts thereof in the case of expenditures of cash and at the fair value thereof (as determined in good faith by the Board of Directors of WRECO) or depreciated cost thereof (in accordance with GAAP), whichever is greater, in the case of expenditures of property, (ii) there shall not be included any Real Estate Assets, or any account or note receivable from such other Person arising from transactions in the ordinary course of business, and (iii) a Guarantee or other contingent liability of any kind in respect of any Indebtedness or other obligation of such Person shall be deemed an Investment equal to the amount of such Indebtedness or obligation.

“L/C Disbursement” shall mean a payment or disbursement made by any Fronting Bank pursuant to a Letter of Credit.

“L/C Exposure” shall mean, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time (assuming compliance at such time with all conditions to drawing) plus (b) the aggregate principal amount of all L/C Disbursements that have not yet been converted to Loans in accordance with Section 2.02(f) or reimbursed by Weyerhaeuser at such time. The L/C Exposure of any Lender at any time shall mean its Applicable Percentage of the aggregate L/C Exposure at such time.
“L/C Participation Fee” shall have the meaning given such term in Section 2.04(c).


“Lender” and “Lenders” shall have the respective meanings given such terms in the introductory paragraph hereto.

“Lender Affiliate” shall mean, (a) with respect to any Lender, (i) an Affiliate of such Lender or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

“Letter of Credit” shall mean any letter of credit issued pursuant to Section 2.19.

“Lien” shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

“Loan” shall mean a Revolving Loan or a Swing Line Loan.

“Loan Documents” shall mean this Agreement, the OCBM Agreement, the Claim Agreement, any Letter of Credit and any application therefor and any notes issued in accordance with Section 2.05.

“Mandatory Convertible Debt Securities” with respect to Weyerhaeuser, shall mean all obligations of Weyerhaeuser evidenced by bonds, notes, debentures, or other similar instruments, which by their terms convert mandatorily into equity interests of Weyerhaeuser no later than three years from the date of issuance of such bonds, notes, debentures, or other similar instruments; provided that at no time shall the aggregate outstanding principal amount of such obligations included in the definition of “Mandatory Convertible Debt Securities,” prior to their conversion, exceed $1,500,000,000.

“Margin Stock” shall have the meaning given such term under Regulation U.
“Material Adverse Effect” shall mean (a) a materially adverse effect on the business, financial condition, operations or properties of Weyerhaeuser and its Subsidiaries, taken as a whole, (b) a materially adverse effect on the ability of Weyerhaeuser or any of its Subsidiaries to perform its obligations under any Loan Documents to which it is or will be a party, or (c) a materially adverse effect on the rights and remedies available to the Administrative Agent and the Lenders under the Loan Documents.

“Moody’s” shall mean Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and if such corporation shall for any reason no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized rating agency designated by Weyerhaeuser and the Required Lenders.

“OCBM Agreement” shall mean the Ownership and Capital Base Maintenance Agreement, dated as of June 2, 2011 and entered into by Weyerhaeuser.

“Other Connection Taxes” means, with respect to any recipient, taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such taxes (other than a connection arising from such recipient having executed, delivered, enforced, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, or engaged in any other transaction pursuant to, or enforced, any Loan Document, or sold or assigned an interest in any Loan Document).

“Participant Register” shall have the meaning given such term in Section 9.04(e).

“PBGC” shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

“Person” shall mean any natural person, corporation, business trust, joint venture, joint stock company, trust, unincorporated organization, association, company, partnership or government, or any agency or political subdivision thereof.

“Plan” shall mean any multiemployer or single-employer plan as defined in Section 4001 of ERISA covered by Title IV of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of), or at any time during the five calendar years preceding the date of this Agreement was maintained or contributed to by (or to which there was an obligation to contribute of), Weyerhaeuser or an ERISA Affiliate.

“Prime Rate” shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer.
“Rating” shall mean, as of any date, the rating by Moody’s and S&P in effect on such date, of the Senior Unsecured Long-Term Debt of Weyerhaeuser.

“Real Estate Assets” shall mean all assets of WRECO and its Restricted Subsidiaries (determined, unless the context otherwise requires, on a consolidated basis for WRECO and its Restricted Subsidiaries) of the types described below, acquired and held for the purpose of, and arising out of, the development and/or sale or rental thereof in the ordinary course of business: (i) improved and unimproved land, buildings and other structures and improvements and fixtures located thereon, and (ii) contracts, mortgages, notes receivables and other choses in action.

“Register” shall have the meaning given such term in Section 9.04(c).

“Regulation D” shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation T” shall mean Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation U” shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation X” shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Related Parties” shall mean, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“Release” shall mean disposing, discharging, injecting, spilling, leaking, dumping, emitting, escaping, emptying, seeping, placing, and the like, into or upon any land or water or air, or otherwise entering into the environment.

“Reportable Event” shall mean an event described in Section 4043(c) of ERISA or the regulations issued thereunder with respect to a Plan as to which the 30-day notice requirement has not been waived by statute, regulation or otherwise.

“Required Lenders” shall mean, at any time, Lenders having Credit Exposures and unused Commitments representing more than 50% of the sum of the Aggregate Credit Exposure and unused Commitments at such time.

“Restricted Subsidiary” shall mean, (i) with respect to Weyerhaeuser, each Subsidiary that has not been designated as an Unrestricted Subsidiary on Schedule 3.08 Part I and thereafter not designated by a Financial Officer of Weyerhaeuser as an Unrestricted
Subsidiary after the Closing Date pursuant to Section 9.17 and (ii) with respect to WRECO, each Subsidiary
that has not been designated as an Unrestricted Subsidiary on Schedule 3.08 Part II or thereafter designated
by a Financial Officer of WRECO as an Unrestricted Subsidiary after the Closing Date pursuant to Section
9.17. On the Closing Date, Weyerhaeuser and its subsidiaries shall be deemed Restricted Subsidiaries unless
a Financial Officer of Weyerhaeuser shall have designated any of such entities as an Unrestricted Subsidiary
on the Closing Date.

“Revolving Borrowing” shall mean a Borrowing consisting of Revolving Loans.

“Revolving Borrowing Request” shall mean a request made pursuant to Section 2.02(e) in the form of Exhibit A.

“Revolving Loan” shall mean a Loan made by the Lenders to a Borrower pursuant to Section 2.01.

“S&P” shall mean Standard & Poor’s Financial Services LLC, a limited liability company
organized and existing under the laws of the State of New York, and its successors and assigns, and if such
corporation shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall
be deemed to refer to any other nationally recognized rating agency designated by Weyerhaeuser and the
Required Lenders.

“SEC” shall mean the Securities and Exchange Commission or any successor.

“Senior Debt” shall mean all Indebtedness of any Person (other than WRECO) which is not
expressed to be subordinate and junior in right of payment to any other Indebtedness of such Person, and,
with respect to WRECO, shall mean all Indebtedness of WRECO other than Subordinated Debt.

“Senior Unsecured Long-Term Debt” shall mean the unsecured bonds, debentures, notes or
other Indebtedness of Weyerhaeuser, designated on its financial statements as senior long-term
indebtedness. In the event more than one issue of Senior Unsecured Long Term Debt shall be outstanding at
any relevant time and different credit ratings shall have been issued by S&P or Moody’s for such issues, Senior Unsecured Long-Term Debt shall be deemed to refer to the lowest rated issue.

“Statutory Reserves” shall mean a fraction (expressed as a decimal), the numerator of which
is the number one, and the denominator of which is the number one minus the aggregate of the maximum
reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a
decimal established by the Board and any other banking authority to which the Administrative Agent is
subject with respect to the Eurodollar Rate, for eurocurrency funding (currently referred to as
“Eurocurrency Liabilities” in Regulation D of the Board). Such reserve percentages shall include those
imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency
funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions
or offsets that may be
available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Subordinated Debt” shall mean and include (i) Subordinated Promissory Notes of WRECO, in substantially the form annexed as Exhibit E hereto, and (ii) any other Indebtedness of WRECO now or hereafter created, issued or assumed which at all times is evidenced by a written instrument or instruments containing or having applicable thereto subordination provisions substantially the same as those in Exhibit E hereto, providing for the subordination of such Indebtedness to such other Indebtedness of WRECO as shall be specified or characterized in such subordination provisions.

“subsidiary” shall mean, with respect to any Person (herein referred to as the “parent”), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power to elect a majority of the board of directors or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held, or (b) which is, at the time any determination is made, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Subsidiary” shall mean any subsidiary of Weyerhaeuser or WRECO.

“Swing Line Banks” shall have the meaning given such term in the introductory paragraph hereto.

“Swing Line Borrowing” shall mean a Borrowing consisting of Swing Line Loans.

“Swing Line Borrowing Request” shall mean a request made pursuant to Section 2.20(b) in the form of Exhibit G.

“Swing Line Exposure” shall mean, at any time, the aggregate principal amount of all Swing Line Loans outstanding at such time made by the Swing Line Banks. The Swing Line Exposure of any Lender at any time shall mean its Applicable Percentage of the aggregate Swing Line Exposure at such time.

“Swing Line Loan” shall mean a Loan made by (i) the Swing Line Banks pursuant to Section 2.20(a), or (ii) any Lender pursuant to Section 2.20(c).

“Termination Date” shall mean June 2, 2015.

“Timberlands” shall mean, at any date of determination, all real property owned by or leased to Weyerhaeuser that is primarily used for timber production.
“Total Adjusted Shareholders’ Interest” shall mean, at any time, the amount of the preferred, preference and common shares accounts plus (or minus in the case of a deficit) the amount of other capital and retained earnings, in accordance with GAAP, of Weyerhaeuser and its consolidated Subsidiaries, less treasury common shares and the aggregate net book value (after deducting any reserves applicable thereto) of all items of the following character which are included in the consolidated assets of Weyerhaeuser and its consolidated Subsidiaries:

(a) investments in Unrestricted Subsidiaries; and

(b) without duplication, investments by Weyerhaeuser and its consolidated Subsidiaries in WRECO and its consolidated Subsidiaries.

No effect shall be given for any increases or decreases attributable to cumulative other comprehensive income resulting from the application of Accounting Standards Codification Topic 715.

“Total Commitment” shall mean at any time the aggregate amount of the Commitments as in effect at such time, and on the date hereof shall mean $1,000,000,000.

“Total Funded Indebtedness” with respect to Weyerhaeuser shall mean, at any time, the aggregate principal amount of all Indebtedness (other than Guarantees by such Person of Indebtedness of others) for borrowed money or for the deferred purchase price of property and Capital Lease Obligations of Weyerhaeuser and its consolidated Subsidiaries, excluding (a) the Indebtedness of Unrestricted Subsidiaries, (b) without duplication, the Indebtedness of WRECO and its consolidated Subsidiaries, and (c) 80% of the aggregate principal amount of the Mandatory Convertible Debt Securities outstanding at such time.

“Transactions” shall have the meaning given such term in Section 3.02.

“Transferee” shall have the meaning given such term in Section 2.17.

“Type,” when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, “Rate” shall include the Eurodollar Rate and the Base Rate applicable to any Loan.

“Unfunded Current Liability” of any Plan shall mean the amount, if any, by which the present value of the accrued benefits under the Plan as of the close of its most recent plan year, determined in accordance with Accounting Standards Codification Topic 715 or Accounting Standards Codification Topic 960, as applicable, based upon the actuarial assumptions used by the Plan’s actuary in the most recent annual valuation of the Plan, exceeds the fair market value of the assets allocable thereto, determined in accordance with Section 430 of the Code or Section 431 of the Code, as applicable.
“Unrestricted Subsidiary” shall mean, (i) with respect to Weyerhaeuser, each Subsidiary that has been designated as an Unrestricted Subsidiary on Schedule 3.08 Part I and any Subsidiary which has been designated by a Financial Officer of Weyerhaeuser as an Unrestricted Subsidiary after the Closing Date pursuant to Section 9.17, and (ii) with respect to WRECO, each Subsidiary that has been designated as an Unrestricted Subsidiary on Schedule 3.08 Part II and any Subsidiary which has been designated by a Financial Officer of WRECO as an Unrestricted Subsidiary after the Closing Date pursuant to Section 9.17.

“Voting Participant” shall have the meaning given such term in Section 9.04(f).

“Voting Participant Notification” shall have the meaning given such term in Section 9.04(f).

“Weyerhaeuser” shall have the meaning given such term in the introductory paragraph hereto.

“Withholding Agent” shall mean the Borrowers and the Administrative Agent.

“WNR” shall mean Weyerhaeuser NR Company.

“WRECO” shall have the meaning given such term in the introductory paragraph hereto.

“WRECO/Weyerhaeuser Subordinated Debt” shall mean the Subordinated Promissory Notes issued by WRECO to Weyerhaeuser described in clause (i) of the definition of “Subordinated Debt” and in substantially the form annexed as Exhibit E hereto.

Section 1.02 Terms Generally.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a “Revolving Loan”) or by Type (e.g., a “Eurodollar Loan”) or by Class and Type (e.g., a “Eurodollar Revolving Loan”). Borrowings also may be classified and referred to by Class (e.g., a “Revolving Borrowing”) or by Type (e.g., a “Eurodollar Borrowing”) or by Class and Type (e.g., a “Eurodollar Revolving Borrowing”).
The words “hereof”, “herein” and “hereunder” and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

Section 1.03  Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP (provided that, notwithstanding anything to the contrary herein, all accounting or financial terms used herein shall be construed, and all financial computations pursuant hereto shall be made, without giving effect to any election under Accounting Standards Codification Topic 825 (or any other Accounting Standards Codification Topic having a similar effect) to value any Indebtedness or other liabilities of any Borrower at “fair value”, as defined therein), as in effect from time to time; provided that, if either Borrower notifies the Administrative Agent that such Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies either Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

THE CREDITS

Section 2.01 Commitments. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, to make Loans to each Borrower requesting a Borrowing, at any time and from time to time on and after the date hereof and until the earlier of the Termination Date and the termination of the Commitment of such Lender, in an aggregate principal amount at any time outstanding not to exceed such Lender’s Commitment at such time, subject, however, to the conditions that:

(a) at no time shall the outstanding aggregate principal amount of all Loans made by all Lenders and the Swing Line Banks plus the aggregate L/C Exposure of such Lenders at such time exceed the Total Commitment;

(b) at no time shall the outstanding aggregate principal amount of all Loans made by all Lenders to WRECO exceed $50,000,000; and
Each Lender’s Commitment is set forth opposite its name in Schedule 2.01, or in the case of each assignee that becomes a party hereto pursuant to Section 9.04 or any subsequent assignments pursuant to Section 9.04, on the Register maintained by the Administrative Agent pursuant to Section 9.04(c).

Within the foregoing limits, each Borrower may borrow, pay or prepay and reborrow hereunder, on and after the Closing Date and prior to the Termination Date, subject to the terms, conditions and limitations set forth herein, on a several and not joint basis.

Section 2.02 Loans. (a) Each Revolving Loan shall be made as part of a Revolving Borrowing consisting of Revolving Loans made by the Lenders ratably in accordance with their respective Commitments; provided, however, that the failure of any Lender to make any Revolving Loan shall not in and of itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Revolving Loan required to be made by such other Lender). The Loans (other than Swing Line Loans) comprising any Revolving Borrowing (other than a Swing Line Borrowing) shall be in an aggregate principal amount which is an integral multiple of $1,000,000 and not less than $5,000,000 (or an aggregate principal amount equal to the remaining balance of the available Commitments).

(b) Each Revolving Borrowing shall be comprised entirely of Eurodollar Loans or Base Rate Loans, as the applicable Borrower may request pursuant to paragraph (e) hereof. Each Lender may at its option make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not (i) affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement and (ii) entitle such Lender to any amounts pursuant to Sections 2.11 or 2.12 to which amounts such Lender would not be entitled if such Lender had made such Loan itself through its domestic branch. Borrowings of more than one Type may be outstanding at the same time; provided, however, that neither Borrower shall be entitled to request any Revolving Borrowing which, if made, would result in an aggregate of more than twenty (20) separate Revolving Loans from any Lender being outstanding hereunder at any one time. For purposes of the foregoing, Revolving Loans (other than Revolving Loans which are Base Rate Loans) having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Revolving Loans.

(c) Each Lender shall make each Loan (other than a Swing Line Loan) to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent in New York, New York, not later than 12:00 noon (or in the case of Base Rate Loans, 2:00 p.m.), New York City time, and the Administrative Agent shall by 3:00
p.m., New York City time, credit the amounts so received to the general deposit account of the applicable Borrower maintained with the Administrative Agent or, if a Borrowing (other than a Swing Line Borrowing) shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders. Revolving Loans shall be made by the Lenders pro rata in accordance with Section 2.14. Unless the Administrative Agent shall have received notice from a Lender prior to the time of any Revolving Borrowing that such Lender will not make available to the Administrative Agent such Lender’s portion of such Revolving Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (c) and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and the applicable Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the applicable Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of the applicable Borrower, the interest rate applicable at the time to the Revolving Loans comprising such Borrowing and (ii) in the case of such Lender, at a rate equal to the greater of (x) the Federal Funds Rate and (y) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, for the period until such Lender makes such amount immediately available to the Administrative Agent. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender’s Revolving Loan as part of such Revolving Borrowing for purposes of this Agreement.

(d) Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request any Revolving Borrowing with an Interest Period ending after the Termination Date.

(e) In order to request a Revolving Borrowing, the Borrower requesting such Borrowing shall hand deliver or telecopy to the Administrative Agent a Revolving Borrowing Request in the form of Exhibit A (a) in the case of a Eurodollar Borrowing, not later than 12:00 noon, New York City time, three Business Days before a proposed borrowing and (b) in the case of a Base Rate Borrowing, not later than 12:00 noon, New York City time, on the day of a proposed borrowing. Such notice shall be irrevocable and shall in each case specify (i) whether the Revolving Borrowing then being requested is to be a Eurodollar Borrowing or a Base Rate Borrowing; (ii) the date of such Revolving Borrowing (which shall be a Business Day) and the amount thereof; and (iii) if such Revolving Borrowing is to be a Eurodollar Borrowing, the Interest Period with respect thereto. If no election as to the Type of Revolving Borrowing is specified in any such notice, then the requested Revolving Borrowing shall be a Base Rate Borrowing. If no Interest Period with respect to any Eurodollar Borrowing is specified in any such notice, then the applicable Borrower shall be deemed to have selected an Interest Period of one month’s duration. The Administrative Agent shall promptly advise the Lenders of any notice given pursuant to this Section 2.02(e) and of each Lender’s portion of the requested Borrowing.

(23)
If a Fronting Bank shall not have received the payment required to be made by Weyerhaeuser pursuant to Section 2.19(e) within the time specified in such Section, such Fronting Bank will promptly notify the Administrative Agent of the L/C Disbursement and the Administrative Agent will promptly notify each Lender of such L/C Disbursement and its Applicable Percentage thereof. Not later than 2:00 p.m., New York City time, on such date (or, if such Lender shall have received such notice later than 12:00 noon, New York City time, on any day, no later than 10:00 a.m., New York City time, on the immediately following Business Day), each Lender will make available the amount of its Applicable Percentage of such L/C Disbursement (it being understood that such amount shall be deemed to constitute a Base Rate Loan of such Lender and such payment shall be deemed to have reduced the L/C Exposure) in immediately available funds, to the Administrative Agent in New York, New York, and the Administrative Agent will promptly pay to the applicable Fronting Bank amounts so received by it from the Lenders. The Administrative Agent will promptly pay to the applicable Fronting Bank any amounts received by it from Weyerhaeuser pursuant to Section 2.19(e) prior to the time that any Lender makes any payment pursuant to this paragraph (f), and any such amounts received by the Administrative Agent thereafter will be promptly remitted by the Administrative Agent to the Lenders that shall have made such payments and to the applicable Fronting Bank, as their interests may appear. If any Lender shall not have made its Applicable Percentage of such L/C Disbursement available to the Administrative Agent as provided above, such Lender agrees to pay interest on such amount, for each day from and including the date such amount is required to be paid in accordance with this paragraph to but excluding the date such amount is paid, to the Administrative Agent for the account of the applicable Fronting Bank at, for the first such day, the Federal Funds Rate, and for each day thereafter, the Base Rate.

Section 2.03 Conversion and Continuation of Loans. (a) Each Borrower shall, with respect to its respective Revolving Borrowings, have the right at any time, upon prior irrevocable written notice to the Administrative Agent given in the manner and at the times specified in Section 2.02(e) with respect to the Type of Revolving Borrowing into which conversion or continuation is to be made, to convert any of its Revolving Borrowings into a Revolving Borrowing of a different Type and to continue any of its Eurodollar Revolving Borrowings into a subsequent Interest Period of any permissible duration, subject to the terms and conditions of this Agreement and to the following:

(i) each conversion or continuation shall be made pro rata among the Lenders in accordance with the respective principal amounts of Revolving Loans comprising the converted or continued Revolving Borrowing;

(ii) if less than all the outstanding principal amount of any Revolving Borrowing shall be converted or continued, the aggregate principal amount of such Revolving Borrowing converted and/or continued shall in each case not be less than the minimum amount set forth in Section 2.02;

(iii) if a Eurodollar Borrowing is converted at any time other than on the last day of the Interest Period applicable thereto, the applicable Borrower shall pay any

(24)
(iv) if such Revolving Borrowing is to be converted into a Eurodollar Borrowing or if a Eurodollar Borrowing is to be continued, no Interest Period selected shall extend beyond the Termination Date; and

(v) interest accrued to the day immediately preceding each date of conversion or continuation shall be payable on each Revolving Borrowing (or part thereof) that is converted or continued concurrently with such conversion or continuation.

(b) Each notice given pursuant to Section 2.03(a) shall be irrevocable and shall refer to this Agreement and specify (i) the identity and the amount of the Revolving Borrowing that the applicable Borrower requests to be converted or continued; (ii) whether such Borrowing (or any part thereof) is to be converted or continued as a Base Rate Borrowing or a Eurodollar Borrowing; (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day); and (iv) if such Borrowing (or any part thereof) is to be converted into or continued as a Eurodollar Borrowing, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Eurodollar Revolving Borrowing, then the applicable Borrower shall be deemed to have selected an Interest Period of one month’s duration, in the case of a Eurodollar Borrowing. The Administrative Agent shall advise the Lenders of any notice given pursuant to Section 2.03(a) and of each Lender’s portion of any converted or continued Revolving Borrowing.

(c) If the applicable Borrower shall not have given notice in accordance with this Section 2.03 to continue any Eurodollar Revolving Borrowing into a subsequent Interest Period (and shall not otherwise have given notice in accordance with this Section 2.03 to convert such Eurodollar Borrowing), such Borrowing shall automatically be converted into a Base Rate Borrowing. In the event of the occurrence and continuation of a Default or an Event of Default (i) all Eurodollar Revolving Borrowings of each Borrower shall be converted into Base Rate Borrowings on the last day of the Interest Period then in effect, and (ii) no Base Rate Borrowing may be converted into a Borrowing of another Type so long as a Default or Event of Default continues to exist.

Section 2.04 Fees. (a) The Borrowers jointly and severally agree to pay to each Lender, through the Administrative Agent, on each March 31, June 30, September 30 and December 31 and on the date on which the Commitment of such Lender shall be terminated as provided herein, a facility fee (each, a “Facility Fee,” and collectively, the “Facility Fees”), calculated as specified below, on the amount of the Commitment of such Lender, whether used or unused, during the preceding quarter (or shorter period commencing with the Closing Date or ending with the Termination Date applicable to such Lender or any date on which the Commitment of such Lender shall be terminated). All Facility Fees shall be computed on the basis of a year of 365 or 366 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Facility Fee due to each Lender shall commence to accrue on the Closing Date and shall cease to accrue on the earlier of the
Termination Date applicable to such Lender and the termination of the Commitment of such Lender as provided herein, provided that, to the extent that any Lender has any Credit Exposure which remains outstanding after the Termination Date, the Facility Fee due to such Lender shall continue to accrue on such Credit Exposure and shall be payable upon demand.

The Facility Fee for each Lender shall be calculated as a per annum rate in an amount equal to the product of such Lender’s Commitment hereunder and the applicable percentage specified in the table below, to be determined based upon the Ratings received from S&P and Moody’s by Weyerhaeuser:

<table>
<thead>
<tr>
<th>S&amp;P: Moody’s:</th>
<th>Level 1 BBB+ Baa1 or better</th>
<th>Level 2 BBB Baa2</th>
<th>Level 3 BBB- Baa3</th>
<th>Level 4 BB+ Ba1</th>
<th>Level 5 BB Ba2 or lower</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facility Fee</td>
<td>0.20%</td>
<td>0.25%</td>
<td>0.30%</td>
<td>0.35%</td>
<td>0.45%</td>
</tr>
</tbody>
</table>

The Facility Fees shall change effective as of the date on which the applicable rating agency announces any change in its Ratings. In the event either S&P or Moody’s shall withdraw or suspend its Ratings, the remaining Rating announced by either S&P or Moody’s, as the case may be, shall apply. In the event neither agency shall provide a Rating, the Facility Fees shall be based on the lowest rating provided above. If the Ratings by S&P and Moody’s are split so that two consecutive Levels (as defined in the table above) apply, the higher of those Ratings shall determine the applicable percentage to calculate the Facility Fee. If the Ratings by S&P and Moody’s are split so that the applicable Levels in the table above are separated by only one intermediate Level, then such intermediate Level shall determine the applicable percentage to calculate the Facility Fee. If the Ratings by S&P and Moody’s are split so that the applicable Levels in the table above are separated by two intermediate Levels, then the intermediate Level representing one Level lower than the highest Rating shall determine the applicable percentage to calculate the Facility Fee. The Facility Fees shall be calculated by the Administrative Agent, which calculation absent manifest error shall be final and binding on all parties.

(b) Weyerhaeuser agrees to pay the Administrative Agent, for its own account, the administration fees (the “Administrative Agent Fees”) at the times and in the amounts agreed upon in the letter agreement dated as of November 8, 2006, among Weyerhaeuser, WRECO, J.P. Morgan Securities Inc. and the Administrative Agent.

(c) Weyerhaeuser agrees to pay (i) to the Administrative Agent for pro rata distribution to each Lender (an “L/C Participation Fee”), for the period from the Closing Date until the later of the Termination Date and the date on which there ceases to be any L/C Exposure outstanding (or such earlier date as all Letters of Credit shall be canceled or expire and the Total Commitment shall be terminated), on that portion of the average daily L/C Exposure attributable to Letters of Credit issued for the account of Weyerhaeuser (excluding the portion thereof attributable to unreimbursed L/C Disbursements), at the rate per annum equal to the Applicable Margin for Eurodollar Loans from time to time in effect for the Borrower and (ii) to each
Fronting Bank for its own account a fronting fee (a “Fronting Fee”), which shall accrue at such rate as is mutually agreed between the applicable Fronting Bank and Weyerhaeuser on the average daily amount of the L/C Exposure attributable to Letters of Credit issued by such Fronting Bank for the account of Weyerhaeuser (excluding any portion thereof attributable to unreimbursed L/C Disbursements) during the period from and including the Closing Date to but excluding the later of the date of termination of the commitments and the date on which there ceases to be any L/C Exposure attributable to Letters of Credit issued by such Fronting Bank for the account of Weyerhaeuser, as well as such Fronting Bank’s standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. L/C Participation Fees and Fronting Fees accrued under this paragraph are payable quarterly in arrears on the last day of each calendar quarter and on the date on which the Total Commitment shall be terminated as provided herein. All L/C Participation Fees and Fronting Fees payable under this paragraph shall be computed on the basis of the number of days actually elapsed over a year of 365 or 366 days.

(d) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for prompt distribution, if and as appropriate, among the Lenders. Once paid, none of the Fees shall be refundable under any circumstances.

Section 2.05 Repayment of Loans; Evidence of Debt. (a) The outstanding principal balance of (i) each Revolving Loan shall be payable on the Termination Date and (ii) each Swing Line Loan shall be payable on the earlier of the maturity date specified in the applicable Swing Line Borrowing Request (which maturity shall not be later than the seventh day after the requested date of such Borrowing) and the Termination Date. Each Loan shall bear interest from the date thereof on the outstanding principal balance thereof as set forth in Section 2.06.

(b) Each Lender shall, and is hereby authorized by the Borrowers to, maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender’s share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of each Borrower to repay its Loans in accordance with the terms of this Agreement.
Any Lender may request that Revolving Loans made by it be evidenced by a promissory note, substantially in the form of Exhibit F attached hereto. In such event, the applicable Borrower shall promptly, and in no event more than 10 Business Days after a request therefor, prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns). Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.06 Interest on Loans. (a) Subject to the provisions of Section 2.07, the Loans comprising Eurodollar Revolving Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Eurodollar Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin, determined pursuant to paragraph (d) below.

(b) Subject to the provisions of Section 2.07 the Loans comprising each Base Rate Borrowing (based on the Prime Rate) shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be) at a rate per annum equal to the Base Rate plus the Applicable Margin.

(c) Interest on each Eurodollar Loan shall, except as otherwise provided in this Agreement, be payable on the last day of the Interest Period applicable thereto and, in case of a Eurodollar Loan with an Interest Period of more than three months’ duration, each day that would have been an interest payment date for such Loan had successive Interest Periods of three months’ duration been applicable to such Loan, and on the Termination Date or any earlier date on which this Agreement is, pursuant to its terms and conditions, terminated. Interest on each Base Rate Loan shall be payable quarterly in arrears on the last Business Day of each March, June, September and December, except as otherwise provided in this Agreement and on the Termination Date or any earlier date on which this Agreement is, pursuant to its terms and conditions, terminated. The applicable Eurodollar Rate or Base Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

(d) As used herein, “Applicable Margin” shall mean the applicable percentage per annum specified in the table below, to be determined based upon the Ratings received by Weyerhaeuser from S&P and Moody’s. The applicable percentage referred to in the immediately preceding sentence shall be determined based upon the Ratings, as follows:
The Applicable Margin shall change effective as of the date on which the applicable rating agency announces any change in its Ratings. In the event either S&P or Moody’s shall withdraw or suspend its Ratings, the remaining Rating announced by either S&P or Moody’s, as the case may be, shall apply. In the event neither agency shall provide a Rating, the Applicable Margin shall be based on the lowest rating provided above. If the Ratings by S&P and Moody’s are split so that two consecutive Levels (as defined in the table above) apply, the higher of those Ratings shall determine the Applicable Margin. If the Ratings by S&P and Moody’s are split so that the applicable Levels in the table above are separated by only one intermediate Level, then such intermediate Level shall determine the Applicable Margin. If the Ratings by S&P and Moody’s are split so that the applicable Levels in the table above are separated by two intermediate Levels, then the intermediate Level representing one Level lower than the highest Rating shall determine the Applicable Margin. The Applicable Margin shall be calculated by the Administrative Agent, which calculation absent manifest error shall be final and binding on all parties.

Section 2.07 Default Interest. If a Borrower shall default in the payment of the principal of or interest on any of its Loans or any other amount (including Fees) becoming due hereunder (other than any L/C Disbursement that has been made by a Fronting Bank and not yet due pursuant to the terms of Section 2.19(e)), whether by scheduled maturity, notice of prepayment, acceleration or otherwise, such Borrower shall on demand from time to time by the Administrative Agent pay interest, to the extent permitted by law, on such defaulted amount (including accrued and unpaid interest) up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum equal to (x) in the case of the Loans, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2% or (y) in the case of any other amount (including Fees), the rate applicable to Base Rate Loans plus 2%, in each case, with respect to clauses (x) and (y) above, from the date of such non-payment until such amount is paid in full (after as well as before judgment).

Section 2.08 Alternate Rate of Interest. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurodollar Borrowing the Administrative Agent shall have determined in good faith that dollar deposits in the principal amounts of the Eurodollar Loans comprising such Borrowing are not generally available in the London interbank market, or that the rates at which such dollar deposits are being offered will not adequately and fairly reflect the cost to the Required Lenders of making or

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maintaining their Eurodollar Loans during such Interest Period, or that reasonable means do not exist for ascertaining the Eurodollar Rate, the Administrative Agent shall, as soon as practicable thereafter, give written notice of such determination to the Borrowers and the Lenders. In the event of any such determination, until the Administrative Agent shall have advised the Borrowers and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any request by the Borrowers for a Eurodollar Revolving Borrowing pursuant to Section 2.02 shall be deemed to be a request for a Base Rate Borrowing and (ii) any request by the Borrowers for a conversion to, or a continuation of, a Eurodollar Revolving Borrowing pursuant to Section 2.03 shall be deemed to be a request for, respectively, a continuation as, or a conversion to, a Base Rate Borrowing. Each determination by the Administrative Agent hereunder shall be conclusive absent manifest error.

Section 2.09 Termination and Reduction of Commitments. (a) The unused Commitments of each Lender shall be automatically terminated on the Termination Date.

(b) Subject to Section 2.10(b), upon at least three Business Days’ prior irrevocable written notice to the Administrative Agent, the Borrowers may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Total Commitment; provided, however, that (i) each partial reduction shall be in an integral multiple of $1,000,000 and in a minimum principal amount of $5,000,000 and (ii) no such termination or reduction shall be made which would reduce the Total Commitment to an amount less than the sum of the aggregate outstanding principal amount of Loans and the aggregate L/C Exposure.

(c) Subject to Section 2.18, each reduction in the Total Commitment hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. The Borrowers jointly and severally agree to pay to the Administrative Agent for the account of the Lenders, on the date of each termination or reduction, the Facility Fees on the amount of the Commitments so terminated or reduced accrued through the date of such termination or reduction.

Section 2.10 Prepayment. (a) Voluntary Prepayments. Each of the Borrowers shall have the right at any time and from time to time to prepay any of its respective Revolving Borrowings, in whole or in part, upon giving written notice (or telephone notice promptly confirmed by written notice) to the Administrative Agent: (i) before 12:00 noon, New York City time, three Business Days prior to prepayment, in the case of Eurodollar Loans and (ii) before 12:00 noon, New York City time, one Business Day prior to prepayment, in the case of Base Rate Loans; provided, however, that each partial prepayment shall be in an amount which is an integral multiple of $1,000,000 and not less than $5,000,000.

(b) Mandatory Prepayments. On the date of any termination or reduction of the Commitments pursuant to Section 2.09, the Borrowers shall pay or prepay so much of their respective Borrowings as shall be necessary in order that the aggregate principal amount of Loans outstanding plus the aggregate L/C Exposure does not exceed the Total Commitment, after giving effect to such termination or reduction.
Each notice of prepayment under paragraph (a) above shall specify the prepayment date and the principal amount of each Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit the applicable Borrower to prepay such Borrowing (or portion thereof) by the amount stated therein on the date stated therein. All prepayments under this Section 2.10 shall be subject to Section 2.13 but otherwise without premium or penalty. All prepayments under this Section 2.10 shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

Section 2.11 Reserve Requirements; Change in Circumstances. (a) It is understood that the cost to each Lender (including the Administrative Agent, any Swing Line Bank and any Fronting Bank) of making or maintaining any of the Eurodollar Loans, Base Rate Loans (to the extent that the rate is determined pursuant to clause (iii) of the definition thereof) or Letters of Credit may fluctuate as a result of the applicability of reserve requirements imposed by the Board at the ratios provided for in Regulation D. Each Borrower agrees to pay to each of such Lenders from time to time, as provided in paragraph (d) below, such amounts as shall be necessary to compensate such Lender for the portion of the cost of making or maintaining Eurodollar Loans and Base Rate Loans to such Borrower (or issuing Letters of Credit for the account of Weyerhaeuser) resulting from any such reserve requirements provided for in Regulation D as in effect on the date thereof, it being understood that the rates of interest applicable to Eurodollar Loans have been determined on the assumption that no such reserve requirements exist or will exist and that such rates do not reflect costs imposed on the Lenders in connection with such reserve requirements. It is agreed that for purposes of this paragraph (a) the Eurodollar Loans made hereunder shall be deemed to constitute Eurocurrency Liabilities as defined in Regulation D and to be subject to the reserve requirements of Regulation D without the benefit of or credit for proration, exemptions or offsets which might otherwise be available to the Lenders from time to time under Regulation D.

(b) Notwithstanding any other provision herein, if after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) shall (x) subject any Lender (including the Administrative Agent, any Swing Line Bank and any Fronting Bank) to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender (including the Administrative Agent, any Swing Line Bank and any Fronting Bank) in respect thereof (other than (A) taxes imposed on or with respect to any payment made by the Borrowers under any Loan Document, including Taxes covered by Section 2.17, and (B) Other Connection Taxes on gross or net income, profits or revenue (including value-added or similar taxes)), or (y) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by such Lender, or shall impose on such Lender or the London interbank market any other condition affecting this Agreement or any Eurodollar Loan made by such Lender or any Letter of Credit issued by any Fronting Bank hereunder, and the result of any of the foregoing in clause (x) or (y) shall be to increase the cost to such Lender, the Administrative Agent, Swing Line Bank or Fronting Bank of making or maintaining any Eurodollar Loan (or issuing any Letter of Credit) or to reduce the amount of any sum received or receivable by such Lender.
Lender hereunder (whether of principal, interest or otherwise) in respect thereof by an amount deemed by such Lender to be material, then the applicable Borrower will pay to such Lender upon demand such additional amount or amounts as will compensate such Lender for such additional costs actually incurred or reduction actually suffered.

(c) If after the date hereof any Lender (including the Administrative Agent, the Swing Line Banks and any Fronting Bank) shall have determined that the adoption after the date hereof of any other generally applicable law, rule, regulation or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation, applicability or administration of any of the foregoing by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or any Lender’s holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender’s capital or on the capital of such Lender’s holding company, if any, as a consequence of this Agreement, the Loans made by such Lender pursuant hereto (or the Letters of Credit issued hereunder) to a level below that which such Lender or such Lender’s holding company could have achieved but for such adoption, change or compliance (taking into consideration such Lender’s policies and the policies of such Lender’s holding company with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, the applicable Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender’s holding company for any such reduction suffered.

(d) Notwithstanding anything herein to the contrary, (i) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or by United States or foreign regulatory authorities, in each case pursuant to Basel III, and (ii) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder or issued in connection therewith or in implementation thereof, shall in each case be deemed to be a change in law, regardless of the date enacted, adopted, issued or implemented.

(e) A certificate of a Lender (including the Administrative Agent, the Swing Line Banks and any Fronting Bank) setting forth a reasonably detailed explanation of such amount or amounts as shall be necessary to compensate such Lender (or participating banks or other entities pursuant to Section 9.04) as specified in paragraph (a), (b) or (c) above, as the case may be, shall be delivered to the Borrowers and shall be conclusive absent manifest error. The Borrowers shall pay each Lender the amount shown as due on any such certificate delivered by it within 10 days after the receipt of the same.

(f) Failure on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender’s right to demand compensation with respect to such period or any other period; provided that the Borrowers shall not be required to
compensate a Lender pursuant to this Section 2.11 for any increased costs or reductions incurred more than
180 days prior to the date that such Lender notifies the Borrowers of such increased costs or reductions in
accordance with paragraph (d) above and of such Lender’s intention to claim compensation thereof;
provided further that, if the circumstances giving rise to such increased costs or reductions is retroactive,
then the 180-day period referred to above shall be extended to include the period of retroactive effect
thereof.

(g) Notwithstanding any other provision of this Section 2.11, no Lender shall demand
compensation for any increased costs or reduction referred to above if it shall not be the general policy or
practice of such Lender to demand such compensation in similar circumstances under comparable
provisions of other credit agreements, if any (it being understood that this sentence shall not in any way
limit the discretion of any Lender to waive the right to demand such compensation in any given case).

Section 2.12 Change in Legality. (a) Notwithstanding any other provision herein
contained, if any change in any law or regulation or in the interpretation thereof by any governmental
authority charged with the administration or interpretation thereof shall make it unlawful for any Lender
(including the Administrative Agent, any Swing Line Bank and any Fronting Bank) to make or maintain
any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to any
Eurodollar Loan, then, by written notice to the Borrowers and to the Administrative Agent, such Lender
may:

(i) declare that Eurodollar Loans will not thereafter be made by such Lender hereunder and
any request by either Borrower for a Eurodollar Revolving Borrowing or a conversion to or
continuation of a Eurodollar Revolving Borrowing shall, as to such Lender only, be deemed a
request for a Base Rate Loan unless such declaration shall be subsequently withdrawn; and

(ii) require that all outstanding Eurodollar Revolving Loans made by it be converted into
Base Rate Loans, in which event all such Eurodollar Revolving Loans shall be automatically
converted into Base Rate Loans as of the effective date of such notice as provided in paragraph (b)
below.

In the event any Lender shall exercise its rights under (i) or (ii) above, all payments and prepayments of
principal which would otherwise have been applied to repay the Eurodollar Revolving Loans that would
have been made by such Lender or the converted Eurodollar Revolving Loans of such Lender shall instead
be applied to repay the Base Rate Loans made by such Lender in lieu of, or resulting from the conversion
of, such Eurodollar Revolving Loans.

(b) For purposes of this Section 2.12, a notice to a Borrower by any Lender shall be
effective as to each Eurodollar Revolving Loan, if lawful, on the last day of the Interest Period currently
applicable to such Eurodollar Revolving Loan; in all other cases such notice shall be effective on the date of
receipt by such Borrower.
Section 2.13  **Indemnity.** Each Borrower shall indemnify each Lender against any loss or expense which such Lender sustains or incurs as a consequence of (a) any failure by such Borrower to fulfill on the date of any borrowing or any issuance of Letters of Credit hereunder the applicable conditions set forth in Article IV, (b) any failure by such Borrower to borrow or continue any Loan hereunder or to proceed with the issuance of a Letter of Credit hereunder after irrevocable notice of such borrowing, continuation or issuance has been given pursuant to Section 2.02, 2.03, 2.19, 2.20 or 2.21, as applicable, (c) any payment, prepayment or conversion of a Eurodollar Loan required by any other provision of this Agreement or otherwise made or deemed made to or by such Borrower on a date other than the last day of the Interest Period applicable thereto; provided that such Borrower shall not be required to indemnify a Lender pursuant to this clause (c) for any loss or expense to the extent any such loss or expense shall have been incurred pursuant to (i) Section 2.12 or (ii) Section 2.10(a) more than six months prior to the date that the applicable Lender shall have notified such Borrower of its intention to claim compensation therefor, (d) any default in payment or prepayment of the principal amount of any Loan to such Borrower or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise) or (e) the occurrence of any Event of Default including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a Eurodollar Loan. Such loss or reasonable expense shall include an amount equal to the excess, if any, as reasonably determined by such Lender, of (i) its cost of obtaining the funds for the Loan being paid, prepaid, converted or not borrowed (based, in the case of a Eurodollar Loan, on the Eurodollar Rate) for the period from the date of such payment, prepayment or conversion or failure to borrow to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid or converted or not borrowed for such period or Interest Period, as the case may be. A certificate of any Lender setting forth a reasonably detailed explanation of any amount or amounts which such Lender is entitled to receive pursuant to this Section shall be delivered to such Borrower and shall be conclusive absent manifest error.

Section 2.14  **Pro Rata Treatment.** Each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, each payment of the Facility Fees, each reduction of the Commitments and each conversion of any Borrowing to a Borrowing of any Type, shall be allocated pro rata among the Lenders in accordance with their respective Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Revolving Loans). Each Lender agrees that in computing such Lender’s portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender’s percentage of such Borrowing to the next higher or lower whole dollar amount.

Section 2.15  **Sharing of Setoffs.** Each Lender agrees that if it shall, through the exercise of a right of banker’s lien, setoff or counterclaim against a Borrower, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or
interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any Loans (other than pursuant to Sections 2.09, 2.11 and 2.12) as a result of which the unpaid principal portion of its Loans shall be proportionately less than the unpaid principal portion of the Loans of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Loans of such other Lender, so that the aggregate unpaid principal amount of the Loans and participations in the Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Loans then outstanding as the principal amount of its Loans prior to such exercise of banker’s lien, setoff or counterclaim or other event was to the principal amount of all Loans outstanding prior to such exercise of banker’s lien, setoff or counterclaim or other event; provided, however, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.15 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. Each Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in a Loan deemed to have been so purchased may exercise any and all rights of banker’s lien, setoff or counterclaim with respect to any and all moneys owing by such Borrower to such Lender by reason thereof as fully as if such Lender had made a Loan directly to such Borrower in the amount of such participation.

Section 2.16 Payments. (a) The Borrowers shall make each payment (including principal of or interest on any Borrowing or any Fees or other amounts payable with respect to the Letters of Credit or otherwise) hereunder and under any other Loan Document without setoff, counterclaim or deduction of any kind not later than 12:00 (noon), New York City time, on the date when due in dollars to the Administrative Agent at its offices at 383 Madison Ave, New York, New York, in immediately available funds.

(b) Whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts payable with respect to the Letters of Credit or otherwise) hereunder or under any other Loan Document shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

Section 2.17 Taxes. (a) Any and all payments made by or on behalf of any Borrower under this Agreement or any other Loan Document shall be made, in accordance with Section 2.16, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding any income, franchise, branch profits or similar tax imposed on or measured by the net income or net profits of the Administrative Agent, the Swing Line Banks, any Fronting Bank or any Lender (or any transferee or assignee that acquires a Loan (any such entity a “Transferee”)) by the United States or any jurisdiction under the laws of which it is organized or doing business
or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as “Taxes”). If any Withholding Agent shall be required by law to deduct any Taxes or Other Taxes (as defined below) from or in respect of any sum payable hereunder to the Lenders (or any Transferee), the Swing Line Banks, any Fronting Bank or the Administrative Agent, as determined in good faith by the applicable Withholding Agent, (i) the sum payable by the applicable Borrower shall be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.17) such Lender (or Transferee), the Swing Line Banks, any Fronting Bank or the Administrative Agent (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) the applicable Withholding Agent shall make such deductions and (iii) the applicable Withholding Agent shall pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with applicable law. For purposes hereof, Taxes shall not include taxes withheld pursuant to FATCA as in effect on the date the Lender (or Transferee), Swing Line Bank or Fronting Bank becomes a party to this Agreement or designates a new lending office, except to the extent such Lender (or Transferee), such Swing Line Bank or such Fronting Bank (or its assignors (if any)) was entitled, at the time of designation of a new lending office (or assignment) to receive additional amounts from the Borrowers with respect to such taxes pursuant to this paragraph.

(b) In addition, each Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made by such Borrower hereunder or under any other Loan Document or from the execution, delivery or registration of or performance under this Agreement or any other Loan Document, or otherwise with respect to such Borrower’s role in this Agreement or any other Loan Document, including any interest, additions to tax or penalties applicable thereto (hereinafter referred to as “Other Taxes”).

(c) Each Borrower will indemnify each Lender (or Transferee), each Swing Line Bank, each Fronting Bank and the Administrative Agent for the full amount of Taxes and Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable by such Borrower under this Section 2.17) paid by such Lender (or Transferee), such Swing Line Bank, such Fronting Bank or the Administrative Agent, as the case may be, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant taxing authority or other Governmental Authority. Such indemnification shall be made within 30 days after the date any Lender (or Transferee), the Swing Line Banks, any Fronting Bank or the Administrative Agent, as the case may be, makes written demand therefor. If any Lender (or Transferee), any Fronting Bank or the Administrative Agent becomes entitled to a refund of Taxes or Other Taxes for which such Lender (or Transferee), such Swing Line Bank, such Fronting Bank or the Administrative Agent has received payment from a Borrower hereunder, such Lender (or Transferee), such Swing Line Bank, such Fronting Bank or Administrative Agent, as the case may be, shall, at the expense of such Borrower, use its reasonable efforts (consistent with internal policy, and legal and regulatory restrictions) to obtain such refund. If a Lender (or Transferee), the Swing Line Banks, a Fronting Bank or the Administrative Agent receives a refund or is
entitled to claim a tax credit in respect of any Taxes or Other Taxes for which such Lender (or Transferee), such Swing Line Bank, such Fronting Bank or the Administrative Agent has received payment from a Borrower hereunder it shall promptly notify such Borrower of such refund or credit and shall, within 30 days after receipt of a request by such Borrower (or promptly upon receipt, if such Borrower has requested application for such refund or credit pursuant hereto), repay such refund or amount of credit to such Borrower, net of all out-of-pocket expenses of such Lender (or Transferee), such Swing Line Bank, such Fronting Bank or the Administrative Agent, as applicable, and without interest; provided that each Borrower, upon the request of such Lender (or Transferee), such Swing Line Bank, such Fronting Bank or the Administrative Agent, agrees to return such refund or amount of credit (plus penalties, interest or other charges) to such Lender (or Transferee), such Swing Line Bank, such Fronting Bank or the Administrative Agent in the event such Lender (or Transferee), such Swing Line Bank, such Fronting Bank or the Administrative Agent is required to repay such refund or such credit is denied or subsequently determined to be unavailable.

(d) Each Lender (or Transferee), Swing Line Bank or Fronting Bank shall indemnify the Administrative Agent and the Borrowers for the full amount of any taxes, levies, imposts, duties, charges, fees, deductions, withholdings or similar charges imposed by any Governmental Authority (except, in the case of the Borrowers, Taxes or Other Taxes) that are attributable to such Lender (or Transferee), Swing Line Bank or Fronting Bank, as applicable, and that are payable or paid by the Administrative Agent or the Borrowers, together with all interest, penalties, reasonable costs and expenses arising therefrom or with respect thereto, as determined by the Administrative Agent or the Borrowers in good faith. A certificate as to the amount of such payment or liability delivered to any Lender (or Transferee), Swing Line Bank or Fronting Bank by the Administrative Agent or the Borrowers shall be conclusive absent manifest error.

(e) Within 30 days after the date of any payment of Taxes or Other Taxes withheld by either Borrower in respect of any payment to any Lender (or Transferee), the Swing Line Banks, any Fronting Bank or the Administrative Agent, such Borrower will furnish to the Administrative Agent, at its address referred to in Section 9.01, the original or a certified copy of a receipt evidencing payment thereof to the proper Governmental Authority.

(f) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.17 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

(g) Each Lender (or Transferee), each Swing Line Bank or each Fronting Bank shall, on or prior to the date of its execution and delivery of this Agreement or, in the case of a Transferee, on the date on which it becomes a Lender and in the case of any Lender, any Swing Line Bank or any Fronting Bank, on or prior to the date such Lender, such Swing Line Bank or such Fronting Bank changes its funding office, and from time to time thereafter as requested in writing by either Borrower or the Administrative Agent, deliver to the Borrowers and the Administrative Agent such certificates, documents or other evidence, as required by the Code or
Treasury Regulations issued pursuant thereto, including (x) Internal Revenue Service Form W-9 if such Lender (or Transferee), such Swing Line Bank or such Fronting Bank is a “United States Person” as defined in Section 7701(a)(30) of the Code, or (y) if such Lender (or Transferee), such Swing Line Bank or such Fronting Bank is not a “United States Person” as defined in Section 7701(a)(30) of the Code, Internal Revenue Service Form W-8BEN, Form W-8ECI or Form W-8IMY (together with any applicable underlying Internal Revenue Service Forms) and any other certificate or statement of exemption required by Treasury Regulation Section 1.1441-4(a) or 1.1441-6(c) or any subsequent version thereof, properly completed and duly executed by such Lender (or Transferee), such Swing Line Bank or such Fronting Bank establishing that any payment under the Loan Documents is (i) not subject to withholding under the Code because such payment is effectively connected with the conduct by such Lender (or Transferee) or such Fronting Bank of a trade or business in the United States, or (ii) fully or partially exempt from United States tax under a provision of an applicable tax treaty, or (iii) not subject to withholding under the portfolio interest exception under Section 871(h) or Section 881(c) of the Code (and, if such Lender (or Transferee), such Swing Line Bank or such Fronting Bank delivers a Form W-8BEN claiming the benefits of exemption from United States withholding tax under Section 871(h) or Section 881(c), a certificate representing that such Lender (or Transferee), such Swing Line Bank or such Fronting Bank is not a “bank” for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of either Borrower and is not a controlled foreign corporation related to either Borrower (within the meaning of Section 864(d)(4) of the Code). In addition, each Lender (or Transferee), each Swing Line Bank and each Fronting Bank shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Lender (or Transferee), such Swing Line Bank or such Fronting Bank. Each Lender (or Transferee), each Swing Line Bank and each Fronting Bank shall promptly notify the Borrowers and the Administrative Agent at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this Section, a Lender (or Transferee), a Swing Line Bank or a Fronting Bank shall not be required to deliver any form pursuant to this Section that such Lender (or Transferee), such Swing Line Bank or such Fronting Bank is not legally able to deliver. Unless the Borrowers and the Administrative Agent have received forms or other documents reasonably satisfactory to them indicating that payments hereunder are not subject to United States withholding tax or are subject to such tax at a rate reduced by an applicable tax treaty, each applicable Borrower or the Administrative Agent shall withhold taxes from such payments at the applicable statutory rate in the case of payments to or for any Lender (or Transferee), any Swing Line Bank or any Fronting Bank organized under the laws of a jurisdiction outside the United States. If a Lender (or Transferee), a Swing Line Bank or a Fronting Bank is unable to deliver one of these forms or if the forms provided by a Lender (or Transferee), a Swing Line Bank or a Fronting Bank, at the time such Lender (or Transferee), such Swing Line Bank or such Fronting Bank, first becomes a party to this Agreement or at the time a Lender (or Transferee), a Swing Line Bank or a Fronting Bank, changes its funding office (other than at the request of a Borrower) indicate a United States withholding tax rate in excess of zero, United States withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender (or Transferee), such Swing Line Bank or such Fronting Bank, provides the appropriate forms certifying that a lesser rate applies,
whereupon United States withholding tax at such lesser rate only shall be considered excluded from Taxes for periods governed by such appropriate forms; provided, however, that if at the effective date of a transfer pursuant to which a Lender (or Transferee), a Swing Line Bank or a Fronting Bank becomes a party to this Agreement, the Lender’s (or Transferee’s), the Swing Line Banks’ or the Fronting Banks’ assignor was entitled to payments under Section 2.17(a) in respect of United States withholding taxes at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise otherwise includable in Taxes) such United States withholding taxes, if any, applicable with respect to such assignee on such date.

(h) The Borrowers shall not be required to pay any additional amounts to any Lender (or Transferee), the Swing Line Banks or any Fronting Bank in respect of United States withholding tax pursuant to this Section 2.17 for any period in respect of which the obligation to pay such additional amounts would not have arisen but for a failure by such Lender (or Transferee), such Swing Line Bank or such Fronting Bank, to comply with the provisions of paragraph (g) above unless such failure results from (i) a change in applicable law, regulation or official interpretation thereof or (ii) an amendment, modification or revocation of any applicable tax treaty or a change in official position regarding the application or interpretation thereof, in each case after the Closing Date (or, if later, after the date on which such Lender, such Swing Line Bank or such Fronting Bank becomes a party to this Agreement) (and, in the case of a Transferee, after the date of assignment or transfer).

(i) Any Lender (or Transferee), any Swing Line Bank or any Fronting Bank claiming any additional amounts payable pursuant to this Section 2.17 shall use reasonable efforts (consistent with internal policy, and legal and regulatory restrictions) to file any certificate or document requested by the Borrowers or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue and would not, in the reasonable determination of such Lender (or Transferee), such Swing Line Bank or such Fronting Bank be materially disadvantageous to such Lender (or Transferee), such Swing Line Bank or such Fronting Bank or require the disclosure of information that such Lender (or Transferee), such Swing Line Bank or such Fronting Bank reasonably considers to be confidential.

(j) If a payment made to a Lender (or Transferee), Swing Line Bank or Fronting Bank under any Loan Document would be subject to U.S. Federal withholding tax imposed by FATCA if such Lender (or Transferee), Swing Line Bank or Fronting Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender (or Transferee), Swing Line Bank or Fronting Bank (as the case may be) shall deliver to the Withholding Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Withholding Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Withholding Agent as may be necessary for the Withholding Agent to comply with its obligations under FATCA, to determine that such Lender (or Transferee), Swing Line
Bank or Fronting Bank (as the case may be) has or has not complied with such Lender’s obligations under FATCA and, as necessary, to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.17(j), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

Section 2.18 Mitigation Obligations; Replacement of Lenders. (a) If any Lender (including the Administrative Agent, any Swing Line Bank or any Fronting Bank) requests compensation under Section 2.11, or if it becomes unlawful for any Lender (including the Administrative Agent, any Swing Line Bank or any Fronting Bank) to make or maintain Eurodollar Loans under Section 2.12, or if a Borrower is required to pay any additional amount to any Lender, the Administrative Agent, any Swing Line Bank, any Fronting Bank or any Governmental Authority for the account of any Lender, the Administrative Agent or any Fronting Bank pursuant to Section 2.17, then such Lender, the Administrative Agent, such Swing Line Bank or such Fronting Bank shall, at the request of such Borrower, use reasonable efforts to designate a different lending office for funding or booking its Loans or for the issuance of Letters of Credit hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, the Administrative Agent, such Swing Line Bank or such Fronting Bank, as the case may be, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.11 or 2.17 or no longer make it unlawful for such Lender, the Administrative Agent, such Swing Line Bank or such Fronting Bank, to make or maintain Eurodollar Loans under Section 2.12, as the case may be, (ii) would not subject such Lender, the Administrative Agent, such Swing Line Bank or such Fronting Bank, as the case may be, to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender, the Administrative Agent, such Swing Line Bank or such Fronting Bank, as the case may be. The Borrowers hereby agree, jointly and severally, to pay all reasonable costs and expenses incurred by any Lender, the Administrative Agent, the Swing Line Banks or any Fronting Bank in connection with any such designation or assignment.

(b) If any Lender or any Fronting Bank requests compensation under Section 2.11, or if it becomes unlawful for any Lender, any Swing Line Bank or any Fronting Bank to make or maintain Eurodollar Loans under Section 2.12, or if a Borrower is required to pay any additional amount to any Lender, any Swing Line Bank any Fronting Bank or any Governmental Authority for the account of any Lender, any Swing Line Bank or any Fronting Bank becomes a Defaulting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender, such Swing Line Bank or such Fronting Bank and the Administrative Agent, (i) require such Lender, such Swing Line Bank or such Fronting Bank and the Administrative Agent, (ii) require such Lender, such Swing Line Bank or such Fronting Bank to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (x) the Borrowers shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (y) such assigning Lender, Swing Line Bank or Fronting Bank shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the
Borrowers (in the case of all other amounts) and (z) in the case of any such assignment resulting from a claim for compensation under Section 2.11 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments or (ii) terminate the Commitment of such Lender upon notice given to such Lender within 45 days of receipt of the notice given by the Lender; provided that such notice shall be accompanied by prepayment in full of all Loans from such Lender, including accrued interest thereon and any breakage costs, accrued fees and all other amounts payable to such Lender, without extension, conversion or continuation. A Lender, a Swing Line Bank or a Fronting Bank shall not be required to make any such assignment and delegation under clause (i) above or terminate its Commitment under clause (ii) above if, prior thereto, as a result of a waiver by such Lender, such Swing Line Bank or such Fronting Bank or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation or termination of Commitment cease to apply.

Section 2.19 Letters of Credit.
(a) General. Weyerhaeuser may from time to time request the issuance of Letters of Credit for its own account (for obligations of Weyerhaeuser or any of its Subsidiaries), denominated in dollars, in form reasonably acceptable to the Administrative Agent and the applicable Fronting Bank, at any time and from time to time until the earlier of (i) the date that is five Business Days prior to the Termination Date and (ii) the termination of the Commitments hereunder. This Section shall not be construed to impose an obligation upon any Fronting Bank to issue any Letter of Credit that is inconsistent with the terms and conditions of this Agreement.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. In order to request the issuance of a Letter of Credit (or to amend, renew or extend an existing Letter of Credit), Weyerhaeuser shall hand deliver or telecopy to the applicable Fronting Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, the date of issuance, amendment, renewal or extension, the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) below), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare such Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if, and upon issuance, amendment, renewal or extension of each Letter of Credit Weyerhaeuser shall be deemed to represent and warrant that, after giving effect to such issuance, amendment, renewal or extension, the Aggregate Credit Exposure shall not exceed the Total Commitment. The Administrative Agent shall, from time to time at the request of any Lender and in any case once during each fiscal quarter of Weyerhaeuser and based on the information provided to it by the Fronting Banks, provide the Lenders with the amount of the L/C Exposure. Each of the Fronting Banks hereby agrees to provide the Administrative Agent on demand with all the information necessary in the computation thereof.

(c) Expiration Date. Each Letter of Credit shall expire no later than the earlier of (i) one year from the date of its issuance and (ii) the date that is five Business Days prior to the Termination Date.
(d) Participations. By the issuance of a Letter of Credit and without any further action on the part of the applicable Fronting Bank or the Lenders, each Fronting Bank hereby grants to each Lender, and each such Lender hereby acquires from such Fronting Bank, a participation in each Letter of Credit issued by such Fronting Bank equal to such Lender’s Applicable Percentage from time to time of the aggregate amount available to be drawn under such Letter of Credit, effective upon the issuance of such Letter of Credit. In consideration and in furtherance of the foregoing and for so long as any Letters of Credit shall remain outstanding hereunder, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the applicable Fronting Bank, such Lender’s proportionate share of each L/C Disbursement made by such Fronting Bank and not reimbursed by Weyerhaeuser forthwith on the date due as provided in Section 2.19(e). Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute, unconditional and irrevocable and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or an Event of Default or the termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If a Fronting Bank shall make any L/C Disbursement in respect of a Letter of Credit, Weyerhaeuser shall pay to the Administrative Agent an amount equal to such L/C Disbursement not later than the Business Day after Weyerhaeuser shall have received notice from such Fronting Bank that payment of such draft has been made. Upon receipt thereof, the Administrative Agent shall promptly distribute such reimbursement payment to such Fronting Bank and to the extent each Lender has funded its participation therein in accordance with paragraph (d), to such Lenders.

(f) Obligations Absolute. Weyerhaeuser’s obligations to reimburse L/C Disbursements as provided in paragraph (e) above shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under any and all circumstances whatsoever, and irrespective of:

(i) any lack of validity or enforceability of any Letter of Credit or any Loan Document, or any term or provision therein;

(ii) any amendment or waiver of or any consent to departure from all or any of the provisions of any Letter of Credit or any Loan Document;

(iii) the existence of any claim, setoff, defense or other right that Weyerhaeuser, any other party guaranteeing, or otherwise obligated with, Weyerhaeuser or any subsidiary or other affiliate thereof or any other person may at any time have against the beneficiary under any Letter of Credit, any Fronting Bank, the Administrative Agent or any Lender or any other person, whether in connection with this Agreement, any other Loan Document or any other related or unrelated agreement or transaction;

(iv) any draft or other document presented under a Letter of Credit proving to
be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by any Fronting Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; and

(vi) any other act or omission to act or delay of any kind of any Fronting Bank, the Lenders, the Administrative Agent or any other person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of Weyerhaeuser’s obligations hereunder;

provided, however, that the foregoing shall not be construed to excuse any Fronting Bank from liability to Weyerhaeuser to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by Weyerhaeuser to the extent permitted by applicable law) suffered by Weyerhaeuser that are caused by such Fronting Bank’s gross negligence or willful misconduct in determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof.

It is understood that any Fronting Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary and, in making any payment under any Letter of Credit (i) the applicable Fronting Bank’s exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary thereunder equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever and (ii) any noncompliance in any immaterial respect of the documents presented under such Letter of Credit with the terms thereof shall, in each case, be deemed not to constitute willful misconduct or gross negligence of such Fronting Bank.

(g) Disbursement Procedures. Each Fronting Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The applicable Fronting Bank shall as promptly as possible give telephonic notification, confirmed by telecopy, to the Administrative Agent and Weyerhaeuser of such demand for payment and whether such Fronting Bank has made or will make an L/C Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve Weyerhaeuser of its obligation to reimburse such Fronting Bank and the Lenders with respect to any such L/C Disbursement. The Administrative Agent shall promptly give each Lender notice thereof.
(h) **Interim Interest.** When (x) a Fronting Bank shall make any L/C Disbursement in respect of a Letter of Credit or (y) any Lender shall have acquired a participation in a Letter of Credit pursuant to Section 2.19(d), then, unless Weyerhaeuser shall reimburse such L/C Disbursement or pay for such participation in full on the date thereof, the unpaid amount thereof shall bear interest for the account of such Fronting Bank or such Lender, as applicable, for each day from and including the date of such L/C Disbursement or the acquisition of such participation, as applicable, to but excluding the earlier of, to the extent applicable, the date of payment by Weyerhaeuser or the date on which interest shall commence to accrue on the Base Rate Loans resulting from such L/C Disbursement as provided in Section 2.02(f), at the rate per annum that would apply to such amount if such amount were a Base Rate Loan.

(i) **Cash Collateralization.** If any Event of Default shall occur and be continuing, Weyerhaeuser shall, on the Business Day it receives notice from the Administrative Agent or the Required Lenders thereof and of the amount to be deposited, deposit in an account with the Administrative Agent, for the benefit of the Fronting Banks and the Lenders, as applicable, an amount in cash equal to the portion of the L/C Exposure attributable to Letters of Credit issued for the account of Weyerhaeuser and outstanding as of such date; provided that, if any of the events described in Sections 7.01(g) or 7.01(h) shall occur with respect to a Borrower, Weyerhaeuser shall automatically deposit, without presentment, demand, protest or any other notice of any kind, an amount in cash equal to the portion of the L/C Exposure attributable to Letters of Credit issued for the account of Weyerhaeuser and outstanding as of such date in an account with the Administrative Agent, for the benefit of the Fronting Banks and the Lenders, as applicable.

Each deposit of cash pursuant to this Section 2.19(i) shall be held by the Administrative Agent as collateral for the payment and performance of the obligations under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Such deposits shall not bear interest. Moneys in such account shall automatically be applied by the Administrative Agent to reimburse the applicable Fronting Bank and Lenders participating pursuant to Section 2.19(d) for L/C Disbursements attributable to Letters of Credit issued for the account of Weyerhaeuser for which such Fronting Bank and such participating Lenders have not been reimbursed, and any remaining amounts will either (i) be held for the satisfaction of the reimbursement obligations of Weyerhaeuser for the L/C Exposure at such time or (ii) if the maturity of the Loans has been accelerated, be applied to satisfy the obligations of the Borrowers under this Agreement. If Weyerhaeuser is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to Weyerhaeuser within three Business Days after all Events of Default have been cured or waived.

Section 2.20 **Swing Line Loans.** (a) A Borrower may request a Swing Line Bank to make, and such Swing Line Bank shall make, on the terms and conditions hereinafter set forth, Swing Line Loans to such Borrower from time to time on any Business Day during the period from the date hereof until the Termination Date in an aggregate amount (for all
outstanding Swing Line Loans) not to exceed at any time outstanding $100,000,000; subject, however, to the conditions that (i) at no time shall the outstanding aggregate principal amount of all Loans made by all Lenders and the Swing Line Banks plus the L/C Exposure of all Lenders at such time exceed the Total Commitment, (ii) at no time shall the outstanding aggregate principal amount of all Loans made by all Lenders and the Swing Line Banks to WRECO at such time exceed $50,000,000 and (iii) at no time shall the outstanding aggregate principal amount of Swing Line Loans made by a Swing Line Bank exceed $50,000,000. No Swing Line Loan shall be used for the purpose of funding the payment of principal of any other Swing Line Loan. Each Swing Line Borrowing shall be in an amount of $1,000,000 or an integral multiple of $100,000 in excess thereof and shall be made as a Base Rate Loan.

(b) In order to request a Swing Line Borrowing, a Borrower shall hand deliver or telecopy to the relevant Swing Line Bank and the Administrative Agent a Swing Line Borrowing Request not later than 3:00 p.m., New York City time, on the day of a proposed borrowing. Such notice shall be irrevocable and shall in each case specify (i) the date of such Swing Line Borrowing (which shall be a Business Day) and the amount thereof; and (ii) the maturity of such Swing Line Borrowing (which maturity shall be no later than the seventh day after the requested date of such Swing Line Borrowing). Such Swing Line Bank will make the amount thereof available to the Administrative Agent on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent in New York, New York, not later than 4:00 p.m., New York City time, and the Administrative Agent shall by 5:00 p.m., New York City time, credit the amount so received to the general deposit account of the applicable Borrower maintained with the Administrative Agent or, if a Swing Line Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amount so received to such Swing Line Bank.

(c) Upon written demand by a Swing Line Bank, with a copy of such demand to the Administrative Agent, each other Lender shall purchase from such Swing Line Bank, and such Swing Line Bank shall sell and assign to each such other Lender, such other Lender’s Applicable Percentage of the Swing Line Loans of such Swing Line Bank as of the date of such demand, by making available to the Administrative Agent in New York, New York for the account of such Swing Line Bank by wire transfer of immediately available funds, an amount equal to the portion of the outstanding principal amount of such Swing Line Loan to be purchased by such Lender. The Borrowers hereby agree to each such sale and assignment. Each Lender agrees to purchase its Applicable Percentage of outstanding Swing Line Loans pursuant to the first sentence of this paragraph (c) on (i) the Business Day on which demand therefor is made by the relevant Swing Line Bank, provided, that notice of such demand is given to such Lender not later than 12:00 noon, New York City time, on such Business Day or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. If and to the extent that any Lender shall have received such notice of demand and shall not have so made the amount of the relevant Swing Line Loans available to the Administrative Agent, such Lender agrees to pay to the Administrative Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by the relevant Swing Line Bank until the date such amount is paid to the Administrative Agent, at the Federal Funds Rate. If such Lender shall pay to the Administrative Agent such amount for the account of the relevant
Swing Line Bank on any Business Day, such amount so paid in respect of principal shall constitute a Swing Line Loan made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Swing Line Loans made by such Swing Line Bank shall be reduced by such amount on such Business Day.

Section 2.21 Defaulting Lenders.

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Commitment of such Defaulting Lender pursuant to Section 2.04;

(b) the Commitment and Credit Exposure of such Defaulting Lender shall not be included in determining whether all Lenders or the Required Lenders have taken or may take any action hereunder (including any consent to any amendment or waiver pursuant to Section 9.08), provided that any waiver, amendment or modification requiring the consent of each affected Lender which affects such Defaulting Lender differently than other affected Lenders shall require the consent of such Defaulting Lender;

(c) if any Swing Line Exposure or L/C Exposure exists at the time a Lender becomes a Defaulting Lender then:

(i) all or any part of such Swing Line Exposure and L/C Exposure shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent (x) the sum of all non-Defaulting Lenders’ Credit Exposures plus such Defaulting Lender’s Swing Line Exposure and L/C Exposure does not exceed the total of all non-Defaulting Lenders’ Commitments and (y) the conditions set forth in Section 4.01 are satisfied at such time; and

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one Business Day following notice by the Administrative Agent (x) first, prepay such Swing Line Exposure and (y) second, cash collateralize such Defaulting Lender’s L/C Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.19(i) for so long as such L/C Exposure is outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender’s L/C Exposure pursuant to Section 2.19(i), the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.04(c) with respect to such Defaulting Lender’s L/C Exposure during the period such
(iv) if the L/C Exposure of the non-Defaulting Lenders is reallocated pursuant to Section 2.20(c), then the fees payable to the Lenders pursuant to Section 2.04(a) and Section 2.04(c) shall be adjusted in accordance with such non-Defaulting Lenders’ Applicable Percentages; or

(v) if any Defaulting Lender’s L/C Exposure is neither cash collateralized nor reallocated pursuant to Section 2.20(c), then, without prejudice to any rights or remedies of any Initial Fronting Bank or any Lender hereunder, all Facility Fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender’s Commitment that was utilized by such L/C Exposure) and L/C Participation Fees payable under Section 2.04(c) with respect to such Defaulting Lender’s L/C Exposure shall be payable to the Initial Fronting Bank until such L/C Exposure is cash collateralized and/or reallocated;

(d) so long as any Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swing Line Loan and the Initial Fronting Bank shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure will be 100% covered by the Commitments (including any such obligations of a participant in Swing Line Loans and Letters of Credit) of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.19(i), and participating interests in any such newly issued or increased Letter of Credit or newly made Swing Line Loan shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.20(c) (and Defaulting Lenders shall not participate therein); and

(e) any amount payable to such Defaulting Lender hereunder (whether on account of principal, interest, fees or otherwise and including any amount that would otherwise be payable to such Defaulting Lender pursuant to 2.04(a) and Section 2.04(c) but excluding Section 2.18(b)) shall, in lieu of being distributed to such Defaulting Lender, be retained by the Administrative Agent in a segregated account and, subject to any applicable requirements of law, be applied at such time or times as may be determined by the Administrative Agent (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, (ii) second, pro rata, to the payment of any amounts owing by such Defaulting Lender to any Initial Fronting Bank or Swingline Lender hereunder, (iii) third, if so determined by the Administrative Agent or requested by an Initial Fronting Bank or Swingline Lender, held in such account as cash collateral for future funding obligations of the Defaulting Lender in respect of any existing or future participating interest in any Swing Line Loan or Letter of Credit, (iv) fourth, to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, (v) fifth, if so determined by the Administrative Agent and the Borrower, held in such account as cash collateral for future funding obligations of the Defaulting Lender in respect of any Loans under this Agreement, (vi) sixth, to the payment of any amounts owing to the Lenders or an
Initial Fronting Bank or Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender or such Initial Fronting Bank or Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender’s breach of its obligations under this Agreement, (vii) seventh, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender’s breach of its obligations under this Agreement, and (viii) eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction, provided, with respect to this clause (viii), that if such payment is (x) a prepayment of the principal amount of any Loans or reimbursement obligations in respect of L/C Disbursements which a Defaulting Lender has funded its participation obligations and (y) made at a time when the conditions set forth in Section 4.02 are satisfied, such payment shall be applied solely to prepay the Loans of, and reimbursement obligations owed to, all non-Defaulting Lenders pro rata prior to being applied to the prepayment of any Loans, or reimbursement obligations owed to, any Defaulting Lender.

In the event that the Administrative Agent, the Borrower, the Initial Fronting Bank and the Swingline Lender each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swing Line Exposure and L/C Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender’s Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Swing Line Loans) as the Administrative shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.
Each of the Borrowers represents and warrants to each of the Lenders, the Swing Line Banks and each of the Fronting Banks that:

Section 3.01  Organization; Powers. Such Borrower and each of its Restricted Subsidiaries (a) is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in every jurisdiction where such qualification is required, except where the failure so to qualify would not result in a Material Adverse Effect, and (d) in the case of such Borrower, has the corporate power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and to borrow hereunder.

Section 3.02  Authorization. The execution, delivery and performance by such Borrower of each of the Loan Documents and the borrowings and issuances of Letters of Credit hereunder, and the consummation of the other transactions contemplated hereby (collectively, the “Transactions”) (a) have been duly authorized by all requisite corporate and, if required, stockholder action and (b) (i) will not violate (A) any provision of law, statute, rule or regulation, (B) of the certificate or articles of incorporation or other constitutive documents or by-laws of such Borrower or any of its Restricted Subsidiaries, (C) any order of any Governmental Authority or (D) any provision of any indenture, agreement or other instrument to which such Borrower or any of its Restricted Subsidiaries is a party or by which any of them or any of their property is or may be bound, (ii) will not be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) will not result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by such Borrower or any of its Restricted Subsidiaries except, in each case other than (a) and (b)(i)(B), as could not reasonably be expected to have a Material Adverse Effect.

Section 3.03  Enforceability. This Agreement has been duly executed and delivered by such Borrower and constitutes, and each other Loan Document when executed and delivered by such Borrower will constitute, a legal, valid and binding obligation of such Borrower enforceable against such Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors’ rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 3.04  Consents and Approvals. No action, consent or approval of, registration or filing with, or any other action by any Governmental Authority or any other third party is or will be required in connection with the Transactions, except as have been made or obtained (without the imposition of any conditions that are not acceptable to the Lenders) and are in full force and effect (other than any action, consent, approval, registration or filing the absence
of which could not reasonably be expected, either individually or in the aggregate with any such other
consents, approvals, registrations or filings, to result in a Material Adverse Effect). No law or regulation
shall be applicable, restraining, preventing or imposing materially adverse conditions upon the Transactions
or the rights of the Borrowers and their respective subsidiaries freely to transfer or otherwise dispose of, or
to create any Lien on, any properties now owned or hereafter acquired by any of them except, in each case,
as could not reasonably be expected to have a Material Adverse Effect.

Section 3.05    Financial Statements. (a) Weyerhaeuser has heretofore furnished to the
Lenders its consolidated balance sheets and statements of earnings and statements of cash flows, together
with the notes thereto, as of and for the fiscal year ended December 31, 2010, audited by and accompanied
by the opinion of KPMG LLP, independent public accountants, and as of and for the fiscal quarter ended
March 31, 2011.

(b) WRECO has heretofore furnished to the Lenders its consolidated balance sheets and
statements of earnings and statements of cash flows, together with the notes thereto, as of and for the fiscal
year ended December 31, 2010, audited by and accompanied by the opinion of KPMG LLP, independent
public accountants, and as of and for the fiscal quarter ended March 31, 2011.

(c) Such financial statements referred to in Section 3.05(a) and (b) present fairly in all
material respects the financial position and results of operations of Weyerhaeuser, WRECO and their
respective consolidated subsidiaries as of such dates and for such periods. Such balance sheets and the notes
thereto disclose all material liabilities, direct or contingent, of Weyerhaeuser, WRECO and their respective
consolidated subsidiaries as of the dates thereof. Such financial statements were prepared in accordance
with GAAP applied on a consistent basis (subject, in the case of unaudited financial statements, to year-end
audit adjustments and the absence of footnotes).

Section 3.06    No Material Adverse Change. Except as disclosed on Weyerhaeuser’s Report
on Form 10-K for the year ended December 31, 2010, Form 10-Q for the fiscal quarter ended March 31,
2011, and any Form 8-K filed since March 31, 2011, and other than changes in operating results arising in
the ordinary course of business and except as otherwise disclosed publicly since December 31, 2010, or in
writing to the Lenders prior to the date hereof, there has been no material adverse change in the business,
financial condition, operations or properties of Weyerhaeuser and its subsidiaries, taken as a whole, since
December 31, 2010.

Section 3.07    Title to Properties; Possession Under Leases. (a) Each of such Borrowers and
its Restricted Subsidiaries has good and marketable title to, or valid leasehold interests in, all of its material
properties and assets, except for defects in title that do not interfere with its ability to conduct its business as
currently conducted or to utilize such properties and assets for their intended purposes.

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Each of such Borrowers and its Restricted Subsidiaries (i) has complied with all obligations under all leases to which it is a party, and (ii) enjoys peaceful and undisturbed possession under all such leases, except where such non-compliance or lack of peaceful and undisturbed possession would not result in a Material Adverse Effect. All leases to which the Borrowers and their respective Restricted Subsidiaries are a party are in full force and effect, except where such lack of force and effect would not result in a Material Adverse Effect.

Section 3.08 Subsidiaries. Schedule 3.08 Part I for Weyerhaeuser and Schedule 3.08 Part II for WRECO (i) set forth as of the Closing Date a list of all subsidiaries of Weyerhaeuser and WRECO and the percentage ownership interest of Weyerhaeuser and WRECO therein, as applicable, and (ii) for Weyerhaeuser and WRECO, designate those Subsidiaries which are Unrestricted Subsidiaries.

Section 3.09 Litigation: Compliance with Laws. (a) Except as disclosed on Weyerhaeuser’s Report on Form 10-K for the year ended December 31, 2010, Form 10-Q for the fiscal quarter ended March 31, 2011, and any Form 8-K filed since March 31, 2011, there are no actions, suits, investigations, litigations or proceedings pending or, to the knowledge of the Borrowers, threatened against or affecting the Borrowers or any of their Restricted Subsidiaries in any court or before any arbitrator or Governmental Authority that could reasonably be expected to have a Material Adverse Effect.

(b) Except as disclosed on Weyerhaeuser’s Report on Form 10-K for the year ended December 31, 2010, Form 10-Q for the fiscal quarter ended March 31, 2011, and any Form 8-K filed since March 31, 2011, neither such Borrower nor any of its Restricted Subsidiaries is in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default could reasonably be expected to result in a Material Adverse Effect.

Section 3.10 Agreements. (a) Neither such Borrower nor any of its Restricted Subsidiaries is a party to any agreement or instrument or subject to any corporate restriction that has resulted in a Material Adverse Effect.

(b) Neither such Borrower nor any of its Restricted Subsidiaries is in default in any manner under any material agreement or instrument (except for any indenture or other agreement or instrument evidencing Indebtedness) to which it is a party or by which it or any of its properties or assets are or may be bound, where such default could reasonably be expected to result in a Material Adverse Effect.

Section 3.11 Federal Reserve Regulations. (a) Neither such Borrower nor any of its Restricted Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.
(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, whether immediately, incidentally or ultimately, for any purpose which entails a violation of, or which is inconsistent with, the provisions of the Regulations of the Board, including Regulation T, U or X.

Section 3.12 **Investment Company Act.** Neither such Borrower nor any of its Restricted Subsidiaries is an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940.

Section 3.13 **Tax Returns.** Each of such Borrower and its Subsidiaries has filed or caused to be filed all material Federal, state and local tax returns required to have been filed by it and has paid or caused to be paid all material taxes shown to be due and payable on such returns or on any assessments received by it, except taxes that are being contested in good faith by appropriate proceedings and for which such Borrower or Subsidiary, as the case may be, shall have set aside on its books appropriate reserves.

Section 3.14 **No Material Misstatements.** No information, report, financial statement, exhibit or schedule furnished by or on behalf of such Borrower to the Administrative Agent or any Lender in connection with the negotiation of any Loan Document or included therein or delivered pursuant thereto, when taken together with the reports and other filings with the SEC contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Section 3.15 **Compliance with ERISA.** Except as would not have a Material Adverse Effect, each Plan subject to ERISA or the Code, as applicable, is in compliance with ERISA and the Code; no Reportable Event has occurred with respect to a Plan; no Plan is insolvent (within the meaning of Section 4245 of ERISA) or in reorganization (within the meaning of Section 4241 of ERISA); no Plan has an Unfunded Current Liability; no Plan subject to ERISA or the Code, as applicable, has an accumulated or waived funding deficiency, has permitted decreases in its funding standard account or has applied for an extension of any amortization period under Section 412, Section 430 or Section 431 of the Code, as applicable; neither such Borrower nor any ERISA Affiliate has incurred any liability to or on account of a Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or Section 4975 of the Code or expects to incur any liability under any of the foregoing Sections with respect to any such Plan; no condition exists which presents a risk to such Borrower or any ERISA Affiliate of incurring a liability to or on account of a Plan pursuant to the foregoing provisions of ERISA and the Code; no proceedings have been instituted to terminate any Plan; no lien imposed under the Code or ERISA on the assets of such Borrower or any ERISA Affiliate exists or is likely to arise on account of any Plan; neither such Borrower nor any ERISA Affiliate has failed to make by its due date a required installment under Section 430(j) of the Code with respect to any Plan; no Plan has failed to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, whether or not waived; no determination has been made that any Plan is, or is
expected to be in “at risk” status (within the meaning of Section 430 of the Code or Section 303 of ERISA) or in “endangered” or “critical” status (within the meaning of Section 432 of the Code or Section 305 of ERISA); and neither such Borrower nor any ERISA Affiliate has failed to make any required contribution to a Plan pursuant to Section 431 or Section 432 of the Code. Such Borrower and its Subsidiaries do not maintain or contribute to any “welfare plan” (within the meaning of Section 3(1) of ERISA) which provides life insurance or health benefits to retirees (other than as required by Section 601 of ERISA) the obligations with respect to which could reasonably be expected to have a Material Adverse Effect.

Section 3.16 Environmental Matters. Except as disclosed on Weyerhaeuser’s Report on Form 10-K for the year ended December 31, 2010, Form 10-Q for the fiscal quarter ended March 31, 2011, and any Form 8-K filed since March 31, 2011, (a) neither Borrower nor any of its Subsidiaries has failed to comply with any Federal, state, local and other statutes, ordinances, orders, judgments, rulings and regulations relating to environmental pollution or to environmental regulation or control, where any such failure to comply, alone or together with any other such noncompliance, could result in a Material Adverse Effect; (b) neither Borrower nor any of its Subsidiaries has received notice of any failure so to comply which alone or together with any other such failure could result in a Material Adverse Effect; and (c) the Borrowers’ and their respective Subsidiaries’ plants have not managed any hazardous wastes, hazardous substances, hazardous materials, toxic substances or toxic pollutants, as those terms are used in the Resource Conservation and Recovery Act, the Comprehensive Environmental Response Compensation and Liability Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Clean Air Act, the Clean Water Act or any other Environmental Law, in violation of any regulations promulgated pursuant thereto or in any other applicable law where such violation could reasonably result, individually or together with other violations, in a Material Adverse Effect.

Section 3.17 Maintenance of Insurance. Such Borrower and each of its Restricted Subsidiaries maintains insurance (which may be self insurance) for all of its insurable properties: (a) by financially sound and reputable insurers to the extent of insurance obtained from third party insurers; (b) to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies in the same or similar businesses, including public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by such Borrower or such Restricted Subsidiaries; and (c) as may be required by law.

Section 3.18 Ranking. The obligations of Weyerhaeuser to repay the Loans made to it hereunder rank pari passu or senior in right of payment to all outstanding senior unsecured notes and bonds of Weyerhaeuser.
ARTICLE IV

CONDITIONS OF LENDING AND
ISSUANCE OF LETTERS OF CREDIT

The obligations of the Lenders (including the Swing Line Banks) to make Loans hereunder and the obligation of each Fronting Bank to issue Letters of Credit hereunder (or to amend, renew or extend an existing Letter of Credit) are subject to the satisfaction of the following conditions:

Section 4.01  All Borrowings and Issuances. On the date of each Borrowing and on the date of each issuance of a Letter of Credit (and each amendment, renewal or extension thereof):

(a)  Notice. The Administrative Agent and, as applicable, the Swing Line Banks or any Fronting Bank, shall have received from the applicable Borrower a notice of such Borrowing or a notice of such issuance, amendment, renewal or extension as required by Section 2.02, 2.03, 2.19 or 2.20, as applicable.

(b)  Representations. The representations and warranties of the Borrowers set forth in Sections 3.01, 3.02, 3.03, 3.04, 3.07, 3.10(b), 3.11, 3.12 and 3.18 shall be true and correct in all material respects on and as of such date with the same effect as though made on and as of such date at the time of and immediately after such Borrowing or at the time of and immediately after the issuance, amendment, renewal or extension of a Letter of Credit hereunder.

(c)  Compliance, etc. The Borrowers shall be in compliance with all the terms and provisions set forth herein and in each other Loan Document on their part to be observed or performed, and, as applicable, at the time of and immediately after such Borrowing or at the time of and immediately after the issuance, amendment, renewal or extension of a Letter of Credit hereunder, no Event of Default or Default shall have occurred and be continuing.

Each Borrowing and each issuance of a Letter of Credit hereunder (or an amendment, renewal or extension thereof) shall be deemed to constitute a representation and warranty by the Borrowers on the date of such Borrowing, issuance, amendment, renewal or extension, as the case may be, as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

Section 4.02  Closing Date. In addition to all the conditions set forth in Section 4.01, on or before the Closing Date:

(a)  Opinions. The Administrative Agent shall have received a favorable written opinion of (i) Cravath, Swaine and Moore LLP, special counsel for the Borrowers,
(b) **Legal Matters.** All legal matters (including any documentation) related to this Agreement and the Transactions shall be satisfactory to the Lenders and to Simpson Thacher & Bartlett LLP, special counsel for the Administrative Agent.

(c) **Articles, etc.** The Administrative Agent shall have received (i) a copy of the certificate or articles of incorporation, including all amendments thereto, of each of the Borrowers, certified as of a recent date by the Secretary of State of their respective States of incorporation, and certificates as to the good standing of each of the Borrowers, as of a recent date, from each such Secretary of State; (ii) a certificate from each of the Borrowers of their respective Secretary or Assistant Secretary dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of such Borrower as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of such Borrower authorizing the execution, delivery and performance of such Borrower of any and all documents and agreements to be entered into with respect to the Loan Documents and the borrowings to be made thereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate or articles of incorporation of such Borrower have not been amended since the date of the last amendment thereto shown on the certificates of good standing furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document or agreement delivered in connection with the Transactions on behalf of such Borrower; (iii) a certification of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above; and (iv) such other documents as the Lenders or Simpson Thacher & Bartlett LLP, special counsel for the Administrative Agent, may reasonably request.

(d) **Officers’ Certificates.** The Administrative Agent shall have received a certificate from each Borrower, dated the Closing Date and signed by a Financial Officer of such Borrower, confirming (i) compliance with the condition precedent set forth in paragraph (c) of Section 4.01, and (ii) that the representations and warranties of such Borrower set forth herein are true and correct in all material respects on and as of the Closing Date (except for representations and warranties expressly stated to relate to a specific earlier date, in which case such representations and warranties are true and correct in all material respects as of such earlier date), immediately prior to, and after giving effect to, the initial Borrowing and/or the initial issuance of a Letter of Credit hereunder.
(e) **Fees.** The Administrative Agent and the Lenders shall have received all Fees and other amounts due and payable on or prior to the Closing Date.

(f) **Loan Documents.** The Administrative Agent shall have received a fully executed counterpart of this Agreement, and an executed copy of each Loan Document (other than this Agreement).

(g) **Termination of Existing Revolving Credit Agreement.** The Administrative Agent shall have received evidence satisfactory to it that the commitments under the Existing Revolving Credit Agreement shall have expired or been terminated and all amounts then due and payable thereunder shall have been paid. Each Lender that is a lender under the Existing Revolving Credit Agreement hereby agrees to waive the requirement set forth in Section 2.09(b) of the Existing Revolving Credit Agreement that the Borrowers provide irrevocable notice to the Administrative Agent prior to the effectiveness of a termination of the “Total Commitment” (as such term is defined in the Existing Revolving Credit Agreement) to allow a notice that is conditioned on the effectiveness of this Agreement.

**ARTICLE V**

**AFFIRMATIVE COVENANTS**

Each Borrower covenants and agrees with each Lender, each Swing Line Bank, each Fronting Bank and the Administrative Agent that, so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other expenses or amounts payable under any Loan Document shall be unpaid, or any Letter of Credit shall remain outstanding (which has not been collateralized (with cash or a back-to-back letter of credit issued by a satisfactory financial institution) in a manner satisfactory to the applicable Fronting Banks and the Administrative Agent), or any amounts drawn thereunder shall remain unpaid, unless the Required Lenders (or, where indicated, the Lenders) shall otherwise consent in writing, each Borrower will, and will cause each of its Restricted Subsidiaries (except in the case of Sections 5.03 (which applies to Weyerhaeuser), 5.06 (which applies to Weyerhaeuser, WRECO and their respective ERISA Affiliates) and 5.09 (which applies to Weyerhaeuser, WRECO and all of their respective Subsidiaries)) to:

**Section 5.01 Existence; Businesses and Properties.** (a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.01(c) (with respect to Weyerhaeuser) and Section 6.02(d) (with respect to WRECO) and, with respect to Restricted Subsidiaries, where the failure to do so could not reasonably be expected to have a Material Adverse Effect, **provided, however,** that such Borrower may liquidate or dissolve any of its Subsidiaries to the extent the assets of such Subsidiary are transferred to Weyerhaeuser or any of its Restricted Subsidiaries.
Except in each case where the failure to do so could not reasonably be expected to result in a Material Adverse Effect, (i) do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, franchises, authorizations, patents, copyrights, trademarks and trade names necessary in the conduct of its business; (ii) maintain and operate such business in substantially the manner in which it is presently conducted and operated; (iii) comply with all applicable laws, rules, regulations and orders of any Governmental Authority, whether now in effect or hereafter enacted; and (iv) at all times maintain and preserve all property necessary in the conduct of such business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all necessary and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times.

(c) Maintain compliance with each of its loans, contracts, leases and other obligations (other than Indebtedness) except such as are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established, and except for such noncompliance as could not reasonably be expected to have, in any case or in the aggregate, a Material Adverse Effect.

Section 5.02 Insurance. (a) Keep such of its insurable properties as are insured with third-party insurers insured at all times by financially sound and reputable insurers; and (b) maintain (i) insurance (which may include self insurance), to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies in the same or similar businesses, including public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by it; and (ii) such insurance as may be required by law.

Section 5.03 Obligations and Taxes. Pay its obligations (other than Indebtedness) promptly and in accordance with their terms and pay and discharge promptly when due all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise which, if unpaid, might give rise to a Lien upon such properties or any part thereof; provided, however, that such payment and discharge shall not be required (i) with respect to any such tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and such Borrower or such Subsidiary shall have set aside on its books appropriate reserves with respect thereto or (ii) if the failure to make such payments or to discharge such Liens is not, in any case or in the aggregate, reasonably likely to have a Material Adverse Effect.

Section 5.04 Financial Statements, Reports, etc. In the case of each Borrower, furnish to the Administrative Agent (which shall promptly furnish to each Lender):
(a) within 95 days after the end of each fiscal year, its consolidated balance sheets and related statements of earnings and statements of cash flows, together with the notes thereto, showing the financial position of such Borrower and its consolidated Subsidiaries as of the close of such fiscal year and the results of their operations and the operations of such subsidiaries during such year, all audited by KPMG LLP or other independent public accountants of recognized national standing acceptable to the Required Lenders and accompanied by an opinion of such accountants (which shall not be qualified in any material respect) to the effect that such consolidated financial statements fairly present the financial position and results of operations of each such Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, except as therein noted;

(b) within 50 days after the end of each of the first three fiscal quarters of each fiscal year, its consolidated balance sheets and related statements of earnings and, with respect to Weyerhaeuser, statements of cash flows, showing the financial position of Weyerhaeuser and its consolidated Subsidiaries as of the close of such fiscal quarter and the results of its operations and the operations of such consolidated Subsidiaries during such fiscal quarter and the then elapsed portion of the fiscal year, all certified (in the form of Exhibits D-1 and D-2, with respect to Weyerhaeuser and WRECO, respectively) by one of its Financial Officers as fairly presenting the financial position and results of operations of each such Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, except as therein noted, subject to appropriate year-end audit adjustments;

(c) concurrently with any delivery of financial statements under (a) or (b) above, a certificate (in the form of Exhibits D-3 and D-4, with respect to Weyerhaeuser and WRECO, respectively) of the accounting firm or Financial Officer of such Borrower opining on or certifying such statements (which certificate, when furnished by an accounting firm, may be limited to accounting matters and disclaim responsibility for legal interpretations) (i) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, (ii) in the case of Weyerhaeuser setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the covenants contained in Sections 6.01(d) and 6.01(e) and (iii) including a reconciliation setting forth adjustments made to such financial statements in order to make the calculations set forth in clause (ii) above;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by it or any of its Subsidiaries with the SEC, or with any national securities exchange, or distributed to its shareholders, as the case may be;
as soon as practicable, copies of such further financial statements and reports as such Borrower shall send to banks with which it has lines of credit, and all such financial statements and reports as such Borrower shall send to its shareholders (unless all of the outstanding shares of capital stock of such Borrower are held by one Person);

(f) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of such Borrower or any of its Subsidiaries, or compliance with the terms of any Loan Document, as the Administrative Agent, any Swing Line Bank, any Fronting Bank or any Lender may reasonably request (it being understood that neither Borrower shall be required to provide any information or documents which are subject to confidentiality provisions the nature of which prohibit such disclosure);

(g) promptly, and in any event within 2 days, upon becoming aware thereof, notice of any proposed or actual down-grade, suspension or withdrawal of the rating provided by S&P or Moody’s to Weyerhaeuser in respect of its Senior Unsecured Long-Term Debt;

(h) promptly following receipt thereof, copies of any documents described in Sections 101(k) or 101(l) of ERISA that Weyerhaeuser or any ERISA Affiliate may request with respect to any Plan; provided, that if Weyerhaeuser or any ERISA Affiliate has not requested such documents or notices from the administrator or sponsor of the applicable Plan, then, upon reasonable request of the Administrative Agent, Weyerhaeuser and/or an ERISA Affiliate shall promptly make a request for such documents or notices from such administrator or sponsor and Weyerhaeuser shall provide copies of such documents and notices to the Administrative Agent promptly after receipt thereof; and

(i) information required to be delivered pursuant to paragraphs (a), (b), (d) and (e) shall be deemed to have been delivered on the date on which Weyerhaeuser provides notice to the Administrative Agent that such information has been posted on Weyerhaeuser’s website on the internet at the website address listed on the signature pages thereof, at www.sec.gov or at another website identified in such notice and accessible by the Lenders without charge; provided that Weyerhaeuser shall deliver paper copies of the reports and financial statements referred to in paragraphs (a), (b), (d) and (e) of this Section 5.04 to the Administrative Agent, any Swing Line Bank, any Fronting Bank or any Lender who requests Weyerhaeuser to deliver such paper copies until written notice to cease delivering paper copies is given by such Administrative Agent, Swing Line Bank, Fronting Bank or Lender to Weyerhaeuser.

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Section 5.05 Litigation and Other Notices. Furnish to the Administrative Agent (which shall promptly furnish to each Lender) prompt written notice of the following:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against Weyerhaeuser, WRECO or any of their respective Affiliates which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) any development that has resulted in a Material Adverse Effect; and

(d) the issuance by any Governmental Authority of any injunction, order, decision or other restraint prohibiting, or having the effect of prohibiting, the making of the Loans or the initiation of any litigation or similar proceeding seeking any such injunction, order or other restraint;

provided that in each case (other than Subsection 5.05 (a)) no Borrower shall be required to provide separate notice of any event disclosed in any report promptly filed with the SEC.

Section 5.06 ERISA. As soon as possible and, in any event, within 10 Business Days after Weyerhaeuser knows of the occurrence of any of the following events which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect, Weyerhaeuser will deliver to the Administrative Agent a certificate of the Financial Officer of Weyerhaeuser setting forth details as to such occurrence and such action, if any, which Weyerhaeuser or an ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by Weyerhaeuser or such ERISA Affiliate, the PBGC, a Plan participant or the Plan administrator with respect thereto: (a) that a Reportable Event has occurred, (b) that a Plan has failed to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, whether or not waived, or an application has been made to the Secretary of the Treasury for a modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412, 430 or 431 of the Code, as applicable with respect to a Plan, (c) that a Plan has been or is in the process of being terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA, (d) that a Plan has an Unfunded Current Liability, (e) that proceedings have been instituted to terminate a Plan, (f) that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan, or (g) that Weyerhaeuser or any ERISA Affiliate will or is reasonably likely to incur any liability (including any contingent or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA or with respect to a Plan under Section 4975 of the Code or Section 409, 502(i) or 502(l) of ERISA. Weyerhaeuser will, upon written request, deliver to the Administrative
Agent a complete copy of the annual report (Form 5500) of each Plan required to be filed with the Internal Revenue Service. In addition to any certificates or notices delivered to the Administrative Agent pursuant to the first sentence hereof, copies of annual reports and any other notices received by Weyerhaeuser or any ERISA Affiliate required to be delivered to the Administrative Agent hereunder shall be delivered to the Administrative Agent no later than 10 Business Days after the later of the date such report or notice has been filed with the Internal Revenue Service or the PBGC, given to Plan participants, received by Weyerhaeuser or such ERISA Affiliate or requested in writing by the Administrative Agent.

Section 5.07 Maintaining Records; Access to Properties and Inspections. Maintain appropriate, accurate and complete financial records and permit any representatives designated by the Administrative Agent or any Lender to visit and inspect the financial records and the properties of each such Borrower or any of its Restricted Subsidiaries at reasonable times and, with reasonable prior notice given to Weyerhaeuser, as often as requested and until a Default has occurred at the expense of the Administrative Agent or such Lender, and to make extracts from and copies of such financial records, and permit any representatives designated by any Lender, any Swing Line Bank, any Fronting Bank or the Administrative Agent to discuss the affairs, finances and condition of Weyerhaeuser, WRECO or any such Restricted Subsidiary with the officers thereof and independent accountants (so long as a representative of Weyerhaeuser is present, or Weyerhaeuser has consented to the absence of such a representative) therefor (in each case subject to such Borrower’s obligations under applicable confidentiality provisions).

Section 5.08 Use of Proceeds. Use the credit extended pursuant to this Agreement only for the purposes set forth in the recitals to this Agreement.

Section 5.09 Environmental Matters. (a) (i) Comply in all material respects with all Environmental Laws applicable to the ownership or use of any real property owned or leased by such Borrower or any of its Subsidiaries, except where such noncompliance is not, in any case or in the aggregate, reasonably likely to have a Material Adverse Effect, (ii) include in all material contracts with tenants and other persons occupying such real property provisions to ensure such tenants’ compliance in all material respects with all such Environmental Laws, and diligently enforce and prosecute its rights with respect to such provisions, (iii) pay or cause to be paid in the case of sole liability, or, in the case of joint liability, to seek contribution or compensation in respect of, all costs and expenses incurred in connection with such compliance, except in respect to costs and expenses that are being contested in good faith and for which such Borrower or such Subsidiary, as the case may be, shall have set aside on its books appropriate reserves, and except where failures to make such payments are not, in any case or in the aggregate, reasonably likely to have a Material Adverse Effect, and (iv) use its best efforts to keep or cause to be kept all such real property free and clear of any liens imposed pursuant to any Environmental Laws, except in respect to liens that are being contested in good faith, and except in respect to liens the existence of which is not, in any case or in the aggregate, reasonably likely to have a Material Adverse Effect.
Neither such Borrower, nor any of its Subsidiaries will generate, use, treat, store, release, or permit the generation, use, treatment, storage or release of Hazardous Materials on any real property owned or leased by such Borrower or any of its Subsidiaries, or transport or permit the transportation of Hazardous Materials to or from any such real property, except for quantities generated, used, treated, stored, or released on, or transported to or from, such real property in the ordinary course of business in material compliance with all applicable Environmental Laws and, except for such generation, use, treatment or storage on, or transportation to or from, any such real property of Hazardous Materials as is not, in any case or in the aggregate, reasonably likely to have a Material Adverse Effect.

If the Administrative Agent receives any notice from such Borrower pursuant to subsection (d) of this Section 5.09 or if the Administrative Agent otherwise acquires knowledge of any Environmental Claim which in the sole determination of the Required Lenders would have a Material Adverse Effect with respect to such Borrower then upon the written request of the Required Lenders, such Borrower will provide, at its sole cost and expense, an environmental site assessment report concerning any real property owned or leased by such Borrower or an affected Subsidiary that is the subject of such Environmental Claim prepared by an environmental consulting firm approved by the Required Lenders, indicating the presence or absence of Hazardous Materials and the potential costs of any removal or remedial action in connection with any Hazardous Materials on any such real property owned or leased by such Borrower or any of its Subsidiaries.

Such Borrower will immediately advise the Administrative Agent in writing of any of the following:

(i) Any pending or threatened Environmental Claim against such Borrower or any of its Subsidiaries or any real property owned or leased by such Borrower or any of its Subsidiaries which if determined adversely to such Borrower or any of its Subsidiaries would be reasonably likely to have a Material Adverse Effect;

(ii) Any condition or occurrence on any real property owned or leased by such Borrower or any of its Subsidiaries that (A) results in noncompliance by such Borrower or any of its Subsidiaries with any applicable Environmental Law which noncompliance is reasonably likely to have a Material Adverse Effect, or (B) could reasonably be anticipated to form the basis of an Environmental Claim against such Borrower or any of its Subsidiaries or any real property owned or leased by such Borrower or any of its Subsidiaries and which if determined adversely to such Borrower or any of its Subsidiaries would be reasonably likely to have a Material Adverse Effect;

(iii) Any condition or occurrence on any real property owned or leased by such Borrower or any of its Subsidiaries or, to the actual knowledge of such Borrower or any of its Subsidiaries, any property adjoining or in the vicinity thereof that could reasonably be anticipated to cause such real property to be subject to any restrictions on the ownership, occupancy, use, or transferability thereof under any Environmental Law.
which restrictions, in any case or in the aggregate, are reasonably likely to have a Material Adverse Effect; and

(iv) The taking of any removal or remedial action in response to the actual or alleged presence of any Hazardous Materials on any real property owned or leased by such Borrower or any of its Subsidiaries the taking of which, in any case or in the aggregate, is reasonably likely to have a Material Adverse Effect.

All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence, or removal or remedial action and the action which such Borrower or any of its Subsidiaries proposes to take in response thereto.

Section 5.10 OCBM Agreement. With respect to Weyerhaeuser, perform, observe and comply with each of its covenants and agreements in the OCBM Agreement, and do or cause to be done all things necessary to keep the OCBM Agreement in full force and effect.

Section 5.11 Ownership Requirement. With respect to Weyerhaeuser, at any time, maintain the ownership (directly or indirectly) of or long-term leases on, no less than four million (4,000,000) acres of Timberlands.

Section 5.12 Claim Agreement. With respect to Weyerhaeuser, perform, observe and comply with each of its covenants and agreements in the Claim Agreement, and do or cause to be done all things necessary to keep the Claim Agreement in full force and effect.

Section 5.13 Further Assurances. Promptly cause to be taken, executed, acknowledged or delivered, at the sole expense of such Borrower, all such further acts, documents and assurances as the Required Lenders may from time to time reasonably request in order for such Borrower to carry out its obligations hereunder and under the other Loan Documents.

ARTICLE VI
NEGATIVE COVENANTS

Section 6.01 Covenants of Weyerhaeuser. Weyerhaeuser covenants and agrees with each Lender, each Swing Line Bank, each Fronting Bank and the Administrative Agent that, so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other expenses or amounts payable under any Loan Document shall be unpaid or any Letter of Credit shall remain outstanding (which has not been collateralized (with cash or a back-to-back letter of credit issued by a satisfactory financial institution) in a manner satisfactory to the applicable Fronting Banks and the Administrative Agent) or any amounts drawn thereunder shall remain unpaid, unless the Required Lenders shall otherwise consent in writing, it will not, either directly or indirectly:
(a) Secured Indebtedness. (i) Issue, assume or guarantee, or permit any of its Restricted Subsidiaries to issue, assume or guarantee, any indebtedness for money borrowed (hereinafter in this Section 6.01(a) referred to as “debt”), if such debt is secured by a deed of trust, mortgage, pledge, security interest or other lien or encumbrance (any deed of trust, mortgage, pledge, security interest or other lien or encumbrance being hereinafter in this Section 6.01(a) referred to as a “mortgage” or collectively “mortgages”) upon or with respect to any timber or timberlands of Weyerhaeuser or such Restricted Subsidiary located in the States of Washington, Oregon, Arkansas, Oklahoma, Mississippi or North Carolina, or upon or with respect to any principal manufacturing plant of Weyerhaeuser or such Restricted Subsidiary located anywhere in the United States of America, in either case now owned or hereafter acquired, without in any such case effectively providing, concurrently with the issuance, assumption or guarantee of any such debt, that the Loans and Letters of Credit (together with, if Weyerhaeuser shall so determine, any other indebtedness of or guarantee by Weyerhaeuser or such Restricted Subsidiary ranking equally with the Loans or Letters of Credit and then existing or thereafter created) shall be secured equally and ratably with (or prior to) such debt; provided, however, that the foregoing restrictions shall not be applicable to:

(1) mortgages upon or with respect to any property of any of its Restricted Subsidiaries securing debt of such Restricted Subsidiary to Weyerhaeuser or another Restricted Subsidiary of Weyerhaeuser;

(2) mortgages upon or with respect to any property acquired, constructed or improved by Weyerhaeuser or any of its Restricted Subsidiaries after the date of this Agreement which are created, incurred or assumed contemporaneously with, or within 90 days after, such acquisition, construction or improvement, to secure or provide for the payment of any part of the purchase price of such property or the cost of such construction or improvement, or mortgages upon or with respect to any property existing at the time of acquisition thereof; provided, however, that in the case of any such construction or improvement the mortgage shall not apply to any property theretofore owned by Weyerhaeuser or any of its Restricted Subsidiaries other than any theretofore unimproved real property on which the property so constructed, or the improvement, is located;

(3) any extension, renewal or replacement of any mortgage referred to in clause (2) above or clause (4) below; provided, however, that the principal amount of indebtedness secured thereby shall not exceed the principal amount of indebtedness so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or part of the same property which secured the mortgage so extended, renewed or replaced; and

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(4) any mortgage existing on any timber or timberlands of any Person or upon or with respect to any principal manufacturing plant of any Person at the time of acquisition by Weyerhaeuser or any of its Restricted Subsidiaries of such Person.

(ii) Notwithstanding the provisions of paragraph (a)(i) of this Section 6.01, Weyerhaeuser or any of its Restricted Subsidiaries may issue, assume or guarantee secured debt which would otherwise be subject to the foregoing restrictions in an aggregate amount which, together with all other such debt of Weyerhaeuser and its Restricted Subsidiaries and the Attributable Debt in respect of Sale and Lease-Back Transactions (as defined in Section 6.01(b)) existing at such time (other than Sale and Lease-Back Transactions permitted because Weyerhaeuser would be entitled to incur debt secured by a mortgage on the property to be leased without equally and ratably securing the Loans pursuant to paragraph (a)(i) of this Section 6.01, and other than Sale and Lease-Back Transactions the proceeds of which have been applied in accordance with clause (ii) of Section 6.01(b)), does not at the time exceed five percent (5%) of Shareholders’ Interest in Weyerhaeuser and its Restricted Subsidiaries (as hereinafter defined). The term “Attributable Debt” as used in this paragraph shall mean, as of any particular time, the present value of the obligation of the lessee for rental payments during the remaining term of any lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended).

(iii) For purposes of this Section 6.01(a), (A) the term “principal manufacturing plant” shall not include any manufacturing plant which, in the reasonable opinion of the Board of Directors of Weyerhaeuser, is not a principal manufacturing plant of Weyerhaeuser and its Restricted Subsidiaries; (B) the following types of transactions shall not be deemed to create debt secured by a mortgage: (1) the sale, mortgage or other transfer of timber in connection with an arrangement under which Weyerhaeuser or any of its Restricted Subsidiaries is obligated to cut such timber or a portion thereof in order to provide the transferee with a specified amount of money however determined; (2) the mortgage of any property of Weyerhaeuser or any of its Restricted Subsidiaries in favor of the United States, or any State, or any department, agency or instrumentality of either, to secure partial, progress, advance or other payments to Weyerhaeuser or any of its Restricted Subsidiaries pursuant to the provisions of any contract or statute and (3) liens existing on property at the time of acquisition of such property; and (C) the term “Shareholders’ Interest in Weyerhaeuser and its Restricted Subsidiaries” shall mean the aggregate of capital and surplus, including surplus resulting from the March 1, 1913 revaluation of timber and timberlands, of Weyerhaeuser and its Restricted Subsidiaries, after deducting the cost of shares of Weyerhaeuser held in treasury.

(b) Sale and Lease-Back. Enter into any arrangement, or permit any Restricted Subsidiary to enter into any arrangement, with any Person providing for the leasing by Weyerhaeuser or any of its Restricted Subsidiaries of any real property in the United States (except for temporary leases for a term of not more than three years), which
property has been or is to be sold or transferred by Weyerhaeuser or such Restricted Subsidiary to such Person (herein referred to as a “Sale and Lease-Back Transaction”), unless (i) Weyerhaeuser or such Restricted Subsidiary would be entitled to incur debt secured by a mortgage on the property to be leased without equally or ratably securing the Loans pursuant to Section 6.01(a), or (ii) Weyerhaeuser applies an amount equal to the fair value (as determined by the Board of Directors of Weyerhaeuser) of the property so leased to the retirement (other than any mandatory retirement), within 90 days of the effective date of any such Sale and Lease-Back Transaction, of indebtedness for borrowed money incurred or assumed by Weyerhaeuser which by its terms matures at, or is extendible or renewable at the option of the obligor to, a date more than 12 months after the date of the creation of such debt.

(c) **Merger, Consolidation, etc.** Be a party to a merger or consolidation or sell, transfer or otherwise dispose of all or substantially all of its properties or assets in a single transaction or in a series of related transactions unless (i) such merger, consolidation, sale, transfer or disposition is made with respect to another corporation incorporated and doing business primarily within the United States of America which shall expressly assume, in form and substance reasonably satisfactory to the Required Lenders, the obligations of Weyerhaeuser under the Loan Documents and Weyerhaeuser’s Loans and Letters of Credit, and (ii) immediately after giving effect to such merger, consolidation, sale, transfer or disposition, no Default or Event of Default hereunder shall have occurred and be continuing.

(d) **Debt Ratio.** Permit Total Funded Indebtedness to exceed 65% of the sum of Weyerhaeuser’s Total Adjusted Shareholders’ Interest and Total Funded Indebtedness.

(e) **Net Worth.** At any time permit Weyerhaeuser’s Total Adjusted Shareholders’ Interest to be less than $3,000,000,000.

(f) **Change in Business.** Engage in, or permit any Restricted Subsidiary to engage in, any material business activities or operations substantially different from, or unrelated to, the business activities and operations conducted by it as of the date hereof, except for reasonable extensions, developments and modifications thereof.

Section 6.02 **Covenants with respect to WRECO.** WRECO covenants and agrees with each Lender, each Fronting Bank and the Administrative Agent that, so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other expenses or amounts payable under any Loan Document shall be unpaid, or any Letter of Credit shall remain outstanding (which has not been collateralized (with cash or a back-to-back letter of credit issued by a satisfactory financial institution) in a manner satisfactory to the applicable Fronting Banks and the Administrative Agent) or any amounts drawn thereunder shall remain unpaid, unless the Required Lenders shall otherwise consent in writing, it will not, either directly or indirectly:
(a) **Capital Base.** Have a Capital Base less than $100,000,000.

(b) **Limitation on Indebtedness.** Create, issue, guarantee, assume or otherwise become liable, directly or indirectly, or permit any of its Restricted Subsidiaries to create, issue, guarantee, assume or otherwise become liable, directly or indirectly, in respect of any (i) Senior Debt of WRECO or Indebtedness of any of its Restricted Subsidiaries if, immediately after giving effect to the incurrence thereof and to the application of the proceeds thereof, the aggregate principal amount of all consolidated Senior Debt of WRECO and its Restricted Subsidiaries then outstanding would exceed 80% of the sum of (x) the Capital Base plus (y) the aggregate principal amount of Senior Debt of WRECO and its Restricted Subsidiaries then outstanding; or (ii) Subordinated Debt of WRECO if, immediately after giving effect to the incurrence thereof and to the application of the proceeds thereof, the aggregate principal amount of Subordinated Debt of WRECO then outstanding would exceed 100% of Adjusted Net Worth. For purposes of this Section and Section 6.02(c), Indebtedness of a Person which becomes a Restricted Subsidiary on any date shall be deemed to have been issued or incurred as of such date.

(c) **Limitation on Mortgages and Liens.** Create, incur or permit to exist any mortgage, pledge, encumbrance, lien, security interest or charge of any kind (including liens or charges upon properties acquired or to be acquired under conditional sales agreements or other title retention devices) on its property or assets, whether now owned or hereafter acquired, or permit any of its Restricted Subsidiaries to do any of the foregoing, except:

(i) liens, charges, encumbrances and priority claims incidental to the conduct of the business or the ownership of properties and assets (including warehousemen’s, attorneys’ and statutory landlords’ liens) and liens, pledges or deposits in connection with workmen’s compensation, unemployment insurance, old age benefit or social security obligations, taxes, assessments, statutory obligations or other similar charges, liens of contractors, mechanics and materialmen, good faith deposits in connection with tenders, contracts or leases to which WRECO or any of its Restricted Subsidiaries is a party or other deposits required to be made in the ordinary course of business and not in connection with the borrowing of money, easements, rights of way, restrictions and other similar encumbrances that, in the aggregate, are not substantial in amount and that do not in any case materially detract from the value of the property subject thereto or substantially interfere with the ordinary conduct of WRECO’s business; provided in each case the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate proceedings;

(ii) provided that no Default or Event of Default has occurred and is continuing, the pledge of assets for the purpose of securing any appeal or stay or discharge in the course of any legal proceeding and liens on or resulting from judgments or awards in respect of which WRECO or any of its Restricted
Subsidiaries shall in good faith be prosecuting an appeal or proceeding for review; 

(iii) mortgages, liens or security interests existing as of the date of this Agreement securing obligations of WRECO or any of its Restricted Subsidiaries outstanding on such date and all renewals, extensions or refundings thereof (without increase in the principal amount remaining unpaid at the time of any such renewal, extension or refunding);

(iv) mortgages, liens or security interests securing Indebtedness of a Restricted Subsidiary of WRECO to another Restricted Subsidiary of WRECO or to WRECO;

(v) mortgages, conditional sale contracts, security interests or other arrangements for the retention of title (including financing leases), in addition to those permitted under subparagraphs (iii), (iv), (vi) and (vii) hereof, given to secure the payment of the purchase price incurred in connection with the acquisition of property useful and intended to be used in carrying on the business of WRECO or any of its Restricted Subsidiaries, and liens existing on such property at the time of acquisition thereof or at the time of acquisition by WRECO or a Restricted Subsidiary of any Person then owning such property whether or not such existing liens were given to secure the payment of the purchase price of the property to which they attach; provided that the lien or charge shall attach solely to the property acquired or purchased and any improvements then or thereafter placed thereon;

(vi) mortgages, security interests and other encumbrances or liens on Real Estate Assets, incurred or created in the ordinary course of the business of WRECO and its Restricted Subsidiaries; provided that the aggregate principal amount of all Indebtedness so secured and at any one time outstanding shall not exceed 10% of the Capital Base at such time;

(vii) mortgages, security interests and other encumbrances or liens upon or with respect to any property of WRECO or any of its Restricted Subsidiaries securing debt of WRECO or such Restricted Subsidiary, as applicable, to Weyerhaeuser or any of its Restricted Subsidiaries; and

(viii) mortgages, conditional sale contracts, security interests or other arrangements for the retention of title (including financing leases), in addition to those specifically permitted by foregoing subparagraphs (i) through (vii) hereof, given to secure the payment of Senior Debt of WRECO or any of its Restricted Subsidiaries, and any renewal, extension or refunding of any such Senior Debt; provided that the aggregate principal amount of all Senior Debt (excluding any Senior Debt incurred pursuant to foregoing paragraph (vii) hereof) of WRECO and its Restricted Subsidiaries so secured and at any one time outstanding shall

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In the event that any property is subjected to a lien or other encumbrance in violation of this Section 6.02(c), WRECO will make or cause to be made effective provision whereby the Loans shall be secured equally and ratably with all other obligations secured thereby (provided, however, that such violation shall constitute a default under this Agreement whether or not such provision is made) and, if such provision is not made, an equitable lien, so equally and ratably securing the Loans, shall (to the extent permitted by law) exist on such property.

(d) Limitation on Mergers and Consolidations. Be a party to any merger or consolidation unless (i) WRECO or a Weyerhaeuser Subsidiary (as defined below) having substantially all of its assets and doing business primarily in the United States of America shall be the surviving or resulting corporation of any such merger or consolidation and immediately after giving effect to any such merger or consolidation such successor corporation, whether or not WRECO, shall be entitled to incur at least $1 of additional Senior Debt under Section 6.02(b); (ii) if the surviving or resulting corporation is not WRECO, the surviving or resulting corporation shall be a Weyerhaeuser Subsidiary incorporated within the United States of America and shall expressly assume the obligations of WRECO under this Agreement and the other Loan Documents to which it is a party by supplemental agreement reasonably satisfactory to the Administrative Agent; (iii) immediately after giving effect to any such merger or consolidation, no Default or Event of Default shall have occurred and be continuing; and (iv) WRECO shall have delivered to the Administrative Agent a certificate signed by two of WRECO’s officers stating that such merger or consolidation and, if a supplemental agreement is required in connection therewith as aforesaid, such supplemental agreement comply with the provisions described in this paragraph. Upon the consummation of any merger or consolidation in which the surviving or resulting corporation is not WRECO in accordance with the foregoing provisions, the surviving or resulting corporation shall succeed to and be substituted for, and may exercise every right and power of and shall be subject to all of the obligations of, WRECO under this Agreement and the other Loan Documents to which it is a party, with the same effect as if it had been named as WRECO therein. As used in this paragraph, the term “Weyerhaeuser Subsidiary” means a corporation at least 79% of whose issued and outstanding shares of capital stock at the time outstanding and having ordinary voting power for the election of a majority of the directors of such corporation shall be owned and controlled by Weyerhaeuser or a wholly owned Subsidiary of Weyerhaeuser.

(e) Limitation on Sale of Assets. Sell, transfer or otherwise dispose of all or substantially all of its properties and assets in a single transaction or in a series of related transactions unless (i) the consideration received therefor shall consist of cash, securities or other properties having an aggregate fair value (as determined in good faith by the Board of Directors of WRECO) equal to not less than the aggregate fair value (as determined in good faith by the Board of Directors of WRECO) of the properties and
ARTICLE VII
EVENTS OF DEFAULT

Section 7.01 Events of Default. In case of the happening of any of the events under Sections 7.01(a) through 7.01(m) below (an “Event of Default”):

(a) default shall be made in the payment by a Borrower of any principal of any Loan or any reimbursement of any L/C Disbursement, when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(b) default shall be made in the payment by a Borrower of any interest on any Loan or any Fee or any other amount (other than an amount referred to in Section 7.01(a) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five days;

(c) any representation or warranty made or deemed made by a Borrower in or in connection with any Loan Document or the Borrowings or Letters of Credit hereunder, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(d) default shall be made in the due observance or performance by a Borrower or any of its Subsidiaries (or its respective Restricted Subsidiaries, if such covenant, condition or agreement applies only to Restricted Subsidiaries) of any covenant, condition or agreement contained in Section 5.01(a), 5.05(a), 5.08 or in Article VI;

(e) default shall be made in the due observance or performance by a Borrower or any of its Subsidiaries (or its Restricted Subsidiaries, if such covenant, condition or agreement applies only to Restricted Subsidiaries) of any covenant, condition or agreement contained in any Loan Document (other than those specified in Section 7.01(a), 7.01(b), 7.01(c) or 7.01(d)) and such default shall continue unremedied for a period of thirty days after notice thereof from the Administrative Agent, any Swing Line Bank, any Fronting Bank or any Lender to such Borrower;
(f) a Borrower or any of its Restricted Subsidiaries shall (i) fail to pay, when and as the same shall become due and payable (and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument related to such Indebtedness) any principal or interest, regardless of amount, due in respect of Indebtedness in an aggregate principal amount in excess of $100,000,000, or (ii) fail to observe or perform any other terms, covenants, conditions or agreements contained in any agreements or instruments evidencing or governing Indebtedness in an aggregate principal amount in excess of $100,000,000 (and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument related to such Indebtedness), if the effect of any failure or failures referred to in this Section 7.01(f)(ii) is to cause or permit the holder or holders of such Indebtedness or a trustee on its or their behalf (with or without the giving of notice) to cause, such Indebtedness to become due prior to its stated maturity;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of a Borrower or any of its Restricted Subsidiaries, or of a substantial part of the property or assets of such Borrower or any of its Restricted Subsidiaries, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for such Borrower or any of its Restricted Subsidiaries or for a substantial part of the property or assets of such Borrower or any of its Restricted Subsidiaries or (iii) the winding-up or liquidation of such Borrower or any of its Restricted Subsidiaries; and such proceeding or petition shall continue undischarged for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) a Borrower or any of its Restricted Subsidiaries shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in Section 7.01(g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for such Borrower or any of its Restricted Subsidiaries or for a substantial part of the property or assets of such Borrower or any of its Restricted Subsidiaries or (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing;

(i) one or more judgments for the payment of money in an aggregate amount in excess of $100,000,000 shall be rendered against a Borrower or any of its Restricted Subsidiaries or any combination thereof and the same shall remain undischarged for a
period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of such Borrower or any of its Restricted Subsidiaries to enforce any such judgment;

(j) any Plan shall fail to satisfy the minimum funding standard required for any plan year or a waiver of such standard or extension of any amortization period is sought or granted under Section 412, Section 430 or Section 431 of the Code, as applicable, any Plan is, shall have been or is likely to be terminated or the subject of termination proceedings under ERISA, any Plan shall have an Unfunded Current Liability, or Weyerhaeuser has incurred or is likely to incur a liability to or on account of a Plan under Sections 409, 502(i), 502(l), or 515 of ERISA or Section 4975 of the Code, or Weyerhaeuser or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan under Sections 4062, 4063, 4064, 4069, 4201 or 4204 of ERISA; and there shall result from any such event or events referred to in this Section 7.01(j) the imposition of a lien upon the assets of Weyerhaeuser or any ERISA Affiliate, the granting of a security interest, a liability or a material risk of incurring a liability to the PBGC or the Internal Revenue Service or a Plan or a trustee appointed under ERISA or a liability or a material risk of incurring a liability under Sections 409, 502(i) or 502(l) of ERISA or under Sections 4971 or 4975 of the Code; which, in the good faith determination of the Required Lenders, will have a Material Adverse Effect;

(k) there shall have occurred a Change in Control of a Borrower;

(l) the OCBM Agreement shall cease, for any reason, to be in full force and effect, or Weyerhaeuser shall contest the validity or enforceability thereof or otherwise fail to comply with its obligations thereunder; or

(m) the Claim Agreement shall cease, for any reason, to be in full force and effect, or Weyerhaeuser or WNR shall contest the validity or enforceability thereof or otherwise fail to comply with its obligations thereunder;

then, and in every such event (other than an event with respect to a Borrower described in Section 7.01(g) or 7.01(h) above), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by notice to the Borrowers, take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments of the Lenders and terminate forthwith the obligation of any Fronting Bank to issue Letters of Credit (and require any outstanding Letters of Credit to be cash collateralized in accordance with Section 2.19(i)) and/or (ii) declare the Loans then outstanding to the Borrowers to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary.
notwithstanding; and in any event with respect to a Borrower described in Sections 7.01(g) or 7.01(h) above, the Commitments of the Lenders and the obligation of any Fronting Bank to issue Letters of Credit shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding.

ARTICLE VIII
THE ADMINISTRATIVE AGENT

Section 8.01   The Administrative Agent. In order to expedite the transactions contemplated by this Agreement, JPMorgan Chase Bank is hereby appointed to act as Administrative Agent on behalf of the Lenders, the Swing Line Banks, and the Fronting Banks. Each of the Lenders, the Swing Line Banks and the Fronting Banks, and each assignee thereof, hereby irrevocably authorizes the Administrative Agent to take such actions on behalf of such Lender, the Swing Line Banks and such Fronting Bank and to exercise such powers as are specifically delegated to the Administrative Agent by the terms and provisions hereof, together with such actions and powers as are reasonably incidental thereto.

The Administrative Agent is hereby expressly authorized by the Lenders, the Swing Line Banks and the Fronting Banks, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders, the Swing Line Banks and the Fronting Banks all payments of principal of and interest on the Loans, all reimbursements made with respect to L/C Disbursements and all other amounts due to the Lenders, the Swing Line Banks and the Fronting Banks hereunder, and promptly to distribute to each Lender, each Swing Line Bank and each Fronting Bank its proper share of each payment so received; (b) to give prompt notice on behalf of the Lenders, the Swing Line Banks and the Fronting Banks to the Borrowers of any Event of Default specified in this Agreement of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to distribute promptly to each Lender, each Swing Line Bank and each Fronting Bank copies of all notices, financial statements and other materials delivered by the Borrowers pursuant to this Agreement as received by the Administrative Agent.

Neither the Administrative Agent nor any of its directors, officers, employees or agents shall be liable as such to any Lender, any Swing Line Bank or any Fronting Bank for any action taken or omitted by any of them except for its or his own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrowers of any of the terms, conditions, covenants or agreements contained in any Loan Document. The Administrative Agent shall not be responsible to the Lenders, the Swing Line Banks and the Fronting Banks for (i) the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or any other Loan Documents or other instruments or agreements or (ii) the
satisfaction of any condition set forth in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. The duties of the Administrative Agent shall be mechanical and administrative in nature; the Administrative Agent shall not have by reason of this Agreement or any other Loan Document a fiduciary relationship in respect of any Lender, any Swing Line Bank or any Fronting Bank. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders, the Lenders, the Swing Line Banks or any Fronting Bank, as the case may be, and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all of the Lenders, the Swing Line Banks and all of the Fronting Banks. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. The Administrative Agent may also rely upon any statement made to it orally or by telephone and believed to be made by the proper Person, and shall not incur any liability for relying thereon.

Neither the Administrative Agent nor any of its directors, officers, employees or agents shall have any responsibility to the Borrowers on account of the failure of or delay in performance or breach by any Lender, any Swing Line Bank or any Fronting Bank of any of its obligations hereunder or to any Lender, any Swing Line Bank or any Fronting Bank on account of the failure of or delay in performance or breach by any other Lender, any Swing Line Bank, any Fronting Bank or the Borrowers of any of their respective obligations hereunder or under any other Loan Document or in connection herewith or therewith. The foregoing shall not limit the obligations of JPMorgan Chase Bank (or its successors and assigns) in its capacity as Lender hereunder. The Administrative Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel (who may be counsel for a Borrower), independent accountants and other experts selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel. The exculpatory provisions of this Article VIII shall apply to any such agent or employee, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, the Lenders, the Swing Line Banks and the Fronting Banks hereby acknowledge that (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing, (b) the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders, the Lenders, the Swing Line Banks or any Fronting Bank, as the case may be, and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrowers or any of their respective Subsidiaries that is communicated to or obtained by the Administrative Agent or any of its Affiliates in any capacity.
Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by notifying the Lenders, the Swing Line Banks, the Fronting Banks and the Borrowers. Upon any such resignation, the Required Lenders shall have the right to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, the Swing Line Banks and the Fronting Banks, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, having a combined capital and surplus of at least $500,000,000 or an Affiliate of any such bank. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After the Administrative Agent’s resignation hereunder, the provisions of this Article and Section 9.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

With respect to the Loans made by it hereunder, the Administrative Agent in its individual capacity and not as Administrative Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not the Administrative Agent, and the Administrative Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrowers or any of their respective Subsidiaries or other Affiliate thereof as if it were not the Administrative Agent.

Each of the Lenders, the Swing Line Banks and each of the Fronting Banks agrees (i) to reimburse the Administrative Agent, on demand, in the amount of its pro rata share (based on its Commitment hereunder) of any reasonable out-of-pocket expenses incurred for the benefit of the Lenders, the Swing Line Banks and the Fronting Banks by the Administrative Agent, including the fees and expenses of a single counsel and compensation of agents and employees paid for services rendered on behalf of the Lenders, the Swing Line Banks and the Fronting Banks, which shall not have been reimbursed by the Borrowers and (ii) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees or agents, on demand, in the amount of such pro rata share, from and against any and all losses, claims, damages, liabilities and related reasonable out-of-pocket expenses of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as the Administrative Agent or any of them in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by it or any of them under this Agreement or any other Loan Document, to the extent the same shall not have been reimbursed by the Borrowers; provided that no Lender, nor any Swing Line Bank nor any Fronting Bank shall be liable to the Administrative Agent for any portion of such losses, claims, damages, liabilities and related expenses resulting from the gross negligence or willful misconduct of the Administrative Agent or any of its directors, officers, employees, or agents.
Each of the Lenders, the Swing Line Banks and each Fronting Bank acknowledges that it has, independently and without reliance upon the Administrative Agent, any other Lender, any Swing Line Bank or any Fronting Bank and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each of the Lenders, the Swing Line Banks and each Fronting Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent, any other Lender, any Swing Line Bank or any Fronting Bank and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder.

Section 8.02 Other Agents. Each of the Lenders, the Swing Line Banks, each of the Fronting Banks and each Borrower acknowledges (A) that each of the Lead Arrangers in their capacity as Lead Arranger, Joint Book Runner, Syndication Agent, Documentation Agents, and Co-Documentation Agent do not have any responsibility or liability hereunder, and (B) that the titles “Lead Arranger,” are purely honorary in nature.

ARTICLE IX
MISCELLANEOUS

Section 9.01 Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed or sent by telecopy to the address specified below, or such other address as such party shall hereafter have specified by written notice to the Administrative Agent and the Borrowers:

(a) if to a Borrower by hand or courier service, to such Borrower at 33663 Weyerhaeuser Way South, Federal Way, Washington, or by facsimile to (253) 924-3543, in each case to the Attention of Vice President and Treasurer with a copy to Secretary;

(b) if to the Administrative Agent or a Lender, to it at its address (or telecopy number) set forth in Schedule 9.01 or in the Assignment and Acceptance pursuant to which such Lender became a party hereto.

Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrowers may, in their discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.
All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telex or other telegraphic communications equipment of the sender, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.01.

Section 9.02  **Survival of Agreement.** All covenants, agreements, representations and warranties made by the Borrowers herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders, the Swing Line Banks and the Fronting Banks and shall survive the making of the Loans and the issuance of the Letters of Credit, regardless of any investigation made by the Lenders, the Swing Line Banks or the Fronting Banks or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any L/C Disbursement or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid and so long as the Commitments and all Letters of Credit hereunder have not been terminated.

Section 9.03  **Binding Effect.** This Agreement shall become effective when it shall have been executed by the Borrowers and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each Lender, each Swing Line Bank and each Initial Fronting Bank and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent, each Lender, each Swing Line Bank, each Fronting Bank and their respective successors and assigns, except that, other than as provided in Section 6.01(c) and Section 6.02(d), neither Borrower shall have the right to assign or delegate its rights or obligations hereunder or any interest therein without the prior consent of all the Lenders, the Swing Line Banks and the Fronting Banks.

Section 9.04  **Successors and Assigns.** (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that, other than as provided in Section 6.01(c) and Section 6.02(d), neither Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by a Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it and its interests in, rights to payment under and obligations with respect to the Letters of Credit issued at such time); provided that (i) except in the case of an
assignment to a Lender or a Lender Affiliate, each of the Borrowers must give their prior written consent to such assignment (which consents shall not be unreasonably withheld or delayed), (ii) each of the Fronting Banks, the Swing Line Banks and the Administrative Agent must give their prior written consent to such assignment (which consents shall not be unreasonably withheld or delayed), (iii) except in the case of an assignment to a Lender or a Lender Affiliate or an assignment of the entire remaining amount of the assigning Lender’s Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Borrowers and the Administrative Agent otherwise consent, (iv) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender’s rights and obligations under this Agreement, (v) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500, and (vi) the assignee, if it shall not be a Lender prior to such assignment, shall deliver to the Administrative Agent an Administrative Questionnaire; and provided further that any consent of a Borrower otherwise required under this paragraph shall not be required if a Default or Event of Default has occurred and is continuing. Subject to acceptance and recording thereof pursuant to paragraph (d) of this Section, from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender’s rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.11, 2.13, 2.17 and 9.05). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) of this Section. Notwithstanding the foregoing, no assignment or participation shall be made to any Borrower or any Affiliate of such Borrower.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recodification of the names and addresses of the Lenders, and the Commitment of, and principal amount (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive (absent manifest error), and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee’s completed Administrative Questionnaire
(e) Any Lender may, without the consent of the Borrowers or any other Lender, sell participations to one or more banks or other entities (a “Participant”) in all or a portion of such Lender’s rights and obligations under this Agreement (including all or a portion of its Commitment, the Loans owing to it and its interests in, rights to payment under and obligations with respect to the Letters of Credit issued hereunder); provided that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.08(b) that affects such Participant. Subject to paragraph (f) of this Section, the Borrowers agree that each Participant shall be entitled to the benefits of, and subject to the limitations of, Sections 2.11, 2.13 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.06 as though it were a Lender, provided such Participant agrees to be subject to Section 2.15 as though it were a Lender. Each Lender that sells a participation, acting solely for this purpose as an non-fiduciary agent of the Borrower, shall maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Loans or other obligations under this Agreement (the “Participant Register”); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant’s interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive, and such Lender, each Borrower and the Administrative Agent shall treat each person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement, notwithstanding notice to the contrary.

(f) Notwithstanding anything in Section 9.04 to the contrary, any bank that is a member of the Farm Credit System that (a) has purchased a participation in the minimum amount of $10,000,000 on or after the Effective Date, (b) is, by written notice to Weyerhaeuser
and the Administrative Agent (“Voting Participant Notification”), designated by the selling Lender as being entitled to be accorded the rights of a Voting Participant hereunder (any bank that is a member of the Farm Credit System so designated being called a “Voting Participant”) and (c) receives the prior written consent of Weyerhaeuser and the Administrative Agent to become a Voting Participant, shall be entitled to vote (and the voting rights of the selling Lender shall be correspondingly reduced), on a dollar for dollar basis, as if such participant were a Lender, on any matter requiring or allowing a Lender to provide or withhold its consent, or to otherwise vote on any proposed action. To be effective, each Voting Participant Notification shall, with respect to any Voting Participant, (i) state the full name, as well as all contact information required of an assignee as set forth in Exhibit C hereto and (ii) state the dollar amount of the participation purchased. The Borrowers and the Administrative Agent shall be entitled to conclusively rely on information contained in notices delivered pursuant to this paragraph. Notwithstanding the foregoing, each bank or other lending institution that is a member of the Farm Credit System designated as a Voting Participant in Schedule 9.04(f) hereto shall be a Voting Participant without delivery of a Voting Participant Notification and without the prior written consent of the Borrowers and the Administrative Agent.

(g) A Participant shall not be entitled to receive any greater payment under Section 2.11 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrowers’ prior written consent. No Participant shall be entitled to the benefits of Section 2.17 unless such Participant complies with Section 2.17(g) as if it were a Lender.

(h) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement and the other Loan Documents (including, without limitation, any notes held by it pursuant to Section 2.05(e)) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, without notice to, or consent of the Borrower or the Administrative Agent, and this Section 9.04 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(i) Weyerhaeuser authorizes each Lender to disclose to any Participant or assignee and any prospective Participant or assignee any and all financial information in such Lender’s possession concerning Weyerhaeuser or any Subsidiary of Weyerhaeuser which has been delivered to such Lender by a Borrower pursuant to this Agreement or which has been delivered to such Lender by a Borrower in connection with such Lender’s credit evaluation of a Borrower prior to entering into this Agreement; provided that such Participant or assignee or prospective Participant or assignee agrees to treat any such information which is not public as confidential in accordance with the terms of the Agreement.

Section 9.05 Expenses; Indemnity. (a) The Borrowers jointly and severally agree to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent in connection with the preparation of this Agreement and the other Loan Documents or in
connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby contemplated shall be consummated) or incurred by the Administrative Agent, any Lender, any Swing Line Bank or any Fronting Bank in connection with the enforcement or protection of their rights in connection with this Agreement and the other Loan Documents or in connection with the Loans made and the Letters of Credit issued, including the fees and disbursements of Simpson Thacher & Bartlett LLP, special counsel for the Administrative Agent, and, in connection with any such amendment, modification or waiver made in connection with any such enforcement or protection, the fees and disbursements of any other counsel for the Administrative Agent, any Lender or any Fronting Bank. The Borrowers further agree jointly and severally that they shall indemnify the Lenders, the Swing Line Banks and the Fronting Banks from and hold them harmless against any documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement, any of the other Loan Documents or any Letters of Credit.

(b) Each Borrower will indemnify the Administrative Agent, each Lender, each Swing Line Bank, each Fronting Bank and the directors, officers, employees and agents of each of the foregoing (each such person being called an “Indemnitee”) against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees and expenses, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery by such Borrower of this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated hereby and thereby, (ii) the use of the proceeds of the Loans by such Borrower or of the Letters of Credit issued on behalf of Weyerhaeuser or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses have resulted from the gross negligence or willful misconduct of such Indemnitee, in each case as determined by a final, nonappealable judgment of a court of competent jurisdiction.

(c) It is understood and agreed that, to the extent not precluded by a conflict of interest, each Indemnitee shall endeavor to work cooperatively with Weyerhaeuser with a view toward minimizing the legal and other expenses associated with any defense and any potential settlement or judgment. To the extent reasonably practicable and not disadvantageous to any Indemnitee, it is anticipated that a single counsel selected by Weyerhaeuser may be used. Settlement of any claim or litigation involving any material indemnified amount will require the approval of Weyerhaeuser (not to be unreasonably withheld).

(d) The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans or L/C Disbursements, the termination of any Letters of Credit, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the
(e) To the extent permitted by applicable law, the Borrowers shall not assert, and hereby waives, any claim against any Indemnitee on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, any Loan Document or any agreement or instrument contemplated thereby, any Loan or Letter of Credit or the use of the proceeds thereof.

Section 9.06  **Right of Setoff.** If any Event of Default shall have occurred and be continuing, each Lender, each Swing Line Bank and each Fronting Bank is hereby authorized at any time and from time to time, without notice to such Borrower (any such notice being expressly waived by such Borrower), to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender, such Swing Line Bank or such Fronting Bank or any of their respective Affiliates to or for the credit or the account of such Borrower against any of and all the obligations of such Borrower now or hereafter existing under this Agreement and any other Loan Documents held by such Lender, such Swing Line Bank or such Fronting Bank, irrespective of whether or not such Lender, such Swing Line Bank or such Fronting Bank shall have made any demand under this Agreement or such other Loan Document and although such obligations may be unmatured. The rights of each Lender, each Swing Line Bank and each Fronting Bank under this Section 9.06 are in addition to other rights and remedies (including other rights of setoff) which such Lender, such Swing Line Bank or such Fronting Bank may have.


Section 9.08  **Waivers; Amendment.** (a) No failure or delay of the Administrative Agent, any Lender, any Swing Line Bank or any Fronting Bank in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Lenders, the Swing Line Banks

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and the Fronting Banks hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrowers therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Borrowers in any case shall entitle the Borrowers to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders (and the Initial Fronting Banks and Swing Line Banks with respect to any amendment to the provisions of Section 2.21); provided, however, that no such agreement shall (i) change the principal amount of, or extend or advance the maturity of or any date for the scheduled payment of any principal of or interest on, any Loan, or extend the stated maturity of any Letter of Credit beyond the date that is five Business Days prior to the Termination Date or waive or excuse any such scheduled payment or any part thereof, or decrease the rate of interest on any Loan, without the prior written consent of each Lender affected thereby (including a Defaulting Lender, if applicable), (ii) change the Commitment or decrease or extend any date for the payment of the Facility Fees or L/C Participation Fees of any Lender without the prior written consent of such Lender, or (iii) amend or modify the provisions of Section 2.14, the provisions of this Section 9.08 or the definition of “Termination Date” or “Required Lenders,” without prior written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, any Swing Line Bank or any Fronting Bank, as the case may be, hereunder without the prior written consent of the Administrative Agent, Swing Line Bank or Fronting Bank, as the case may be. Each Lender shall be bound by any waiver, amendment or modification authorized by this Section 9.08, and any consent by any Lender pursuant to this Section 9.08 shall bind any person subsequently acquiring a Loan from it.

(c) Notwithstanding anything to the contrary herein, (i) no Defaulting Lender shall have any right to approve or disapprove any amendment, modification, supplement, waiver or consent hereunder or otherwise give any direction to the Administrative Agent (except as provided in Section 2.21(b) and Section 9.08(b)); (ii) the Administrative Agent may, with the consent of Weyerhaeuser only, amend, modify or supplement this Agreement or any other Loan Document to cure any ambiguity, omission, defect or inconsistency, so long as such amendment, modification or supplement does not adversely affect the rights of any Lender or the Lenders shall have received, at least five Business Days’ prior written notice thereof and the Administrative Agent shall not have received, within five Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment and (iii) any agreement of the Required Lenders to forbear (and/or direction to the Administrative Agent to forbear) from exercising any of their rights and remedies upon a Default or Event of Default shall be effective without the consent of the Administrative Agent or any other Lender.
In addition, notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and Weyerhaeuser (i) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share in the benefits of this Agreement and the other Loan Documents with the Revolving Loans and the accrued interest and fees in respect thereof and (ii) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders; provided that, no Lender shall be obligated to commit to or hold any part of such credit facilities.

Section 9.09  **Interest Rate Limitation.** Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges which are treated as interest under applicable law (collectively the “**Charges**”), as provided for herein or in any other Loan Document, or otherwise contracted for, charged, received, taken or reserved by any Lender, shall exceed the maximum lawful rate (the “**Maximum Rate**”) which may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable with respect to each Loan owing to each Lender, together with all Charges payable to such Lender, shall be limited to the Maximum Rate.

Section 9.10  **Entire Agreement.** This Agreement and the other Loan Documents and the letter agreements referred to in Section 2.04(b) (with respect to the payment of fees only) constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

Section 9.11  **WAIVER OF JURY TRIAL.** EACH PARTY HERETO HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.11.

Section 9.12  **Severability.** In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or
unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 9.13  Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 9.03. Delivery of an executed signature page of this Agreement by email or facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

Section 9.14  Headings. The cover page, the Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 9.15  Jurisdiction; Consent to Service of Process. (a) Each of the Borrowers hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York State court or the courts of the United States for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding shall be heard and determined in such New York State or, to the extent permitted by law, in such court of the United States for the Southern District of New York. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Lender, the Administrative Agent, any Swing Line Bank or any Fronting Bank may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against either Borrower or its properties in the courts of any jurisdiction.

(b) Each of the Borrowers hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or the courts of the United States for the Southern District of New York. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each of the Borrowers hereby irrevocably designates, appoints and empowers
CT Corporation System, Inc. presently located at 111 Eighth Avenue, New York, New York 10011, as its
designee, appointee and attorney-in-fact to receive, accept and acknowledge for and on its behalf, and in
respect of its property, service of any and all legal process, summons, notices and documents which may be
served in any such action or proceeding. If for any reason such designee, appointee and attorney-in-fact
shall cease to be available to act as such, each Borrower agrees to designate a new designee, appointee and
attorney-in-fact in New York City on the terms and for purposes of this provision satisfactory to the
Administrative Agent. Each party to this Agreement irrevocably consents to service of process in the
manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to
this Agreement to serve process in any other manner permitted by law.

Section 9.16 Domicile of Loans. Each Lender may transfer and carry its Loans at, to or for
the account of any office, subsidiary or Affiliate of such Lender.

Section 9.17 Restricted and Unrestricted Subsidiaries. (a) Set forth on Schedule 3.08 Part I
is a list of all of the Restricted Subsidiaries and Unrestricted Subsidiaries of Weyerhaeuser as of the Closing
Date.

(b) Set forth on Schedule 3.08 Part II is a list of all of the Restricted Subsidiaries and
Unrestricted Subsidiaries of WRECO as of the Closing Date.

(c) After the Closing Date, a Financial Officer of Weyerhaeuser may, provided that no
Default or Event of Default has occurred and is continuing, designate a Restricted Subsidiary as an
Unrestricted Subsidiary by notice sent to all of the Lenders, provided that (i) no such designation shall be
effective unless immediately after giving effect thereto there would exist no Default or Event of Default; (ii)
any such designation shall be effective not less than five Business Days after written notice thereof shall
have been provided to each Lender; and (iii) upon such designation, Schedule 3.08 Part I shall be deemed to
be amended to reflect such designation. Any Person that becomes a Subsidiary (by formation, acquisition,
merger or otherwise) after the Closing Date shall automatically be deemed to be a Restricted Subsidiary of
Weyerhaeuser as of the date it becomes a Subsidiary unless designated as an Unrestricted Subsidiary
pursuant to the terms hereof.

(d) After the Closing Date, a Financial Officer of Weyerhaeuser may, provided that no
Default or Event of Default has occurred and is continuing, designate an Unrestricted Subsidiary as a
Restricted Subsidiary by notice sent to all of the Lenders, provided that (w) no such designation shall be
effective unless immediately after giving effect thereto there would exist no Default or Event of Default; (x)
no such designation shall be effective unless immediately after giving effect thereto Weyerhaeuser is in
compliance with Sections 6.01(d) and 6.01(e); (y) any such designation shall be effective not less than five
Business Days after written notice thereof shall have been provided to each Lender; and (z) upon such
designation, Schedule 3.08 Part I shall be deemed to be amended to reflect such designation.

(e) After the Closing Date, any Subsidiary of WRECO (i) which is organized and

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existing under the laws of the United States or any state of the United States, Puerto Rico or the Dominion of Canada or any province thereof and (ii) of which substantially all of the physical properties are located, and substantially all of the business is carried on, in the United States of America, Puerto Rico or Canada may, provided that no Default or Event of Default has occurred and is continuing, be designated as a Restricted Subsidiary by WRECO, subject to the limitations described in Subsection 9.17(f) below. Any Person that becomes a Subsidiary of WRECO (by formation, acquisition, merger or otherwise) after the Closing Date shall automatically be deemed to be an Unrestricted Subsidiary of WRECO as of the date it becomes a Subsidiary unless designated as a Restricted Subsidiary pursuant to the terms hereof.

(f) After the Closing Date, Weyerhaeuser may, provided that no Default or Event of Default has occurred and is continuing, cause a Financial Officer of WRECO to designate an Unrestricted Subsidiary as a Restricted Subsidiary by notice sent to all of the Lenders, provided that (v) such Subsidiary satisfies the requirements of Subsection 9.17(e) above; (w) no such designation shall be effective unless immediately after giving effect thereto there would exist no Default or Event of Default; (x) WRECO could incur at least $1 of additional Senior Debt under Subsection 6.02(b); (y) any such designation shall be effective not less than five Business Days after written notice thereof shall have been provided to each Lender; and (z) upon such designation, Schedule 3.08 Part II shall be deemed to be amended to reflect such designation.

(g) After the Closing Date, Weyerhaeuser may, provided that no Default or Event of Default has occurred and is continuing, cause a Financial Officer of WRECO to designate a Restricted Subsidiary as an Unrestricted Subsidiary by notice sent to all of the Lenders, provided that (v) no such designation shall be effective unless immediately after giving effect thereto there would exist no Default or Event of Default; (w) WRECO could incur at least $1 of additional Senior Debt under Subsection 6.02(b); (x) the aggregate amount of Real Estate Assets owned by all Subsidiaries of WRECO, determined on a consolidated basis, which have been or are to be, as the case may be, designated as Unrestricted Subsidiaries during the 365 consecutive days ending on and including the effective date of such proposed designation, shall not exceed 15% of the aggregate amount of Real Estate Assets owned by WRECO and its Restricted Subsidiaries as of the beginning of such 365 day period; (y) any such designation shall be effective not less than five Business Days after written notice thereof shall have been provided to each Lender; and (z) upon such designation, Schedule 3.08 Part II shall be deemed to be amended to reflect such designation.

Section 9.18 USA PATRIOT Act. Each Lender hereby notifies each Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act’), it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of such Borrower and other information that will allow such Lender to identify such Borrower in accordance with the Act.
Section 9.19  No Fiduciary Duty.

The Administrative Agent, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the “Lenders”), may have economic interests that conflict with those of the Borrowers, their stockholders and/or their affiliates. Each Borrower agrees that nothing in the Loan Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and such Borrower, its stockholders or its affiliates, on the other. The Borrowers acknowledge and agree that (i) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm’s-length commercial transactions between the Lenders, on the one hand, and the Borrowers, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of any Borrower, its stockholders or its affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise any Borrower, its stockholders or its Affiliates on other matters) or any other obligation to any Borrower except the obligations expressly set forth in the Loan Documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of any Borrower, its management, stockholders, creditors or any other Person. Each Borrower acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. Each Borrower agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to such Borrower, in connection with such transaction or the process leading thereto.

IN WITNESS WHEREOF, the Borrowers, the Administrative Agent, the Swing Line Banks, the Initial Fronting Banks and the Lenders have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

WEYERHAUSENER COMPANY, as Borrower

By:
   Name: Jeffrey W. Nitta
   Title: Vice President and Treasurer

WEYERHAUSENER REAL ESTATE COMPANY, as Borrower

By:
   Name: Jeffrey W. Nitta
   Title: Vice President and Treasurer
JPMORGAN CHASE BANK, N.A., individually and as an Initial Fronting Bank, a Swing Line Bank and the Administrative Agent

By:
   Name:
   Title:

J.P. MORGAN SECURITIES LLC, as a Lead Arranger

By:___________
   Name:
   Title:

CITIBANK, N.A., individually and as an Initial Fronting Bank, a Swing Line Bank and the Syndication Agent

By:__
   Name:
   Title:

CITIGROUP GLOBAL MARKETS INC., as a Lead Arranger

By:__
   Name:
   Title:

PNC BANK, NATIONAL ASSOCIATION, individually and as a Documentation Agent and Lead Arranger

By:__
   Name:
   Title:

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WELLS FARGO BANK, N.A., individually and as a Documentation Agent

By:__
   Name: 
   Title: 

WELLS FARGO SECURITIES, LLC, as a Lead Arranger

By:__
   Name: 
   Title: 

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., individually and as a Documentation Agent and Lead Arranger

By:__
   Name: 
   Title: 

COBANK, ACB, individually and as a Co-Documentation Agent and Lead Arranger

By:__
   Name: 
   Title: 

LENDERS

________________________, as a Lender

By:__
   Name: 
   Title: 

By:__
   Name: 
   Title: 

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FORM OF REVOLVING BORROWING REQUEST

JPMorgan Chase Bank, N.A., as Administrative Agent
for the Lenders referred to below,
383 Madison Ave
New York, New York 10179

[Date]

Attention: [____________]

Ladies and Gentlemen:

The undersigned, [Weyerhaeuser Company][Weyerhaeuser Real Estate Company] (the “Borrower”), refers to the $1,000,000,000 Revolving Credit Facility Agreement dated as of June 2, 2011 (as it may hereafter be amended, modified, extended or restated from time to time, the “Credit Agreement”), among the Borrowers, the lenders party thereto from time to time, JPMorgan Chase Bank, N.A., as Administrative Agent, a Swing Line Bank and an Initial Fronting Bank, Citibank, N.A., as the Syndication Agent, a Swing Line Bank and an Initial Fronting Bank, PNC Bank, National Association, Wells Fargo Bank, N.A. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Documentation Agents, and CoBank, ACB, as Co-Documentation Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings given such terms in the Credit Agreement. The Borrower hereby gives you notice pursuant to Section 2.02(e) of the Credit Agreement that it requests a Revolving Borrowing under the Credit Agreement, and in that connection sets forth below the terms on which such Borrowing is requested to be made:

(A) Date of Borrowing (which is a Business Day) __________________

(B) Principal Amount of Borrowing __________________

(C) Interest rate basis __________________

(D) Interest Period and the last day thereof __________________

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Upon acceptance of any or all of the Revolving Loans offered by the Lenders in response to this request, the Borrower shall be deemed to have represented and warranted that the conditions to lending specified in Sections 4.01(b) and (c) of the Credit Agreement have been satisfied.

Very truly yours,

WEYERHAEUSER COMPANY,
as Borrower,

By: _______________________________
Name: 
Title: 

WEYERHAEUSER REAL ESTATE COMPANY,
as Borrower

By: ________________________________
Name: 
Title: 

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FORM OF ADMINISTRATIVE QUESTIONNAIRE

Weyerhaeuser Company

Agent Address: JPMorgan Chase Bank, N.A.

Loan and Agency Services
1111 Fannin Street, 10th Fl.
Houston, TX 77002

Closing Contact: Leslie D Hill, Loan and Agency Services

Telephone: (716,068)
Facsimile: (719,734)
E-mail: 

It is very important that **all** of the requested information be completed accurately and that this questionnaire be returned promptly. If your institution is sub-allocating its allocation, please fill out an administrative questionnaire for each legal entity.

Legal Name of Lender to appear in Documentation:

---

Tax ID Number: __

Signature Block Information: __

- Signing Credit Agreement Yes No
- Coming in via Assignment Yes No

Type of Lender:
Bank [ ] Asset Manager [ ] Broker/Dealer [ ] CLO/CDO [ ] Finance Company [ ] Hedge Fund [ ] Insurance [ ] Mutual Fund [ ] Pension Fund [ ] Other Regulated Investment Fund [ ] Special Purpose Vehicle [ ] Other (please specify) [ ]

Lender Parent: __
Contacts/Notification Methods: Borrowings, Paydowns, Interest, Fees, etc.

Primary Credit Contact
Syndicate-level information (which may contain material non-public information about the Borrower and its related parties or their respective securities) will be made available to the Credit Contact(s). The Credit Contacts identified must be able to receive such information in accordance with his/her institution’s compliance procedures and applicable laws, including Federal and state securities laws.

Name: ____________________________  ____________________________
Company: _________________________  ____________________________
Title: ___________________________  ___________________________
Address: _________________________  ___________________________
Telephone: ______________________  ___________________________
Facsimile: ______________________  ___________________________
E-Mail Address: ___________________  ___________________________

Secondary Credit Contact

Name: ____________________________  ____________________________
Company: _________________________  ____________________________
Title: ___________________________  ___________________________
Address: _________________________  ___________________________
Telephone: ______________________  ___________________________
Facsimile: ______________________  ___________________________
E-Mail Address: ___________________  ___________________________

Primary Credit Contact
Bid Contact

Name: ____________________________  ____________________________
Company: _________________________  ____________________________
Title: ___________________________  ___________________________
Address: _________________________  ___________________________
Telephone: ______________________  ___________________________
Facsimile: ______________________  ___________________________
E-Mail Address: ___________________  ___________________________

Secondary Credit Contact
L/C Contact

Name: ____________________________  ____________________________
Company: _________________________  ____________________________
Title: ___________________________  ___________________________
Address: _________________________  ___________________________
Telephone: ______________________  ___________________________
Facsimile: ______________________  ___________________________
E-Mail Address: ___________________  ___________________________
Lender’s Domestic Wire Instructions

Bank Name: __________________________
ABA/Routing No.: ____________________
Account Name: ______________________
Account No.: _________________________
FFC Account Name: __________________
FFC Account No.: ____________________
Attention: ___________________________
Reference: __________________________

Lender’s Foreign Wire Instructions

Currency: ____________________________
Bank Name: __________________________
Swift/Routing No.: ____________________
Account Name: ______________________
Account No.: _________________________
FFC Account Name: __________________
FFC Account No.: ____________________
Attention: ___________________________
Reference: __________________________

Agent’s Wire Instructions

Bank Name: JPMorgan Chase Bank, N.A.
ABA/Routing No.: 21000021
Account Name: Loan Processing Dept.
Account No.: 9008113381H0632
FFC Account Name: __________________
FFC Account No.: ____________________
Attention: Loan Operations
Reference: __________________________

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NON-U.S. LENDER INSTITUTIONS:

I. Corporations:
If your institution is incorporated outside of the United States for U.S. federal income tax purposes, and is the beneficial owner of the interest and other income it receives, you must complete one of the following three tax forms, as applicable to your institution: a.) Form W-8BEN (Certificate of Foreign Status of Beneficial Owner), b.) Form W-8ECI (Income Effectively Connected to a U.S. Trade or Business), or c.) Form W-8EXP (Certificate of Foreign Government or Governmental Agency).

A U.S. taxpayer identification number is required for any institution submitting Form W-8ECI. It is also required on Form W-8BEN for certain institutions claiming the benefits of a tax treaty with the U.S. Please refer to the instructions when completing the form applicable to your institution. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. An original tax form must be submitted.

II. Flow-Through Entities:
If your institution is organized outside the U.S., and is classified for U.S. federal income tax purposes as either a Partnership, Trust, Qualified or Non-Qualified Intermediary, or other non-U.S. flow-through entity, an original Form W-8IMY (Certificate of Foreign Intermediary, Foreign Flow-Through Entity, or Certain U.S. Branches for United States Tax Withholding) must be completed by the intermediary together with a withholding statement. Flow-through entities other than Qualified Intermediaries are required to include tax forms for each of the underlying beneficial owners.

Please refer to the instructions when completing this form. In addition, please be advised that U.S. tax regulations do not permit the acceptance of faxed forms. Original tax form(s) must be submitted.

U.S. LENDER INSTITUTIONS:

If your institution is incorporated or organized within the United States, you must complete and return Form W-9 (Request for Taxpayer Identification Number and Certification). Please be advised that we request that you submit an original Form W-9.

Pursuant to the language contained in the tax section of the Credit Agreement, the applicable tax form for your institution must be completed and returned prior to the first payment of income. Failure to provide the proper tax form when requested may subject your institution to U.S. tax withholding.
[FORM OF]
ASSIGNMENT AND ACCEPTANCE

Reference is made to the $1,000,000,000 Revolving Credit Facility Agreement dated as of June 2, 2011 (the “Credit Agreement”), among Weyerhaeuser Company, a Washington corporation (“Weyerhaeuser”), Weyerhaeuser Real Estate Company (“WRECO,” together with Weyerhaeuser, the “Borrowers” and each, individually, a “Borrower”), the lenders party thereto from time to time (the “Lenders”), JPMorgan Chase Bank, N.A., as Administrative Agent, a Swing Line Bank and an Initial Fronting Bank, Citibank, N.A., as the Syndication Agent, a Swing Line Bank and an Initial Fronting Bank, PNC Bank, National Association, Wells Fargo Bank, N.A. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Documentation Agents, and CoBank, ACB, as Co-Documentation Agent. Terms defined in the Credit Agreement are used herein with the same meanings.

1. The Assignor hereby sells and assigns, without recourse, to the Assignee, and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Effective Date set forth on the Schedule attached hereto, the interests set forth on the Schedule attached hereto (the “Assigned Interest”) in the Assignor’s rights and obligations under the Credit Agreement, including, without limitation, the interests set forth on the Schedule attached hereto in the Commitment of the Assignor on the Effective Date and the Loans owing to the Assignor which are outstanding on the Effective Date, together with unpaid interest accrued on the assigned Loans to the Effective Date and the amount, if any, set forth on the Schedule attached hereto of the Fees accrued to the Effective Date for the account of the Assignor. Each of the Assignor and the Assignee hereby agrees to be bound by Section 9.04 of the Credit Agreement, a copy of which has been received by each such party and the Assignor represents and warrants that it is the legal and beneficial owner of the interest being assigned and that such interest is free and clear of any lien or adverse claim. From and after the Effective Date, (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the interest assigned by this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and under the Loan Documents and (ii) the Assignor shall, to the extent of the interests assigned by this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

2. This Assignment and Acceptance is being delivered to the Administrative Agent together with (i) if the Assignee is organized under the laws of a jurisdiction outside the United States, the forms specified in Section 2.17(g) and (j) of the Credit Agreement, duly completed and executed by such Assignee, (ii) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire in the form of Exhibit B to the Credit Agreement and (iii) a processing and recordation fee of $3,500.

3. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

Date of Assignment:_______________________
The terms set forth above and on the Schedule attached hereto are hereby agreed to:

__________________________, as Assignor,
By: _________________________________
   Name: _____________________________
   Title: _____________________________

__________________________, as Assignee,
By: _________________________________
   Name: _____________________________
   Title: _____________________________

Accepted:

JPMORGAN CHASE BANK, N.A., as Administrative Agent, a Swing Line Bank and a Fronting Bank

By: _________________________________
   Name: _____________________________
   Title: _____________________________

CITIBANK, N.A., as Syndication Agent, a Swing Line Bank and a Fronting Bank

By: _________________________________
   Name: _____________________________
   Title: _____________________________

[WEYERHAEUSER COMPANY], as Borrower

By: _________________________________
   Name: _____________________________
   Title: _____________________________

[WEYERHAEUSER REAL ESTATE COMPANY], as Borrower

By: _________________________________
   Name: _____________________________
   Title: _____________________________

[Add other consents, if required pursuant to Section 9.04(b)]
Legal Name of Assignor: ________________________

Legal Name of Assignee: ________________________

Assignee’s Address for Notices: ________________________

Effective Date of Assignment: ________________________
(may not be fewer than 5 Business Days after the Date of Assignment, unless waived by the Administrative Agent):

<table>
<thead>
<tr>
<th>Facility</th>
<th>Principal Amount Assigned</th>
<th>Percentage Assigned of Commitment thereunder (set forth, to at least 8 decimals) as a percentage of the aggregate Commitments of all Lenders thereunder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans:</td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td>Commitments:</td>
<td>$</td>
<td>%</td>
</tr>
<tr>
<td>Fees Assigned (if any):</td>
<td>$</td>
<td>%</td>
</tr>
</tbody>
</table>

(102)
This is to certify that the consolidated statements attached hereto required by Section 5.04 of the $1,000,000,000 Revolving Credit Facility Agreement dated as of June 2, 2011 by and among Weyerhaeuser Company, Weyerhaeuser Real Estate Company, the Lenders party thereto from time to time, JPMorgan Chase Bank, N.A., as Administrative Agent, a Swing Line Bank and an Initial Fronting Bank, Citibank, N.A., as the Syndication Agent, a Swing Line Bank and an Initial Fronting Bank, PNC Bank, National Association, Wells Fargo Bank, N.A. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Documentation Agents, and CoBank, ACB, as Co-Documentation Agent (the “Credit Agreement”; capitalized terms used herein without definition shall have the meanings given them in the Credit Agreement), fairly present the financial position and results of operations of Weyerhaeuser Company and its consolidated Subsidiaries as of __________, 20__ and for the period then ended on a consolidated basis in accordance with GAAP consistently applied except as noted therein.

Dated: __________________, 20__

WEYERHAEUSER COMPANY

By __________________________

Name: __________________________
Title: __________________________

EXHIBIT D-1
This is to certify that the consolidated statements attached hereto required by Section 5.04 of
the $1,000,000,000 Revolving Credit Facility Agreement dated as of June 2, 2011 by and among
Weyerhaeuser Company, Weyerhaeuser Real Estate Company, the Lenders party thereto from time to time,
JPMorgan Chase Bank, N.A., as Administrative Agent, a Swing Line Bank and an Initial Fronting Bank,
Citibank, N.A., as the Syndication Agent, a Swing Line Bank and an Initial Fronting Bank, PNC Bank,
National Association, Wells Fargo Bank, N.A. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as
Documentation Agents, and CoBank, ACB, as Co-Documentation Agent (the “Credit Agreement”;
capitalized terms used herein without definition shall have the meanings given them in the Credit
Agreement), fairly present the financial position and results of operations of Weyerhaeuser Real Estate
Company and its consolidated Subsidiaries as of ____________, 20__ and for the period then ended on a
consolidated basis in accordance with GAAP consistently applied except as noted therein.

Dated: ____________, 20__

WEYERHAEUSER REAL ESTATE COMPANY

By ________________________________

Name: ____________________________

Title: ______________________________

(104)
THE UNDERSIGNED HEREBY CERTIFY THAT:

(i) We are the duly elected ____________ and ____________ of Weyerhaeuser Company, a Washington corporation ("Weyerhaeuser");

(ii) We have reviewed the terms of the $1,000,000,000 Revolving Credit Facility Agreement dated as of June 2, 2011, by and among Weyerhaeuser, WRECO, the Lenders party thereto from time to time, JPMorgan Chase Bank, N.A., as Administrative Agent, a Swing Line Bank and an Initial Fronting Bank, Citibank, N.A., as the Syndication Agent, a Swing Line Bank and an Initial Fronting Bank, PNC Bank, National Association, Wells Fargo Bank, N.A. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Documentation Agents, and CoBank, ACB, as Co-Documentation Agent (the "Credit Agreement"; capitalized terms used herein without definition shall have the meanings given them in the Credit Agreement), and we have made, or have caused to be made under our supervision, a detailed review of the transactions and conditions of Weyerhaeuser and its Subsidiaries during the accounting period covered by the attached financial statements; and

(iii) [No Event of Default or Default has occurred.] [An Event of Default or Default has occurred. [If so, specify the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto.]]

Describe below (or in a separate attachment to this Officers’ Certificate) the exceptions, if any, to paragraph (iii) by listing, in detail, the nature of the condition or event and the period during which it has existed:

_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________

The foregoing certifications, together with the computations set forth in Attachment No. 1 hereto and the financial statements delivered with this Officers’ Certificate in support hereof, are made and delivered this _____ day of ____________, 20__ pursuant to Subsection 5.04(c) of the Credit Agreement.

Dated: ____________, 20__          WEYERHAEUSER COMPANY

By ________________________________
   Name:
   Title:

By ________________________________
   Name:
   Title:

(105)
ATTACHMENT NO. 1 TO
COMPLIANCE CERTIFICATE FOR
WEYERHAEUSER COMPANY AND RESTRICTED SUBSIDIARIES
COMPLIANCE WITH COVENANTS
AS OF ____________, 20__
($000’s Omitted Except Ratio Amounts)

Section 6.01(d) - Debt Ratio as of ____________, 20__

1. Total Funded Indebtedness:
   a. Short Term Indebtedness (inclusive of Notes Payable and Commercial Paper)
   b. Current Maturities of Long Term Indebtedness and Capital Lease Obligations
   c. Long Term Indebtedness:
      (1) Senior Long Term Indebtedness
      (2) Capital Lease Obligations
      (3) Subordinated Indebtedness
      Total Long Term Indebtedness (1+2+3)
   d. Indebtedness of Unrestricted Subsidiaries
   e. Indebtedness of WRECO and its consolidated Subsidiaries
   f. Other Indebtedness

   Total Funded Indebtedness (a+b+c-d-e+f)

2. Total Adjusted Shareholders’ Interest:
   g. Preferred, Preference and Common Shares
   h. Other Capital and Retained Earnings (plus or minus)
   i. Treasury Stock
   j. Investments in Unrestricted Subsidiaries
   k. Investments by Weyerhaeuser and its consolidated Subsidiaries in WRECO and its consolidated Subsidiaries
   l. Adjustment related to impact of Accounting Standards Codification Topic 715

   Total Adjusted Shareholders’ Interest (g+h*-i-j-k+l*)

3. Total Capitalization (1+2)

4. Actual Debt Ratio (1/3)
   Required Debt Ratio 65%

Section 6.01(e) – Net Worth as of ____________, 20__

Total Adjusted Shareholders’ Interest (See item 2 above)
Required Total Adjusted Shareholders’ Interest $[____]

*Adjustments pursuant to h and l may be negative or positive.
FORM OF COMPLIANCE CERTIFICATE FOR WRECO

THE UNDERSIGNED HEREBY CERTIFY THAT:

(i) We are the duly elected _________________ and _________________ of Weyerhaeuser Real Estate Company, a Washington corporation (“WRECO”);

(ii) We have reviewed the terms of the $1,000,000,000 Revolving Credit Facility Agreement dated as of June 2, 2011, by and among Weyerhaeuser, WRECO, the Lenders party thereto from time to time, JPMorgan Chase Bank, N.A., as Administrative Agent, a Swing Line Bank and an Initial Fronting Bank, Citibank, N.A., as the Syndication Agent, a Swing Line Bank and an Initial Fronting Bank, PNC Bank, National Association, Wells Fargo Bank, N.A. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Documentation Agents, and CoBank, ACB, as Co-Documentation Agent (the “Credit Agreement”; capitalized terms used herein without definition shall have the meanings given them in the Credit Agreement), and we have made, or have caused to be made under our supervision, a detailed review of the transactions and conditions of WRECO and its Subsidiaries during the accounting period covered by the attached financial statements; and

(iii) [No Event of Default or Default has occurred.] [An Event of Default or Default has occurred. [If so, specify the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto.]]

Describe below (or in a separate attachment to this Officers’ Certificate) the exceptions, if any, to paragraph (iii) by listing, in detail, the nature of the condition or event and the period during which it has existed:

_____________________________________________________________________________
_____________________________________________________________________________

The foregoing certifications, together with the computations set forth in Attachment No. 1 hereto and the financial statements delivered with this Officers’ Certificate in support hereof, are made and delivered this ____ day of ________, 20__ pursuant to Subsection 5.04(c) of the Credit Agreement.

Dated: __________, 20__               WEYERHAEUSER REAL ESTATE COMPANY

By ______________________________________________
   Name:______________________________
   Title:______________________________

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By ______________________________________________
   Name:______________________________
   Title:______________________________
Section 6.02(a) - Capital Base as of __________

1. Adjusted Net Worth:
   a. Capital Stock (less treasury stock) ______
   b. Surplus and Retained Earnings ______
   c. Intangible Assets ______
   d. Minority Interests ______
   e. Investments in Unrestricted Subsidiaries ______
   f. Investments in joint ventures, partnerships, etc. ______

   Adjusted Net Worth (a+b-c-d-e-f)

2. WRECO/Weyerhaeuser Subordinated Debt:
   a. Subordinated Promissory Notes issued to Weyerhaeuser Company ______

3. Capital Base (1 + the lesser of 1 and 2)

Required Capital Base $100,000
FORM OF SUBORDINATED DEBT
WEYERHAEUSER REAL ESTATE COMPANY
Subordinated Promissory Note

$________________

FOR VALUE RECEIVED, the undersigned, WEYERHAEUSER REAL ESTATE COMPANY, a Washington corporation (the “Company”), promises to pay to WEYERHAEUSER COMPANY, on ____________, ____, at the office of the Company in Federal Way, Washington, the principal sum of __________________________ ($_________) and to pay interest on the unpaid balance of such principal sum at said office at the rate of _________ percent (___%) per annum from the date hereof, payable monthly on the last day of each month in each year, until said principal sum is fully paid.

This Note is one of a series of Subordinated Promissory Notes of the Company, all of which are identical except as to date, amount and maturity date, from time to time issued and sold by the Company to Weyerhaeuser Company; this Note and said subordinated Promissory Notes are hereinafter sometimes collectively referred to as “Subordinated Notes”.

Subject to the following provisions hereof, this Note may be prepaid at any time by the Company without premium.

Anything in this Note to the contrary notwithstanding, the indebtedness evidenced by this Note and all other Subordinated Notes shall be subordinate and junior in right of payment, to the extent and in the manner hereinafter set forth, to all other indebtedness of the Company for money borrowed (including, without limiting the generality of the foregoing, (i) its Medium-Term Notes, Series D (the Series D Medium-Term Notes) issued and to be issued from time to time under the Agency Agreement dated as of April 24, 2001, between the Company, Weyerhaeuser Company, and the Chase Manhattan Bank, (ii) its Medium-Term Notes, Series E (the Series E Medium-Term Notes) issued and to be issued from time to time under the Agency Agreement dated as of August 21, 2002, between the Company, Weyerhaeuser Company, and JPMorgan Chase Bank, N.A. and (iii) all indebtedness and other amounts owing pursuant to the $1,000,000,000 Revolving Credit Facility Agreement dated as of June 2, 2011 (as it may be amended, modified, extended or restated from time to time, the “Credit Agreement”), among the Company, Weyerhaeuser Company, JPMorgan Chase Bank, N.A. and the lenders referred to therein, all such indebtedness to which this Note is subordinate and junior being hereinafter referred to as “Prior Debt” and the governing loan documents being hereinafter referred to as the “Prior Debt Instruments”), as follows:

(i) In the event of any distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of the Company, or the proceeds thereof, to creditors of the Company or upon any indebtedness of the Company occurring by reason of liquidation, dissolution or other winding up of the Company or by reason of any execution, sale, receivership, insolvency or bankruptcy proceedings or other proceedings for the reorganization or readjustment of

(110)
the Company or its debts or properties, then in any such event such Prior Debt shall be preferred in payment over the Subordinated Notes and such Prior Debt shall be first paid and satisfied in full, in accordance with the order of priority of payment established by any applicable provisions thereof and by any instruments whereunder any Prior Debt is issued, before any payment or distribution of any kind or character, whether in cash, property or securities (other than in securities the payment of which is subordinated to said Prior Debt to the same extent as herein provided), shall be made on or in respect of principal or interest of the Subordinated Notes; and in any such event any such payment, dividend or distribution (other than in securities the payment of which is also subordinated as aforesaid) which shall be made upon or in respect thereof shall be paid over to the holders of such Prior Debt, pro rata, for application on such Prior Debt in accordance with the order of priority of payment established by any applicable provisions thereof and by any instrument whereunder any Prior Debt is issued, until said Prior Debt has been fully paid.

(ii) Without limiting the foregoing, during the continuance of any default in payment of principal, sinking fund, interest or premium, if any, on any Prior Debt, no payment of principal or interest shall be made on or with respect to the indebtedness evidenced by any Subordinated Note, or any renewals or extensions thereof, and the holder or holders of any Subordinated Notes shall not be entitled to receive or retain any such payment made during the continuance of any such default.

(iii) Also without limiting the foregoing, the Company shall not make, and the holder or holders of any Subordinated Notes shall not be entitled to receive or retain, any payment of principal or interest on the Subordinated Notes (whether such payment is made directly or indirectly through the redemption, purchase or other acquisition of Subordinated Notes by or for the benefit of the Company), if at the time of any such payment and after giving effect thereto, an Event of Default (as that term is defined in any of the Prior Debt Instruments), is then continuing, or if any event has occurred which, with the lapse of time or the giving of notice, or both, will become such an Event of Default under any of the Prior Debt Instruments.

(iv) No right of any present or future holder of any Prior Debt to enforce subordination as herein provided for shall at any time be breached or impaired by any failure to act on the part of the Company or by any noncompliance by the Company with the terms, provisions and covenants hereof or of said Prior Debt, regardless of any knowledge thereof that any holder of Prior Debt may have or be otherwise charged with. Without limiting the foregoing the holder or holders of said Prior Debt may receive and hold collateral for the payment of such Prior Debt, may make substitutions and releases of collateral or any part thereof, whether or not such holder or holders receive any consideration therefor; may grant renewals or extensions of time for the payment of installments of said Prior Debt or any part thereof, and take renewal notes or other instruments to evidence the same; and no action or non-action taken or omitted to be taken in respect of the foregoing matters or any of them by any holder or holders of Prior

(111)
Debt at any time or from time to time shall invalidate or impair the subordination herein provided for.

WEYERHAEUSER REAL ESTATE COMPANY

By ______________________________________
   Its Vice President and Treasurer
FOR VALUE RECEIVED, [WEYERHAEUSER COMPANY, a Washington corporation] [WEYERHAEUSER REAL ESTATE COMPANY, a Washington corporation] (the “Borrower”), hereby promises to pay to the order of [____________________________] (the “Lender”), at the office of JPMorgan Chase Bank, N.A. (the “Agent”), at 383 Madison Avenue, New York, New York 10179 on the Termination Date as defined in the $1,000,000,000 Revolving Credit Facility Agreement dated as of June 2, 2011 (as it may hereafter be amended, modified, extended or restated from time to time, the “Credit Agreement”), among the Borrower, [Weyerhaeuser Company, a Washington corporation] [Weyerhaeuser Real Estate Company, a Washington corporation], the Lenders, the Swing Line Banks and the Fronting Banks named therein, JPMorgan Chase Bank, N.A., as Administrative Agent, a Swing Line Bank and an Initial Fronting Bank, Citibank, N.A., as the Syndication Agent, a Swing Line Bank and an Initial Fronting Bank, PNC Bank, National Association, Wells Fargo Bank, N.A. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Documentation Agents, and CoBank, ACB, as Co-Documentation Agent, the aggregate unpaid principal amount of all Loans made by the Lender to the Borrower pursuant to the Credit Agreement, in lawful money of the United States of America in same day funds, and to pay interest from the date hereof on the principal amount hereof from time to time outstanding, in like funds, at said office, at a rate or rates per annum and payable on such dates as determined pursuant to the Credit Agreement.

The Borrower promises to pay interest, on demand, on any overdue principal of its borrowings and, to the extent permitted by law, overdue interest from their due dates at a rate or rates determined as set forth in the Credit Agreement.

The Borrower hereby waives diligence, presentment, demand, protest and notice of any kind whatsoever. The nonexercise by the holder of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

All borrowings evidenced by this Note and all payments and prepayments of the principal hereof and interest hereon and the respective dates thereof shall be endorsed by the holder hereof on the schedule attached hereto and made a part hereof, or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal records; provided, however, that any failure of the holder hereof to make such a notation or any error in such notation shall not in any manner affect the obligation of the Borrower to make payments of principal and interest with respect to the Borrower’s borrowings in accordance with the terms of this Note and the Credit Agreement.
This Note is one of the promissory notes referred to in the Credit Agreement which, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for mandatory and, in certain circumstances, optional prepayment of the principal hereof prior to the maturity thereof and for the amendment or waiver of certain provisions of the Credit Agreement, all upon the terms and conditions therein specified.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

[WEYERHAEUSER COMPANY] [WEYERHAEUSER REAL ESTATE COMPANY]

By ________________________________
Name: ________________________________
Title: ________________________________

Loans and Payments

<table>
<thead>
<tr>
<th>Amount and Type of Loan</th>
<th>Interest Period</th>
<th>Principal</th>
<th>Unpaid Interest</th>
<th>Name of Principal Balance of Note</th>
<th>Person Making Notation</th>
</tr>
</thead>
</table>

(114)
FORM OF SWING LINE BORROWING REQUEST

JPMorgan Chase Bank, N.A., as Administrative Agent for
the Lenders referred to below,
383 Madison Avenue
New York, New York 10179

Swing Line Banks
[Address of Swing Line Banks]

[Date]
Attention: [_________]

Ladies and Gentlemen:

The undersigned, Weyerhaeuser Company (the “Borrower”), refers to the $1,000,000,000 Revolving
Credit Facility Agreement dated as of June 2, 2011 (as it may hereafter be amended, modified, extended or
restated from time to time, the “Credit Agreement”), among the Borrowers, the lenders party thereto from
time to time, JPMorgan Chase Bank, N.A., as Administrative Agent, a Swing Line Bank and an Initial
Fronting Bank, Citibank, N.A., as the Syndication Agent, a Swing Line Bank and an Initial Fronting Bank,
PNC Bank, National Association, Wells Fargo Bank, N.A. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as
Documentation Agents, and CoBank, ACB, as Co-Documentation Agent. Capitalized terms used herein and
not otherwise defined herein shall have the meanings given such terms in the Credit Agreement. The
Borrower hereby gives you notice pursuant to Section 2.20(b) of the Credit Agreement that it requests a
Swing Line Borrowing under the Credit Agreement, and in that connection sets forth below the terms on
which such Borrowing is requested to be made:

(A) Date of Borrowing (which is a Business Day) __________________

(B) Principal Amount of Borrowing1 __________________

(C) Maturity Date of Borrowing2 __________________

1 Not less than $1,000,000 and in integral multiples of $100,000 in excess thereof (or an aggregate
principal amount equal to the remaining balance of the available Commitments, but, in any case not
to exceed, in the aggregate with any other Swing Line Loans outstanding, $20,000,000).

2 No later than the seventh day after the requested date of such Borrowing.

(115)
Upon acceptance of any or all of the Swing Line Loans offered by the Swing Line Bank in response to this request, the Borrower shall be deemed to have represented and warranted that the conditions to lending specified in Sections 4.01(b) and (c) of the Credit Agreement have been satisfied.

Very truly yours,

WEYERHAEUSER COMPANY
as Borrower,

By: ________________________
Name: 
Title: [Responsible Officer]
## COMMITMENTS OF THE LENDERS

<table>
<thead>
<tr>
<th>Institution</th>
<th>Commitment</th>
</tr>
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<tbody>
<tr>
<td>CoBank ACB</td>
<td>$185,000,000.00</td>
</tr>
<tr>
<td>JPMorgan Chase Bank, N.A.</td>
<td>$63,500,000.00</td>
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<td>Citibank, N.A.</td>
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<tr>
<td>PNC Bank, National Association</td>
<td>$63,500,000.00</td>
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<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td>
<td>$63,500,000.00</td>
</tr>
<tr>
<td>Wells Fargo Bank, N.A.</td>
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<tr>
<td>Deutsche Bank AG New York Branch</td>
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<td>Goldman Sachs Bank USA</td>
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<tr>
<td>The Bank of New York Mellon</td>
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<td>The Bank of Nova Scotia</td>
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<tr>
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<td>Australia and New Zealand Banking Group Limited</td>
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<td>Sumitomo Mitsui Banking Corporation</td>
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<tr>
<td>U.S. Bank National Association</td>
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**Total Commitments**  $1,000,000,000
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<thead>
<tr>
<th>Name</th>
<th>Incorporation</th>
<th>Parent</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Ouachita Timberlands LLC</td>
<td>Arkansas</td>
<td>100</td>
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</tr>
<tr>
<td>Weyerhaeuser NR Company</td>
<td>Washington</td>
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<tr>
<td>- Jasmine Forests, LLC*</td>
<td>Delaware</td>
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<td>- Jewel Forests, LLC*</td>
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<td>North Pacific Paper Corporation*</td>
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<td>Norpac Resources LLC</td>
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<td>ver Bes’ Insurance Company</td>
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<td>Westwood Shipping Lines, Inc.</td>
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<td>- Catchlight Energy LLC*</td>
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<td>- Weyerhaeuser Solutions China LLC</td>
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<tr>
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<td>- Weyerhaeuser (Asia) Limited</td>
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<tr>
<td>Weyerhaeuser Brasil Participações Ltda.</td>
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<tr>
<td>- Aracruz Produtos de Madeira S.A.</td>
<td>Brazil</td>
<td>66-2/3</td>
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</tr>
<tr>
<td>Weyerhaeuser China, Ltd.</td>
<td>Washington</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

(118)
Weyerhaeuser Company Limited  Canada  100
  317298 Saskatchewan Ltd.  Saskatchewan  100

Weyerhaeuser (Annacis) Limited  British Columbia  100
Weyerhaeuser (Barbados) SRL  Barbados  100
  Weyerhaeuser (St. Michael) SRL  Barbados  100
Weyerhaeuser (Carlisle) Ltd.  Barbados  100
  Camarin Limited  Barbados  100
Weyerhaeuser Services Limited  British Columbia  100
Weyerhaeuser International Holdings Limited  British Virgin Islands  100
  Colonvade S.A.  Uruguay  100
  Vandora S.A.  Uruguay  100
  Weyerhaeuser Productos, S.A.  Uruguay  100
Weyerhaeuser Holdings Limited  British Columbia  100
Weyerhaeuser (Hong Kong) Limited  Hong Kong  100
  Weyerhaeuser Forestry (Hong Kong) Limited  Hong Kong  100
    Fujian Yong Hui Forestry Co., Ltd.*  China  51
  Weyerhaeuser Forestry (Xiamen) Co., Ltd.  China  100
Weyerhaeuser Japan Ltd.  Japan  100
Weyerhaeuser Japan Ltd.  Delaware  100
Weyerhaeuser Korea Ltd.  Korea  100
Weyerhaeuser New Zealand Holdings Inc.  New Zealand  100
  Nelson Forest Products Company  New Zealand  100
Weyerhaeuser Products Limited  United Kingdom  100
Weyerhaeuser Taiwan Ltd.  Delaware  100
Weyerhaeuser (Mexico) Inc.  Washington  100
Weyerhaeuser Real Estate Company*  Washington  100
  Maracay Homes, LLC*  Arizona  100
    Maracay 56, LLC*  Arizona  100
    Maracay 63rd, LLC*  Arizona  100

(119)
Maracay 91, LLC* Arizona 100
Maracay 95, LLC* Arizona 100
Maracay 118, LLC* Arizona 100
Maracay 2011, LLC* Arizona 100
Maracay Asher Hills, LLC* Arizona 100
Maracay Bethany Estates, LLC* Arizona 100
Maracay Bethany Estates II, LLC* Arizona 100
Maracay Brooks, LLC* Arizona 100
Maracay Construction, LLC* Arizona 100
Maracay Cooper Ranch, LLC* Arizona 100
Maracay Cotton Commons, LLC* Arizona 100
Maracay Desert Parks, LLC* Arizona 100
Maracay Dobbins, LLC* Arizona 100
Maracay Landmark, LLC* Arizona 100
Maracay Ocotillo Landing, LLC* Arizona 100
Maracay Palm Valley, LLC* Arizona 100
Maracay Parks, LLC* Arizona 100
Maracay Preserve, LLC* Arizona 100
Maracay Rancho, LLC* Arizona 100
Maracay Rancho Sahuarita, LLC* Arizona 100
Maracay Realty, LLC* Arizona 100
Maracay Rio Rancho, LLC* Arizona 100
Maracay San Tan, LLC* Arizona 100
Maracay Sienna Manor, LLC* Arizona 100
Maracay Sienna Vista, LLC* Arizona 100
Maracay Sonoran Foothills, LLC* Arizona 100
Maracay Sonoran Mountain, LLC* Arizona 100
Maracay Southshore, LLC* Arizona 100
Maracay Stonefield, LLC* Arizona 100

(120)
Maracay Thunderbird, LLC* Arizona 100
Maracay Trails, LLC* Arizona 100
Maracay Villas Boulders, LLC* Arizona 100
Maracay Vistancia, LLC* Arizona 100
Maracay Vistancia II, LLC* Arizona 100
Maracay WH, LLC* Arizona 100
Maracay White Tanks, LLC* Arizona 100
MH Financial Services, LLC* Arizona 100
Pardee Homes* California 100
Las Positas Land Co.* California 100
Marmont Realty Company* California 100
Pardee Homes of Nevada* Nevada 100
Pardee Coyote Holdings I, LLC* Nevada 100
The Quadrant Corporation* Washington 100
Trendmaker Homes, Inc.* Texas 100
Texas Casual Cottages, LLC* Texas 100
Weyerhaeuser Realty Investors, Inc.* Washington 100
Winchester Homes, Inc.* Delaware 100
Cabin Branch Commons, LLC* Maryland 100
Weyerhaeuser Real Estate Development Company Washington 100
WREDCO I LLC Delaware 100
WREDCO II LLC Delaware 100
Weyerhaeuser SC Company Washington 100
WFS II LLC Delaware 100
Weyerhaeuser Financial Investments, Inc. Nevada 100
WY Carolina Holdings, LLC* Delaware 100
WY Georgia Holdings 2004 LLC* Delaware 100
WY Tennessee Holdings, LLC* Delaware 100
Weyerhaeuser Uruguay S.A. Uruguay 100

(121)
* Unrestricted Subsidiary
## WEYERHAEUSER REAL ESTATE COMPANY AND SUBSIDIARIES

<table>
<thead>
<tr>
<th>Name</th>
<th>Incorporation</th>
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<td>Cabin Branch Commons, LLC</td>
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### ADDRESSES FOR NOTICES TO THE BANK

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<tr>
<th>Name of Bank</th>
<th>Domestic and Eurodollar Lending Offices</th>
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<tr>
<td>JPMorgan Chase Bank, N.A.</td>
<td>JPMorgan Chase Bank, N.A.</td>
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<tr>
<td></td>
<td>Loan and Agency Services</td>
</tr>
<tr>
<td></td>
<td>1111 Fannin, Floor 10,</td>
</tr>
<tr>
<td></td>
<td>Houston TX 77002</td>
</tr>
<tr>
<td></td>
<td>Attn: Leslie D Hill, Loan and Agency Services</td>
</tr>
<tr>
<td></td>
<td>T: (713) 750-2318</td>
</tr>
<tr>
<td></td>
<td>F: (713) 427-6307</td>
</tr>
<tr>
<td></td>
<td><strong>With copy to:</strong></td>
</tr>
<tr>
<td></td>
<td>JPMorgan Chase Bank, N.A.</td>
</tr>
<tr>
<td></td>
<td>383 Madison Avenue, 24th fl</td>
</tr>
<tr>
<td></td>
<td>New York, NY 10179</td>
</tr>
<tr>
<td></td>
<td>Attn: Ms. Gitanjali Pundir</td>
</tr>
<tr>
<td></td>
<td>T: (212) 270-5894</td>
</tr>
<tr>
<td></td>
<td>F: (212) 270-5100</td>
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<tr>
<td>Citibank, N.A.</td>
<td>Citibank, N.A.</td>
</tr>
<tr>
<td></td>
<td>388 Greenwich Street, 34th Floor</td>
</tr>
<tr>
<td></td>
<td>New York NY 10019</td>
</tr>
<tr>
<td></td>
<td>Attn: Paul Burroughs</td>
</tr>
<tr>
<td></td>
<td>T: (212) 816-5053</td>
</tr>
<tr>
<td></td>
<td>F: (646) 291-1742</td>
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(125)
### Weyerhaeuser Company and Subsidiaries

**Computation of Ratios of Earnings to Fixed Charges**

<table>
<thead>
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<th>Available earnings (loss):</th>
<th>Year Ended</th>
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<tbody>
<tr>
<td><strong>Earnings (loss) from continuing operations before interest expense, amortization of debt expense and income taxes</strong></td>
<td>$132</td>
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<tr>
<td><strong>Add: interest portion of rental expense</strong></td>
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<tr>
<td><strong>Deduct: undistributed earnings of equity affiliates and minority interest in income of subsidiaries</strong></td>
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<tr>
<td><strong>Available earnings (loss)</strong></td>
<td>$151</td>
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<table>
<thead>
<tr>
<th>Fixed charges:</th>
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<tbody>
<tr>
<td><strong>Interest expense incurred</strong>:</td>
</tr>
<tr>
<td>Weyerhaeuser Company and subsidiaries excluding Weyerhaeuser Real Estate Company and other related subsidiaries</td>
</tr>
<tr>
<td>Weyerhaeuser Real Estate Company and other related subsidiaries</td>
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<tr>
<td><strong>Subtotal</strong></td>
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<tr>
<td><strong>Less: intercompany interest</strong></td>
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<tr>
<td><strong>Total interest expense incurred</strong></td>
</tr>
<tr>
<td><strong>Amortization of debt expense</strong></td>
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<tr>
<td><strong>Interest portion of rental expense</strong></td>
</tr>
<tr>
<td><strong>Total fixed charges</strong></td>
</tr>
<tr>
<td><strong>Ratio of earnings to fixed charges</strong></td>
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<tr>
<td><strong>Coverage deficiency</strong></td>
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</table>

### Weyerhaeuser Company with Its Weyerhaeuser Real Estate Company and Other Related Subsidiaries Accounted for on the Equity Method, but Excluding the Undistributed Earnings of Those Subsidiaries

**Computation of Ratios of Earnings to Fixed Charges**

<table>
<thead>
<tr>
<th>Available earnings (loss):</th>
<th>Year Ended</th>
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<tbody>
<tr>
<td><strong>Earnings (loss) from continuing operations before interest expense, amortization of debt expense and income taxes</strong></td>
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<td><strong>Add: interest portion of rental expense</strong></td>
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<td><strong>Deduct: undistributed earnings of equity affiliates and minority interest in income of subsidiaries</strong></td>
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<tr>
<td><strong>Add (deduct): undistributed earnings (losses) before income taxes of Weyerhaeuser Real Estate Company and other related subsidiaries</strong></td>
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<tr>
<td><strong>Add: dividends paid to Weyerhaeuser</strong></td>
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<tr>
<td><strong>Available earnings (loss)</strong></td>
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<tr>
<th>Fixed charges:</th>
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<tbody>
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<td><strong>Interest expense incurred</strong></td>
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<td><strong>Amortization of debt expense</strong></td>
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<td><strong>Interest portion of rental expense</strong></td>
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<tr>
<td><strong>Total fixed charges</strong></td>
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<tr>
<td><strong>Ratio of earnings to fixed charges</strong></td>
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<tr>
<td><strong>Coverage deficiency</strong></td>
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## Exhibit 21

### Weyerhaeuser Company and Subsidiaries

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<thead>
<tr>
<th>Name</th>
<th>State or Country of Incorporation</th>
<th>Percentage Ownership of Immediate Parent</th>
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<td>Jewel Forests, LLC</td>
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<td>Norpac Resources LLC</td>
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<td>Verbes’ Insurance Company</td>
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<td>Weyerhaeuser Asset Management LLC</td>
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<td>Weyerhaeuser Biofuels LLC</td>
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<td>Catchlight Energy LLC</td>
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Weyerhaeuser Products Limited United Kingdom 100
Weyerhaeuser Taiwan Ltd. Delaware 100
Weyerhaeuser Real Estate Company Washington 100
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  Maracay Sonoran Foothills, LLC Arizona 100
  Maracay Sonoran Mountain, LLC Arizona 100
  Maracay Southshore, LLC Arizona 100
  Maracay Stonefield, LLC Arizona 100
  Maracay Thunderbird, LLC Arizona 100
  Maracay Trails, LLC Arizona 100
  Maracay Villas Boulders, LLC Arizona 100
  Maracay Vistancia, LLC Arizona 100
  Maracay Vistancia II, LLC Arizona 100
  Maracay WH, LLC Arizona 100
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<td>WRECO Linear, LLC</td>
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<td>Weyerhaeuser Real Estate Development Company</td>
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Consent of Independent Registered Public Accounting Firm

The Board of Directors
Weyerhaeuser Company:

We consent to the incorporation by reference in the registration statements (Nos. 333-159748 and 333-72356 on Form S-3; No. 333-86232 on Form S-4; Nos. 333-159379, and 333-140996 on Form S-8) of Weyerhaeuser Company and subsidiaries of our reports dated February 22, 2012, with respect to the consolidated balance sheets of Weyerhaeuser Company as of December 31, 2011 and 2010, and the related consolidated statements of operations, cash flows, and changes in equity and comprehensive income for each of the years in the three-year period ended December 31, 2011, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2011, which reports appear in the December 31, 2011 annual report on Form 10-K of Weyerhaeuser Company and subsidiaries.

/s/ KPMG LLP

Seattle, Washington
February 22, 2012
CERTIFICATIONS
EXHIBIT 31

Certification Pursuant to Rule 13a-14(a)
Under the Securities Exchange Act of 1934

I, Daniel S. Fulton, certify that:

1. I have reviewed this annual report on Form 10-K of Weyerhaeuser Company.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2012

/S/    DANIEL S. FULTON

Daniel S. Fulton
President and Chief Executive Officer
I, Patricia M. Bedient, certify that:

1. I have reviewed this annual report on Form 10-K of Weyerhaeuser Company.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2012

/s/ PATRICIA M. BEDIENT

Patricia M. Bedient
Executive Vice President and Chief Financial Officer
EXHIBIT 32

Certification Pursuant to Rule 13a-14(b)
Under the Securities Exchange Act of 1934 and
Section 1350, Chapter 63 of Title 18, United States Code

Pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and Section 1350, Chapter 63 of Title 18, United States Code, each of the undersigned officers of Weyerhaeuser Company, a Washington corporation (the “Company”), hereby certifies that:

The Company’s Annual Report on Form 10-K dated February 22, 2012 (the “Form 10-K”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

/S/ DANIEL S. FULTON

Daniel S. Fulton
President and Chief Executive Officer

Dated: February 22, 2012

/S/ PATRICIA M. BEDIENT

Patricia M. Bedient
Executive Vice President and Chief Financial Officer

Dated: February 22, 2012

The foregoing certification is being furnished solely pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and Section 1350, Chapter 63 of Title 18, United States Code and is not being filed as part of the Form 10-K or as a separate disclosure document.