WEYERHAEUSER CO
Form PRE 14A
February 12, 2010
Table of Contents

# SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a)**

**of the Securities Exchange Act of 1934**

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement
¨ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

# WEYERHAEUSER COMPANY

## (Name of Registrant as Specified In Its Charter)

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a(6)(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

---

(2) Aggregate number of securities to which transaction applies:

---

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

---

(4) Proposed maximum aggregate value of transaction:

---

(5) Total fee paid:

---

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

---

(2) Form, Schedule or Registration Statement No.:

---

(3) Filing Party:

---

(4) Date Filed:

---

Notes:

Table of Contents

# NOTICE OF THE 2010 ANNUAL MEETING AND THE 2010 PROXY STATEMENT

WEYERHAEUSER COMPANY

**Table of Contents**

# DEAR SHAREHOLDER:

I am pleased to invite you to attend your company s annual meeting of shareholders at 9:00 a.m., Thursday, April 15, 2010, at the Corporate Headquarters Building, 33663 Weyerhaeuser Way South, Federal Way, Washington. A map and directions to the building are on the back cover.

A notice of the annual meeting and the proxy statement follow. Your vote is important. Whether or not you plan to attend the annual meeting in person, I urge you to vote your shares by phone, via the internet or by signing, dating and returning the enclosed proxy card promptly.

Sincerely,

Charles R. Williamson

Chairman of the Board

# TABLE OF CONTENTS

**Table of Contents**

**Table of Contents**

# NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS

| | |
|---|---|
| **Meeting Date:** | April 15, 2010 |
| **Meeting Time:** | 9:00 a.m. PDT |
| **Location:** | Weyerhaeuser Company<br>Corporate Headquarters Building<br>33663 Weyerhaeuser Way South<br>Federal Way, Washington 98003 |
| **Record Date:** | February 19, 2010 |

**Agenda**

- To elect three Directors;
- To take action on a proposal to amend the Company s Articles of Incorporation to declassify the Board of Directors and remove supermajority voting provisions;
- To take action on a proposal to approve the issuance of up to 960 million of the Company s common shares as part of a special dividend related to the Company s election to distribute the Company s accumulated earnings and profits to shareholders;
- To take action on a proposal to amend the Company s Articles of Incorporation to increase the authorized shares to facilitate a special dividend related to the Company s election to distribute the Company s accumulated earnings and profits to shareholders;
- To take action on a proposal to amend the Company s Articles of Incorporation to impose ownership and transfer restrictions to facilitate the Company s qualification for REIT status;
- To take action on the shareholder proposals;
- To approve, on an advisory basis, the appointment of auditors; and
- To transact any other business that may be properly brought before the annual meeting.

**Admission**

All shareholders are invited to attend the annual meeting. You will need an admission ticket or proof of ownership of Weyerhaeuser common stock, as well as a form of personal photo identification, to be admitted to the annual meeting.

The annual meeting will be held at the Weyerhaeuser Company Corporate Headquarters Building in Federal Way, Washington. Seating will be limited and on a first come basis. Please refer to page 3 of this Proxy Statement for information about attending the meeting.

**Voting**

Shareholders owning Weyerhaeuser common stock on the Record Date, or their legal proxy holders, are entitled to vote at the annual meeting. For information on how to vote your shares, please refer to the instructions on the enclosed proxy card or review the section titled Proxy and Voting Information on pages 2 and 3 of this Proxy Statement.

This Proxy Statement, form of proxy and Weyerhaeuser Company 2009 Annual Report are being distributed to shareholders on or about February 22, 2010.

The 2009 Annual Report and this Proxy Statement can be viewed at *http://bnymellon.mobular.net/bnymellon/wy* in accordance with Securities and Exchange Commission rules.

Claire S. Grace

Vice President and Corporate Secretary

Federal Way, Washington

1

Table of Contents

# 2010 PROXY STATEMENT

**WEYERHAEUSER COMPANY**

P.O. Box 9777

Federal Way, Washington 98063-9777

(253) 924-2345

February 22, 2010

## PROXY AND VOTING INFORMATION

Weyerhaeuser Company (the Company ) will hold its annual meeting of shareholders at its Corporate Headquarters Building, Federal Way Washington on Thursday, April 15, 2010 at 9 a.m. to consider the items on the attached notice of shareholder meeting. All items on the attached notice are more fully described in this proxy statement.

The only securities eligible to vote at the annual meeting are the Company s common shares. Proxy cards are enclosed for shareholders who hold common shares.

Only shareholders of record at the close of business on February 19, 2010 will be eligible to vote at the annual meeting. On that date, common shares were outstanding. Each common share entitles the holder to one vote at the annual meeting. The enclosed form of proxy is solicited by the Board of Directors of the Company. A proxy may be revoked by notice in writing to the Corporate Secretary at any time before it is voted. If not revoked, the proxy will be voted as directed by the shareholder.

Washington law provides that any shareholder action at a meeting requires that a quorum exist with respect to that action. A quorum for the actions to be taken at this meeting will consist of a majority of the issued and outstanding common shares. Under Washington law and the Company s Articles of Incorporation, if a quorum is present at the meeting:

- the three nominees for election as directors will be elected to the Board of Directors if the votes cast for each nominee exceeds the votes cast against the nominee;
- the proposal to amend the Company s Articles of Incorporation to declassify the Board of Directors and to eliminate the supermajority voting provisions will be approved if the holders of 66- $^{2}/3$% of the Company outstanding common stock cast votes in favor of the proposal;
- the proposal to approve the issuance of up to 960 million of the Company's common shares as a part of a special dividend related to the Company's election to distribute the Company s accumulated earnings and profits to shareholders will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast against the proposal;
- the proposal to amend the Company s Articles of Incorporation to increase the authorized shares to facilitate a special dividend related to the Company's election to distribute the Company s accumulated earnings and profits to shareholders will be approved if the holders of a majority of the Company s outstanding common stock cast votes in favor of the proposal;
- the proposal to amend the Company s Articles of Incorporation to impose ownership and transfer restrictions to facilitate the Company's qualification for REIT status will be approved if the holders of a majority of the Company s outstanding common stock cast votes in favor of the proposal; and
- the shareholder proposals included in this proxy statement will be approved if the number of votes cast in favor of the proposals exceeds the number of votes cast against the proposals.

**It is important to understand that your decision to vote for or against a proposal, to withhold your vote or to send in a proxy card on which you have left the direction blank may have a different effect depending on the vote needed to approve a matter.**

**Table of Contents**

In the election of directors, certain shares present at the meeting are counted as not voted. These include any shares:

- for which there is an abstention,
- for which no authority or direction to vote in the election is given or specified or
- for which the ballot is marked withheld.

In the votes on the three proposals made by the Board of Directors to amend the Company s Articles of Incorporation, any action other than a vote for each of the proposals will have the effect of being a vote against the proposal.

In the votes on the proposal to approve the issuance of shares of common stock and the shareholder proposals, certain actions will have no effect. For example, if a shareholder or broker abstains from voting or fails to vote it will have no effect on the approval of the proposal because abstentions and broker non-votes are not considered votes cast by shareholders.

The Company s annual report to shareholders for 2009 is being mailed with this proxy statement to shareholders entitled to vote at the 2010 annual meeting.

## VOTING INFORMATION

You may vote your shares in one of several ways, depending upon how you own your shares.

Shareholders of record (you own shares in your own name) can vote by telephone, on the Internet or by mail as described below. Street name shareholders (you own shares in the name of a bank, broker or other holder of record) should refer to the proxy form or the information you receive from the record holder to see which voting methods are available to you.

- Voting by Telephone. Call the toll-free number listed on the proxy card and follow the instructions. You will need to have your proxy card with you when you call.
- Voting on the Internet. Go to *www.proxyvoting.com/wy* and follow the instructions. You will need to have your proxy card with you when you link to the web site.
- Voting by Mail. Complete, sign, date and return the enclosed proxy card or voting instruction card in the envelope provided.
- Voting at the annual meeting. If you decide to attend the meeting and vote in person, you may deposit your proxy card in the ballot box at the registration desk at the annual meeting or you may complete a ballot that will be distributed at the meeting.

If you are a street name shareholder, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote at the annual meeting.

## INFORMATION ABOUT THE MEETING

Attendance at the annual meeting is limited to shareholders. The meeting will be held at Weyerhaeuser s Corporate Headquarters Building, 33663 Weyerhaeuser Way South, Federal Way, Washington.

If you are a shareholder of record, an admission ticket is attached to your proxy card. You must present this admission ticket at the registration desk to be allowed into the annual meeting. If you plan to attend the annual meeting, please vote your proxy, but keep the admission ticket and bring it to the annual meeting along with photo identification. If you arrive at the meeting without your admission ticket, we will admit you only if you have photo identification and we are able to verify that you are a shareholder of record.

If you are a street name shareholder and you plan to attend the annual meeting, you must present proof of your ownership of Weyerhaeuser common shares as of the record date, February 19, 2010. Acceptable proof would be an original bank or brokerage account statement as of that date. You also must present photo identification to be admitted. If you arrive at the meeting without proof of your ownership of common shares as of the record date, you will not be admitted to the meeting.

If you are a street name shareholder and intend to designate a proxy holder, the designee must present:

- your original signed form of proxy;
- proof of your ownership of common shares (such as a bank or brokerage statement) as of the record date, February 19, 2010; and
- photo identification.

If we cannot verify that you are a shareholder, your designee will not be admitted to the meeting.

**Table of Contents**

If you are hearing impaired or require other special accommodations due to disability, please contact the Corporate Secretary prior to the meeting to indicate the accommodations that you will need.

No banners, placards, signs, literature for distribution, cameras, recording equipment, electronic devices, including cell phones, large bags, briefcases or packages will be permitted in the annual meeting.

## INCORPORATION BY REFERENCE

We incorporate by reference into this proxy statement information that we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be an important part of this proxy statement. The Company s Annual Report on Form 10-K for the year ended December 31, 2009 (except for information in this document that is deemed not to be filed) is incorporated by reference.

This proxy statement incorporates important business and financial information about the Company from other documents that are not included in or delivered with this document. The information relating to us contained in this proxy statement is not complete and should be read together with the information contained in the documents incorporated by reference. To receive a copy of any of the documents incorporated by reference in this proxy statement, other than exhibits unless they are specifically incorporated by reference in this proxy statement, call or write to our Vice President of Investor Relations at Weyerhaeuser Company, P.O. Box 9777, Federal Way, Washington 98063-9777, telephone (253) 924-2058. You may read and copy any

document we file at the SEC s public reference rooms at 100 F Street N.E., Washington, D.C. 20549. You may obtain information on the operation of the SEC s public reference rooms by calling the SEC at 1-800-SEC-0330. Our SEC filings also are available to the public at the SEC s web site at *http://www.sec.gov*.

Table of Contents

## ITEM 1. ELECTION OF DIRECTORS

The Company s Articles of Incorporation provide that the directors of the Company are classified into three classes and that each class should be as nearly equal in number as possible. The classes relate to the director s term of office. At each annual meeting of shareholders the successors to the directors whose terms expire at that meeting are elected for terms expiring at the third annual meeting after their election by the shareholders. If shareholders approve Item 2 to amend the Articles of Incorporation to declassify the Board, directors elected at any meeting beginning in 2011 will be elected for only one year. The Board of Directors is authorized to fix the number of directors within the range of 9 to 13 members, and has fixed the number at 11. The three persons identified below are nominated to be elected at the 2010 annual meeting for three-year terms expiring at the 2013 annual meeting. All of the nominees currently are directors of the Company elected by the shareholders.

Unless a shareholder instructs otherwise on the proxy card, it is intended that the shares represented by properly signed proxies in the accompanying form will be voted for the persons nominated by the Board of Directors. The Board of Directors anticipates that the listed nominees will be able to serve, but if at the time of the meeting any nominee is unable or unwilling to serve, the proxy holders may vote such shares at their discretion for a substitute nominee.

The biographies of each of the nominees and continuing directors below contains information regarding the person s service as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Corporate Governance Committee and the Board to determine that the person should serve as a director for the Company beginning in 2010.

### NOMINEES FOR ELECTION TERM EXPIRES IN 2013

*Richard H. Sinkfield*, 67, 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 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. He is a Trustee of Vanderbilt University, a member of the executive board of the Atlanta Area Council of the Boy Scouts of America; a member of the Board of Directors of the Georgia Appleseed Center for Law and Justice and was a member of the board of governors 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,* 61, 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.

**Table of Contents**

*Kim Williams*, 54, 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.

**CONTINUING DIRECTORS**

**TERMS EXPIRES IN 2012**

*Debra Cafaro,* 52, a director 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) from1997 until 1998 when it merged with AIMCO and previously was a founding member and partner of the law firm of Barack Ferrazzano Kirschbaum and Nagelberg, LLC. She is the chair of NAREIT (National Association of Real Estate Investment Trusts) and a member of the Real Estate Roundtable. She has extensive REIT executive experience, with strong skills in real estate and corporate finance, strategic planning and public company executive compensation.

*Nicole W. Piasecki*, 47, a director of the Company since 2003, is the head of Business Development 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 member of the Board of Governors, Tokyo, of the American Chamber of Commerce of Japan and a former member of the Federal Aviation s Management Advisory Council, the YWCA of Seattle-King County-Snohomish County and a former director of Washington Works. She has extensive executive experience in capital intensive industries, sales and marketing, strategic planning and international operations and relations.

*Mark A. Emmert,* 57, a director of the Company since June 2008, has been the President of the University of Washington in Seattle, Washington, since 2004. He served 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. He served as chair of the Council of Academic Affairs for the National Association of State Universities and Land-Grant Colleges and is co-chair to that organization s Board of Oceans and Atmosphere. He also is a Life Member of the Council on Foreign Relations. He is an experienced leader of major organizations, with strong skills in government and international relations, and strategic planning.

6

*Daniel S. Fulton***,** 61, 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 Weyerhaeuser Company. In January 2004 he was named to Weyerhaeuser Company s senior management team. Mr. Fulton serves as the vice chair of United Way of King County, and is a board member of the Chief Seattle Council of the Boy Scouts of America. He is a member of the Advisory Board for the Foster School of Business at the University of Washington, and is the vice chair of the Policy Advisory Board of the Joint Center for Housing Studies at Harvard University. He has a strong executive background in real estate and corporate finance, with extensive experience managing capital intensive operations, international operations and strategic planning.

**CONTINUING DIRECTORS**

**TERMS EXPIRES IN 2011**

*Wayne W. Murdy*, 65, 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, BHP Billiton Plc. and Qwest Communications International Inc. He is a trustee of the Denver Art Museum, member to 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 in 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.

*John I. Kieckhefer*, 65, 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.

*Arnold G. Langbo*, 72, a director of the Company since 1999, was chairman of Kellogg Company (cereal products) from 1992 until his retirement in 2000. He joined Kellogg Canada Inc. in 1956 and was elected president, chief operating officer and a director of Kellogg Company in 1990. He served as chief executive officer of Kellogg Company from 1992 to 1999. He is also a director of Johnson & Johnson. He was a director of The Hershey Company from 2008 to August 2009 and of Whirlpool Corporation from 1994 to April 2009. He has extensive executive experience in sales and marketing, managing capital intensive operations, international operations, corporate finance and strategic planning, as well as public company executive compensation.

**Table of Contents**

*Charles R. Williamson*, 61, 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 on 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 since 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 executive experience in corporate finance, management of capital intensive operations, development of natural resources, technology, international operations, strategic planning and public company executive compensation.

**Table of Contents**

## BOARD OF DIRECTORS AND COMMITTEE INFORMATION

The Board of Directors of the Company has determined that each of the Company s directors, with the exception of the Company s chief executive officer, is independent within the meaning of the listing requirements established by the New York Stock Exchange. The independent directors meet during every Board meeting in separate executive session without any member of Company management present. The Chairman of the Board, who is an independent director, presides over these meetings.

The Board of Directors has determined that having an independent director serve as Chairman of the Board is in the best interest of shareholders at this time. This structure has been particularly useful given the Company s relatively new CEO as the Board has considered significant changes in the Company s portfolio and strategic direction. The structure ensures a greater role for the independent directors in the oversight of the Company and active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of the Board. This leadership structure also is preferred by a significant number of the Company s shareholders. The Board believes its administration of its risk oversight function has not affected the Board s leadership structure.

The Board is actively involved in oversight of risks that could affect the Company. This oversight is conducted primarily through committees of the Board, as disclosed in the descriptions of each of the committees below and in the charters of each of the committees, but the full Board has retained responsibility for general oversight of risks. The Board satisfies this responsibility through full reports by each committee chair regarding the committee s considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within the Company.

The Board of Directors has a number of committees that perform certain functions for the Board. The current committees of the Board of Directors are the Executive Committee, Audit Committee, Compensation Committee, Corporate Governance Committee and Finance Committee.

The Board of Directors met on nine occasions in 2009. Each of the directors attended at least 75% of the total meetings of the Board and the committees on which he or she served in 2009. The following table provides membership and meeting information for each of the Board committees.

| Name | Audit Committee | Compensation Committee | Executive Committee | Corporate Governance Committee | Finance Committee |
|---|---|---|---|---|---|
| Debra A. Cafaro | | X | | | X |
| Mark A. Emmert | X | | | X | |
| Daniel F. Fulton | | | X | | |
| John I. Kieckhefer | X | | X | | |
| Arnold G. Langbo | | X | | | X* |
| Wayne W. Murdy | | X* | | | |
| Nicole W. Piasecki | | | | X | X |
| Richard H. Sinkfield | | | | X* | X |
| D. Michael Steuert | X* | | | X | |
| Kim Williams | X | X | | | X |
| Charles R. Williamson | | | X* | | |
| **Total meetings in fiscal year 2009** | 5 | 11 | 0 | 3 | 5 |

* *Committee Chairman*

**Table of Contents**

## COMMITTEES OF THE BOARD

Each committee of the Board of Directors is described below. Each of the committees has adopted a charter and the current charter for each committee can be found on the Company s website at *www.weyerhaeuser.com* under Company by clicking on the tab at the top of the page, Investors, and then under the Governance link. If you would like to receive a paper copy of any committee charter, you may request one by writing to Claire S. Grace, Vice President and Corporate Secretary, Weyerhaeuser Company, P.O. Box 9777, Federal Way, WA 98063-9777 or by sending an email to *CorporateSecretary@Weyerhaeuser.com*.

### Executive Committee

The Board of Directors has given the Executive Committee the power and authority to act for the Board in the interval between Board meetings, except to the extent limited by law. The chairman of the Board, who is an independent director, also serves as the chairman of the Executive Committee.

### Audit Committee

The Audit Committee provides oversight of the quality and integrity of the accounting, auditing and financial reporting practices of the Company. It also is responsible for the oversight of the Company s

compliance with legal and regulatory requirements and for other duties that the Board or the Audit Committee chair deems appropriate. It exercises its oversight obligations through regular meetings with management, the director of internal audit and the Company s independent registered public accounting firm, KPMG LLP. The Board of Directors has determined that each member of the Audit Committee is independent within the meaning of the listing requirements of the New York Stock Exchange.

The Audit Committee is responsible for oversight of Company risks relating to accounting matters, financial reporting and legal and regulatory compliance. To satisfy these oversight responsibilities, the Committee separately meets regularly with the Company s chief accounting officer, director of internal audit, General Counsel, KPMG LLP and management. The Committee chair regularly meets between formal Committee meetings with the Company s chief accounting

officer, director of internal audit and KPMG LLP. The Committee also receives regular reports regarding issues such as the status and findings of audits being conducted by the internal and independent auditors, the status of material litigation, accounting changes that could affect the Company s financial statements and proposed audit adjustments.

### Compensation Committee

The Compensation Committee is responsible for

- reviewing and approving the strategy and design of the Company s compensation and benefits systems,
- making recommendations to the Board for incentive compensation and equity-based plans,
- making recommendations to the Board regarding the compensation of the Company s directors and chief executive officer,
- reviewing and approving salaries and incentive compensation of Company executive officers and certain other positions and
- administering the Company s stock option and incentive compensation plans.

The Board of Directors has determined that each member of the Compensation Committee is independent within the meaning of the listing requirements of the New York Stock Exchange.

The Compensation Committee is responsible for risks relating to employment policies and the Company s compensation and benefits systems. To assist it in satisfying these oversight responsibilities, the Committee has retained its own compensation consultant and meets regularly with management to understand the financial, human resources and shareholder implications of compensation decisions being made. The Committee chair also regularly meets between formal Committee meetings with management and the Committee s consultant.

### Corporate Governance Committee

The Corporate Governance Committee takes a leadership role in shaping the governance of the Company. It provides oversight and direction regarding the functioning and operation of the Board. It also recommends to the Board candidates for election as directors and director candidates for election as the chairman of the Board. The Committee manages the processes used by the

10

Board in its self-assessment and its evaluation of the chief executive officer. The Committee also provides oversight of:

- senior management succession planning,
- ethics and business conduct of the Company,
- human resources practices,
- environmental and safety issues at the Company and
- political activities and governmental issues.

The Board of Directors has determined that each member of the Corporate Governance Committee is independent within the meaning of the listing requirements of the New York Stock Exchange.

The Corporate Governance Committee is responsible for oversight of risks relating to management and Board succession planning, stakeholder responses to the Company s ethics and business practices, employee and investor responses to the Company s human resources practices, the Company s environmental practices and policies, the Company s political activities and governmental policy development that could affect Company operations and strategic decisions. To satisfy these oversight responsibilities, the Committee receives regular reports from officers of the Company responsible for each of these risk areas on matters such as progress against succession planning programs and goals, trends in risk levels, the employee climate, risk management activities, and non-governmental and governmental policies or proposals that could affect Company operations. Because many of these risks could have financial and reporting implications for the Company, the Board and the Corporate Governance Committee have determined that at least one member of the Committee must serve concurrently on the Audit Committee.

**Finance Committee**

The Finance Committee monitors and oversees the Company s financial resources and strategies, with emphasis on those issues that are long-term in nature. The Committee:

- provides guidance to the Board regarding major financial policies of the Company;
- oversees financial matters of importance to the Company;
- reviews with management the Company s major financial risk exposure;
- reviews and approves credit policies and cash management;
- makes recommendations to the Board regarding operating plans, debt and equity programs; and
- makes recommendations to the Board regarding significant mergers, acquisitions, asset sales or purchases and other significant business opportunities.

The Board of Directors has determined that each member of the Finance Committee is independent within the meaning of the listing requirements of the New York Stock Exchange.

The Finance Committee is responsible for the oversight of risks related to the Company s financial policies, material financial decisions, credit policies and ratings, cash management and investment strategies, debt and equity structures, and significant business decisions. The Committee satisfies this oversight responsibility through regular reports from officers of the Company responsible for each of these risk areas on matters such as the Company s capital structure, debt levels, discussions with credit rating agencies, pension fund returns, insurance policies, cash flows and expected sources and uses of cash, and major business transactions or strategic decisions being considered. The Committee also consults periodically with outside financial advisors.

**Board Charter**

The Board of Directors has documented the governance practices followed by the Company by adopting Corporate Governance Guidelines. The Corporate Governance Guidelines establish the practices the Board of Directors follow with respect to Board function and operation, Company operations, Board organization and composition and Board conduct. The Governance Guidelines are available on the Company s website at *www.weyerhaeuser.com* under Company at the top of the page, Investors, and then under the Governance link. If you would like to receive a paper copy, you may request one by writing to Claire S. Grace, Vice President and Corporate Secretary, Weyerhaeuser Company, P.O. Box 9777, Federal Way, WA 98063-9777 or by sending an email to *CorporateSecretary@Weyerhaeuser.com*.

Table of Contents

## CONSIDERATION OF DIRECTOR NOMINEES

### Director Qualifications

The Board codified standards for directors in the Board s Corporate Governance Guidelines. These Guidelines provide that the Board should encompass a diverse range of talent, skill and expertise sufficient to provide sound and prudent guidance with respect to the Company s operations and interests. The Corporate Governance Guidelines also provide that at all times a majority of the Board must be independent directors as defined from time to time by the listing requirements of the New York Stock Exchange and any specific requirements established by the Board. Each director also is expected to:

- exhibit high standards of integrity, commitment and independence of thought and judgment;
- use his or her skills and experiences to provide independent oversight to the business of the Company;
- participate in a constructive and collegial manner;
- be willing to devote sufficient time to carrying out their duties and responsibilities effectively;
- devote the time and effort necessary to learn the business of the Company and the Board; and
- represent the long-term interests of all shareholders.

In addition, the Board of Directors has determined that the Board as a whole must have the right diversity, mix of characteristics and skills for the optimal functioning of the Board in its oversight of the Company. The Board believes it should be comprised of persons with skills in areas such as:

- finance;
- sales and markets;
- strategic planning;
- development of strategies for sustainability;
- human resources and diversity;
- safety;
- relevant industries, especially natural resource companies;
- leadership of large, complex organizations;
- legal;
- banking;
- government and governmental relationships;
- international business and international cultures; and
- information technology.

In addition to the targeted skill areas, the Corporate Governance Committee looks for a strong record of achievement in key knowledge areas that it believes are critical for directors to add value to a Board, including:

- Strategy knowledge of the Company business model, the formulation of corporate strategies, knowledge of key competitors and global markets;
- Leadership skills in coaching senior executives and the ability to assist the CEO in his development;
- Organizational Issues understanding of strategy implementation, change management processes, group effectiveness and organizational design;
- Relationships understanding how to interact with governments, investors, financial analysts, and communities in which the Company operates;
- Functional understanding of finance matters, financial statements and auditing procedures, technical expertise, legal issues, information technology and marketing; and
- Ethics the ability to identify and raise key ethical issues concerning the activities of the Company and senior management as they affect the business community and society.

As part of its periodic self-assessment process, the Board annually determines the diversity of specific skills and characteristics necessary for the optimal functioning of the Board in its oversight of the Company over both the short- and longer-term. The Corporate Governance Committee has adopted a policy regarding the director selection process that requires the Committee to assesses the skill areas currently represented on the Board and those skill areas represented by directors expected to retire or leave the Board in the near future against the target skill areas established annually by the Board, as well as recommendations of directors regarding skills that could improve the overall quality and ability of the Board to carry out its function. The Corporate Governance Committee then establishes the specific target skill areas or experiences that are to be the focus of a director search, if necessary. Specific qualities or experiences could include matters such as experience in the Company s industry, financial or technological expertise, experience in situations comparable to the Company s (e.g. growth companies, companies that have grown through acquisitions, or companies that have restructured their asset portfolios successfully), leadership experience and relevant geographical experience. The effectiveness of the Board s diverse mix of skills and experiences is considered as part of each Board self-assessment.

### Identifying and Evaluating Nominees for Directors

The Corporate Governance Committee uses a variety of methods for identifying and evaluating nominees for director. The Corporate Governance Committee regularly assesses the mix of skills and industries currently represented on the Board, whether any vacancies on the Board are expected due to retirement or otherwise, the skills represented by retiring directors, and additional skills highlighted during the Board self-assessment process that could improve the overall quality and ability of the Board to carry out its function. In the event vacancies are anticipated, or arise, the Corporate Governance Committee considers various potential candidates for director. Candidates may come to the attention of the Corporate Governance Committee through current Board members, professional search firms, shareholders or other persons. The Corporate Governance Committee or a subcommittee may interview potential candidates to further assess their ability to serve as a director, as well as the qualifications possessed by the candidates. The Corporate Governance Committee then determines the best qualified candidates based on the established criteria and recommends those candidates to the Board for election at the next annual meeting of shareholders.

### Shareholder Nominees

The Corporate Governance Committee will consider nominees for the Board of Directors recommended by shareholders. If a shareholder wishes to recommend a nominee, he or she should write to the Corporate Governance Committee, care of Claire S. Grace, Vice President and Corporate Secretary, Weyerhaeuser Company, P. O. Box 9777, Federal Way, WA 98063-9777, specifying the name of the nominee and the nominee s qualifications for membership on the Board of Directors. All recommendations will be brought to the attention of and considered by the Committee.

## SHAREHOLDER/INTERESTED PARTY COMMUNICATIONS

Communications may be addressed to Claire S. Grace, Vice President and Corporate Secretary, Weyerhaeuser Company, P. O. Box 9777, Federal Way, WA 98063-9777 marked to the attention of the Board or any of its committees, the independent directors or individual directors. Communications also may be sent by email to *CorporateSecretary@Weyerhaeuser.com*.

## ANNUAL MEETING ATTENDANCE

The directors are expected to attend the Company s annual meetings, if possible. All of the directors attended the 2009 annual meeting.

## DIRECTORS COMPENSATION

The following table shows the annual compensation of our non-employee directors for 2009, which consisted of annual retainer fees paid in cash, including amounts associated with chairing Board committees, and retainer deferred stock unit awards that are payable only in cash. All values are reported in U.S. dollars.

| Name | Fees Earned or Paid in Cash ($) (1) | Stock Awards ($) (2) | Total ($) |
|---|---|---|---|
| Debra A. Cafaro | 70,000 | 80,888 | 150,888 |
| Mark A. Emmert | 70,000 | 80,888 | 150,888 |
| Arnold G. Langbo (3) | 80,000 | 80,888 | 160,888 |
| Richard H. Sinkfield (3) | 80,000 | 80,888 | 160,888 |
| John I. Kieckhefer | 70,000 | 80,888 | 150,888 |
| Wayne W. Murdy | 87,500 | 88,705 | 176,205 |
| Nicole W. Piasecki | 70,000 | 80,888 | 150,888 |
| D. Michael Steuert (3) | 80,000 | 80,888 | 160,888 |
| James N. Sullivan (3) (4) | 80,000 | 80,888 | 160,888 |

| | | | |
|---|---|---|---|
| Kim Williams | 70,000 | 80,888 | 150,888 |
| Charles R. Williamson | 150,000 | 173,317 | 323,317 |

(1) *The amounts in this column reflect director compensation earned and paid in cash, including amounts voluntarily deferred under our Fee Deferral Plan for Directors. Of the amounts of compensation earned, the following directors elected to defer fees into the Weyerhaeuser common stock fund under our Fee Deferral Plan for Directors and were credited with the following common stock equivalent units: Ms. Cafaro, $70,000 or 2,495 units; Mr. Kieckhefer, $70,000 or 2,494 units; Mr. Steuert, $80,000 or 2,851 units; and Mr. Williamson, $150,000 or 5,346 units. Mr Murdy was appointed to the Board in January 2009 and received an additional fee of $35,000 at that time, representing a pro rata amount of the fees owed for service*

Table of Contents

*as a director for the 2008 to 2009 year, of which half was paid in cash.*

(2) *The amounts in this column reflect the grant date fair value of director compensation earned and paid in the form of retainer amounts that automatically were deferred into the Weyerhaeuser common stock fund under our Fee Deferral Plan for Directors. The grant date fair value was computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, and is based on a grant date that is the date of the Company s annual meeting. Under the terms of the Fee Deferral Plan for Directors, the number of retainer stock units awarded is based on the amount of the deferred fees divided by the median price per share of Weyerhaeuser stock as reported by The Wall Street Journal for the New York Stock Exchange Composite Transactions for the last 11 trading days of January of the year in which the fees are paid. Each of the Directors who received fees in April 2009 automatically deferred $70,000 of fees and was credited with 2,495 stock equivalent units. Mr Murdy was appointed to the Board in January 2009 and received an additional fee of $35,000 at that time, representing a pro rata amount of the fees owed for service as a director for the 2008 to 2009 year, of which half was automatically deferred and credited with 270 stock equivalent units. Mr. Williamson, as Chairman of the Board, deferred $150,000 of fees and was credited with 5,346 stock equivalents. The grant date fair value of each retainer stock unit is equal to the number of stock equivalent units multiplied by the closing value of the Company s common stock on the grant date. See Note 18 of Notes to Consolidated Financial Statements set forth in the Company s Annual Report on Form 10-K for fiscal year 2009.*

(3) *As chair of the various committees of the Board of Directors, the following directors received additional compensation of $10,000 during 2009: Mr. Sinkfield, Corporate Governance Committee Chair; Mr. Langbo, Finance Committee Chair; Mr. Steuert, Audit Committee Chair; and Mr. Sullivan, Compensation Committee Chair.*

(4) *Mr. Sullivan retired from the Board effective February 11, 2010.*

## Non-Employee Director Compensation Program

The Board believes that the level of non-employee director compensation should be based on Board and committee responsibilities and be competitive with comparable companies. In addition, the Board believes that a significant portion of non-employee director compensation should align director interests with the long-term interests of shareholders. As a result, retainer amounts automatically deferred into stock equivalent units in the Fee Deferral Plan for Directors are not paid to a director until after the director s retirement or other termination of service to the Company and then are valued based on the value of the Company s common stock in the year the payment is made.

Non-employee directors are compensated by:

- a base cash annual retainer fee of $140,000, $70,000 of which is paid in retainer deferred stock unit awards; and
- an additional cash annual retainer fee of $10,000 is paid to each committee chair.

Effective April 2009, the Board has elected an independent director as chairman of the Board. The Board determined that the non-employee chairman of the Board will receive an annual cash retainer of $300,000 of which $150,000 will be paid in retainer deferred stock unit awards.

### Annual Board Retainer Cash Fees

In 2009, non-employee directors received a cash Annual Board Retainer Fee of $70,000 per year. Non-employee directors who served as chairs of Committees received an additional retainer fee of $10,000. The Company does not pay additional fees for attending Board or committee meetings. All retainer fees are paid annually, immediately following the annual shareholders meeting. Directors who are appointed to fill a vacancy on the Board are paid a pro rata amount of the annual retainer immediately following the effective date of the director s appointment.

The Company reimburses non-employee directors for actual travel and out-of-pocket expenses incurred in connection with their services. Compensation also is available for extended travel on Board business at the request of the Board or a committee of the Board at the rate of $2,000 per day, including travel days and work days. Directors who also are employees of the Company do not receive compensation for their service on the Board or any committees.

### Deferral of Cash Compensation

Non-employee directors may elect to defer all or part of their cash compensation into an interest-bearing, cash-based account or as deferred common stock equivalent units (an unfunded stock unit account) under the Company s Fee Deferral Plan for Directors. The number of deferred stock equivalent units is calculated by dividing the amount of the deferred fees by the median price per share of Weyerhaeuser stock as reported by *The Wall Street Journal* for the New York Stock Exchange Composite Transactions for the last 11 trading days of January of the year in which the fees are paid. Directors do not have the right to vote or transfer deferred stock units. Deferred stock

14

Table of Contents

equivalent units earn the equivalent of dividends, which are credited as additional deferred stock equivalent units. Deferred stock equivalent units are distributed in cash following the director s retirement or other termination of service to the Company based on the value of the Company s stock in the year the payment is made.

**Retainer Stock Unit Awards**

Each non-employee director who continues to serve as a director following each annual meeting is granted a retainer stock unit award, with the number of units equal to the number of shares of Weyerhaeuser stock that could be purchased with an aggregate of $70,000. The number of retainer stock units awarded is based on the amount of the deferred fees divided by the median price per share of Weyerhaeuser stock as reported by *The Wall Street Journal* for the New York Stock Exchange Composite Transactions for the last 11 trading days of January of the year in which the fees are paid. For the 2009 awards, the median value on the last 11 trading days in January 2009 was $28.06, which resulted in a total of 2,495 retainer stock units awarded to each director who served for the entire year; 2,765 retainer stock units awarded to Mr. Murdy who was appointed as a director in January 2009 and received 270 retainer stock units for service during the 2008 to 2009 year and 2,495 retainer stock units for the 2009 to 2010 year; and 5,346 retainer stock units awarded to the Chairman of the Board. The retainer stock units are credited to the director s account (an unfunded stock unit account) in the Company s Fee Deferral Plan for Directors and are immediately vested. Directors do not have the right to vote or transfer retainer stock units. Retainer stock units earn the equivalent of dividends, which are credited as additional retainer stock units. Retainer stock units are distributed in cash following the director s retirement or other termination of service to the

Company based on the value of the Company s stock in the year the payment is made.

The amount reported in the Stock Awards column for each director is the dollar value of the retainer stock units awarded in 2009, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic718, which was calculated based on the per share *Market Value* of Weyerhaeuser stock on the date of grant. See Note 18 of Notes to Consolidated Financial Statements set forth in the Company s Annual Report on Form 10-K for fiscal year 2009.

The number of aggregate deferred stock equivalent units accumulated in each director s deferral account as of December 31, 2009 for all years of service as a director is listed below in the table describing beneficial ownership of the Company s common shares. This number includes stock equivalent units accumulated from fees for service as a Director that were automatically deferred into retainer stock units under the Director s compensation policy, from voluntary deferrals of cash compensation portion of Director fees into stock equivalent units in the deferred compensation plan for Directors and from additional deferred stock equivalent units credited as a result of dividend equivalents earned with respect to previously deferred stock equivalent units.

**Director Compensation Review Practices**

The Compensation Committee is responsible for annually reviewing the Company s non-employee director compensation practices in relation to comparable companies. Any changes to be made to non-employee director compensation practices must be recommended by the Compensation Committee for approval by the full Board.

**Table of Contents**

## BENEFICIAL OWNERSHIP OF COMMON SHARES

### DIRECTORS AND EXECUTIVE OFFICERS

The following table shows as of January 22, 2010 the number of common shares of the Company that each director, each named executive officer and the

directors and executive officers as a group, have the power to vote or cause disposition of the shares. Percentages of total beneficial ownership have been calculated based upon the total number of common shares outstanding as of December 31, 2009.

| Name of Individual or Identify of Group | Voting and or Dispositive Powers (number of common shares) (1)(2)(3)(4) | Percent of Class (common shares) | Common Stock Equivalent Units (5) |
|---|---|---|---|
| Patricia M. Bedient | 72,515 | * | 10,430 |
| Debra A. Cafaro | | * | 9,383 |
| James M. Branson | 66,545 | * | 2,063 |
| Lawrence B. Burrows | 73,096 | * | |
| Mark A. Emmert | 150 | * | 3,466 |
| Daniel S. Fulton | 277,029 | * | 26,714 |
| Thomas F. Gideon | 82,122 | * | 5,537 |
| John I. Kieckhefer | 4,399,448 | 2.1 | 37,060 |
| Arnold G. Langbo | 200 | * | 12,910 |
| Wayne W. Murdy | 3090 | * | 2,519 |
| Nicole W. Piasecki | 193,844 | * | 9,761 |
| Richard H. Sinkfield | 500 | * | 15,675 |
| D. Michael Steuert | | * | 12,765 |
| Kim Williams | | * | 8,023 |
| Charles R. Williamson | | * | 20,728 |
| Directors and executive officers as a group (22 persons) | 5,428,549 | 2.6 | 190,282 |

* *Denotes amount is less than 1%*

(1) *Includes the number of shares that could be acquired within 60 days of January 22 , 2010 pursuant to outstanding stock options, as follows: Ms. Bedient, 66,100 common shares; Mr. Branson, 52,410 common shares; Mr. Burrows, 59,050 common shares; Mr. Fulton, 258,348 common shares; Mr. Gideon 73,900 common shares; and of the executive officers as a group, 741,210 common shares.*

(2) *Includes the number of restricted stock units that vest within 60 days of January 22, 2010 as follows: Ms. Bedient, 3,698 common shares; Mr. Branson, 1,912 common shares; Mr. Fulton, 13,875 common shares; Mr. Gideon, 3,870, common shares; and of the executive officers as a group, 32,892 common shares.*

(3)

*Includes shares for which certain of the directors and nominees share voting and dispositive powers with one or more other persons as follows: Mr. Kieckhefer, 3,568,177 shares; and Ms. Piasecki, 172,732 shares.*

(4) *Beneficial ownership of some of the common shares is disclaimed by certain of the persons listed as follows: Mr. Kieckhefer, 4,002,144 shares; and Ms. Piasecki, 177,535 shares.*

(5) *Common stock equivalent units held as of December 31, 2009 under the Fee Deferral Plan for Directors or under the Incentive Compensation Plan for Executive Officers.*

**Table of Contents**

## OWNERS OF MORE THAN 5%

The following table shows the number of common shares held by persons known to the Company to beneficially own more than five percent of its outstanding common shares.

| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class (common shares) |
|---|---|---|
| Capital World Investors (1)<br>333 South Hope Street<br>Los Angeles CA 90071 | 22,091,000 | 10.5 |
| Franklin Mutual Advisors, LLC (2)<br>51 John F. Kennedy Parkway<br>Short Hills NJ 07078 | 14,392,067 | 6.8 |
| T. Rowe Price Associates, Inc. (3)<br>100 E. Pratt street<br>Baltimore MD 21202 | 14,234,720 | 6.7 |
| BlackRock, Inc. (4)<br>40 East 52nd Street<br>New York NY 10022 | 12,477,978 | 5.9 |

(1) *Based on a Schedule 13G dated February 5, 2010 in which Capital World Investors, a division of Capital Research and Management Company, reported that as of December 31, 2009 it had sole voting power over 1,500,000 shares and sole dispositive power over all 22,091,000 shares, including 10,728,000 shares held on behalf of its client, The Income Fund of America, Inc. Capital World Investors disclaims beneficial ownership of all of the shares.*

(2) *Based on a Schedule 13G dated January 15, 2010 in which Franklin Mutual Advisors, LLC, reported that as of December 31, 2009 it had sole voting and dispositive power over 14,392,067 shares.*

(3) *Based on a Schedule 13G dated February 12, 2010 in which T. Rowe Price Associates, Inc. reported that as of December 31, 2009 it had sole voting power over 3,321,149 shares and sole dispositive power over 14,198,920 shares. T. Rowe Price Associates, Inc. disclaims beneficial ownership of all the shares.*

(4) *Based on a Schedule 13G dated January 20, 2010 in which BlackRock, Inc. reported that as of December 31, 2009 it had sole voting and dispositive power over 12,477,978 shares.*

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company s directors and certain of its officers to send reports of their ownership of Weyerhaeuser stock and of changes in such ownership to the Securities and Exchange Commission (the SEC ) and the New York Stock Exchange. Based solely on the Company s review of the copies of such reports it has received, the

Company believes that all its directors and officers filed all such reports on a timely basis with respect to transactions during 2009.

## COMPENSATION DISCUSSION & ANALYSIS (CD&A)

### EXECUTIVE SUMMARY

Weyerhaeuser uses a compensation approach for its Named Executive Officers ( NEO s) that is designed to achieve several key objectives, including:

- focusing decision-making and behavior on goals that are consistent with the overall business strategy,
- reinforcing a pay-for-performance culture and
- allowing the Company to attract and retain employees with the skills critical to the Company s long-term success.

To achieve these objectives, Weyerhaeuser uses a mix of base pay, incentive opportunities (short and long-term), and other benefits and rewards. The various components of the compensation program are intended to be competitive in the market and to enable the Company to attract and retain key talent, while concentrating a majority of the executives reward opportunities in at-risk incentive pay that requires performance against measurable objectives to achieve payouts. The design of the compensation program is intended to support the Company s overall business objectives and increase long-term shareholder value. The following discussion provides an overview of key objectives, policies, elements, and designs of the Company s 2009 compensation program, as well as the Compensation Committee s considerations and reasons for its compensation decisions.

Weyerhaeuser has made significant changes to its asset portfolio in recent years, and has decreased its emphasis on being an integrated forest products company. In relation to this business shift, and in light of the very challenging economic environment faced by the Company s businesses in the last few years, the Compensation Committee has made certain changes to the program described further below, that will be effective in 2010. The changes are intended to enhance the program s ability to focus employees on achieving business objectives, while retaining key employees.

Table of Contents

## OVERVIEW

Weyerhaeuser Company is one of the world s largest forest products companies. In 2009, the Company had sales of $5.5 billion. It has offices or operations in 10 countries, and customers worldwide. Weyerhaeuser s primary businesses include the growing and harvesting of timber; the manufacture, distribution and sale of forest products; and real estate construction and development. Additional information about Weyerhaeuser s businesses and products is available at *http://www.weyerhaeuser.com*.

### 2009 Compensation Program and Review Process

The Company s current compensation program was developed by the Compensation Committee, working with its compensation consultant, Mercer, and was implemented in 2006. The Committee established competitive compensation principles designed to promote and reward improved Company performance. Following the implementation of the compensation program, the Compensation Committee has regularly assessed the program s effectiveness and its success in achieving the Committee s goals. As a result, the Committee approved a redesign of certain aspects of the compensation program for employees of its real estate subsidiaries, including one of its named executive officers, effective in 2009 and has approved a redesign of certain aspects of the compensation program for employees of its forest products businesses, including the remaining named executive officers, effective as of 2010. A brief summary of the changes effective in 2010 is below. The remaining sections in this discussion describe 2009 compensation program and decisions.

### The Redesigned Program Effective 2010

The redesigned program that will be effective as of 2010, builds on the experiences of the current program and enhances the program s ability to promote and reward improved performance of the Company s businesses. Significant changes have occurred in the forest products industry and in the Company s asset portfolio in the last few years. Companies in the forest products industry, as well as the Company, historically have been integrated companies with diverse assets including timberlands, and various converting or development operations, such as pulp and paper manufacturing

facilities, wood products manufacturing facilities, real estate development operations and distribution and transportation operations. Most of these integrated companies have now divested their timberlands or other operations to focus on a much narrower set of assets, operations or products. The Company also has significantly changed its asset portfolio and size, making comparisons with other companies in the industry or former peer companies less relevant. The Company s businesses tend to be cyclical and influenced by separate factors, highlighting the need to view each of the Company s businesses separately. The redesigned program will be easier for employees to understand and will give employees a clearer view of the effect of their efforts in improving business performance on their compensation.

The compensation program used for 2010 decisions will continue to use a mix of base pay, short- and long-term incentives and other benefits and rewards. However, it will use a different peer group more relevant to the current range and size of the Company s overall business, and will use a revised approach to short-term and long-term incentives to better reinforce a pay-for-performance culture, while enhancing retention of key employees.

The short-term incentive program for the forest products businesses will be an annual cash bonus plan focused on the performance of the individual businesses. This focus is similar to the plan designed for Weyerhaeuser Real Estate Company ( WRECO ) for 2009, although the principal financial performance metric used in each plan is the standard performance metric typically used by each of the industries. The plan for the forest products businesses will be funded at the business level, primarily based on the absolute return on net assets of the specific businesses and partly based on the performance of the businesses against certain metrics approved for the business in advance by the Committee, such as competitive performance, financial measures and performance against strategic goals. Performance against these metrics will be adjusted by various factors, including the profitability and safety performance of the business. The principal financial performance metric used in the WRECO incentive programs is return on investment as described below.

This design of the short-term incentive program for the forest products businesses is intended to ensure that the plan generally will fund upon the

Table of Contents

achievement by the business of targets relating to return on net assets and business metrics. Employees of specific business and any staff function employees who work only in that business s facilities or substantially in support of that business will receive bonuses based on the performance of the specific business. Other staff function employees will receive annual bonuses based on the average funding of all of the business plans to focus their efforts on helping all the businesses to be successful.

For long-term incentives, the Company will continue to use stock options and restricted stock, which are well-understood equity vehicles and align employee interests with the creation of long-term shareholder value and reinforce focus on long-term, sustained results.

The 2010 compensation program and plans will be described in greater detail in the proxy statement reflecting 2010 compensation decisions. The following sections of this compensation discussion and analysis reflect the program in effect for 2009 compensation decisions.

## COMPENSATION PHILOSOPHY AND PRINCIPLES

Weyerhaeuser s compensation philosophy is to motivate and reward employees for performance that will result in superior financial results and create long-term value for shareholders. Weyerhaeuser s compensation programs are designed to:

- focus decision-making and behavior on goals that are consistent with the overall business strategy,
- reinforce a pay-for-performance culture through a balance of fixed and incentive pay opportunities and
- allow the Company to attract and retain employees with the skills critical to the Company s long-term success.

The following key compensation principles guided the design and administration of the Company s overall compensation program in 2009:

- clearly communicate the desired behavior and use incentive pay programs to reward the achievement of performance goals:
  - improve absolute level of returns on investments,
  - outperform peers and
  - create shareholder value;
- maintain total compensation at market competitive levels;
- provide a broad range of payout opportunities based on performance; and
- design simple pay programs to control costs and ensure employee understanding.

This compensation program for executive officers is comprised of several components, including:

- base salary;
- annual cash incentives;
- long-term incentives, consisting of a mix of stock options, restricted stock units, performance share units and a long-term cash plan for our real estate subsidiaries;
- retirement benefits; and
- medical and other benefits.

## COMPENSATION PRINCIPLES AND PROCESSES

Weyerhaeuser s compensation principles are supported through a number of policies, concepts and processes.

### Total Compensation

To provide a competitive overall compensation and benefits package that is tied to creating shareholder value and supports the execution of its business strategies, Weyerhaeuser uses a range of components. The combination of the components and the amount of each component is influenced by the role of the person in the Company, market surveys, the total value of all the compensation, benefits and perquisites available to the person and employment contracts with individual officers. In general, the Company positions itself at the median for each of the different components of total pay so that total compensation for the CEO and the named executive officers is comparable to the Company s peers. The Committee reviews a tally sheet of all compensation, benefits and perquisites provided to the CEO and the named executive officers primarily to confirm that the aggregate compensation recommended for the executive officer complies with this principle. For 2009, the total target compensation for the named executive officers fell generally at the median of similarly situated executive officers in the competitive market. Actual compensation paid fell below the median of the competitive market target because the 2009 bonus opportunity did not fund, or funded below target.

Table of Contents

### Performance Management

Weyerhaeuser s policy is to provide rewards for the achievement of specific performance goals. The Company uses an annual Performance Management Process ( PMP ) for its employees to assess individual performance. In the PMP process, each employee, including each of the named executive officers, establishes his or her performance goals at the beginning of the year in consultation with the employee s manager. These performance goals, against which executive performance is assessed multiple times during the year, include a broad spectrum of metrics, such as safety results for the business or function, diversity accomplishments, talent development, financial and operating results, strategy, corporate responsibility, customer value delivery and competitive performance. Key performance goals for 2009 were principally in the areas of: safety, diversity, financial performance, relative competitive performance and customer value delivery. At the end of the year, the employee s performance is assessed against these multiple goals, which results in aggregate ranking of exceeds, achieves or below. This overall ranking is one factor in decisions regarding compensation. For 2009 compensation decisions, each of the named executive officers was deemed to have performed at the level of achieves or above in relation to his or her goals.

### Variable Pay at Risk

The percentage of an employee s compensation opportunity that is fixed instead of variable is based primarily on the employee s role in the Company. In general, employees with more ability to directly influence overall Company performance have a greater portion of their pay at risk through short- and long-term incentive programs. Executive officers with more responsibility for strategic and operating decisions have a greater percentage of their compensation opportunity allocated to long-term incentives. Typically, approximately 40% of target total compensation opportunity for these executive officers is in the form of long-term incentives. In 2009, over 66% of the aggregate target incentive compensation for Weyerhaeuser s named executive officers was at risk based on the performance of the Company and the executive officer (see chart below).

**Variable Pay at Risk**

### Forms of Long-Term Incentive Compensation

Beginning in 2006, Weyerhaeuser has used two forms of equity for long-term incentive compensation for its CEO and CFO and executive officers of its forest products businesses, including named executive officers. In 2006 and 2007, senior executives received 50% of the value of the award in stock options ( options ) and 50% of the value of the award in performance share units. (See Compensation Components Long-Term Incentive Compensation below for more of the specific features of these forms of equity.) This mix was used to focus the executive on the Company s share price and financial performance compared to its peer companies. Also, this mix puts more compensation at risk for senior executives, and provides for greater rewards if superior performance is generated.

Due to extremely challenging business conditions in 2008 and 2009 and significant changes in the Company s portfolio of businesses, the Compensation Committee changed the mix of forms of equity for long-term incentive compensation for executive officers to options and restricted stock units. The change was made to respond to the difficulty in establishing and maintaining an appropriate comparator peer group for a three-year performance share measurement cycle during periods of significant changes in business portfolio, provide greater retention during the transition, and maintain the executive officer s focus on the Company s share price. In 2009, long-term incentive participants who are managers in the forest products businesses, including four of the named executive officers, received 50% of the value of the award in options and 50% of the value of the award in restricted stock units. To recognize the differences between the forest products business

Table of Contents

and the real estate subsidiaries, senior management of WRECO, including the named executive officer who is the leader of the real estate subsidiaries, received stock options and participated in a cash long-term incentive plan more aligned with the direct financial results of the real estate subsidiaries.

### Market Positioning

The Company establishes competitive compensation levels based on market reviews and then designs its pay program to focus executive officers on meeting Company performance objectives. Weyerhaeuser s strategy is to set total compensation and benefit levels at the median of market pay and benefit levels. Each component of total compensation and other benefits is intended to be consistent with market practices as established by the peer groups outlined below to help the Company attract and retain executives with the skills needed in Weyerhaeuser s businesses.

### Competitive Market Assessments

Weyerhaeuser regularly reviews market compensation levels to determine whether total compensation for its employees remains in the targeted median pay range and makes adjustments when needed. This assessment includes evaluation of base salary, annual incentive opportunities and long-term incentives. In addition, rewards such as health benefits and retirement programs and perquisites regularly are assessed relative to the market. The Company also reviews the competitive performance of its peers to establish performance targets for incentive plans and to assess appropriate payout levels for performance. (See Compensation Components for details.)

### Peer Groups

For several years, including for compensation decisions made in 2009, the Compensation Committee used separate peer groups for pay and performance. Consolidation in the forest products industry and recent changes in the Company s portfolio of businesses have decreased the number of direct peers in the sector. Most forest products companies have lower revenues and fewer employees than the Company. In addition, Weyerhaeuser competes for talent with a broader range of companies, and shareholders measure Weyerhaeuser s performance against a broader set of peers. For these reasons, the Compensation

Committee selected a group of companies for comparison of executive officer compensation comprised of a broader group of basic materials companies. The pay peer group used for 2009 compensation decisions consisted of the following companies:

| Company | Revenue(1) ($MM) | Market Cap(1) ($MM) |
|---|---|---|
| The Dow Chemical Company | $ 57,514 | $ 29,814 |
| Sunoco, Inc. | $ 51,558 | $ 3,326 |
| Hess Corporation | $ 41,165 | $ 17,484 |
| E I duPont de Nemours and Company | $ 31,659 | $ 29,042 |
| Murphy Oil Corporation | $ 27,441 | $ 10,985 |
| Alcoa Inc. | $ 26,901 | $ 12,783 |
| International Paper Company | $ 24,829 | $ 9,614 |
| United States Steel Corporation | $ 23,754 | $ 6,359 |
| Nucor Corporation | $ 23,663 | $ 14,793 |
| Huntsman Corporation | $ 10,215 | $ 2,131 |
| Smurfit-Stone Container Enterprises, Inc. | $ 7,042 | $ 118 |
| Eastman Chemical Company | $ 6,726 | $ 3,886 |
| MeadWestvaco Corporation | $ 6,637 | $ 3,818 |
| **75th Percentile** | **$ 31,659** | **$ 14,793** |
| **50th Percentile** | **$ 24,829** | **$ 9,614** |
| **25th Percentile** | **$ 10,215** | **$ 3,818** |
| **Weyerhaeuser** | **$ 8,018** | **$ 7,746** |

(1) *As of year end 2008*

In addition to reviewing the current pay practices of these peers, the Compensation Committee reviews various pay surveys, including surveys of pay practices of forest products companies and comparably-sized manufacturing companies, and general industry data for similar size companies. The peer group and survey data generally is weighted into a market composite based on equal weighting between the data sources, though the Committee may review the data separately to understand pay differences, if any, by industry or business segment and to assess whether any changes in pay data from year to year reflect true market trends.

In establishing a peer group for evaluating the overall Company s relative performance in 2009, the Compensation Committee chose a broader size range of basic materials companies that typically have been used by shareholders as benchmarks for performance. This group includes many of the companies in the pay peer group, and also incorporates additional forest products companies. This group is not used to benchmark pay because the relative revenues and scope of operations are not directly comparable to Weyerhaeuser s. The

Table of Contents

peer group used for measuring relative performance for determination of funding for performance shares granted in 2007 included the following companies:

| Company | Pay Peer | Revenue(1) ($MM) | Market Cap(1) ($MM) |
|---|---|---|---|
| The Dow Chemical Company | ü | $ 57,514 | $ 29,814 |
| E I duPont de Nemours and Company | ü | $ 31,659 | $ 29,042 |
| Alcoa Inc. | ü | $ 26,901 | $ 12,783 |
| International Paper Company | ü | $ 24,829 | $ 9,614 |
| United States Steel Corporation | ü | $ 23,754 | $ 6,359 |
| Nucor Corporation | ü | $ 23,663 | $ 14,793 |
| PPG Industries, Inc. | | $ 15,849 | $ 9,599 |
| Monsanto Company | | $ 11,724 | $ 42,259 |
| Praxair, Inc. | | $ 10,796 | $ 25,062 |
| Air Products and Chemicals, Inc. | | $ 10,415 | $ 16,298 |
| Huntsman Corporation | ü | $ 10,215 | $ 2,131 |
| Owens-Illinois Group, Inc. | | $ 7,885 | $ 6,213 |
| Ball Corporation | | $ 7,562 | $ 4,631 |
| Smurfit-Stone Container Enterprises, Inc. | ü | $ 7,042 | $ 118 |
| Celanese Corporation | | $ 6,823 | $ 3,589 |
| Eastman Chemical Company | ü | $ 6,726 | $ 3,886 |
| MeadWestvaco Corporation | ü | $ 6,637 | $ 3,818 |
| Domtar Corporation | | $ 6,394 | $ 1,513 |
| Louisiana-Pacific Corporation | | $ 1,376 | $ 692 |
| **75th Percentile** | | **$ 23,709** | **$ 15,545** |
| **50th Percentile** | | **$ 10,415** | **$ 6,359** |
| **25th Percentile** | | **$ 6,933** | **$ 3,703** |
| **Weyerhaeuser** | | **$ 8,018** | **$ 7,746** |

*(1) As of year end 2008*
*Note: Alcan was acquired in November 2007 and is no longer publicly traded. Rohm and Haas Co. was acquired in 2009 and no longer is publicly traded.*

*Note: This peer group is used only for measuring performance for purposes of determining the funding of the performance share units granted in 2007. No additional performance share units were granted in 2008 or 2009.*

## NAMED EXECUTIVE OFFICERS

For purposes of this Compensation Discussion and Analysis, the Company s named executive officers are the following persons:

- Daniel S. Fulton, president and chief executive officer
- Patricia M. Bedient, executive vice president and chief financial officer
- James M. Branson, senior vice president, Timberlands
- Lawrence B. Burrows, president Weyerhaeuser Real Estate Company
- Thomas F. Gideon, executive vice president Forest Products

## COMPENSATION COMPONENTS DETERMINATION OF COMPENSATION

### Base Salary

Salaries are provided to employees as compensation for basic services to the Company and to meet the objective of attracting and retaining the talent needed to run the business. Salaries provide a consistent cash flow to employees assuming acceptable levels of performance and ongoing employment. To control fixed costs while still enabling the Company to attract critical talent, Weyerhaeuser targets base salaries at the median of market levels among the basic materials companies described above. Increases in salaries generally are based on the market level salary for the role in which the executive serves, individual PMP assessments, overall Company budgets and specific talent needs. Because of the challenging economic times and to control costs, Weyerhaeuser did not increase base salaries for the named executive officers in 2009 as noted in the following table:

| Executive Officers in | Percent Increase | New Base Salary |
|---|---|---|
| D.S. Fulton | 0.0% | 800,000 |
| P.M. Bedient | 0.0% | 556,000 |
| J.M. Branson | 0.0% | 462,775 |
| L.B. Burrows | 0.0% | 500,000 |
| T.F Gideon | 0.0% | 580,000 |

These pay levels generally positioned the executive officers at the median of the market for 2009.

**Annual Incentive Plan ( AIP ) for Corporate and Forest Products Employees**

The AIP, which was introduced in 2006, is a cash bonus incentive plan designed to focus executive officers and other participants on maximizing efficiency and generating strong financial performance. U.S. and Canadian salaried employees, including executive officers, participate in the AIP to ensure that all employees have the common goal of improved operating performance. Each position in the Company other than positions in WRECO, is assigned a target AIP bonus opportunity reflecting competitive practices in the market for similar positions. WRECO employees do not participate in the AIP, but are paid under a separate compensation program that is consistent with compensation practices in the home-building industry and aligned with direct WRECO

Table of Contents

performance (see the plan description below). The AIP is funded based on Company performance against targets set annually by the Compensation Committee. Bonuses are awarded to individual employees based on the level of plan funding and the person s performance against his or her PMP goals. In general, executive officers with a PMP rating of achieves receive an AIP award at or near their funding-adjusted individual target level.

**AIP Performance Measure and Plan Mechanics**

The AIP is funded based on the Company s return on net asset ( RONA ) performance excluding the results of WRECO for everyone except the CEO. RONA performance for the CEO is calculated for total Weyerhaeuser, including WRECO. RONA is defined as earnings before interest and tax ( EBIT ) divided by average net assets. For purposes of determining RONA, net assets equals total assets less cash and short-term investments, accounts payable and accrued liabilities other than income taxes payable. The AIP measures the Company s performance over the fiscal year. RONA is used as the performance measure given its strong link over time to total shareholder return in the basic materials sector and for Weyerhaeuser. The use of this measure is intended to focus participants on generating profitability, both through increasing revenues and controlling costs. In addition, use of this measure reinforces the importance of making capital investments that will improve the overall returns. The Compensation Committee has discretion to adjust the earnings used in the RONA calculation for special items as appropriate. In 2009 charges for impairments relating to the Company s real estate businesses and severance and restructuring charges, as well as gains from the alternative fuel credit and sales of major assets, were excluded from earnings used in the RONA calculation.

**AIP Company Performance Target Setting**

Company performance targets required to be met to fund the AIP are established by the Compensation Committee at the beginning of each plan year and are not subject to adjustment by Company management. The Compensation Committee determines the level of RONA performance necessary for funding the threshold, target and maximum levels, which represent 40%, 100% and 300% target funding levels (see chart below). If the Company s RONA performance is below the threshold, the funding level is 0%. There is no specific formula used to determine increases or

decreases in the target funding levels. These targets are established using a variety of factors, including the level required to fund the Company s dividend for the threshold; the Company s cost of capital, near-term outlook and competitive position for target; and internal benchmarks of outstanding performance for the maximum. For 2009, the Compensation Committee maintained the funding threshold, target and maximum funding levels established for 2008. The target performance objective for funding was 11% RONA for the CEO and 10% for the other named executive officers. Threshold for funding was established at 5.5% RONA, with 40% of target payout funded at this level. The threshold was set by the Committee at a level below the cost of capital as part of the Company s variable pay program. This threshold payout level in the variable pay program was established based on the fact that Weyerhaeuser and its peers have generated results above and below the cost of capital historically, and providing some level of payouts in either scenario is competitive practice for the Company s peers. The AIP threshold level that was chosen allows minimum funding of the variable pay plan after certain minimum requirements of funding shareholder dividends have been achieved. The maximum funding possible under the AIP is at 17% RONA, which funds at 300% of target. For 2009, the Company s average net assets were $12.5 billion for the CEO and $10.2 billion for the other named executive officers. The threshold for minimum funding of 5.5% for the CEO and other AIP participants required RONA EBIT of $685 million for the CEO and $562 million for the other named executive officers. Actual RONA EBIT for 2009 was minus $266 million for the CEO and minus $849 million for the other named executive officers.

**AIP Performance Targets**

Table of Contents

**AIP Bonus Opportunities**

At the beginning of the year, each position in the Company, including executive positions, is assigned a target bonus opportunity that reflects competitive practices in the market for similar positions. Targets for executive positions range from 45% to 125% of base pay. Payment of target bonus amounts is not guaranteed, but must be earned based on the AIP funding process described above. The opportunity for each person ranges from 0% to 300% of the target incentive value. The target set for the CEO and the named executive officers was based on competitive market practices and designed to focus the executive on the goal of improved operating performance.

**AIP Allocation Process**

At the end of each year, the Compensation Committee approves the funding for the bonus pool based on the Company s performance against the pre-determined RONA targets. The AIP opportunities for executive officers are adjusted up or down from each officer s target opportunity based on the level

of funding achieved ( e.g. 50% funding for the AIP would reduce an officer s target opportunity by half). Funded AIP awards are allocated to executive officers based on each officer s PMP rating. These ratings are established based on a qualitative and quantitative assessment of performance against the officer s pre-established goals (see Determination of Compensation Performance Management ) and other individual performance criteria. In general, executive officers with a PMP

rating of achieves objectives receive an annual incentive award at or near their funding-adjusted individual target level. Similarly, executive officers with an exceeds objectives rating receive an annual incentive award greater than their individual funding-adjusted target level. Those with a below objectives rating will receive less than their funding-adjusted target incentive opportunity (see sample illustration below). For 2009, each of the named executive officers was deemed to have performed at the level of achieves or above in relation to his or her goals.

**AIP Funding and Allocation Illustration**

The Board of Directors determines the bonus to be paid to the CEO based on the recommendation of the Compensation Committee. The Compensation Committee determines the bonuses to be paid to executive officers, based on recommendations by the chief executive officer, executive vice president-Forest Products, and chief human resource officer. For 2009, no bonuses were paid under the AIP because the level of RONA performance required for the threshold level of funding was not met.

**WRECO Short-Term Incentive Plan**

Employees of the Company real estate development subsidiaries, including the WRECO president, participate in the WRECO Short-Term Incentive Plan ( STIP ). Participants in the STIP are not eligible to participate in any other annual incentive plan offered by the Company. Funding for the STIP is based in part on WRECO s absolute return on investment ( ROI ), in part on the competitive ROI ranking and in part based on performance against a set of business metrics. ROI, which is the financial performance metric typically used in the real estate industry, is defined as WRECO annual earnings before interest and taxes, less overhead costs charged by the Company, divided by a five-quarter

average of Invested Capital. Invested Capital is defined as total assets, less non-interest bearing liabilities and capitalized interest. ROI is used as the measure to focus participants on achieving top quartile competitive performance. The ROI targets established for each plan year are approved by the Company s CEO and the Compensation Committee. The minimum ROI threshold to fund the absolute and relative competitive ranking components of the STIP in 2009 was 5.5%. This level was chosen because it represented top quartile performance among public homebuilders and was aligned with minimum funding levels in the AIP. Target funding was set at 14%, which approximates WRECO s cost of capital. Maximum funding of five times target

Table of Contents

would be achieved for an ROI of 40% or more. The threshold competitive ROI ranking required to fund that component of the STIP in 2009 was a median competitive ranking, with a maximum possible funding of level of 500% of target for a competitive position of first place. The business metrics used for 2009 funding focused on cash generation.

At the beginning of the year, STIP participants are assigned a target bonus that reflects competitive practices in the market for similar positions. Bonus opportunities range from 0% to 500% of the target incentive value based on the participant s performance against the performance metrics, with final awards approved by the Company CEO and the Compensation Committee. To the extent any award exceeds 300% of target, the excess amount is automatically deferred for a minimum of two years. The Compensation Committee may recover reasonable amounts from this holdback amount if appropriate due to a restatement of income for the plan period or a material adjustment to income for the plan period in subsequent years. For 2009, the threshold level of absolute ROI was not achieved, and the relative ROI portion of the award did not fund. Cash flow generation performance exceeded target expectations and funded an award for the WRECO President as outlined below.

AIP and STIP targets and awards were as follows:

| Executive Officer | Target Bonus | 2009 Bonus Earned |
|---|---|---|
| D.S. Fulton | 125% | 0 |
| P.M. Bedient | 85% | 0 |
| J.M. Branson | 75% | 0 |
| L.B. Burrows | 85% | |
| T.F Gideon | 85% | 0 |

**Long-Term Incentive Compensation**

Each year, target long-term incentive award opportunities are set for each of the Company s senior officers, including the named executive officers. Target award opportunities generally are set at the median of peer companies. Grants of long-term incentives are not guaranteed and must be earned each year. These opportunities may be increased or decreased based on the executive officer s PMP rating, using the criteria described in Determination of Compensation Performance Management. Participants receive no equity grant if their individual performance against their PMP

performance goals does not meet minimum standards. In general, a PMP rating of achieves objectives will result in long-term incentive award at or near the target level opportunity. A rating of exceeds objectives may result in awards of up to 200% of an officer s target opportunity. A rating of below objectives will result in below-target awards. The Compensation Committee also considers competitive market pressures, expected future contributions to the Company and retention concerns in determining the final grants to executive officers. For 2009, each of the named executive officers was deemed to have performed at the level of achieves or above in relation to his or her goals.

To fund the Company s long-term compensation programs, the Committee establishes an equity pool available for grant in any given year. The pool level is set at the median level of competitive practices within the forest products and broader basic materials industries. For grants in 2009, the Committee established a pool of 1,838,044 shares or 0.87% of outstanding common shares available for grants of options and restricted stock units to executive officers and other participants, including any special recognition grants. The Committee targets an annual share dilution rate of less than 2%. In addition, the Committee considers the accounting costs reflected in the Company s financial statements when establishing the forms of equity to be granted and the size of the overall pool. The forms of equity selected are intended to be cost-efficient, and the overall cost must be within the acceptable levels for internal budgets.

In 2006 and 2007, the Company awarded long-term incentive compensation to executive officers with 50% of the award s value in options and 50% of the award s value in performance share units. The Company replaced performance share units with restricted stock units in 2008 and 2009 due to challenges associated with business conditions and significant changes in the Company s portfolio of businesses as described above under Compensation Principles and Processes Forms of Long-Term Incentive Compensation.

Weyerhaeuser makes its annual long-term incentive grants in February of each year at the regular meeting of the Compensation Committee of the Board, which typically is within one to two weeks after the Company publicly has released a report of

Table of Contents

its earnings. The Committee meeting date is the effective grant date for equity grants to all participants. For executive officers who are hired during the year, the Committee recommends compensation levels to the Board in connection with the Board s appointment of the executive and approves equity grants for the executive that are effective upon the officer s start date.

WRECO management employees are eligible to receive stock options, but do not receive restricted stock units. Instead, they are eligible to participate in the WRECO Long-Term Incentive Plan ( LTIP ), which is a long-term cash incentive plan. The LTIP is intended to provide an award for direct WRECO performance.

**Total Long-Term Incentive Compensation Grants**

The Compensation Committee established a target level of long-term incentives for each executive officer position, based on the median of competitive market long-tem incentive levels. For 2009, the target long-term incentive values (as a percent of base salary) for the named executive officers were: