



Social Issues Service
2007 Company Report - C
Weyerhaeuser
Human Rights

By Susan Williams
March 22, 2007

		Proxy Statement Proposal	Related Reports
Stock symbol:	WY	1. Elect directors	CG Proxy Report
CUSIP:	962166104	2. SP–Report on political donations and policy	SI Background Report F
Meeting date:	4/19/2007	3. SP–Majority vote to elect directors	CG Proxy Report
Record Date:	2/23/2007	4. SP–Conduct risk analysis of developing tribal land	SI Background Report C
Meeting location:	Federal Way, Wash.	5. Ratify selection of auditors	CG Proxy Report
SmartVoter Issue:	3005		

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Summary

Resolution

Requests a board review and report on the company's "obligations and options regarding wood supply from the Whiskey Jack Forest" by September 2007.

Similar resolution last year? No

Proponent

Bartlett Naylor (420 shares)

At Issue / New Developments

A Weyerhaeuser mill in Kenora, Ontario, procures wood from land where the Grassy Narrows First Nation has challenged the government's authority to approve forestry licenses. Weyerhaeuser purchases the wood from Abitibi-Consolidated, which holds a forestry license approved by the province of Ontario to the contested Whiskey Jack forest. Weyerhaeuser uses the wood to produce Timberstrand® engineered wood beams.

Grassy Narrows and its supporters have targeted protests against Weyerhaeuser and its subsidiaries, saying that much of the logging it opposes is driven by demand from Weyerhaeuser, which has a "clear track record of cut-and-run operations." The proponent is concerned that the resulting controversy may "increase the risk to the company of legal liabilities, negative brand identification and decreased market share for Timberstrand LSL."

Protests have included civil disobedience acts, such as logging truck blockades, as well as protests at the company's annual meeting. Members of Grassy Narrows and the Rainforest Action Network have promised Weyerhaeuser a "very elevated public campaign" in Canada and the United States if logging does not cease until Grassy Narrows gives its consent. The proponent believes that other wood purchasing options are available to Weyerhaeuser.

Weyerhaeuser's management says that it is committed to building mutually beneficial relationships with aboriginal communities but that it is the role of the provincial and federal governments to address treaty claims directly with First Nation's leaders. Weyerhaeuser's board says that if necessary, such claims should ultimately be resolved by the courts. Management also says that the Whiskey Jack forest is an important supply area for its Kenora mill and that no comparable timber sources are available within reasonable transport distance.

Economic Impact on the Company

The direct costs of providing the requested report would be minimal. Any unexpected interruptions in wood supply from the Whiskey Jack Forest, however, could adversely affect the company's fiscal health.

I. WEYERHAEUSER AND THE WHISKEY JACK FOREST

Weyerhaeuser is one of the largest integrated forest products companies in the world, employing around 50,000 people and managing or leasing around 6.4 million acres in the United States. In Canada, Weyerhaeuser has long-term renewable licenses on nearly 27 million acres of forestland. (Provisional Canadian governments typically own and manage the forests in their region.) Through wholly owned subsidiaries and joint ventures, it also has timber operations in Australia, Brazil, New Zealand and Uruguay. The company's operations span 18 countries. Weyerhaeuser has six principal business segments: timberlands; wood products; cellulose fiber and white papers; containerboard, packaging and recycling; real estate and related assets as well as corporate operations.

Financial Performance			
(in millions \$)	2006	2005	% change
Revenues	21,896	22,629	(3.2)
Net income	453	733	(38.2)

Weyerhaeuser adjusted its portfolio in 2005 as part of a deliberate, strategic and ongoing review of all its businesses. In 2005, Weyerhaeuser announced the sale of 635,000 acres of private timberlands, the sale of annual harvesting rights to 3.6 million cubic meters of public-land timber in coastal British Columbia and the closure or offer for sale of 40 facilities, operations or machines worldwide. Since then Weyerhaeuser merged its Fine Paper business, part of the cellulose fiber and white papers segment, with paper company Domtar.

Most recently, the firm announced plans to sell off all of its Canadian and 10 U.S. distribution centers to private equity investors. The company also bought Maracay Homes in 2006, an Arizona homebuilder that pioneered the Flex Design product that allows customers to choose their floor layout and other features.

Grassy Narrows and Whiskey Jack Forest

Weyerhaeuser's mill in Kenora, Ontario, uses wood procured from the Whiskey Jack forest to produce Timberstrand® engineered wood beams. Between 30 and 50 percent of the wood to supply the plant is provided by Abitibi-Consolidated, a Canadian firm operating under a sustainable forestry license approved by the province of Ontario to manage the Whiskey Jack forest. The Grassy Narrows First Nation, one of 28 First Nations in Northwest Ontario under a common treaty with the Crown, is contesting the province's right to award this license. The Grassy Narrows First Nation also has mounted a protest against Weyerhaeuser and its subsidiaries, saying that much of the logging it opposes is driven by demand from Weyerhaeuser, which has a "clear track record of cut-and-run operations."

Competing claims: The reserve of the Grassy Narrows First Nation, a 1,200-member tribe that is party to an 1873 treaty with the Crown, is within the Whiskey Jack forest. The land is known to the Grassy Narrows First Nation as the Asubpeeswosewagong Traditional Territory. Grassy Narrows says a campaign to end logging without the native community's consent has been going on for a decade.

In 2000, some Grassy Narrows members brought a constitutional claim against the government of Ontario challenging its authority to approve licenses in the area and claiming that aboriginal rights are being materially infringed upon. The court declined to decide the issues without a full trial, which is expected to take place in 2008. (Weyerhaeuser is not involved in the lawsuit.)

In a 2006 submission to the United Nations, Amnesty International argued that the logging on Grassy Narrows' traditional land violates the community's indigenous rights to self-determination and culture and fails to meet international standards of "free prior and informed consent" for development on traditional indigenous lands.

Weyerhaeuser's board says that Abitibi and the provincial government have engaged in numerous efforts with the province to resolve the issues with Grassy Narrows.

Blockade—Grassy Narrows began a blockade on a logging road that passes through their community to the Whiskey Jack Forest in December 2002. Weyerhaeuser's board says that it understands that Abitibi has honored the blockade. Grassy Narrows protesters, First Nation supporters and Rainforest Action Network members also engaged in civil disobedience events last summer.

Letters to Weyerhaeuser: In a January 2006 open letter that included Weyerhaeuser as a recipient, the Grassy Narrows First Nation declared "a moratorium on further industrial activity in our Traditional Territory until such a time as the Governments of Canada and Ontario restore their honour and obtain the consent of our community in these decisions that will forever alter the future of our people."

With respect to Weyerhaeuser, the open letter said:

The hardwood trees are being logged on our territory for the benefit of Weyerhaeuser Corporation from Seattle Washington. This multinational giant has a clear track record of cut-and-run operations (in Indonesia, the U.S. Pacific Northwest, the B.C. coast, Haida Gwaii, and Saskatchewan). Weyerhaeuser consistently clearcuts the best of a region's forests, exports the profits and then abandons the area - leaving behind them a wake of closed mills, devastated communities, and destroyed forests. By their very structure and law

these companies are bound to think only of profit, and are accountable only to their distant shareholders. Weyerhaeuser has no long term interest or commitment to the people or the forests of this area. We cannot sit by and become yet another casualty of Weyerhaeuser's global profit plans.

A month later, the Grassy Narrows First Nation sent letters directly to the chief executives of Weyerhaeuser and Abitibi-Consolidated instructing them to "immediately cease and desist from all logging and industrial resource extraction on our territory" or face a "fierce international campaign." The Grassy Narrows says the letter followed "a decade of failed negotiations, lawsuits, environmental assessment requests, public protests, and a 3-year logging blockade."

Protests against Weyerhaeuser: As recently as this March, members of Grassy Narrows and Rainforest Action Network (RAN) directed a protest against Weyerhaeuser and its subsidiary, Quadrant Homes, at a "Built Green Conference" in Everett, Ontario. The activists said Quadrant Homes shouldn't be considered green since it uses a wood product made from logs clear-cut from the ancestral homeland of the Grassy Narrows First Nation.

The Everett demonstration was one stop in a series of protests that took a handful of Grassy Narrows members across Canada, member Maria Swain told the *Everett Herald Daily*. Billed as "The Road to Seattle Tour," they planned to conclude with a presentation of their demands directly to Weyerhaeuser CEO Steve Rogel. On March 12, the group met with Weyerhaeuser's Senior Vice President for Corporate Affairs and other senior company. The group brought along a filmmaker to document the journey.

RAN communications manager Brianna Cayo Cotter told the *Kenora Daily Miner and News* in February 2007 that such actions will escalate if the protesters' concerns are ignored. "If their demands are not met, Weyerhaeuser will face a very elevated public campaign against them in Canada and the U.S.," Cotter said.

RAN representative David Sone, who accompanied the protesters on the road, said RAN objects to clear-cut logging practices that ignore the rights of indigenous people and leave mills closed and forestry workers without jobs after the trees are harvested. "The recent mill shut downs in Kenora demonstrates there was no new protection or changes in First Nations land rights during that time," he told the *Daily Miner*. "Depending a community's economy on a multinational logging corporation is not a sound way to pursue a healthy local economy or protect the ecology we depend on."

(Weyerhaeuser notes that Abitibi-Consolidated announced the closing of its pulp and paper mill in Kenora in late 2005 and that Weyerhaeuser reduced production at

its Kenora Timberstrand mill due to current market conditions in 2006. Weyerhaeuser notes, however, that Kenora Forest Products, a softwood user, is planning to expand.)

This marks the second trip to a Weyerhaeuser annual meeting by members of the Grassy Narrows First Nation. Last year, several members and supporters traveled to attend the April 2006 annual meeting and posed questions from the floor about Grassy Narrows. A few months later, in July 2006, several hundred protestors blocked trucks hauling logs to Weyerhaeuser's Kenora mill along the TransCanada Highway, resulting in the arrest of protestors by the Ontario Provincial Police.

Forest management: A condition of the Whiskey Jack forestry license is that Abitibi supply Weyerhaeuser's mill in Kenora. The 2006 supply was 220,000 cubic meters, which was approximately 40 percent of the mill's total wood supply. Weyerhaeuser is the largest single user of wood supply from the Whiskey Jack Forest, using about 40 percent of the total timber harvest, according to the proponent's review of management plans filed with the Ontario Ministry of Natural Resources.

The Ontario Ministry of Natural Resources says that cutting licenses and reforestation contracts for the Whiskey Jack Forest are issued in compliance with provincial forest management plans under the Crown Forest Sustainability Act. In addition to the provincial government directly regulating activities on the Whiskey Jack forest, Weyerhaeuser's management adds that these activities also are governed by public planning processes conducted in an open and consultative manner, with input from local citizens, First Nations and others. The province commissions independent audits to assess compliance with legal requirements, forest management plans and license conditions. The results, including those for the Whiskey Jack forest, are reported to the legislature and publicly available. Abitibi's forest management also is independently certified to ISO 14001 and Canadian Standards Association Sustainable Forest Management standards.

Aboriginal relations

Many of Canada's forestlands are subject to the constitutionally protected treaty or common-law rights of the aboriginal peoples of Canada. Weyerhaeuser says that it encourages the resolution of aboriginal claims but that provincial and federal governments must directly address treaty claims with First Nations leaders.

Aboriginal policy: In the 1990s, Weyerhaeuser published *A Policy and Framework for Building Relationships, Canada's Aboriginal Peoples and Weyerhaeuser*. The report describes Weyerhaeuser's "commitment to building long-term, successful relationships between Weyerhaeuser and Aboriginal peoples." The policy fo-

cuses on areas of opportunity for building business relationships with aboriginal peoples include employment, business relationships, education and training and community involvement.

With respect to competing land claims, the report quickly notes the following in its introduction:

Weyerhaeuser supports the timely and meaningful resolution of longstanding Aboriginal claims to land and resources across the country. In some cases, such as where an Aboriginal group asserts that Weyerhaeuser's activities are in conflict with an asserted right, resolution of the issue may fall outside the scope of this policy. The policy is intended to be used where opportunities exist for Weyerhaeuser to work together constructively with an Aboriginal group or business toward a shared goal.

Supreme Court ruling: Both Weyerhaeuser and the proponent cite a 2004 ruling by the Supreme Court of Canada to bolster their positions. Weyerhaeuser notes in its 2006 sustainability report that the Supreme Court found that "the duty to consult with and accommodate aboriginal peoples rests with governments and not with businesses such as Weyerhaeuser." Weyerhaeuser management emphasized to the Social Issues Service that Grassy Narrows has sued the government challenging the province's jurisdiction to issue licenses, rather than its

exercise of a duty to consult or accommodate. This issue is beyond the ability of private parties to resolve, says management.

The proponent cites this same ruling, but emphasizes that the high court found companies share a responsibility to honor aboriginal rights. The ruling states that:

The fact that third parties are under no duty to consult or accommodate Aboriginal concerns does not mean that they can never be liable to Aboriginal peoples. If they act negligently in circumstances where they owe Aboriginal peoples a duty of care, or if they breach contracts with Aboriginal peoples or deal with them dishonestly, they may be held legally liable.

Relationship building: In keeping with its policy noted above, Weyerhaeuser says that it draws employees, suppliers and contractors from aboriginal communities in the areas where it operates. Weyerhaeuser also says it cooperates within the terms of its licenses in Canada to support access by many First Nations and other members of rural communities to traditional activities, including hunting, fishing and trapping.

Kenora mill—Weyerhaeuser says that it involved First Nations extensively during construction of its mill in Kenora and that approximately 25 percent of Weyerhaeuser's work force at the mill is aboriginal.

II. PROPONENT'S POSITION

The proponent, Bart Naylor, would like Weyerhaeuser's board of directors to review the company's "obligations and options" regarding wood supply from the Whiskey Jack forest. Noting that the Grassy Narrows First Nation publicly opposes Weyerhaeuser's wood purchases from this area, the proponent maintains that the resulting controversy may "increase the risk to the company of legal liabilities, negative brand identification and decreased market share for Timberstrand LSL."

The proponent also maintains that Weyerhaeuser has other options to purchase wood due to recent mill closures. Brant Olson of the Rainforest Action Network, who is working with the proponent on the resolution, says that the latest published provincial data indicates that there are substantial volumes of available hardwood. An analysis by RAN and the Director of Forest Programs at the Wildlands League in Toronto, which was shared with the company, indicates that other Forest Management Units within haul distances historically used by the Kenora facility have more than 800,000 cubic meters of

under cut hardwood volume available in the long or short term. Forests in Eastern Manitoba have an additional 350,000 cubic meters of hardwood available on a long term basis. Accordingly, the proponent would like the requested report to include a feasibility assessment of suspending procurement of wood fiber from the Whiskey Jack forest "until the free, prior and informed consent of the Grassy Narrows First Nation has been established."

Olson also contends that the dispute over Grassy Narrows indicates that Weyerhaeuser's policy statement on the issue of aboriginal relations in Canada is insufficient at achieving its stated objectives. Specifically, it fails to manage risks associated with procurement of wood supply from areas under territorial dispute with First Nations in Canada, says Olson. To better manage these risks, the proponent would like the board to issue a clarification of this policy statement on the issue of aboriginal relations in Canada "as it applies to the company's wood fiber procurement activities."

III. MANAGEMENT'S POSITION

Weyerhaeuser's board of directors opposes the resolution, saying that "further assessment or study of this forest by

the company, beyond existing processes, is not warranted."

The board says that Weyerhaeuser respects the rights of aboriginal peoples and is committed to building mutually beneficial relationships with aboriginal communities. The board believes that it is the role of the provincial and federal governments, however, not businesses, to directly address treaty claims such as those presented by Grassy Narrows with First Nations leaders. If necessary, such claims should be resolved by the courts, says the board. Management adds that the company has respectfully presented this position to the Grassy Narrows First Nation Band Council and to Ontario's Ministry of Natural Resources. Last year, the president of Weyerhaeuser's Canadian operations personally urged the province of Ontario to increase its efforts to resolve issues related to Grassy Narrows.

IV. SOCIAL ISSUES SERVICE ANALYSIS

SmartVoter Guidelines

Voting guidelines for this resolution are presented under issue number 3005 in the SmartVoter system.

Questions Raised

- What are the merits of preparing a report on wood purchases from the Whiskey Jack forest?
- Is Weyerhaeuser appropriately responding to the land claims dispute involving the Whiskey Jack Forest?

Weyerhaeuser is purchasing wood from contested forestland—the Whiskey Jack Forest—and the proponent, Bart Naylor, is concerned that Weyerhaeuser's continued reliance on hardwood supplies from this land risks future profits and shareholder value.

Weyerhaeuser purchases the wood from Abitibi-Consolidated, which logs the forest under a sustainable forestry license approved by the province of Ontario. The Grassy Narrows First Nation, one of 28 First Nations in Northwest Ontario under a common treaty with the Crown, is contesting the province's right to award this license. Grassy Narrows says a campaign to end logging without the native community's consent has been going on for a decade.

The Grassy Narrows First Nation believes that much of the logging it opposes is driven by demand from Weyerhaeuser and in recent years has mounted protests against the company that it promises to escalate. The Grassy Narrows First Nation has sent letters directly to the chief executives of Weyerhaeuser and Abitibi-Consolidated instructing them to "immediately cease and desist from all logging and industrial resource extraction on our territory" or face a "fierce international campaign."

Weyerhaeuser supports a governmental resolution of the Grassy Narrows dispute and has clearly stated this posi-

The board also says that the Whiskey Jack forest is an important supply area for Weyerhaeuser's Kenora mill and that companies, including Abitibi, supplying wood to the Kenora mill operate in a responsible manner. The board rejects the proponent's assertion that other options are available, saying that no comparable timber sources are available within reasonable transport distance. Management rejects the analysis by the Rainforest Action Network, saying that the information used outdated and incomplete.

Weyerhaeuser's board says that it will continue to monitor the situation in Grassy Narrows and to encourage resolution of the issues.

tion to all the parties involved. Weyerhaeuser's board says that it will continue to monitor the situation in Grassy Narrows but that further assessment or study is not warranted. Naylor counters that an obligation to shareholders, legal obligations and the company's own policy objectives warrant that the company produce the requested report.

Naylor maintains that given the risks associated with these wood purchases, Weyerhaeuser has an obligation to shareholders to assess the feasibility of suspending procurement from the Whiskey Jack forest and report the results of that assessment to shareholders. Weyerhaeuser management and the proponent differ on the availability of hardwood supplies outside the Whiskey Jack forest. An analysis of recent provincial data has led the proponent to conclude that it is fully possible to implement a moratorium on logging in the Whiskey Jack Forest without affecting the wood supply for Weyerhaeuser's mill. The company rejects this assertion, saying that analysis used by the proponent is based on outdated and incomplete information and that "no comparable timber sources are available within reasonable transport distance."

In terms of the company's relationship with aboriginal groups, Weyerhaeuser notes that a recent ruling from the Supreme Court of Canada found that "the duty to consult with and accommodate aboriginal peoples rests with government." While the proponent acknowledges that the provincial and federal governments are central to the resolution of claims brought by First Nations in Canada, Naylor believes that Weyerhaeuser shares the responsibility to honor aboriginal rights, citing the same Supreme Court ruling. Naylor contends that a report to shareholders on the feasibility of suspending procurement from the Whiskey Jack Forest would allow for a more rational calculation of legal risks associated with the status quo.

Naylor also says that the company's policy on aboriginal relations in Canada is insufficient and needs clarification, given that it fails to manage risks associated with procurement of wood supply from areas under territorial dispute with First Nations in Canada. Management counters that the policy was intended to be used where there are opportunities to work together constructively and that resolution of aboriginal groups' claims "may fall outside the scope of this policy."

Summing up: In conclusion, shareholders may wish to vote for the resolution if they:

- agree with the proponent that the risks associated with purchases from the Whiskey Jack forest bear further reporting so that shareholders may independently assess this risk; or

- agree that further clarification of the company's policy on aboriginal relationships would help the company better manage wood procurement risks.

Shareholders may wish to vote against the proposal if they:

- agree with management that resolution of land claims rests with the government and that no further assessment of the company's wood procurement is warranted; or
- agree that Weyerhaeuser's policy on aboriginal relationships appropriately focuses on areas where the company can work constructively with an aboriginal group or business on a shared goal.

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EXCERPT FROM WEYERHAEUSER'S PROXY STATEMENT

ITEM 4—SHAREHOLDER PROPOSAL ON WOOD SUPPLY

A shareholder has advised the Company that he intends to present the following resolution at the Annual Meeting. In accordance with the applicable proxy statement regulations, the proposed resolution and supporting statement, for which the Board of Directors and the Company accept no responsibility, are set forth below. Approval of this proposal would require the affirmative vote of a majority of the shares of Weyerhaeuser stock voting on the proposal in person or by proxy at the Annual Meeting.

Whereas: Weyerhaeuser's Policy Statement on the issue Aboriginal Relations in Canada states that "Weyerhaeuser will work proactively with each of its businesses to build mutually beneficial relationships with Aboriginal peoples in the company's areas of operation."

Whereas: The Traditional Landuse Area of Asubpeeschoseewagong Netum Anishinabek, also known as Grassy Narrows Grassy First Nation, substantially coincides with the Whiskey Jack forest, a forest management unit managed by Abitibi Consolidated Inc. under a forest management plan approved by the Ontario Ministry of Natural Resources.

Whereas: A condition of the Whiskey Jack forest sustainable forestry license is that Abitibi supply Weyerhaeuser's Timber-Strand LSL mill in Kenora with approximately 50% or 300,000 m³ of the mill's total wood supply.

Whereas: Grassy Narrows established a blockade against forestry within this area started on December 2, 2002 that is still active today and officially informed Weyerhaeuser that it must "cease and desist from logging and resource extraction on our territory" on February 7, 2006.

Whereas: Weyerhaeuser's procurement continues within this area despite an outstanding lawsuit filed by Grassy Narrows trappers claiming that proper consultation and accommodation with the community in accordance with Canadian and interna-

tional law has not occurred and that Aboriginal rights are being materially infringed upon.

Whereas: The company states in its 2005 sustainability that "Weyerhaeuser supports a resolution of Grassy Narrows claims by the governments of Ontario and Canada."

Whereas: A ruling by the Supreme Court of Canada in 2004 found that companies such as Weyerhaeuser share a responsibility to honor Aboriginal rights, stating that "The fact that third parties are under no duty to consult or accommodate Aboriginal concerns does not mean that they can never be liable to Aboriginal peoples. If they act negligently in circumstances where they owe Aboriginal peoples a duty of care, or if they breach contracts with Aboriginal peoples or deal with them dishonestly, they may be held legally liable." (*Haida Nation v. British Columbia (Minister of Forests)*, [2004] 3 S.C.R. 511, para 56)

Whereas: Controversy over the company's continued procurement from the Whiskey Jack forest in light of the documented opposition of Grassy Narrows First Nation may increase the risk to the company of legal liabilities, negative brand identification and decreased market share for Timberstrand LSL.

Whereas: Large hardwood supply volumes are available elsewhere in the region due to recent mill closures.

RESOLVED: That shareholders request the Board of Directors of Weyerhaeuser to institute a comprehensive review of its obligations and options regarding wood supply from the Whiskey Jack Forest and prepare a report, omitting proprietary information, by September 2007.

Supporting Statement

We believe the report should include:

1. A feasibility assessment of suspending procurement of wood fiber from the Whiskey Jack forest until the free, prior and informed consent of the Grassy Narrows First Nation has been established.

2. A clarification of the company's Policy Statement on the issue Aboriginal Relations in Canada to as it applies to the company's wood fiber procurement activities.

THE COMPANY'S RESPONSE TO THE SHAREHOLDER PROPOSAL—ITEM 4

Weyerhaeuser respects the rights of aboriginal peoples and is committed to building mutually beneficial relationships with aboriginal communities. See: "A Policy and Framework for Building Relationships, Canada's Aboriginal Peoples and Weyerhaeuser,"

<http://www.eyerhaeuser.com/ourbusinesses/forestry/timberlands/sustainableforestry/incanada/AboriginalEnglish3.pdf>.

Weyerhaeuser draws employees, suppliers and contractors from aboriginal communities in the areas where we operate. In Ontario, Weyerhaeuser involved First Nations extensively during construction of the TimberStrand® LSL mill in Kenora and approximately 25% of Weyerhaeuser's workforce at the mill is aboriginal. Weyerhaeuser also recognizes that many First Nations and other members of the rural communities in which we operate participate in traditional activities including hunting, fishing and trapping. Weyerhaeuser cooperates within the terms of its licenses in Canada to support access to these traditional uses.

Grassy Narrows is one of 28 First Nations in Ontario who are parties to an 1873 treaty with the Crown. The Grassy Narrows reserve is within an area known as the Whiskey Jack forest. The provincial government currently licenses this forest to Abitibi Consolidated, Inc., which is responsible for its forest management. In 2000, some Grassy Narrows members brought a constitutional claim against the government of Ontario challenging its authority to approve licenses in the area. The court declined to decide the issues without a full trial, which is expected to take place in 2008. Weyerhaeuser is not involved in the lawsuit.

The Whiskey Jack forest is an important supply area for Weyerhaeuser's Kenora mill. No comparable timber sources are available within reasonable transport distance.

Weyerhaeuser believes the companies that supply wood to the Kenora mill operate in a responsible manner. Abitibi has honored blockades erected by some Grassy Narrows members, and has engaged in numerous efforts with the province to resolve the issues. The provincial government directly regulates activities on the Whiskey Jack forest, which are also governed by public planning processes conducted in an open and consultative manner, with input from local citizens, First Nations and others. The province commissions independent audits to assess compliance with legal requirements, forest management plans and license conditions. The results, including those for the Whiskey Jack forest, are reported to the legislature and publicly available. Abitibi's forest management is also independently certified to ISO 14001 and Canadian Standards Association Sustainable Forest Management standards.

Weyerhaeuser encourages the meaningful resolution of aboriginal claims. We believe that treaty claims must be addressed by the provincial and federal governments directly with First Nations leaders. If necessary, these issues must be resolved by the courts. Last year, the President of Weyerhaeuser's Canadian operations personally urged the province of Ontario to increase its efforts to resolve issues related to Grassy Narrows.

Weyerhaeuser continues to monitor the situation in Grassy Narrows and to encourage resolution of the issues. Weyerhaeuser believes, however, that further assessment or study of this forest by the Company, beyond existing processes, is not warranted.

THE BOARD RECOMMENDS A VOTE AGAINST THIS PROPOSAL.

The Company will provide the name and address of the proponent of the shareholder proposal above and the number of shares the proponent holds upon request for such information. Requests may be sent to Claire S. Grace, Corporate Secretary, Weyerhaeuser Company, P.O. Box 9777, Federal Way, Washington 98063-9777; by email at CorporateSecretary@Weyerhaeuser.com or by calling (253) 924-5273.

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