

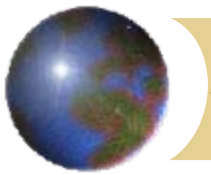


**Asia-Pacific Forestry Commission
International Conference on
The Future of Forests in Asia and the Pacific
Outlook for 2020**

Criteria for Investment in Forestry



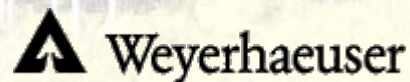
**Dr. Kent Wheeler
Director, Strategic Planning
Industrial Wood Products and International
Weyerhaeuser Company**

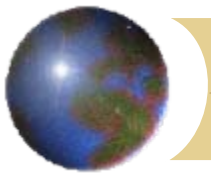


Weyerhaeuser Company

- ✦ Incorporated 1900
- ✦ Own or manage 14 million hectares of timber in six countries
- ✦ www.woyerhaeuser.com

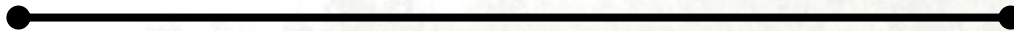
October 18, 2007

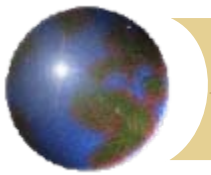




Why do people invest?

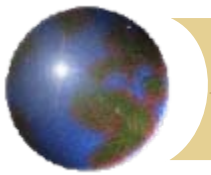
- Investment is the expenditure of resources for future benefit
- Most investors want a reasonable return and a good outcome
- People usually invest consistent with their values





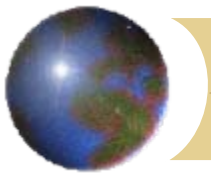
Weyerhaeuser's vision and values

- We believe in the potential of trees to solve important problems for people and the planet
- It is Weyerhaeuser's core policy to be responsible stewards of the environment wherever we do business
 - Sustainability (with third-party certification)
 - Environmental management systems (ISO 14001)
 - Safety
- If an investment opportunity is not consistent with these values, we will not invest



Assess the operating environment

- Transparency International
- Risk briefings from the Economist Intelligence Unit
- RISI Global Tree Farm and Managed Forest Industry
 - Uses a broad set of parameters to rank timberlands investment attractiveness for 70 countries
 - Parameters include policy consistency, strength of judicial system, corruption, foreign ownership provisions, rules and regulations for land tenure and usage rights, etc



Strategic and financial analysis

- Strategic fit
- Investment scale and horizon
- Species, growth rates, silviculture requirements
- Potential products
 - Demand and supply outlook
 - Existing conversion capacity and infrastructure
 - Integrated or non-integrated
- Cash flow expectations
 - Initial investment and anticipated operating cash flow
 - Revenues, costs, non-timber income, exchange rates, taxes
- Return expectations



Sharing the solution

- ⊕ Forests face multiple demands and expectations
- ⊕ Forests can meet both public and private needs
- ⊕ Promote investment in sustainable forestry by ensuring that the trees have economic value