

Limber Selling by Lumber Executives

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Insider Tables: Buyers | Sellers

WEYERHAEUSER EXECUTIVES are harvesting hefty gains as the stock hovers around record highs and the timber producer faces mounting pressure to convert into a real-estate investment trust.

Over the past 30 days, 13 senior Weyerhaeuser executives sold more than 785,000 shares for roughly \$66 million, according to Thomson Financial data. All shares were sold at prices ranging from \$82 to \$84.67.

Insiders also exercised options for 815,000 shares in the past month for \$44.6 million, or from \$49.61 to \$69.73 per share, and were not set to expire for a couple of years.

This was the highest level of monthly selling ever based on data dating back to 1999.

Weyerhaeuser spokesman Bruce Amundson said senior management and other parties familiar with a recent acquisition "were precluded from trading the stock" due to a blackout period spanning from July 2006 to last Thursday.

Michael Painchaud, managing director of research for Market Profile Theorems, says that insider selling has painted a bearish picture at Weyerhaeuser (matched with downbeat analysts) while "the markets are overly enthusiastic" about the stock.

Statistical analysis of Weyerhaeuser and the broader market indicates "these kinds of situations would suggest we would see price weakness now" at the lumber company, says Painchaud.

The largest inside seller in this latest wave was Chairman, Chief Executive Officer and President Steven Rogel. In fact, Rogel sold all the shares he directly owned.

On March 8, Rogel grossed \$29.83 million by selling 356,397 shares on the open market that were acquired through options for \$18.9 million, Securities and Exchange Commission filings show. Those options hadn't been set to expire until nearly more than two years from now -- from February 2009 through February 2011.

Weyerhaeuser's annual proxy statement released March 9 indicates Rogel continues to hold options exercisable for 1.09 million shares. Rogel's total compensation package for 2006 was nearly \$4.07 million, including a salary of \$1.29 million and a bonus of \$1.3 million that represents 80% of his target award.

Meanwhile, Susan M. Mersereau, chief information officer, is considered one of the more prescient sellers. Based on Thomson Financial data, Weyerhaeuser stock declined an average of 6.5% in the six months following her previous eight sales transactions.

On March 8, she acquired 22,500 shares through options for \$1.37 million before she sold them all on the open market for nearly \$1.88 million.

No Weyerhaeuser director or executive has purchased stock on the open market in more than three years.

The stock touched a record high of \$87.09 on Feb. 27, but has fallen nearly 9% since then amid the broader market. So far this year Weyerhaeuser shares are up 14%, on par with forestry peers.

Still, Weyerhaeuser is trading at 28 times earnings-per-share estimates for the next four quarters. That gives the stock a roughly 26% premium to the forest-products industry. That's quite a reversal of fortune. Over the past five years, the company has typically traded at an average discount of 19% to the group.

On March 12, J.P. Morgan analyst Claudia Shank reinstated coverage of Weyerhaeuser with a Neutral rating because the stock remains attractive "owing in large part to its six million acres of timberland," but she noted that valuation was "expensive."

In addition, "shareholder activism and changing paper-industry dynamics could drive the company toward further asset-restructuring." Shareholders are pressuring Weyerhaeuser to change its status as a corporation to a REIT with better tax benefits and where gains are passed on to investors, but it is unclear whether this will be successful.

Why would Weyerhaeuser be reluctant to convert to REIT status?

According to UBS Investment Research analyst Richard Schneider, "Weyerhaeuser may have to sell everything but timberland to qualify" for REIT status, he wrote in a March 7 research report. He noted that Weyerhaeuser may seek to partially restructure and split off its containerboard business. The company "still believes timber tax reform has a chance." Schneider cut his rating to Reduce from Neutral but raised his target price to \$85 from \$75.

Joshua Hong, director of research at OwnershipAnalyzer.com, cautions that investors should keep a close eye on the stock given heavy selling by Rogel and other executives. Also, the number of the company's shares shorted jumped to 12.5 million shares, as reported on Feb. 15, from 7.7 million the previous month.

Institutional ownership remains "steady" with 192 million shares, or roughly 80% of Weyerhaeuser's outstanding stock.

Recent Insider Activity

BUYERS:

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
Centennial Bank Holdings	J. Eggemeyer	D	\$2,148,347	247,200	8.69-8.69	March 8-9, 2007
Medtronic	J. Schuler	D	999,268	20,000	49.94-49.97	March 8, 2007
Leap Wireless International	R. Lapenta	D	656,374	10,000	65.64	March 8, 2007
CBRE Realty Finance	R. Wirta	D	497,755	38,000	13.08-13.1	March 8, 2007
ECC Capital	S. Holder	CEO	465,000	500,000	0.93	March 8, 2007
OSI Pharmaceuticals	D. Niemiec	D	331,597	10,000	33.1-33.2	March 8, 2007
International Bancshares	D. Hastings	D	290,500	10,000	29.05	March 8, 2007
Powerwave Technologies	B. Edwards	OD	246,265	50,000	4.93	March 9, 2007
Inland Real Estate	D. Goodwin	CB	184,279	10,000	18.43	March 9, 2007
CenterPoint Energy	P. Wareing	D	174,785	10,000	17.48	March 7, 2007

(Source: Thomson Financial/Baseline)

SELLERS:

COMPANY NAME	INSIDERS NAME	TITLE	\$ VALUE	NO. OF SHARES IN TRANS.	RANGE OF VALUES	TRANSACTIONS DATES
Weyerhaeuser	S. Rogel	CEO	\$21,410,789	255,982	82.5-84.5	March 8, 2007
Staples	R. Sargent	CEO	15,292,132	610,193	24.89-25.2	March 6, 2007
Qualcomm	A. Coffman	D	7,053,851	176,000	40.08	March 8, 2007
Tyson Foods	D. Tyson	DO	6,829,414	376,977	18.03-18.20	March 8-12, 2007
Weyerhaeuser	S. Rogel	CEO	5,411,148	64,534	82.52-84.47	March 8, 2007
Federated Department Stores	S. Kronick	O	5,095,250	114,500	44.50	March 9-12, 2007
Host Hotels & Resorts	W. Walter	CFO	4,973,968	200,000	24.85-24.98	March 8, 2007
GFI Group	G. Kalish	D	4,851,154	79,400	60.5-62	March 7-8, 2007
Weyerhaeuser	E. Rogel	O	4,265,356	51,200	82.65-84.5	March 8, 2007
Sepracor	D. Barrios	D	3,965,296	80,000	49.55-49.62	March 9, 2007

(Source: Thomson Financial/Baseline)

Here's a rundown of insider trading activity reported on March 12, 2007. An insider is any officer, director or owner of 10% or more of a class of the company's securities. The table shows purchases and sales which must be reported to the SEC and other regulators by the 10th of the month following the month of the trade, includes both open-market and private transactions involving direct and indirect holdings. Excludes stock valued at less than \$2 per share, acquisitions through options and companies being acquired. Included are purchases, sales and stock registered for sale for individual officers, companies, and sectors.

AC-member of the advisory committee. AF-affiliated person. AI-affiliate of investment advisor. AV-assistant vice president. B-beneficial owner of more than 10% of a security class. BC-beneficial owner as custodian. BT-beneficial owner as trustee. C-controller. CB-chairman. CC-member of the compensation committee. CEO-chief executive officer. CFO-chief financial officer. CI-chief investment officer. CO-chief operating officer. CP-controlling person. CT-chief technology officer. D-director. DO-director and beneficial owner. DS-indirect shareholder. EC-member of the executive committee. EVP-executive vice president. F-founder. FC-member of the finance committee. FO-former. GC-general counsel. GM-general manager. GP-general partner. H-officer, director and beneficial owner. I-indirect transaction filed through a trust, insider spouse, minor child or other. IA-investment advisor. LP-limited partner. M-managing partner. MC-member of committee or advisory board. MD-managing director. O-officer. OB-officer and beneficial owner. OD-officer and director. OE-other executive. OP-officer of parent company. OS-officer of subsidiary company. OT-officer and treasurer. OX-divisional officer. P-president. R-retired. S-secretary. SC-member of the science/technology committee. SH-shareholder. SVP-senior vice president. T-trustee. TR-treasurer. UT-unknown. VC-vice chairman. VP-vice president. VT-voting trustee. X-deceased.

*-Half of the transactions were indirect.