

WEYERHAEUSER CO
Form 11-K
June 20, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011
or
 TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
FOR THE TRANSITION PERIOD FROM TO
COMMISSION FILE NUMBER: 1-4825

WEYERHAEUSER HOURLY 401(k) PLAN
WEYERHAEUSER COMPANY
A Washington Corporation

Federal Way, Washington 98063
Telephone: (253) 924-2345

Financial Statements and Exhibit

Item 4: Plan financial statements prepared in accordance with the financial reporting requirements of ERISA.

Weyerhaeuser Hourly 401(k) Plan statements of net assets available for benefits as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011, together with report of Independent Registered Public Accounting Firm.

Exhibit: Consent of Independent Registered Public Accounting Firm

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the members of the Committee who administer the Weyerhaeuser Hourly 401(k) Plan have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

WEYERHAEUSER HOURLY 401(k) PLAN

Date: June 20, 2012

By: /s/ John A. Hooper
John A. Hooper
Chairman
Administrative Committee

WEYERHAEUSER HOURLY 401(k) PLAN
Financial Statements
December 31, 2011 and 2010
(With Report of Independent Registered Public Accounting Firm Thereon)

Report of Independent Registered Public Accounting Firm

The Administrative Committee
Weyerhaeuser Company:

We have audited the accompanying statements of net assets available for benefits of the Weyerhaeuser Hourly 401(k) Plan (the Plan) as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the year ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP
Seattle, Washington
June 20, 2012

WEYERHAEUSER HOURLY 401(k) PLAN
 Statements of Net Assets Available for Benefits
 December 31, 2011 and 2010
 (Dollar amounts in thousands)

	2011	2010
Assets:		
Plan interest in the Weyerhaeuser Company 401(k) and Performance Share Plan Trust:		
Participant directed investments at fair value:		
Weyerhaeuser Company Stock Fund	\$44,778	\$52,826
Shares of registered investment company funds:		
Vanguard 500 Index Fund	69,163	81,537
Vanguard Extended Market Index Fund	24,869	31,805
Vanguard Prime Money Market Fund	5,007	6,809
Vanguard Target Retirement 2005 Fund	1,082	979
Vanguard Target Retirement 2010 Fund	362	481
Vanguard Target Retirement 2015 Fund	7,581	9,872
Vanguard Target Retirement 2020 Fund	2,983	1,843
Vanguard Target Retirement 2025 Fund	8,262	8,452
Vanguard Target Retirement 2030 Fund	812	514
Vanguard Target Retirement 2035 Fund	3,556	3,783
Vanguard Target Retirement 2040 Fund	369	251
Vanguard Target Retirement 2045 Fund	1,763	1,965
Vanguard Target Retirement 2050 Fund	399	258
Vanguard Target Retirement 2055 Fund	39	1
Vanguard Target Retirement Income Fund	1,255	1,069
Vanguard Total Bond Market Index Fund	12,586	11,971
Vanguard Total International Stock Index Fund	13,679	18,522
Vanguard Wellesley Income Fund	33,040	34,336
Weyerhaeuser Stable Value Fund	82,136	83,485
Total investments	313,721	350,759
Contributions receivable:		
Company matching	—	1
Participant	—	2
Total contributions receivable	—	3
Net assets reflecting all investments at fair value	313,721	350,762
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(3,868) (3,190)
Net assets available for benefits	\$309,853	\$347,572
See accompanying notes to financial statements.		

WEYERHAEUSER HOURLY 401(k) PLAN

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2011

(Dollar amounts in thousands)

Additions:

Contributions:

Company matching	\$3,417
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Participant	12,150
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Total contributions	15,567
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Net investment income from the Weyerhaeuser Company 401(k) and Performance Share Plan Trust	6,079
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Total additions	21,646
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Deductions:

Benefits paid to participants	59,256
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Net decrease prior to plan transfers	(37,610)
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Plan transfers, net	(109)
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Net decrease	(37,719)
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Net assets available for benefits:

Beginning of year	347,572
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End of year	\$309,853
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See accompanying notes to financial statements.

WEYERHAEUSER HOURLY 401(k) PLAN

Notes to Financial Statements

December 31, 2011 and 2010

(1) Description of the Plan

The following description of the Weyerhaeuser Hourly 401(k) Plan (the Plan) provides only general information. Participants should refer to the summary plan description and plan document for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan and was established July 1, 1991. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Any hourly employee of a participating location of Weyerhaeuser Company (the Company) and its subsidiaries as listed in the Plan's legal document is eligible to participate in the Plan. The president of the Company designates participating subsidiaries from among the eligible domestic corporations of which the voting stock is owned by the Company or one of its subsidiaries. Newly eligible employees are automatically enrolled in the Plan at a contribution rate of 3% of pay and the rate increases 1% per year until the maximum percentage of 7% of pay is reached, unless the employees elect otherwise. Employees may opt out within 60 days of the enrollment kit mailing date and may discontinue contributing to the Plan at any time.

The Plan is administered by the Administrative Committee, which consists of certain employees of the Company. Vanguard Fiduciary Trust Company acts as the trustee, recordkeeper, and investment manager for the Plan. Therefore, the Vanguard investment transactions qualify as party-in-interest and related party transactions.

(b) Weyerhaeuser Company Stock Fund Dividend and Voting Rights

The portion of the Plan invested in the Weyerhaeuser Company Stock Fund is an Employee Stock Ownership Plan. Participants may elect to have any cash dividends due to them reinvested in the Weyerhaeuser Company Stock Fund or paid in cash. To the extent set forth by the terms of the Plan, participants may exercise voting rights by providing instructions to the trustee related to the number of whole shares of stock represented by the units of the Weyerhaeuser Company Stock Fund allocated to their accounts. Shares of stock for which the trustee does not receive instructions from participants are voted in the same proportions - for and against, respectively - as shares for which the trustee receives participant voting instructions.

(c) Contributions

The Plan includes a qualified cash or deferred arrangement described in Section 401(k) of the Internal Revenue Code (IRC) that allows participants to designate any whole percent up to 75% of their eligible compensation to be contributed to the Plan, subject to certain limitations imposed under the IRC.

Participant contributions may be suspended under certain circumstances, at the participant's request or upon a hardship withdrawal.

The Plan provides for a matching contribution to be made by the Company. The four possible Company matching levels were as follows:

- (1) The first 5% of eligible compensation designated by each participant as the participant's contribution is matched by the Company at a rate of 30%;
- (2) The first 5% of eligible compensation designated by each participant as the participant's contribution is matched by the Company at a rate of 50%;
- (3) The first 6% of eligible compensation designated by each participant as the participant's contribution is matched by the Company at a rate of 50%; and
- (4) The first 7% of eligible compensation designated by each participant as the participant's contribution is matched by the Company at a rate of 70%.

Matching levels may vary for specific employee groups participating in the Plan. For information regarding the level of Company matching contributions for a specific employee group, refer to the Plan's legal document. Company matching contributions are invested in accordance with each participant's investment direction in effect at the time. Participants may transfer Company matching contributions at any time.

(d) Participant Accounts

An individual account is maintained for each plan participant to reflect his or her share of the Plan's income and losses, participant contributions and Company contributions. Allocations of income and losses are based on the number of units of the various investment funds assigned to each participant's account on a daily basis.

(e) Vesting

Participants are fully vested in their contributions and earnings thereon. The interest of a participant in the Company contributions and earnings thereon becomes fully vested upon the earliest date of one of the following events:

(1) attainment of the requisite vesting service as described below, (2) retirement at normal or early retirement age under the employer's defined benefit pension plan, (3) attaining age 65, (4) death or total and permanent disability while in the employer's employ, (5) termination of service due to a plant closure or (6) upon termination of the Plan. The Plan also provides 100% vesting for all involuntary terminations except for violations of certain Company employee conduct standards as set forth in the Plan.

Employees who are eligible to participate in the Plan vest in their matching contributions and earnings thereon after six years of vesting service according to the following schedule.

Years of vesting service	Percent vested	
Less than two years of service	—	%
Two years of service	20	%
Three years of service	40	%
Four years of service	60	%
Five years of service	80	%
Six or more years of service	100	%

The accounts of participants who had participated in certain plans previously merged into the Plan and meeting certain employment requirements are fully vested.

If a participant is not fully vested in matching contributions upon severance of employment and does not return to active employment with the Company within five years, the participant forfeits matching contributions to the extent they are not vested. Forfeited Company contributions are used to reduce future Company contributions. During 2011, approximately \$33,000 of forfeitures were used to reduce Company contributions. There were approximately \$19,000 and \$41,000 of unallocated forfeitures as of December 31, 2011 and 2010, respectively.

(f) Investment Options

Participants are allowed to change their investment election for future contributions at any time. Participants have the option to invest up to 100% of their contributions, in 1% increments, in any of the twenty investment options listed below. If a Plan participant does not specify the investment fund in which to invest deferral or rollover contributions, such contributions will be invested in the Plan's qualified default investment alternative (QDIA) which is the Vanguard Target Retirement Fund closest to the participant's retirement age, assuming a retirement age of 65.

- Weyerhaeuser Company Stock Fund
- Vanguard 500 Index Fund
- Vanguard Extended Market Index Fund
- Vanguard Prime Money Market Fund
- Vanguard Target Retirement 2005 Fund
- Vanguard Target Retirement 2010 Fund

Vanguard Target Retirement 2015 Fund
Vanguard Target Retirement 2020 Fund
Vanguard Target Retirement 2025 Fund
Vanguard Target Retirement 2030 Fund
Vanguard Target Retirement 2035 Fund
Vanguard Target Retirement 2040 Fund
Vanguard Target Retirement 2045 Fund
Vanguard Target Retirement 2050 Fund
Vanguard Target Retirement 2055 Fund
Vanguard Target Retirement Income Fund
Vanguard Total Bond Market Index Fund
Vanguard Total International Stock Index Fund
Vanguard Wellesley Income Fund
Weyerhaeuser Stable Value Fund

Participants may reallocate on a daily basis funds in their accounts related to participant and Company contributions among the investment options offered by the Plan.

(g) Valuation Frequency

Account balances are valued on a daily basis.

(h) Payment of Benefits

Participant contributions and amounts in the participant's rollover portion of the account may be withdrawn for financial hardship subject to restrictions under the IRC and the Plan. Participant contributions may also be withdrawn after attaining age 59½. The participant's vested interest in Company matching contributions, performance share contributions and rollover portions of the account may be withdrawn two full calendar years after the date of the contribution or rollover, after five years of service or after attaining age 59½. In addition, a participant may elect to receive in cash any cash dividends paid with respect to units of the Weyerhaeuser Company Stock Fund allocated to the participant's account or to direct payment to the participant's account for reinvestment in the Weyerhaeuser Company Stock Fund. Additional distribution options (as described in the Plan) may be available to participants who participated in a plan that was merged into the Plan.

Participants who have terminated employment and whose vested account balance exceeds \$5,000 shall receive a distribution of their entire interest in the Plan when they so elect or at age 65. Participants whose accounts are valued at \$1,000 or less receive a distribution of their entire interest in the Plan after termination of employment. Participants with balances less than \$5,000 and more than \$1,000 receive a distribution in the form of a rollover to an individual retirement account, unless otherwise elected after termination of employment. The nonvested portions of participants' accounts are forfeited upon distribution of the accounts or after a five-year period of severance, whichever is earlier.

(i) Expenses of the Plan

The employer generally pays the costs of administering the Plan, including fees and expenses of the trustee, the recordkeeper and the external auditor (participants pay a fee to process requests for hardship withdrawals and Qualified Domestic Relations Orders). Brokerage fees, stock transfer taxes and other investment management fees directly incurred by the trustee in buying and selling any assets of each fund are paid by Weyerhaeuser Company 401k and Performance Share Master Trust (Master Trust) out of such fund as a part of the cost of such assets, or as a reduction of the proceeds received from the sale of such assets. Participants are charged a 2% redemption fee for transfers from the Vanguard Total International Stock Index Fund (the International Fund) when the investment in the International Fund has been held for less than two months. The 2% fee is calculated on the amount transferred and is paid back into the International Fund. These fees, if any, are included as a component of net investment income in the Statement of Changes in Net Assets Available for Benefits.

(2) Summary of Accounting Policies

(a) Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting in accordance with U.S. generally accepted accounting principles.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis. See also Note 6: Guaranteed Investment Contracts.

(b) Participation in the Master Trust and Unit Accounting

All of the Plan's investments are held in the Master Trust. The Master Trust held assets of two 401(k) plans of the Company as of December 31, 2011 and 2010. The Master Trust and the Plan use unit accounting for recordkeeping purposes. Each "unit" represents a portion of ownership in a fund. See Note 7: Interest in Master Trust for investment valuation and interest in the Master Trust at fair value.

(c) Income Recognition and Net Investment Income from the Master Trust

Within the Master Trust, purchases and sales of securities are recorded on a trade-date basis. Interest income is accrued when earned. Dividends are recorded on the ex-dividend basis. The change in fair value of assets from one period to the next and realized gains and losses are recorded as net appreciation or depreciation in fair value of investments. Total investment income of the Master Trust as presented in Note 7: Investment in Master Trust is allocated to each plan investing in the Master Trust based on the units of each fund held by the plan.

(d) Risks and Uncertainties

The Master Trust and Plan assets are invested in a variety of investments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Net Assets Available for Benefits.

(e) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

(f) Payment of Benefits

Benefits are recorded when paid.

(g) Valuation of Master Trust and Plan Investments

The fair value of Master Trust investments are based upon the information available at year end. Master Trust investments are stated at fair value based upon the amount that would be received in an orderly transaction between market participants at the reporting date. Master Trust investments are not valued based upon a forced or distressed sale scenario. Instead, both observable and unobservable inputs that reflect assumptions applied by market participants when setting the exit price of an investment in an orderly transaction within the principal market of that investment are considered.

Master Trust investments are valued based upon the observability of exit pricing inputs and classified based upon the lowest level input that is significant to the fair value measurement of the Master Trust investments in their entirety.

The fair value hierarchy followed is outlined below:

Level 1: Inputs are unadjusted quoted prices for identical assets and liabilities traded in an active market.

Level 2: Inputs are quoted prices in non-active markets for which pricing inputs are observable either directly or indirectly at the reporting date.

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

Investments with readily available quoted prices in an active market or those for which fair value can be measured from actively quoted prices will have a higher degree of market price observability and thus, a lesser degree of judgment applied when measuring fair value than those with unobservable pricing inputs.

(3) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA and the IRC. In the event of plan termination, participants will become fully vested in their accounts.

(4) Tax Status

The Plan has received a favorable determination letter from the Internal Revenue Service stating that the Plan qualifies under Section 401(a) of the IRC. The Plan has subsequently been amended. Management believes the Plan is designed and is currently being operated in compliance with the applicable requirements of Section 401(a) of the IRC, and as a result, is exempt from federal income taxes under Section 501(a) of the IRC. Employees who participate in the Plan are subject to federal income tax on distributions from the Plan in accordance with the provisions of Section 402 of the IRC.

U.S. generally accepted accounting principles require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

(5) Plan Transfers

Plan transfers represent the net amount of participant account balances transferred during the year from the Plan to other plans within the Master Trust as a result of participants changing employment within the Company and related changes in their eligibility status.