

TRI Pointe Homes, Inc.  
Form S-4/A  
May 09, 2014  
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**AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 8, 2014**

**REGISTRATION NO. 333-193248**

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Amendment No. 2**  
**to**  
**FORM S-4**  
**REGISTRATION STATEMENT**  
***UNDER***  
***THE SECURITIES ACT OF 1933***

**TRI POINTE HOMES, INC.**  
**(Exact name of registrant as specified in its charter)**

<b>Delaware</b> <b>(State or other jurisdiction of</b>	<b>1531</b> <b>(Primary Standard Industrial</b>	<b>27-3201111</b> <b>(I.R.S. Employer</b>
<b>incorporation or organization)</b>	<b>Classification Code Number)</b> <b>19520 Jamboree Road, Suite 200</b>	<b>Identification Number)</b>

**Irvine, California 92612**

**(949) 478-8600**

**(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)**

**Douglas F. Bauer**

**Chief Executive Officer**

**TRI Pointe Homes, Inc.**

**19520 Jamboree Road, Suite 200**

**Irvine, California 92612**

**(949) 478-8600**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

*Copies to:*

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**Michael E. Flynn, Esq.**

**D. Scott Bennett, Esq.**

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**Worldwide Plaza**

**Irvine, California 92614**

**3161 Michelson Drive**

**825 Eighth Avenue**

**(949) 553-1313**

**Irvine, California 92612**

**New York, New York 10019**

**(949) 451-4054**

**(212) 474-1000**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable on or after the effective date of this registration statement and after all other conditions to the completion of the exchange offer and merger described herein have been satisfied or waived.

If the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer " Accelerated filer "  
 Non-accelerated filer x (Do not check if a smaller reporting company) Smaller reporting company "

**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities to be registered</b>	<b>Amount to be registered(1)(2)</b>	<b>Proposed maximum offering price per unit(3)</b>	<b>Proposed maximum offering price(3)</b>	<b>Amount of registration fee(3)</b>
Common stock, \$0.01 par value per share	129,700,000	\$18.65	\$2,418,905,000.00	\$311,554.96

- (1) Pursuant to Rule 416 under the Securities Act of 1933, as amended, this registration statement also covers an indeterminate number of additional shares common stock of TRI Pointe Homes, Inc., par value \$0.01 per share, as may be issuable as a result of stock splits, stock dividends or similar transactions.
- (2) Represents the estimated total number of shares of common stock of TRI Pointe Homes, Inc. which will be issuable in connection with the transactions contemplated by the Transaction Agreement, dated as of November 3, 2013, by and among TRI Pointe Homes, Inc., Weyerhaeuser Company, Weyerhaeuser Real Estate Company and Topaz Acquisition, Inc., as described in the Prospectus-Offer to Exchange filed as part of this

registration statement.

- (3) Calculated pursuant to Rule 457(c) and Rule 457(f) under the Securities Act of 1933, as amended, based on the average of the high and low prices of shares of common stock of TRI Pointe Homes, Inc. as reported on the New York Stock Exchange on January 8, 2014. The filing fee was previously paid in connection with the previously filed TRI Pointe Homes, Inc. Registration Statement on Form S-4, which was filed on January 9, 2014.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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**EXPLANATORY NOTE**

TRI Pointe Homes, Inc. ( TRI Pointe ) is filing this registration statement on Form S-4 (Reg. No. 333-193248) to register shares of its common stock, par value \$0.01 per share, which will be issued in connection with the merger (the Merger ) of Topaz Acquisition, Inc. ( Merger Sub ), which is a wholly owned subsidiary of TRI Pointe, with and into Weyerhaeuser Real Estate Company ( WRECO ), which is an indirect, wholly owned subsidiary of Weyerhaeuser Company ( Weyerhaeuser ), with WRECO surviving the Merger and becoming a wholly owned subsidiary of TRI Pointe. In the Merger, the WRECO common shares will be immediately converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share. Prior to the consummation of the Merger, Weyerhaeuser will cause certain assets relating to Weyerhaeuser s real estate business to be transferred to, and certain liabilities relating to Weyerhaeuser s real estate business to be assumed by, WRECO and its subsidiaries. Weyerhaeuser will also cause certain assets of WRECO and its subsidiaries that will be excluded from the Transactions (as defined herein) to be transferred to, and certain liabilities of WRECO and its subsidiaries that will be excluded from the Transactions to be assumed by, Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). Weyerhaeuser NR Company ( WNR ), a wholly owned subsidiary of Weyerhaeuser, will receive cash proceeds of approximately \$739 million from new debt financing to be incurred by WRECO upon the consummation of the Transactions, which cash will be retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). WNR may also receive a cash payment of the Adjustment Amount (as defined herein), if the Adjustment Amount is payable by TRI Pointe, as described in this registration statement. TRI Pointe will file a proxy statement that relates to the annual meeting of TRI Pointe stockholders to approve, among other proposals, the issuance of shares of TRI Pointe common stock in the Merger. In addition, WRECO has filed a registration statement on Form S-4 and Form S-1 (Reg. No. 333-193251) to register its common shares (par value \$0.04 per share), which common shares will be distributed to Weyerhaeuser shareholders pursuant to a spin-off or a split-off in connection with the Merger.

**Based on market conditions prior to the consummation of the Transactions, Weyerhaeuser will determine whether the WRECO common shares will be distributed to Weyerhaeuser shareholders in a spin-off or a split-off. Weyerhaeuser will determine which approach it will take prior to the consummation of the Transactions and no decision has been made at this time.** In a spin-off, all Weyerhaeuser shareholders would receive a pro rata number of WRECO common shares. In a split-off, Weyerhaeuser would offer its shareholders the option to exchange their Weyerhaeuser common shares for WRECO common shares in an exchange offer, which WRECO common shares would immediately be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger, resulting in a reduction in Weyerhaeuser s outstanding common shares. If the exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because this exchange offer is not fully subscribed, the remaining WRECO common shares owned by Weyerhaeuser will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of the exchange offer. WRECO is filing its registration statement under the assumption that the WRECO common shares will be distributed to Weyerhaeuser shareholders pursuant to a split-off. This registration statement also assumes, and TRI Pointe s proxy statement will assume, that the WRECO common shares will be distributed to Weyerhaeuser shareholders pursuant to a split-off. Once a final decision is made regarding the manner of distribution of the shares, this registration statement on Form S-4, TRI Pointe s proxy statement and WRECO s registration statement on Form S-4 and Form S-1 will be amended to reflect that decision, if necessary.

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**The information in this document may change. The exchange offer and issuance of securities being registered pursuant to the registration statement of which this document forms a part may not be completed until the registration statement is effective. This document is not an offer to sell these securities, and it is not soliciting an offer to buy these securities, in any state where such offer or sale is not permitted.**

**SUBJECT TO COMPLETION DATED MAY 8, 2014**

**PRELIMINARY PROSPECTUS OFFER TO EXCHANGE**

**WEYERHAEUSER COMPANY**

**Offer to Exchange All Common Shares of**

**WEYERHAEUSER REAL ESTATE COMPANY**

**Which Are Owned by Weyerhaeuser Company**

**and Will Be Converted into the Right to Receive Shares of Common Stock of**

**TRI POINTE HOMES, INC.**

**for**

**Common Shares of Weyerhaeuser Company**

*Weyerhaeuser Company, a Washington corporation ( Weyerhaeuser ), is offering to exchange all issued and outstanding common shares ( WRECO common shares ) of Weyerhaeuser Real Estate Company, a Washington corporation ( WRECO ), for common shares of Weyerhaeuser ( Weyerhaeuser common shares ) that are validly tendered and not properly withdrawn. The number of Weyerhaeuser common shares that will be accepted if this exchange offer is completed will depend on the final exchange ratio and the number of Weyerhaeuser common shares tendered. The terms and conditions of this exchange offer are described in this document, which you should read carefully. None of Weyerhaeuser, WRECO, any of their respective directors or officers or any of their respective representatives makes any recommendation as to whether you should participate in this exchange offer. You must make your own decision after reading this document and consulting with your advisors.*

*Weyerhaeuser's obligation to exchange WRECO common shares for Weyerhaeuser common shares is subject to the conditions described in This Exchange Offer Conditions to the Consummation of this Exchange Offer , including the satisfaction of conditions to the Transactions, which include TRI Pointe stockholder approval of the issuance of TRI Pointe common stock in the Merger and other conditions.*

*Immediately following the consummation of this exchange offer, a special purpose merger subsidiary of TRI Pointe Homes, Inc., a Delaware corporation ( TRI Pointe ), named Topaz Acquisition, Inc., a Washington corporation*

*( Merger Sub ), will be merged with and into WRECO, with WRECO surviving the merger and becoming a wholly owned subsidiary of TRI Pointe (the Merger ). In the Merger, each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of common stock of TRI Pointe ( TRI Pointe common stock ). Accordingly, WRECO common shares will not be transferred to participants in this exchange offer; participants will instead receive shares of TRI Pointe common stock in the Merger. No trading market currently exists or will ever exist for WRECO common shares. You will not be able to trade the WRECO common shares before or after they are converted into the right to receive shares of TRI Pointe common stock in the Merger. There can be no assurance that shares of TRI Pointe common stock issued in the Merger will trade at the same prices at which shares of TRI Pointe common stock are traded prior to the Merger.*

Weyerhaeuser will calculate the value of Weyerhaeuser common shares, WRECO common shares and shares of TRI Pointe common stock based on the simple arithmetic averages of the daily volume-weighted average prices ( VWAP ) of Weyerhaeuser common shares and TRI Pointe common stock on the New York Stock Exchange ( NYSE ) on each of the last three trading days ( Valuation Dates ) of the exchange offer period (including the expiration date), as it may be voluntarily extended, but not including the last two trading days that are part of any Mandatory Extension (as described below). Based on an expiration date of \_\_\_\_\_, 2014, the Valuation Dates are expected to be \_\_\_\_\_, 2014, \_\_\_\_\_, 2014 and \_\_\_\_\_, 2014. See This Exchange Offer Terms of this Exchange Offer .

This exchange offer is designed to permit you to exchange your Weyerhaeuser common shares for a number of WRECO common shares that corresponds to a \_\_\_\_\_ % discount to the equivalent amount of TRI Pointe common stock, calculated as set forth in this document. However, the exchange ratio is subject to an upper limit, as discussed in This Exchange Offer Upper Limit . Subject to the upper limit, for each \$1.00 of Weyerhaeuser common shares accepted in this exchange offer, you will ultimately receive \$ \_\_\_\_\_ of fully paid and non-assessable shares of TRI Pointe common stock as a result of this exchange offer and the Merger. This exchange offer does not provide for a minimum exchange ratio. See This Exchange Offer Terms of this Exchange Offer . If the upper limit is in effect, then the exchange ratio will be fixed at the upper limit and this exchange offer will be automatically extended (a Mandatory Extension ) until 12:00 midnight, New York City time, on the second trading day following the originally contemplated expiration date to permit shareholders to tender or withdraw their Weyerhaeuser common shares during that period. **IF THE UPPER LIMIT IS IN EFFECT, AND UNLESS YOU PROPERLY WITHDRAW YOUR SHARES, YOU WILL RECEIVE LESS THAN \$ \_\_\_\_\_ OF WRECO COMMON SHARES FOR EACH \$1.00 OF WEYERHAEUSER COMMON SHARES THAT YOU TENDER, AND YOU COULD RECEIVE MUCH LESS.**

The indicative exchange ratio that would have been in effect following the official close of trading on the NYSE on \_\_\_\_\_, \_\_\_\_\_ (the last trading day before the date of this document), based on the daily VWAPs of Weyerhaeuser common shares and TRI Pointe common stock on \_\_\_\_\_, 2014, \_\_\_\_\_, 2014 and \_\_\_\_\_, 2014, would have provided for \_\_\_\_\_ WRECO common shares (which will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock per WRECO common share in the Merger) to be exchanged for every Weyerhaeuser common share accepted. The value of WRECO common shares received and, following the consummation of the Merger, the value of TRI Pointe common stock received may not remain above the value of Weyerhaeuser common shares tendered following the expiration date of this exchange offer.

**THIS EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON \_\_\_\_\_, 2014, UNLESS THE OFFER IS EXTENDED OR TERMINATED. WEYERHAEUSER COMMON SHARES TENDERED PURSUANT TO THIS EXCHANGE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION OF THIS EXCHANGE OFFER.**

**In reviewing this document, you should carefully consider the risk factors discussed beginning on page 48 of this document.**

**Neither the Securities and Exchange Commission (the SEC ) nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus Offer to Exchange is truthful or complete. Any representation to the contrary is a criminal offense.**

**The date of this Prospectus Offer to Exchange is \_\_\_\_\_, 2014.**



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*Unless there is a Mandatory Extension, the final exchange ratio used to determine the number of WRECO common shares that you will receive for each Weyerhaeuser common share accepted in this exchange offer will be announced by press release no later than 4:30 p.m., New York City time, on the expiration date. At that time, the final exchange ratio will be available at <http://www.WeyerhaeuserTRIPointeExchange.com> and from the information agent at the toll-free number provided on the back cover of this document. Weyerhaeuser will announce whether the upper limit on the number of WRECO common shares (which will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock per WRECO common share in the Merger) that can be received for each Weyerhaeuser common share tendered will be in effect at the expiration of the exchange offer period, at <http://www.WeyerhaeuserTRIPointeExchange.com> and by press release, no later than 4:30 p.m., New York City time, on the expiration date. Throughout this exchange offer, indicative exchange ratios (calculated in the manner described in this document) will also be available on that website and from the information agent at the toll-free number provided on the back cover of this document.*

*This document provides information regarding Weyerhaeuser, WRECO, TRI Pointe and the Transactions (as defined below), in which Weyerhaeuser common shares may be exchanged for WRECO common shares, which will then be immediately converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger, which shares of TRI Pointe common stock will then be distributed to participating Weyerhaeuser shareholders. Weyerhaeuser common shares are listed on the NYSE under the symbol WY . TRI Pointe common stock is listed on the NYSE under the symbol TPH . On \_\_\_\_\_, 2014, the last reported sale price of Weyerhaeuser common shares on the NYSE was \$ \_\_\_\_\_, and the last reported sale price of TRI Pointe common stock on the NYSE was \$ \_\_\_\_\_. The market prices of Weyerhaeuser common shares and of TRI Pointe common stock will fluctuate prior to the completion of this exchange offer and thereafter and may be higher or lower at the expiration date than the prices set forth above. No trading market currently exists for WRECO common shares, and no such market will exist in the future. WRECO has not applied for listing of its common shares on any exchange.*

*TRI Pointe has prepared this document under the assumption that the WRECO common shares will be distributed to Weyerhaeuser shareholders pursuant to a split-off. **Based on market conditions prior to the consummation of the Transactions, Weyerhaeuser will determine whether the WRECO common shares will be distributed to Weyerhaeuser shareholders in a spin-off or a split-off and, once a final decision is made, this document will be amended to reflect that decision, if necessary.***

*If this exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because this exchange offer is not fully subscribed, the remaining WRECO common shares owned by Weyerhaeuser will be distributed pursuant to a pro rata distribution (a spin-off) also consummated on the closing date of the Merger. If this exchange offer is terminated by Weyerhaeuser without the exchange of shares, but the conditions to the consummation of the Transactions have otherwise been satisfied, Weyerhaeuser intends to distribute all of the issued and outstanding WRECO common shares on a pro rata basis to Weyerhaeuser shareholders, with a record date to be announced by Weyerhaeuser. See *This Exchange Offer Distribution of Any WRECO Common Shares Remaining after this Exchange Offer* .*

*Immediately after the consummation of the Merger, the ownership of TRI Pointe common stock on a fully diluted basis is expected to be as follows: (i) WRECO common shares will have been converted into the right to receive, in the aggregate, approximately 79.6% of the then outstanding TRI Pointe common stock, (ii) the TRI Pointe common stock outstanding immediately prior to the consummation of the Merger will represent approximately 19.4% of the then outstanding TRI Pointe common stock and (iii) outstanding equity awards of WRECO and TRI Pointe employees will represent the remaining 1.0% of the then outstanding TRI Pointe common stock.*



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**This document incorporates by reference important business and financial information about Weyerhaeuser and TRI Pointe from documents filed with the U.S. Securities and Exchange Commission ( SEC ) that have not been included in or delivered with this document. This information is available at the website that the SEC maintains at <http://www.sec.gov>, as well as from other sources. See **Where You Can Find More Information; Incorporation By Reference** . You also may ask any questions about this exchange offer or request copies of the exchange offer documents from Weyerhaeuser, without charge, upon written or oral request to Weyerhaeuser's information agent, Innisfree M&A Incorporated, located at 501 Madison Avenue, 20th Floor, New York, New York 10022 or at telephone number (877) 687-1866 (shareholders) or (212) 750-5833 (banks and brokers). In order to receive timely delivery of the documents, you must make your requests no later than , 2014.**

Weyerhaeuser has provided all information contained or incorporated by reference in this document with respect to Weyerhaeuser and WRECO and their respective subsidiaries, the Real Estate Business and the terms and conditions of this exchange offer. TRI Pointe has provided all information contained or incorporated by reference in this document with respect to TRI Pointe and Merger Sub and their respective subsidiaries, as well as information with respect to TRI Pointe after the consummation of the Transactions. This document contains references to trademarks, trade names and service marks, including Avanti , Camberley Homes , Everson Homes , Evoke , Maracay Homes , Pardee Homes , Quadrant Homes , Texas Casual Cottages , Trendmaker Homes , Urban Innovations and Winchester Homes , that are owned by WRECO and its related entities.

This document is not an offer to sell or exchange and it is not a solicitation of an offer to buy any Weyerhaeuser common shares, WRECO common shares or TRI Pointe common stock in any jurisdiction in which the offer, sale or exchange is not permitted. Non-U.S. shareholders should consult their advisors in considering whether they may participate in this exchange offer in accordance with the laws of their home countries and, if they do participate, whether there are any restrictions or limitations on transactions in Weyerhaeuser common shares, WRECO common shares or TRI Pointe common stock that may apply in their home countries. None of Weyerhaeuser, WRECO or TRI Pointe can provide any assurance about whether such limitations may exist. See **This Exchange Offer Certain Matters Relating to Non-U.S. Jurisdictions** for additional information about limitations on this exchange offer outside the United States.

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**HELPFUL INFORMATION**

In this document:

**Adjustment Amount** means the Adjustment Amount payable in cash by TRI Pointe or WNR, as applicable, to the other party in connection with the consummation of the Transactions, as described in The Transaction Agreement **Payment of Adjustment Amount** ;

**business day** means, for purposes of this exchange offer, any day other than a Saturday, Sunday, or U.S. federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time;

**CIP Shares** means Weyerhaeuser common shares in uncertificated form held through the Computershare CIP, a direct stock purchase and dividend reinvestment plan for Weyerhaeuser, maintained by Computershare Trust Company, N.A., as transfer agent;

**Citigroup** means Citigroup Global Markets Inc.;

**Closing Date** means the closing date of the Transactions;

**Code** means the Internal Revenue Code of 1986, as amended;

**Commitment Letter** means the amended and restated commitment letter, dated as of March 6, 2014, of DB Cayman, Deutsche Bank, Citigroup, US Bank and US Bancorp to WRECO;

**Covington & Burling Tax Opinion** means a written opinion received by Weyerhaeuser from Covington & Burling LLP to the effect that (i) the WRECO Spin will qualify as a tax-free transaction described in Section 355 of the Code, (ii) the Distribution will qualify as a tax-free transaction described in Section 355 of the Code and (iii) the Merger will qualify as a tax-free reorganization described in Section 368 of the Code;

**Coyote Springs** means the portions of a mixed use master planned community under development located in Clark and Lincoln Counties, Nevada, which are owned by Pardee through its wholly owned subsidiary, Pardee Homes of Nevada ( Pardee Nevada ). The Coyote Springs project is approximately 50 miles north of Las Vegas, Nevada and consists of approximately 42,000 acres, of which approximately 30,000 acres can be developed. As of March 31, 2014, Pardee Nevada owned 10,686 lots and controlled 56,413 lots in Coyote Springs. Within Coyote Springs, Pardee Nevada owns land in Clark County zoned or designated for both single-family home development and multi-family development. Pardee Nevada holds an option to acquire

additional land and lots in Clark and Lincoln Counties. Pardee Nevada also owns property in Clark County occupied by a golf course, which is leased to and operated by a third party, as well as land dedicated to commercial and retail development;

DB Cayman means Deutsche Bank AG Cayman Islands Branch;

Debt Securities means the debt securities, in the aggregate principal amount of up to the full amount of the New Debt, which may be issued and sold by WRECO upon the consummation of the Transactions;

Delayed Transfer Assets means (i) those assets relating to the Real Estate Business to be transferred to WRECO and its subsidiaries and (ii) those assets of WRECO that will be excluded from the Transactions and transferred to Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), in each case the transfer of which would constitute a violation of applicable law or require a consent or governmental approval not obtained prior to the time such assets should be transferred pursuant to the terms of the Transaction Agreement;

Delayed Transfer Liabilities means (i) those liabilities relating to the Real Estate Business to be assumed by WRECO and its subsidiaries and (ii) those liabilities that will be excluded from the Transactions and assumed by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), in each case the assumption of which would constitute a violation of applicable law or require a consent or governmental approval not obtained prior to the time such liabilities should be transferred pursuant to the terms of the Transaction Agreement;

Deutsche Bank means Deutsche Bank Securities Inc.;

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DGCL means the Delaware General Corporation Law;

DRS means the Direct Registration System maintained by Computershare Trust Company, N.A.;

Distribution means the distribution by Weyerhaeuser of the issued and outstanding WRECO common shares to Weyerhaeuser shareholders by way of this exchange offer and, with respect to any WRECO common shares that are not subscribed for in this exchange offer, a pro rata distribution to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of this exchange offer;

Exchange Act means the Securities Exchange Act of 1934, as amended;

Financing Letters means the Commitment Letter and the related engagement letter and fee letter executed in connection therewith;

GAAP means generally accepted accounting principles in the United States;

Gibson Dunn Tax Opinion means a written opinion received by TRI Pointe from Gibson, Dunn & Crutcher LLP to the effect that the Merger will qualify as a tax-free reorganization described in Section 368 of the Code;

HSR Act means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

Incentive Unit Holder means a holder of incentive units in TPH LLC;

Intra-Day VWAP means, at a specific time in a day, the VWAP for the period beginning at the official open of trading on the NYSE and ending as of that specific time in such day;

IRS means the U.S. Internal Revenue Service;

Merger means the combination of TRI Pointe's business and the Real Estate Business through the merger of Merger Sub with and into WRECO, with WRECO surviving the merger and becoming a wholly owned subsidiary of TRI Pointe, as contemplated by the Transaction Agreement;

Merger Sub means Topaz Acquisition, Inc., a Washington corporation and a wholly owned subsidiary of TRI Pointe;

**New Debt** means the \$800 million or more in aggregate principal amount of debt financing to be incurred by WRECO upon the consummation of the Transactions in the form of (i) the Debt Securities, (ii) the Senior Unsecured Bridge Facility or (iii) a combination thereof, which debt will be an obligation of WRECO and will be guaranteed by WRECO's material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions;

**NYSE** means the New York Stock Exchange;

**Real Estate Business** means the real estate business of Weyerhaeuser, which business is currently conducted by WRECO and its subsidiaries and set forth in certain financial statements of WRECO, other than the operations of certain excluded assets;

**REB Transfers** means (i) the transfer of certain assets of Weyerhaeuser and its subsidiaries relating to the Real Estate Business to, and the assumption of certain liabilities of Weyerhaeuser and its subsidiaries relating to the Real Estate Business by, WRECO and its subsidiaries and (ii) the transfer of certain assets of WRECO and its subsidiaries that will be excluded from the Transactions to, and the assumption of certain liabilities of WRECO and its subsidiaries that will be excluded from the Transactions by, Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), including the assets and liabilities relating to Coyote Springs;

**Revolving Credit Agreement** means the Revolving Credit Agreement, dated as of July 18, 2013, by and between TRI Pointe and U.S. Bank National Association d/b/a Housing Capital Company, as amended on December 26, 2013;



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SEC means the U.S. Securities and Exchange Commission;

Securities Act means the Securities Act of 1933, as amended;

Senior Unsecured Bridge Facility means the senior unsecured bridge loans that may be incurred by WRECO upon the consummation of the Transactions in the event that WRECO does not issue Debt Securities in aggregate principal amount of at least \$800 million and in an aggregate principal amount equal to \$800 million less the aggregate principal amount of the Debt Securities issued by WRECO;

Starwood Capital means Starwood Capital Group LLC, an affiliate of TRI Pointe;

Starwood Capital Group means Starwood Capital Group Global, L.P., its predecessors and owned affiliates;

Starwood Fund means VIII/TPC Holdings, L.L.C., a private equity fund managed by an affiliate of Starwood Capital Group;

Starwood Property Trust means Starwood Property Trust, Inc., an NYSE-listed public mortgage REIT managed by an affiliate of Starwood Capital Group;

Tax Sharing Agreement means the tax sharing agreement to be entered into by Weyerhaeuser, TRI Pointe and WRECO on or prior to the date on which validly tendered Weyerhaeuser common shares are accepted for payment pursuant to the Distribution;

TPH LLC means TRI Pointe Homes, LLC, the entity that was reorganized from a Delaware limited liability company into a Delaware corporation and renamed TRI Pointe Homes, Inc. in connection with its initial public offering;

Transaction Agreement means the Transaction Agreement, dated as of November 3, 2013, by and among Weyerhaeuser, WRECO, TRI Pointe and Merger Sub, which is incorporated by reference into this document;

Transaction Documents has the meaning ascribed to it in the Transaction Agreement;

Transactions means the transactions contemplated by the Transaction Agreement and the other Transaction Documents, which provide for, among other things, the New Debt, the REB Transfers, the Distribution, the WRECO Spin, the WRECO Stock Split and the Merger, as described in The Transactions ;

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TRI Pointe means TRI Pointe Homes, Inc., a Delaware corporation, and, unless the context otherwise requires, its subsidiaries. For periods prior to September 24, 2010, TRI Pointe refers to the entities through which it conducted its business during those periods. For periods from and after September 24, 2010 and prior to January 30, 2013, TRI Pointe refers to TPH LLC and, unless the context otherwise requires, its subsidiaries and affiliates;

TRI Pointe Bylaws means the Amended and Restated Bylaws of TRI Pointe Homes, Inc.;

TRI Pointe Charter means the Amended and Restated Certificate of Incorporation of TRI Pointe Homes, Inc.;

TRI Pointe common stock means the common stock, par value \$0.01 per share, of TRI Pointe;

TRI Pointe Stockholder Approval means the approval by TRI Pointe stockholders of the issuance of shares of TRI Pointe common stock in the Merger;

TRI Pointe stockholders means the holders of TRI Pointe common stock;

US Bancorp means U.S. Bancorp Investments, Inc.;

US Bank means U.S. Bank, National Association;

Valuation Dates means each of the last three trading days of the exchange offer period (including the expiration date), as it may be voluntarily extended, but not including the last two trading days that are part of any Mandatory Extension. Based on an expiration date of \_\_\_\_\_, 2014, the Valuation Dates are expected to be \_\_\_\_\_, 2014, \_\_\_\_\_, 2014 and \_\_\_\_\_, 2014;

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VWAP means volume-weighted average price;

Voting Agreements means the Voting Agreements incorporated by reference as Exhibits 9.1, 9.2, 9.3 and 9.4 to this document;

Weyerhaeuser means Weyerhaeuser Company, a Washington corporation, and, unless the context otherwise requires, its subsidiaries, other than WRECO and any of its subsidiaries;

Weyerhaeuser common shares means the common shares, par value \$1.25 per share, of Weyerhaeuser;

Weyerhaeuser shareholders means the holders of Weyerhaeuser common shares;

WNR means Weyerhaeuser NR Company, a Washington corporation that is a wholly owned subsidiary of Weyerhaeuser and the current direct parent entity of WRECO;

WRECO means Weyerhaeuser Real Estate Company, a Washington corporation, and, prior to the consummation of the Transactions, an indirect wholly owned subsidiary of Weyerhaeuser, and, unless the context otherwise requires, its subsidiaries;

WRECO Bylaws means the Bylaws of WRECO;

WRECO Charter means the Articles of Incorporation of WRECO;

WRECO common shares means the common shares of WRECO, par value \$0.04 per share;

WRECO Spin means the distribution by WNR of all of the issued and outstanding WRECO common shares to Weyerhaeuser; and

WRECO Stock Split means the stock split effected by WRECO on January 17, 2014 pursuant to which the number of WRECO common shares issued and outstanding was increased to 100,000,000 shares and the par value of each WRECO common share was reduced to \$0.04 per share.

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**QUESTIONS AND ANSWERS ABOUT THIS EXCHANGE OFFER AND THE TRANSACTIONS**

The following are some of the questions that Weyerhaeuser shareholders may have and answers to those questions. These questions and answers, as well as the summary that follows them, are not meant to be a substitute for the information contained in the remainder of this document, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this document. You are urged to read this document in its entirety prior to making any investment decision.

**Questions and Answers About This Exchange Offer**

***Q: Who may participate in this Exchange Offer?***

A: Any U.S. holder of Weyerhaeuser common shares during the exchange offer period may participate in this exchange offer. Holders of Weyerhaeuser's 6.375% Mandatory Convertible Preference Shares, Series A, may participate in this exchange offer only to the extent that they convert their preference shares into Weyerhaeuser common shares and validly tender those Weyerhaeuser common shares prior to the expiration of this exchange offer. Although Weyerhaeuser has mailed this document to its shareholders to the extent required by U.S. law, including to shareholders located outside the United States, this document is not an offer to buy, sell or exchange and it is not a solicitation of an offer to buy or sell any Weyerhaeuser common shares, TRI Pointe common stock or WRECO common shares in any jurisdiction in which such offer, sale or exchange is not permitted.

Countries outside the United States generally have their own legal requirements that govern securities offerings made to persons resident in those countries and often impose stringent requirements about the form and content of offers made to the general public. None of Weyerhaeuser, WRECO or TRI Pointe has taken any action under non-U.S. regulations to facilitate a public offer to exchange Weyerhaeuser common shares, WRECO common shares or TRI Pointe common stock outside the United States. Accordingly, the ability of any non-U.S. person to tender Weyerhaeuser common shares in this exchange offer will depend on whether there is an exemption available under the laws of such person's home country that would permit the person to participate in this exchange offer without the need for Weyerhaeuser, WRECO or TRI Pointe to take any action to facilitate a public offering in that country or otherwise. For example, some countries exempt transactions from the rules governing public offerings if they involve persons who meet certain eligibility requirements relating to their status as sophisticated or professional investors.

Non-U.S. shareholders should consult their advisors in considering whether they may participate in this exchange offer in accordance with the laws of their home countries and, if they do participate, whether there are any restrictions or limitations on transactions in Weyerhaeuser common shares, WRECO common shares or TRI Pointe common stock that may apply in their home countries. None of Weyerhaeuser, WRECO or TRI Pointe can provide any assurance about whether such limitations may exist. See *This Exchange Offer - Certain Matters Relating to Non-U.S. Jurisdictions* for additional information about limitations on this exchange offer outside the United States.

***Q: How many WRECO common shares will I receive for each Weyerhaeuser common share that I tender?***

A: This exchange offer is designed to permit you to exchange your Weyerhaeuser common shares for a number of WRECO common shares that corresponds to a % discount to the equivalent amount of TRI Pointe common

stock, calculated as set forth in this document. However, the exchange ratio is subject to an upper limit, as discussed in This Exchange Offer Upper Limit . If the upper limit is in effect, Weyerhaeuser common shares will be exchanged for a number of WRECO common shares that corresponds to less, and possibly much less, than a % discount to the equivalent amount of TRI Pointe common stock, calculated as set forth in this document. Subject to the upper limit, for each \$1.00 of Weyerhaeuser common shares accepted in this exchange offer, you will ultimately receive \$ of fully paid and non-assessable shares of TRI Pointe common stock as a result of this exchange offer and the Merger. If the upper limit is in effect,

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you will ultimately receive less than \$ \_\_\_\_\_ of TRI Pointe common stock for each \$1.00 of Weyerhaeuser common shares that is accepted in this exchange offer, and you could receive much less. The calculated per-share value of Weyerhaeuser common shares for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of Weyerhaeuser common shares on the NYSE on each of the Valuation Dates. The calculated per-share value of WRECO common shares for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of shares of TRI Pointe common stock on the NYSE on each of the Valuation Dates, multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger). The calculated per-share value of TRI Pointe common stock for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of shares of TRI Pointe common stock on the NYSE on each of the Valuation Dates. Weyerhaeuser will determine the calculations of the per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock and its determination will be final.

Please note, however, that:

The number of shares you can receive is subject to an upper limit of \_\_\_\_\_ WRECO common shares for each Weyerhaeuser common share accepted in this exchange offer. The next question and answer below describe how this limit may impact the value you receive.

This exchange offer does not provide for a minimum exchange ratio. See [This Exchange Offer Terms of this Exchange Offer](#) .

Because this exchange offer is subject to proration in the event of oversubscription, Weyerhaeuser may accept for exchange only a portion of the Weyerhaeuser common shares tendered by you.

The percentage of ownership by Weyerhaeuser shareholders and TRI Pointe stockholders following the Merger is calculated independently from, and is not affected by, the upper limit. If in effect, the upper limit will alter the number of WRECO common shares that will be exchanged for each Weyerhaeuser common share. Regardless of whether the upper limit is in effect, each issued and outstanding WRECO common share will be converted into the right to receive 1.297 shares of TRI Pointe common stock.

***Q: Is there a limit on the number of WRECO common shares that I can receive for each Weyerhaeuser common share that I tender?***

**A:** The number of shares you can receive is subject to an upper limit of \_\_\_\_\_ WRECO common shares for each Weyerhaeuser common share accepted in this exchange offer. If the upper limit is in effect, Weyerhaeuser common shares will be exchanged for a number of WRECO common shares that corresponds to less, and possibly much less, than a \_\_\_\_\_ % discount to the equivalent amount of TRI Pointe common stock, calculated as set forth in this document. If the upper limit is in effect, you will ultimately receive less than \$ \_\_\_\_\_ of TRI Pointe common stock for each \$1.00 of Weyerhaeuser common shares that is accepted in this exchange offer, and you could receive much less. For example, if the calculated per-share value of Weyerhaeuser common shares was \$ \_\_\_\_\_ (the highest closing price for Weyerhaeuser common shares on the NYSE during the three-month period

prior to commencement of this exchange offer) and the calculated per-share value of WRECO common shares was \$ (based on the lowest closing price for TRI Pointe common stock on the NYSE during that three-month period multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger)), the value of WRECO common shares, based on the TRI Pointe common stock price multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger), received for Weyerhaeuser common shares accepted for exchange would be approximately \$ for each \$1.00 of Weyerhaeuser common shares accepted for exchange.

The upper limit was calculated to correspond to a % discount to the equivalent amount of TRI Pointe common stock, relative to Weyerhaeuser common shares, based on the averages of the daily VWAPs of Weyerhaeuser common shares and TRI Pointe common stock on the NYSE on , 2014, , 2014 and , 2014 (the last three trading days before the commencement of this exchange offer). Weyerhaeuser set this upper limit to ensure that an unusual or unexpected drop in the trading price of TRI Pointe common stock, relative to the trading price of Weyerhaeuser common shares, would not result in an unduly high number of WRECO common shares being exchanged for each Weyerhaeuser common share accepted in this exchange offer.

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***Q: What will happen if the upper limit is in effect?***

A: Weyerhaeuser will announce whether the upper limit on the number of shares that can be received for each Weyerhaeuser common share tendered is in effect at <http://www.WeyerhaeuserTRIPointeExchange.com> and separately by press release, no later than 4:30 p.m., New York City time, on the expiration date of this exchange offer. If the upper limit is in effect at that time, then the exchange ratio will be fixed at the upper limit and a Mandatory Extension of this exchange offer will be made until 12:00 midnight, New York City time, on the second trading day following the originally contemplated expiration date to permit shareholders to tender or withdraw their Weyerhaeuser common shares during those days. The daily VWAPs and trading prices of Weyerhaeuser common shares and TRI Pointe common stock during the Mandatory Extension will not affect the exchange ratio, which will be fixed at . See This Exchange Offer Terms of this Exchange Offer Extension; Termination; Amendment Mandatory Extension .

***Q: How are the calculated per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock determined for purposes of calculating the number of WRECO common shares to be received in this exchange offer?***

A: The calculated per-share value of Weyerhaeuser common shares for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of Weyerhaeuser common shares on the NYSE on each of the Valuation Dates. The calculated per-share value of WRECO common shares for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of shares of TRI Pointe common stock on the NYSE on each of the Valuation Dates, multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger). The calculated per-share value of TRI Pointe common stock for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of shares of TRI Pointe common stock on the NYSE on each of the Valuation Dates. Weyerhaeuser will determine the calculations of the per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock and its determination will be final.

***Q: What is the daily volume-weighted average price or daily VWAP ?***

A: The daily volume-weighted average price for Weyerhaeuser common shares and TRI Pointe common stock will be the volume-weighted average price of Weyerhaeuser common shares and TRI Pointe common stock on the NYSE during the period beginning at 9:30 a.m., New York City time (or such other time as is the official open of trading on the NYSE), and ending at 4:00 p.m., New York City time (or such other time as is the official close of trading on the NYSE and in no event later than 4:10 p.m., New York City time), as reported to Weyerhaeuser by Bloomberg L.P. for the equity ticker pages WY.N, in the case of Weyerhaeuser common shares, and TPH.N, in the case of TRI Pointe common stock. The daily VWAPs provided by Bloomberg L.P. may be different from other sources of volume-weighted average prices or investors or security holders own calculations of volume-weighted average prices.

***Q: Where can I find the daily VWAP of Weyerhaeuser common shares and TRI Pointe common stock during the exchange offer period?***



A: Weyerhaeuser will maintain a website at <http://www.WeyerhaeuserTRIPointeExchange.com> that provides daily VWAPs for Weyerhaeuser common shares and TRI Pointe common stock, indicative calculated per-share values for Weyerhaeuser common share, TRI Pointe common stock and WRECO common shares, and indicative exchange ratios during this exchange offer.

From the commencement date of this exchange offer, the VWAPs for Weyerhaeuser common shares and TRI Pointe common stock will be made available on the website. From the second trading day after the commencement date of this exchange offer, and each day thereafter prior to the Valuation Dates, indicative calculated per-share values for Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock and the indicative exchange ratio will be made available on the website, in each case calculated as though that day were the expiration date. In other words, the indicative calculated per-share values for Weyerhaeuser common shares and TRI Pointe common stock used to calculate the exchange ratio that will be made available each day will be the simple arithmetic average of the actual daily volume-weighted average prices of Weyerhaeuser common shares and TRI Pointe common stock, respectively, during the elapsed portion of that trading day and the daily VWAPs on each of the prior two trading days. The indicative calculated per-share value for WRECO common shares will equal the indicative calculated per-share value of TRI Pointe common stock for that day, multiplied by 1.297. The indicative exchange ratio will reflect whether the upper limit on the exchange ratio, described above, would have been in effect. You may also contact the information agent at the toll-free number provided on the back cover of this document to obtain the indicative exchange ratios.

On each of the Valuation Dates, when the values of Weyerhaeuser common shares, WRECO common shares and shares of TRI Pointe common stock are calculated for the purposes of this exchange offer, the website will show the indicative exchange ratio based on the indicative calculated per-share values

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of Weyerhaeuser common shares, WRECO common shares and shares of TRI Pointe common stock. The indicative per-share value of Weyerhaeuser common shares will equal (i) on the first Valuation Date, the Intra-Day VWAP for Weyerhaeuser common shares on the NYSE during the elapsed portion of that day, (ii) on the second Valuation Date, the Intra-Day VWAP for Weyerhaeuser common shares on the NYSE during the elapsed portion of that day averaged with the actual daily VWAP on the first Valuation Date and (iii) on the third Valuation Date, the Intra-Day VWAP for Weyerhaeuser common shares on the NYSE during the elapsed portion of that day averaged with the actual daily VWAP on the first Valuation Date and with the actual daily VWAP on the second Valuation Date. The indicative per-share value of WRECO common shares will equal (i) on the first Valuation Date, the Intra-Day VWAP for TRI Pointe common stock on the NYSE during the elapsed portion of that day, multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger), (ii) on the second Valuation Date, the Intra-Day VWAP for TRI Pointe common stock on the NYSE during the elapsed portion of that day averaged with the actual daily VWAP on the first Valuation Date, multiplied by 1.297 and (iii) on the third Valuation Date, the Intra-Day VWAP for TRI Pointe common stock on the NYSE during the elapsed portion of that day averaged with the actual daily VWAP on the first Valuation Date and with the actual daily VWAP on the second Valuation Date, multiplied by 1.297. The indicative per-share value of TRI Pointe common stock will equal (i) on the first Valuation Date, the Intra-Day VWAP for TRI Pointe common stock on the NYSE during the elapsed portion of that day, (ii) on the second Valuation Date, the Intra-Day VWAP for TRI Pointe common stock on the NYSE during the elapsed portion of that day averaged with the actual daily VWAP on the first Valuation Date and (iii) on the third Valuation Date, the Intra-Day VWAP for TRI Pointe common stock on the NYSE during the elapsed portion of that day averaged with the actual daily VWAP on the first Valuation Date and with the actual daily VWAP on the second Valuation Date. Weyerhaeuser will determine the calculations of the per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock and its determination will be final. During the period of the Valuation Dates, the indicative exchange ratios and calculated per-share values will be updated at 10:30 a.m., 1:30 p.m. and no later than 4:30 p.m., New York City time.

***Q: Why is the calculated per-share value for WRECO common shares based on the trading prices for TRI Pointe common stock?***

A: There is currently no trading market for WRECO common shares and no trading market will be established in the future. Weyerhaeuser believes, however, that the trading prices for TRI Pointe common stock are an appropriate proxy for the trading prices of WRECO common shares because (i) in the Merger each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock and (ii) at the Valuation Dates, it is expected that all the major conditions to the consummation of the Merger will have been satisfied and the Merger will be expected to be consummated shortly thereafter, such that investors should be expected to be valuing TRI Pointe common stock based on the expected value of the TRI Pointe common stock after the consummation of the Merger. There can be no assurance, however, that TRI Pointe common stock after the consummation of the Merger will trade at the same prices at which TRI Pointe common stock trades prior to the consummation of the Merger. See Risk Factors Risks Related to the Transactions The trading prices of TRI Pointe common stock may not be an appropriate proxy for the prices of WRECO common shares .

***Q: How and when will I know the final exchange ratio?***

- A: Subject to the possible Mandatory Extension of this exchange offer described below, the final exchange ratio showing the number of WRECO common shares that you will receive for each Weyerhaeuser common share accepted in this exchange offer will be available at <http://www.WeyerhaeuserTRIPointeExchange.com> and separately by press release no later than 4:30 p.m., New York City time, on the expiration date. In addition, as described below, you may also contact the information agent to obtain the final exchange ratio at its toll-free number provided on the back cover of this document.

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Weyerhaeuser will announce whether the upper limit on the number of shares that can be received for each Weyerhaeuser common share tendered is in effect at <http://www.WeyerhaeuserTRIPointeExchange.com> and separately by press release no later than 4:30 p.m., New York City time, on the expiration date. If the upper limit is in effect at that time, then the exchange ratio will be fixed at the upper limit and a Mandatory Extension of this exchange offer will be made until 12:00 midnight, New York City time, on the second trading day following the originally contemplated expiration date to permit shareholders to tender or withdraw their Weyerhaeuser common shares during those days.

***Q: Will indicative exchange ratios be provided during the tender offer period?***

A: Yes. You will be able to review indicative exchange ratios and calculated per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock and the final exchange ratio used to determine the number of WRECO common shares to be exchanged per Weyerhaeuser common share. Weyerhaeuser will maintain a website at <http://www.WeyerhaeuserTRIPointeExchange.com> that provides the indicative exchange ratios and calculated per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock. The indicative exchange ratios will also reflect whether the upper limit on the exchange ratio, described above, would have been in effect. You may also contact the information agent at the toll-free number provided on the back cover of this document to obtain these indicative exchange ratios.

In addition, for purposes of illustration, a table that indicates the number of WRECO common shares that you would receive per Weyerhaeuser common share, calculated on the basis described above and taking into account the upper limit, assuming a range of averages of the daily VWAP of Weyerhaeuser common shares and TRI Pointe common stock on the Valuation Dates, is provided under *This Exchange Offer Terms of this Exchange Offer* .

***Q: What if Weyerhaeuser common shares or shares of TRI Pointe common stock do not trade on any of the Valuation Dates?***

A: If a market disruption event occurs with respect to Weyerhaeuser common shares or TRI Pointe common stock on any of the Valuation Dates, the calculated per-share value of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock will be determined using the daily VWAP of Weyerhaeuser common shares and TRI Pointe common stock on the preceding trading day or days, as the case may be, on which no market disruption event occurred with respect to both Weyerhaeuser common shares and TRI Pointe common stock. If, however, a market disruption event occurs as specified above, Weyerhaeuser may terminate this exchange offer if, in its reasonable judgment, the market disruption event has impaired the benefits of this exchange offer. For specific information as to what would constitute a market disruption event, see *This Exchange Offer Conditions to the Consummation of this Exchange Offer* .

***Q: Are there circumstances under which I would receive fewer WRECO common shares than I would have received if the exchange ratio were determined using the closing prices of Weyerhaeuser common shares and TRI Pointe common stock on the expiration date of this exchange offer?***

- A: Yes. For example, if the trading price of Weyerhaeuser common shares were to increase during the period of the Valuation Dates, the average Weyerhaeuser common share price used to calculate the exchange ratio would likely be lower than the closing price of Weyerhaeuser common shares on the expiration date of this exchange offer. As a result, you may receive fewer WRECO common shares, and therefore effectively fewer shares of TRI Pointe common stock, for each \$1.00 of Weyerhaeuser common shares than you would have if that per-share value were calculated on the basis of the closing price of Weyerhaeuser common shares on the expiration date of this exchange offer. Similarly, if the trading price of TRI Pointe common stock were to decrease during the period of the Valuation Dates, the average TRI Pointe common stock price used to calculate the exchange ratio would likely be higher than the closing price of TRI Pointe

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common stock on the expiration date of this exchange offer. This could also result in you receiving fewer WRECO common shares, and therefore effectively fewer shares of TRI Pointe common stock, for each \$1.00 of Weyerhaeuser common shares than you would otherwise receive if that per-share value were calculated on the basis of the closing price of TRI Pointe common stock on the expiration date of this exchange offer. See *This Exchange Offer Terms of this Exchange Offer* .

***Q: Will Weyerhaeuser distribute fractional shares?***

A: Immediately following the consummation of this exchange offer, Merger Sub will be merged with and into WRECO, with WRECO surviving the Merger and becoming a wholly owned subsidiary of TRI Pointe. Each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock. In this conversion of WRECO common shares into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share, no fractional shares of TRI Pointe common stock will be delivered to holders of WRECO common shares. TRI Pointe's transfer agent will aggregate all fractional shares of TRI Pointe common stock that holders of WRECO common shares would otherwise be entitled to receive as a result of the Merger. The transfer agent will cause the whole shares obtained thereby to be sold on behalf of those holders in the open market or otherwise as reasonably directed by TRI Pointe, in no case later than five business days after the consummation of the Merger. The transfer agent will make available the net proceeds thereof, after deducting any required withholding taxes and brokerage charges, commissions and transfer taxes, on a pro rata basis, without interest, as soon as practicable to the holders of WRECO common shares who would otherwise be entitled to receive those fractional shares of TRI Pointe common stock in the Merger.

***Q: What is the aggregate number of WRECO common shares being offered in this exchange offer?***

A: In this exchange offer, Weyerhaeuser is offering 100,000,000 WRECO common shares. Weyerhaeuser is offering all of the WRECO common shares that will be issued and outstanding on the date of the consummation of this exchange offer.

***Q: What happens if not enough Weyerhaeuser common shares are tendered to allow Weyerhaeuser to exchange all of the issued and outstanding WRECO common shares?***

A: If this exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because this exchange offer is not fully subscribed, the remaining WRECO common shares owned by Weyerhaeuser will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of this exchange offer. Any Weyerhaeuser shareholder who validly tenders (and does not properly withdraw) Weyerhaeuser common shares for WRECO common shares in this exchange offer will waive its rights with respect to those tendered Weyerhaeuser common shares to receive, and will forfeit any rights to, WRECO common shares distributed on a pro rata basis to Weyerhaeuser shareholders in the event this exchange offer is not fully subscribed.

Regardless of whether this exchange offer is fully subscribed, the exchange agent will hold all issued and outstanding WRECO common shares (including any shares distributed on a pro rata basis) in trust until the WRECO common

shares are converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger. You will not be able to trade WRECO common shares during this period or at any time before or after the consummation of the Merger. See [This Exchange Offer Distribution of Any WRECO Common Shares Remaining after This Exchange Offer](#) .

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***Q: Will all Weyerhaeuser common shares that I tender be accepted in this exchange offer?***

A: Not necessarily. Depending on the number of Weyerhaeuser common shares validly tendered in this exchange offer and not properly withdrawn, and the calculated per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock determined as described above, Weyerhaeuser may have to limit the number of Weyerhaeuser common shares that it accepts in this exchange offer through a proration process. Any proration of the number of shares accepted in this exchange offer will be determined on the basis of the proration mechanics described in *This Exchange Offer Terms of this Exchange Offer Proration; Tenders for Exchange by Holders of Fewer than 100 Weyerhaeuser Common Shares* .

An exception to proration can apply to shareholders who beneficially own odd-lots , that is, fewer than 100 Weyerhaeuser common shares. Beneficial holders of fewer than 100 Weyerhaeuser common shares who validly tender all of their shares and request preferential treatment as described in *This Exchange Offer Terms of this Exchange Offer Proration; Tenders for Exchange by Holders of Fewer than 100 Weyerhaeuser Common Shares* will not be subject to proration.

In all other cases, Weyerhaeuser will accept for exchange the Weyerhaeuser common shares validly tendered and not properly withdrawn by each tendering shareholder on a pro rata basis according to the number of shares tendered by each shareholder (rounded to the nearest whole number of Weyerhaeuser common shares, and subject to any adjustment necessary to ensure the exchange of all issued and outstanding WRECO common shares). Any Weyerhaeuser common shares not accepted for exchange in this exchange offer as a result of proration will be returned to tendering shareholders promptly after the final proration factor is determined.

***Q: Will I be able to sell my WRECO common shares after this exchange offer is completed?***

A: No. There currently is no trading market for WRECO common shares and no trading market will be established in the future. The exchange agent will hold all issued and outstanding WRECO common shares in trust until the WRECO common shares are converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger. You will not be able to trade WRECO common shares during this period or at any time before or after the consummation of the Merger. See *This Exchange Offer Distribution of Any WRECO Common Shares Remaining after this Exchange Offer* .

***Q: How many Weyerhaeuser common shares will Weyerhaeuser accept if this exchange offer is completed?***

A: The number of Weyerhaeuser common shares that will be accepted if this exchange offer is completed will depend on the final exchange ratio and the number of Weyerhaeuser common shares tendered. Because Weyerhaeuser will offer 100,000,000 WRECO common shares in this exchange offer, the number of Weyerhaeuser common shares that will be accepted will equal 100,000,000 divided by the final exchange ratio. For example, assuming that the final exchange ratio is (the maximum number of WRECO common shares that could be exchanged for one Weyerhaeuser common share), then Weyerhaeuser would accept up to a total of approximately Weyerhaeuser common shares.



***Q: Are there any conditions to Weyerhaeuser's obligation to complete this exchange offer?***

A: Yes. This exchange offer is subject to various conditions listed under *This Exchange Offer Conditions to the Consummation of this Exchange Offer*. If any of these conditions is not satisfied or waived prior to the expiration of this exchange offer, Weyerhaeuser will not be required to accept shares for exchange and may extend or terminate this exchange offer. Weyerhaeuser reserves the absolute right to waive any of the conditions of this exchange offer except for those conditions identified as *Mandatory Conditions* under *This Exchange Offer Conditions to the Consummation of this Exchange Offer*, or any defect or irregularity in the tender of any Weyerhaeuser common shares.

The Mandatory Conditions are:

the registration statement on Forms S-4 and S-1 of which this document is a part and TRI Pointe's Registration Statement on Form S-4 (File No. 333-193248) will each have become effective under the Securities Act and no stop order suspending the effectiveness of either registration statement will be issued and in effect;

all conditions precedent to the consummation of the Transactions (other than this exchange offer) pursuant to the Transaction Agreement will have been satisfied or waived (except for the conditions precedent that will be satisfied at the time of the consummation of the Transactions) and there will be no reason the Transactions (other than this exchange offer) cannot be consummated promptly after the consummation of this exchange offer (see *The Transaction Agreement Conditions to the Consummation of the Transactions*); and

the Transaction Agreement has not been terminated.

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*Q: When does this exchange offer expire?*

A: The period during which you are permitted to tender your Weyerhaeuser common shares in this exchange offer will expire at 12:00 midnight, New York City time, on \_\_\_\_\_, 2014, unless Weyerhaeuser extends this exchange offer. See This Exchange Offer Terms of this Exchange Offer Extension; Termination; Amendment .

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***Q: Can this exchange offer be extended and under what circumstances?***

A: Yes. Weyerhaeuser expressly reserves the right, in its sole discretion, at any time and from time to time, to extend the period of time during which this exchange offer is open and thereby delay acceptance for payment of, and the payment for, any Weyerhaeuser common shares validly tendered and not properly withdrawn in this exchange offer. For example, this exchange offer can be extended (i) if any of the conditions to the consummation of this exchange offer described in the next section entitled *This Exchange Offer Conditions to the Consummation of this Exchange Offer* are not satisfied or waived prior to the expiration of this exchange offer, (ii) to comply with any applicable law or to obtain any governmental, regulatory or other approvals or (iii) for any period required by any rule, regulation, interpretation or position of the SEC or the staff thereof applicable to this exchange offer, including as required in connection with any material changes to the terms of or information concerning this exchange offer as described below. In addition, if the upper limit on the number of WRECO common shares that can be exchanged for each Weyerhaeuser common share tendered is in effect at the expiration of the exchange offer period, then the exchange ratio will be fixed at the upper limit and a Mandatory Extension of this exchange offer will be made until 12:00 midnight, New York City time, on the second trading day following the originally scheduled expiration date. Weyerhaeuser will publicly announce any extension (mandatory or otherwise) at <http://www.WeyerhaeuserTRIPointeExchange.com> and separately by press release no later than 9:00 a.m., New York City time, on the next business day following the previously scheduled expiration date.

***Q: How do I participate in this exchange offer?***

A: The procedures you must follow to participate in this exchange offer depend on whether you hold your Weyerhaeuser common shares in certificated form, through a broker, dealer, commercial bank, trust company or similar institution, in book-entry form via DRS or in uncertificated form as CIP Shares. For specific instructions about how to participate, see *This Exchange Offer Terms of this Exchange Offer Procedures for Tendering* .

***Q: How do I tender my Weyerhaeuser common shares after the final exchange ratio has been determined?***

A: If you wish to tender your shares after the final exchange ratio has been determined, you will generally need to do so by means of delivering a notice of guaranteed delivery and complying with the guaranteed delivery procedures described in the section entitled *This Exchange Offer Terms of this Exchange Offer Procedures for Tendering Guaranteed Delivery Procedures* . If you hold Weyerhaeuser common shares through a broker, dealer, commercial bank, trust company or similar institution, that institution must tender your shares on your behalf. If your Weyerhaeuser common shares are held through an institution and you wish to tender your Weyerhaeuser common shares after The Depository Trust Company has closed, the institution must deliver a notice of guaranteed delivery to the exchange agent via facsimile prior to 12:00 midnight, New York City time, on the expiration date.

***Q: Can I tender only a portion of my Weyerhaeuser common shares in this exchange offer?***

A: Yes. You may tender all, some or none of your Weyerhaeuser common shares.

***Q: What do I do if I want to retain all of my Weyerhaeuser common shares?***

A: If you want to retain all of your Weyerhaeuser common shares, you do not need to take any action, but please note that after the consummation of the Transactions, the Real Estate Business will no longer be owned by Weyerhaeuser, and as a holder of Weyerhaeuser common shares you will no longer hold shares in a company that owns the Real Estate Business. However, if this exchange offer is consummated but is not fully subscribed, the remaining WRECO common shares will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of this exchange offer. In the event any remaining WRECO common shares are distributed on a pro rata basis, in connection with the Merger, each such WRECO common share will be immediately converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock.

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***Q: Can I change my mind after I tender my Weyerhaeuser common shares?***

A: Yes. You may withdraw your tendered shares at any time before this exchange offer expires. See This Exchange Offer Terms of this Exchange Offer Withdrawal Rights . If you change your mind again, you can re-tender your Weyerhaeuser common shares by following the tender procedures again prior to the expiration of this exchange offer.

***Q: Will I be able to withdraw the Weyerhaeuser common shares I tender after the final exchange ratio has been determined?***

A: Yes. The final exchange ratio used to determine the number of WRECO common shares that you will receive for each Weyerhaeuser common share accepted in this exchange offer will be announced no later than 4:30 p.m., New York City time, on the expiration date of this exchange offer, which is \_\_\_\_\_, 2014, unless this exchange offer is extended or terminated. You have the right to withdraw Weyerhaeuser common shares you have tendered at any time before 12:00 midnight, New York City time, on the expiration date, which is \_\_\_\_\_, 2014. See This Exchange Offer Terms of this Exchange Offer .

If the upper limit on the number of WRECO common shares that can be exchanged for each Weyerhaeuser common share tendered is in effect at the expiration of this exchange offer period, then the exchange ratio will be fixed at the upper limit and a Mandatory Extension of this exchange offer will be made until 12:00 midnight, New York City time, on the second trading day following the originally contemplated expiration date, which will permit you to tender or properly withdraw your Weyerhaeuser common shares during those days, either directly or by acting through a broker, dealer, commercial bank, trust company or similar institution on your behalf.

***Q: How do I withdraw my tendered Weyerhaeuser common shares after the final exchange ratio has been determined?***

A: If you are a registered holder of Weyerhaeuser common shares (which includes persons holding certificated shares, book-entry shares held through DRS or CIP Shares) and you wish to withdraw your shares after the final exchange ratio has been determined, then you must deliver a written notice of withdrawal or a facsimile transmission notice of withdrawal to the exchange agent prior to 12:00 midnight, New York City time, on the expiration date, subject to a Mandatory Extension. The information that must be included in that notice is specified under This Exchange Offer Terms of this Exchange Offer Withdrawal Rights .

If you hold your shares through a broker, dealer, commercial bank, trust company or similar institution, you should consult that institution on the procedures you must comply with and the time by which such procedures must be completed in order for that institution to provide a written notice of withdrawal or facsimile notice of withdrawal to the exchange agent on your behalf before 12:00 midnight, New York City time, on the expiration date. If you hold your shares through such an institution, that institution must deliver the notice of withdrawal with respect to any shares you wish to withdraw. In such a case, as a beneficial owner and not a registered shareholder, you will not be able to provide a notice of withdrawal for those shares directly to the exchange agent.

If your Weyerhaeuser common shares are held through an institution and you wish to withdraw Weyerhaeuser common shares after The Depository Trust Company has closed, the institution must deliver a written notice of

withdrawal to the exchange agent prior to 12:00 midnight, New York City time, on the expiration date, subject to a Mandatory Extension. Such notice of withdrawal must be in the form of The Depository Trust Company's notice of withdrawal, must specify the name and number of the account at The Depository Trust Company to be credited with the withdrawn shares and must otherwise comply with The Depository Trust Company's procedures. Shares can be properly withdrawn only if the exchange agent receives a withdrawal notice directly from the relevant institution that tendered the shares through The Depository Trust Company. See [This Exchange Offer Terms of this Exchange Offer Withdrawal Rights Withdrawing Your Shares after the Final Exchange Ratio Has Been Determined](#) .

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***Q: Will I be subject to U.S. federal income tax on the WRECO common shares that I receive in this exchange offer or on the shares of TRI Pointe common stock that I receive in the Merger?***

A: Weyerhaeuser shareholders generally will not recognize any gain or loss for U.S. federal income tax purposes as a result of this exchange offer or the Merger, except for any gain or loss attributable to the receipt of cash in lieu of fractional shares of TRI Pointe common stock received in the Merger.

The material U.S. federal income tax consequences of this exchange offer and the Merger are described in more detail in *This Exchange Offer Material U.S. Federal Income Tax Consequences of the Distribution and the Merger* .

***Q: Are there any material differences between the rights of Weyerhaeuser shareholders and TRI Pointe stockholders?***

A: Yes. Weyerhaeuser is a Washington corporation and TRI Pointe is a Delaware corporation, and each is subject to different laws and organizational documents. Holders of Weyerhaeuser common shares, whose rights are currently governed by Weyerhaeuser's organizational documents and Washington law, will, with respect to shares validly tendered and exchanged immediately following this exchange offer, become shareholders of TRI Pointe and their rights will be governed by TRI Pointe's organizational documents and Delaware law. The material differences between the rights associated with Weyerhaeuser common shares and TRI Pointe common stock that may affect Weyerhaeuser shareholders whose shares are accepted for exchange in this exchange offer and who will obtain shares of TRI Pointe common stock in the Merger relate to, among other things, special meetings, advance notice procedures for shareholder proposals or director nominations, procedures for amending organizational documents, ownership limitations and approval of certain business combinations. For a further discussion of the material differences between the rights of holders of Weyerhaeuser common shares and TRI Pointe common stock, see *Comparison of Rights of Weyerhaeuser Shareholders and TRI Pointe Stockholders* .

***Q: Are there any appraisal rights for holders of Weyerhaeuser common shares?***

A: No. There are no appraisal rights available to Weyerhaeuser shareholders in connection with this exchange offer.

***Q: What will Weyerhaeuser do with the Weyerhaeuser common shares that are tendered, and what is the impact of the exchange offer on Weyerhaeuser's share count?***

A: The Weyerhaeuser common shares that are tendered in this exchange offer will be cancelled. Any Weyerhaeuser common shares acquired by Weyerhaeuser in this exchange offer will reduce the total number of Weyerhaeuser common shares outstanding, although Weyerhaeuser's actual number of shares outstanding on a given date reflects a variety of factors such as option exercises.

***Q: Whom do I contact for information regarding this exchange offer?***

A: You may call the information agent, Innisfree M&A Incorporated, at (877) 687-1866 (for shareholders) and (212) 750-5833 (for banks and brokers), to ask any questions about this exchange offer or to request additional documents, including copies of this document and the letter of transmittal (including the instructions thereto).

**Questions and Answers about the Transactions**

*Q: What are the key steps of the Transactions?*

A: Below is a summary of the key steps of the Transactions. See [The Transactions](#) .

*Step 1 WRECO Stock Split*

On January 17, 2014, WRECO effected the WRECO Stock Split pursuant to which the number of WRECO common shares issued and outstanding was increased to 100,000,000 shares and the par value of each WRECO common share was reduced to \$0.04 per share.



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### *Step 2 New Debt*

WRECO and certain financial institutions executed the Commitment Letter pursuant to which WRECO will incur the New Debt in the form of (i) the Debt Securities, (ii) the Senior Unsecured Bridge Facility or (iii) a combination thereof, on the terms and conditions set forth therein, as described in Debt Financing Debt Securities and Debt Financing Bridge Facility . Prior to the Closing Date, WRECO intends to enter into definitive agreements providing for the New Debt, but those agreements will be conditional upon the consummation of the Transactions.

Under the Transaction Agreement, on the date of the Distribution, WRECO will incur the New Debt and use the proceeds thereof to pay approximately \$739 million in cash to WNR (the current direct parent entity of WRECO), which cash will be retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). The cash payment will be a repayment by WRECO of certain existing intercompany debt between WRECO and WNR or, to the extent that the cash payment exceeds the amount of the intercompany debt, it will be a distribution. WRECO will also pay to WNR a cash amount equal to all unpaid interest on WRECO's intercompany debt that has accrued between the date of the Transaction Agreement and the date of the Distribution. After giving effect to those payments, WNR will contribute any remaining unpaid intercompany debt to WRECO such that WRECO will have no further liability in respect of its intercompany debt.

### *Step 3 REB Transfers*

Under the terms of the Transaction Agreement, certain assets and liabilities of WRECO and its subsidiaries relating to the Real Estate Business will be excluded from the Transactions and retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), including the assets and liabilities relating to Coyote Springs.

Weyerhaeuser and its subsidiaries will transfer to WRECO and its subsidiaries certain assets relating to the Real Estate Business not already owned or held by WRECO or its subsidiaries, and WRECO and its subsidiaries will transfer to Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries) certain assets of WRECO and its subsidiaries that the parties have agreed will be excluded from the Transactions and retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries) following the Closing Date. Weyerhaeuser and its subsidiaries will also transfer to WRECO and its subsidiaries, and WRECO and its subsidiaries will assume, certain liabilities relating to the Real Estate Business that are not already liabilities of WRECO and its subsidiaries, and WRECO and its subsidiaries will transfer to Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), and Weyerhaeuser or those subsidiaries will assume, certain liabilities of WRECO and its subsidiaries that the parties have agreed will be excluded from the Transactions and retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries) following the Closing Date.

### *Step 4 WRECO Spin*

WNR will distribute all of the issued and outstanding WRECO common shares to Weyerhaeuser.

### *Step 5 Distribution*

Weyerhaeuser will offer to Weyerhaeuser shareholders in this exchange offer the right to exchange all or a portion of their Weyerhaeuser common shares for WRECO common shares at a discount to the equivalent per-share value of TRI Pointe common stock, subject to proration in the event of oversubscription. If this exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because this exchange offer is

not fully subscribed, the remaining WRECO common shares owned by Weyerhaeuser will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of this exchange offer. In all cases, the exchange agent will hold all issued and outstanding WRECO common shares in trust until the WRECO common shares are converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger. You will not be able to trade WRECO common shares during this period or at any time before or after the consummation of the Merger.

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As previously noted, TRI Pointe has prepared this document under the assumption that the WRECO common shares will be distributed to Weyerhaeuser shareholders pursuant to a split-off. Based on market conditions prior to the consummation of the Transactions, Weyerhaeuser will determine whether the WRECO common shares will be distributed to Weyerhaeuser shareholders in a spin-off or a split-off and, once a final decision is made, this document will be amended to reflect that decision, if necessary.

*Step 6 Merger*

Immediately following the Distribution, Merger Sub will merge with and into WRECO, with WRECO surviving the Merger and becoming a wholly owned subsidiary of TRI Pointe. In the Merger, each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock. Cash will be paid in lieu of fractional shares of TRI Pointe common stock.

Immediately after the consummation of the Merger, the ownership of TRI Pointe common stock on a fully diluted basis is expected to be as follows: (i) WRECO common shares will have been converted into the right to receive, in the aggregate, approximately 79.6% of the then outstanding TRI Pointe common stock, (ii) the TRI Pointe common stock outstanding immediately prior to the consummation of the Merger will represent approximately 19.4% of the then outstanding TRI Pointe common stock and (iii) outstanding equity awards of WRECO and TRI Pointe employees will represent the remaining 1.0% of the then outstanding TRI Pointe common stock.

*Step 7 Payment of Adjustment Amount*

In addition to the cash payments by WRECO to WNR described in The Transaction Agreement Incurrence of New Debt and Repayment of Intercompany Debt , the Transaction Agreement provides that, on the Closing Date, either TRI Pointe or WNR, as applicable, will pay the Adjustment Amount in cash to the other party, as more fully described in The Transaction Agreement Payment of Adjustment Amount. The Adjustment Amount is not subject to any aggregate limitation but is calculated based on certain variable amounts, some of which are subject to individual limitations. The most significant of these variable amounts is the amount of intercompany indebtedness owed by WRECO to WNR on the Closing Date, which is subject to a maximum limit of \$950 million. Weyerhaeuser and TRI Pointe believe that any changes to the other variable amounts will not materially impact the Adjustment Amount, and that as such the limit on the amount of intercompany indebtedness owed by WRECO to WNR on the Closing Date creates a de facto limit on the Adjustment Amount. Based on calculations by Weyerhaeuser that have been provided to TRI Pointe, it is expected that WNR will pay an Adjustment Amount in cash to TRI Pointe on the Closing Date.

***Q: What are the material U.S. federal income tax consequences to TRI Pointe and TRI Pointe stockholders resulting from the Transactions?***

**A:** TRI Pointe will not recognize any gain or loss for U.S. federal income tax purposes as a result of the Merger. Because TRI Pointe stockholders will not participate in the Distribution or the Merger, TRI Pointe stockholders generally will not recognize gain or loss upon either the Distribution (including this exchange offer) or the Merger. **TRI Pointe stockholders should consult their own tax advisors for a full understanding of the tax consequences to them of the Distribution and the Merger.** The material U.S. federal income tax consequences of the Distribution and the Merger are described in more detail in This Exchange Offer Material U.S. Federal

Income Tax Consequences of the Distribution and the Merger .

***Q: What will TRI Pointe stockholders receive in the Merger?***

A: TRI Pointe stockholders will not directly receive any consideration in the Merger. All shares of TRI Pointe common stock issued and outstanding immediately before the consummation of the Merger will remain issued and outstanding after the consummation of the Merger. Immediately after the consummation of the Merger, TRI Pointe stockholders will continue to own shares in TRI Pointe, which will include the Real Estate Business.

***Q: What is the estimated total value of the consideration to be paid by TRI Pointe in the Transactions?***

A: TRI Pointe expects to issue 129,700,000 shares of TRI Pointe common stock in the Merger, excluding shares to be issued on exercise or vesting of equity awards held by WRECO employees that are being assumed by TRI Pointe in connection with the

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Transactions. Based upon the reported closing sale price of \_\_\_\_\_ per share for TRI Pointe common stock on the NYSE on \_\_\_\_\_, 2014, the total value of the shares to be issued by TRI Pointe and the amount of cash received by WNR, a subsidiary of Weyerhaeuser, in the Transactions, including from the proceeds of the New Debt (which will be an obligation of WRECO and will be guaranteed by WRECO's material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions), but not including any Adjustment Amount as described in The Transaction Agreement Payment of Adjustment Amount, would have been approximately \$ \_\_\_\_\_ billion. The actual value of the consideration to be paid by TRI Pointe will depend on the market price of shares of TRI Pointe common stock at the time of determination and on the Adjustment Amount.

***Q: Are there possible adverse effects on the value of TRI Pointe common stock to be received by Weyerhaeuser shareholders who participate in the exchange offer?***

A: This exchange offer is designed to permit Weyerhaeuser shareholders to exchange their Weyerhaeuser common shares for a number of WRECO common shares that corresponds to a \_\_\_\_\_ % discount to the equivalent amount of TRI Pointe common stock, calculated as set forth in this document. The existence of a discount, along with the issuance of shares of TRI Pointe common stock pursuant to the Merger, may negatively affect the market price of TRI Pointe common stock. Further, WRECO will be the obligor on the New Debt after the consummation of the Transactions, which New Debt will be guaranteed by WRECO's material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions. This additional indebtedness could materially and adversely affect the liquidity, results of operations and financial condition of TRI Pointe. TRI Pointe also expects to incur significant one-time costs in connection with the Transactions, including (i) up to \$15 million of Transaction-related fees and expenses, including legal, accounting and other professional fees, but excluding financing-related fees, transition and integration expenses and advisory fees, (ii) approximately \$6 million of advisory fees, (iii) approximately \$28 million of financing-related fees, (iv) if the Transactions are consummated, reimbursement of up to \$15 million of Transaction-related fees and expenses incurred by Weyerhaeuser, other than advisory fees, and (v) transition and integration expenses. Additionally, TRI Pointe may have to pay the Adjustment Amount in cash to WNR, as described in The Transaction Agreement Payment of Adjustment Amount. While TRI Pointe expects to be able to fund these one-time costs and the Adjustment Amount, if payable by TRI Pointe, using cash from operations and borrowings under existing and anticipated credit sources, these costs will negatively impact TRI Pointe's liquidity, cash flows and results of operations in the periods in which they are incurred. Finally, TRI Pointe's management will be required to devote a significant amount of time and attention to the process of integrating the operations of TRI Pointe and the Real Estate Business. If TRI Pointe's management is not able to effectively manage the process, TRI Pointe's business could suffer and its stock price may decline. See Risk Factors for a further discussion of the material risks associated with the Transactions.

***Q: How will the Transactions impact the future liquidity and capital resources of TRI Pointe?***

A: The New Debt will be a debt obligation of WRECO, which will be a wholly owned subsidiary of TRI Pointe after the consummation of the Merger, and will be guaranteed by WRECO's material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions. TRI Pointe expects that the Transactions will be accretive on an earnings per share basis, taking into account the estimated purchase price allocation and pro forma capital structure, increase TRI Pointe's revenues

and earnings and enhance cash flow generation. TRI Pointe anticipates that its primary sources of liquidity for working capital and operating activities, including any future acquisitions, will be cash provided by operations and borrowings under the Revolving Credit Agreement or a new credit facility. TRI Pointe believes that the combination of the Real Estate Business with TRI Pointe's existing business will result in annualized synergies of approximately \$21 million in 2015 and approximately \$30 million annually thereafter. Synergies resulting from the combination are expected to be derived from, among other areas, overhead savings resulting from streamlining certain redundant corporate functions, improved operating efficiencies, including provision of certain corporate level administrative and support functions at a lower cost than historically allocated to WRECO for such services by Weyerhaeuser, and growth of ancillary operations in various markets as permitted under applicable law, including a mortgage business, a title company and other ancillary operations. See Information on TRI Pointe TRI Pointe's Liquidity and Capital Resources After the Transactions .

TRI Pointe expects to incur significant one-time costs in connection with the Transactions, including (i) up to \$15 million of Transaction-related fees and expenses, including legal, accounting and other professional fees, but excluding financing-related fees, transition and integration expenses and advisory fees, (ii) approximately \$6 million of advisory fees, (iii) approximately \$28 million of financing-related fees, (iv) if the Transactions are consummated, reimbursement of up to \$15 million of Transaction-related fees and expenses incurred by Weyerhaeuser, other than advisory fees, and (v) transition and integration expenses. Additionally, TRI Pointe may have to pay the Adjustment Amount in cash to WNR, as described in The Transaction

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Agreement Payment of Adjustment Amount . While TRI Pointe expects to be able to fund these one-time costs and the Adjustment Amount, if payable by TRI Pointe, using cash from operations and borrowings under existing and anticipated credit sources, these costs will negatively impact TRI Pointe's liquidity, cash flows and results of operations in the periods in which they are incurred.

***Q: How do the Transactions impact TRI Pointe's dividend policy?***

A: Pursuant to the Transaction Agreement, TRI Pointe has agreed to not pay any dividends in respect of its shares of capital stock without the prior consent of Weyerhaeuser until after the consummation of the Merger. TRI Pointe currently intends to retain its future earnings, if any, to finance the development and expansion of its business and, therefore, does not intend to pay cash dividends on its common stock for the foreseeable future. Any future determination to pay dividends will be at the discretion of TRI Pointe's board of directors and will depend on TRI Pointe's financial condition, results of operations and capital requirements, restrictions contained in any financing instruments and such other factors as the TRI Pointe board of directors deems relevant.

***Q: What will Weyerhaeuser and its subsidiaries receive in the Transactions?***

A: WNR, a subsidiary of Weyerhaeuser, will receive approximately \$739 million of the cash proceeds of the New Debt, which will be retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). WNR may also receive a cash payment of the Adjustment Amount, if the Adjustment Amount is payable by TRI Pointe, as described in The Transaction Agreement Payment of Adjustment Amount . The New Debt will be a debt obligation of WRECO, which will be a wholly owned subsidiary of TRI Pointe after the consummation of the Merger, and will be guaranteed by WRECO's material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions.

***Q: What will you receive in the Transactions?***

A: Weyerhaeuser will offer to Weyerhaeuser shareholders in this exchange offer the right to exchange all or a portion of their Weyerhaeuser common shares for WRECO common shares at a discount to the equivalent per-share value of TRI Pointe common stock, subject to proration in the event of oversubscription. If this exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because this exchange offer is not fully subscribed, the remaining WRECO common shares owned by Weyerhaeuser will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of this exchange offer. In all cases, the exchange agent will hold all issued and outstanding WRECO common shares in trust until the WRECO common shares are converted into the right to receive shares of TRI Pointe common stock in the Merger. You will not be able to trade WRECO common shares during this period or at any time before or after the consummation of the Merger. In the Merger, each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock, as described in The Transaction Agreement The Merger . As previously noted, TRI Pointe has prepared this document under the assumption that the WRECO common shares will be distributed to Weyerhaeuser shareholders pursuant to a split-off. Based on market conditions prior to the

consummation of the Transactions, Weyerhaeuser will determine whether the WRECO common shares will be distributed to Weyerhaeuser shareholders in a spin-off or a split-off and, once a final decision is made, this document will be amended to reflect that decision, if necessary.

***Q: Are there any conditions to the consummation of the Transactions?***

A: Yes. The consummation of the Transactions is subject to a number of conditions, including:

the approval by TRI Pointe stockholders of the issuance of TRI Pointe common stock in the Merger;

the termination or expiration of the waiting period under the HSR Act (early termination was granted on January 14, 2014), and the receipt of any other necessary antitrust approvals;

the absence of any judgment or law issued or enacted by any governmental authority of competent jurisdiction that is in effect and enjoins or makes illegal the consummation of the Transactions;

the effectiveness under the Securities Act of WRECO's registration statement on Form S-4 and Form S-1 (Reg. No. 333-193251) and TRI Pointe's registration statement on Form S-4 (Reg. No. 333-193248), and the absence of any stop order or proceedings seeking a stop order;



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the receipt of the Covington & Burling Tax Opinion and the Gibson Dunn Tax Opinion by Weyerhaeuser and TRI Pointe, respectively;

the approval for quotation on the NYSE of the shares of TRI Pointe common stock to be issued in connection with the Merger and upon the exercise of TRI Pointe equity awards from time to time, subject to official notice of issuance; and

the execution of the definitive agreements in respect of the New Debt and the receipt by WRECO of the net proceeds thereof.

In addition, the obligations of Weyerhaeuser, WRECO, TRI Pointe and Merger Sub to consummate the Merger are further subject to the satisfaction (or, to the extent permitted by law, waiver), on or prior to the Closing Date, of the following conditions:

the REB Transfers and the WRECO Spin shall have been consummated in accordance with and subject to the terms of the Transaction Agreement; and

the Distribution shall have been consummated in accordance with and subject to the terms of the Transaction Agreement.

To the extent permitted by applicable law, Weyerhaeuser and WRECO, on the one hand, and TRI Pointe and Merger Sub, on the other hand, may waive the satisfaction of the conditions (other than the Mandatory Conditions) to their respective obligations to consummate the Transactions. If TRI Pointe waives the satisfaction of a material condition to the consummation of the Transactions after the TRI Pointe Stockholder Approval, TRI Pointe will evaluate the appropriate facts and circumstances at that time and resolicit stockholder approval of the issuance of shares of TRI Pointe common stock in the Merger if required to do so by law or the rules of the NYSE. The Transaction Agreement provides that Weyerhaeuser or TRI Pointe may terminate the Transaction Agreement if the Merger is not consummated on or before November 3, 2014.

This document describes these conditions in more detail in [The Transaction Agreement Conditions to the Consummation of the Transactions](#) .

***Q: When will the Transactions be completed?***

A: The Transactions are expected to be completed early in the third quarter of 2014. However, it is possible that the Transactions could be completed at a later time or not at all. See [Risk Factors Risks Related to the Transactions](#) The Transactions may not be completed on the terms or the timeline currently contemplated, or at all and [The Transaction Agreement Conditions to the Consummation of the Transactions](#) .

***Q: Are there risks associated with the Transactions?***

A: Yes. The material risks associated with the Transactions are discussed in Risk Factors. Those risks include, among others, the possibility that the Transactions may not be completed, the possibility that TRI Pointe will not be able to integrate the Real Estate Business successfully, that TRI Pointe may fail to realize the anticipated benefits of the Merger, that TRI Pointe may be unable to provide benefits and services or access to financial strength and resources to the Real Estate Business equivalent to those historically provided by Weyerhaeuser, risks associated with the additional long-term indebtedness and liabilities that TRI Pointe will have following the consummation of the Transactions and risks related to the substantial dilution to the ownership interest of current TRI Pointe stockholders following the consummation of the Merger. In addition, TRI Pointe is an emerging growth company as defined in the Jumpstart Our Business Startups ( JOBS ) Act. As such, TRI Pointe currently is not subject to the independent auditor attestation requirement with respect to internal control over financial reporting, may take advantage of the SEC's scaled disclosure requirements with respect to executive compensation pursuant to the rules applicable to smaller reporting companies and is not required to seek non-binding advisory votes on executive compensation or golden parachute arrangements. The consummation of the Transactions is expected to cause TRI Pointe to lose its status as an emerging growth company in 2014. Accordingly, after the consummation of the Transactions, TRI Pointe will be subject to additional disclosure and other obligations, which could place significant demands on TRI Pointe's management, administrative, operational and accounting resources and cause TRI Pointe to incur significant one-time and ongoing expenses. If TRI Pointe's independent auditor is unable to provide an unqualified attestation report on internal control over financial reporting, investors could lose confidence in the reliability of TRI Pointe's financial statements and its stock price could be materially and adversely affected.

***Q: What stockholder approvals are needed in connection with the Transactions?***

A: TRI Pointe cannot complete the Transactions unless the proposal relating to the issuance of shares of TRI Pointe common stock in the Merger is approved by a majority of the votes cast. For purposes of this vote, abstentions will be treated as votes cast, but broker non-votes will not be treated as votes cast.

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***Q: Where will the shares of TRI Pointe common stock to be issued in the Merger be listed?***

**A:** TRI Pointe common stock is listed on the NYSE under TPH . After the consummation of the Transactions, all shares of TRI Pointe common stock issued in the Merger, and all other outstanding shares of TRI Pointe common stock, will continue to be listed on the NYSE.

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**SUMMARY**

*The following summary contains certain information described in more detail elsewhere in this document. It does not contain all the details concerning the Transactions, including information that may be important to you. To better understand the Transactions, you should carefully review this entire document and the documents to which it refers. See Where You Can Find More Information; Incorporation by Reference .*

**The Companies**

*TRI Pointe Homes, Inc.*

TRI Pointe Homes, Inc.

19520 Jamboree Road, Suite 200

Irvine, California 92612

Telephone: (949) 478-8600

TRI Pointe Homes, Inc., a Delaware corporation, is engaged in the design, construction and sale of innovative single-family homes in planned communities in major metropolitan areas located throughout Southern and Northern California and Colorado.

*Topaz Acquisition, Inc.*

Topaz Acquisition, Inc.

c/o TRI Pointe Homes, Inc.

19520 Jamboree Road, Suite 200

Irvine, California 92612

Telephone: (949) 478-8600

Topaz Acquisition, Inc., a Washington corporation, is a newly formed, directly wholly owned subsidiary of TRI Pointe that was organized specifically for the purpose of completing the Merger. Merger Sub has engaged in no business activities to date and it has no material assets or liabilities of any kind, other than those incident to its formation and in connection with the Transactions.

*Weyerhaeuser Company*

Weyerhaeuser Company

33663 Weyerhaeuser Way South

Federal Way, Washington 98003

Telephone: (253) 924-2345

Weyerhaeuser Company, a Washington corporation, is one of the world's largest private owners of timberlands. Weyerhaeuser owns or controls nearly seven million acres of timberlands, primarily in the U.S., and manages another 13.9 million acres under long-term licenses in Canada. It manages these timberlands on a sustainable basis in compliance with internationally recognized forestry standards. Weyerhaeuser is also one of the largest manufacturers of wood and specialty cellulose fibers products, and through WRECO it develops real estate, primarily as a builder of single-family homes. Weyerhaeuser is a real estate investment trust (REIT). Its business segments are timberlands (which includes logs, chips and timber), wood products (which includes softwood lumber, plywood, veneer, oriented strand board (OSB), hardwood lumber, engineered lumber, raw materials and building materials distribution), cellulose fibers (which includes fluff pulp, liquid packaging board and paper products) and real estate. Weyerhaeuser generated revenues of \$2.0 billion during the three months ended March 31, 2014 and \$8.5 billion during the year ended December 31, 2013.

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*Weyerhaeuser Real Estate Company*

Weyerhaeuser Real Estate Company

c/o Weyerhaeuser Company

33663 Weyerhaeuser Way South

Federal Way, Washington 98003

Telephone: (253) 924-2345

Weyerhaeuser Real Estate Company, a Washington corporation, was founded in 1970 and is primarily engaged in the design, construction and sale of single-family homes in California, Texas, Arizona, Washington, Nevada, Maryland and Virginia. In 2012, WRECO was a top 20 U.S. homebuilder as measured by annual single-family home deliveries. WRECO's core markets are Southern California, Houston, Phoenix and Tucson, the Puget Sound region of Washington State, Las Vegas, Richmond and the Washington, D.C. suburbs. In addition, WRECO is a developer of master planned communities, which include residential lots for its own use, lots for sale to other homebuilders and the sale of commercial and multi-family properties, primarily in Southern California.

**The Transactions**

On November 4, 2013, TRI Pointe and Weyerhaeuser announced that they, along with WRECO and Merger Sub, had entered into the Transaction Agreement, which provides for the combination of TRI Pointe's business and the Real Estate Business.

Under the Transaction Agreement, on the date of the Distribution, WRECO will incur the New Debt and use the proceeds thereof to make a cash payment to WNR, a subsidiary of Weyerhaeuser. Weyerhaeuser will then cause the REB Transfers to occur.

Following the REB Transfers, Weyerhaeuser will cause WNR to distribute all of the issued and outstanding WRECO common shares to Weyerhaeuser in the WRECO Spin.

Weyerhaeuser will offer to Weyerhaeuser shareholders in this exchange offer the right to exchange all or a portion of their Weyerhaeuser common shares for WRECO common shares at a discount to the equivalent per-share value of TRI Pointe common stock, subject to proration in the event of oversubscription. If this exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because this exchange offer is not fully subscribed, the remaining WRECO common shares owned by Weyerhaeuser will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of this exchange offer. In all cases, the exchange agent will hold all issued and outstanding WRECO common shares in trust until the WRECO common shares are converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger. You will not be able to trade WRECO common shares during this period or at any time before or after the consummation of the Merger. Immediately after the Distribution and at the effective time of the Merger, Merger Sub will merge with and into WRECO, with WRECO surviving the Merger and becoming a wholly owned subsidiary of TRI Pointe. In the Merger, each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock.

TRI Pointe expects to issue 129,700,000 shares of TRI Pointe common stock in the Merger, excluding shares to be issued on exercise or vesting of equity awards held by WRECO employees that are being assumed by TRI Pointe in connection with the Transactions. Based upon the reported closing sale price of \$        per share for TRI Pointe common stock on the NYSE on       , 2014, the total value of the shares to be issued by TRI Pointe and the amount of cash received by WNR, a subsidiary of Weyerhaeuser, in the Transactions, including from the proceeds of the New Debt (which will be an obligation of WRECO and will be guaranteed by WRECO's material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions) as discussed below, but not including any Adjustment Amount as described in The Transaction Agreement Payment of Adjustment Amount, would have been approximately \$        billion. The actual value of the consideration to be paid by TRI Pointe will depend on the market price of shares of TRI Pointe common stock at the time of determination and on the Adjustment Amount.

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After the consummation of the Merger, TRI Pointe will own and operate the Real Estate Business through WRECO, which will be a wholly owned subsidiary of TRI Pointe, and will also continue its current businesses. All outstanding shares of TRI Pointe common stock, including those issued in the Merger, will be listed on the NYSE under TRI Pointe's current trading symbol TPH.

Below is a step-by-step description of the sequence of material events relating to the Transactions.

### *Step 1 WRECO Stock Split*

On January 17, 2014, WRECO effected the WRECO Stock Split pursuant to which the number of WRECO common shares issued and outstanding was increased to 100,000,000 shares and the par value of each WRECO common share was reduced to \$0.04 per share.

### *Step 2 New Debt*

WRECO and certain financial institutions executed the Commitment Letter pursuant to which WRECO will incur the New Debt in the form of (i) the Debt Securities, (ii) the Senior Unsecured Bridge Facility or (iii) a combination thereof, on the terms and conditions set forth therein, as described in Debt Financing Debt Securities and Debt Financing Bridge Facility. Prior to the Closing Date, WRECO intends to enter into definitive agreements providing for the New Debt, but those agreements will be conditional upon the consummation of the Transactions.

Under the Transaction Agreement, on the date of the Distribution, WRECO will incur the New Debt and use the proceeds thereof to pay approximately \$739 million in cash to WNR (the current direct parent entity of WRECO), which cash will be retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). The cash payment will be a repayment by WRECO of certain existing intercompany debt between WRECO and WNR or, to the extent that the cash payment exceeds the amount of the intercompany debt, it will be a distribution. WRECO will also pay to WNR a cash amount equal to all unpaid interest on WRECO's intercompany debt that has accrued between the date of the Transaction Agreement and the date of the Distribution. After giving effect to those payments, WNR will contribute any remaining unpaid intercompany debt to WRECO such that WRECO will have no further liability in respect of its intercompany debt.

### *Step 3 REB Transfers*

Under the terms of the Transaction Agreement, certain assets and liabilities of WRECO and its subsidiaries relating to the Real Estate Business will be excluded from the Transactions and retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), including the assets and liabilities relating to Coyote Springs.

Weyerhaeuser and its subsidiaries will transfer to WRECO and its subsidiaries certain assets relating to the Real Estate Business not already owned or held by WRECO or its subsidiaries, and WRECO and its subsidiaries will transfer to Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries) certain assets of WRECO and its subsidiaries that the parties have agreed will be excluded from the Transactions and retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries) following the Closing Date. Weyerhaeuser and its subsidiaries will also transfer to WRECO and its subsidiaries, and WRECO and its subsidiaries will assume, certain liabilities relating to the Real Estate Business that are not already liabilities of WRECO and its subsidiaries, and WRECO and its subsidiaries will transfer to Weyerhaeuser and its subsidiaries





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(other than WRECO and its subsidiaries), and Weyerhaeuser or those subsidiaries will assume, certain liabilities of WRECO and its subsidiaries that the parties have agreed will be excluded from the Transactions and retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries) following the Closing Date.

*Step 4 WRECO Spin*

WNR will distribute all of the issued and outstanding WRECO common shares to Weyerhaeuser.

*Step 5 Distribution*

Weyerhaeuser will offer to Weyerhaeuser shareholders in this exchange offer the right to exchange all or a portion of their Weyerhaeuser common shares for WRECO common shares at a discount to the equivalent per-share value of TRI Pointe common stock, subject to proration in the event of oversubscription. If this exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because this exchange offer is not fully subscribed, the remaining WRECO common shares owned by Weyerhaeuser will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of this exchange offer. In all cases, the exchange agent will hold all issued and outstanding WRECO common shares in trust until the WRECO common shares are converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger. You will not be able to trade WRECO common shares during this period or at any time before or after the consummation of the Merger.

As previously noted, TRI Pointe has prepared this document under the assumption that the WRECO common shares will be distributed to Weyerhaeuser shareholders pursuant to a split-off. Based on market conditions prior to the consummation of the Transactions, Weyerhaeuser will determine whether the WRECO common shares will be distributed to Weyerhaeuser shareholders in a spin-off or a split-off and, once a final decision is made, this document will be amended to reflect that decision, if necessary.

*Step 6 Merger*

Immediately following the Distribution, Merger Sub will merge with and into WRECO, with WRECO surviving the Merger and becoming a wholly owned subsidiary of TRI Pointe. In the Merger, each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock. Cash will be paid in lieu of fractional shares of TRI Pointe common stock.

Immediately after the consummation of the Merger, the ownership of TRI Pointe common stock on a fully diluted basis is expected to be as follows: (i) WRECO common shares will have been converted into the right to receive, in the aggregate, approximately 79.6% of the then outstanding TRI Pointe common stock, (ii) the TRI Pointe common stock outstanding immediately prior to the consummation of the Merger will represent approximately 19.4% of the then outstanding TRI Pointe common stock and (iii) outstanding equity awards of WRECO and TRI Pointe employees will represent the remaining 1.0% of the then outstanding TRI Pointe common stock.

*Step 7 Payment of Adjustment Amount*

In addition to the cash payments by WRECO to WNR described in The Transaction Agreement Incurrence of New Debt and Repayment of Intercompany Debt , the Transaction Agreement provides that, on the Closing Date, either TRI Pointe or WNR, as applicable, will pay the Adjustment Amount in cash to the other party, as more fully described in The Transaction Agreement Payment of Adjustment Amount. The Adjustment Amount is not subject to any aggregate limitation but is calculated based on certain variable amounts, some of which are subject to individual limitations. The most significant of these variable amounts is the amount of intercompany indebtedness owed by WRECO to WNR on the Closing Date, which is subject to a maximum limit of \$950 million. Weyerhaeuser and TRI Pointe believe that any changes to the other variable amounts will not materially impact the Adjustment Amount, and that as such the limit on the amount of intercompany indebtedness owed by WRECO to WNR on the Closing Date creates a de facto limit on the Adjustment Amount. Based on calculations by Weyerhaeuser that have been provided to TRI Pointe, it is expected that WNR will pay an Adjustment Amount in cash to TRI Pointe on the Closing Date.

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Set forth below are diagrams that illustrate, in simplified form, the existing corporate structures, the corporate structures immediately following the Distribution and the corporate structures immediately following the consummation of the Merger. The ownership proportions included in the diagram illustrating the corporate structures immediately following the consummation of the Merger are approximate and are calculated on a fully-diluted basis.

*Existing Corporate Structures*

*Structures Following Distribution<sup>(1)</sup>*

(1) The Merger will take place immediately following the Distribution. Following the Distribution, the exchange agent will hold all issued and outstanding WRECO common shares in trust until the WRECO common shares are converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger. You will not be able to trade WRECO common shares during this or any period. See [This Exchange Offer Distribution of Any WRECO Common Shares Remaining after This Exchange Offer](#) .

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*Structures Following Merger*<sup>(1)</sup>

(1) Following the consummation of the Merger, outstanding equity awards of WRECO and TRI Pointe employees are expected to represent 1.0% of the then outstanding TRI Pointe common stock on a fully diluted basis (not shown). After completion of all of the steps described above:

TRI Pointe's wholly owned subsidiary, WRECO, will hold the Real Estate Business and will be the obligor under the New Debt, which will be guaranteed by WRECO's material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions; and

WNR, a subsidiary of Weyerhaeuser, will have received approximately \$739 million of the cash proceeds of the New Debt, which will be retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). WNR may also receive a cash payment of the Adjustment Amount, if the Adjustment Amount is payable by TRI Pointe, as described in The Transaction Agreement Payment of Adjustment Amount . Immediately after the consummation of the Merger, the ownership of TRI Pointe common stock on a fully diluted basis is expected to be as follows: (i) WRECO common shares will have been converted into the right to receive, in the aggregate, approximately 79.6% of the then outstanding TRI Pointe common stock, (ii) the TRI Pointe common stock outstanding immediately prior to the consummation of the Merger will represent approximately 19.4% of the then outstanding TRI Pointe common stock and (iii) outstanding equity awards of WRECO and TRI Pointe employees will represent the remaining 1.0% of the then outstanding TRI Pointe common stock. In connection with the Transactions, TRI Pointe, Merger Sub, Weyerhaeuser and/or WRECO have entered into or will enter into the Transaction Documents relating to, among other things, certain tax matters and certain voting matters. See Other Agreements .

TRI Pointe and Weyerhaeuser considered various factors in negotiating the terms of the Transactions, including the equity ownership levels of pre-Merger TRI Pointe stockholders and Weyerhaeuser shareholders receiving shares of TRI Pointe common stock in the Transactions. Certain of the principal factors considered by the parties negotiating the terms of the Transaction Documents were, among others, the trends and competitive developments in the homebuilding industry and the range of strategic alternatives available to TRI Pointe, including continuing to operate its business as a standalone entity as currently conducted, as well as the potential of meaningful synergies following the consummation of the Merger, the risks and uncertainties associated

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with the Transactions and with other strategic alternatives and the other factors identified in The Transactions Background of the Transactions and The Transactions TRI Pointe s Reasons for the Transactions . Weyerhaeuser also considered, among other things, the value to Weyerhaeuser and Weyerhaeuser shareholders that could be realized in the Transactions as compared to the value to Weyerhaeuser and Weyerhaeuser shareholders that could be realized if the Transactions did not occur, the proposed tax treatment of the Transactions and the other factors identified in The Transactions Weyerhaeuser s Reasons for the Transactions .

**Number of WRECO Common Shares to be Distributed to Weyerhaeuser Shareholders**

Weyerhaeuser is offering to exchange all of the issued and outstanding WRECO common shares for Weyerhaeuser common shares validly tendered and not properly withdrawn. Weyerhaeuser has caused WRECO to effect the WRECO Stock Split so that the total number of WRECO common shares issued and outstanding immediately prior to the effective time of the Merger will equal 100,000,000.

**Terms of this Exchange Offer**

Weyerhaeuser is offering Weyerhaeuser shareholders the opportunity to exchange their shares for WRECO common shares. You may tender all, some or none of your Weyerhaeuser common shares. This document and related documents are being sent to persons who directly held Weyerhaeuser common shares on , 2014 and brokers, banks and similar persons whose names or the names of whose nominees appear on Weyerhaeuser s shareholder list or, if applicable, who are listed as participants in a clearing agency s security position listing for subsequent transmittal to beneficial owners of Weyerhaeuser common shares on that date.

Weyerhaeuser common shares validly tendered and not properly withdrawn will be accepted for exchange at the exchange ratio determined as described in This Exchange Offer Terms of this Exchange Offer on the terms and conditions of this exchange offer and subject to the limitations described below, including the proration provisions. Weyerhaeuser will return promptly any Weyerhaeuser common shares that are not accepted for exchange following the expiration of this exchange offer and the determination of the final proration factor, if any, described below.

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For the purposes of illustration, the table below indicates the number of WRECO common shares that you would receive per Weyerhaeuser common share you validly tender and the number of shares of TRI Pointe common stock into which those WRECO common shares would be converted in the Merger, calculated on the basis described in This Exchange Offer Terms of this Exchange Offer and taking into account the upper limit, assuming a range of averages of the daily VWAP of Weyerhaeuser common shares and TRI Pointe common stock on the Valuation Dates. The first row of the table below shows the indicative calculated per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock and the indicative exchange ratio that would have been in effect following the official close of trading on the NYSE on , 2014, based on the daily VWAPs of Weyerhaeuser common shares and TRI Pointe common stock on , 2014, , 2014 and , 2014. The table also shows the effects of a % increase or decrease in either or both of the calculated per-share values of Weyerhaeuser common shares and TRI Pointe common stock based on changes relative to the values as of , 2014.

	Weyerhaeuser common shares	TRI Pointe common stock	Calculated per-share value of Weyerhaeuser common shares	Calculated per-share value of WRECO common shares <sup>(1)</sup>	Calculated per-share value of TRI Pointe common stock	WRECO common shares per Weyerhaeuser common share	Shares of TRI Pointe common stock per Weyerhaeuser common share	Calculated Value Ratio
As of								
Up %								
Unchanged								
Down %								
Up %								
Down %								
Up %								
Unchanged								
Down % <sup>(3)</sup>								

- (1) The calculated per-share value of WRECO common shares for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of TRI Pointe common stock on the NYSE on each of the Valuation Dates, multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger).
- (2) The Calculated Value Ratio equals (i) the calculated per-share value of WRECO common shares multiplied by the exchange ratio, divided by (ii) the calculated per-share value of Weyerhaeuser common shares.
- (3) In this scenario, the upper limit is in effect. Absent the upper limit, the exchange ratio would have been WRECO common shares per Weyerhaeuser common share validly tendered and accepted in this exchange offer. In this scenario, Weyerhaeuser would announce that the upper limit on the number of shares that can be received for each Weyerhaeuser common share tendered is in effect no later than 4:30 p.m., New York City time, on the expiration date, that the exchange ratio will be fixed at the upper limit and that this exchange offer will be extended until 12:00 midnight, New York City time, on the second trading day following the originally contemplated expiration date.

During the three-month period of , through , 2014, the highest closing price of Weyerhaeuser common shares on the NYSE was \$ and the lowest closing price of TRI Pointe common stock on the NYSE was \$ . If the calculated per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock were calculated based on these closing prices, you would have received only the limit of WRECO

common shares for each Weyerhaeuser common share tendered, and the value of those WRECO common shares, based on the TRI Pointe common stock price multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger), would have been less than the value of Weyerhaeuser common shares accepted for exchange (approximately \$        of WRECO common shares for each \$1.00 of Weyerhaeuser common shares accepted for exchange).



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***Extension; Termination***

This exchange offer, and your withdrawal rights, will expire at 12:00 midnight, New York City time, on \_\_\_\_\_, 2014, unless this exchange offer is extended. You must tender your Weyerhaeuser common shares prior to this time if you want to participate in this exchange offer. Weyerhaeuser may extend or terminate this exchange offer as described in *This Exchange Offer Terms of this Exchange Offer Extension; Termination; Amendment* .

***Mandatory Extension***

If the upper limit on the number of shares that can be received for each Weyerhaeuser common share tendered is in effect at the expiration of the exchange offer period, then the exchange ratio will be fixed at the upper limit and a Mandatory Extension of this exchange offer will be made until 12:00 midnight, New York City time, on the second trading day following the originally contemplated expiration date.

Weyerhaeuser will publicly announce any extension (mandatory or otherwise) at <http://www.WeyerhaeuserTRIPointeExchange.com> and separately by press release no later than 9:00 a.m., New York City time, on the next business day following the previously scheduled expiration date.

***Conditions to the Consummation of this Exchange Offer***

Weyerhaeuser's obligation to exchange WRECO common shares for Weyerhaeuser common shares is subject to the conditions described in *This Exchange Offer Conditions to the Consummation of this Exchange Offer* , including the satisfaction of conditions to the consummation of the Transactions and other conditions. Weyerhaeuser will not be required to complete this exchange offer and may extend or terminate this exchange offer, if, at the scheduled expiration date (the three conditions listed first being the unwaivable *Mandatory Conditions* ):

the registration statement on Forms S-4 and S-1 of which this document is a part and TRI Pointe's Registration Statement on Form S-4 (File No. 333-193248) will each have become effective under the Securities Act and no stop order suspending the effectiveness of either registration statement will be issued and in effect;

any condition precedent to the consummation of the Transactions (other than this exchange offer) pursuant to the Transaction Agreement has not been satisfied or waived (except for the conditions precedent that will be satisfied at the time of the consummation of the Transactions) or for any reason the Transactions (other than this exchange offer) cannot be consummated promptly after the consummation of this exchange offer (see *The Transaction Agreement Conditions to the Consummation of the Transactions* );

the Transaction Agreement has been terminated;

any of the following conditions or events has occurred, or Weyerhaeuser reasonably expects any of the following conditions or events to occur:

any injunction, order, stay, judgment or decree is issued by any court, government, governmental authority or other regulatory or administrative authority having jurisdiction over Weyerhaeuser, WRECO or TRI Pointe and is in effect, or any law, statute, rule, regulation, legislation, interpretation, governmental order or injunction will have been enacted or enforced, any of which would reasonably be likely to restrain, prohibit or delay the consummation of this exchange offer;

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any proceeding for the purpose of suspending the effectiveness of the registration statement of which this document is a part has been initiated by the SEC and not concluded or withdrawn;

any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States;

any extraordinary or material adverse change in U.S. financial markets generally, including, without limitation, a decline of at least 15% in either the Dow Jones Average of Industrial Stocks or the Standard & Poor's 500 Index within a period of 60 consecutive days or less occurring after \_\_\_\_\_, \_\_\_\_\_;

a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States;

a commencement of a war (whether declared or undeclared), armed hostilities or other national or international calamity or act of terrorism, directly or indirectly involving the United States, which would reasonably be expected to affect materially and adversely, or to delay materially, the consummation of this exchange offer;

if any of the situations above exists as of the commencement of this exchange offer, any material deterioration of the situation;

any condition or event that Weyerhaeuser reasonably believes would or would be likely to cause this exchange offer and/or any pro rata dividend of WRECO common shares distributed to Weyerhaeuser shareholders if this exchange offer is undersubscribed to be taxable to Weyerhaeuser or its shareholders under U.S. federal income tax laws;

any action, litigation, suit, claim or proceeding is instituted that would be reasonably likely to enjoin, prohibit, restrain, make illegal, make materially more costly or materially delay the consummation of this exchange offer;

any condition or event that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (i) the business, assets, properties, condition (financial or otherwise) or results of operations of Weyerhaeuser, WRECO or TRI Pointe; or

a market disruption event (as defined below) occurs with respect to Weyerhaeuser common shares or TRI Pointe common stock on any of the Valuation Dates and such market disruption event has, in Weyerhaeuser's reasonable judgment, impaired the benefits of this exchange offer.

For a description of the material conditions precedent to the Transactions, see The Transaction Agreement Conditions to the Consummation of the Transactions .

Weyerhaeuser may waive any of the conditions to this exchange offer prior to the expiration of this exchange offer, except for the Mandatory Conditions described in This Exchange Offer Conditions to the Consummation of this Exchange Offer . TRI Pointe has no right to waive any of the conditions to this exchange offer.

***Proration; Tenders for Exchange by Holders of Fewer than 100 Weyerhaeuser Common Shares***

If, upon the expiration of this exchange offer, Weyerhaeuser shareholders have validly tendered and not properly withdrawn more Weyerhaeuser common shares than Weyerhaeuser is able to accept for exchange (taking into account the exchange ratio and the total number of issued and outstanding WRECO common shares), Weyerhaeuser will accept for exchange the Weyerhaeuser common shares validly tendered and not properly

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withdrawn by each tendering shareholder on a pro rata basis according to the number of shares tendered by each shareholder (rounded to the nearest whole number of Weyerhaeuser common shares, and subject to any adjustment necessary to ensure the exchange of all issued and outstanding WRECO common shares), except for tenders of odd-lots, as described below.

Any beneficial holder of fewer than 100 Weyerhaeuser common shares who wishes to tender all of those shares without being subject to proration as discussed above must check the box entitled *Odd-Lot Shares* on the letter of transmittal. If your odd-lot shares are held by a broker, dealer, commercial bank, trust company or similar institution for your account, you can contact your broker, dealer, commercial bank, trust company or similar institution and request the preferential treatment.

Weyerhaeuser will announce the preliminary proration factor by press release as promptly as practicable after the expiration date. Upon determining the number of Weyerhaeuser common shares validly tendered for exchange, Weyerhaeuser will announce the final results, including the final proration factor.

Any Weyerhaeuser common shares not accepted for exchange in this exchange offer as a result of proration will be returned to tendering shareholders promptly after the final proration factor is determined.

### ***Fractional Shares***

Immediately following the consummation of this exchange offer, Merger Sub will be merged with and into WRECO, with WRECO surviving the Merger and becoming a wholly owned subsidiary of TRI Pointe. Each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock. In this conversion of WRECO common shares into the right to receive shares of TRI Pointe common stock, no fractional shares of TRI Pointe common stock will be delivered to holders of WRECO common shares. TRI Pointe's transfer agent will aggregate all fractional shares of TRI Pointe common stock that holders of WRECO common shares would otherwise be entitled to receive as a result of the Merger. The transfer agent will cause the whole shares obtained thereby to be sold on behalf of such holders in the open market or otherwise as reasonably directed by TRI Pointe, in no case later than five business days after the consummation of the Merger. The transfer agent will make available the net proceeds thereof, after deducting any required withholding taxes and brokerage charges, commissions and transfer taxes, on a pro rata basis, without interest, as soon as practicable to the holders of WRECO common shares who would otherwise be entitled to receive such fractional shares of TRI Pointe common stock in the Merger.

### ***Procedures for Tendering***

For you to validly tender your Weyerhaeuser common shares pursuant to this exchange offer, prior to the expiration of this exchange offer:

If you hold certificates representing Weyerhaeuser common shares, you must deliver to the exchange agent at the address listed on the letter of transmittal a properly completed and duly executed letter of transmittal (or a manually executed facsimile of that document), along with any required signature guarantees and any other required documents and the certificates representing the Weyerhaeuser common shares tendered.

If you hold Weyerhaeuser common shares in book-entry form via DRS, you must deliver to the exchange agent at the address listed on the letter of transmittal for Weyerhaeuser common shares a

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properly completed and duly executed letter of transmittal, together with any required signature guarantees and any other required documents. Since certificates are not issued for book-entry shares held through DRS, you do not need to deliver any certificates representing those shares to the exchange agent.

If you hold CIP Shares, you must deliver to the exchange agent at the address listed on the letter of transmittal for Weyerhaeuser common shares a properly completed and duly executed letter of transmittal, together with any required signature guarantees and any other required documents. Since certificates are not issued for CIP Shares, you do not need to deliver any certificates representing those shares to the exchange agent.

If you hold Weyerhaeuser common shares through a broker, dealer, commercial bank, trust company or similar institution and wish to tender your Weyerhaeuser common shares in this exchange offer, you should follow the instructions sent to you separately by that institution. In this case, you should not use a letter of transmittal to direct the tender of your Weyerhaeuser common shares. Please contact your institution directly if you have not yet received instructions. Some financial institutions may also effect tenders by book-entry transfer through The Depository Trust Company.

### ***Delivery of WRECO Common Shares***

Upon the consummation of this exchange offer, Weyerhaeuser will irrevocably deliver to the exchange agent a global certificate representing all of the WRECO common shares being distributed by Weyerhaeuser, with irrevocable instructions to hold the WRECO common shares in trust for the holders of Weyerhaeuser common shares validly tendered and not properly withdrawn in the exchange offer and, in the case of a pro rata distribution, Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of this exchange offer. TRI Pointe will deposit with the transfer agent for the benefit of persons who received WRECO common shares in this exchange offer certificates or book-entry authorizations representing shares of TRI Pointe common stock, with irrevocable instructions to hold the shares of TRI Pointe common stock in trust for the holders of WRECO common shares. Upon surrender of the documents required by the transfer agent, duly executed, each former holder of WRECO common shares will receive from the transfer agent in exchange therefor shares of TRI Pointe common stock or cash in lieu of fractional shares, as the case may be. You will not receive any interest on any cash paid to you, even if there is a delay in making the payment. See [This Exchange Offer](#) [Terms of this Exchange Offer](#) [Exchange of Weyerhaeuser Common Shares](#) .

### ***Withdrawal Rights***

You may withdraw your tendered Weyerhaeuser common shares at any time prior to the expiration of this exchange offer by following the procedures described herein. If you change your mind again, you may re-tender your Weyerhaeuser common shares by again following the exchange offer procedures prior to the expiration of this exchange offer.

### ***No Appraisal Rights***

No appraisal rights are available to Weyerhaeuser shareholders in connection with this exchange offer or any pro rata distribution of WRECO common shares.

### ***Distribution of Any WRECO Common Shares Remaining after this Exchange Offer***

If this exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because this exchange offer is not fully subscribed, the remaining WRECO common shares owned by Weyerhaeuser will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of this exchange offer. The record date for the pro rata distribution, if any, will be announced by Weyerhaeuser.



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If this exchange offer is terminated by Weyerhaeuser without the exchange of shares, but the conditions to the consummation of the Transactions have otherwise been satisfied, Weyerhaeuser intends to distribute all issued and outstanding WRECO common shares on a pro rata basis to Weyerhaeuser shareholders, with a record date to be announced by Weyerhaeuser. See [This Exchange Offer Distribution of Any WRECO Common Shares Remaining after this Exchange Offer](#) .

### ***Legal Limitations; Certain Matters Relating to Non-U.S. Jurisdictions***

This document is not an offer to buy, sell or exchange and it is not a solicitation of an offer to buy or sell any Weyerhaeuser common shares, WRECO common shares or TRI Pointe common stock in any jurisdiction in which the offer, sale or exchange is not permitted. Countries outside the United States generally have their own legal requirements that govern securities offerings made to persons resident in those countries and often impose stringent requirements about the form and content of offers made to the general public. None of Weyerhaeuser, WRECO or TRI Pointe has taken any action under non-U.S. regulations to facilitate a public offer to exchange Weyerhaeuser common shares, WRECO common shares or TRI Pointe common stock outside the United States. Accordingly, the ability of any non-U.S. person to tender Weyerhaeuser common shares in this exchange offer will depend on whether there is an exemption available under the laws of such person's home country that would permit the person to participate in this exchange offer without the need for Weyerhaeuser, WRECO or TRI Pointe to take any action to facilitate a public offering in that country or otherwise. For example, some countries exempt transactions from the rules governing public offerings if they involve persons who meet certain eligibility requirements relating to their status as sophisticated or professional investors.

Non-U.S. shareholders should consult their advisors in considering whether they may participate in this exchange offer in accordance with the laws of their home countries and, if they do participate, whether there are any restrictions or limitations on transactions in Weyerhaeuser common shares, WRECO common shares or TRI Pointe common stock that may apply in their home countries. None of Weyerhaeuser, WRECO or TRI Pointe can provide any assurance about whether such limitations may exist. See [This Exchange Offer Certain Matters Relating to Non-U.S. Jurisdictions](#) for additional information about limitations on this exchange offer outside the United States.

### **Risk Factors**

In deciding whether to tender your Weyerhaeuser common shares in this exchange offer, you should carefully consider the matters described in the section [Risk Factors](#) , as well as other information included in this document and the other documents to which you have been referred.

### **Debt Financing**

WRECO has entered into the Financing Letters with various lenders with respect to financing in connection with the Transactions. The obligations of the lenders under the Commitment Letter are subject to customary conditions, including, subject to exceptions, the absence of any material adverse effect (as the term is described in [The Transaction Agreement Representations and Warranties](#) ) with respect to WRECO or TRI Pointe and the consummation of the Transactions. WRECO has agreed to pay certain fees to the lenders in connection with the Commitment Letter and has agreed to indemnify the lenders against certain liabilities.

In connection with the Transactions, WRECO expects to engage in the following financing activities:

the issuance and sale by WRECO of Debt Securities in aggregate principal amount of up to the full amount of the New Debt; and

to the extent that WRECO does not issue Debt Securities in aggregate principal amount of at least \$800 million on or prior to the Closing Date, the incurrence of senior unsecured bridge loans in an aggregate principal amount equal to \$800 million less the aggregate principal amount of the Debt Securities issued, from one or more lenders under the Senior Unsecured Bridge Facility (as described in Debt Financing Bridge Facility );

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In connection with the Transactions, TRI Pointe expects to make:

borrowings under the Revolving Credit Agreement, which currently provides for a maximum loan commitment of \$175 million (subject to borrowing base requirements), as amended or otherwise modified to provide, for the avoidance of doubt, that the Transactions shall be permitted under such agreement and as otherwise amended or modified in a manner that is not materially adverse to the interest of the lenders under the Senior Unsecured Bridge Facility; or

borrowings under a new revolving facility that is not materially less favorable to the interests of the lenders under the Senior Unsecured Bridge Facility than the existing Revolving Credit Agreement.

Subject to ongoing negotiations between TRI Pointe and certain lenders, the Revolving Credit Agreement may be amended, modified or replaced and borrowing availability thereunder or under a new revolving facility may exceed \$175 million.

### **Directors and Officers of TRI Pointe before and after the Transactions**

TRI Pointe's board of directors currently consists of seven directors. The Transaction Agreement provides that upon the consummation of the Merger, TRI Pointe will increase the size of its board of directors from seven to nine directors. TRI Pointe will select five directors, and Weyerhaeuser will select the remaining four directors.

The executive officers of TRI Pointe immediately prior to the consummation of the Merger are expected to be the executive officers of TRI Pointe immediately following the consummation of the Merger.

### **TRI Pointe Stockholder Vote**

TRI Pointe cannot complete the Transactions unless the proposal relating to the issuance of shares of TRI Pointe common stock in the Merger is approved by the affirmative vote of TRI Pointe stockholders having a majority of the votes that could be cast by the holders of all TRI Pointe common stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting of TRI Pointe stockholders.

### **Accounting Treatment and Considerations**

Accounting Standards Codification ASC 805, *Business Combinations*, requires the use of the purchase method of accounting for business combinations. In applying the purchase method, it is necessary to identify both the accounting acquiree and the accounting acquiror. In a business combination effected primarily by exchanging equity interests, the acquiror usually is the entity that issues its equity interests. However, in some business combinations, commonly called reverse acquisitions, such as the Merger, the issuing entity is the acquiree. In identifying the acquiring entity in a reverse acquisition combination, all pertinent facts and circumstances must be considered, including the following:

The relative voting interests of TRI Pointe after the Transactions. In this case, Weyerhaeuser shareholders are expected to receive approximately 79.6% of the equity ownership on a fully diluted basis and associated voting rights in TRI Pointe after the consummation of the Transactions.

The size of the combining companies in the Transactions. The relative size is measured in terms of assets, revenues, net income, and other applicable metrics. WRECO would represent 73%, 83% and 97%, and TRI Pointe would represent 27%, 17% and 3%, of the combined assets, revenues, and net income, respectively, as of December 31, 2013.

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The composition of the governing body of TRI Pointe after the Transactions. In this case, the board of directors of TRI Pointe following the consummation of the Merger will be comprised of five directors selected by TRI Pointe while Weyerhaeuser will select the remaining four directors immediately prior to the consummation of the Merger. However, the board of directors of TRI Pointe can be elected and removed at the annual meeting of TRI Pointe stockholders or through a special meeting of TRI Pointe stockholders after the consummation of the Transactions.

The composition of the senior management of TRI Pointe after the consummation of the Transactions. In this case, TRI Pointe's senior management following the consummation of the Merger will be the same as TRI Pointe's current management team. However, the senior management can be removed by the board of directors of TRI Pointe after the consummation of the Transactions.

TRI Pointe's management has determined that WRECO will be the accounting acquiror in this reverse acquisition based on the facts and circumstances outlined above. WRECO will apply purchase accounting to the assets and liabilities of the TRI Pointe business upon the consummation of the Merger. Upon the consummation of the Transactions, the combined entity's historical financial statements will reflect only those of WRECO.

**Material U.S. Federal Income Tax Consequences of the Distribution and the Merger**

The obligations of Weyerhaeuser and WRECO to consummate the Transactions, including the WRECO Spin and the Distribution (which includes this exchange offer), are conditioned upon the receipt by Weyerhaeuser of the Covington & Burling Tax Opinion, which concludes that the WRECO Spin and Distribution qualify as distributions described in section 355 of the Code. On the basis that the WRECO Spin and Distribution each qualify as distributions for U.S. federal income tax purposes described in Section 355 of the Code, for U.S. federal income tax purposes, no gain or loss will be recognized by, and no amount will be included in the income of, U.S. Weyerhaeuser shareholders upon the receipt of WRECO common shares in this exchange offer or in any pro rata distribution of WRECO common shares distributed to Weyerhaeuser shareholders if this exchange offer is undersubscribed (or if Weyerhaeuser determines not to consummate this exchange offer).

The consummation of the Merger is conditioned upon the receipt of the Covington & Burling Tax Opinion and the Gibson Dunn Tax Opinion, which conclude that the Merger qualifies as a reorganization described in section 368(a) of the Code. On the basis that the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, for U.S. federal income tax purposes, no gain or loss will be recognized by, and no amount will be included in the income of, U.S. holders of WRECO common shares upon the receipt of shares of TRI Pointe common stock in the Merger, except for any gain or loss recognized with respect to cash received in lieu of a fractional share of TRI Pointe common stock.

If the WRECO Spin, Distribution and/or the Merger fails to qualify for tax-free treatment, Weyerhaeuser and/or its subsidiaries, as well as its shareholders might be subject to tax. See Risk Factors Risks Related to the Transactions. If the WRECO Spin and the Distribution do not qualify as tax-free distributions described in Section 355 of the Code, or if the Merger does not qualify as a tax-free reorganization described in Section 368(a) of the Code, including as a result of actions taken in connection with the WRECO Spin, the Distribution or the Merger, or as a result of subsequent acquisitions of Weyerhaeuser common shares, TRI Pointe common stock or WRECO common shares, then Weyerhaeuser or its subsidiaries or Weyerhaeuser shareholders may be required to pay substantial U.S. federal income taxes, and, in certain circumstances, TRI Pointe may be required to indemnify Weyerhaeuser for any such tax liability.

Tax matters are complicated and the tax consequences of the Transactions to you will depend on the facts of your own situation. You should read the summary in *This Exchange Offer* Material U.S. Federal Income Tax Consequences of the Distribution and the Merger and consult your own tax advisor for a full understanding of the tax consequences to you of the Transactions.

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**Table of Contents****SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA**

The following summary financial data of WRECO, Weyerhaeuser and TRI Pointe are being provided to help you in your analysis of the financial aspects of the Transactions. You should read this information in conjunction with the financial information included and incorporated by reference in this document. See [Information on TRI Pointe](#) , [Information on Weyerhaeuser](#) , [Information on WRECO](#) , [Management's Discussion and Analysis of Financial Condition and Results of Operations for WRECO](#) , [Selected Historical and Pro Forma Financial and Operating Data and Where You Can Find More Information; Incorporation by Reference](#) in this document and the [Management's Discussion and Analysis of Financial Condition and Results of Operations](#) section in [TRI Pointe's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014](#) and its [Annual Report on Form 10-K for the year ended December 31, 2013](#), each of which is incorporated by reference in this document.

**Summary of Selected Historical Financial and Operating Data of WRECO**

The following summary of selected historical financial data of WRECO as of and for the three months ended March 31, 2014 and for the three months ended March 31, 2013 has been derived from the unaudited consolidated financial statements of WRECO included in this document and is not necessarily indicative of the results or the financial condition to be expected for the remainder of the year or any future date or period. The financial data as of March 31, 2013 have been derived from the unaudited consolidated financial statements of WRECO not included or incorporated by reference in this document and are not necessarily indicative of the results or the financial condition to be expected for the remainder of the year or any future period. The management of WRECO believes that the unaudited consolidated financial statements reflect all normal and recurring adjustments necessary for a fair presentation of the results as of and for the interim periods presented. The financial data as of and for the years ended December 31, 2013 and 2012 and for the year ended December 31, 2011 have been derived from the audited consolidated financial statements of WRECO included in this document. The financial data as of December 31, 2011 have been derived from the audited consolidated financial statements of WRECO not included or incorporated by reference in this document. This information is only a summary and should be read in conjunction with [Management's Discussion and Analysis of Financial Condition and Results of Operations for WRECO](#) and the consolidated financial statements of WRECO and the notes thereto included in this document.

WRECO's historical financial information does not reflect changes that WRECO expects to experience in the future as a result of the Transactions, including the REB Transfers and changes in the financing, operations, cost structure and personnel needs of its business. See [The Transaction Agreement Transfers of Certain Assets and Assumption of Certain Liabilities](#) . Further, the historical financial statements include allocations of certain Weyerhaeuser corporate general and administrative expense. WRECO's management believes the assumptions and methodologies underlying the allocation of corporate general and administrative expense are reasonable. However, these allocations may not be indicative of the actual level of expense that would have been incurred by WRECO if it had operated as an independent company or of costs expected to be incurred in the future. These allocated expenses relate to various services that have historically been provided to WRECO by Weyerhaeuser, including corporate governance, cash management and other treasury services, administrative services (such as government relations, tax, employee payroll and benefit administration, internal audit, legal, accounting, human resources and equity-based compensation plan administration), lease of office space, aviation services and insurance coverage. During each of the quarters ended March 31, 2014 and 2013, WRECO incurred \$5.5 million of allocated corporate general and administrative expense from Weyerhaeuser. During the years ended December 31, 2013, 2012 and 2011, WRECO incurred \$22.9 million, \$20.5 million and \$17.3 million, respectively, of allocated corporate general and administrative expense from Weyerhaeuser. See [Management's Discussion and Analysis of Financial Condition and Results of Operations for WRECO](#) and [Note 11: Relationship and Transactions with Weyerhaeuser](#) to WRECO's consolidated financial statements included in this document for further information regarding the allocated corporate general and

administrative expense. In addition, as part of WRECO's historical cash management strategy as a subsidiary of Weyerhaeuser, WRECO has a revolving promissory note payable to Weyerhaeuser that will be extinguished in connection with the



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Transactions. The total amount outstanding under the promissory note was \$868.8 million as of March 31, 2014. The total amounts outstanding under the promissory note were \$834.6 million, \$689.6 million and \$568.7 million as of December 31, 2013, 2012 and 2011, respectively. WRECO paid Weyerhaeuser interest on the unpaid balance for the quarters ended March 31, 2014 and 2013 at rates per annum of 1.86% and 1.90%, respectively. WRECO paid Weyerhaeuser interest on the unpaid balance for the years ended December 31, 2013, 2012 and 2011 at rates per annum of 1.87%, 1.92% and 0.62%, respectively. Interest incurred for the quarters ended March 31, 2014 and 2013 was \$3.9 million and \$3.4 million, respectively. Interest incurred for the years ended December 31, 2013, 2012 and 2011 was \$15.7 million, \$12.8 million and \$3.4 million, respectively.

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,		
	2014	2013	2013	2012	2011
	(unaudited)				
	(Dollar amounts in thousands, except per share figures)				
<b>Statement of Operations Data</b>					
Single-family home sales revenue	\$ 241,902	\$ 182,381	\$ 1,218,430	\$ 870,596	\$ 768,071
Single-family home cost	(190,840)	(146,631)	(948,561)	(690,578)	(589,574)
Single-family impairments and related charges	(429)	(277)	(1,719)	(3,319)	(10,399)
Single-family gross margin	50,633	35,473	268,150	176,699	168,098
Non-single-family revenue	6,230	13,135	56,282	199,710	69,674
Non-single-family cost	(4,755)	(12,936)	(40,906)	(121,357)	(39,224)
Non-single-family impairments and related charges	(39)	(216)	(343,729)	(272)	(620)
Non-single-family gross margin	1,436	(17)	(328,353)	78,081	29,830
Total gross margin	52,069	35,456	(60,203)	254,780	197,928
Sales and marketing expense	(20,905)	(18,244)	(94,521)	(78,022)	(71,587)
General and administrative expense	(18,005)	(18,414)	(74,244)	(75,583)	(71,348)
Restructuring expense	(1,716)	(440)	(10,938)	(2,460)	(2,801)
Other income	667	848	2,452	914	2,080
Earnings (loss) from continuing operations, before income taxes	12,110	(794)	(237,454)	99,629	54,272
Income tax benefit (expense)	(4,529)	739	86,161	(38,910)	(19,333)
Earnings (loss) from continuing operations	7,581	(55)	(151,293)	60,719	34,939
Discontinued operations, net of income taxes		189	1,838	762	589

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Net earnings (loss) attributable to common shareholder	\$ 7,581	\$ 134	\$ (149,455)	\$ 61,481	\$ 35,528
Basic earnings (loss) per share from continuing operations attributable to common shareholder	\$ 0.08	\$	\$ (1.51)	\$ 0.61	\$ 0.35
Basic earnings per share from discontinued operations attributable to common shareholder			0.02		0.01
Basic earnings (loss) per share attributable to common shareholder	\$ 0.08	\$	\$ (1.49)	\$ 0.61	\$ 0.36
<b>Operating Data Owned Projects</b>					
Net new home orders	667	820	3,055	2,665	1,902
New homes delivered	508	463	2,939	2,314	1,912
Average sales price of homes delivered	\$ 476	\$ 394	\$ 415	\$ 376	\$ 402
Cancellation rate	15%	12%	15%	15%	16%
Average selling communities	91	75	86	72	74
Selling communities at end of period	93	80	89	68	69
Backlog at end of period, number of homes	1,056	1,138	897	781	430
Backlog at end of period, aggregate sales value	\$ 594,550	\$ 508,849	\$ 507,064	\$ 342,497	\$ 167,505
<b>Balance Sheet Data</b>					
Cash	\$ 3,338	\$ 4,271	\$ 4,510	\$ 5,212	\$ 3,170
Inventory	\$ 1,500,608	\$ 1,653,818	\$ 1,421,986	\$ 1,609,485	\$ 1,499,040
Total assets	\$ 1,941,998	\$ 2,053,187	\$ 1,910,464	\$ 1,999,537	\$ 1,933,849
Debt payable to third parties and Weyerhaeuser	\$ 868,809	\$ 871,323	\$ 834,589	\$ 798,808	\$ 851,303
Total liabilities	\$ 1,105,364	\$ 1,072,602	\$ 1,084,947	\$ 1,005,810	\$ 1,044,142
Total shareholder s interest	\$ 806,415	\$ 951,769	\$ 797,096	\$ 953,779	\$ 891,304

**Table of Contents****Summary of Historical Financial Data of Weyerhaeuser**

The following summary of historical financial data of Weyerhaeuser as of and for the three months ended March 31, 2014 and for the three months ended March 31, 2013 has been derived from the unaudited financial statements of Weyerhaeuser incorporated by reference in this document and is not necessarily indicative of the results or the financial condition to be expected for the remainder of the year or any future date or period. The data as of March 31, 2013 have been derived from the unaudited financial statements of Weyerhaeuser not included or incorporated by reference in this document and are not necessarily indicative of the results or the financial condition to be expected for any future date or period. The management of Weyerhaeuser believes that the unaudited financial statements reflect all normal and recurring adjustments necessary for a fair presentation of the results as of and for the interim periods presented. The data as of and for the years ended December 31, 2013 and 2012 and for the year ended December 31, 2011 have been derived from the audited financial statements of Weyerhaeuser incorporated by reference in this document. The data as of December 31, 2011 have been derived from the audited financial statements of Weyerhaeuser not included or incorporated by reference in this document. This information is only a summary and should be read in conjunction with the financial statements of Weyerhaeuser and the notes thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Weyerhaeuser's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 and Weyerhaeuser's Annual Report on Form 10-K for the year ended December 31, 2013, each of which is incorporated by reference in this document. See "Where You Can Find More Information; Incorporation by Reference".

	<b>As of and for the Three Months Ended March 31, 2014      2013</b>		<b>As of and for the Year Ended December 31, 2013      2012      2011</b>		
	<b>(unaudited)</b>				
	<b>(Dollar amounts in millions, except per share figures)</b>				
<b>Consolidated Statement of Operations</b>					
Net sales and revenues	\$ 1,984	\$ 1,951	\$ 8,529	\$ 7,059	\$ 6,216
Cost of products sold	(1,556)	(1,533)	(6,709)	(5,810)	(5,120)
Gross margin	428	418	1,820	1,249	1,096
Selling expenses	(49)	(51)	(220)	(194)	(178)
General and administrative expenses	(101)	(118)	(455)	(436)	(423)
Research and development expenses	(7)	(7)	(33)	(32)	(30)
Charges for restructuring, closures and impairments	(21)	(4)	(390)	(32)	(83)
Other income (expense), net	74	18	25	180	212
Operating income	324	256	747	735	594
Interest income and other	9	11	58	52	47
Interest expense, net of capitalized interest	(83)	(82)	(371)	(348)	(384)
Net earnings from continuing operations before income taxes	250	185	434	439	257
Income taxes	(56)	(41)	129	(55)	62
Net earnings from continuing operations	194	144	563	384	319

Net earnings from discontinued operations, net of income taxes						12
Net earnings	194	144	563	384	331	
Dividends on preference shares	(11)		(23)			
Net (earnings) loss attributable to noncontrolling interests				1		
Net earnings attributable to Weyerhaeuser common shareholders	\$ 183	\$ 144	\$ 540	\$ 385	\$ 331	
Basic net earnings per share attributable to common shareholders						
Continuing operations	\$ 0.31	\$ 0.26	\$ 0.95	\$ 0.71	\$ 0.60	
Discontinued operations					0.02	
Net earnings per share	\$ 0.31	\$ 0.26	\$ 0.95	\$ 0.71	\$ 0.62	
Diluted net earnings per share attributable to common shareholders						
Continuing operations	\$ 0.31	\$ 0.26	\$ 0.95	\$ 0.71	\$ 0.59	
Discontinued operations					0.02	
Net earnings per share	\$ 0.31	\$ 0.26	\$ 0.95	\$ 0.71	\$ 0.61	

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	As of and for the Three Months Ended March 31, 2014      2013 (unaudited)		As of and for the Year Ended December 31, 2013      2012      2011		
	(Dollar amounts in millions, except per share figures)				
<b>Balance Sheet Data</b>					
Cash and cash equivalents	\$ 780	\$ 639	\$ 835	\$ 898	\$ 953
Inventories	\$ 2,165	\$ 2,250	\$ 2,006	\$ 2,197	\$ 2,040
Total assets	\$ 14,505	\$ 12,510	\$ 14,498	\$ 12,592	\$ 12,634
Long-term debt	\$ 4,891	\$ 4,135	\$ 4,891	\$ 4,291	\$ 4,478
Total liabilities	\$ 7,620	\$ 8,234	\$ 7,896	\$ 8,479	\$ 8,367
Shareholder equity	\$ 6,852	\$ 4,244	\$ 6,795	\$ 4,070	\$ 4,263

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**Summary of Selected Historical Financial and Operating Data of TRI Pointe**

The following summary of selected historical financial data of TRI Pointe as of and for the three months ended March 31, 2014 and for the three months ended March 31, 2013 has been derived from the unaudited consolidated financial statements of TRI Pointe incorporated by reference in this document and is not necessarily indicative of the results or the financial condition to be expected for the remainder of the year or any future date or period. The financial data as of March 31, 2013 have been derived from the unaudited consolidated financial statements of TRI Pointe not included or incorporated by reference in this document and are not necessarily indicative of the results or the financial condition to be expected for the remainder of the year or any future date or period. TRI Pointe's management believes that the unaudited financial statements reflect all normal and recurring adjustments necessary for a fair presentation of the results as of and for the interim periods presented. The financial data as of and for the years ended December 31, 2013 and 2012 and for the year ended December 31, 2011 have been derived from the audited consolidated financial statements of TRI Pointe incorporated by reference in this document. The financial data as of December 31, 2011 have been derived from the audited financial statements of TRI Pointe not included or incorporated by reference in this document. This information is only a summary and should be read in conjunction with the audited and unaudited consolidated financial statements of TRI Pointe and the notes thereto and the Management's Discussion and Analysis of Financial Condition and Results of Operations section contained in TRI Pointe's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 and its Annual Report on Form 10-K for the year ended December 31, 2013, each of which is incorporated by reference in this document. See [Where You Can Find More Information; Incorporation by Reference](#).

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	As of and for the Three Months Ended March 31, 2014		2013	As of and for the Year Ended December 31, 2012		2011
	(unaudited)					
(Dollar amounts in thousands, except per share figures)						
<b>Statement of Operations Data</b>						
Home sales	\$ 72,812	\$ 23,857	\$ 247,091	\$ 77,477	\$ 13,525	
Cost of home sales	(56,432)	(19,449)	(193,092)	(63,688)	(12,075)	
Homebuilding gross profit	16,380	4,408	53,999	13,789	1,450	
Fee building gross margin		406	1,082	149	150	
Sales and marketing	(2,486)	(1,330)	(8,486)	(4,636)	(1,553)	
General and administrative	(5,892)	(3,313)	(17,057)	(6,772)	(4,620)	
Transaction expense	(548)		(4,087)			
Other income (expense), net	(9)	172	302	(24)	(20)	
Income (loss) before income taxes	7,445	343	25,753	2,506	(4,593)	
Provision for income taxes	(3,147)	(73)	(10,379)			
Net income (loss)	\$ 4,298	\$ 270	\$ 15,374	\$ 2,506	\$ (4,593)	
<b>Earnings (loss) per share<sup>(1)</sup></b>						
Basic	\$ 0.14	\$ 0.01	\$ 0.50	\$ 0.12	\$ (0.36)	
Diluted <sup>(2)</sup>	\$ 0.14	\$ 0.01	\$ 0.50	\$ 0.12	\$ (0.36)	
<b>Operating Data Owned Projects</b>						
Net new home orders	138	123	477	204	42	
New homes delivered	92	48	396	144	36	
Average sales price of homes delivered	\$ 791	\$ 497	\$ 624	\$ 538	\$ 376	
Cancellation rate	8%	9%	10%	16%	13%	
Average selling communities	10.0	7.3	7.4	5.4	2.0	
Selling communities at end of period	10	6	10	7	3	
Backlog at end of period, number of homes	195	143	149	68	8	
Backlog at end of period, aggregate sales value	\$ 157,692	\$ 77,027	\$ 111,566	\$ 33,287	\$ 3,364	
<b>Operating Data Fee Building Projects</b>						
Net new home orders		14	41	45	34	
New homes delivered		5	66	26	68	
Average sales price of homes delivered	\$	\$ 399	\$ 685	\$ 885	\$ 786	
<b>Balance Sheet Data</b>						
Cash, cash equivalents and marketable securities	\$ 32,046	\$ 131,316	\$ 35,261	\$ 19,824	\$ 10,164	
Real estate inventories	\$ 484,483	\$ 245,162	\$ 455,642	\$ 194,083	\$ 82,023	
Total assets	\$ 538,567	\$ 379,712	\$ 506,035	\$ 217,516	\$ 93,776	

Notes payable	\$ 176,933	\$ 60,896	\$ 138,112	\$ 57,368	\$ 6,873
Total liabilities	\$ 211,700	\$ 74,493	\$ 183,729	\$ 68,363	\$ 11,285
Total equity	\$ 326,867	\$ 305,219	\$ 322,306	\$ 149,153	\$ 82,491

- (1) Basic and diluted earnings (loss) per share give effect to the conversion of the equity of the former members of TPH LLC into TRI Pointe common stock on January 30, 2013 as though the conversion had occurred at the beginning of the period or the original date of issuance, if later. The number of shares converted is based on the initial public offering price of \$17.00 per share of TRI Pointe common stock.
- (2) For the three months ended March 31, 2014 and 2013 and the year ended December 31, 2013, no stock options were included in the diluted earnings per share calculation as the effect of their inclusion would be antidilutive. There were no outstanding options or non-vested shares in 2012 or prior.

### **Summary Unaudited Pro Forma Condensed Consolidated Financial Information of Weyerhaeuser Reflecting the Transactions**

The following summary unaudited pro forma condensed consolidated financial information of Weyerhaeuser is being presented for illustrative purposes only, and this information should not be relied upon for purposes of making any investment or other decisions. The following summary unaudited pro forma condensed consolidated balance sheet data give effect to the Transactions as if they occurred on March 31, 2014. The following summary unaudited pro forma condensed consolidated statement of earnings data gives effect to the Transactions as if they occurred on January 1, 2013, the beginning of the earliest period presented. The following summary unaudited pro forma condensed consolidated financial information also assumes Weyerhaeuser elected to distribute the WRECO common shares via this exchange offer, and assumes this exchange offer was fully subscribed and consummated as of the above dates. You should also not rely on the following summary unaudited pro forma condensed consolidated financial information as being indicative of the results or financial condition that would have been achieved had the Transactions occurred, or the exchange offer been fully subscribed and consummated, other than during the periods or on the date presented or of the actual future results or financial condition of Weyerhaeuser to be achieved following the Transactions and the consummation of the exchange offer. This information is only a summary and should be read in conjunction with Selected Historical and Pro Forma Financial and Operating Data Unaudited Pro Forma Condensed Consolidated Financial Information of Weyerhaeuser Reflecting the Transactions .



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	<b>As of and for the Three Months Ended March 31, 2014</b>	<b>For the Year Ended December 31, 2013</b>
<b>(dollar amounts in millions, except per share figures)</b>		
<b>Statement of Earnings Data</b>		
<b>Net sales</b>	\$ 1,736	\$ 7,254
Cost of products sold	1,360	5,716
<b>Gross margin</b>	376	1,538
Selling expenses	28	125
General and administrative expenses	83	381
Research and development expenses	7	33
Charges for restructuring, closures, and impairments	19	376
Other operating income, net	(75)	(32)
<b>Operating income from continuing operations</b>	314	655
Interest income and other	9	54
Interest expense, net of capitalized interest	(83)	(368)
<b>Earnings from continuing operations before income taxes</b>	240	341
Income taxes	(52)	168
<b>Earnings from continuing operations</b>	188	509
<b>Earnings per common share from continuing operations attributable to Weyerhaeuser common shareholders</b>		
Basic	\$ 0.34	\$ 0.98
Diluted	\$ 0.34	\$ 0.97
<b>Balance Sheet Data</b>		
Cash and cash equivalents	\$ 1,516	
Property and equipment, less accumulated depreciation	2,596	
Total assets	13,560	
Long-term debt	4,891	
Total liabilities	7,548	
	6,009	

Weyerhaeuser shareholders  
interest

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**Table of Contents****Summary Unaudited Pro Forma Financial Information of TRI Pointe and WRECO**

The following summary unaudited pro forma financial information of TRI Pointe and WRECO are being presented for illustrative purposes only, and this information should not be relied upon for purposes of making any investment or other decisions. The data assume that WRECO had been owned by TRI Pointe for all periods and at the date presented, and reflect the changes that WRECO expects to experience as a result of the Transactions, including the REB Transfers. TRI Pointe and WRECO may have performed differently had they actually been combined for all periods or on the date presented. You should also not rely on the following data as being indicative of the results or financial condition that would have been achieved or existed had TRI Pointe and WRECO been combined other than during the periods or on the date presented or of the actual future results or financial condition of TRI Pointe to be achieved following the consummation of the Transactions. This information is only a summary and should be read in conjunction with Selected Historical and Pro Forma Financial and Operating Data Unaudited Pro Forma Condensed Combined Financial Information of TRI Pointe and WRECO .

	<b>As of and for the Three Months Ended March 31, 2014</b>	<b>For the Year Ended December 31, 2013</b>
<b>(Dollar amounts in thousands, except per share figures)</b>		
<b>Statement of Operations Data</b>		
Home sales	\$ 314,714	\$ 1,465,521
Cost of home sales	(252,911)	(1,172,659)
Impairments and related charges	(429)	(1,719)
Homebuilding gross margin	61,374	291,143
Non-single-family gross margin	2,435	17,353
Fee building gross margin		1,082
Sales and marketing	(23,714)	(104,297)
General and administrative	(24,813)	(94,720)
Restructuring charges	(411)	(8,538)
Other income, net	974	6,475
Earnings before income taxes	15,845	108,498
Provision for income taxes	(6,169)	(42,039)
Earnings from continuing operations	\$ 9,676	\$ 66,459
<b>Earnings per common share</b>		
Basic	\$ 0.06	\$ 0.41
Diluted	\$ 0.06	\$ 0.41
<b>Operating Data</b>		
Net new home orders	805	3,532

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New homes delivered	600	3,335
Average sales price of homes delivered	\$ 525	\$ 439
Cancellation rate	14%	15%
Average selling communities	101	93
Selling communities at end of period	103	99
Backlog at end of period, number of homes	1,251	1,046
Backlog at end of period, aggregate sales value	\$ 752,242	\$ 618,630
<b>Balance Sheet Data</b>		
Cash, cash equivalents and marketable securities	\$ 39,351	
Inventory	\$ 1,971,953	
Total assets	\$ 2,536,353	
Debt payable	\$ 976,933	
Total liabilities	\$ 1,169,873	
Stockholders equity	\$ 1,336,261	

**Table of Contents****Summary Comparative Historical and Pro Forma Per Share Data**

The following tables set forth certain historical and pro forma per share data for TRI Pointe, WRECO and Weyerhaeuser. The TRI Pointe historical data have been derived from and should be read together with the unaudited financial statements of TRI Pointe and related notes thereto contained in TRI Pointe's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 and the audited consolidated financial statements of TRI Pointe and related notes thereto contained in TRI Pointe's Annual Report on Form 10-K for the year ended December 31, 2013, each of which is incorporated by reference in this document. The WRECO historical data have been derived from and should be read together with WRECO's unaudited and audited consolidated financial statements and related notes thereto included in this document. The Weyerhaeuser historical data have been derived from and should be read together with the unaudited financial statements of Weyerhaeuser and related notes thereto contained in Weyerhaeuser's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 and the audited consolidated financial statements of Weyerhaeuser and related notes thereto contained in Weyerhaeuser's Annual Report on Form 10-K for the year ended December 31, 2013, each of which is incorporated by reference in this document. The pro forma data have been derived from the unaudited pro forma financial statements of TRI Pointe, WRECO and Weyerhaeuser included in this document. See "Where You Can Find More Information; Incorporation by Reference".

These summary comparative historical and pro forma per share data are being presented for illustrative purposes only. TRI Pointe, WRECO and Weyerhaeuser may have performed differently had the Transactions occurred prior to the periods or the dates presented. You should not rely on the pro forma per share data presented as being indicative of the results that would have been achieved had TRI Pointe and the Real Estate Business been combined during the periods or at the dates presented or of the actual future results or financial condition of TRI Pointe, WRECO or Weyerhaeuser to be achieved following the consummation of the Transactions.

	As of and for the Three Months Ended March 31, 2014		As of and for the Year Ended December 31, 2013	
	Historical (unaudited)	Pro Forma	Historical	Pro Forma
<b>TRI Pointe</b>				
Basic earnings per share <sup>(1)</sup>	\$ 0.14	\$ 0.06	\$ 0.50	\$ 0.41
Diluted earnings per share <sup>(1)(2)</sup>	\$ 0.14	\$ 0.06	\$ 0.50	\$ 0.41
Weighted average common shares outstanding Basic	31,613,274	161,332,533	30,775,989	161,332,533
Weighted average common shares outstanding Diluted	31,643,070	162,882,415	30,797,602	162,882,415
Book value per share of common stock	\$ 10.33	\$ 8.20	\$ 10.47	\$ N/A
Dividends declared per share of common stock	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

(1) Basic and diluted earnings per share give effect to the conversion of the equity of the former members of TPH LLC into TRI Pointe common stock on January 30, 2013 as though the conversion had occurred at the beginning of the period or the original date of issuance, if later. The number of shares converted is based on the initial public offering price of \$17.00 per share of TRI Pointe common stock.

(2) For the three months ended March 31, 2014 and the year ended December 31, 2013, no stock options were included in the diluted earnings per share calculation as the effect of their inclusion would be antidilutive.

	As of and for the Three Months Ended March 31, 2014 <sup>(1)</sup>		As of and for the Year Ended December 31, 2013 <sup>(1)</sup>	
	Historical (unaudited)	Pro Forma <sup>(2)</sup>	Historical	Pro Forma <sup>(2)</sup>
<b>WRECO</b>				
Basic earnings (losses) from continuing operations per share	\$ 0.08	\$ 0.06	\$ (1.51)	\$ (1.17)
Diluted earnings (losses) from continuing operations per share	\$ 0.08	\$ 0.06	\$ (1.51)	\$ (1.17)
Book value per common share outstanding	\$ 8.06	\$ 6.22	\$ 7.97	\$ 6.15
Dividends declared per common share outstanding	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

- (1) Historical per share figures are based on 100,000,000 shares, and pro forma per share figures are based on 129,700,000 shares. Per share figures include pretax impairment charges of \$343.3 million and operating costs of \$2.4 million that relate to Coyote Springs which, under the terms of the Transaction Agreement, will be excluded from the Transactions and retained by Weyerhaeuser.
- (2) Pro forma per share amounts reflect the exchange ratio of 1.297 shares of TRI Pointe common stock to be exchanged for each WRECO common share so that the per share amounts are equated to the respective values for one share of TRI Pointe common stock.

WRECO is currently an indirect wholly owned subsidiary of Weyerhaeuser and there is no established trading market in WRECO common shares. WRECO common shares do not currently trade separately from Weyerhaeuser common shares.

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	As of and for the Three Months Ended March 31, 2014		As of and for the Year Ended December 31, 2013	
	Historical (unaudited)	Pro Forma	Historical	Pro Forma
<b>Weyerhaeuser</b>				
Basic earnings per share attributable to Weyerhaeuser common shareholders	\$ 0.31	\$ 0.34	\$ 0.95	\$ 0.98
Diluted earnings per share attributable to Weyerhaeuser common shareholders	\$ 0.31	\$ 0.34	\$ 0.95	\$ 0.97
Book value per common share outstanding	\$ 11.71	\$ 11.62	\$ 11.64	\$ 11.64
Dividends declared per common share	\$ 0.22	\$ 0.25	\$ 0.81	\$ 0.92

**Table of Contents****Summary Historical Common Stock Market Price and Dividend Data**

Historical market price data for WRECO have not been presented because WRECO is currently an indirect wholly owned subsidiary of Weyerhaeuser and there is no established trading market in WRECO common shares. WRECO common shares do not currently trade separately from Weyerhaeuser common shares.

Weyerhaeuser common shares currently trade on the NYSE under the symbol WY. On November 1, 2013, the last trading day before the announcement of the Transactions, the last sale price of Weyerhaeuser common shares reported by the NYSE was \$30.34. On [REDACTED], [REDACTED], the last trading day prior to the public announcement of this exchange offer, the last sale price of Weyerhaeuser common shares reported by the NYSE was \$ [REDACTED]. On [REDACTED], 2014, the last trading day prior to the filing of this document, the last sale price of Weyerhaeuser common shares reported by the NYSE was \$ [REDACTED].

Shares of TRI Pointe common stock currently trade on the NYSE under the trading symbol TPH. On November 1, 2013, the last trading day before the announcement of the Transactions, the last sale price of TRI Pointe common stock reported by the NYSE was \$15.38. On [REDACTED], [REDACTED], the last trading day prior to the public announcement of this exchange offer, the last sale price of TRI Pointe common stock reported by the NYSE was \$ [REDACTED]. On [REDACTED], 2014, the last trading day prior to the filing of this document, the last sale price of TRI Pointe common stock reported by the NYSE was \$ [REDACTED].

The following table sets forth the high and low sale prices of Weyerhaeuser common shares and TRI Pointe common stock on the NYSE for the periods indicated as well as the dividends per share declared by Weyerhaeuser to Weyerhaeuser shareholders and TRI Pointe to TRI Pointe stockholders for these periods. The quotations are as reported in published financial sources.

	Weyerhaeuser Per Share Dividends <sup>(1)</sup>	Weyerhaeuser Common Shares High	Weyerhaeuser Common Shares Low	TRI Pointe Per Share Dividends <sup>(2)</sup>	TRI Pointe Common Stock <sup>(2)(3)</sup> High	TRI Pointe Common Stock <sup>(2)(3)</sup> Low
<b>Year Ending December 31, 2014</b>						
First Quarter	\$ 0.22	\$ 31.59	\$ 28.63	\$ 0.00	\$ 20.00	\$ 16.19
Second Quarter (through May 7, 2014)	\$ 0.00	\$ 30.38	\$ 27.48	\$ 0.00	\$ 17.45	\$ 15.41
<b>Year Ended December 31, 2013</b>						
First Quarter	\$ 0.17	\$ 31.74	\$ 28.36	\$ 0.00	\$ 21.25	\$ 17.50
Second Quarter	\$ 0.20	\$ 33.24	\$ 26.38	\$ 0.00	\$ 21.18	\$ 14.24
Third Quarter	\$ 0.22	\$ 29.86	\$ 26.64	\$ 0.00	\$ 17.22	\$ 13.95
Fourth Quarter	\$ 0.22	\$ 32.00	\$ 28.01	\$ 0.00	\$ 20.29	\$ 13.43
<b>Year Ended December 31, 2012</b>						
First Quarter	\$ 0.15	\$ 22.36	\$ 18.50	N/A	N/A	N/A
Second Quarter	\$ 0.15	\$ 22.36	\$ 18.60	N/A	N/A	N/A
Third Quarter	\$ 0.15	\$ 28.06	\$ 21.87	N/A	N/A	N/A
Fourth Quarter	\$ 0.17	\$ 28.82	\$ 24.74	N/A	N/A	N/A

(1) Changes in the amount of dividends Weyerhaeuser paid were primarily due to:



an increase in Weyerhaeuser's quarterly dividend from 15 cents per share to 17 cents per share in November 2012.

an increase in Weyerhaeuser's quarterly dividend from 17 cents per share to 20 cents per share in May 2013.

an increase in Weyerhaeuser's quarterly dividend from 20 cents per share to 22 cents per share in August 2013.

- (2) On January 30, 2013, TRI Pointe was reorganized from a Delaware limited liability company to a Delaware corporation in connection with its initial public offering.
- (3) TRI Pointe common stock was listed on and began trading on the NYSE on January 31, 2013. Prior to that date, TRI Pointe was a limited liability company and there was no established trading market for its membership interests.

#### **TRI Pointe Dividend Policy**

TRI Pointe currently intends to retain its future earnings, if any, to finance the development and expansion of its business and, therefore, does not intend to pay cash dividends on its common stock for the foreseeable future. Any future determination to pay dividends will be at the discretion of TRI Pointe's board of directors and will depend on TRI Pointe's financial condition, results of operations, and capital requirements, restrictions contained in any financing instruments and such other factors as the TRI Pointe board of directors deems relevant.

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**RISK FACTORS**

*You should carefully consider each of the following risks and all of the other information contained and incorporated by reference in this document and the exhibits hereto. Some of the risks described below relate principally to the business and the industry in which TRI Pointe, including WRECO, will operate after the consummation of the Transactions, while others relate principally to the Transactions and participation in this exchange offer. The remaining risks relate principally to the securities markets generally and ownership of shares of TRI Pointe common stock. The risks described below are not the only risks facing TRI Pointe following the consummation of the Transactions or to participating in this exchange offer.*

**Risks Related to the Transactions**

***The Transactions may not be completed on the terms or timeline currently contemplated, or at all.***

The consummation of the Transactions is subject to numerous conditions, including (i) the absence of certain legal impediments to the consummation of the Transactions, (ii) the effectiveness of certain filings with the SEC, (iii) the approval by TRI Pointe stockholders of the issuance of shares of TRI Pointe common stock in the Merger, (iv) the receipt of the Covington & Burling Tax Opinion and the Gibson Dunn Tax Opinion, (v) the receipt of the proceeds of the New Debt and (vi) other customary closing conditions. See The Transaction Agreement Conditions to the Consummation of the Transactions . There is no assurance that the Transactions will be consummated on the terms or timeline currently contemplated, or at all. TRI Pointe, Weyerhaeuser and WRECO have expended and will continue to expend significant management time and resources and have incurred and will continue to incur significant expenses due to legal, advisory and financial services fees related to the Transactions. These expenses must be paid regardless of whether the Transactions are consummated.

Governmental agencies may not approve the Transactions or the related transactions necessary to complete them, or may impose conditions to any such approval or require changes to the terms of the Transactions. Any such conditions or changes could have the effect of delaying the consummation of the Transactions, imposing costs on or limiting the revenues of the combined company following the consummation of the Transactions or otherwise reducing the anticipated benefits of the Transactions.

The obligations of the lenders under the Commitment Letter are subject to customary conditions, including, subject to certain exceptions, the absence of any material adverse effect, as the term is described in The Transaction Agreement Representations and Warranties . Accordingly, there can be no assurance that these conditions will be satisfied or, if not satisfied, waived by the lenders. If WRECO is not able to obtain alternative financing on commercially reasonable terms, it could prevent the consummation of the Merger or materially and adversely affect TRI Pointe s business, liquidity, financial condition and results of operations if the Merger is ultimately consummated.

Additionally, the Commitment Letter will terminate on August 4, 2014 unless the Transactions have been consummated on or prior to that date. However, the Transaction Agreement provides that Weyerhaeuser or TRI Pointe may terminate the Transaction Agreement if the Merger is not consummated on or before November 3, 2014. Therefore, it is possible that the Commitment Letter will terminate prior to the consummation of the Merger and that WRECO will be required to seek alternative sources of financing for the New Debt. WRECO may not be able to obtain alternative sources of financing on terms as favorable as those provided in the Commitment Letter. If the Commitment Letter is terminated prior to the consummation of the Merger and WRECO is not able to obtain alternative financing on commercially reasonable terms, it could prevent the consummation of the Merger or materially and adversely affect TRI Pointe s business, liquidity, financial condition and results of operations if the Merger is ultimately consummated.



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***The integration of TRI Pointe and WRECO may not be successful or the anticipated benefits from the Transactions may not be realized.***

After the consummation of the Transactions, TRI Pointe will have significantly more sales, assets and employees than it did prior to the consummation of the Transactions. The integration process will require TRI Pointe to expend significant capital and significantly expand the scope of its operations and financial systems. TRI Pointe's management will be required to devote a significant amount of time and attention to the process of integrating the operations of TRI Pointe and WRECO. A significant degree of difficulty and management involvement is inherent in that process. These difficulties include, but are not limited to:

integrating the operations of WRECO while carrying on the ongoing operations of TRI Pointe;

managing a significantly larger company than before the consummation of the Transactions;

the possibility of faulty assumptions underlying TRI Pointe's expectations regarding the integration process;

coordinating a greater number of diverse businesses and businesses located in a greater number of geographic locations;

integrating two separate business cultures, which may prove to be incompatible;

attracting and retaining the necessary personnel associated with WRECO following the consummation of the Transactions;

creating uniform standards, controls, procedures, policies and information systems and controlling the costs associated with such matters;

integrating information technology, purchasing, accounting, finance, sales, billing, payroll and regulatory compliance systems; and

TRI Pointe has no history of a major integration.

There is no assurance that WRECO will be successfully or cost-effectively integrated with TRI Pointe. The process of integrating the Real Estate Business into TRI Pointe's business may cause an interruption of, or loss of momentum in, the activities of TRI Pointe's business after the consummation of the Transactions. If TRI Pointe's management is not able to manage the integration process effectively, or if any significant business activities are interrupted as a result of the integration process, TRI Pointe's business, liquidity, financial condition and results of operations may be materially and adversely impacted.

All of the risks associated with the integration process could be exacerbated by the fact that TRI Pointe may not have a sufficient number of employees with the requisite expertise to integrate the businesses or to operate TRI Pointe's business after the consummation of the Transactions. If TRI Pointe does not hire or retain employees with the requisite skills and knowledge to run TRI Pointe after the consummation of the Transactions, it may materially and adversely affect TRI Pointe's business.

Even if TRI Pointe is able to combine the two business operations successfully, it may not be possible to realize the full benefits of the increased sales volume and other benefits, including the expected synergies, which are expected to result from the Transactions, or realize these benefits within the time frame that is expected. For example, the elimination of duplicative costs may not be realized as fully as anticipated or may take significantly longer than anticipated, or the benefits from the Transactions may be offset by costs incurred or delays in integrating the companies. If TRI Pointe fails to realize the benefits it anticipates from the Transactions, TRI Pointe's business, liquidity, financial condition and results of operations may be materially and adversely affected.

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***The calculation of the merger consideration will not be adjusted if the value of the business or assets of WRECO declines or if the value of TRI Pointe increases before the Merger is consummated.***

The number of shares of TRI Pointe common stock to be distributed in the Merger will not be adjusted if the value of the business or assets of WRECO or TRI Pointe declines or increases prior to the consummation of the Merger. TRI Pointe will not be required to consummate the Merger, and Weyerhaeuser and WRECO will not be required to consummate the Distribution, the Merger and the other Transactions, if there has been any material adverse effect (as the term is described in The Transaction Agreement Representations and Warranties ) on the Real Estate Business or on TRI Pointe, as applicable. However, TRI Pointe will not be permitted to terminate the Transaction Agreement or re-solicit the vote of TRI Pointe stockholders because of any changes in the market prices of TRI Pointe common stock or any changes in the value of WRECO that do not constitute a material adverse effect on the Real Estate Business, and Weyerhaeuser and WRECO will not be permitted to terminate the Transaction Agreement because of any changes in the market price of TRI Pointe common stock or any changes in the value of TRI Pointe that do not constitute a material adverse effect on TRI Pointe and its subsidiaries.

***TRI Pointe expects to incur significant costs related to the consummation of the Transactions that could materially and adversely affect its liquidity, cash flows and results of operations.***

TRI Pointe expects to incur significant one-time costs in connection with the Transactions, including (i) up to \$15 million of Transaction-related fees and expenses, including legal, accounting and other professional fees, but excluding financing-related fees, transition and integration expenses and advisory fees, (ii) approximately \$6 million of advisory fees, (iii) approximately \$28 million of financing-related fees, (iv) if the Transactions are consummated, reimbursement of up to \$15 million of Transaction-related fees and expenses incurred by Weyerhaeuser, other than advisory fees, and (v) transition and integration expenses. Additionally, TRI Pointe may have to pay the Adjustment Amount in cash to WNR, as described in The Transaction Agreement Payment of Adjustment Amount . While TRI Pointe expects to be able to fund these one-time costs and the Adjustment Amount, if payable by TRI Pointe, using cash from operations and borrowings under existing and anticipated credit sources, these costs will negatively impact TRI Pointe's liquidity, cash flows and results of operations in the periods in which they are incurred.

***Current TRI Pointe stockholders' percentage ownership interest in TRI Pointe will be substantially diluted in the Merger.***

After the consummation of the Merger, the TRI Pointe common stock outstanding immediately prior to the consummation of the Merger will represent, in the aggregate, approximately 19.4% of TRI Pointe's outstanding shares of common stock on a fully diluted basis. Consequently, TRI Pointe's pre-Merger stockholders, as a group, will be able to exercise less influence over the management and policies of TRI Pointe following the consummation of the Merger than immediately prior to the consummation of the Merger.

***Sales of shares of TRI Pointe common stock after the consummation of the Transactions may negatively affect the market price of TRI Pointe common stock.***

The shares of TRI Pointe common stock to be issued in the Merger to holders of WRECO common shares will generally be eligible for immediate resale. The market price of TRI Pointe common stock could decline as a result of sales of a large number of shares of TRI Pointe common stock in the market after the consummation of the Transactions or even the perception that these sales could occur.

Immediately after the consummation of the Merger, the ownership of TRI Pointe common stock on a fully diluted basis is expected to be as follows: (i) WRECO common shares will have been converted into the right to receive, in

the aggregate, approximately 79.6% of the then outstanding TRI Pointe common stock, (ii) the TRI Pointe common stock outstanding immediately prior to the consummation of the Merger will represent approximately 19.4% of the then outstanding TRI Pointe common stock and (iii) outstanding equity awards of WRECO and TRI Pointe employees will represent the remaining 1.0% of the then outstanding TRI Pointe common stock. Currently, Weyerhaeuser shareholders may include index funds that have their performance tied to the Standard & Poor's 500 Index or other stock indices, and institutional investors subject to various investing

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guidelines. Because TRI Pointe may not be included in these indices following the consummation of the Transactions or may not meet the investing guidelines of some of these institutional investors, these index funds and institutional investors may decide, or may be required, to sell the shares of TRI Pointe common stock that they receive in the Merger, if any. In addition, the investment fiduciaries of Weyerhaeuser's defined contribution and defined benefit plans may decide to sell any TRI Pointe common stock that the trusts for these plans receive in the Merger, or may decide not to participate in this exchange offer, in response to their fiduciary obligations under applicable law. These sales, or the possibility that these sales may occur, may make it more difficult for TRI Pointe to obtain additional capital by selling equity securities in the future at a time and at a price that it deems appropriate.

***The historical financial information of WRECO may not be representative of its results or financial condition if it had been operated independently of Weyerhaeuser and, as a result, is not a reliable indicator of its future results.***

WRECO is currently a business segment of Weyerhaeuser. Consequently, the financial information of WRECO included in this document has been derived from the consolidated financial statements and accounting records of WRECO and reflects all direct costs as well as assumptions and allocations made by management of Weyerhaeuser. The financial position, results of operations and cash flows of WRECO presented may be different from those that would have resulted had WRECO been operated independently of Weyerhaeuser during the applicable periods or at the applicable dates. For example, in preparing the financial statements of WRECO, Weyerhaeuser made allocations of Weyerhaeuser corporate general and administrative expense deemed to be attributable to WRECO. However, these expenses reflect the corporate general and administrative expense attributable to WRECO operated as part of a larger organization and do not necessarily reflect the corporate general and administrative expense that would be incurred by WRECO had it been operated independently. Further, WRECO's financial information does not reflect changes WRECO expects to experience in connection with the Transactions, in particular the REB Transfers. As a result, the historical financial information of WRECO homebuilding is not a reliable indicator of future results.

***TRI Pointe may be unable to provide the same types and levels of benefits, services and resources to WRECO that Weyerhaeuser has provided, or may be unable to provide them at the same cost.***

As a separate reporting segment of Weyerhaeuser, WRECO has received benefits and services from Weyerhaeuser and has been able to benefit from Weyerhaeuser's financial strength and extensive business relationships. After the consummation of the Transactions, WRECO will be owned by TRI Pointe and will no longer benefit from Weyerhaeuser's resources. It cannot be assured that TRI Pointe will be able to replace those resources adequately or replace them at the same cost. If TRI Pointe is not able to replace the resources provided by Weyerhaeuser, is unable to replace them at the same cost or is delayed in replacing the resources provided by Weyerhaeuser, TRI Pointe's results of operations may be materially and adversely impacted.

***TRI Pointe's business, liquidity, financial condition and results of operations may be materially and adversely impacted following the consummation of the Transactions if TRI Pointe cannot negotiate terms that are as favorable as those Weyerhaeuser has historically received when TRI Pointe replaces contracts after the consummation of the Transactions.***

Prior to the consummation of the Transactions, certain functions of WRECO are generally being performed under Weyerhaeuser's centralized systems and, in some cases, under contracts that are also used for Weyerhaeuser's other businesses that are not intended to be transferred to TRI Pointe with the Real Estate Business. In addition, some contracts to which Weyerhaeuser is a party on behalf of WRECO require consents of third parties to be assigned to WRECO, however none of these required consents represent a condition to the consummation of the Transactions. Although TRI Pointe believes that it will be able to obtain any such consents or enter into new contracts for similar services, there can be no assurance that TRI Pointe will be able to obtain those consents or negotiate terms that are as



favorable as those Weyerhaeuser received when and if TRI Pointe replaces these services with its own contracts for similar services. Furthermore, while TRI Pointe believes that the failure to obtain third party consents for any single contract would not have a material impact on TRI Pointe, it is possible that the failure to obtain a significant number of required consents or replace a significant number of these contracts for any of these services could have a material adverse impact on TRI Pointe's business, liquidity, financial condition and results of operations following the consummation of the Transactions.

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***If the WRECO Spin and the Distribution do not qualify as tax-free distributions described in Section 355 of the Code, or if the Merger does not qualify as a tax-free reorganization described in Section 368(a) of the Code, including as a result of actions taken in connection with the WRECO Spin, the Distribution or the Merger, or as a result of subsequent acquisitions of Weyerhaeuser common shares, TRI Pointe common stock or WRECO common shares, then Weyerhaeuser or its subsidiaries or Weyerhaeuser shareholders may be required to pay substantial U.S. federal income taxes, and, in certain circumstances, TRI Pointe may be required to indemnify Weyerhaeuser for any such tax liability.***

The consummation of the Transactions is conditioned on Weyerhaeuser's receipt of the Covington & Burling Tax Opinion and TRI Pointe's receipt of the Gibson Dunn Tax Opinion. The opinions of counsel will be based on, among other things, current law and representations and assumptions as to factual matters made by Weyerhaeuser, WRECO, TRI Pointe and Merger Sub. These opinions may be incorrect. Any change in currently applicable law, which may be retroactive, or the failure of any representation or assumption to be true, correct and complete in all material respects, could materially and adversely affect the conclusions reached by counsel in the opinions. See This Exchange Offer Material U.S. Federal Income Tax Consequences of the Distribution and the Merger .

Even if the Distribution were to otherwise qualify as a tax-free distribution described in Section 355 of the Code, the Distribution would be taxable to Weyerhaeuser or its subsidiaries (but not to Weyerhaeuser shareholders) pursuant to Section 355(e) of the Code if there is a 50% or greater change in ownership of either Weyerhaeuser or WRECO (including shares of TRI Pointe common stock after the consummation of the Merger), directly or indirectly, as part of a plan or series of related transactions that include the Distribution. For this purpose, any acquisitions of Weyerhaeuser, WRECO or TRI Pointe stock within the period beginning two years before the Distribution and ending two years after the Distribution are presumed to be part of such a plan, although Weyerhaeuser, WRECO or TRI Pointe may be able to rebut that presumption. Further, for purposes of this test, the Merger will be treated as part of such a plan, but the Merger standing alone should not cause the Distribution to be taxable to Weyerhaeuser under Section 355(e) of the Code because pre-Merger holders of WRECO common shares are expected to hold more than 50% of the then outstanding TRI Pointe common stock immediately following the consummation of the Merger. However, if the IRS were to determine that other acquisitions of Weyerhaeuser common shares, WRECO common shares or TRI Pointe common stock, either before or after the Distribution, were part of a plan or series of related transactions that included the Distribution, such determination could result in significant tax-related losses to Weyerhaeuser. In connection with the Covington & Burling Tax Opinion and the Gibson Dunn Tax Opinion, Weyerhaeuser and TRI Pointe have represented or will represent that the Distribution is not part of any such plan or series of related transactions.

In certain circumstances, under the Tax Sharing Agreement, TRI Pointe will be required to indemnify Weyerhaeuser against any taxes on the Distribution that arise as a result of certain actions or failures to act by TRI Pointe or WRECO after the consummation of the Transactions, certain events involving TRI Pointe's capital stock or the assets of TRI Pointe, WRECO or Weyerhaeuser which cause the Distribution to be a taxable event under Section 355(e) of the Code (including the Merger), or any breach by TRI Pointe or by WRECO after the consummation of the Transactions of any representation or covenant made by them in the Tax Sharing Agreement or the Transaction Agreement.

In certain circumstances, under the Tax Sharing Agreement, Weyerhaeuser will be required to indemnify TRI Pointe and WRECO after the consummation of the Transactions against any taxes on the Distribution that arise as a result of certain actions or failures to act by Weyerhaeuser, or any breach by Weyerhaeuser of any representation or covenant made by it or its subsidiaries in the Tax Sharing Agreement or the Transaction Agreement. If Weyerhaeuser or a subsidiary of Weyerhaeuser were to recognize gain on the Distribution, Weyerhaeuser or that subsidiary, as the case may be, would be solely responsible, and would be obligated to indemnify TRI Pointe and WRECO, for any such

gain.

If TRI Pointe is required to indemnify Weyerhaeuser, this indemnification obligation could be substantial and could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.

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***TRI Pointe may be materially and adversely affected by significant restrictions following the consummation of the Transactions imposed to avoid significant tax-related liabilities.***

The Tax Sharing Agreement generally will restrict TRI Pointe and its affiliates' ability to take certain actions that could cause the WRECO Spin, the Distribution, the Merger and certain related Transactions to fail to qualify as tax-free transactions. In particular, for a two-year period following the Closing Date, TRI Pointe and its affiliates' ability to undertake any of the following is restricted:

enter into any agreement, understanding or arrangement pursuant to which any person would (directly or indirectly) acquire, or have the right to acquire, TRI Pointe capital stock or WRECO capital stock (excepting the stock of WRECO acquired pursuant to the Merger and certain limited circumstances set forth in the Tax Sharing Agreement);

merge or consolidate TRI Pointe or WRECO with any other person;

liquidate or partially liquidate TRI Pointe or WRECO;

cause or permit TRI Pointe or WRECO to be treated as other than a corporate taxpayer for U.S. federal income tax purposes; or

cause or permit WRECO to discontinue its engagement in the Real Estate Business.

If TRI Pointe intends to take any such restricted action, Weyerhaeuser will be required to cooperate with TRI Pointe in obtaining an IRS ruling or an unqualified tax opinion reasonably acceptable to Weyerhaeuser to the effect that such action will not affect the status of the WRECO Spin, the Distribution or the Merger as tax-free transactions. However, if TRI Pointe takes any of the actions above and those actions result in tax-related losses to Weyerhaeuser, then TRI Pointe generally will be required to indemnify Weyerhaeuser for such losses, without regard to whether Weyerhaeuser had given TRI Pointe prior consent. See **Other Agreements** Tax Sharing Agreement .

Due to these restrictions and indemnification obligations under the Tax Sharing Agreement, TRI Pointe will be limited in its ability to pursue strategic transactions, equity or convertible debt financings or other transactions that may otherwise be in TRI Pointe's best interests. Also, TRI Pointe's potential indemnity obligation to Weyerhaeuser might discourage, delay or prevent a change of control during this two-year period that TRI Pointe stockholders may consider favorable to its ability to pursue strategic transactions, equity or convertible debt financings or other transactions that may otherwise be in TRI Pointe's best interests.

***Failure to consummate the Transactions could materially and adversely impact the market price of TRI Pointe common stock as well as TRI Pointe's business, liquidity, financial condition and results of operations.***

If the Transactions are not consummated for any reason, the price of TRI Pointe common stock may decline significantly. In addition, TRI Pointe is subject to additional risks, including, among others:

depending on the reasons for and timing of the termination of the Transaction Agreement, the requirement in the Transaction Agreement that TRI Pointe pay Weyerhaeuser a termination fee of \$20 million or reimburse Weyerhaeuser for certain out-of-pocket costs relating to the Transactions;

substantial costs related to the Transactions, such as legal, accounting, regulatory filing, financial advisory and financial printing fees, which must be paid regardless of whether the Transactions are completed; and

potential disruption of the business of TRI Pointe and distraction of its workforce and management team.

**Table of Contents*****The Transaction Agreement contains provisions that may discourage other companies from trying to acquire TRI Pointe.***

The Transaction Agreement contains provisions that may discourage a third-party from submitting a business combination proposal to TRI Pointe prior to the consummation of the Transactions that might result in greater value to TRI Pointe stockholders than the Transactions. For example, the Transaction Agreement generally prohibits TRI Pointe from soliciting any takeover proposal. In addition, if the Transaction Agreement is terminated by TRI Pointe or Weyerhaeuser in circumstances that obligate TRI Pointe to pay a termination fee or to reimburse transaction expenses to Weyerhaeuser, TRI Pointe's liquidity or financial condition may be materially and adversely affected as a result, and the requirement to make a payment might deter third parties from proposing alternative business combination proposals. In addition, the Transaction Agreement requires that TRI Pointe seek stockholder approval for the issuance of shares of TRI Pointe common stock in the Merger, even if the TRI Pointe board of directors changes its recommendation regarding the proposal to authorize the issuance of shares of TRI Pointe common stock in the Merger. Further, in connection with the Transactions, Weyerhaeuser has entered into the Voting Agreements with the Starwood Fund and three of TRI Pointe's executive officers with respect to an aggregate of 12,639,163 shares of TRI Pointe common stock, representing approximately 40% of the TRI Pointe common stock currently outstanding. These agreements include provisions that may discourage a third-party from submitting a business combination proposal to TRI Pointe prior to the consummation of the Transactions. Specifically, these Voting Agreements provide, among other things, that these TRI Pointe stockholders will (i) vote their shares subject to the Voting Agreements in favor of the proposal to authorize the issuance of TRI Pointe common stock in the Merger and any other actions necessary and desirable in connection with the Transactions and (ii) vote against any action, agreement or proposal made in opposition to, or in competition with, the consummation of the Transactions and the issuance of TRI Pointe common stock in the Merger, including any competing transaction or superior proposal. See **Other Agreements** **Voting Agreements** .

***TRI Pointe will have significantly more shares of its common stock outstanding after the consummation of the Transactions and this may discourage others from trying to acquire TRI Pointe.***

TRI Pointe expects to issue 129,700,000 shares of its common stock in the Merger, excluding shares to be issued on exercise or vesting of equity awards held by WRECO employees that are being assumed by TRI Pointe in connection with the Transactions. Because TRI Pointe will be a significantly larger company and have significantly more shares of its common stock outstanding after the consummation of the Transactions, an acquisition of TRI Pointe may become more expensive. As a result, some companies may not seek to acquire TRI Pointe, and the reduction in potential parties that may seek to acquire TRI Pointe could negatively impact the prices at which TRI Pointe common stock trades.

***Tendering Weyerhaeuser shareholders may receive a reduced premium or may not receive any premium in the exchange offer.***

This exchange offer is designed to permit you to exchange your Weyerhaeuser common shares for a number of WRECO common shares that corresponds to a % discount to the equivalent amount of TRI Pointe common stock, calculated as set forth in this document. However, the exchange ratio is subject to an upper limit, as discussed in **This Exchange Offer** **Upper Limit** . If the upper limit is in effect, Weyerhaeuser common shares will be exchanged for a number of WRECO common shares that corresponds to less, and possibly much less, than a % discount to the equivalent amount of TRI Pointe common stock, calculated as set forth in this document. Subject to the upper limit, for each \$1.00 of Weyerhaeuser common shares accepted in this exchange offer, you will ultimately receive \$ of fully paid and non-assessable shares of TRI Pointe common stock as a result of this exchange offer and the Merger. If the upper limit is in effect, you will ultimately receive less than \$ of TRI Pointe common stock for each \$1.00 of

Weyerhaeuser common shares that is accepted in this exchange offer, and you could receive much less.

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The calculated per-share value of Weyerhaeuser common shares for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of Weyerhaeuser common shares on the NYSE on each of the Valuation Dates. The calculated per-share value of WRECO common shares for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of shares of TRI Pointe common stock on the NYSE on each of the Valuation Dates, multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger). The calculated per-share value of TRI Pointe common stock for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of shares of TRI Pointe common stock on the NYSE on each of the Valuation Dates. Weyerhaeuser will determine the calculations of the per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock and its determination will be final.

Because of the limit on the number of WRECO common shares you may receive in this exchange offer, if there is a drop of sufficient magnitude in the trading price of TRI Pointe common stock relative to the trading price of Weyerhaeuser common shares, or if there is an increase of sufficient magnitude in the trading price of Weyerhaeuser common shares relative to the trading price of TRI Pointe common stock, you may not ultimately receive \$ of TRI Pointe common stock for each \$1.00 of Weyerhaeuser common shares, and could receive much less.

For example, if the calculated per-share value of Weyerhaeuser common shares was \$ (the highest closing price for Weyerhaeuser common shares on the NYSE during the three-month period prior to commencement of this exchange offer) and the calculated per-share value of WRECO common shares was \$ (based on the lowest closing price for TRI Pointe common stock on the NYSE during that three-month period multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger)), the value of WRECO common shares, based on the TRI Pointe common stock price multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger), received for Weyerhaeuser common shares accepted for exchange would be approximately \$ for each \$1.00 of Weyerhaeuser common shares accepted for exchange.

This exchange offer does not provide for a minimum exchange ratio. See This Exchange Offer Terms of this Exchange Offer . If the upper limit on the number of WRECO common shares that can be received for each Weyerhaeuser common share tendered is in effect at the expiration of the exchange offer period, then the exchange ratio will be fixed at the upper limit and a Mandatory Extension of this exchange offer will be made until 12:00 midnight, New York City time, on the second trading day following the originally contemplated expiration date to permit shareholders to tender or withdraw their Weyerhaeuser common shares during those days. Any changes in the prices of Weyerhaeuser common shares or TRI Pointe common stock on those additional days of this exchange offer will not, however, affect the exchange ratio.

If the trading price of Weyerhaeuser common shares were to increase during the period of the Valuation Dates, the average Weyerhaeuser common share price used to calculate the exchange ratio would likely be lower than the closing price of Weyerhaeuser common shares on the expiration date of this exchange offer. As a result, you may receive fewer WRECO common shares, and therefore effectively fewer shares of TRI Pointe common stock, for each \$1.00 of Weyerhaeuser common shares than you would have if that per-share value were calculated on the basis of the closing price of Weyerhaeuser common shares on the expiration date of this exchange offer. Similarly, if the trading price of TRI Pointe common stock were to decrease during the period of the Valuation Dates, the average TRI Pointe common stock price used to calculate the exchange ratio would likely be higher than the closing price of TRI Pointe common stock on the expiration date of this exchange offer. This could also result in you receiving fewer WRECO common shares, and therefore effectively fewer shares of TRI Pointe common stock, for each \$1.00 of Weyerhaeuser common shares than you would otherwise receive if that per-share value were calculated on the basis of the closing price of TRI Pointe common stock on the expiration date of this exchange offer. See This Exchange Offer Terms of this



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In addition, there is no assurance that holders of Weyerhaeuser common shares that are exchanged for WRECO common shares in this exchange offer will be able to sell the shares of TRI Pointe common stock after the Merger at prices comparable to the calculated per-share value of WRECO common shares at the expiration date.

***The trading prices of TRI Pointe common stock may not be an appropriate proxy for the prices of WRECO common shares.***

The calculated per-share value for WRECO common shares is based on the trading prices for TRI Pointe common stock, which may not be an appropriate proxy for the prices of WRECO common shares. There is currently no trading market for WRECO common shares and no trading market will be established in the future. Weyerhaeuser believes, however, that the trading prices for TRI Pointe common stock are an appropriate proxy for the trading prices of WRECO common shares because (i) in the Merger each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock and (ii) at the Valuation Dates, it is expected that all the major conditions to the consummation of the Merger will have been satisfied and the Merger will be expected to be consummated shortly, such that investors should be expected to be valuing TRI Pointe common stock based on the expected value of the TRI Pointe common stock after the consummation of the Merger. There can be no assurance, however, that TRI Pointe common stock after the consummation of the Merger will trade at the same prices at which TRI Pointe common stock trades prior to the consummation of the Merger. In addition, it is possible that the trading prices of TRI Pointe common stock prior to the consummation of the Merger will not fully reflect the anticipated value of common stock of TRI Pointe after the consummation of the Merger. For example, trading prices of TRI Pointe common stock on the Valuation Dates could reflect some uncertainty as to the timing or the consummation of the Merger or could reflect trading activity by investors seeking to profit from market arbitrage.

***Following the conversion of WRECO common shares into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share in the Merger, the former holders of WRECO common shares may experience a delay prior to receiving their shares of TRI Pointe common stock or their cash in lieu of fractional shares, if any.***

Following the conversion of WRECO common shares into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock per WRECO common share, the former holders of WRECO common shares will receive their shares of TRI Pointe common stock or their cash in lieu of fractional shares, if any, only upon surrender of all necessary documents, duly executed, to the transfer agent. Until the distribution of the shares of TRI Pointe common stock to a particular shareholder has been completed, that shareholder will not be able to sell its shares of TRI Pointe common stock. Consequently, if the market price for TRI Pointe common stock decreases during the period before the distribution of the shares of TRI Pointe common stock to that shareholder, that shareholder will not be able to stop losses by selling the shares of TRI Pointe common stock. Similarly, until the distribution of cash in lieu of fractional shares to a particular shareholder has been made, that shareholder will not be able to invest the cash, and it will not receive interest payments for any delay.

**Risks Related to TRI Pointe's Industry and Business, Including the Real Estate Business, After the Transactions**

Unless otherwise stated, the following risk factors apply to TRI Pointe's business as currently conducted and, following the consummation of the Transactions, will continue to apply to TRI Pointe's business, including the Real Estate Business, on a going forward basis.

***TRI Pointe's long-term growth depends upon its ability to successfully identify and acquire desirable land parcels for residential buildout, which may become limited due to a variety of factors.***

The future growth of TRI Pointe, including the Real Estate Business after the consummation of the Transactions, depends upon its ability to successfully identify and acquire at reasonable prices attractive land parcels for development of single-family homes, either by itself or by third parties. Its ability to acquire land

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parcels for new single-family homes may be adversely affected by changes in the general availability of land parcels, the willingness of land sellers to sell land parcels at reasonable prices, competition for available land parcels, availability of financing to acquire land parcels, zoning and other market conditions. If the supply of land parcels appropriate for development of single-family homes is limited because of these factors, or for any other reason, TRI Pointe's ability to grow could be significantly limited, and its revenue and gross margin could decline. Increases in the price (or decreases in the availability) of suitable land and lots could adversely affect TRI Pointe's profitability. Additionally, TRI Pointe's ability to begin new projects could be impacted if it elects not to purchase land parcels under option contracts. To the extent that TRI Pointe is unable to purchase land parcels or enter into new contracts or options for the purchase of land parcels at reasonable prices, its revenue and results of operations could be negatively impacted.

***The residential homebuilding and land development industry in the United States has recently undergone a significant downturn, and the likelihood of a continued recovery is uncertain in the current state of the economy.***

The residential homebuilding and land development industry experienced substantial losses in connection with the recent downturn in the U.S. housing market. Although the housing market has begun to recover, TRI Pointe cannot predict whether and to what extent this recovery will continue or its timing. While some of the many negative factors that contributed to the housing downturn may have moderated, several remain, and they could return or intensify to inhibit any future improvement in housing market conditions. These negative factors include, but are not limited to:

weak general economic and employment growth that, among other things, restrains consumer incomes, consumer confidence and demand for homes;

elevated levels of mortgage loan delinquencies, defaults and foreclosures that could add to a shadow inventory of lender-owned homes or generate short sales activity at low distressed price levels;

a significant number of homeowners whose outstanding principal balance on their mortgage loan exceeds the market value of their home, which undermines their ability to sell their home and purchase another home that they otherwise might desire and be able to afford;

volatility and uncertainty in domestic and international financial, credit and consumer lending markets amid slow growth or recessionary conditions in various regions around the world; and

restrictive lending standards and practices for mortgage loans that limit consumers' ability to qualify for mortgage financing to purchase a home, including increased minimum credit score requirements, increased credit risk/mortgage loan insurance premiums or other fees, increased required down payment amounts, more conservative appraisals, higher loan-to-value ratios and extensive buyer income and asset documentation requirements.

Additional headwinds may come from the efforts and proposals of lawmakers to reduce the debt of the federal government through tax increases or spending cuts, and the reactions of financial markets and businesses to those efforts and proposals, which could impair economic growth. In the event that these economic, business and legislative trends continue, TRI Pointe could experience declines in the market value of its existing and future inventory and

demand for its existing and future homes, which could materially and adversely affect its business, liquidity, financial condition and results of operations. Moreover, because TRI Pointe will obtain a significant amount of homebuilding and land development assets in the Transactions, its exposure to these risks will materially increase.

The health of the residential homebuilding industry can be significantly affected by shadow inventory levels. Shadow inventory refers to lender-owned homes that have not yet been listed for sale, but may be sold at low distressed prices in competition with new and other resale homes. Shadow inventory levels can increase when lenders list foreclosed or forfeited properties on a gradual basis, or delay the foreclosure process because of regulations and foreclosure moratoriums or additional costs and resources required to process and sell foreclosed

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properties, or to avoid further depressing housing prices by listing many distressed properties at the same time. A significant shadow inventory in TRI Pointe's markets could materially and adversely impact prices and demand for TRI Pointe's existing and future homes, which could materially and adversely affect its business, liquidity, financial condition and results of operations.

In addition, an important segment of TRI Pointe's customer base consists of move-up buyers who often purchase homes subject to contingencies related to the sale of their existing homes. The difficulties facing these buyers in selling their homes during recessionary periods may materially and adversely affect TRI Pointe's sales. Moreover, during such periods, TRI Pointe may need to reduce its home prices and offer greater incentives to buyers to compete for sales that may result in reduced margins.

***The homebuilding industry is highly competitive, and if TRI Pointe's competitors are more successful or offer better value to TRI Pointe's customers, its business could decline.***

TRI Pointe operates in a very competitive environment that is characterized by competition from a number of other homebuilders and land developers in each market in which it currently operates and expects to operate following the consummation of the Transactions. There are relatively low barriers to entry into TRI Pointe's business. TRI Pointe competes with numerous large national and regional homebuilding companies and with smaller local homebuilders and land developers for, among other things, homebuyers, desirable land parcels, financing, raw materials and skilled management and labor resources. If TRI Pointe is unable to compete effectively in its current and expected markets, its business could decline disproportionately to the businesses of its competitors and its financial condition and results of operations could be materially and adversely affected.

Increased competition could hurt TRI Pointe's business, as it could prevent TRI Pointe from acquiring attractive land parcels on which to build homes or make such acquisitions more expensive, hinder its market share expansion and cause it to increase its selling incentives and reduce its prices. Additionally, an oversupply of homes available for sale or a discounting of home prices could materially and adversely affect pricing for homes in the markets in which TRI Pointe currently operates and expects to operate following the consummation of the Transactions. Oversupply and price discounting have periodically materially and adversely affected some of these markets, and it is possible that TRI Pointe's current and expected markets will be materially and adversely affected by these factors in the future.

TRI Pointe also competes with the resale, or previously owned, home market, the size of which has increased significantly due to the large number of homes that have been foreclosed on, that could be foreclosed on due to the recent economic downturn or that could be offered for sale due to other reasons.

TRI Pointe may be at a competitive disadvantage with respect to larger competitors whose operations are more geographically diversified than TRI Pointe's, as these competitors may be better able to withstand any future regional downturn in the housing market. Due to historical and other factors, some competitors may have a competitive advantage in marketing their products, securing materials and labor at lower prices and allowing their homes to be delivered to customers more quickly and at more favorable prices. This competitive advantage could materially and adversely reduce TRI Pointe's market share and limit its ability to continue to expand its business as planned.

***TRI Pointe's business is cyclical and subject to risks associated with the real estate industry, and adverse changes in general economic or business conditions could reduce the demand for homes and materially and adversely affect TRI Pointe.***

The residential homebuilding and land development industry is cyclical and is substantially affected by adverse changes in general economic or business conditions that are outside of TRI Pointe's control, including changes in:

short-and long-term interest rates;

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the availability and cost of financing for real estate industry participants, including financing for acquisitions, construction and permanent mortgages;

unanticipated increases in expenses, including, without limitation, insurance costs, labor and materials costs, development costs, real estate assessments and other taxes and costs of compliance with laws, regulations and governmental policies;

changes in enforcement of laws, regulations and governmental policies, including, without limitation, health, safety, environmental, labor, employment, zoning and tax laws, governmental fiscal policies and the Americans with Disabilities Act of 1990;

consumer confidence generally and the confidence of potential homebuyers, retail tenants and others in the real estate industry in particular;

financial conditions of buyers and sellers of properties, particularly residential homes and land suitable for development of residential homes;

the ability of existing homeowners to sell their existing homes at prices that are acceptable to them;

the U.S. and global financial systems and credit markets, including stock market and credit market volatility;

private and federal mortgage financing programs and federal and state regulation of lending practices;

the cost of construction, labor and materials;

federal and state income tax provisions, including provisions for the deduction of mortgage interest payments and capital gain tax rates;

housing demand from population growth, household formation and demographic changes (including immigration levels and trends in urban and suburban migration);

the supply of available new or existing homes and other housing alternatives, such as condominiums, apartments and other residential rental property;

competition from other real estate investors with significant capital, including other real estate operating companies and developers and institutional investment funds;



employment levels and job and personal income growth and household debt-to-income levels;

the rate of inflation;

real estate taxes; and

the supply of and demand for developable land in TRI Pointe's current and expected markets.

Adverse changes in these or other general economic or business conditions may affect TRI Pointe's business nationally or in particular regions or localities. During the recent economic downturn, unfavorable changes in many of the above factors negatively affected the markets TRI Pointe serves or expects to serve following the consummation of the Transactions. Economic conditions in all of TRI Pointe's current and expected markets continue to be characterized by levels of uncertainty. Any deterioration in economic conditions or continuation of uncertain economic conditions could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations. Moreover, TRI Pointe will obtain a significant amount of additional homebuilding and land development assets in both its current markets and in the markets in which WRECO has operations in the Transactions, which will materially increase its exposure to these risks.

Adverse changes in economic or business conditions can cause increased home order cancellation rates, diminished demand and prices for TRI Pointe's existing and future homes, and diminished value of its existing and future real estate investments. These changes can also cause TRI Pointe to take longer to build homes and make it more costly for TRI Pointe to do so. TRI Pointe may not be able to recover any of the increased costs by

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raising prices because of weak market conditions and increasing pricing pressure. Additionally, the price of each home TRI Pointe sells is usually set several months before the home is delivered, as many customers sign their home purchase contracts before or early in the construction process. The potential difficulties described above could impact TRI Pointe's customers' ability to obtain suitable financing and cause some homebuyers to cancel or refuse to honor their home purchase contracts altogether.

***The geographic concentration of TRI Pointe's existing and future operations in certain regions subjects it to an increased risk of loss of revenue or decreases in the market value of its existing and future land and homes in those regions from factors which may affect any of those regions.***

TRI Pointe's business strategy is currently focused on the design, construction and sale of innovative single-family detached and attached homes in planned communities in major metropolitan areas in Southern and Northern California and Colorado. WRECO currently has operations in Arizona, California, Maryland, Nevada, Texas, Virginia and Washington State, and TRI Pointe expects to continue to operate in these regions following the consummation of the Transactions. Some or all of these regions could be affected by:

severe weather;

natural disasters (such as earthquakes or fires);

shortages in the availability of, or increased costs in obtaining, land, equipment, labor or building supplies;

changes to the population growth rates and therefore the demand for homes in these regions; and

changes in the regulatory and fiscal environment.

For the year ended December 31, 2013, TRI Pointe generated nearly all of its revenues from its California real estate inventory. During the downturn from 2007 to 2010, land values, the demand for new homes and home prices declined substantially in California. In addition, California is experiencing severe budget shortfalls and is considering raising taxes and increasing fees to offset the deficit. If these conditions in California persist or worsen, it could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations. Additionally, if the current, relatively weak demand for new homes in California continues or worsens, home prices could stagnate or continue to decline, which could materially and adversely affect TRI Pointe. Moreover, because TRI Pointe will obtain a significant amount of additional homebuilding and land development assets in California in the Transactions, its exposure to these risks will materially increase.

Because TRI Pointe's and WRECO's operations are concentrated in certain geographical regions, negative factors affecting one or a number of these geographic regions could materially and adversely affect their business, liquidity, financial condition and results of operations, and could have a disproportionately greater impact on it than other homebuilders with more diversified operations.

***Risks associated with TRI Pointe's land inventory could materially and adversely affect its business, financial condition and results of operations.***

TRI Pointe acquires land for expansion into new markets and for replacement of land inventory and expansion within TRI Pointe's current markets. Risks inherent in controlling or purchasing, holding and developing land parcels for new home construction are substantial and increase as demand for consumer housing decreases. Moreover, the market value of TRI Pointe's existing and future land and housing inventories depends on market conditions and may decline after purchase, and the measures TRI Pointe employs to manage inventory risk may not be adequate to insulate its operations from a severe drop in inventory values. In addition, inventory carrying costs can be significant and can result in reduced margins or losses in a poorly performing community or market. TRI Pointe and WRECO may have bought and developed, or acquired options on, land at a cost that TRI Pointe will not be able to recover fully or on which TRI Pointe cannot build and sell homes profitably. When

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market conditions are such that land values are not appreciating, existing option agreements may become less desirable, at which time TRI Pointe may elect to forfeit deposits and pre-acquisition costs and terminate the agreements. Moreover, because TRI Pointe will obtain a significant amount of land inventory and option agreements in the Transactions, its exposure to these risks will materially increase.

The valuation of real property is inherently subjective and based on the individual characteristics of each property. Factors such as changes in regulatory requirements and applicable laws (including in relation to land development and building regulations, taxation and planning), political conditions, environmental conditions and requirements, the condition of financial markets, both local and national economic conditions, the financial condition of customers, potentially adverse tax consequences and interest and inflation rate fluctuations subject valuations of real property to uncertainty. Moreover, all valuations of real property are made on the basis of assumptions that may not prove to accurately reflect economic or demographic conditions. If housing demand decreases below what TRI Pointe and WRECO anticipated when they acquired their inventories, TRI Pointe's profitability following the consummation of the Transactions may be materially and adversely affected and it may not be able to recover its costs when it builds and sells houses, land and lots.

The U.S. housing markets experienced dynamic demand and supply patterns in recent years due to volatile economic conditions, including increased amounts of home and land inventory that entered certain housing markets from foreclosure sales or short sales. In certain periods of market weakness, WRECO has sold homes and land for lower margins or at a loss and has recognized significant inventory impairment charges, and such conditions may recur. Write-downs and impairments have had an adverse effect on the businesses of WRECO and its financial condition and results of operations. TRI Pointe and WRECO review the value of their land holdings on a periodic basis. Further material write-downs and impairments in the value of inventory may be required, and TRI Pointe may sell land or homes at a loss, which could materially and adversely affect its business, financial condition and results of operations.

Real estate investments are relatively difficult to sell quickly. As a result, TRI Pointe's ability to sell promptly one or more properties in response to changing economic, financial and investment conditions is limited and TRI Pointe may be forced to hold non-income producing assets for an extended period of time. TRI Pointe cannot predict whether it will be able to sell any property for the price or on the terms that it sets or whether any price or other terms offered by a prospective purchaser would be acceptable to it.

Because TRI Pointe will obtain a significant amount of additional land inventory in the Transactions, its exposure to these risks will materially increase.

***Changes in the subjective assumptions utilized in determining the recoverability of carrying value of homebuilding inventory could result in impairments, which could materially and adversely impact TRI Pointe's business, financial condition and results of operations.***

TRI Pointe and WRECO review their homebuilding inventory on a periodic basis for indications of impairment. If there are indications of impairment, a detailed budget and cash flow review is performed to determine how the estimated remaining undiscounted future cash flows of the asset compare to the carrying value of the asset. The determination of undiscounted future cash flows is inherently subjective and is based on assumptions regarding various factors, including when property will be developed, the intended use of property, when homes will be sold, home construction costs and the anticipated sales prices of those homes. There can be no assurance that the assumptions of TRI Pointe management with respect to estimated undiscounted future cash flows with respect to the homebuilding inventory that TRI Pointe will obtain from WRECO in the Transactions will match the historical assumptions or strategic intent of WRECO management. In the event that the assumptions or strategic intent of TRI Pointe management differ from those of WRECO management and TRI Pointe management determines that the

carrying value of any homebuilding inventory obtained from WRECO is not recoverable, TRI Pointe must recognize an impairment loss equal to the excess of the carrying value of homebuilding inventory over its estimated fair value. Any impairments to TRI Pointe's homebuilding inventory could materially and adversely impact TRI Pointe's business, financial condition and results of operations in the future reporting period in which they are recorded.

***Adverse weather and natural disasters may increase costs, cause project delays and reduce consumer demand for housing, all of which could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.***

As a homebuilder and land developer, TRI Pointe is subject to the risks associated with numerous weather-related events and natural disasters, many of which are beyond its control. These weather-related events and natural disasters include, but are not limited to, droughts, floods, wildfires, landslides, soil subsidence, hurricanes, tornadoes and earthquakes. The occurrence of any of these events could damage TRI Pointe's existing and future land parcels and projects, cause delays in, or prevent, completion of its existing and future projects, reduce consumer demand for housing, and cause shortages and price increases in labor or raw materials, any of which could materially and adversely affect TRI Pointe's sales and profitability. TRI Pointe's current markets are primarily in Southern and Northern California, which have historically experienced significant earthquake activity and seasonal wildfires. Its markets in Colorado have also experienced seasonal wildfires, floods and soil subsidence. Additionally, TRI Pointe expects to operate

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in WRECO's current markets following the consummation of the Transactions, which will materially increase TRI Pointe's exposure to these risks, particularly in Southern California, where WRECO has a significant presence. In addition, WRECO's Washington market has historically experienced significant earthquake, volcanic and seismic activity and its Texas market occasionally experiences extreme weather conditions such as tornadoes and/or hurricanes.

In addition to directly damaging TRI Pointe's existing and future land or projects, earthquakes, hurricanes, tornadoes, volcanoes, floods, wildfires or other natural events could damage roads and highways providing access to those assets or affect the desirability of TRI Pointe's existing and future land or projects, thereby materially and adversely affecting its ability to market homes or sell land in those areas and possibly increasing the cost to complete construction of its homes.

Certain of the areas in which TRI Pointe and WRECO operate, particularly California, have experienced drought conditions from time to time. The Governor of California recently proclaimed a Drought State of Emergency warning that drought conditions may place drinking water supplies at risk in many California communities, negatively impact the state's economy and environment and greatly increase the risk of wildfires across the state. These conditions may cause TRI Pointe to incur additional costs and it may not be able to complete construction on a timely basis if the drought conditions were to continue for an extended period of time. Moreover, because TRI Pointe will obtain a significant amount of additional homebuilding and land development assets in California in the Transactions, its exposure to these risks will materially increase.

TRI Pointe may not be able to purchase insurance coverage for risks of loss associated with certain natural disasters and other losses. For example, losses associated with landslides, earthquakes and other geologic events may not be insurable. A sizeable uninsured loss could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.

### ***Utility shortages or price increases could have an adverse impact on operations.***

Some of TRI Pointe's existing markets, and some of WRECO's existing markets in which TRI Pointe expects to operate following the consummation of the Transactions, have experienced power shortages, including mandatory periods without electrical power, as well as significant increases in utility costs. Additionally, municipalities may restrict or place moratoriums on the availability of utilities, such as water and sewer taps. TRI Pointe may incur additional costs and may not be able to complete construction on a timely basis if such utility shortages, restrictions, moratoriums and rate increases continue. In addition, these utility issues may adversely affect the local economies in which TRI Pointe currently operates or expects to operate following the consummation of the Transactions, which may reduce demand for housing in those markets. TRI Pointe's results of operations may be materially and adversely impacted if further utility shortages, restrictions, moratoriums or rate increases occur in its current and expected markets.

### ***Government regulations and legal challenges may delay the start or completion of TRI Pointe's existing and future communities, increase its expenses or limit its building or other activities, which could materially and adversely affect its results of operations.***

The approval of numerous governmental authorities must be obtained in connection with TRI Pointe's development activities, and these governmental authorities often have broad discretion in exercising their approval authority. TRI Pointe incurs substantial costs related to compliance with legal and regulatory requirements, and because it will obtain a significant amount of additional homebuilding and land development assets in the Transactions, its costs related to compliance with legal and regulatory requirements will materially increase. Moreover, any increase in legal and

regulatory requirements may cause TRI Pointe to incur substantial additional costs, or in some cases cause it to determine that certain property is not feasible for development.

Various federal, state and local statutes, ordinances, rules and regulations concerning building, health and safety, environment, land use, zoning, density requirements, sales and similar matters apply to or affect the housing industry. Projects that are not entitled may be subjected to periodic delays, changes in use, less intensive development or elimination of development in certain specific areas due to government regulations. TRI Pointe may also be subject to periodic delays or may be precluded entirely from developing in certain communities due to building moratoriums or slow-growth or no-growth initiatives that could be implemented in the future. Local governments also have broad discretion regarding the imposition of development fees and exactions for projects in their jurisdiction. Projects for which TRI Pointe and WRECO have received land use and development entitlements or approvals may still require a variety of other governmental approvals and permits during the development process and can also be impacted adversely by unforeseen environmental, health, safety and welfare issues, which can further delay these projects or prevent their development. TRI Pointe may also be required to modify its existing approvals or WRECO's existing approvals after the consummation of the Transactions because of changes in local circumstances or applicable law. Further, TRI Pointe may experience delays and increased expenses as a result of legal challenges to its proposed communities or WRECO's proposed communities after the consummation of the Transactions, or to permits or approvals required for such communities, whether brought by governmental authorities or private

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parties. As a result, home sales could decline and costs could increase, which could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations. Moreover, because TRI Pointe will obtain a significant amount of homebuilding and land development assets in the Transactions, its exposure to these risks will materially increase.

***TRI Pointe is subject to environmental laws and regulations that may impose significant costs, delays, restrictions or liabilities.***

TRI Pointe and WRECO are subject to a variety of local, state and federal statutes, rules and regulations concerning land use and the protection of health and the environment, including those governing discharge of pollutants to water and air, impact on wetlands, protection of flora and fauna, handling of or exposure to hazardous materials, including asbestos, and cleanup of contaminated sites. TRI Pointe may be liable for the costs of removal, investigation, mitigation or remediation of hazardous or toxic substances located at any property currently or formerly owned, leased or occupied by TRI Pointe or, following the consummation of the Transactions, WRECO, or at third-party sites to which it or WRECO has sent or sends wastes for disposal, whether or not it or WRECO caused or knew of such conditions. These conditions can also give rise to claims by governmental authorities or other third parties, including for personal injury, property damage and natural resources damages. Insurance coverage for such claims is nonexistent or impractical. The presence of any of these conditions, or the failure to address any of these conditions properly, or any significant environmental incident, may materially and adversely affect TRI Pointe's ability to develop its properties or sell its existing and future homes, lots or land in affected communities or to borrow using the affected land as security, or impact TRI Pointe's reputation. Environmental impacts have been identified at certain active WRECO and TRI Pointe communities, some of which will need to be addressed prior to or during development. TRI Pointe could incur substantial costs in excess of amounts budgeted by WRECO or TRI Pointe to address such impacts or other environmental or hazardous material conditions that may be discovered in the future at WRECO's properties or at other TRI Pointe properties. Any failure to adequately address such impacts or conditions could delay, impede or prevent its development projects.

The particular impact and requirements of environmental laws and regulations that apply to any given community vary greatly according to the community location, the site's environmental conditions and the development and use of the site. Any failure to comply with such requirements could subject TRI Pointe to fines, penalties, third-party claims or other sanctions. TRI Pointe expects that these environmental requirements will become increasingly stringent in the future. Compliance with, or liability under, these environmental laws and regulations may result in delays, cause TRI Pointe to incur substantial compliance and other costs and prohibit or severely restrict development, particularly in environmentally sensitive areas. In those cases where an endangered or threatened species is involved and related agency rule-making and litigation are ongoing, the outcome of such rule-making and litigation can be unpredictable and can result in unplanned or unforeseeable restrictions on, or the prohibition of, development and building activity in identified environmentally sensitive areas. In addition, project opponents can delay or impede development activities by bringing challenges to the permits and other approvals required for projects and operations under environmental laws and regulations.

As a result, TRI Pointe cannot assure you that its costs, obligations and liabilities relating to environmental matters will not materially and adversely affect its business, liquidity, financial condition and results of operations.

***A major health and safety incident relating to TRI Pointe's business could be costly in terms of potential liabilities and reputational damage.***

Building sites are inherently dangerous, and operating in the homebuilding and land development industry poses certain inherent health and safety risks. Due to health and safety regulatory requirements and the number of TRI



Pointe's projects, which will increase substantially following the consummation of the Transactions, health and safety performance is critical to the success of all areas of TRI Pointe's business.

Any failure in health and safety performance may result in penalties for non-compliance with relevant regulatory requirements or litigation, and a failure that results in a major or significant health and safety incident is likely to be costly in terms of potential liabilities incurred as a result. Such a failure could generate significant negative publicity and have a corresponding impact on TRI Pointe's reputation, its relationships with relevant regulatory agencies, governmental authorities and local communities and its ability to win new business, which in turn could materially and adversely affect its business, liquidity, financial condition and results of operations.

***Changes in global or regional climate conditions and governmental actions in response to such changes may adversely affect TRI Pointe by increasing the costs of or restricting its planned or future growth activities.***

Projected climate change, if it occurs, may exacerbate the scarcity or presence of water and other natural resources in affected regions, which could limit, prevent or increase the costs of residential development in certain areas. In addition, there is a variety of

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new legislation being enacted, or considered for enactment, at the federal, state and local level relating to energy and climate change, and as climate change concerns continue to grow, legislation and regulations of this nature are expected to continue. This legislation relates to items such as carbon dioxide emissions control and building codes that impose energy efficiency standards. Government mandates, standards or regulations intended to mitigate or reduce greenhouse gas emissions or projected climate change impacts could result in prohibitions or severe restrictions on land development in certain areas, increased energy and transportation costs, and increased compliance expenses and other financial obligations to meet permitting or land development- or home construction-related requirements that TRI Pointe may be unable to fully recover (due to market conditions or other factors), any of which could cause a reduction in TRI Pointe's homebuilding gross margins and adversely affect its consolidated financial statements, potentially to a material degree. Energy-related initiatives could similarly affect a wide variety of companies throughout the United States and the world, and because TRI Pointe's results of operations are heavily dependent on significant amounts of raw materials, these initiatives could have an indirect adverse impact on TRI Pointe's results of operations and profitability to the extent the manufacturers and suppliers of its materials are burdened with expensive cap and trade or other climate related regulations.

As a result, climate change impacts, and laws and land development and home construction standards, and/or the manner in which they are interpreted or implemented, to address potential climate change concerns could increase TRI Pointe's costs and have a long-term adverse impact on its business and consolidated financial statements. This is a particular concern in the western United States, which have instituted some of the most extensive and stringent environmental laws and residential building construction standards in the country. Moreover, because TRI Pointe will obtain a significant amount of additional homebuilding and land development assets, many of which are located in California and Washington, in the Transactions, its exposure to these risks will materially increase. For example, California has enacted the Global Warming Solutions Act of 2006 to achieve the goal of reducing greenhouse gas emissions to 1990 levels by 2020. As a result, California has adopted and is expected to continue to adopt significant regulations to meet this goal.

***If TRI Pointe is unable to develop its communities successfully or within expected timeframes, its results of operations could be materially and adversely affected.***

Before a community generates any revenue, time and material expenditures are required to acquire land, obtain development approvals and construct significant portions of project infrastructure, amenities, model homes and sales facilities. It can take several years from the time TRI Pointe acquires control of a property to the time it makes its first home sale on the site. TRI Pointe's costs or the time required to complete development of its communities and the communities it will obtain from WRECO in the Transactions could increase beyond its estimates after commencing the development process. Delays in the development of communities expose TRI Pointe to the risk of changes in market conditions for homes. A decline in TRI Pointe's ability to successfully develop and market its communities and the communities it will obtain from WRECO in the Transactions and to generate positive cash flow from these operations in a timely manner could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations and its ability to service its debt and to meet its working capital requirements.

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***Poor relations with the residents of TRI Pointe's communities could negatively impact sales, which could cause its revenues or results of operations to decline.***

Residents of communities developed by TRI Pointe and WRECO rely on TRI Pointe and WRECO to resolve issues or disputes that may arise in connection with the operation or development of their communities. Efforts made by TRI Pointe to resolve these issues or disputes could be deemed unsatisfactory by the affected residents, and subsequent actions by these residents could materially and adversely affect sales or TRI Pointe's reputation. In addition, TRI Pointe could be required to make material expenditures related to the settlement of such issues or disputes or to modify its community development plans, which could materially and adversely affect its results of operations.

***Homebuilding is subject to products liability, home warranty and construction defect claims and other litigation in the ordinary course of business that can be significant and may not be covered by insurance.***

As homebuilders, TRI Pointe and WRECO are currently subject to home warranty, products liability and construction defect claims arising in the ordinary course of business, in addition to other potentially significant lawsuits, arbitration proceedings and other claims, including breach of contract claims, contractual disputes, personal injury claims and disputes relating to defective title or property misdescription. In connection with the Transactions, TRI Pointe will assume responsibility for a substantial amount of WRECO's pending and potential lawsuits, arbitration proceedings and other claims, as well as any future claims relating to WRECO.

There can be no assurance that any current or future developments undertaken by TRI Pointe, or to be obtained by TRI Pointe in the Transactions, will be free from defects once completed. Construction defects may occur on projects and developments and may arise during a significant period of time after completion. Defects arising on a development attributable to TRI Pointe or WRECO may lead to significant contractual or other liabilities. For these and other reasons, TRI Pointe and WRECO establish warranty, claim and litigation reserves that they believe are adequate based on historical experience in the markets in which they operate and judgment of the risks associated with the types of homes, lots and land they sell. TRI Pointe and WRECO also obtain indemnities and insurance as an additional insured from contractors and subcontractors generally covering claims related to damages resulting from faulty workmanship and materials. WRECO also has adopted an Owner Controlled Insurance Plan (OCIP) in California and Nevada for general liability exposures of itself and certain contractors. Under the OCIP, contractors and subcontractors are effectively insured by an insurance program sponsored by WRECO. WRECO has assigned risk retentions and bid deductions to its contractors and subcontractors based on their risk category. These deductions are used to fund future liabilities. TRI Pointe expects to continue WRECO's practices following the consummation of the Transactions in addition to maintaining general liability insurance and generally seeking to require its subcontractors and design professionals to indemnify it for some portion of the liabilities arising from their work.

With respect to certain general liability exposures, including construction defects and related claims and product liability claims, interpretation of underlying current and future trends, assessment of claims and the related liability and reserve estimation process require TRI Pointe and WRECO to exercise significant judgment due to the complex nature of these exposures, with each exposure often exhibiting unique circumstances. Furthermore, once claims are asserted for construction defects, it is difficult to determine the extent to which the assertion of these claims will expand geographically. Plaintiffs may seek to consolidate multiple parties in one lawsuit or seek class action status in some of these legal proceedings with potential class sizes that vary from case to case. Consolidated and class action lawsuits can be costly to defend and, if TRI Pointe or WRECO were to lose any consolidated or certified class action suit, it could result in substantial liability.

In addition to difficulties with respect to claim assessment and liability and reserve estimation, some types of claims may not be covered by insurance or may exceed applicable coverage limits. Furthermore, contractual indemnities with

contractors and subcontractors can be difficult to enforce, and TRI Pointe and WRECO may also be responsible for applicable self-insured retentions with respect to certain of their insurance policies. This is particularly true in TRI Pointe's markets where it includes its subcontractors on its general liability insurance and

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its ability to seek indemnity for insured claims is significantly limited. Additionally, the coverage offered by and the availability of WRECO's products and completed operations excess liability insurance for construction defects is currently limited and costly. This coverage, and any similar coverage that TRI Pointe may obtain following the consummation of the Transactions, may be further restricted or become more costly in the future. Furthermore, any product liability or warranty claims made against TRI Pointe or WRECO, whether or not they are viable, may lead to negative publicity, which could impact TRI Pointe's reputation and future home sales.

TRI Pointe also currently conducts a substantial portion of its business in California, one of the most highly regulated and litigious jurisdictions in the United States, which imposes a ten year, strict liability tail on many construction liability claims. As a result, its potential losses and expenses due to litigation, new laws and regulations may be greater than those of its competitors who have smaller California operations. Moreover, because TRI Pointe will obtain a significant amount of additional homebuilding and land development assets in California in the Transactions, its exposure to these risks will materially increase.

For these reasons, although TRI Pointe and WRECO actively manage their claims and litigation and actively monitor their reserves and insurance coverage, because of the uncertainties inherent in these matters, TRI Pointe and WRECO cannot provide assurance that their insurance coverage, indemnity arrangements and reserves will be adequate to cover liability for any damages, the cost of repairs and litigation, or any other related expenses surrounding the current claims to which they are subject or any future claims that may arise. Such damages and expenses, to the extent that they are not covered by insurance or redress against contractors and subcontractors, could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.

***TRI Pointe may suffer uninsured losses or suffer material losses in excess of insurance limits with respect to its existing and future property.***

TRI Pointe could suffer physical damage to its existing and future property resulting in losses that may not be fully compensated by insurance. Should an uninsured loss or a loss in excess of insured limits occur with respect to TRI Pointe's current or future property, TRI Pointe could sustain financial loss or lose capital invested in the affected property as well as anticipated future income from that property. In addition, TRI Pointe could be liable to repair damage or pay costs that are uninsured or subject to deductibles. It may also be liable for any debt or other financial obligations related to affected property. Material losses or liabilities in excess of insurance proceeds may occur in the future, which could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.

***An inability to obtain additional performance, payment and completion surety bonds and letters of credit could limit TRI Pointe's future growth.***

TRI Pointe and WRECO are often required by local jurisdictions to provide performance, payment and completion surety bonds or letters of credit to secure the completion of their construction contracts, development agreements and other arrangements. To date, TRI Pointe and WRECO have obtained facilities to provide the required volume of performance, payment and completion surety bonds and letters of credit for their expected growth. WRECO's facilities will be transferred with WRECO in the Transactions, and TRI Pointe will either (i) assume or replace Weyerhaeuser's guaranty and indemnification obligations under those facilities or (ii) to the extent that Weyerhaeuser's obligations cannot be assumed or replaced by TRI Pointe, indemnify Weyerhaeuser for any payments it may be required to make in respect of any obligations that are not assumed or replaced. However, future requirements and future growth may require additional facilities, which, following the consummation of the Transactions, will need to be obtained by TRI Pointe. TRI Pointe may also be required to replace, renew or amend its or WRECO's existing facilities. TRI Pointe's ability to obtain additional performance, payment and completion surety bonds and letters of credit will primarily

depend on its and WRECO's capitalization, working capital, past performance, management expertise and certain external factors, including the capacity of the markets for such bonds. Performance, payment and completion surety bond and letter of credit providers will consider these factors in addition to TRI Pointe's and WRECO's past performance and claims records and provider-specific underwriting standards, which may change from time to time. In recent years various surety providers have significantly reduced bonding capacities made available to the homebuilding industry.

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If TRI Pointe's and WRECO's performance records or their providers' requirements or policies change, if TRI Pointe or WRECO cannot obtain the necessary consent from their lenders, or if the market's capacity to provide performance, payment and completion bonds or letters of credit is not sufficient for growth and TRI Pointe is unable to renew or amend its or WRECO's existing facilities on favorable terms or at all, TRI Pointe could be unable to obtain alternative or additional performance, payment and completion surety bonds or letters of credit from other sources when required, which could materially and adversely affect its business.

***If homebuyers are not able to obtain suitable financing, TRI Pointe's results of operations may decline.***

A substantial majority of TRI Pointe's and WRECO's homebuyers finance their home purchases through lenders that provide mortgage financing, and many must sell their existing homes in order to buy a new home. The availability of mortgage credit remains constrained in the United States due to lower property valuations, various regulatory changes and lower risk appetite of lenders. Many lenders require increased levels of financial qualification and larger deposits and lend lower multiples of income. First-time and move-up homebuyers are generally more affected by the availability of financing than other potential homebuyers. These homebuyers are a key source of demand for TRI Pointe and WRECO. Therefore, limited availability of home mortgage financing to these homebuyers may adversely affect the volume of TRI Pointe's current and future home sales and the prices it achieves.

During the last six years, the mortgage lending industry in the United States has experienced significant instability, beginning with increased defaults on subprime and other nonconforming loans and compounded by expectations of increasing interest payment requirements and further defaults. These factors caused a decline in the market value of many mortgage loans and related securities. In light of these developments, lenders, investors, regulators and others questioned the adequacy of lending standards and other credit requirements for several loan products and programs offered in recent years. Credit requirements have tightened, indemnity claims for mortgages have increased and investor demand for mortgage loans and mortgage-backed securities has declined. The deterioration in credit quality among subprime and other nonconforming loans has caused most lenders to eliminate subprime mortgages and most other loan products that do not conform to Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Housing Administration (the FHA) or Veterans Administration (the VA) standards. Fewer loan products, tighter loan qualifications and a reduced willingness of lenders to make loans may continue to make it more difficult for certain potential homebuyers to finance the purchase of a new home or the purchase of an existing home from a potential move-up homebuyer. These factors may reduce the pool of qualified homebuyers and make it more difficult to sell to the first-time and move-up homebuyers who have historically comprised, and following the consummation of the Transactions are expected to continue to comprise, a substantial portion of TRI Pointe's and WRECO's customers. Reductions in demand resulting from the lack of affordability or availability of financing to prospective purchasers may adversely affect TRI Pointe's business and financial results, and the duration and severity of these effects arising from the most recent economic downturn remain uncertain.

***Interest rate increases or changes in federal lending programs or other regulations could lower demand for TRI Pointe's existing and future homes, which could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.***

A substantial majority of TRI Pointe's and WRECO's homebuyers finance their purchases with mortgage financing. TRI Pointe expects that these homebuyers will continue to be a key source of demand for its homes following the consummation of the Transactions. The housing industry is currently benefiting from a low interest rate environment, which has enabled many homebuyers to obtain mortgage financing with relatively low interest rates as compared to long-term historical averages. While the timing of any increase in interest rates is uncertain,





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it is widely expected that such an increase will occur. Rising interest rates may lead to reduced demand for TRI Pointe's existing and future homes and mortgage loans. Increased interest rates could also hinder TRI Pointe's ability to realize its existing and future backlog because home purchase contracts typically provide customers with a financing contingency. Financing contingencies allow customers to cancel their home purchase contracts in the event that they cannot arrange for adequate financing. As a result, rising interest rates could cause TRI Pointe's current and future home sales and mortgage originations to decrease, which could materially and adversely affect its business, liquidity, financial condition and results of operations.

In addition, as a result of the turbulence in the credit markets and mortgage finance industry, the federal government has taken on a significant role in supporting mortgage lending through its conservatorship of Fannie Mae and Freddie Mac, both of which purchase home mortgages and mortgage-backed securities originated by mortgage lenders, and its insurance of mortgages originated by lenders through the FHA and the VA. The availability and affordability of mortgage loans, including consumer interest rates for such loans, could be materially and adversely affected by a curtailment or cessation of the federal government's mortgage-related programs or policies. The FHA may also continue to impose stricter loan qualification standards, raise minimum down payment requirements, impose higher mortgage insurance premiums and other costs, and/or limit the number of mortgages it insures. Due to growing federal budget deficits, the U.S. Treasury may not be able to continue supporting the mortgage-related activities of Fannie Mae, Freddie Mac, the FHA and the VA at present levels, or it may revise significantly the federal government's participation in and support of the residential mortgage market. Because the availability of Fannie Mae-, Freddie Mac-, FHA- and VA-backed mortgage financing is an important factor in marketing and selling many of TRI Pointe's homes, any limitations, restrictions or changes in the availability of such government-backed financing could reduce its current and future home sales, which could materially and adversely affect its business, liquidity, financial condition and results of operations.

Furthermore, in July 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law. This legislation provides for a number of new requirements relating to residential mortgages and mortgage lending practices, many of which are to be developed further by implementing rules. These include, among others, minimum standards for mortgages and lender practices in making mortgages, limitations on certain fees and incentive arrangements, retention of credit risk and remedies for borrowers in foreclosure proceedings. The effect of these provisions on lending institutions will depend on the rules that are ultimately adopted. However, these requirements, as and when implemented, are expected to reduce the availability of loans to borrowers and/or increase the costs to borrowers to obtain such loans. Any reduction in loan availability could result in a decline of TRI Pointe's current and future home sales, which could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.

***Expirations, amendments or changes to tax laws, incentives or credits currently available to homebuyers may negatively impact TRI Pointe's business.***

Changes in federal income tax laws may affect demand for new homes and land suitable for residential development. Current tax laws generally permit significant expenses associated with owning a home, primarily mortgage interest expense and real estate taxes, to be deducted for the purpose of calculating an individual's federal, and in many cases, state, taxable income. Also, federal or state governments have in the past provided for substantial benefits in the form of tax credits for buyers of new or used homes. For example, from 2008 to April 2011, many homebuyers took advantage of the federal homebuyer tax credit. Various proposals have been publicly discussed to limit mortgage interest deductions and to limit the exclusion of gain from the sale of a principal residence. For instance, under the American Taxpayer Relief Act of 2012, which was signed into law in January 2013, the federal government enacted higher income tax rates and limits on the value of tax deductions for certain high-income individuals and households. If the federal government or a state government changes or further changes its income tax laws, as some lawmakers

have proposed, by eliminating, limiting or substantially reducing these income tax benefits without offsetting provisions, the after-tax cost of owning a new home would increase for many of TRI Pointe's and WRECO's potential customers. Enactment of any such proposal could materially and adversely affect TRI Pointe and the homebuilding industry in general, as the loss or reduction of homeowner tax deductions could decrease the demand for new homes and land suitable for residential development.

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TRI Pointe's and WRECO's backlogs reflect homes that may close in future periods. TRI Pointe and WRECO have received a deposit from a homebuyer for each home reflected in their backlog, and generally they have the right, subject to certain exceptions, to retain the deposit if the homebuyer fails to comply with his or her obligations under the purchase contract, including as a result of state and local law, the homebuyer's inability to sell his or her current home or the homebuyer's inability to make additional deposits required under the purchase contract. Home order cancellations can result from a number of factors, including declines or slow appreciation in the market value of homes, increases in the supply of homes available to be purchased, increased competition and use of sales incentives by competitors, higher mortgage interest rates, homebuyers' inability to sell their existing homes, homebuyers' inability to obtain suitable mortgage financing, including providing sufficient down payments, and adverse changes in local, regional or national economic conditions. In these circumstances, homebuyers may terminate their existing purchase contracts in order to negotiate for a lower price or because they cannot, or will not, complete the purchase. For the three months ended March 31, 2014, WRECO's cancellation rate was 15%, as compared to 12% for the three months ended March 31, 2013, and for the years ended December 31, 2013 and December 31, 2012, WRECO's cancellation rate was 15%. For the three months ended March 31, 2014, TRI Pointe's cancellation rate was 8%, as compared to 9% for the three months ended March 31, 2013, and for the year ended December 31, 2013, TRI Pointe's cancellation rate was 10%, as compared to 16% for the year ended December 31, 2012.

Cancellation rates may rise significantly in the future. If uncertain economic conditions continue, if mortgage financing becomes less available or if current homeowners find it difficult to sell their current homes, more homebuyers may cancel their purchase contracts. An increase in the level of home order cancellations could have a material and adverse impact on TRI Pointe's business, liquidity, financial condition and results of operations.

In cases of cancellation, WRECO remarkets the home and usually retains any deposits it is permitted to retain. TRI Pointe also remarkets the home but typically returns the homebuyer's escrow deposit (other than certain design-related deposits, which it retains). The retained deposits may not cover the additional costs involved in remarketing the home and carrying higher inventory, and as such significant numbers of cancellations could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.

***Any increase in unemployment or underemployment may lead to an increase in the number of loan delinquencies and property repossessions and have a material and adverse impact on TRI Pointe's business.***

In the United States, the unemployment rate was 6.3% as of April 30, 2014, according to the U.S. Bureau of Labor Statistics. People who are unemployed, underemployed or concerned about the loss of their jobs are less likely to purchase new homes, may be forced to try to sell the homes they own and may face difficulties in making required mortgage payments. Therefore, any increase in unemployment or underemployment may lead to an increase in the number of loan delinquencies and property repossessions and have a material and adverse impact on TRI Pointe's business both by reducing demand for its existing and future homes and by increasing the supply of homes for sale.

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***TRI Pointe uses leverage in executing its business strategy, which may materially and adversely affect its business, liquidity, financial condition and results of operations and prevent it from fulfilling its debt-related obligations.***

TRI Pointe employs what it believes to be prudent levels of leverage to finance the acquisition and development of its lots and construction of its homes. TRI Pointe's existing indebtedness is recourse to TRI Pointe and TRI Pointe anticipates that future indebtedness will likewise be recourse. At March 31, 2014, on a pro forma basis and after giving effect to the Transactions, including the incurrence of the New Debt by WRECO, the total principal amount of TRI Pointe's debt was \$976 million.

TRI Pointe's board of directors intends to consider a number of factors when evaluating its level of indebtedness and when making decisions regarding the incurrence of new indebtedness, including the purchase price of assets to be acquired with debt financing, the estimated market value of such assets and the ability of the particular assets, and TRI Pointe as a whole, to generate cash flow to cover the expected debt service. As a means of sustaining its long-term financial health and limiting its exposure to unforeseen dislocations in the debt and financing markets, TRI Pointe currently expects to remain conservatively capitalized. However, the TRI Pointe Charter does not contain a limitation on the amount of debt it may incur, and TRI Pointe's board of directors may change its target debt levels at any time without the approval by TRI Pointe stockholders.

Incurring substantial debt could subject TRI Pointe to many risks that, if realized, would materially and adversely affect its business and financial condition, including the risks that:

it may be more difficult for TRI Pointe to satisfy its obligations with respect to its debt or to its other creditors;

TRI Pointe's cash flow from operations may be insufficient to make required payments of principal of and interest on its debt, which is likely to result in acceleration of its debt;

TRI Pointe's debt may increase its vulnerability to adverse economic and industry conditions, including fluctuations in market interest rates, with no assurance that investment yields will increase with higher financing cost, particularly in the case of debt with a floating interest rate;

TRI Pointe's debt may limit its ability to obtain additional financing to fund capital expenditures and acquisitions, particularly when the availability of financing in the capital markets is limited;

TRI Pointe may be required to dedicate a portion of its cash flow from operations to payments on its debt, thereby reducing funds available for operations and capital expenditures, future investment opportunities or other purposes;

in the case of secured indebtedness, TRI Pointe could lose its ownership interests in its land parcels or other assets because defaults thereunder may result in foreclosure actions initiated by lenders;

TRI Pointe's debt may limit its ability to buy back its common stock or pay cash dividends;

TRI Pointe's debt may limit its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates, thereby limiting its ability to compete with companies that are not as highly leveraged; and

the terms of any refinancing may not be as favorable as the terms of the debt being refinanced.

TRI Pointe cannot make any assurances that its business will generate sufficient cash flow from operations or that future borrowings will be available to it through capital markets financings or otherwise in an amount sufficient to enable it to service or refinance its indebtedness, or to fund its other liquidity needs. TRI Pointe may need to refinance all or a portion of its existing or future indebtedness on or before its maturity. TRI Pointe cannot make any assurances that it will be able to refinance any of its indebtedness on commercially reasonable terms or at all. If, at the time of any refinancing, prevailing interest rates or other factors result in higher interest

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rates on the refinanced debt, increases in interest expense could materially and adversely affect TRI Pointe's cash flows and results of operations. If TRI Pointe is unable to refinance its debt on acceptable terms, it may be forced to dispose of its assets on disadvantageous terms, potentially resulting in significant losses.

TRI Pointe may incur additional indebtedness in order to finance its operations or to repay existing indebtedness. If TRI Pointe cannot service its indebtedness, it will risk losing to foreclosure some or all of its assets that may be pledged to secure its obligations and it may have to take actions such as selling assets, seeking additional debt or equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. TRI Pointe cannot make any assurances that any such actions, if necessary, could be effected on commercially reasonable terms or at all, or on terms that would be advantageous to its stockholders or on terms that would not require it to breach the terms and conditions of its existing or future debt agreements. Additionally, unsecured debt agreements may contain specific cross-default provisions with respect to specified other indebtedness, giving the unsecured lenders the right to declare a default if TRI Pointe is in default under other loans in some circumstances. Defaults under TRI Pointe's debt agreements could materially and adversely affect its business, liquidity, financial condition and results of operations.

***TRI Pointe's current financing arrangements contain, and its future financing arrangements likely will contain, restrictive covenants relating to its operations.***

TRI Pointe's current financing arrangements contain, and the financing arrangements it or WRECO may enter into in the future, including the New Debt, will likely contain, covenants affecting its ability to, among other things:

incur or guarantee additional indebtedness;

make certain investments;

reduce liquidity below certain levels;

pay dividends or make distributions on its capital stock;

sell assets, including capital stock of restricted subsidiaries;

agree to payment restrictions affecting its restricted subsidiaries;

consolidate, merge, sell or otherwise dispose of all or substantially all of its assets;

enter into transactions with its affiliates;

incur liens; and

designate any of its subsidiaries as unrestricted subsidiaries.

If TRI Pointe or WRECO fails to meet or satisfy any of these covenants in their debt agreements, it would be in default under these agreements, which could result in a cross-default under other debt agreements, and its lenders could elect to declare outstanding amounts due and payable, terminate their commitments, require the posting of additional collateral and enforce their respective interests against existing collateral. A default also could significantly limit TRI Pointe's financing alternatives, which could cause it to curtail its investment activities and/or dispose of assets when it otherwise would not choose to do so. If TRI Pointe or WRECO defaults on several of its debt agreements or any single significant debt agreement, it could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations. These and certain other restrictions could limit TRI Pointe's ability to plan for or react to market conditions, meet capital needs or make acquisitions or otherwise restrict its activities or business plans.

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***TRI Pointe may require significant additional capital in the future and may not be able to secure adequate funds on acceptable terms.***

The expansion and development of TRI Pointe's business following the consummation of the Transactions may require significant additional capital, which it may be unable to obtain, to fund its operating expenses, including working capital needs.

TRI Pointe expects to meet its current capital requirements, and believes it will be able to meet its increased capital requirements following the consummation of the Transactions, with existing cash and cash equivalents, borrowings under the Revolving Credit Agreement or a new credit facility and cash flow from operations (including sales of its existing and future homes and land). However, TRI Pointe may fail to generate sufficient cash flow from the sales of its existing and future homes and land to meet its cash requirements. To a large extent, TRI Pointe's cash flow generation ability is subject to general economic, financial, competitive, legislative and regulatory factors and other factors that are beyond its control. Further, its capital requirements may vary materially from those currently planned if, for example, its revenues do not reach expected levels or it has to incur unforeseen capital expenditures and make investments to maintain its competitive position. If this is the case, TRI Pointe may need to refinance all or a portion of its debt on or before its maturity, or obtain additional equity or debt financing sooner than anticipated, which could materially and adversely affect its liquidity and financial condition if financing cannot be secured on reasonable terms. As a result, TRI Pointe may have to delay or abandon some or all of its development and expansion plans or otherwise forego market opportunities.

TRI Pointe's access to additional third-party sources of financing will depend, in part, on:

general market conditions;

the market's perception of its growth potential, including relative to other opportunities;

with respect to acquisition and/or development financing, the market's perception of the value of the land parcels to be acquired and/or developed;

its current debt levels;

its current and expected future earnings;

its cash flow; and

the market price per share of its common stock.

Recently, domestic financial markets have experienced unusual volatility, uncertainty and a restricting of liquidity in both the investment grade debt and equity capital markets. Credit spreads for major sources of capital widened significantly during the U.S. credit crisis as investors demanded a higher risk premium. Given the current volatility



and weakness in the capital and credit markets, potential lenders may be unwilling or unable to provide TRI Pointe with suitable financing or may charge TRI Pointe prohibitively high fees in order to obtain financing. Depending on market conditions at the relevant time, TRI Pointe may have to rely more heavily on additional equity financings or on less efficient forms of debt financing that require a larger portion of its cash flow from operations to service, thereby reducing funds available for its operations, future business opportunities and other purposes. Consequently, there is greater uncertainty regarding TRI Pointe's ability to access the credit market in order to attract financing on reasonable terms. Investment returns on TRI Pointe's assets and its ability to make acquisitions could be materially and adversely affected by its inability to secure additional financing on reasonable terms, if at all. Additionally, if TRI Pointe cannot obtain additional financing to fund the purchase of land under its option contracts or purchase contracts, it may incur contractual penalties and fees. Any difficulty in obtaining sufficient capital for planned development expenditures could also cause project delays and any such delay could result in cost increases. Any of the foregoing factors could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.

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***Higher interest rates may materially and adversely affect TRI Pointe's cash flows and results of operations.***

TRI Pointe employs what it believes to be prudent levels of leverage to finance the acquisition and development of its lots and construction of its homes. Certain of TRI Pointe's existing debt has, and any additional debt it subsequently incurs may have, a floating rate of interest. Higher interest rates could increase debt service requirements on its existing floating rate debt and on any floating rate debt it may subsequently incur, and could reduce funds available for operations, future business opportunities or other purposes. If TRI Pointe needs to repay existing debt during periods of rising interest rates, it could be required to refinance its then-existing debt on unfavorable terms, or liquidate one or more of its assets to repay such debt at times which may not permit realization of the maximum return on such assets and could result in a loss. The occurrence of either or both of these events could materially and adversely affect TRI Pointe's cash flows and results of operations.

***Failure to hedge effectively against interest rate changes may materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.***

TRI Pointe may obtain one or more forms of interest rate protection in the form of swap agreements, interest rate cap contracts or similar agreements to hedge against the possible negative effects of interest rate fluctuations. However, TRI Pointe cannot assure you that any hedging will adequately relieve the adverse effects of interest rate increases or that counterparties under these agreements will honor their obligations thereunder. In addition, TRI Pointe may be subject to risks of default by hedging counterparties. Failure of TRI Pointe's hedging mechanisms could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.

***Raw material shortages and price fluctuations could cause delays or increased costs in developing TRI Pointe's existing and future communities or building homes, which could materially and adversely affect its business, liquidity, financial condition and results of operations.***

TRI Pointe requires raw materials to build its homes. The residential construction industry experiences serious raw material shortages from time to time, including shortages in supplies of insulation, drywall, cement, steel, lumber and other building materials. These shortages can be more severe during periods of strong demand for housing or during periods following natural disasters that have a significant impact on existing residential and commercial structures. The cost of raw materials may also be materially and adversely affected during periods of shortage or high inflation. Shortages and price increases could cause delays in and increase TRI Pointe's costs of home construction, which in turn could materially and adversely affect its business, liquidity, financial condition and results of operations. Because TRI Pointe will obtain a significant amount of additional homebuilding and land development assets in the Transactions, it will require significantly more raw materials, thereby materially increasing its exposure to these risks.

***Failure to find and retain suitable contractors and subcontractors at reasonable rates could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.***

The vast majority of WRECO's construction work is performed by contractors and subcontractors, and substantially all of TRI Pointe's construction work is performed by subcontractors with TRI Pointe acting as the general contractor. Accordingly, the timing and quality of TRI Pointe's existing and future construction currently depends and will continue to depend on the availability, cost and skill of contractors and subcontractors and their employees.

The residential construction industry experiences serious shortages of skilled labor from time to time. The difficult operating environment over the last six years in the United States has resulted in the failure of the businesses of some contractors and subcontractors and may result in further failures. In addition, reduced levels of homebuilding in the United States have caused some skilled tradesmen to leave the real estate industry to take jobs in other industries.

These shortages can be more severe during periods of strong demand for housing or

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during periods following natural disasters that have a significant impact on existing residential and commercial structures. While TRI Pointe anticipates being able to obtain sufficient reliable contractors and subcontractors during times of material shortages and believes that its and WRECO's relationships with contractors and subcontractors are good, TRI Pointe and WRECO do not have long-term contractual commitments with any contractors or subcontractors, and there can be no assurance that skilled contractors, subcontractors or tradesmen will continue to be available in the areas in which TRI Pointe currently conducts, and following the consummation of the Transactions expects to conduct, its operations. If skilled contractors and subcontractors are not available on a timely basis for a reasonable cost, or if contractors and subcontractors are not able to recruit sufficient numbers of skilled employees, TRI Pointe's existing and future development and construction activities may suffer from delays and quality issues, which could lead to reduced levels of customer satisfaction and materially and adversely affect its business, liquidity, financial condition and results of operations.

Moreover, some of the subcontractors engaged by TRI Pointe and WRECO are represented by labor unions or are subject to collective bargaining arrangements. A strike or other work stoppage involving any of their subcontractors could also make it difficult for TRI Pointe and WRECO to retain subcontractors for their construction work. In addition, union activity could result in higher costs for TRI Pointe and WRECO to retain their subcontractors. Access to qualified labor at reasonable rates may also be affected by other circumstances beyond TRI Pointe's control, including: (i) shortages of qualified tradespeople, such as carpenters, roofers, electricians and plumbers; (ii) high inflation; (iii) changes in laws relating to employment and union organizing activity; (iv) changes in immigration laws and trends in labor force migration; and (v) increases in contractor, subcontractor and professional services costs. The inability to contract with skilled contractors and subcontractors at reasonable rates on a timely basis could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.

Several other homebuilders have received inquiries from regulatory agencies concerning whether homebuilders using contractors are deemed to be employers of the employees of such contractors under certain circumstances. Although contractors are independent of the homebuilders that contract with them under normal management practices and the terms of trade contracts and subcontracts within the homebuilding industry, if regulatory agencies reclassify the employees of contractors as employees of homebuilders, homebuilders using contractors could be responsible for wage, hour, workers' compensation and other employment-related liabilities of their contractors. In the event that a regulatory agency reclassified the employees of WRECO's contractors or WRECO's or TRI Pointe's subcontractors as TRI Pointe's own employees, TRI Pointe could be responsible for wage, hour, workers' compensation and other employment-related liabilities with respect to those employees.

Despite quality control efforts, TRI Pointe may discover that WRECO's contractors or its or WRECO's subcontractors were engaging in improper construction practices or installing defective materials in homes. When TRI Pointe discovers these issues, it generally repairs the homes through its subcontractors in accordance with its new home warranty and as required by law. TRI Pointe and WRECO currently each reserve a portion of the sales price of each home they sell to satisfy warranty and other legal obligations and to provide customer service to their homebuyers. These reserves are established based on market practices, historical experiences, and judgment of the qualitative risks associated with the types of homes built. However, the cost of satisfying warranty and other legal obligations in these instances may be significantly higher than the amounts reserved, and TRI Pointe may be unable to recover the cost of repair from its subcontractors. Regardless of the steps TRI Pointe takes, it is subject to fines or other penalties in some instances and its reputation may be materially and adversely affected.

Because TRI Pointe will obtain a significant amount of additional homebuilding and land development assets in the Transactions, it will require an increased amount of qualified labor, thereby materially increasing its exposure to these risks.



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***TRI Pointe is and will continue to be dependent on key personnel and certain members of its management team.***

TRI Pointe's business involves complex operations, which will become increasingly complex following the consummation of the Transactions and, therefore, requires a management team and employee workforce that is knowledgeable and expert in many areas necessary for its operations. TRI Pointe's success and ability to obtain, generate and manage opportunities depends to a significant degree upon the contributions of key personnel, including, but not limited to, Douglas Bauer, its Chief Executive Officer, Thomas Mitchell, its President and Chief Operating Officer, and Michael Grubbs, its Chief Financial Officer and Treasurer. TRI Pointe's investors must rely to a significant extent upon the ability, expertise, judgment and discretion of this management team and other key personnel, and their loss or departure could be detrimental to TRI Pointe's future success. Although TRI Pointe has entered into employment agreements with Messrs. Bauer, Mitchell and Grubbs, there is no guarantee that these executives will remain employed with TRI Pointe and TRI Pointe has not adopted a succession plan. Additionally, key employees working in the real estate, homebuilding and construction industries are highly sought after and failure to attract and retain such personnel, including key WRECO personnel following the consummation of the Transactions, may materially and adversely affect the standards of TRI Pointe's future service and may have a material and adverse impact on TRI Pointe's business, liquidity, financial condition and results of operations.

TRI Pointe's ability to retain its management team and key personnel or to attract suitable replacements should any members of its management team leave is dependent on the competitive nature of the employment market. The loss of services from any member of its management team or key personnel, or the potential that they could have competing obligations and will only spend a portion of their time working for TRI Pointe, could materially and adversely impact its business, financial condition and results of operations. Further, the process of attracting and retaining suitable replacements for key personnel whose services TRI Pointe may lose would result in transition costs and would divert the attention of other members of its management from existing operations. Moreover, such a loss could be negatively perceived in the capital markets.

Although TRI Pointe is currently considering its insurance coverage, it has not obtained key man life insurance that would provide it with proceeds in the event of death or disability of any of its key personnel.

***Negative publicity may materially and adversely affect TRI Pointe's business performance.***

Unfavorable media related to the Transactions or WRECO and TRI Pointe's industry, brands, marketing, personnel, operations, business performance or prospects may materially and adversely affect TRI Pointe's stock price and the performance of its business, regardless of its accuracy or inaccuracy. TRI Pointe's success in maintaining, extending and expanding its brand image depends on its ability to adapt to a rapidly changing media environment. Adverse publicity or negative commentary on social media outlets, such as blogs, websites or newsletters, could hurt results of operations, as consumers might avoid brands that receive bad press or negative reviews. Negative publicity may materially and adversely affect results of operations that could lead to a decline in the price of TRI Pointe common stock.

Maintaining a good reputation in the areas in which TRI Pointe is currently developing or, following the consummation of the Transactions, expects to develop master planned communities is and will continue to be critical to TRI Pointe's success. TRI Pointe's reputation could be materially and adversely impacted by any of the following: failure to maintain high ethical, social and environmental standards for all of its operations and activities; the activities and reputation of WRECO's contractors and its and WRECO's respective subcontractors; or its failure to comply with applicable laws and regulations. Unfavorable media related to TRI Pointe's industry, brands, marketing, personnel, operations, business performance or prospects, including from social media outlets, such as blogs, websites or newsletters, may also impact its reputation, regardless of such media's accuracy, as consumers might avoid brands that

receive bad press or negative reviews. Damage to TRI Pointe's reputation could materially and adversely affect the performance of its business.

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***TRI Pointe's quarterly results of operations may fluctuate because of the seasonal nature of its business and other factors.***

TRI Pointe and WRECO have experienced seasonal fluctuations in quarterly results of operations and capital requirements that can have a material and adverse impact on consolidated results of operations and financial condition. TRI Pointe and WRECO typically experience the highest new home order activity during the spring selling season, although sales velocity is also highly dependent on the number of active selling communities, timing of new community openings and other market factors, including seasonal natural disasters such as hurricanes, tornadoes, floods and fires. Since it typically takes four to six months to construct a new home, TRI Pointe and WRECO deliver more homes in the second half of the year as new home orders sold earlier in the year convert to home closings. Because of this seasonality, cash outflows for construction costs have historically been highest in the second and third quarters, and the majority of cash receipts from home closings occur during the second half of the year. TRI Pointe expects this seasonal pattern to continue following the consummation of the Transactions and over the long-term, although it may be affected by market cyclicality. TRI Pointe also expects the traditional seasonality cycle and its impact on results of operations to become more prominent if the present housing recovery progresses and the homebuilding industry returns to a more normal operating environment, but it can make no assurances as to the degree to which historical seasonal patterns will occur in 2014 and beyond, if at all. Seasonality requires WRECO and TRI Pointe to finance construction activities in advance of the receipt of sales proceeds. In many cases, TRI Pointe may not be able to recapture increased costs by raising prices because prices are established upon signing the purchase contract. Accordingly, there is a risk that, following the consummation of the Transactions, TRI Pointe will invest significant amounts of capital in the acquisition and development of land and construction of homes that it does not sell at anticipated pricing levels or within anticipated time frames. If, due to market conditions, construction delays or other causes, TRI Pointe does not complete sales of its existing or future homes at anticipated pricing levels or within anticipated time frames, its business, liquidity, financial condition and results of operations would be materially and adversely affected.

***TRI Pointe may incur a variety of costs to engage in future growth or expansion of its operations or acquisitions or disposals of businesses, and the anticipated benefits may never be realized.***

As a part of its business strategy, TRI Pointe may make acquisitions or significant investments in or disposals of businesses. Any future acquisitions, investments and/or disposals would be accompanied by risks such as:

difficulties in assimilating the operations and personnel of acquired companies or businesses;

diversion of TRI Pointe management's attention from ongoing business concerns;

TRI Pointe's potential inability to maximize its financial and strategic position through the successful incorporation or disposition of operations;

maintenance of uniform standards, controls, procedures and policies; and



impairment of existing relationships with employees, contractors, suppliers and customers as a result of the integration of new management personnel and cost-saving initiatives.

TRI Pointe cannot guarantee that it will be able to successfully integrate any company or business that it might acquire in the future, and its failure to do so could harm its current business.

In addition, TRI Pointe may not realize the anticipated benefits of any future transactions and there may be other unanticipated or unidentified effects. While TRI Pointe may seek protection, for example, through warranties and indemnities in the case of acquisitions, significant liabilities may not be identified in due diligence or come to light after the expiration of warranty or indemnity periods or may exceed the maximum warranty or indemnity amounts. Additionally, while TRI Pointe may seek to limit its ongoing exposure, for example, through

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liability caps and time limits on warranties and indemnities in the case of disposals, some warranties and indemnities may give rise to unexpected and significant liabilities. Any claims arising in the future may materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.

***Inflation could materially and adversely affect TRI Pointe's business, financial condition and results of operations.***

Inflation can materially and adversely affect TRI Pointe by increasing costs of land, materials and labor. In the event of an increase in inflation, TRI Pointe may seek to increase the sales prices of land or homes in order to maintain satisfactory margins or realize a satisfactory return on its investment. However, if the market continues to have an oversupply of homes relative to demand, prevailing market prices may prevent it from doing so. In addition, inflation is often accompanied by higher interest rates, which historically have had a negative impact on housing demand and the real estate industry generally and which could materially and adversely impact potential customers' ability to obtain mortgage financing on favorable terms. In such an environment, TRI Pointe may not be able to raise prices sufficiently to keep up with the rate of inflation and its margins and returns could decrease. Additionally, if TRI Pointe is required to lower home prices to meet demand, the value of its land inventory may decrease. Moreover, the nominal cost of capital increases as a result of inflation and the real purchasing power of its cash resources declines. Current or future efforts by the government to stimulate the economy may increase the risk of significant inflation and its adverse impact on TRI Pointe's business, financial condition and results of operations.

***Information technology failures and data security breaches could harm TRI Pointe's business.***

TRI Pointe uses information technology and other computer resources to carry out important operational and marketing activities as well as maintain its business records. Many of these resources are provided to TRI Pointe or are maintained on its behalf by third-party service providers pursuant to agreements that specify certain security and service level standards. Although TRI Pointe and its service providers employ what TRI Pointe believes are adequate security, disaster recovery and other preventative and corrective measures, TRI Pointe's ability to conduct its business may be materially and adversely impaired if these resources are compromised, degraded, damaged or fail, whether due to a virus or other harmful circumstance, intentional penetration or disruption of TRI Pointe's information technology resources by a third-party, natural disaster, hardware or software corruption or failure or error (including a failure of security controls incorporated into or applied to such hardware or software), telecommunications system failure, service provider error or failure, intentional or unintentional personnel actions (including the failure to follow TRI Pointe's security protocols), or lost connectivity to its networked resources.

A significant and extended disruption in the functioning of these resources could damage TRI Pointe's reputation and cause it to lose customers, sales and revenue, result in the unintended public disclosure or the misappropriation of proprietary, personal and confidential information (including information about its homebuyers and business partners), and require it to incur significant expense to address and resolve these kinds of issues. The release of confidential information may also lead to litigation or other proceedings against TRI Pointe by affected individuals and/or business partners and/or by regulators, and the outcome of such proceedings, which could include penalties or fines, could materially and adversely affect TRI Pointe's consolidated financial statements. In addition, the costs of maintaining adequate protection against such threats, depending on their evolution, pervasiveness and frequency and/or government-mandated standards or obligations regarding protective efforts, could be material to TRI Pointe's consolidated financial statements.

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**Table of Contents****Risks Related to Conflicts of Interest**

***The Starwood Fund holds a significant equity interest in TRI Pointe and its interests may not be aligned with the interests of other TRI Pointe stockholders.***

As of May 1, 2014, the Starwood Fund owned 11,985,905 shares of TRI Pointe common stock (not including 2,701,569 shares subject to the investor rights agreement described in the section entitled "Description of TRI Pointe Capital Stock Investor Rights Agreement"), which represents 37.9% of TRI Pointe's outstanding common stock and 7.4% of TRI Pointe's outstanding common stock on a pro forma basis after giving effect to the Transactions. The Starwood Fund has the right to designate two members of TRI Pointe's board of directors for as long as it owns 25% or more of the outstanding TRI Pointe common stock (excluding shares of common stock that are subject to issuance upon the exercise or exchange of rights of conversion or any options, warrants or other rights to acquire shares) and one member of the TRI Pointe board of directors for as long as it owns at least 10% of the outstanding TRI Pointe common stock. Messrs. Bauer, Mitchell and Grubbs have agreed to vote all shares of TRI Pointe common stock that they own in favor of the Starwood Fund nominees in any election of directors for as long as the Starwood Fund owns at least 10% of the outstanding TRI Pointe common stock. Following the consummation of the Transactions, the Starwood Fund will have the right to designate one member of the TRI Pointe board of directors for as long as the Starwood Fund owns at least 5% of the outstanding TRI Pointe common stock. The Starwood Fund's interests may not be fully aligned with the interests of other TRI Pointe stockholders and this could lead to a strategy that is not in the best interests of other TRI Pointe stockholders.

***As a result of Starwood Capital Group's relationship with TRI Pointe, conflicts of interest may arise with respect to any transactions involving or with Starwood Capital Group or its affiliates.***

Barry Sternlicht, the chairman of TRI Pointe's board of directors, is the Chairman and Chief Executive Officer of Starwood Capital Group. As a result of TRI Pointe's relationship with Starwood Capital Group, there may be transactions between TRI Pointe and Starwood Capital Group, Starwood Property Trust (which is managed by an affiliate of Starwood Capital Group) or their affiliates that could present an actual or perceived conflict of interest. These conflicts of interest may lead Mr. Sternlicht to recuse himself from actions of TRI Pointe's board of directors with respect to any transactions involving or with Starwood Capital Group, Starwood Property Trust or their affiliates. In addition, Mr. Sternlicht will devote only a portion of his business time to his duties with TRI Pointe's board of directors, and he will devote the majority of his time to his duties with Starwood Capital Group and its affiliates and other commitments. Following the consummation of the Transactions, Mr. Sternlicht is expected to continue as chairman of TRI Pointe's board of directors and Mr. Chris Graham, a Senior Managing Director at Starwood Capital Group, is expected to be appointed as a director.

In addition, the TRI Pointe Charter includes a provision whereby TRI Pointe must renounce any interest or expectancy in, or in being offered an opportunity to participate in, any business opportunity that may be from time to time presented to the Starwood Fund or any of its affiliates and subsidiaries (other than TRI Pointe and its subsidiaries), officers, directors, agents, stockholders, members, partners or employees and that may be a business opportunity for the Starwood Fund or any of its affiliates and subsidiaries, even if the opportunity is one that TRI Pointe might reasonably have pursued or had the ability or desire to pursue if granted the opportunity to do so. This provision may limit TRI Pointe's ability to take advantage of certain business opportunities, which could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations. This provision may also result in misalignment between the Starwood Fund's interests and the interests of other TRI Pointe stockholders. This provision will cease to be effective on the date that no person who is a director or officer of TRI Pointe is also a director, officer, member, partner or employee of the Starwood Fund or any of its affiliates or subsidiaries.

TRI Pointe may in the future acquire additional land from affiliates of Starwood Capital Group. Any such acquisitions will be separately considered for approval by TRI Pointe's independent directors.

### **Risks Related to TRI Pointe's Organization and Structure**

*Termination of the employment agreements with the members of TRI Pointe's management team could be costly and prevent a change in control of TRI Pointe.*

TRI Pointe's employment agreements with Messrs. Bauer, Mitchell and Grubbs provide that if their employment with TRI Pointe terminates under certain circumstances, TRI Pointe may be required to pay them significant amounts of severance compensation, thereby making it costly to terminate their employment. Furthermore, these provisions could delay or prevent a transaction or a change in control of TRI Pointe that might involve a premium paid for shares of TRI Pointe common stock or otherwise be in the best interests of its stockholders, which could materially and adversely affect the market price of TRI Pointe common stock.

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***Certain anti-takeover defenses and applicable law may limit the ability of a third-party to acquire control of TRI Pointe.***

The TRI Pointe Charter, the TRI Pointe Bylaws and Delaware law contain provisions that may delay or prevent a transaction or a change in control of TRI Pointe that might involve a premium paid for shares of TRI Pointe common stock or otherwise be in the best interests of TRI Pointe stockholders, which could materially and adversely affect the market price of TRI Pointe common stock. Certain of these provisions are described below.

*Selected provisions of the TRI Pointe Charter and the TRI Pointe Bylaws*

The TRI Pointe Charter and the TRI Pointe Bylaws contain anti-takeover provisions that:

authorize TRI Pointe's board of directors, without further action by TRI Pointe stockholders, to issue up to 50,000,000 shares of preferred stock in one or more series, and with respect to each series, to fix the number of shares constituting that series and establish the rights and other terms of that series;

require that actions to be taken by TRI Pointe stockholders may be taken only at an annual or special meeting of its stockholders and not by written consent;

specify that special meetings of TRI Pointe stockholders can be called only by its board of directors, the chairman of its board of directors or its chief executive officer;

establish advance notice procedures for TRI Pointe stockholders to submit nominations of candidates for election to TRI Pointe's board of directors and other proposals to be brought before a stockholders meeting;

provide that the TRI Pointe Bylaws may be amended by TRI Pointe's board of directors without stockholder approval;

allow TRI Pointe's directors to establish the size of its board of directors by action of its board, subject to a minimum of three members;

provide that vacancies on TRI Pointe's board of directors or newly created directorships resulting from an increase in the number of its directors may be filled only by a majority of directors then in office, even though less than a quorum;

do not give TRI Pointe stockholders cumulative voting rights with respect to the election of directors; and

prohibit TRI Pointe from engaging in certain business combinations with any interested stockholder unless specified conditions are satisfied as described in Selected provisions of Delaware law .

*Selected provisions of Delaware law*

TRI Pointe has opted out of Section 203 of the DGCL, which regulates corporate takeovers. However, the TRI Pointe Charter contains provisions that are similar to Section 203 of the DGCL. Specifically, the TRI Pointe Charter provides that it may not engage in certain business combinations with any interested stockholder for a three-year period following the time that the person became an interested stockholder, unless:

prior to the time that person became an interested stockholder, TRI Pointe's board of directors approved either the business combination or the transaction which resulted in the person becoming an interested stockholder;

upon the consummation of the transaction which resulted in the person becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding certain shares; or

at or subsequent to the time the person became an interested stockholder, the business combination is approved by TRI Pointe's board of directors and by the affirmative vote of at least  $6\frac{2}{3}\%$  of the outstanding voting stock which is not owned by the interested stockholder.

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Generally, a business combination includes a merger, consolidation, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an interested stockholder is a person who, together with that person's affiliates and associates, owns, or within the previous three years owned, 15% or more of TRI Pointe's voting stock. However, in the case of TRI Pointe, the Starwood Fund and any of its affiliates and subsidiaries and any of their permitted transferees receiving 15% or more of TRI Pointe's voting stock will not be deemed to be interested stockholders regardless of the percentage of voting stock owned by them. This provision could prohibit or delay mergers or other takeover or change in control attempts with respect to TRI Pointe and, accordingly, may discourage attempts to acquire TRI Pointe.

***TRI Pointe may change its operational policies, investment guidelines and its business and growth strategies without stockholder consent, which may subject TRI Pointe to different and more significant risks in the future.***

TRI Pointe's board of directors will determine its operational policies, investment guidelines and its business and growth strategies. TRI Pointe's board of directors may make changes to, or approve transactions that deviate from, those policies, guidelines and strategies without a vote of, or notice to, its stockholders. This could result in TRI Pointe conducting operational matters, making investments or pursuing different business or growth strategies than those contemplated herein. Under any of these circumstances, TRI Pointe may expose itself to different and more significant risks in the future, which could materially and adversely affect its business, liquidity, financial condition and results of operations.

***The obligations associated with being a public company require significant resources and management attention.***

As a public company with listed equity securities, TRI Pointe is required to comply with certain laws, regulations and requirements, including the requirements of the Exchange Act, certain corporate governance provisions of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act), related regulations of the SEC and requirements of the NYSE. The Exchange Act requires that TRI Pointe file annual, quarterly and current reports with respect to its business and financial condition. The Sarbanes-Oxley Act requires, among other things, that TRI Pointe establish and maintain effective internal controls and procedures for financial reporting.

Section 404 of the Sarbanes-Oxley Act requires TRI Pointe management and independent auditors to report annually on the effectiveness of TRI Pointe's internal control over financial reporting. However, TRI Pointe is an emerging growth company, as defined in the JOBS Act, and, so for as long as TRI Pointe continues to be an emerging growth company, it intends to take advantage of certain exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404. The consummation of the Transactions is expected to cause TRI Pointe to lose its status as an emerging growth company in 2014. Once TRI Pointe is no longer an emerging growth company or, if prior to such date, TRI Pointe opts to no longer take advantage of the applicable exemption, it will be required to include an opinion from its independent auditors on the effectiveness of its internal control over financial reporting.

These reporting and other obligations place significant demands on TRI Pointe's management, administrative, operational and accounting resources and cause TRI Pointe to incur significant one-time and ongoing expenses. If TRI Pointe's independent auditor is unable to provide an unqualified attestation report on internal control over financial reporting, investors could lose confidence in the reliability of TRI Pointe's financial statements and its stock price could be materially and adversely affected.

***If TRI Pointe fails to maintain an effective system of internal controls, it may not be able to accurately determine its financial results or prevent fraud. As a result, TRI Pointe stockholders could lose confidence in TRI Pointe's***

*financial results, which could materially and adversely affect TRI Pointe and the market price of its common stock.*

Effective internal controls are necessary for TRI Pointe to provide reliable financial reports and effectively prevent fraud. However, a control system, no matter how well conceived and operated, can provide only



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reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of control systems reflects resource constraints and the benefits of controls must be considered in relation to their costs. Accordingly, there can be no assurance that all control issues or fraud will be detected. TRI Pointe cannot be certain that it will be successful in maintaining adequate internal control over its financial reporting and financial processes. Furthermore, in connection with the Transactions and as TRI Pointe continues to grow its business, its internal controls will become more complex, and TRI Pointe will require significantly more resources to ensure its internal controls remain effective. Additionally, the existence of any material weakness or significant deficiency would require management to devote significant time and incur significant expense to remediate any such material weaknesses or significant deficiencies and management may not be able to remediate any such material weaknesses or significant deficiencies in a timely manner. The existence of any material weakness in TRI Pointe's internal control over financial reporting could also result in errors in its financial statements that could require TRI Pointe to restate its financial statements, cause it to fail to meet its reporting obligations and cause stockholders to lose confidence in its reported financial information, all of which could materially and adversely affect TRI Pointe and the market price of its common stock.

***TRI Pointe is an emerging growth company and, as a result of the reduced disclosure and governance requirements applicable to emerging growth companies, TRI Pointe common stock may be less attractive to investors.***

TRI Pointe is an emerging growth company as defined in the JOBS Act, and it is eligible to take advantage of certain exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including, but not limited to, an exemption from the auditor attestation requirement of Section 404 of the Sarbanes-Oxley Act, reduced disclosure about executive compensation arrangements pursuant to the rules applicable to smaller reporting companies and no requirement to seek non-binding advisory votes on executive compensation or golden parachute arrangements. TRI Pointe has elected to adopt these reduced disclosure requirements. TRI Pointe cannot predict if investors will find its common stock less attractive as a result of its taking advantage of these exemptions. If some investors find TRI Pointe common stock less attractive as a result of its choices, there may be a less active trading market for its common stock and its stock price may be more volatile.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised financial accounting standards. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, TRI Pointe has determined to opt out of such extended transition period and, as a result, TRI Pointe will comply with new or revised financial accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that TRI Pointe's decision to opt out of the extended transition period for complying with new or revised financial accounting standards is irrevocable.

The consummation of the Transactions is expected to cause TRI Pointe to lose its status as an emerging growth company in 2014.

***Changes in accounting rules, assumptions or judgments could materially and adversely affect TRI Pointe.***

Accounting rules and interpretations for certain aspects of TRI Pointe's operations are highly complex and involve significant assumptions and judgment. These complexities could lead to a delay in the preparation and dissemination of TRI Pointe's financial statements. Furthermore, changes in accounting rules and interpretations or in TRI Pointe's accounting assumptions and/or judgments, such as asset impairments, could significantly impact its financial statements. In some cases, TRI Pointe could be required to apply a new or revised standard retroactively, resulting in

restating prior period financial statements. Any of these circumstances could materially and adversely affect TRI Pointe's business, liquidity, financial condition and results of operations.

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***Any joint venture investments that WRECO has made or that TRI Pointe makes in the future could be materially and adversely affected by lack of sole decision making authority, reliance on co-venturers financial condition and disputes between TRI Pointe and its co-venturers.***

WRECO has co-invested, and TRI Pointe may co-invest in the future, with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of land acquisition and/or developments. TRI Pointe will succeed to WRECO's investments in its joint ventures in the Transactions. TRI Pointe will not be in a position to exercise sole decision-making authority regarding the land acquisitions and/or developments undertaken by WRECO's joint ventures and any future joint ventures in which TRI Pointe may co-invest, and its investment may be illiquid due to its lack of control. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present where a third-party is not involved, including the possibility that partners or co-venturers might become bankrupt, fail to fund their share of required capital contributions, make poor business decisions or block or delay necessary decisions. Partners or co-venturers may have economic or other business interests or goals which are inconsistent with TRI Pointe's business interests or goals, and may be in a position to take actions contrary to TRI Pointe's policies or objectives. Such investments may also have the potential risk of impasses on decisions, such as a sale, because neither TRI Pointe nor the partner or co-venturer would have full control over the partnership or joint venture. Disputes between TRI Pointe and partners or co-venturers may result in litigation or arbitration that would increase TRI Pointe's expenses and prevent its officers and/or directors from focusing their time and effort on TRI Pointe's business. In addition, TRI Pointe may in certain circumstances be liable for the actions of its third-party partners or co-venturers.

***TRI Pointe may become subject to litigation, which could materially and adversely affect TRI Pointe.***

In the future, TRI Pointe may become subject to litigation, including claims relating to its operations, security offerings and otherwise in the ordinary course of business. Some of these claims may result in significant defense costs and potentially significant judgments against TRI Pointe, some of which are not, or cannot be, insured. TRI Pointe generally intends to vigorously defend itself. However, TRI Pointe cannot be certain of the ultimate outcomes of any claims that may arise in the future. Resolution of these types of matters against TRI Pointe may result in it having to pay significant fines, judgments or settlements, which, if uninsured, or if the fines, judgments and settlements exceed insured levels, could materially and adversely impact its earnings and cash flows. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of TRI Pointe's insurance coverage, which could materially and adversely impact it, expose it to increased risks that would be uninsured, and materially and adversely impact its ability to attract directors and officers.

***Failure by TRI Pointe directors, executives or employees to comply with applicable codes of conduct could materially and adversely affect it and the market price of its stock.***

TRI Pointe's board of directors has adopted a Code of Business Conduct and Ethics and a Code of Ethics for senior executives and financial officers. TRI Pointe's adoption of these codes and other standards of conduct is not a representation or warranty that all persons subject to those codes or standards are or will be in complete compliance. The failure of a director, executive or employee to comply with applicable codes or standards of conduct may result in termination of the relationship and/or adverse publicity, either of which could materially and adversely affect TRI Pointe and the market price of its stock.

**Risks Related to Ownership of TRI Pointe Common Stock**

***TRI Pointe does not intend to pay dividends on its common stock for the foreseeable future.***

TRI Pointe currently intends to retain its future earnings, if any, to finance the development and expansion of its business and, therefore, does not intend to pay cash dividends on TRI Pointe common stock for the foreseeable future. Any future determination to pay dividends will be at the discretion of TRI Pointe's board of

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directors and will depend on TRI Pointe's financial condition, results of operations, capital requirements, restrictions contained in any financing instruments and such other factors as the TRI Pointe board of directors deems relevant. Accordingly, TRI Pointe stockholders may need to sell their shares of TRI Pointe common stock to realize a return on their investment, and they may not be able to sell their shares at or above the price they paid for them.

Beginning with the third quarter dividend payable in September 2013, Weyerhaeuser increased its quarterly dividend from \$0.20 per common share to \$0.22 per common share. Weyerhaeuser's dividend decisions are in the sole discretion of its board of directors and depend on a number of factors, some of which are outside of Weyerhaeuser's control. Any decision by Weyerhaeuser's board of directors to increase the dividend, as well as the future payment of dividends and the amount of such dividends, will depend on Weyerhaeuser's results of operations, financial condition, capital requirements and other factors deemed relevant by Weyerhaeuser's board of directors. Common share dividends have exceeded Weyerhaeuser's target ratio in recent years, although Weyerhaeuser cannot guarantee that this will continue in the future.

***Future sales of TRI Pointe common stock or other securities convertible into TRI Pointe common stock could cause the market value of TRI Pointe common stock to decline and could result in dilution of your shares.***

TRI Pointe's board of directors is authorized, without stockholder approval, to cause it to issue additional shares of TRI Pointe common stock or to raise capital through the issuance of preferred stock (including equity or debt securities convertible into common stock), options, warrants and other rights, on terms and for consideration as TRI Pointe's board of directors in its sole discretion may determine. Sales of substantial amounts of TRI Pointe common stock could cause the market price of TRI Pointe common stock to decrease significantly. TRI Pointe cannot predict the effect, if any, of future sales of TRI Pointe common stock, or the availability of TRI Pointe common stock for future sales, on the value of TRI Pointe common stock. Sales of substantial amounts of TRI Pointe common stock by the Starwood Fund or another large stockholder or otherwise, or the perception that such sales could occur, may adversely affect the market price of TRI Pointe common stock.

As of May 1, 2014, the members of TRI Pointe's senior management team collectively owned 2,131,232 shares of TRI Pointe common stock (excluding grants of unvested restricted stock units, unvested options to purchase shares of TRI Pointe common stock and shares of TRI Pointe common stock owned by BMG Homes Inc.), which represents 6.7% of TRI Pointe common stock outstanding and 1.3% of TRI Pointe common stock outstanding on a pro forma basis after giving effect to the Transactions. Further, as of May 1, 2014, the Starwood Fund owned 11,985,905 shares of TRI Pointe common stock (not including 2,701,569 shares subject to the investor rights agreement described in the section entitled "Description of TRI Pointe Capital Stock - Investor Rights Agreement"), which represents 37.9% of TRI Pointe common stock outstanding and 7.4% of TRI Pointe common stock outstanding on a pro forma basis after giving effect to the Transactions. See "Ownership of TRI Pointe Common Stock".

In connection with the Transactions, 675,876 shares of restricted stock granted to Messrs. Bauer, Mitchell and Grubbs will vest. Messrs. Bauer, Mitchell and Grubbs have entered into a lock-up agreement with the Starwood Fund, pursuant to which Messrs. Bauer, Mitchell and Grubbs have agreed not to sell these shares of TRI Pointe common stock until the Starwood Fund owns less than 4.875% of TRI Pointe common stock outstanding. See "Other Agreements - Lock-Up Agreement".

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Additionally, pursuant to their employment agreements, each of Messrs. Bauer, Mitchell and Grubbs agreed that, for a period of 36 months following the completion of TRI Pointe's initial public offering, during any calendar quarter, he will not sell shares of TRI Pointe common stock in an amount exceeding the greater of (i) 10% of the shares of TRI Pointe common stock owned by him on the date of the completion of TRI Pointe's initial public offering and (ii) the percentage of shares of TRI Pointe common stock that has been sold or otherwise disposed of by the Starwood Fund during such calendar quarter. Any sales of shares of TRI Pointe common stock made pursuant to the foregoing will be subject to the restrictions imposed by applicable law.

TRI Pointe has entered into a registration rights agreement with the former members of TPH LLC, including the Starwood Fund, the members of TRI Pointe's management team and a third-party investor, with respect to the shares of TRI Pointe common stock that they received as part of TRI Pointe's formation transactions. The shares are referred to collectively as the registrable shares. Pursuant to the registration rights agreement, TRI Pointe granted the former members of TPH LLC and their direct and indirect transferees (i) shelf registration rights to require TRI Pointe to file a shelf registration statement for the registrable shares and to maintain the effectiveness of such registration statement so as to allow sales thereunder from time to time, (ii) demand registration rights to have the registrable shares registered for resale and (iii) in certain circumstances, the right to make piggy-back sales of the registrable shares under registration statements TRI Pointe might file in connection with future public offerings.

TRI Pointe has filed a registration statement on Form S-8 to register the total number of shares of TRI Pointe common stock that may be issued under TRI Pointe's 2013 Long-Term Incentive Plan, including the restricted stock units to be granted to the members of TRI Pointe's management team, other officers and employees and TRI Pointe's director nominees, as well as the options to purchase shares of TRI Pointe common stock to be granted to the members of TRI Pointe's management team.

***Future offerings of debt securities, which would rank senior to TRI Pointe common stock upon TRI Pointe's bankruptcy or liquidation, and future offerings of equity securities that may be senior to TRI Pointe common stock for the purposes of dividend and liquidating distributions, may materially and adversely affect the market price of TRI Pointe common stock.***

In the future, TRI Pointe may attempt to increase its capital resources by making offerings of debt securities or additional offerings of equity securities. Upon TRI Pointe's bankruptcy or liquidation, holders of TRI Pointe's debt securities and shares of preferred stock and lenders with respect to other borrowings will receive a distribution of TRI Pointe's available assets prior to TRI Pointe stockholders. Additional equity offerings may dilute the holdings of TRI Pointe's existing stockholders or reduce the market price of TRI Pointe common stock, or both. TRI Pointe's preferred stock, if issued, could have a preference on liquidating distributions, a preference on dividend payments or both that could limit TRI Pointe's ability to make a dividend distribution to TRI Pointe stockholders. TRI Pointe's decision to issue securities in any future offering will depend on market conditions and other factors beyond TRI Pointe's control. As a result, TRI Pointe cannot predict or estimate the amount, timing or nature of its future offerings.

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**CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS**

This document and the documents incorporated herein by reference contain statements concerning future results and performance and other matters that are forward-looking statements.

These statements:

use forward-looking terminology;

are based on various assumptions that TRI Pointe, Weyerhaeuser and WRECO make; and

may not be accurate because of risks and uncertainties surrounding the assumptions that TRI Pointe, Weyerhaeuser and WRECO make.

Factors listed in this section as well as other factors not included may cause actual results to differ significantly from the forward-looking statements contained in this document. There is no guarantee that any of the events anticipated by the forward-looking statements in this document will occur, or if any of the events occurs, there is no guarantee what effect it will have on the operations or financial condition of Weyerhaeuser, WRECO, TRI Pointe, or the combined company.

Weyerhaeuser, WRECO and TRI Pointe will not update forward-looking statements contained in any document after the date of such document.

**Statements**

TRI Pointe, Weyerhaeuser and WRECO make forward-looking statements in this document and the documents incorporated by reference herein, including with respect to dividends, estimated tax rates, expected results of litigation and the sufficiency of litigation reserves, expected capital expenditures, the Transactions, the New Debt, expectations regarding synergies, cost savings and other benefits resulting from the Transactions and recognition of certain tax benefits.

Weyerhaeuser, WRECO and TRI Pointe base forward-looking statements on a number of factors, including the expected effect of:

the economy;

laws and regulations;

adverse litigation outcomes and the adequacy of reserves;

changes in accounting principles;

projected benefit payments;

projected tax rates and credits; and

other related matters.

**Risks, Uncertainties and Assumptions**

The major risks and uncertainties and assumptions that Weyerhaeuser, WRECO and TRI Pointe make that affect their businesses and may cause actual results to differ from these forward looking statements include, but are not limited to:

the effect of general economic conditions, including employment rates, housing starts, interest rate levels, availability of financing for home mortgages and strength of the U.S. dollar;

market demand for products, which is related to the strength of the various U.S. business segments and U.S. and international economic conditions;



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levels of competition;

the successful execution of internal performance plans, including restructurings and cost reduction initiatives;

global economic conditions;

raw material prices;

energy prices;

the effect of weather;

the risk of loss from earthquakes, volcanoes, fires, floods, windstorms, hurricanes, pest infestations and other natural disasters;

transportation costs;

federal and state tax policies;

the effect of forestry, land use, environmental and other governmental regulations;

legal proceedings;

risks relating to any unforeseen changes to or effects on liabilities, future capital expenditures, revenues, expenses, earnings, synergies, indebtedness, financial condition, losses and future prospects;

the satisfaction of the conditions to the consummation of the Transactions and other risks related to the consummation of the Transactions and actions related thereto;

the risk that disruptions from the Transactions will harm WRECO s, Weyerhaeuser s or TRI Pointe s businesses;

Weyerhaeuser's and TRI Pointe's ability to complete the Transactions on the anticipated terms and schedule, including the ability to obtain stockholder and regulatory approvals;

Weyerhaeuser's and TRI Pointe's ability to achieve the benefits of the Transactions in the estimated amount and anticipated timeframe, if at all;

TRI Pointe's ability to integrate WRECO successfully after the consummation of the Transactions and to achieve anticipated synergies;

changes in accounting principles; and

other factors described in Risk Factors .

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**THIS EXCHANGE OFFER**

**Terms of this Exchange Offer**

***General***

Weyerhaeuser is offering to exchange all of the issued and outstanding WRECO common shares for Weyerhaeuser common shares, at an exchange ratio to be calculated in the manner described below, on the terms and conditions and subject to the limitations described below and in the letter of transmittal (including the instructions thereto) filed as an exhibit to the registration statement of which this document forms a part, by 12:00 midnight, New York City time, on \_\_\_\_\_, 2014, unless this exchange offer is extended or terminated. The last day on which tenders will be accepted, whether on \_\_\_\_\_, 2014 or any later date to which this exchange offer is extended, is referred to in this document as the expiration date. You may tender all, some or none of your Weyerhaeuser common shares.

As a result of the WRECO Stock Split, 100,000,000 WRECO common shares will be issued and outstanding prior to the Distribution. The number of Weyerhaeuser common shares that will be accepted if this exchange offer is completed will depend on the final exchange ratio and the number of Weyerhaeuser common shares tendered.

Weyerhaeuser's obligation to complete this exchange offer is subject to important conditions that are described in the section entitled "Conditions to the Consummation of this Exchange Offer."

This exchange offer is designed to permit you to exchange your Weyerhaeuser common shares for a number of WRECO common shares that corresponds to a \_\_\_\_\_% discount to the equivalent amount of TRI Pointe common stock, calculated as set forth in this document. However, the exchange ratio is subject to an upper limit, as discussed in the section entitled "Upper Limit." If the upper limit is in effect, Weyerhaeuser common shares will be exchanged for a number of WRECO common shares that corresponds to less, and possibly much less, than a \_\_\_\_\_% discount to the equivalent amount of TRI Pointe common stock, calculated as set forth in this document. Subject to the upper limit, for each \$1.00 of Weyerhaeuser common shares accepted in this exchange offer, you will ultimately receive \$ \_\_\_\_\_ of fully paid and non-assessable shares of TRI Pointe common stock as a result of this exchange offer and the Merger. If the upper limit is in effect, you will ultimately receive less than \$ \_\_\_\_\_ of TRI Pointe common stock for each \$1.00 of Weyerhaeuser common shares that is accepted in this exchange offer, and you could receive much less.

The final calculated per-share values will be equal to:

- (i) with respect to Weyerhaeuser common shares, the simple arithmetic average of the daily VWAP of Weyerhaeuser common shares on the NYSE for each of the Valuation Dates, as reported to Weyerhaeuser by Bloomberg L.P. for the equity ticker WY.N;
- (ii) with respect to WRECO common shares, the simple arithmetic average of the daily VWAP of TRI Pointe common stock on the NYSE for each of the Valuation Dates, as reported to Weyerhaeuser by Bloomberg L.P. on the equity ticker TPH.N, multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger); and
- (iii)

with respect to TRI Pointe common stock, the simple arithmetic average of the daily VWAP of shares of TRI Pointe common stock on the NYSE for each of the Valuation Dates, as reported to Weyerhaeuser by Bloomberg L.P. for the equity ticker TPH.N.

The daily VWAP provided by Bloomberg L.P. may be different from other sources of volume-weighted average prices or investors' or security holders' own calculations of volume-weighted average prices. Weyerhaeuser will determine the calculations of the per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock, and its determination will be final.

If the upper limit on the number of shares that can be received for each Weyerhaeuser common share tendered is in effect at the expiration of the exchange offer period, then the exchange ratio will be fixed at the

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limit and a Mandatory Extension of this exchange offer will be made until 12:00 midnight, New York City time, on the second trading day following the originally contemplated expiration date. See Extension; Termination; Amendment Mandatory Extension .

***Upper Limit***

The number of shares you can receive is subject to an upper limit of WRECO common shares for each Weyerhaeuser common share accepted in this exchange offer. If the upper limit is in effect, a shareholder will receive less than \$ of WRECO common shares for each \$1.00 of Weyerhaeuser common shares that the shareholder validly tenders, that are not properly withdrawn and that are accepted in this exchange offer, and the shareholder could receive much less. For example, if the calculated per-share value of Weyerhaeuser common shares was \$ (the highest closing price for Weyerhaeuser common shares on the NYSE during the three-month period prior to commencement of this exchange offer) and the calculated per-share value of WRECO common shares was \$ (based on the lowest closing price for TRI Pointe common stock on the NYSE during that three-month period multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger)), the value of WRECO common shares, based on the TRI Pointe common stock price multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger), received for Weyerhaeuser common shares accepted for exchange would be approximately \$ for each \$1.00 of Weyerhaeuser common shares accepted for exchange.

This upper limit was calculated to correspond to a % discount to the equivalent amount of TRI Pointe common stock, relative to Weyerhaeuser common shares, based on the averages of the daily VWAPs of Weyerhaeuser common shares and TRI Pointe common stock on , 2014, , 2014 and , 2014 (the last three trading days before the commencement of this exchange offer). Weyerhaeuser set this upper limit to ensure that an unusual or unexpected drop in the trading price of TRI Pointe common stock, relative to the trading price of Weyerhaeuser common shares, would not result in an unduly high number of WRECO common shares being exchanged for each Weyerhaeuser common share accepted in this exchange offer.

***Pricing Mechanism***

The terms of this exchange offer are designed to result in you receiving \$ of WRECO common shares for each \$1.00 of Weyerhaeuser common shares validly tendered, not properly withdrawn and accepted in this exchange offer, based on the calculated per-share values described above. This exchange offer does not provide for a minimum exchange ratio because a minimum exchange ratio could result in the WRECO common shares exchanged for each \$1.00 of Weyerhaeuser common shares being valued higher than approximately \$ . Regardless of the final exchange ratio, the terms of this exchange offer would always result in you receiving approximately \$ of WRECO common shares for each \$1.00 of Weyerhaeuser common shares, so long as the upper limit is not in effect. See the table on page 91 for purposes of illustration. Subject to the upper limit described above, for each \$1.00 of Weyerhaeuser common shares accepted in this exchange offer, you will receive approximately \$ of WRECO common shares. The following formula will be used to calculate the number of WRECO common shares you will receive for Weyerhaeuser common shares accepted in this exchange offer:

$$\begin{matrix} \text{Number of} & = & \text{Number of} & \text{(i)} & \text{and} & \text{(ii) The calculated} \\ \text{WRECO} & & \text{Weyerhaeuser common} & & & \text{per-share value of} \end{matrix}$$

common shares

shares tendered and  
accepted, multiplied by  
the lesser of:

Weyerhaeuser common  
shares, divided by the  
calculated per-share  
value of TRI Pointe  
common stock,  
multiplied by 1.297,  
divided by %

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The calculated per-share value of Weyerhaeuser common shares for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of Weyerhaeuser common shares on the NYSE on each of the Valuation Dates. The calculated per-share value of WRECO common shares for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of TRI Pointe common stock on the NYSE on each of the Valuation Dates, multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger). The calculated per-share value of TRI Pointe common stock for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of shares of TRI Pointe common stock on the NYSE on each of the Valuation Dates. Weyerhaeuser will determine the calculations of the per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock and the determination will be final.

If the upper limit is in effect, the exchange ratio will be fixed. The daily VWAP and trading prices of Weyerhaeuser common shares and TRI Pointe common stock during the Mandatory Extension will not affect the exchange ratio, which will be fixed at . See This Exchange Offer Terms of this Exchange Offer Extension; Termination; Amendment Mandatory Extension . To help illustrate the way this calculation works, below are two examples:

Example 1: Assuming that the average of the daily VWAP on the Valuation Dates is \$ per Weyerhaeuser common share and \$ per share of TRI Pointe common stock, you would receive (\$ divided by \$ , multiplied by 1.297, divided by %) WRECO common shares for each Weyerhaeuser common share accepted in this exchange offer. In this example, the upper limit of WRECO common shares for each Weyerhaeuser common share would not apply.

Example 2: Assuming that the average of the daily VWAP on the Valuation Dates is \$ per Weyerhaeuser common share and \$ per share of TRI Pointe common stock, the limit would apply and you would only receive WRECO common shares for each Weyerhaeuser common share accepted in this exchange offer because the limit is less than (\$ divided by \$ , multiplied by 1.297, divided by %) WRECO common shares for each share of Weyerhaeuser common shares. Because the upper limit would apply, this exchange offer would be automatically extended until 12:00 midnight, New York City time, on the second trading day following the originally contemplated expiration date, and the exchange ratio would be fixed at the upper limit.

***Indicative Per-Share Values***

You will be able to review indicative exchange ratios and calculated per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock and the final exchange ratio used to determine the number of WRECO common shares to be exchanged per Weyerhaeuser common share. Weyerhaeuser will maintain a website at <http://www.WeyerhaeuserTRIPointeExchange.com> that provides the indicative exchange ratios and calculated per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock. The indicative exchange ratios will reflect whether the upper limit on the exchange ratio, described above, would have been in effect. You may also contact the information agent at the toll-free number provided on the back cover of this document to obtain these indicative exchange ratios.

From the commencement date of this exchange offer, the VWAPs for Weyerhaeuser common shares and TRI Pointe common stock will be made available on the website. From the second trading day after the commencement date of this exchange offer, and each day thereafter prior to the Valuation Dates, indicative calculated per-share values for Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock and the indicative exchange ratio will be made available on the website, in each case calculated as though that day were the expiration date. In other words, the indicative calculated per-share values for Weyerhaeuser common shares and TRI Pointe common

stock used to calculate the exchange ratio that will be made available each day will be the simple arithmetic average of the actual daily volume-weighted average prices of Weyerhaeuser common shares and TRI Pointe common stock, respectively, during the elapsed portion of that trading day and the daily VWAPs on each of the prior two trading days. The indicative calculated per-share value for WRECO common shares will equal the indicative calculated per-share value of TRI Pointe common stock for that day, multiplied by 1.297.



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On each of the Valuation Dates, when the values of Weyerhaeuser common shares, WRECO common shares and shares of TRI Pointe common stock are calculated for the purposes of this exchange offer, the website will show the indicative exchange ratio based on the indicative calculated per-share values of Weyerhaeuser common shares, WRECO common shares and shares of TRI Pointe common stock. The indicative per-share value of Weyerhaeuser common shares will equal (i) on the first Valuation Date, the Intra-Day VWAP for Weyerhaeuser common shares on the NYSE during the elapsed portion of that day, (ii) on the second Valuation Date, the Intra-Day VWAP for Weyerhaeuser common shares on the NYSE during the elapsed portion of that day averaged with the actual daily VWAP on the first Valuation Date and (iii) on the third Valuation Date, the Intra-Day VWAP for Weyerhaeuser common shares on the NYSE during the elapsed portion of that day averaged with the actual daily VWAP on the first Valuation Date and with the actual daily VWAP on the second Valuation Date. The indicative per-share value of WRECO common shares will equal (i) on the first Valuation Date, the Intra-Day VWAP for TRI Pointe common stock on the NYSE during the elapsed portion of that day, multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger), (ii) on the second Valuation Date, the Intra-Day VWAP for TRI Pointe common stock on the NYSE during the elapsed portion of that day averaged with the actual daily VWAP on the first Valuation Date, multiplied by 1.297 and (iii) on the third Valuation Date, the Intra-Day VWAP for TRI Pointe common stock on the NYSE during the elapsed portion of that day averaged with the actual daily VWAP on the first Valuation Date and with the actual daily VWAP on the second Valuation Date, multiplied by 1.297. The indicative per-share value of TRI Pointe common stock will equal (i) on the first Valuation Date, the Intra-Day VWAP for TRI Pointe common stock on the NYSE during the elapsed portion of that day, (ii) on the second Valuation Date, the Intra-Day VWAP for TRI Pointe common stock on the NYSE during the elapsed portion of that day averaged with the actual daily VWAP on the first Valuation Date and (iii) on the third Valuation Date, the Intra-Day VWAP for TRI Pointe common stock on the NYSE during the elapsed portion of that day averaged with the actual daily VWAP on the first Valuation Date and with the actual daily VWAP on the second Valuation Date. Weyerhaeuser will determine the calculations of the per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock and its determination will be final. During the period of the Valuation Dates, the indicative exchange ratios and calculated per-share values will be updated at 10:30 a.m., 1:30 p.m. and no later than 4:30 p.m., New York City time.

***Final Exchange Ratio***

The final exchange ratio that shows the number of WRECO common shares that you will receive for each Weyerhaeuser common share accepted in this exchange offer will be available at <http://www.WeyerhaeuserTRIPointeExchange.com> and announced by press release by 4:30 p.m., New York City time, on \_\_\_\_\_, 2014, unless this exchange offer is extended or terminated.

You may also contact the information agent to obtain the final exchange ratio at its toll-free number provided on the back cover of this document.

Each of the daily VWAPs, Intra-Day VWAPs, calculated per-share values and the final exchange ratio will be rounded to four decimal places.

If a market disruption event occurs with respect to Weyerhaeuser common shares or TRI Pointe common stock on any of the Valuation Dates, the calculated per-share value of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock will be determined using the daily VWAP of Weyerhaeuser common shares and TRI Pointe common stock on the preceding trading day or days, as the case may be, on which no market disruption event occurred with respect to both Weyerhaeuser common shares and TRI Pointe common stock. If, however, a market disruption event occurs as specified above, Weyerhaeuser may terminate



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this exchange offer if, in its reasonable judgment, the market disruption event has impaired the benefits of this exchange offer. For specific information as to what would constitute a market disruption event, see Conditions to the Consummation of this Exchange Offer .

Since this exchange offer is scheduled to expire at 12:00 midnight, New York City time, on the last day of the exchange offer period, and the final exchange ratio will be announced by 4:30 p.m., New York City time, on the last day of the exchange offer period, you will be able to tender or withdraw your Weyerhaeuser common shares after the final exchange ratio is determined. For more information on validly tendering and properly withdrawing your shares, see Procedures for Tendering and Withdrawal Rights .

For the purposes of illustration, the table below indicates the number of WRECO common shares that you would receive per Weyerhaeuser common share you validly tender and the number of shares of TRI Pointe common stock the right to receive into which those WRECO common shares would be converted in the Merger, calculated on the basis described above and taking into account the upper limit described above, assuming a range of averages of the daily VWAP of Weyerhaeuser common shares and TRI Pointe common stock on the Valuation Dates. The first row of the table below shows the indicative calculated per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock and the indicative exchange ratio that would have been in effect following the official close of trading on the NYSE on , 2014, based on the daily VWAPs of Weyerhaeuser common shares and TRI Pointe common stock on , 2014, , 2014 and , 2014. The table also shows the effects of a % increase or decrease in either or both of the calculated per-share values of Weyerhaeuser common shares and TRI Pointe common stock based on changes relative to the values of , 2014.

	Calculated per-share value of Weyerhaeuser common shares	Calculated per-share value of WRECO common shares <sup>(1)</sup>	Calculated per-share value of TRI Pointe common stock	WRECO common shares per Weyerhaeuser common share	Shares of TRI Pointe common stock per Weyerhaeuser common share	Calculated Value Ratio
	As of ,					
%	Up %					
%	Unchanged					
%	Down %					
nged	Up %					
nged	Down %					
%	Up %					
%	Unchanged					
%	Down % <sup>(3)</sup>					

- (1) The calculated per-share value of WRECO common shares for purposes of this exchange offer will equal the simple arithmetic average of the daily VWAP of TRI Pointe common stock on the NYSE on each of the Valuation Dates, multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger).
- (2) The Calculated Value Ratio equals (i) the calculated per-share value of WRECO common shares multiplied by the exchange ratio, divided by (ii) the calculated per-share value of Weyerhaeuser common shares.
- (3)

In this scenario, the upper limit is in effect. Absent the upper limit, the exchange ratio would have been WRECO common shares per Weyerhaeuser common share validly tendered and accepted in this exchange offer. In this scenario, Weyerhaeuser would announce that the upper limit on the number of shares that can be received for each Weyerhaeuser common share tendered is in effect no later than 4:30 p.m., New York City time, on the expiration date, that the exchange ratio would be fixed at the upper limit and that this exchange offer would be extended until 12:00 midnight, New York City time, on the second trading day following the originally scheduled expiration date.

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During the three-month period of \_\_\_\_\_, \_\_\_\_\_ through \_\_\_\_\_, 2014, the highest closing price of Weyerhaeuser common shares on the NYSE was \$ \_\_\_\_\_ and the lowest closing price of TRI Pointe common stock on the NYSE was \$ \_\_\_\_\_. If the calculated per-share values of Weyerhaeuser common shares, WRECO common shares and TRI Pointe common stock were calculated based on these closing prices, you would receive only the limit of \_\_\_\_\_ WRECO common shares for each Weyerhaeuser common share tendered, and the value of those WRECO common shares, based on the TRI Pointe common stock price multiplied by 1.297 (which is the number of shares of TRI Pointe common stock to be received per WRECO common share as a result of the Merger), would have been less than the value of Weyerhaeuser common shares accepted for exchange (approximately \$ \_\_\_\_\_ of WRECO common shares for each \$1.00 of Weyerhaeuser common shares accepted for exchange).

If the trading price of Weyerhaeuser common shares were to increase during the period of the Valuation Dates, the average Weyerhaeuser common share price used to calculate the exchange ratio would likely be lower than the closing price of Weyerhaeuser common shares on the expiration date of this exchange offer. As a result, you may receive fewer WRECO common shares, and therefore effectively fewer shares of TRI Pointe common stock, for each \$1.00 of Weyerhaeuser common shares than you would have if that per-share value were calculated on the basis of the closing price of Weyerhaeuser common shares on the expiration date of this exchange offer. Similarly, if the trading price of TRI Pointe common stock were to decrease during the period of the Valuation Dates, the average TRI Pointe common stock price used to calculate the exchange ratio would likely be higher than the closing price of TRI Pointe common stock on the expiration date of this exchange offer. This could also result in you receiving fewer WRECO common shares, and therefore effectively fewer shares of TRI Pointe common stock, for each \$1.00 of Weyerhaeuser common shares than you would otherwise receive if that per-share value were calculated on the basis of the closing price of TRI Pointe common stock on the expiration date of this exchange offer.

The number of Weyerhaeuser common shares that may be accepted in this exchange offer may be subject to proration in the event of oversubscription. Depending on the number of Weyerhaeuser common shares validly tendered, and not properly withdrawn in this exchange offer, and the final exchange ratio, determined as described above, Weyerhaeuser may have to limit the number of Weyerhaeuser common shares that it accepts in this exchange offer through a proration process. Any proration of the number of shares accepted in this exchange offer will be determined on the basis of the proration mechanics described in \_\_\_\_\_ Proration; Tenders for Exchange by Holders of Fewer than 100 Weyerhaeuser Common Shares \_\_\_\_\_.

This document and related documents are being sent to:

persons who directly held Weyerhaeuser common shares on \_\_\_\_\_, 2014. On that date, there were \_\_\_\_\_ Weyerhaeuser common shares outstanding, which were held of record by approximately \_\_\_\_\_ shareholders; and

brokers, banks and similar persons whose names or the names of whose nominees appear on Weyerhaeuser's shareholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Weyerhaeuser common shares.

***Proration; Tenders for Exchange by Holders of Fewer than 100 Weyerhaeuser Common Shares***

If, upon the expiration of this exchange offer, Weyerhaeuser shareholders have validly tendered and not properly withdrawn more Weyerhaeuser common shares than Weyerhaeuser is able to accept for exchange (taking into account the exchange ratio and the total number of issued and outstanding WRECO common shares), Weyerhaeuser will

accept for exchange the Weyerhaeuser common shares validly tendered and not properly withdrawn by each tendering shareholder on a pro rata basis according to the number of shares tendered by each shareholder (rounded to the nearest whole number of Weyerhaeuser common shares, and subject to any adjustment necessary to ensure the exchange of all issued and outstanding WRECO common shares), except for tenders of odd-lots, as described below.

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Except as otherwise provided in this section, beneficial holders of fewer than 100 Weyerhaeuser common shares who validly tender all of their shares and request preferential treatment as described below will not be subject to proration if this exchange offer is oversubscribed. Beneficial holders of more than 100 Weyerhaeuser common shares are not eligible for this preference.

Any beneficial holder of fewer than 100 Weyerhaeuser common shares who wishes to tender all of those shares without being subject to proration as discussed above must check the box entitled *Odd-Lot Shares* on the letter of transmittal. If your odd-lot shares are held by a broker, dealer, commercial bank, trust company or similar institution for your account, you can contact your broker, dealer, commercial bank, trust company or similar institution and request the preferential treatment.

Weyerhaeuser will announce the preliminary proration factor by press release as promptly as practicable after the expiration date. Upon determining the number of Weyerhaeuser common shares validly tendered for exchange, Weyerhaeuser will announce the final results, including the final proration factor.

Any Weyerhaeuser common shares not accepted for exchange in this exchange offer as a result of proration will be returned to tendering shareholders promptly after the final proration factor is determined.

### ***Fractional Shares***

Immediately following the consummation of this exchange offer, Merger Sub will be merged with and into WRECO, with WRECO surviving the Merger and becoming a wholly owned subsidiary of TRI Pointe. Each issued and outstanding WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock. In this conversion of WRECO common shares into the right to receive shares of TRI Pointe common stock, no fractional shares of TRI Pointe common stock will be delivered to holders of WRECO common shares. TRI Pointe's transfer agent will aggregate all fractional shares of TRI Pointe common stock that holders of WRECO common shares would otherwise be entitled to receive as a result of the Merger. The transfer agent will cause the whole shares obtained thereby to be sold on behalf of those holders in the open market or otherwise as reasonably directed by TRI Pointe, in no case later than five business days after the consummation of the Merger. The transfer agent will make available the net proceeds thereof, after deducting any required withholding taxes and brokerage charges, commissions and transfer taxes, on a pro rata basis, without interest, as soon as practicable to the holders of WRECO common shares who would otherwise be entitled to receive those fractional shares of TRI Pointe common stock in the Merger.

### ***Exchange of Weyerhaeuser Common Shares***

Upon the terms and subject to the conditions of this exchange offer (including, if this exchange offer is extended or amended, the terms and conditions of the extension or amendment), Weyerhaeuser will accept for exchange, and will exchange for WRECO common shares, Weyerhaeuser common shares validly tendered, and not properly withdrawn, prior to the expiration of this exchange offer, promptly after the expiration date. Holders of Weyerhaeuser's 6.375% Mandatory Convertible Preference Shares, Series A, may participate in this exchange offer only to the extent that they convert their preference shares into Weyerhaeuser common shares and validly tender those Weyerhaeuser common shares prior to the expiration of this exchange offer.

The exchange of Weyerhaeuser common shares tendered and accepted for exchange pursuant to this exchange offer will be made according to the procedures described in *Procedures for Tendering* .





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For purposes of this exchange offer, Weyerhaeuser will be deemed to have accepted for exchange, and thereby exchanged, Weyerhaeuser common shares (subject to proration) validly tendered and not properly withdrawn if and when Weyerhaeuser notifies the exchange agent of its acceptance of the tenders of those Weyerhaeuser common shares pursuant to this exchange offer.

Upon the consummation of this exchange offer, Weyerhaeuser will irrevocably deliver to the exchange agent a global certificate representing all of the WRECO common shares being distributed by Weyerhaeuser, with irrevocable instructions to hold the WRECO common shares in trust for the holders of Weyerhaeuser common shares validly tendered and not properly withdrawn in this exchange offer and, in the case of a pro rata distribution, Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of this exchange offer. TRI Pointe will deposit with the transfer agent for the benefit of persons who received WRECO common shares in this exchange offer certificates or book-entry authorizations representing shares of TRI Pointe common stock, with irrevocable instructions to hold the shares of TRI Pointe common stock in trust for the holders of WRECO common shares.

Upon surrender of the documents required by the transfer agent, duly executed, each former holder of WRECO common shares will receive from the transfer agent in exchange therefor shares of TRI Pointe common stock or cash in lieu of fractional shares, as the case may be. You will not receive any interest on any cash paid to you, even if there is a delay in making the payment.

If Weyerhaeuser does not accept for exchange any tendered Weyerhaeuser common shares for any reason pursuant to the terms and conditions of this exchange offer, the exchange agent (i) in the case of Weyerhaeuser common shares held in certificated form, will return certificates representing those shares without expense to the tendering shareholder, (ii) in the case of book-entry shares held through DRS, will cause those shares to be credited to the DRS account from which they were tendered, (iii) in the case of CIP Shares, will cause those shares to be credited to the account under the Computershare CIP, a direct stock purchase and dividend reinvestment plan for Weyerhaeuser, from which they were tendered and (iv) in the case of shares tendered by book-entry transfer pursuant to the procedures set forth in Procedure for Tendering , will cause those shares to be credited to an account maintained within The Depository Trust Company.

### ***Procedures for Tendering***

#### ***Shares Held in Certificated Form***

If you hold certificates representing Weyerhaeuser common shares, you must deliver to the exchange agent at the address listed on the letter of transmittal a properly completed and duly executed letter of transmittal (or a manually executed facsimile of that document), along with any required signature guarantees and any other required documents and the certificates representing the Weyerhaeuser common shares tendered.

#### ***Book-Entry Shares Held through DRS***

If you hold Weyerhaeuser common shares in book-entry form via DRS, you must deliver to the exchange agent at the address listed on the letter of transmittal for Weyerhaeuser common shares a properly completed and duly executed letter of transmittal, together with any required signature guarantees and any other required documents. Since certificates are not issued for book-entry shares held through DRS, you do not need to deliver any certificates representing those shares to the exchange agent.

#### ***CIP Shares***

If you hold CIP Shares, you must deliver to the exchange agent at the address listed on the letter of transmittal for Weyerhaeuser common shares a properly completed and duly executed letter of transmittal, together with any required signature guarantees and any other required documents. Since certificates are not issued for CIP Shares, you do not need to deliver any certificates representing those shares to the exchange agent.

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### *Shares Held Through a Broker, Dealer, Commercial Bank, Trust Company or Similar Institution*

If you hold Weyerhaeuser common shares through a broker, dealer, commercial bank, trust company or similar institution and wish to tender your Weyerhaeuser common shares in this exchange offer, you should follow the instructions sent to you separately by that institution. In this case, you should not use a letter of transmittal to direct the tender of your Weyerhaeuser common shares. Please contact your institution directly if you have not yet received instructions. Some financial institutions may also effect tenders by book-entry transfer through The Depository Trust Company. If that institution holds Weyerhaeuser common shares through The Depository Trust Company, it must notify The Depository Trust Company and cause it to transfer the shares into the exchange agent's account in accordance with The Depository Trust Company's procedures. The institution must also ensure that the exchange agent receives an agent's message from The Depository Trust Company confirming the book-entry transfer of your Weyerhaeuser common shares. A tender by book-entry transfer will be completed upon receipt by the exchange agent of an agent's message, book-entry confirmation from The Depository Trust Company and any other required documents.

The term "agent's message" means a message, transmitted by The Depository Trust Company to, and received by, the exchange agent and forming a part of a book-entry confirmation, which states that The Depository Trust Company has received an express acknowledgment from the participant in The Depository Trust Company tendering the Weyerhaeuser common shares which are the subject of the book-entry confirmation, that the participant has received and agrees to be bound by the terms of the letter of transmittal (including the instructions thereto) and that Weyerhaeuser may enforce that agreement against the participant.

The exchange agent will establish an account with respect to the Weyerhaeuser common shares at The Depository Trust Company for purposes of this exchange offer, and any eligible institution that is a participant in The Depository Trust Company may make book-entry delivery of Weyerhaeuser common shares by causing The Depository Trust Company to transfer the shares into the exchange agent's account at The Depository Trust Company in accordance with The Depository Trust Company's procedure for the transfer. Delivery of documents to The Depository Trust Company does not constitute delivery to the exchange agent.

### *General Instructions*

**Do not send letters of transmittal or certificates representing Weyerhaeuser common shares to Weyerhaeuser, TRI Pointe, WRECO or the information agent.** Letters of transmittal for Weyerhaeuser common shares and certificates representing Weyerhaeuser common shares must be sent to the exchange agent at the address listed on the letter of transmittal. Trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity who sign a letter of transmittal or any certificates or stock powers must indicate the capacity in which they are signing and must submit evidence of their power to act in that capacity unless waived by Weyerhaeuser.

Whether you tender your Weyerhaeuser common shares by delivery of certificates, by the procedures applicable to book-entry shares held through DRS, by the procedures applicable to CIP shares or through your broker, dealer, commercial bank, trust company or similar institution, the exchange agent must receive the letter of transmittal for Weyerhaeuser common shares and, if applicable, the certificates representing your Weyerhaeuser common shares at the address set forth on the back cover of this document prior to the expiration of this exchange offer. Alternatively, in case of a book-entry transfer of Weyerhaeuser common shares through The Depository Trust Company, the exchange agent must receive the agent's message and a book-entry confirmation.

**Letters of transmittal for Weyerhaeuser common shares and certificates representing Weyerhaeuser common shares must be received by the exchange agent. Please read carefully the instructions to the letter of transmittal you have been sent. You should contact the information agent if you have any questions regarding tendering your Weyerhaeuser common shares.**

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### *Signature Guarantees*

Signatures on all letters of transmittal for Weyerhaeuser common shares must be guaranteed by a firm which is a member of the Securities Transfer Agents Medallion Program, or by any other eligible guarantor institution, as such term is defined in Rule 17Ad-15 under the Exchange Act (each of the foregoing being a U.S. eligible institution), except in cases in which Weyerhaeuser common shares are tendered either (i) by a registered shareholder who has not completed the box entitled *Special Transfer Instructions* on the letter of transmittal or (ii) for the account of a U.S. eligible institution.

If the Weyerhaeuser common shares are registered in the name of a person other than the person who signs the letter of transmittal, the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered owner or owners appear on the certificates, with the signature(s) on the certificates or stock powers guaranteed by an eligible institution.

### *Guaranteed Delivery Procedures*

If you wish to tender Weyerhaeuser common shares pursuant to this exchange offer but (i) your certificates are not immediately available, (ii) you cannot deliver the shares or other required documents to the exchange agent on or before the expiration date of this exchange offer or (iii) you cannot comply with the procedures for book-entry transfer through The Depository Trust Company on a timely basis, you may still tender your Weyerhaeuser common shares, so long as all of the following conditions are satisfied:

you must make your tender by or through a U.S. eligible institution;

on or before the expiration date, the exchange agent must receive a properly completed and duly executed notice of guaranteed delivery, substantially in the form made available by Weyerhaeuser, in the manner provided below; and

within three NYSE trading days after the date of execution of such notice of guaranteed delivery, the exchange agent must receive (i) (a) certificates representing all physically tendered Weyerhaeuser common shares (which does not include book-entry shares held through DRS or CIP Shares) and (b) in the case of shares delivered by book-entry transfer through The Depository Trust Company, confirmation of a book-entry transfer of those Weyerhaeuser common shares in the exchange agent's account at The Depository Trust Company; (ii) a letter of transmittal for Weyerhaeuser common shares properly completed and duly executed (including any signature guarantees that may be required) or, in the case of shares delivered by book-entry transfer through The Depository Trust Company, an agent's message; and (iii) any other required documents.

Registered shareholders (including any participant in The Depository Trust Company whose name appears on a security position listing of The Depository Trust Company as the owner of Weyerhaeuser common shares) may transmit the notice of guaranteed delivery by facsimile transmission or mail it to the exchange agent. If you hold Weyerhaeuser common shares through a broker, dealer, commercial bank, trust company or similar institution, that institution must submit any notice of guaranteed delivery on your behalf.

### *Tendering Your Shares After the Final Exchange Ratio Has Been Determined*

Subject to a Mandatory Extension, the final exchange ratio will be available no earlier than 4:00 p.m., New York City time, on the last trading day prior to the expiration date of this exchange offer. If you are a registered shareholder of Weyerhaeuser common shares (which includes persons holding certificated shares, book-entry shares held through DRS or CIP Shares), then it is unlikely that you will be able to deliver an original executed letter of transmittal (and, in the case of certificated shares, your share certificates) to the exchange agent prior to the expiration of this exchange offer at 12:00 midnight, New York City time, on the expiration date. Accordingly, in that case, if you wish to tender your shares after the final exchange ratio has been determined, you will generally need to do so by means of delivering a notice of guaranteed delivery and complying with the guaranteed delivery procedures described above. If you hold Weyerhaeuser common shares through a broker, dealer, commercial bank, trust company or similar institution, that institution must tender your shares on your behalf.

The Depository Trust Company is expected to remain open until 5:00 p.m., New York City time, on the expiration date and institutions may be able to process tenders for Weyerhaeuser common shares through The Depository Trust Company during that time (although there is no assurance that this will be the case). Once The Depository Trust Company has closed, participants in The Depository Trust Company whose name appears on a Depository Trust Company security position listing as the owner of Weyerhaeuser common shares will still be able to tender their Weyerhaeuser common shares by delivering a notice of guaranteed delivery to the exchange agent via facsimile.

If you hold Weyerhaeuser common shares through a broker, dealer, commercial bank, trust company or similar institution, that institution must submit any notice of guaranteed delivery on your behalf. It will generally not be possible to direct such an institution to submit a notice of guaranteed delivery once that institution has closed for the day. In addition, any such institution, if it is not an eligible institution, will need to obtain a Medallion guarantee from an eligible institution in the form set forth in the applicable notice of guaranteed delivery in connection with the delivery of those shares.

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If the upper limit on the number of shares that can be received for each Weyerhaeuser common share validly tendered in this exchange offer is in effect at the expiration of the exchange offer period, then the exchange ratio will be fixed at the upper limit and a Mandatory Extension of this exchange offer will be made until 12:00 midnight, New York City time, on the second trading day following the originally contemplated expiration date to permit shareholders to tender their Weyerhaeuser common shares during those days. The daily VWAP and trading prices of Weyerhaeuser common shares and TRI Pointe common stock during the Mandatory Extension will not affect the exchange ratio, which will be fixed at . See This Exchange Offer Terms of this Exchange Offer Extension; Termination; Amendment Mandatory Extension .

*Effect of Tenders*

A tender of Weyerhaeuser common shares pursuant to any of the procedures described above will constitute your acceptance of the terms and conditions of this exchange offer as well as your representation and warranty to Weyerhaeuser that (i) you have the full power and authority to tender, sell, assign and transfer those tendered shares (and any and all other Weyerhaeuser common shares or other securities issued or issuable in respect of those shares), (ii) when the same are accepted for exchange, Weyerhaeuser will acquire good and unencumbered title to those shares, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claims and (iii) you own the shares being tendered within the meaning of Rule 14e-4 promulgated under the Exchange Act.

It is a violation of Rule 14e-4 under the Exchange Act for a person, directly or indirectly, to tender Weyerhaeuser common shares for such person's own account unless, at the time of tender, the person so tendering (i) has a net long position equal to or greater than the amount of (A) Weyerhaeuser common shares tendered or (B) other securities immediately convertible into or exchangeable or exercisable for the Weyerhaeuser common shares tendered and that person will acquire those shares for tender by conversion, exchange or exercise and (ii) will cause those shares to be delivered in accordance with the terms of this document. Rule 14e-4 provides a similar restriction applicable to the tender of guarantee of a tender on behalf of another person.

The exchange of Weyerhaeuser common shares tendered and accepted for exchange pursuant to this exchange offer will be made according to the procedures described in Procedures for Tendering .

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*Appointment of Attorneys-in-Fact and Proxies*

By executing a letter of transmittal as set forth above, you irrevocably appoint Weyerhaeuser's designees as your attorneys-in-fact and proxies, each with full power of substitution, to the full extent of your rights with respect to your Weyerhaeuser common shares tendered and accepted for exchange by Weyerhaeuser and with respect to any and all other Weyerhaeuser common shares and other securities issued or issuable in respect of the Weyerhaeuser common shares on or after the expiration of this exchange offer. That appointment is effective when and only to the extent that Weyerhaeuser deposits the WRECO common shares for the Weyerhaeuser common shares that you have tendered with the exchange agent. All such proxies will be considered coupled with an interest in the tendered Weyerhaeuser common shares and therefore will not be revocable. Upon the effectiveness of the appointment, all prior proxies that you have given will be revoked and you may not give any subsequent proxies (and, if given, they will not be deemed effective). Weyerhaeuser's designees will, with respect to the Weyerhaeuser common shares for which the appointment is effective, be empowered, among other things, to exercise all of your voting and other rights as they, in their sole discretion, deem proper. Weyerhaeuser reserves the right to require that, in order for Weyerhaeuser common shares to be deemed validly tendered, immediately upon Weyerhaeuser's acceptance for exchange of those Weyerhaeuser common shares, Weyerhaeuser must be able to exercise full voting rights with respect to those shares.

*Determination of Validity*

Weyerhaeuser will determine questions as to the validity, form, eligibility (including time of receipt) and acceptance for exchange of any tender of Weyerhaeuser common shares, in Weyerhaeuser's sole discretion. Weyerhaeuser reserves the absolute right to reject any and all tenders of Weyerhaeuser common shares that it determines are not in proper form or the acceptance of or exchange for which may, in the opinion of its counsel, be unlawful. Weyerhaeuser reserves the absolute right to waive any of the conditions of this exchange offer except for those conditions identified as Mandatory Conditions under Conditions to the Consummation of this Exchange Offer, or any defect or irregularity in the tender of any Weyerhaeuser common shares. **No tender of Weyerhaeuser common shares is valid until all defects and irregularities in such tender of Weyerhaeuser common shares have been cured or waived. Neither Weyerhaeuser nor the exchange agent, the information agent or any other person is under any duty to give notification of any defects or irregularities in the tender of any Weyerhaeuser common shares or will incur any liability for failure to give any such notification.**

*Binding Agreement*

The tender of Weyerhaeuser common shares pursuant to any of the procedures described above will constitute a binding agreement between Weyerhaeuser and you upon the terms of and subject to the conditions to this exchange offer.

**The method of delivery of share certificates of Weyerhaeuser common shares and all other required documents, including delivery through The Depository Trust Company, is at your option and risk, and the delivery will be deemed made only when actually received by the exchange agent. If delivery is by mail, it is recommended that you use registered mail with return receipt requested, properly insured. In all cases, you should allow sufficient time to ensure timely delivery.**



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***Partial Tenders***

If you tender fewer than all the Weyerhaeuser common shares evidenced by any share certificate you deliver to the exchange agent, then you will need to fill in the number of shares that you are tendering in the box entitled "Total Shares of Common Stock Tendered" under the heading "Description of Tendered Shares" in the table on the second page of the letter of transmittal. In those cases, as soon as practicable after the expiration date, the exchange agent will credit the remainder of the shares of common stock that were evidenced by the certificate(s) but not tendered to a DRS account in the name of the registered holder maintained by Computershare Trust Company, N.A. unless otherwise provided in "Special Delivery Instructions" in the letter of transmittal. Unless you indicate otherwise in your letter of transmittal, all of the Weyerhaeuser common shares represented by share certificates you deliver to the exchange agent will be deemed to have been validly tendered. No share certificates are expected to be delivered to you, including in respect of any shares delivered to the exchange agent that were previously in certificated form, except for share certificates representing shares not accepted in this exchange offer.

***Lost, Stolen or Destroyed Certificates***

If your certificate(s) representing Weyerhaeuser common shares have been mutilated, destroyed, lost or stolen and you wish to tender your shares, you will need to complete an affidavit of lost, stolen or destroyed certificate(s) (an Affidavit ) that you may request by checking a box on the letter of transmittal for Weyerhaeuser common shares. You will also need to post a surety bond for your lost, stolen or destroyed Weyerhaeuser common shares and pay a service fee. Upon receipt of the completed applicable letter of transmittal with the completed Affidavit, the surety bond payment and the service fee, your Weyerhaeuser common shares will be considered tendered in this exchange offer.

***Withdrawal Rights***

Weyerhaeuser common shares validly tendered pursuant to this exchange offer may be withdrawn at any time before 12:00 midnight, New York City time, on the expiration date and, unless Weyerhaeuser has previously accepted such shares pursuant to this exchange offer, may also be withdrawn at any time after the expiration of 40 business days from the commencement of this exchange offer. Once Weyerhaeuser accepts Weyerhaeuser common shares pursuant to this exchange offer, your tender is irrevocable.

For a withdrawal of Weyerhaeuser common shares to be effective, the exchange agent must receive from you a written notice of withdrawal at one of its addresses set forth on the back cover of this document, and your notice must include your name and the number of Weyerhaeuser common shares to be withdrawn, as well as the name of the registered holder, if it is different from that of the person who tendered those shares.

If certificates have been delivered or otherwise identified to the exchange agent, the name of the registered holder and the serial numbers of the particular certificates evidencing the Weyerhaeuser common shares must also be furnished to the exchange agent, as stated above, prior to the physical release of the certificates. If Weyerhaeuser common shares have been tendered pursuant to the procedures for book-entry tender discussed in the section entitled "Procedures for Tendering", any notice of withdrawal must specify the name and number of the account at The Depository Trust Company to be credited with the withdrawn shares and must otherwise comply with the procedures of The Depository Trust Company.

If you hold your shares through a broker, dealer, commercial bank, trust company or similar institution, you should consult that institution on the procedures you must comply with and the time by which such procedures must be completed in order for that institution to provide a written notice of withdrawal or facsimile notice of withdrawal to the exchange agent on your behalf before 12:00 midnight, New York City time, on the expiration date. If you hold

your shares through such an institution, that institution must deliver the notice of withdrawal with respect to any shares you wish to withdraw. In such a case, as a beneficial owner and not a registered shareholder, you will not be able to provide a notice of withdrawal for those shares directly to the exchange agent.

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**Weyerhaeuser will decide all questions as to the form and validity (including time of receipt) of any notice of withdrawal, in its sole discretion. Neither Weyerhaeuser nor the exchange agent, the information agent nor any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or will incur any liability for failure to give any notification.**

Any Weyerhaeuser common shares properly withdrawn will be deemed not to have been validly tendered for purposes of this exchange offer. However, you may re-tender withdrawn Weyerhaeuser common shares by following one of the procedures discussed in the section entitled *Procedures for Tendering* at any time prior to the expiration of this exchange offer (or pursuant to the instructions sent to you separately).

Except for the withdrawal rights described above, any tender made under this exchange offer is irrevocable.

*Withdrawing Your Shares After the Final Exchange Ratio Has Been Determined*

Subject to a Mandatory Extension, the final exchange ratio will be available no earlier than 4:00 p.m., New York City time, on the expiration date of this exchange offer. If you are a registered holder of Weyerhaeuser common shares (which includes persons holding certificated shares, book-entry shares held through DRS or CIP Shares) and you wish to withdraw your shares after the final exchange ratio has been determined, then you must deliver a written notice of withdrawal or a facsimile transmission notice of withdrawal to the exchange agent prior to 12:00 midnight, New York City time, on the expiration date, subject to a Mandatory Extension. Medallion guarantees will not be required for such withdrawal notices. If you hold Weyerhaeuser common shares through a broker, dealer, commercial bank, trust company or similar institution, any notice of withdrawal must be delivered by that institution on your behalf.

The Depository Trust Company is expected to remain open until 5:00 p.m., New York City time, and institutions may be able to process withdrawals of Weyerhaeuser common shares through The Depository Trust Company during that time (although there can be no assurance that this will be the case). Once The Depository Trust Company has closed, if you beneficially own Weyerhaeuser common shares that were previously delivered through The Depository Trust Company, then in order to properly withdraw your shares the institution through which your shares are held must deliver a written notice of withdrawal or facsimile transmission notice of withdrawal to the exchange agent prior to 12:00 midnight, New York City time, on the expiration date, subject to a Mandatory Extension. Such notice of withdrawal must be in the form of The Depository Trust Company's notice of withdrawal, must specify the name and number of the account at The Depository Trust Company to be credited with the withdrawn shares and must otherwise comply with The Depository Trust Company's procedures. Shares can be properly withdrawn only if the exchange agent receives a withdrawal notice directly from the relevant institution that tendered the shares through The Depository Trust Company.

If the upper limit on the number of WRECO common shares that can be exchanged for each Weyerhaeuser common share tendered is in effect at the expiration of the exchange offer period, then the exchange ratio will be fixed at the upper limit and a Mandatory Extension of this exchange offer will be made until 12:00 midnight, New York City time, on the second trading day following the originally contemplated expiration date, which will permit shareholders to properly withdraw their Weyerhaeuser common shares during those days, either directly or by acting through a broker, dealer, commercial bank, trust company or similar institution on your behalf.

***Book-Entry Accounts***

Certificates representing WRECO common shares will not be issued to Weyerhaeuser shareholders pursuant to this exchange offer. Rather than issuing certificates representing such WRECO common shares to tendering Weyerhaeuser shareholders, the exchange agent will cause WRECO common shares to be credited to records maintained by the

exchange agent for the benefit of the respective holders. Immediately following the

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consummation of this exchange offer, Merger Sub will be merged with and into WRECO and all of the issued and outstanding WRECO common shares will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock for each WRECO common share or cash in lieu of fractional shares, as the case may be. In connection with this exchange offer, you will receive a letter of transmittal and instructions for use in effecting surrender of any certificates in exchange for TRI Pointe common stock or cash in lieu of fractional shares. As promptly as practicable following the consummation of the Merger and Weyerhaeuser's notice and determination of the final proration factor, if any, TRI Pointe's transfer agent will credit the shares of TRI Pointe common stock into which the WRECO common shares have been converted to book-entry accounts maintained for the benefit of Weyerhaeuser shareholders who received WRECO common shares in this exchange offer or as a pro rata distribution, if any, and will send these holders a statement evidencing their holdings of shares of TRI Pointe common stock.

***Extension; Termination; Amendment***

*Extension, Termination or Amendment by Weyerhaeuser*

This exchange offer, and your withdrawal rights, will expire at 12:00 midnight, New York City time, on \_\_\_\_\_, 2014, unless this exchange offer is extended. You must tender your Weyerhaeuser common shares prior to this time if you want to participate in this exchange offer.

Weyerhaeuser expressly reserves the right, in its sole discretion, at any time and from time to time, to extend the period of time during which this exchange offer is open and thereby delay acceptance for payment of, and the payment for, any Weyerhaeuser common shares validly tendered and not properly withdrawn in this exchange offer. For example, this exchange offer can be extended (i) if any of the conditions to the consummation of this exchange offer described in the next section entitled "Conditions to the Consummation of this Exchange Offer" are not satisfied or waived prior to the expiration of this exchange offer, (ii) to comply with any applicable law or to obtain any governmental, regulatory or other approvals or (iii) for any period required by any rule, regulation, interpretation or position of the SEC or the staff thereof applicable to this exchange offer, including as required in connection with any material changes to the terms of or information concerning this exchange offer as described below.

Weyerhaeuser expressly reserves the right, in its sole discretion, to amend the terms of this exchange offer in any respect prior to the expiration date.

If Weyerhaeuser materially changes the terms of or information concerning this exchange offer or if Weyerhaeuser waives a material condition of this exchange offer, it will extend this exchange offer if required by law. The SEC has stated that, as a general rule, it believes that an offer should remain open for a minimum of five business days from the date that notice of the material change is first given or in the event that there is a waiver of a material condition to the exchange offer. The length of time will depend on the particular facts and circumstances.

As required by law, this exchange offer will be extended so that it remains open for a minimum of ten business days following the announcement if:

Weyerhaeuser changes the method for calculating the number of WRECO common shares offered in exchange for each Weyerhaeuser common share; and

this exchange offer is otherwise scheduled to expire within ten business days of announcing any such change.

If Weyerhaeuser extends this exchange offer, is delayed in accepting for exchange any Weyerhaeuser common shares or is unable to accept for exchange any Weyerhaeuser common shares under this exchange offer for any reason, then, without affecting Weyerhaeuser's rights under this exchange offer, the exchange agent may retain all Weyerhaeuser common shares tendered on Weyerhaeuser's behalf. These Weyerhaeuser common shares may not be withdrawn except as provided in the section entitled "Withdrawal Rights".

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Weyerhaeuser's reservation of the right to delay acceptance of any Weyerhaeuser common shares is subject to applicable law, which requires that Weyerhaeuser pay the consideration offered or return the Weyerhaeuser common shares deposited promptly after the termination or withdrawal of this exchange offer.

Weyerhaeuser will publicly announce any extension (mandatory or otherwise) at <http://www.WeyerhaeuserTRIPointeExchange.com> and separately by press release no later than 9:00 a.m., New York City time, on the next business day following the previously scheduled expiration date. Weyerhaeuser will publicly announce any amendment, non-acceptance or termination at <http://www.WeyerhaeuserTRIPointeExchange.com> and separately by press release no later than 9:00 a.m., New York City time, on the next business day following the amendment, non-acceptance or termination, as applicable.

### *Mandatory Extension*

Weyerhaeuser will announce whether the upper limit on the number of shares that can be received for each Weyerhaeuser common share tendered is in effect at the expiration of the exchange offer period, at <http://www.WeyerhaeuserTRIPointeExchange.com> and by press release, no later than 4:30 p.m., New York City time, on the expiration date. If the upper limit is in effect at that time, then the exchange ratio will be fixed at the upper limit and a Mandatory Extension will be made until 12:00 midnight, New York City time, on the second trading day following the originally contemplated expiration date to permit shareholders to tender or withdraw their Weyerhaeuser common shares during those days. Weyerhaeuser will publicly announce any extension (mandatory or otherwise) at <http://www.WeyerhaeuserTRIPointeExchange.com> and separately by press release no later than 9:00 a.m., New York City time, on the next business day following the previously scheduled expiration date.

### *Method of Public Announcement*

Subject to applicable law (including Rules 13e-4(d), 13e-4(e)(3) and 14e-1 under the Exchange Act, which require that any material change in the information published, sent or given to shareholders in connection with this exchange offer be promptly disclosed to shareholders in a manner reasonably designed to inform them of the change) and without limiting the manner in which Weyerhaeuser may choose to make any public announcement, Weyerhaeuser assumes no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service or the Public Relations Newswire.

## **Conditions to the Consummation of this Exchange Offer**

Weyerhaeuser will not be required to complete this exchange offer and may extend or terminate this exchange offer, if, at the scheduled expiration date (the three conditions listed first being the unwaivable Mandatory Conditions ):

the registration statement on Forms S-4 and S-1 of which this document is a part and TRI Pointe's Registration Statement on Form S-4 (File No. 333-193248) will each have become effective under the Securities Act and no stop order suspending the effectiveness of either registration statement will be issued and in effect;

any condition precedent to the consummation of the Transactions (other than this exchange offer) pursuant to the Transaction Agreement has not been satisfied or waived (except for the conditions precedent that will be satisfied at the time of the consummation of the Transactions) or for any reason the Transactions (other

than this exchange offer) cannot be consummated promptly after the consummation of this exchange offer (see The Transaction Agreement Conditions to the Consummation of the Transactions );

the Transaction Agreement has been terminated;

any of the following conditions or events has occurred, or Weyerhaeuser reasonably expects any of the following conditions or events to occur:

any injunction, order, stay, judgment or decree is issued by any court, government, governmental authority or other regulatory or administrative authority having jurisdiction over Weyerhaeuser,



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WRECO or TRI Pointe and is in effect, or any law, statute, rule, regulation, legislation, interpretation, governmental order or injunction will have been enacted or enforced, any of which would reasonably be likely to restrain, prohibit or delay the consummation of this exchange offer;

any proceeding for the purpose of suspending the effectiveness of the registration statement of which this document is a part has been initiated by the SEC and not concluded or withdrawn;

any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States;

any extraordinary or material adverse change in U.S. financial markets generally, including, without limitation, a decline of at least 15% in either the Dow Jones Average of Industrial Stocks or the Standard & Poor's 500 Index within a period of 60 consecutive days or less occurring after \_\_\_\_\_ ,  
\_\_\_\_\_ ;

a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States;

a commencement of a war (whether declared or undeclared), armed hostilities or other national or international calamity or act of terrorism, directly or indirectly involving the United States, which would reasonably be expected to affect materially and adversely, or to delay materially, the consummation of this exchange offer;

if any of the situations above exists as of the commencement of this exchange offer, any material deterioration of the situation;

any condition or event that Weyerhaeuser reasonably believes would or would be likely to cause this exchange offer and/or any pro rata dividend of WRECO common shares distributed to Weyerhaeuser shareholders if this exchange offer is undersubscribed to be taxable to Weyerhaeuser or its shareholders under U.S. federal income tax laws;

any action, litigation, suit, claim or proceeding is instituted that would be reasonably likely to enjoin, prohibit, restrain, make illegal, make materially more costly or materially delay the consummation of this exchange offer;

any condition or event that, individually or in the aggregate, has had or would reasonably be expected to have a material and adverse effect on (i) the business, assets, properties, condition (financial or otherwise) or results of operations of Weyerhaeuser, WRECO or TRI Pointe; or

a market disruption event (as defined below) occurs with respect to Weyerhaeuser common shares or TRI Pointe common stock on any of the Valuation Dates and such market disruption event has, in Weyerhaeuser's reasonable judgment, impaired the benefits of this exchange offer.

Each of the foregoing conditions to the consummation of this exchange offer is independent of any other condition; the exclusion of any event from a particular condition above does not mean that such event may not be included in another condition.

If any of the above events occurs, Weyerhaeuser may:

terminate this exchange offer and promptly return all tendered Weyerhaeuser common shares to tendering shareholders;

extend this exchange offer and, subject to the withdrawal rights described in the section entitled **Withdrawal Rights**, retain all tendered Weyerhaeuser common shares until the extended exchange offer expires;

amend the terms of this exchange offer; or

waive or amend any unsatisfied condition other than the Mandatory Conditions and, subject to any requirement to extend the period of time during which this exchange offer is open, complete this exchange offer.

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These conditions are for the sole benefit of Weyerhaeuser. Weyerhaeuser may assert these conditions with respect to all or any portion of this exchange offer regardless of the circumstances giving rise to them. Weyerhaeuser expressly reserves the right, in its sole discretion, to waive any condition in whole or in part at any time, except that Weyerhaeuser may not waive the Mandatory Conditions. Weyerhaeuser's failure to exercise its rights under any of the above conditions does not represent a waiver of these rights. Each right is an ongoing right which may be asserted at any time. However, all conditions to the consummation of this exchange offer must be satisfied or waived by Weyerhaeuser prior to the expiration of this exchange offer.

A market disruption event with respect to either Weyerhaeuser common shares or TRI Pointe common stock means a suspension, absence or material limitation of trading of Weyerhaeuser common shares or TRI Pointe common stock on the NYSE for more than two hours of trading or a breakdown or failure in the price and trade reporting systems of the NYSE as a result of which the reported trading prices for Weyerhaeuser common shares or TRI Pointe common stock on the NYSE during any half-hour trading period during the principal trading session in the NYSE are materially inaccurate, as determined by Weyerhaeuser or the exchange agent in its sole discretion, on the day with respect to which such determination is being made. For purposes of such determination, a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the NYSE.

## **Material U.S. Federal Income Tax Consequences of the Distribution and the Merger**

The following discusses the material U.S. federal income tax consequences of the Distribution (which includes this exchange offer) and the Merger. The discussion that follows is based on the opinions of counsel, as discussed more fully below, the Code, Treasury regulations promulgated under the Code, and judicial and administrative interpretations thereof, all as in effect as of the date of this document, all of which are subject to change at any time, possibly with retroactive effect.

This is not a complete description of all of the tax consequences of the Distribution and the Merger and, in particular, may not address U.S. federal income tax considerations applicable to Weyerhaeuser shareholders subject to special treatment under the U.S. federal income tax law, such as financial institutions, dealers in securities, traders in securities who elect to apply a mark-to-market method of accounting, insurance companies, tax-exempt entities, partnerships and other pass-through entities, holders who acquired their Weyerhaeuser common shares as compensation, and holders who hold Weyerhaeuser common shares as part of a hedge, straddle, conversion or constructive sale transaction. This discussion does not address the tax consequences to any person who actually or constructively owns more than 5% of Weyerhaeuser common shares. In addition, this discussion does not address the U.S. federal income tax consequences to Weyerhaeuser shareholders who do not hold common shares of Weyerhaeuser as a capital asset for U.S. federal income tax purposes. No information is provided in this document with respect to the tax consequences of the Distribution and the Merger under any applicable foreign, state or local laws.

This discussion is limited to Weyerhaeuser shareholders that are U.S. holders. For purposes of this document, a U.S. holder means a Weyerhaeuser shareholder other than an entity or arrangement treated as a partnership for U.S. federal income tax purposes, that for U.S. federal income tax purposes is:

an individual who is a citizen or resident of the United States;

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a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of any political subdivision thereof;

an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) was in existence on August 20, 1996, and has properly elected under applicable U.S. Treasury regulations to be treated as a U.S. person.

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If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Weyerhaeuser common shares, the tax treatment of a partner in such entity or arrangement generally will depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership holding Weyerhaeuser common shares, please consult your tax advisor.

**Weyerhaeuser shareholders are urged to consult with their own tax advisors regarding the tax consequences of the Distribution and the Merger to them, as applicable, including the effects of U.S. federal, state, local, foreign and other tax laws.**

***The Distribution***

The obligations of Weyerhaeuser and WRECO to consummate the Transactions, including the WRECO Spin and the Distribution (which includes this exchange offer), are conditioned upon the receipt by Weyerhaeuser of the Covington & Burling Tax Opinion. As provided in the Covington & Burling Tax Opinion, Covington & Burling LLP is of the opinion that, based upon the Internal Revenue Code, Treasury Regulations, published revenue rulings and court decisions and certain representations and assumptions as to factual matters provided to Covington & Burling LLP by Weyerhaeuser and WRECO, the Distribution will qualify as a distribution for U.S. federal income tax purposes described in Section 355 of the Code. The failure of any factual representation or assumption to be true, correct and complete in all material respects could adversely affect the validity of the opinions. An opinion of counsel represents counsel's best legal judgment, is not binding on the IRS or the courts and the IRS or the courts may not agree with the conclusions reached in the opinion. In addition, the Covington & Burling Tax Opinion will be based on current law, and cannot be relied on if current law changes with retroactive effect.

On the basis that the WRECO Spin and the Distribution each qualifies as a distribution for U.S. federal income tax purposes described in Section 355 of the Code, for U.S. federal income tax purposes: (i) the Distribution will not result in the recognition of income, gain or loss to Weyerhaeuser and/or its subsidiaries, except for taxable income or gain possibly arising as a result of certain potential intercompany transactions; (ii) no gain or loss will be recognized by, and no amount will be included in the income of, Weyerhaeuser shareholders upon the receipt of WRECO common shares in this exchange offer or in any pro rata distribution of WRECO common shares distributed to Weyerhaeuser shareholders if this exchange offer is undersubscribed (or if Weyerhaeuser determines not to consummate this exchange offer); (iii) in a split-off, the aggregate tax basis of the WRECO common shares issued to a Weyerhaeuser shareholder will equal the aggregate tax basis of the Weyerhaeuser common shares exchanged therefor; (iv) in a spin-off, the aggregate tax basis of any WRECO common shares issued to Weyerhaeuser shareholders if this exchange offer is undersubscribed (or if Weyerhaeuser determines not to consummate this exchange offer) will be determined by allocating the aggregate tax basis of such Weyerhaeuser shareholder with respect to which the pro rata distribution is made immediately before such distribution between such Weyerhaeuser common shares and the WRECO common shares in proportion to the relative fair market value of each immediately following such distribution; and (v) the holding period of any WRECO common shares received by a Weyerhaeuser shareholder will include the holding period at the time of the consummation of this exchange offer of the Weyerhaeuser common shares with respect to which the WRECO common shares were received.

In general, if the Distribution does not qualify as a tax-free distribution described in Section 355 of the Code, this exchange offer would be treated as a taxable exchange to Weyerhaeuser shareholders who receive WRECO common shares in this exchange offer, which would result in the recognition of capital gain to the extent such proceeds, which will be equal to the fair market value of the shares received, exceed the holder's basis in its Weyerhaeuser shares. Alternately, the pro rata distribution of WRECO common shares if this exchange offer is undersubscribed (or if Weyerhaeuser determines not to consummate this exchange offer) would be treated as a taxable dividend to Weyerhaeuser shareholders who receive such distribution in an amount equal



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to the fair market value of the WRECO common shares received, to the extent of such Weyerhaeuser shareholder's ratable share of Weyerhaeuser's earnings and profits. In addition, if the Distribution does not qualify as a tax-free distribution described in Section 355, Weyerhaeuser and/or its subsidiaries would have taxable gain, which could result in significant tax to Weyerhaeuser and/or its subsidiaries.

Even if the Distribution were otherwise to qualify as a tax-free distribution described in Section 355 of the Code, the Distribution will be taxable to Weyerhaeuser and/or its subsidiaries (but not to Weyerhaeuser shareholders) pursuant to Section 355(e) of the Code if there is a 50% or greater change in ownership of either Weyerhaeuser, or WRECO (including common stock of TRI Pointe after the consummation of the Merger), directly or indirectly, as part of a plan or series of related transactions that include the Distribution. For this purpose, any acquisitions of Weyerhaeuser common shares, WRECO common shares or TRI Pointe common stock within the period beginning two years before the Distribution and ending two years after the Distribution are presumed to be part of such a plan, although Weyerhaeuser, WRECO or TRI Pointe may be able to rebut that presumption. Further, for purposes of this test, the Merger will be treated as part of such a plan, but the Merger standing alone should not cause the Distribution to be taxable to Weyerhaeuser under Section 355(e) of the Code because Weyerhaeuser shareholders will own more than 50% of TRI Pointe common stock following the consummation of the Merger. However, if the IRS were to determine that other acquisitions of Weyerhaeuser common shares, WRECO common shares or TRI Pointe common stock, either before or after the Distribution, were part of a plan or series of related transactions that included the Distribution, such determination could result in the recognition of very substantial amount of gain by Weyerhaeuser and/or its subsidiaries under Section 355(e) of the Code, which could result in significant tax to Weyerhaeuser and/or its subsidiaries. In connection with the Covington & Burling Tax Opinion, Weyerhaeuser and TRI Pointe have represented or will represent that the Distribution is not part of any such plan or series of related transactions.

In certain circumstances, under the Tax Sharing Agreement, TRI Pointe will be required to indemnify Weyerhaeuser against any taxes on the Distribution that arise as a result of certain actions or failures to act by TRI Pointe or WRECO after the consummation of the Transactions, certain events involving TRI Pointe's capital stock or the assets of TRI Pointe, WRECO or Weyerhaeuser which cause the Distribution to be a taxable event under Section 355(e) of the Code (including the Merger), or any breach by TRI Pointe or by WRECO after the consummation of the Transactions of any representation or covenant made by them in the Tax Sharing Agreement or the Transaction Agreement.

In certain circumstances, under the Tax Sharing Agreement, Weyerhaeuser will be required to indemnify TRI Pointe and WRECO after the consummation of the Transactions against any taxes on the Distribution that arise as a result of certain actions or failures to act by Weyerhaeuser, or any breach by Weyerhaeuser of any representation or covenant made by it or its subsidiaries in the Tax Sharing Agreement or the Transaction Agreement. If Weyerhaeuser or a subsidiary of Weyerhaeuser were to recognize gain on the Distribution, Weyerhaeuser or that subsidiary, as the case may be, would be solely responsible, and would be obligated to indemnify TRI Pointe and WRECO, for any such gain.

If TRI Pointe is required to indemnify Weyerhaeuser, this indemnification obligation would be substantial and could materially and adversely affect TRI Pointe, its business, liquidity, financial condition and results of operations. See *Other Agreements Tax Sharing Agreement* for a summary of the Tax Sharing Agreement.

***The Merger***

The obligations of Weyerhaeuser and WRECO, on the one hand, and TRI Pointe and Merger Sub, on the other hand, to consummate the Merger are conditioned, respectively, on Weyerhaeuser's receipt of the Covington & Burling Tax Opinion and TRI Pointe's receipt of the Gibson Dunn Tax Opinion, in each case substantially to the effect that the

Merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. These opinions will be based on, among other things, certain representations and assumptions as to factual matters provided to Covington & Burling LLP and Gibson, Dunn & Crutcher LLP by Weyerhaeuser, WRECO, TRI Pointe and Merger Sub. The failure of



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any factual representation or assumption to be true, correct and complete in all material respects could adversely affect the validity of the opinions. An opinion of counsel represents counsel's best legal judgment, is not binding on the IRS or the courts, and the IRS or the courts may not agree with the conclusions reached in the opinion. In addition, the Covington & Burling Tax Opinion and the Gibson Dunn Tax Opinion will be based on current law, and cannot be relied on if current law changes with retroactive effect.

On the basis the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code, for U.S. federal income tax purposes: (i) no gain or loss will be recognized by, and no amount will be included in the income of, holders of WRECO common shares upon the receipt of TRI Pointe common stock in the Merger; (ii) gain or loss will be recognized by holders of WRECO common shares on any cash received in lieu of a fractional share of TRI Pointe common stock in the Merger equal to the difference between the amount of cash received in lieu of the fractional share and the holder's tax basis in the fractional share of TRI Pointe common stock (determined in the manner described in clause (iii) or (iv), as applicable, of the second paragraph in the section entitled "The Distribution"; such gain or loss will be long term capital gain or loss if the holder's holding period for all of its WRECO common shares (determined in the manner described in clause (v) of the second paragraph in the section entitled "The Distribution") is more than one year as of the closing date of Merger, and the deductibility of capital losses is subject to limitations under the Code; (iii) the tax basis of TRI Pointe common stock received in the Merger, including any fractional share of TRI Pointe common stock deemed received, will be the same as the tax basis in the shares of WRECO common shares deemed exchanged therefor; and (iv) the holding period of TRI Pointe common stock received by a holder of WRECO common shares in the Merger will include the holding period of the WRECO common shares exchanged therefor.

***Information Reporting and Backup Withholding***

U.S. Treasury regulations generally require holders who own at least five percent of the total outstanding Weyerhaeuser common shares and who receive WRECO common shares pursuant to the Distribution and holders who own at least one percent of the total outstanding WRECO common shares and who receive TRI Pointe common stock pursuant to the Merger to attach to his, her or its U.S. federal income tax return for the year in which the Distribution and the Merger occur a detailed statement setting forth certain information relating to the tax-free nature of the Distribution and the Merger, as the case may be. Weyerhaeuser and/or TRI Pointe will provide the appropriate information to each holder upon request, and each such holder is required to retain permanent records of this information.

In addition, payments of cash to a holder of WRECO common shares in lieu of fractional shares of TRI Pointe common stock in the Merger may be subject to information reporting, unless the holder provides proof of an applicable exemption. Such payments that are subject to information reporting may also be subject to backup withholding (currently at a rate of 28%), unless such holder provides a correct taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. Backup withholding does not constitute an additional tax, but merely an advance payment, which may be refunded or credited against a holder's U.S. federal income tax liability, provided the required information is timely supplied to the IRS.

THE FOREGOING IS A SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION AND THE MERGER UNDER CURRENT LAW AND FOR GENERAL INFORMATION ONLY. THE FOREGOING DOES NOT PURPORT TO ADDRESS ALL U.S. FEDERAL INCOME TAX CONSEQUENCES OR TAX CONSEQUENCES THAT MAY ARISE UNDER THE TAX LAWS OR THAT MAY APPLY TO PARTICULAR CATEGORIES OF SHAREHOLDERS. EACH WEYERHAEUSER SHAREHOLDER SHOULD CONSULT HIS, HER OR ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION AND THE MERGER TO SUCH SHAREHOLDER,

INCLUDING THE APPLICATION OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS, AND THE EFFECT OF POSSIBLE CHANGES IN TAX LAWS THAT MAY AFFECT THE TAX CONSEQUENCES DESCRIBED ABOVE.

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### **Fees and Expenses**

Weyerhaeuser has retained Innisfree M&A Incorporated to act as the information agent and Computershare Trust Company, N.A. to act as the exchange agent in connection with this exchange offer. The information agent may contact Weyerhaeuser shareholders by mail, e-mail, telephone, facsimile transmission and personal interviews and may request brokers, dealers and other nominee shareholders to forward materials relating to this exchange offer to beneficial owners. The information agent and the exchange agent each will receive reasonable compensation for their respective services, will be reimbursed for reasonable out-of-pocket expenses and will be indemnified against specified liabilities in connection with their services, including liabilities under the federal securities laws.

None of the information agent or the exchange agent has been retained to make solicitations or recommendations with respect to this exchange offer. The fees they receive will not be based on the number of Weyerhaeuser common shares tendered under this exchange offer.

Weyerhaeuser will not pay any fees or commissions to any broker or dealer or any other person for soliciting tenders of Weyerhaeuser common shares under this exchange offer. Weyerhaeuser will, upon request, reimburse brokers, dealers, commercial banks and trust companies for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers.

**No broker, dealer, bank, trust company or fiduciary will be deemed to be Weyerhaeuser's agent or the agent of WRECO, the information agent or the exchange agent for purposes of this exchange offer.**

### **Legal Limitations**

This document is not an offer to buy, sell or exchange and it is not a solicitation of an offer to buy or sell any Weyerhaeuser common shares, WRECO common shares or TRI Pointe common stock in any jurisdiction in which the offer, sale or exchange is not permitted. You will not be able to trade WRECO common shares after the consummation of this exchange offer and prior to the consummation of the Merger or during any other period.

### **Certain Matters Relating to Non-U.S. Jurisdictions**

Countries outside the United States generally have their own legal requirements that govern securities offerings made to persons resident in those countries and often impose stringent requirements about the form and content of offers made to the general public. None of Weyerhaeuser, WRECO or TRI Pointe has taken any action under non-U.S. regulations to facilitate a public offer to exchange Weyerhaeuser common shares, WRECO common shares or TRI Pointe common stock outside the United States. Accordingly, the ability of any non-U.S. person to tender Weyerhaeuser common shares in this exchange offer will depend on whether there is an exemption available under the laws of such person's home country that would permit the person to participate in this exchange offer without the need for Weyerhaeuser, WRECO or TRI Pointe to take any action to facilitate a public offering in that country or otherwise. For example, some countries exempt transactions from the rules governing public offerings if they involve persons who meet certain eligibility requirements relating to their status as sophisticated or professional investors.

Non-U.S. shareholders should consult their advisors in considering whether they may participate in this exchange offer in accordance with the laws of their home countries and, if they do participate, whether there are any restrictions or limitations on transactions in Weyerhaeuser common shares, WRECO common shares or TRI Pointe common stock that may apply in their home countries. None of Weyerhaeuser, WRECO or TRI Pointe can provide any assurance about whether such limitations may exist.

**Distribution of Any WRECO Common Shares Remaining after This Exchange Offer**

If this exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because this exchange offer is not fully subscribed, the remaining WRECO common shares

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owned by Weyerhaeuser will be distributed on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of this exchange offer. The record date for the pro rata distribution, if any, will be announced by Weyerhaeuser.

Upon the consummation of this exchange offer, Weyerhaeuser will irrevocably deliver to the exchange agent a global certificate representing all of the WRECO common shares being distributed by Weyerhaeuser, with irrevocable instructions to hold the WRECO common shares in trust for the holders of Weyerhaeuser common shares validly tendered and not properly withdrawn in this exchange offer and, in the case of a pro rata distribution, Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of this exchange offer. TRI Pointe will deposit with the transfer agent for the benefit of persons who received WRECO common shares in this exchange offer certificates or book-entry authorizations representing shares of TRI Pointe common stock, with irrevocable instructions to hold the shares of TRI Pointe common stock in trust for the holders of WRECO common shares.

Upon surrender of the documents required by the transfer agent, duly executed, each former holder of WRECO common shares will receive from the transfer agent in exchange therefor shares of TRI Pointe common stock or cash in lieu of fractional shares, as the case may be. You will not receive any interest on any cash paid to you, even if there is a delay in making the payment. See [This Exchange Offer](#) [Terms of this Exchange Offer](#) [Exchange of Weyerhaeuser Common Shares](#) .

If this exchange offer is terminated by Weyerhaeuser without the exchange of shares, but the conditions to the consummation of the Transactions have otherwise been satisfied, Weyerhaeuser intends to distribute all issued and outstanding WRECO common shares on a pro rata basis to Weyerhaeuser shareholders, with a record date to be announced by Weyerhaeuser.

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**INFORMATION ON TRI POINTE**

**Overview**

TRI Pointe was founded in April 2009 and is engaged in the design, construction and sale of innovative single-family homes in planned communities in major metropolitan areas located throughout California and Colorado. As of March 31, 2014, TRI Pointe's operations consisted of 33 communities, ten of which were actively selling, containing 2,509 lots under various stages of development in California and Colorado. Since its formation, TRI Pointe has sold over 1,200 homes (including fee building projects), a number of which are located in prestigious master planned communities in California, and has forged relationships with several leading national land developers.

Net new home orders for TRI Pointe's owned projects for the three months ended March 31, 2014 and the year ended December 31, 2013 were 138 and 477, respectively. For the three months ended March 31, 2014, TRI Pointe delivered 92 homes from its owned projects for total home sales revenue of \$72.8 million. For the year ended December 31, 2013, TRI Pointe delivered 396 homes from its owned projects for total home sales revenue of \$247.1 million. The cancellation rates of buyers for TRI Pointe's owned projects who contracted to buy a home but did not close escrow (as a percentage of overall orders) were 8% and 10% during the three months ended March 31, 2014 and the year ended December 31, 2013, respectively. The dollar amounts of TRI Pointe's backlog of homes sold but not closed for its owned projects as of March 31, 2014 and December 31, 2013 were \$157.7 million and \$111.6 million, respectively.

For a more detailed description of the business of TRI Pointe, see TRI Pointe's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 and its Annual Report on Form 10-K for the year ended December 31, 2013, each of which is incorporated by reference in this document. See [Where You Can Find More Information; Incorporation by Reference](#).

**TRI Pointe's Business After the Transactions**

The combination of the Real Estate Business with TRI Pointe's existing business is intended to create a regionally focused national homebuilder with an established presence in some of the most attractive housing markets in the United States. The Transactions, if consummated, will establish TRI Pointe as one of the ten largest homebuilders in the United States based on estimated combined equity market value, assuming TRI Pointe issues 129,700,000 shares of its common stock in the Merger and based on the closing price of its common stock on November 1, 2013.

TRI Pointe expects the Transactions to have the following strategic benefits:

*Enhanced geographic presence.* TRI Pointe will significantly broaden its geographic footprint with the addition of the Real Estate Business, providing entry into high-growth markets that exhibit favorable long-term economic and demographic fundamentals, including expected home value, permit and population growth. These markets include Houston, Phoenix and Tucson, Las Vegas, the Washington, D.C. suburbs, Richmond and the Puget Sound region of Washington State. TRI Pointe's management believes that home value growth in each of Las Vegas, Phoenix and the Puget Sound region of Washington State will exceed the U.S. average on a next five years basis. Moreover, housing permits as a percentage of peak in most of these markets are relatively moderate as compared to the U.S. average, which is less than 50%, indicating capacity for additional permits to be issued in these markets and therefore significant potential for growth.

*Deepened California footprint.* The addition of Pardee Homes will provide TRI Pointe with a considerable number of additional fully- or partially-entitled lots in key Southern California counties, including Los Angeles, San Diego and Riverside, in which the land entitlement and development environment is complex and typically lengthy, requiring significant expertise and capital.

*Expanded land holdings.* As a result of the Transactions, TRI Pointe will increase its land inventory by gaining control of WRECO's approximately 28,000 lots (excluding lots that are expected to be transferred to Weyerhaeuser and its subsidiaries by WRECO as a result of the REB Transfers). Approximately 17,000 of these lots are located in entitlement-constrained California markets, as identified above. The added land holdings provide optionality for future land and lot sales.

*Best-in-class management team.* In addition to TRI Pointe's executive management team, TRI Pointe will gain experienced presidents who manage the homebuilding subsidiaries of WRECO, with substantial industry knowledge and local market expertise. The average homebuilding experience of these presidents exceeds 20 years.

*Increased market capitalization and liquidity.* The Transactions will increase TRI Pointe's market capitalization and shares outstanding. Moreover, the Transactions will also improve TRI Pointe's access to the capital markets by providing it with more diversified operations, a substantially increased portfolio of assets and increased scale, all of which, when combined with TRI Pointe's expected conservative capital structure, will make TRI Pointe more attractive to both equity and debt investors and institutional lenders. Additionally, the combined company will benefit from strong margin contribution from WRECO's assets, which are being transferred at book value.

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**Table of Contents****TRI Pointe's Liquidity and Capital Resources After the Transactions**

As of March 31, 2014, TRI Pointe had total assets of \$538.6 million, current liabilities of \$34.8 million and debt of \$176.9 million. Following the consummation of the Transactions, TRI Pointe's total assets and liabilities will increase significantly. As of March 31, 2014, on a pro forma basis, TRI Pointe would have had total assets of \$2.5 billion, current liabilities of \$192.9 million and long-term debt of \$976.9 million. TRI Pointe also expects its cash from operations to increase significantly as a result of the consummation of the Transactions and the integration of WRECO.

TRI Pointe believes that the combination of the Real Estate Business with TRI Pointe's existing business will result in annualized synergies of approximately \$21 million in 2015 and approximately \$30 million annually thereafter. Synergies resulting from the combination are expected to be derived from, among other areas, overhead savings resulting from streamlining certain redundant corporate functions, improved operating efficiencies, including provision of certain corporate level administrative and support functions at a lower cost than was historically allocated to WRECO for such services by Weyerhaeuser, and growth of ancillary operations in various markets as permitted under applicable law, including a mortgage business, a title company and other ancillary operations.

Weyerhaeuser has historically provided various services to WRECO, including corporate governance, cash management and other treasury services, administrative services, lease of office space, aviation services and insurance coverage, as described in *Information on WRECO Overview*. During each of the quarters ended March 31, 2014 and 2013, WRECO incurred \$5.5 million of allocated corporate general and administrative expense from Weyerhaeuser. During the years ended December 31, 2013, 2012 and 2011, WRECO incurred \$22.9 million, \$20.5 million and \$17.3 million, respectively, of allocated corporate general and administrative expense from Weyerhaeuser. See *Note 11: Relationship and Transactions with Weyerhaeuser* to WRECO's consolidated financial statements included in this document for further information regarding the allocated corporate general and administrative expense. As TRI Pointe currently provides or procures many of these same services for itself, TRI Pointe does not anticipate that providing these services to WRECO will materially and adversely affect the integration process. In addition, although there can be no assurances, TRI Pointe anticipates that it may be able to provide these services to WRECO at a lower annual cost than the amounts allocated by Weyerhaeuser. These anticipated cost savings were taken into account when the cost savings and synergies expected to result from the Transactions were estimated.

TRI Pointe expects to incur significant one-time costs in connection with the Transactions, including (i) up to \$15 million of Transaction-related fees and expenses, including legal, accounting and other professional fees, but excluding financing-related fees, transition and integration expenses and advisory fees, (ii) approximately \$6 million of advisory fees, (iii) approximately \$28 million of financing-related fees, (iv) if the Transactions are consummated, reimbursement of up to \$15 million of Transaction-related fees and expenses incurred by Weyerhaeuser, other than advisory fees, and (v) transition and integration expenses. Additionally, TRI Pointe may have to pay the Adjustment Amount in cash to WNR, as described in *The Transaction Agreement Payment of Adjustment Amount*. While TRI Pointe expects to be able to fund these one-time costs and the Adjustment Amount, if payable by TRI Pointe, using cash from operations and borrowings under existing and anticipated credit sources, these costs will negatively impact TRI Pointe's liquidity, cash flows and results of operations in the periods in which they are incurred.

Following the consummation of the Transactions, the New Debt will be a debt obligation of WRECO, which will be a wholly owned subsidiary of TRI Pointe, and will be guaranteed by WRECO's material wholly owned subsidiaries (and after the consummation of the Merger, TRI Pointe and its material wholly owned subsidiaries), subject to certain exceptions. In addition, subject to ongoing negotiations between TRI Pointe and certain lenders, the Revolving Credit Agreement may be amended, modified or replaced and borrowing availability thereunder or under a new revolving facility may exceed \$175 million.



TRI Pointe anticipates that its primary sources of liquidity for working capital and operating activities, including any future acquisitions, will be cash from operations and borrowings under existing debt arrangements, including the Revolving Credit Agreement, or a new credit facility. TRI Pointe expects that these sources of liquidity will be sufficient to make required payments of interest on the outstanding TRI Pointe debt and to fund working capital and capital expenditure requirements, including the significant one-time costs relating to the Transactions described above. TRI Pointe expects that it will be able to comply with the financial and other covenants of its existing debt arrangements, including the Revolving Credit Agreement, and the covenants under the agreements governing the New Debt.

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For more information on WRECO's and TRI Pointe's existing sources of liquidity, see Management's Discussion and Analysis of Financial Condition and Results of Operations for WRECO in this document and the Management's Discussion and Analysis of Financial Condition and Results of Operations section contained in TRI Pointe's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 and its Annual Report on Form 10-K for the year ended December 31, 2013, each of which is incorporated by reference in this document. See Where You Can Find More Information; Incorporation by Reference.

## **Directors and Officers of TRI Pointe Before and After the Transactions**

### ***Board of Directors***

TRI Pointe's board of directors currently consists of the following seven directors:

Barry S. Sternlicht

Douglas F. Bauer

J. Marc Perrin

Richard D. Bronson

Wade H. Cable

Steven J. Gilbert

Thomas B. Rogers

The TRI Pointe board of directors has determined that five of its directors, Messrs. Bronson, Cable, Gilbert, Perrin and Rogers, constituting a majority, satisfy the listing standards for independence of the NYSE and Rule 10A-3 under the Exchange Act. Each director holds office until TRI Pointe's next annual meeting and until his successor is duly elected and qualified.

Listed below is the biographical information for each person who is currently a member of the board of directors of TRI Pointe:

BARRY S. STERNLICHT, 53, has served as the Chairman of TRI Pointe's board of directors since January 30, 2013. Prior to TRI Pointe's conversion into a corporation, he served as Chairman of the board of managers of TPH LLC. Mr. Sternlicht has been the Chairman and Chief Executive Officer of Starwood Capital Group since its formation in 1991. He also has been the Chairman of the Board of Directors and the Chief Executive Officer of Starwood Property Trust, an NYSE-listed company (NYSE: STWD), since its formation in 2009. Over the past 23 years, Mr. Sternlicht has structured investment transactions with an asset value of more than \$40 billion. From 1995 through early 2005, he

was the Chairman and Chief Executive Officer of Starwood Hotels & Resorts Worldwide, Inc., an NYSE-listed company he founded in 1995. Mr. Sternlicht is the Chairman of the Board of Baccarat, S.A. He also serves on the Board of Directors of The Estée Lauder Companies (NYSE: EL) and Restoration Hardware Holdings, Inc. (NYSE: RH). Mr. Sternlicht is a Trustee of Brown University. He serves as Chairman of the Board of The Robin Hood Foundation and is on the boards of the Pension Real Estate Association (PREA), the Real Estate Roundtable, the Dreamland Film & Performing Arts Center and the Executive Advisory Board of Americans for the Arts Organization. Mr. Sternlicht is a member of the World Presidents Organization. Mr. Sternlicht received his B.A., magna cum laude, with honors from Brown University. He later earned his M.B.A. with distinction from Harvard Business School. Mr. Sternlicht provides the TRI Pointe board of directors with a wealth of investment management experience along with extensive experience in real estate finance and development, and the TRI Pointe board of directors believes Mr. Sternlicht provides a valuable perspective as its Chairman.

DOUGLAS F. BAUER, 53, has served as TRI Pointe's Chief Executive Officer and as a director of TRI Pointe since January 30, 2013. He was a member of TPH LLC's board of managers prior to its conversion into a corporation. Prior to forming TPH LLC in April 2009, from 1989 to 2009, Mr. Bauer served in several capacities, including most recently the President and Chief Operating Officer, for William Lyon Homes, an internally managed homebuilding company whose common stock was listed on the NYSE from 1999 until the company was taken private in 2006. His prior titles at William Lyon Homes also included Chief Financial Officer and, prior thereto, President of its Northern California Division. Prior to his 20-year tenure at William Lyon Homes, Mr. Bauer spent seven years at Security Pacific National Bank in Los Angeles, California in various financial positions. Mr. Bauer has more than 25 years of experience in the real estate finance, development and homebuilding industry. Mr. Bauer has been actively involved in both legislative efforts and community enhancement programs through his involvement in the California Building Industry Association and HomeAid Orange County, a charitable organization with the mission of building or renovating shelters for the temporarily homeless, which serves individuals and families who find themselves without shelter due to such factors as domestic violence, job loss, catastrophic illness and crisis pregnancy. Mr. Bauer received his B.A. from the

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University of Oregon and later received his M.B.A. from the University of Southern California. As TRI Pointe's Chief Executive Officer, Mr. Bauer has intimate knowledge of TRI Pointe's business and operations, and he provides the TRI Pointe board of directors with extensive experience in real estate finance and development, as well as a familiarity with the workings of the homebuilding industry.

J. MARC PERRIN, 45, has served as a director of TRI Pointe since January 30, 2013. He was a member of TPH LLC's board of managers prior to its conversion into a corporation. Mr. Perrin is the founder of The Roxborough Group, a real estate investment firm headquartered in San Francisco, California. Previously he was a Managing Director at Starwood Capital Group, a member of the firm's Investment Committee and was with the firm in various capacities from 1997 until April 2013. While with Starwood Capital Group, from 2000 until his departure, Mr. Perrin led the firm's investments on the West Coast. Prior to joining Starwood Capital Group, Mr. Perrin was with Salomon Brothers Inc. from 1995 to 1997, where he worked on debt, equity and strategic advisory assignments for real estate industry clients. Prior to his time with Salomon Brothers Inc., Mr. Perrin worked for Bramalea Limited from 1990 to 1993, at the time one of the largest developers in Canada, working in its Southern California residential land development and homebuilding business. Mr. Perrin's responsibilities included land acquisitions and divestitures as well as entitlements and forward planning. Mr. Perrin is a Trustee of the Urban Land Institute and a former Policy Advisory Board Member of the Fisher Center for Real Estate and Urban Economics at the University of California at Berkeley. Mr. Perrin received his B.A. from the University of California at Berkeley and his M.B.A. from The Anderson School at UCLA. Mr. Perrin provides the TRI Pointe board of directors with significant experience in investment management and the residential land development and homebuilding industry.

RICHARD D. BRONSON, 69, has served as a director of TRI Pointe since January 30, 2013. Mr. Bronson is Chairman of The Bronson Companies, LLC, a real estate development and investment entity based in Beverly Hills, California and has served in this capacity since the company's founding in 2001. With involvement in more than 100 shopping centers, casinos, offices, hospitality and residential projects, The Bronson Companies, LLC has partnered with the world's largest realty interests. Among the company's signature developments is Hartford, Connecticut's CityPlace, the tallest office building between Boston and Manhattan. Mr. Bronson served as one of two inside directors of Mirage Resorts, an NYSE-listed company, until it was sold in 2000. Prior to that, Mr. Bronson was President of New City Development, an affiliate of Mirage Resorts, where he oversaw many of the company's new business initiatives and activities outside Nevada. In 2010, Mr. Bronson co-founded US Digital Gaming, an online gaming technology provider based in Beverly Hills, California, for which he also serves as Chairman. Mr. Bronson serves as Lead Director on the Board of Directors of Starwood Property Trust, an NYSE-listed company (NYSE: STWD), and has been a Director since the company's inception in 2009. Mr. Bronson has also served as Vice President of the International Council of Shopping Centers, an association representing 50,000 industry professionals in more than 80 countries and is a member of the Western Real Estate Business Editorial Board. Mr. Bronson has served on the boards of trustees of numerous organizations including the Forman School in Litchfield, Connecticut and Mt. Sinai Hospital in Hartford, Connecticut. Currently, Mr. Bronson is on the Board of the Neurosurgery Division at UCLA Medical Center and he is a past Chairman of the Board of the Archer School for Girls in Los Angeles. Mr. Bronson provides the TRI Pointe board of directors with the benefit of his knowledge of real estate development and investment and his considerable managerial and leadership experience.

WADE H. CABLE, 65, has served as a director of TRI Pointe since January 30, 2013. Mr. Cable is a retired Director, President and Chief Operating Officer of William Lyon Homes, an internally managed homebuilding company whose common stock was listed on the NYSE from 1999 until the company was taken private in 2006. He retired from William Lyon Homes in 2007 and has more than 30 years of experience leading and managing organizations throughout the United States. Prior to his time with William Lyon Homes, he served as Chief Executive Officer, President and Director of The Presley Companies from 1985 to 1999. During his tenure, Mr. Cable took the company public and issued the company's first bond offering of \$200 million in senior subordinated debt. He also acquired the

assets of William Lyon Homes and merged the two operations under the William Lyon Homes name. Prior to 1985, Mr. Cable held senior executive leadership positions with Pacific Lighting Real Estate Group and its associated subsidiaries. While there, he led the development of millions of square feet of office, industrial and apartment space throughout the United States while simultaneously leading the acquisition team that acquired The Presley Companies. Following his retirement, Mr. Cable has been a Principal in Cable Capital Ventures, which invests in real estate and other investment opportunities. He has served as a member of the University of Southern California's Executive Committee for the Lusk Center for Real Estate Development, Chairman of the National Association of Home Builders Multi-Family Council, Chairman of the Board of the Construction Industries Alliance of the City of Hope, Treasurer of the California Coast Chapter of Young Presidents Organization and Director of the Harvard Business School Association of Orange County. He formerly sat on the Board of Directors for the Tiger Woods Learning Center. Mr. Cable received his B.A. from California State University of Long Beach and has completed the Advanced Management program at Harvard Business School. Mr. Cable provides the TRI Pointe board of directors with a wealth of executive, managerial and leadership experience, and his knowledge of the real estate development and homebuilding industry brings valuable insight to the board of directors.

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STEVEN J. GILBERT, 67, has served as a director of TRI Pointe since January 30, 2013. Mr. Gilbert is Chairman of the Board of Gilbert Global Equity Partners, L.P., a billion dollar private equity fund and has served in this capacity since 1998. He is Vice Chairman of MidOcean Equity Partners, LP, and served as the Vice Chairman of Stone Tower Capital from January 2007 until April 2012 and as the Senior Managing Director and Chairman of Sun Group (USA) until 2009. From 1992 to 1997 he was a Founder and Managing General Partner of Soros Capital L.P., the principal venture capital and leveraged transaction entity of the Quantum Group of Funds, and a principal Advisor to Quantum Industrial Holdings Ltd. From 1988 to 1992, he was the Managing Director of Commonwealth Capital Partners, L.P., a private equity investment firm. Prior to that, from 1984 to 1988, Mr. Gilbert was the Managing General Partner of Chemical Venture Partners (now J. P. Morgan Capital Partners), which he founded. Mr. Gilbert was admitted to the Massachusetts Bar in 1970 and practiced law at Goodwin Procter & Hoar in Boston, Massachusetts. He was an associate in corporate finance at Morgan Stanley & Co. from 1972 to 1976, a Vice President at Wertheim & Co., Inc. from 1976 to 1978 and a Managing Director at E. F. Hutton International from 1978 to 1980. Mr. Gilbert was recently Chairman of the Board of Dura Automotive Systems, Inc., Chairman of CPM Holdings, True Temper Sports and a Director of J. O. Hambro Capital Management Group and the Asian Infrastructure Fund. He is also Senior Advisor to Continental Grain and a Director of MBIA, Inc., an NYSE-listed company (NYSE: MBI), and is a Lead Independent Director of the Empire State Realty Trust (NYSE: ESRT). Previously, Mr. Gilbert has been a Director of numerous companies, including Montpelier Re, Olympus Trust, Office Depot, Inc., Funk & Wagnalls, Inc., Parker Pen Limited, Piggly Wiggly Southern, Inc., Coast Community News, Inc., GTS-Duratek, Magnavox Electronic Systems Company, UroMed Corporation, Star City Casino Holdings, Ltd., Katz Media Corporation, Airport Group International, Batavia Investment Management, Ltd., Affinity Financial Group, Inc., ESAT Telecom, Ltd., Colep Holding, Ltd., NFO Worldwide, Terra Nova (Bermuda) Holdings, Limited and Veritas-DCG. He was the principal owner, Chairman and Chief Executive Officer of Lions Gate Films from 1980 to 1984. Mr. Gilbert is a member of the Council on Foreign Relations and the Global Agenda Council on Capital Flows of the World Economic Forum, a Trustee of the New York University Langone Medical School and a member of the Board of Governors of the Lauder Institute. Mr. Gilbert received his B.A. from the Wharton School at the University of Pennsylvania, his J.D. from the Harvard Law School and his M.B.A. from the Harvard Graduate School of Business. Mr. Gilbert provides the TRI Pointe board of directors with vast investment management and leadership experience, and his prior and current service as a director of numerous publicly-held companies allows him to make valuable contributions to the board of directors.

THOMAS B. ROGERS, 74, has served as a director of TRI Pointe since January 30, 2013. Until his retirement in January 2009, Mr. Rogers served as Executive Vice President in charge of City National Bank's Southern Region. In that position, he oversaw the delivery of commercial banking, private client and wealth management services to clients throughout Orange County, the greater San Diego area and the Inland Empire. Before joining City National Bank in 2000, Mr. Rogers served for eight years as Senior Vice President and Treasurer of The Irvine Company. Prior to that, Mr. Rogers spent more than 25 years with two major financial institutions. Specifically, he served as Executive Vice President and Division Administrator of Security Pacific National Bank's Real Estate Industries Group, Southern Division, and prior to that was Senior Vice President and Chief Credit Officer for Security Pacific's California Corporate Group. His previous banking career also included 15 years with the National Bank of Detroit in corporate lending assignments. In his retirement, Mr. Rogers serves as Chairman of the Board of Directors of Plaza Bank, a community business bank located in Irvine, California. He was appointed to the board of Plaza Bank in June 2009 and elected Chairman in December 2009. He also serves on the Board of Directors of Memorial Health Services, a six hospital, integrated healthcare organization headquartered in Fountain Valley, California. Mr. Rogers received his B.A. in Business Administration from Eastern Michigan University, attended graduate school at Wayne State University in Detroit, and completed the curriculum of the Graduate School of Banking at the University of Wisconsin in Madison and the National Commercial Lending School at the University of Oklahoma. Mr. Rogers provides the TRI Pointe board of directors with a wealth of financial management knowledge, and his extensive executive and leadership experience makes him a valuable contributor to the board of directors.

The Transaction Agreement provides that upon the consummation of the Merger, TRI Pointe will increase the size of its board of directors from seven to nine directors, the majority of whom will be independent directors in accordance with NYSE listing requirements. Assuming they are re-elected at the annual meeting, Messrs. Perrin, Bronson and Cable will resign from the board of directors of TRI Pointe on the Closing Date. Messrs. Sternlicht, Bauer, Gilbert and Rogers will continue to serve as directors of TRI Pointe following the consummation of the Transactions, and TRI Pointe will appoint Mr. Chris Graham as a director of TRI Pointe on the Closing Date. Weyerhaeuser has selected Messrs. Daniel Fulton and Lawrence Burrows and Meses. Constance Moore and Kristin Gannon to be appointed as directors of TRI Pointe on the Closing Date.

Listed below is the biographical information for Messrs. Graham, Fulton and Burrows and Meses. Moore and Gannon.

CHRISTOPHER D. GRAHAM, 39, is a Senior Managing Director at Starwood Capital Group, supervising its investments in North America. Mr. Graham is responsible for originating, structuring, underwriting and closing investments in all property types. At

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Starwood Capital Group, he has managed Starwood Land Ventures and overseen Starwood's investments in approximately 10,000 residential lots. In addition, he has overseen the acquisition of approximately \$300 million of non performing single-family residential loans. Prior to joining Starwood Capital Group in 2002, Mr. Graham was with CB Richard Ellis in Washington, D.C., where he was Director of its Financial Consulting Group for the Eastern Region of the United States. Prior to this role, Mr. Graham was Associate Director, Eastern Region of CB Richard Ellis Investment Properties Group. Mr. Graham also served as a consultant to Lincoln Property Company's Washington, D.C. office on various asset management, development and acquisition assignments. Mr. Graham received a B.B.A. in finance from James Madison University and an M.B.A. from Harvard Business School. The TRI Pointe board of directors believes that if the Transactions are consummated and Mr. Graham is appointed as a director, he will provide substantial financial and investment management experience to the TRI Pointe board of directors.

DANIEL S. FULTON, 65, served as President, Chief Executive Officer and a member of the board of directors of Weyerhaeuser from 2008 through 2013, when he retired after nearly 38 years with the company. Prior to becoming Weyerhaeuser's Chief Executive Officer, Mr. Fulton served as the President and Chief Executive Officer of WRECO from 2001 to 2008. During Mr. Fulton's tenure as Weyerhaeuser's Chief Executive Officer, he was a member of the Business Roundtable (BRT), where he served as the chair of the BRT Housing Subcommittee, and served on the boards of a number of industry associations, including NAFO (the National Alliance of Forest Owners), NAREIT (the National Association of Real Estate Investment Trusts), SFI (the Sustainable Forest Initiative) and the AF&PA (the American Forest and Paper Association). Mr. Fulton is the past chair of the Washington Roundtable, where he continues as a member of the Executive Committee, and is the past chair of the Policy Advisory Board of the Joint Center for Housing Studies at Harvard University, where he continues to serve as an Executive Fellow. Mr. Fulton is a director of Saltchuk Resources, a privately-owned company primarily engaged in transportation and distribution, and a member of the Advisory Board for the Foster School of Business at the University of Washington. Mr. Fulton graduated with a B.A. in economics from Miami University (Ohio) in 1970. He received an M.B.A. in finance from the University of Washington in 1976, and he completed the Stanford University Executive Program in 2001. From 1970 to 1974, he served on active duty as an officer in the U.S. Navy Supply Corps. The TRI Pointe board of directors believes that if the Transactions are consummated and Mr. Fulton is appointed as a TRI Pointe director, his intimate knowledge of the WRECO business and his extensive experience in real estate finance and development will be invaluable to the TRI Pointe board of directors.

LAWRENCE B. BURROWS, 61, served as Senior Vice President of Wood Products for Weyerhaeuser from 2010 through 2013, when he retired after 25 years with the company. From 2008 to 2010, Mr. Burrows was President and Chief Executive Officer of WRECO. Prior to becoming WRECO's President and Chief Executive Officer, he served as President of Winchester Homes, a WRECO subsidiary, from 2003 to 2008. Before joining Weyerhaeuser and WRECO, Mr. Burrows was a real estate consultant and developer. Mr. Burrows served on the Board of Habitat for Humanity, Seattle/King County, and HomeAid of Northern Virginia. Currently, he is a Senior Policy Fellow at the Edward J. Bloustein School of Planning and Public Policy, Rutgers University, and an advisor to the Chesapeake Multi-Cultural Center. Mr. Burrows earned a B.A. from Rutgers University, a Masters in City Planning from the University of Pennsylvania, and is a graduate of the Wharton School of Business Advanced Management Program. He is the author of *Growth Management: Issues, Techniques and Policy Implications*, published by the Center for Urban Policy Research at Rutgers University. The TRI Pointe board of directors believes that if the Transactions are consummated and Mr. Burrows is appointed as a TRI Pointe director, his experience in real estate development and homebuilding, along with his familiarity with the WRECO business, will be a tremendous benefit to the TRI Pointe board of directors.

CONSTANCE B. MOORE, 58, served as a Director of BRE Properties, Inc. (NYSE: BRE) from September 2002 until BRE was acquired in April 2014. Ms. Moore served as President and Chief Executive Officer of BRE from



January 2005 until April 2014, served as President and Chief Operating Officer from January 2004 until December 2004 and served as Executive Vice President & Chief Operating Officer from September 2002 to December 2003. Ms. Moore has more than 35 years of experience in the real estate industry. Prior to joining BRE in 2002, she was a managing director of Security Capital Group & Affiliates. From 1993 to 2002, Ms. Moore held several executive positions with Security Capital Group, including co-chairman and chief operating officer of Archstone Communities Trust. Ms. Moore holds an M.B.A. from the University of California, Berkeley, Haas School of Business and a bachelor's degree from San Jose State University. In 2009, she served as chair of the National Association of Real Estate Investment Trusts (NAREIT). Currently, she is the chair of the Fisher Center for Real Estate and Urban Economics Policy Advisory Board at UC Berkeley, a member of the Urban Land Institute, serves on the board of the Tower Foundation at San Jose State University and is a Trustee for the City of Hope in Duarte, California. The TRI Pointe board of directors believes that if the Transactions are consummated and Ms. Moore is appointed as a TRI Pointe director, she will provide the TRI Pointe board of directors with significant leadership and real estate management experience.

KRISTIN F. GANNON, 46, is currently a partner at Dean Bradley Osborne in San Francisco. Prior to joining Dean Bradley Osborn, Ms. Gannon was a Managing Director at Goldman Sachs from 2006 to 2012, where she was head of the Real Estate banking group in the west region. While at Goldman Sachs, she served as financial and strategic advisor to several private and publicly traded real estate companies and advised on mergers, sales, divestitures, capital raising and recapitalizations. Prior to her time with Goldman Sachs, Ms. Gannon was an Executive Director at Morgan Stanley from 1998 to 2006, where she was head of west coast real estate. The TRI Pointe board of directors believes that if the Transactions are consummated and Ms. Gannon is appointed as a TRI Pointe director, she will provide the TRI Pointe board of directors with substantial experience in real estate finance. Ms. Gannon has also worked at Merrill Lynch, the Deloitte & Touche Realty Consulting Group and Keyser Marston. Ms. Gannon is a board member of Lineage Logistics Holdings, LLC, the James Campbell Company in Hawaii and the nonprofit Aim High in San Francisco. She is also a member of the Policy Advisory Board of the Fisher Center at UC Berkeley and the Urban Land Institute. Ms. Gannon earned a B.S. in Business Administration from the University of California, Berkeley, and an M.B.A. from the MIT Sloan School of Management.

### *Executive Officers*

The executive officers of TRI Pointe immediately prior to the consummation of the Merger are expected to be the executive officers of TRI Pointe immediately following the consummation of the Merger.

Listed below is the biographical information for each person who is currently an executive officer of TRI Pointe except Mr. Bauer, whose biographical information is listed above.

THOMAS J. MITCHELL. Mr. Mitchell has served as TRI Pointe's President and Chief Operating Officer since January 30, 2013. Prior to forming TPH LLC in April 2009, from 1988 to 2009, Mr. Mitchell served in several capacities, including most recently Executive Vice President, for William Lyon Homes, an internally managed homebuilding company whose common stock was listed on the NYSE from 1999 until the company was taken private in 2006. Through his various roles within that company, Mr. Mitchell developed a broad background and experience in all aspects of residential construction and land development. Prior to his 20-year tenure at William Lyon Homes, Mr. Mitchell spent over two years with The Irvine Company in their community development group and over two years with Pacific Savings Bank. Throughout his career, Mr. Mitchell has obtained significant experience in land acquisition, land entitlement, land development, project planning, product design, construction operations, project and company finance, sales and marketing, customer satisfaction and warranty service. Mr. Mitchell served as a member of the board of managers of TPH LLC since 2010. Mr. Mitchell has more than 25 years of experience in the real estate development and homebuilding industry. His accomplishments have been recognized by, among other things, his being awarded the Outstanding Home Design and National Home of the Year awards and being identified by Home Builder Executive as a Top 100 President. In 2004, Mr. Mitchell was awarded the BIA Inland Empire Builder of the Year. Mr. Mitchell received his B.A. from California State University of Long Beach.

MICHAEL D. GRUBBS. Mr. Grubbs has served as TRI Pointe's Chief Financial Officer and Treasurer since January 30, 2013. Prior to forming TPH LLC in April 2009, from 1992 to 2009, Mr. Grubbs served in several capacities, including most recently the Senior Vice President and Chief Financial Officer, for William Lyon Homes, an internally managed homebuilding company whose common stock was listed on the NYSE from 1999 until the company was taken private in 2006. Prior to his 17-year tenure at William Lyon Homes, Mr. Grubbs spent five years at Kenneth Leventhal & Company where he specialized in real estate accounting and over five years at J.C. Penney Company Construction and Real Estate Division which built retail facilities throughout the Western United States. Mr. Grubbs has more than 25 years of experience in residential real estate and homebuilding finance. Mr. Grubbs is a member (inactive) of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. Mr. Grubbs is also a former member of the Board of Directors for HomeAid Orange County, a charitable organization with the mission of building or renovating shelters for the temporarily homeless, which serves individuals and families who find themselves without shelter due to such factors as domestic violence, job loss, catastrophic illness or crisis pregnancy. He served as Treasurer and committee chair for the Finance Focus Group. Mr. Grubbs received his B.A., magna cum laude, with honors from Arizona State University.

JEFFREY D. FRANKEL. Mr. Frankel has served as TRI Pointe's Senior Vice President and Division President Northern California since January 30, 2013. Mr. Frankel joined TPH LLC in November 2010 to form the Northern California Division. Since that time, Mr. Frankel has acquired or placed under option or non-binding letter of intent more than 1200 lots, in the Greater Bay Area and has assembled a team of 39 building professionals. He currently leads his team in all facets of homebuilding, including land acquisition and development, new home construction, purchasing and customer care. To date, his team has successfully opened five new communities in the Northern California area. Prior to joining TPH LLC, Mr. Frankel worked for William Lyon Homes, Bank of America and Comerica Bank, serving in various capacities over his 16 year career in the real estate industry. Mr. Frankel was a Vice President for both Bank of America and Comerica Bank prior to joining William Lyon Homes in 2003, where his focus was primarily

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on land acquisition and project management. His key responsibilities included pre-development activities, such as acquisition, entitlements, site planning and product development. Mr. Frankel has extensive experience with both single-family and multi-family developments. Mr. Frankel received his B.S. from Santa Clara University.

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MATTHEW P. OSBORN. Mr. Osborn has served as TRI Pointe's Senior Vice President and Division President - Colorado since January 30, 2013. Mr. Osborn joined TPH LLC in August 2012 to lead the startup of the Colorado Division. Prior to that time, Mr. Osborn was the President and Chief Operating Officer of Village Homes, a Colorado community builder, since its inception in January 2010. Prior to his role with Village Homes, Mr. Osborn served for over 15 years in various capacities for Village Homes of Colorado, Inc., including Planning Director, Vice President of Marketing Operations, Senior Vice President of Home Building Operations, and President, and served as one of its Directors from 2004 to October 2012. During his management tenure at Village Homes of Colorado, Inc., the organization was recognized locally and nationally for its outstanding business practices, expanded its operations into Northern Colorado and several markets in the Mountains and Western Slope of Colorado and was awarded Community of the Year five consecutive years, from 2002 to 2006. In 2009, Village Homes of Colorado, Inc. filed for protection from creditors under the U.S. Bankruptcy Code. Mr. Osborn also was instrumental in the formation of the new homebuilding entity operating under the Village Homes name. He was a member of the Board of Directors of the Home Builders Association of Metropolitan Denver from 2004 to 2009 and was President of the Association in 2008. He has previously been a member of the Urban Land Institute and was the Assistant Chair of the Residential Neighborhood Development Council (Gold Flight) from 2006 to 2008. Mr. Osborn received his B.A. from Boston College and his M.B.A. from the University of Denver.

**Compensation of TRI Pointe's Directors and Officers; Certain Relationships**

Information regarding the compensation of TRI Pointe's directors and officers is described on pages through , information regarding certain relationships and related transactions is described on pages through , and information regarding compensation committee interlocks and insider participation, if any, is described on pages through of TRI Pointe's definitive proxy statement on Schedule 14A with respect to its 2014 annual meeting of stockholders, which TRI Pointe filed with the SEC on , 2014, which information is incorporated into this document by reference. For more information regarding how to obtain a copy of such documents, see Where You Can Find More Information; Incorporation by Reference .

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**INFORMATION ON WEYERHAEUSER**

Weyerhaeuser is one of the world's largest private owners of timberlands. Weyerhaeuser owns or controls nearly seven million acres of timberlands, primarily in the U.S., and manages another 13.9 million acres under long-term licenses in Canada. It manages these timberlands on a sustainable basis in compliance with internationally recognized forestry standards. Weyerhaeuser is also one of the largest manufacturers of wood and specialty cellulose fibers products, and through WRECO it develops real estate, primarily as a builder of single-family homes. Weyerhaeuser is a real estate investment trust (REIT). Its business segments are timberlands (which includes logs, chips and timber), wood products (which includes softwood lumber, plywood, veneer, oriented strand board (OSB), hardwood lumber, engineered lumber, raw materials and building materials distribution), cellulose fibers (which includes fluff pulp, liquid packaging board, and paper products) and real estate. Weyerhaeuser generated revenues of \$2.0 billion during the three months ended March 31, 2014 and \$8.5 billion during the year ended December 31, 2013.

For a more detailed description of the business of Weyerhaeuser, see Weyerhaeuser's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 and its Annual Report on Form 10-K for the year ended December 31, 2013, each of which has been incorporated by reference in this document. See [Where You Can Find More Information; Incorporation by Reference](#).

**Directors and Officers of Weyerhaeuser**

All directors and officers of Weyerhaeuser listed below are citizens of the United States. None of the directors and officers of Weyerhaeuser listed below have been convicted in a criminal proceeding during the past five years. None of the directors and officers of Weyerhaeuser listed below were a party to any judicial or administrative proceeding during the past five years (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or of a finding of any violation of federal or state securities laws. The business address of each director and officer of Weyerhaeuser is 33663 Weyerhaeuser Way South, Federal Way, Washington 98063.

***Board of Directors***

Listed below is the biographical information for each person who is currently a member of the board of directors of Weyerhaeuser.

Debra A. Cafaro, 56, a director of the Company since 2007, has been chairman and chief executive officer of Ventas, Inc. (health care real estate investment trust) since 2010. She served as its chairman, president and chief executive officer from 2003 to 2010; 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) from 1997 until 1998 when it merged with AIMCO. She was a director of GGP, Inc. (real estate investment trust) from March 2010 to November 2010. She is former chair of NAREIT (National Association of Real Estate Investment Trusts) and a director of the Real Estate Roundtable, World Business Chicago, Economic Club of Chicago and Executives Club of Chicago and a Trustee of the Ravinia Festival Association in Chicago. She has extensive REIT executive experience, with strong skills in real estate and corporate finance, strategic planning and public company executive compensation.

Mark A. Emmert, 61, a director of the Company since 2008, has been the president of the National Collegiate Athletic Association since 2010. He served as president of the University of Washington in Seattle, Washington, from 2004 to 2010; 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. (global logistics services) and Omnicare, Inc. (healthcare services). He is a Life Member of the Council on Foreign Relations and is a Fellow of the National Academy of Public Administration. He has also been a Fulbright Fellow, a Fellow of the American Council on Education and served on many non-profit boards. He is an experienced leader of major organizations, with strong skills in government and international relations, and strategic planning.

John I. Kieckhefer, 69, 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.

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Wayne W. Murdy, 69, a director of the Company since 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 2007 and Chief Executive Officer from 2001 to 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 and BHP Billiton Plc. (global resources company). He is a trustee of the Denver Art Museum and The Papal Foundation, a member of 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.

Nicole W. Piasecki, 51, a director of the Company since 2003, is executive vice president Business Development and Strategic Integration 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; 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 Director on the Seattle Branch Board of Directors for the Federal Reserve Bank, Trustee of Seattle University in Seattle, Washington, and a former member of the Board of Governors, Tokyo, of the American Chamber of Commerce of Japan, and the Federal Aviation's Management Advisory Council. She has extensive executive experience in capital intensive industries, sales and marketing, strategic planning and international operations and relations.

Doyle R. Simons, 50, was elected president and chief executive officer as of August 1, 2013 and has served as a member of the board of directors since June 2012. He served as chairman and chief executive officer of Temple-Inland, Inc. (forest products) from 2008 until February of 2012 when it was acquired by International Paper Company. Previously, he held various management positions with Temple-Inland, including executive vice president from 2005 through 2007 and chief administrative officer from 2003 to 2005. Prior to joining the company in 1992, he practiced real estate and banking law with Hutcheson and Grundy, L.L.P. He also serves on the board of directors for Fiserv, Inc. (financial services technology). He has extensive experience in managing forest products companies and capital intensive industries, with strong skills in corporate finance, executive compensation, and strategic planning.

Richard H. Sinkfield, 71, 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 is a Trustee of Vanderbilt University and a member of the Advisory Board of the Georgia Appleseed Center for Law and Justice. 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, a former member of the executive board of the Atlanta Area Council of the Boy Scouts of America; 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, 65, a director of the Company since 2004, was senior vice president and chief financial officer for Fluor Corporation (engineering and construction) from 2001 until his retirement in 2012. 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 a director of Prologis, Inc. (industrial real estate), is a director of Kurion, Inc., 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.

Kim Williams, 58, a director of the Company since 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 in 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 (diverse media), Xcel Energy Inc. (utilities) and MicroVest. 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.

Charles R. Williamson, 65, a director of the company since 2004 and chairman of the Board since 2009, was the executive vice president of Chevron Corporation (international oil) from mid 2005 until his retirement in December 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



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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 after 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 lead 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.

*Executive Officers*

Listed below is the biographical information for each person who is currently an executive officer of Weyerhaeuser.

Patricia M. Bedient, 60, has been executive vice president and chief financial officer since 2007. She was senior vice president, Finance and Strategic Planning, from February 2006 to 2007. She served as vice president, Strategic Planning, from 2003, when she joined the company, to 2006. Prior to joining the company, she was a partner with Arthur Andersen LLP (Independent Accountant) from 1987 to 2002 and served as the managing partner for the Seattle office and as the partner in charge of the firm's forest products practice from 1999 to 2002. She is on the Board of Directors for Alaska Air Group and also serves as a Board member of Oregon State University and Overlake Hospital Medical Center. She is a CPA and member of the American Institute of CPAs.

Adrian M. Blocker, 57, has been senior vice president, Lumber, since August 21, 2013. He joined Weyerhaeuser in May 2013 as vice president, Lumber. Prior to that role, he served as CEO of the Wood Products Council and Chairman. Throughout his career in the industry, he held numerous leadership positions at West Fraser, International Paper and Champion International focused on forest management, fiber procurement, consumer packaging, strategic planning, business development and manufacturing.

Srinivasan Chandrasekaran, 64, has been senior vice president, Cellulose Fibers, since 2006. He was vice president, Manufacturing, Cellulose Fibers, from 2005 to 2006; vice president and mill manager at the Kamloops, British Columbia, cellulose fiber mill from 2003 to 2005; and vice president and mill manager at the Kingsport, Tennessee, paper mill from 2002 to 2003. He joined Weyerhaeuser in 2002 with the company's acquisition of Willamette Industries Inc., where he served in a number of leadership positions.

Rhonda Hunter, 51, has been senior vice president Timberlands, since January 1, 2014. Prior to her current position, she was vice president, Southern Timberlands, from 2010 to 2014. She held a number of leadership positions in the Southern Timberlands organization with experience in inventory and planning, regional timberlands management, environmental and work systems, finance, and land acquisition. She joined Weyerhaeuser in 1987 as an accountant.

Sandy D. McDade, 62, has been senior vice president and general counsel since September 2006. He was senior vice president, Industrial Wood Products and International, from 2005 to 2006; senior vice president, Canada, from 2003 to 2005; vice president, Strategic Planning, from 2000 to 2003; and corporate secretary from 1993 to 2000. He joined Weyerhaeuser in 1980 and worked as a corporate and transaction lawyer until 2000.

Denise M. Merle, 50, has been senior vice president, Human Resources, since February 2014. She was director, Finance and Human Resources for the Lumber business since 2013. Prior to that role, she was director, Compliance & Enterprise Planning from 2009 to 2013, and director of Internal Audit from 2004 to 2009. She held various roles in the company's paper and packaging businesses, including finance, capital planning and analysis, and business development. She joined Weyerhaeuser in 1981. She is a licensed CPA in the state of Washington.

Peter M. Orser, 57, has been president, Weyerhaeuser Real Estate Company, a subsidiary of the company, since October 1, 2010. Prior to becoming president, Weyerhaeuser Real Estate Company, Mr. Orser was president, Quadrant Corporation, a subsidiary of the company, from 2003 to 2010. He was executive vice president, Quadrant Corporation, from 2001 to 2003; residential senior vice president, Quadrant Corporation, from 1996 to 2001; vice president, Community Development, from 1992 to 1995; and held various leadership positions with Quadrant Corporation from 1987, when he joined the company, to 1992.

Doyle R. Simons, 50, was elected president and chief executive officer effective August 1, 2013. He served as director of the Company since 2012, was appointed as chief executive officer elect and an executive officer of the Company effective June 17, 2013. He served as chairman and chief executive officer of Temple-Inland, Inc. from 2008 until February 2012 when it was acquired by International Paper Company. Previously, he held various management positions with Temple-Inland, including executive vice

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president from 2005 through 2007 and chief administrative officer from 2003 to 2005. Prior to joining the company in 1992, he practiced real estate and banking law with Hutcheson and Grundy, L.L.P. He also serves on the Board of Fiserv, Inc. He has extensive experience in managing forest products companies and capital intensive industries, with strong skills in real estate development, corporate finance, executive compensation, and strategic planning.

Catherine I. Slater, 50, has been senior vice president, Oriented Strand Board, Engineered Lumber Products and Distribution, since August 21, 2013. She was vice president, Oriented Strand Board (OSB) from 2011 to 2013. Prior to that role, she held a number of other leadership roles in the company's Wood Products segment, including vice president for both engineered wood products manufacturing and veneer technologies. Before joining the Wood Products team, she held numerous positions in the company's Cellulose Fibers business, including leadership roles at the Flint River and Port Wentworth, Ga., pulp mills, and leadership oversight for the company's operations in Alberta, which included the pulp, timberlands, OSB, lumber, and engineered lumber. Prior to joining Weyerhaeuser in 1992, she held several leadership roles at Procter and Gamble.

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**INFORMATION ON WRECO**

**Overview**

WRECO is primarily engaged in the design, construction and sale of single-family homes in California, Texas, Arizona, Washington, Nevada, Maryland and Virginia. In 2012, WRECO was a top 20 U.S. homebuilder as measured by annual single-family home deliveries. WRECO's core markets are Southern California, Houston, Phoenix and Tucson, the Puget Sound region of Washington State, Las Vegas, Richmond, and the Washington, D.C. suburbs. In addition, WRECO is a developer of master planned communities, which include residential lots for its own use, lots for sale to other homebuilders, and the sale of commercial and multi-family properties, primarily in Southern California.

Headquartered in Washington, WRECO was founded in 1970 as a subsidiary of Weyerhaeuser. WRECO conducts its operations through five homebuilding subsidiaries: Maracay Homes LLC ( Maracay ), Pardee Homes ( Pardee ), The Quadrant Corporation ( Quadrant ), Trendmaker Homes, Inc. ( Trendmaker ) and Winchester Homes, Inc. ( Winchester ). The homebuilding subsidiaries are managed by presidents who have substantial industry knowledge and local market expertise. The average homebuilding experience of these presidents exceeds 20 years.

WRECO believes that it has acquired a reputation for building quality homes. This reputation has positioned its homebuilding subsidiaries as preferred local brands that offer an extensive collection of detached and attached home designs for a variety of market segments ranging from entry level to move-up to luxury homes. In recent years, WRECO has introduced complementary brands and broadened its product offerings to expand existing, and enter into new, core markets. Further, in some of its markets, WRECO offers the option to build homes on lots owned by others. As a result, WRECO builds across a variety of base sales prices, ranging from approximately \$165,000 to more than \$2 million, and home sizes, ranging from approximately 1,000 to 8,500 square feet.

WRECO's broad product offerings and local brand power are fundamental to positioning its homebuilding operations with land sellers. WRECO has forged relationships with regional and national land developers based on its market-driven product offerings, excellent reputation and record of customer satisfaction. As a result, WRECO has the flexibility to pursue a wide range of land acquisition opportunities in support of homebuilding strategies appropriate for each of its markets.

WRECO combines its land development expertise with its homebuilding operations to increase the flexibility of its business by developing residential lots for its own use or sale to other homebuilders, and controlling the scheduled delivery of lots to meet market demand. Management believes most of WRECO's land positions are located in supply constrained markets with historically strong housing demand, diverse employment and desirable quality of life characteristics. Land acquisition and entitlement are highly regulated and complex in most of WRECO's core markets, including California, Maryland and Washington. Consequently, WRECO relies on its knowledge of local markets and operating history with local, state and federal regulators to obtain necessary land development and home construction approvals.

***Historical Business Relationship with Weyerhaeuser***

Weyerhaeuser indirectly owns all of the issued and outstanding WRECO common shares and will own these shares until the Distribution occurs. WRECO has purchased certain products from Weyerhaeuser on market terms and conditions. WRECO has no obligation to purchase from Weyerhaeuser, nor is it dependent upon Weyerhaeuser to provide, these products. WRECO's historical consolidated financial statements include allocations of certain Weyerhaeuser corporate general and administrative expense. WRECO's management believes the assumptions and

methodologies underlying the allocation of corporate general and administrative expense are reasonable. However, these allocations may not be indicative of the actual level of expense that would have been incurred by WRECO if it had operated as an independent company or of expenses expected to be incurred in the future. These allocated expenses relate to various services that have historically been provided to WRECO by Weyerhaeuser, including corporate governance, cash management and other treasury services, administrative services (such as government relations, tax, employee payroll and benefit administration, internal audit, legal, accounting, human resources and equity-based compensation plan administration), lease of office space, aviation services and insurance coverage. During each of the three month periods ended March 31, 2014 and 2013, WRECO incurred \$5.5 million of allocated corporate general and administrative expense from Weyerhaeuser. During the years ended December 31, 2013, 2012 and 2011, WRECO incurred \$22.9 million, \$20.5 million and \$17.3 million, respectively, of allocated corporate general and administrative expense from Weyerhaeuser. See *Note 11: Relationship and Transactions with Weyerhaeuser* to WRECO's consolidated financial statements included elsewhere in this document for further information regarding the allocated corporate general and administrative expense.

**Table of Contents****Operating Activities: Single-Family Housing and Non-Single-Family**

WRECO's operations consist of single-family housing and non-single-family, including the sale of land, lots and other operations. The following table sets forth WRECO's revenues by operating activity for the three months ended March 31, 2014 and 2013 and for each of the last five years:

*Revenues (dollars in thousands)*

	Three Months Ended		2013	Year Ended December 31,			
	2014	2013		2012	2011	2010	2009
Single-family home sales	\$ 241,902	\$ 182,381	\$ 1,218,430	\$ 870,596	\$ 768,071	\$ 842,080	\$ 833,041
Non-single-family	6,230	13,135	56,282	199,710	69,674	79,757	71,100
<b>Total</b>	<b>\$ 248,132</b>	<b>\$ 195,516</b>	<b>\$ 1,274,712</b>	<b>\$ 1,070,306</b>	<b>\$ 837,745</b>	<b>\$ 921,837</b>	<b>\$ 904,141</b>

The following table sets forth WRECO's revenues by operating activity on a percentage basis for the three months ended March 31, 2014 and 2013 and for each of the last five years:

*Percentage of Revenues by Operating Activity*

	Three Months Ended		2013	Year Ended December 31,			
	2014	2013		2012	2011	2010	2009
Single-family home sales	97%	93%	96%	81%	92%	91%	92%
Non-single-family:							
Residential lots	1%	6%	3%	4%	6%	3%	5%
Acreage	0%	0%	1%	10%	2%	3%	3%
Commercial acreage	0%	0%	0%	4%	0%	1%	0%
Rental operations/other	2%	1%	0%	1%	0%	2%	0%
<b>Total non-single-family</b>	<b>3%</b>	<b>7%</b>	<b>4%</b>	<b>19%</b>	<b>8%</b>	<b>9%</b>	<b>8%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Table of Contents****Single-Family Housing**

The following table sets forth WRECO's single-family homes delivered by homebuilding subsidiary and by state for the three months ended March 31, 2014 and 2013 and for each of the last five years:

**Single-Family Homes Delivered**

	Three Months Ended			Year Ended December 31,			
	March 31, 2014	2013	2013	2012	2011	2010	2009
Maracay							
Arizona	99	66	463	389	221	223	305
Pardee							
California	88	113	831	431	381	525	446
Nevada	47	71	352	250	204	279	223
Total Pardee	135	184	1,183	681	585	804	669
Quadrant							
Washington	78	78	363	415	340	478	579
Trendmaker							
Texas	130	106	585	477	453	420	406
Winchester							
Maryland	34	21	179	168	142	74	71
Virginia	32	8	166	184	171	126	147
Total Winchester	66	29	345	352	313	200	218
Total WRECO	508	463	2,939	2,314	1,912	2,125	2,177

The following table sets forth WRECO's single-family home sales revenue by homebuilding subsidiary and by state for the three months ended March 31, 2014 and 2013 and for each of the last five years:

**Single-Family Home Sales Revenue (dollars in thousands)**

	Three Months Ended			Year Ended December 31,			
	March 31, 2014	2013	2013	2012	2011	2010	2009
Maracay							
Arizona	\$ 35,230	\$ 18,114	\$ 145,822	\$ 103,222	\$ 59,836	\$ 57,747	\$ 74,539
Pardee							
California	49,657	51,505	363,285	200,112	203,328	284,064	234,446
Nevada	17,740	23,472	114,671	70,471	51,767	73,872	64,100

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Total Pardee	67,397	74,977	477,956	270,583	255,095	357,936	298,546
Quadrant							
Washington	31,089	23,777	116,270	121,311	95,733	128,941	157,079
Trendmaker							
Texas	61,400	46,020	260,566	199,933	175,378	166,030	161,989
Winchester							
Maryland	20,940	14,936	115,325	91,478	86,686	53,244	46,874
Virginia	25,846	4,557	102,491	84,069	95,343	78,182	94,014
Total Winchester	46,786	19,493	217,816	175,547	182,029	131,426	140,888
Total WRECO	\$ 241,902	\$ 182,381	\$ 1,218,430	\$ 870,596	\$ 768,071	\$ 842,080	\$ 833,041



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***Land Acquisition Strategy***

WRECO's land acquisition strategy for its single-family housing operations focuses on the acquisition and development of entitled parcels that can be absorbed within approximately 12 to 48 months from the start of sales depending on the characteristics of each market. This strategy mitigates development and market cycle risk while maintaining an inventory of owned and controlled lots sufficient to meet demand in light of available land, developer channels, the entitlement environment and other factors specific to each market.

In markets with higher barriers to entry and a more challenging entitlement environment, such as Southern California, WRECO's land strategy includes the acquisition of unentitled and undeveloped land for the development of master planned communities where it can add value through the entitlement and development process. Completion of these master planned communities can take up to ten years or longer depending on a number of factors including the length of time necessary to obtain entitlements.

WRECO's ability to identify, acquire and develop land in desirable locations and on favorable terms is critical to achieving its land strategy. WRECO believes its expertise and experience in land acquisition, entitlement and development is important to its success. WRECO uses its extensive relationships with land sellers, developers of master planned communities, other homebuilders, brokers and investors to acquire attractive land parcels to support its growth.

WRECO's acquisition process generally includes the following steps to mitigate acquisition, development and market cycle risk:

due diligence on the land parcel prior to committing to the acquisition;

limiting acquisitions to land parcels that are consistent with the specific value proposition, market focus, and regional land strategy of the homebuilding subsidiary acquiring the land parcel;

review of entitlements, other governmental approvals and title;

environmental and soils review;

review of market studies;

preparation of detailed budgets for all cost and revenue categories; and

utilization of options, joint ventures or other land acquisition arrangements.

All land acquisitions are subject to review and approval by WRECO's land committee consisting of its chief executive officer, executive vice-president, chief investment officer, controller and general counsel.

***Land Position***

WRECO acquires land pursuant to purchase contracts and option contracts, typically at fixed prices. Option contracts may require refundable or non-refundable deposits, which vary by transaction, and authorize, but do not obligate, WRECO to acquire the land. The term within which WRECO can exercise its option varies by transaction and the acquisition closing is often contingent upon the completion of necessary entitlement approvals or the completion of infrastructure improvements. Depending upon the transaction, WRECO may acquire all of the land at one time or it may have the right to acquire a specified number of lots over agreed upon intervals.

The following table summarizes the lots owned and controlled by homebuilding subsidiary as of March 31, 2014.

***Lots Owned and Controlled by Homebuilding Subsidiary***

	<b>Owned</b>	<b>Controlled<sup>(1)</sup></b>	<b>Total</b>
Maracay	1,313	1,232	2,545
Pardee <sup>(2)</sup>	17,925	586	18,511
Quadrant	1,034	316	1,350
Trendmaker	669	1,183	1,852
Winchester	2,100	1,030	3,130
Total	23,041	4,347	27,388

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- (1) Lots controlled include lots under purchase agreements or option contracts, but exclude lots subject to non-binding agreements such as letters of intent. There can be no assurance that WRECO will acquire these lots on the terms or timing anticipated, or at all, or that WRECO will proceed to build and sell homes on any of these controlled lots.
- (2) Excludes lots that are expected to be transferred to Weyerhaeuser and its subsidiaries by WRECO as a result of the REB Transfers. See *The Transaction Agreement Transfers of Certain Assets and Assumption of Certain Liabilities*. WRECO's current inventory of owned and controlled lots represents approximately 9.2 years of supply based on the number of homes delivered in the last 12 months (from April 2013 through March 2014), excluding non-single-family land or lot sales. The following table sets forth years of supply by homebuilding subsidiary based on the number of homes delivered in the last 12 months (from April 2013 through March 2014), excluding non-single-family land or lot sales:

*Years of Supply by Homebuilding Subsidiary*

	<b>Years</b>
Maracay	5.1
Pardee <sup>(1)</sup>	16.3
Quadrant	3.7
Trendmaker	3.0
Winchester	8.2

- (1) Excludes lots that are expected to be transferred to Weyerhaeuser and its subsidiaries by WRECO as a result of the REB Transfers. See *The Transaction Agreement Transfers of Certain Assets and Assumption of Certain Liabilities Description of WRECO Communities*

WRECO's individual homebuilding communities typically take 12-48 months to complete from the start of sales; however, WRECO may have a presence in master planned communities for a much longer period of time. The following table presents community-level information for each of WRECO's homebuilding subsidiaries and each of WRECO's submarkets as of March 31, 2014.

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MARACAY	Year of First Delivery <sup>(1)</sup>	As of March 31, 2014				Three Months Ended March 31, 2014	Base Sales Price Range (in \$000 \$ <sup>5</sup> )
		Total Number of Homes <sup>(2)</sup>	Cumulative Homes Delivered <sup>(3)</sup>	Lots Owned <sup>(3)</sup>	Backlog <sup>(4)</sup>		
<i>Project, City</i>							
<b>Phoenix</b>							
<u>Maricopa County:</u>							
Verrado, Buckeye							
Maracay at Verrado	2012	73	65	8	1	1	\$222 - \$287
Verrado Tilden	2014	29		29			\$239 - \$304
Verrado Palisade	2014	63		63			\$298 - \$370
Verrado Victory	2015	98		98			\$351 - \$408
Artesian Ranch, Chandler	2013	55	16	39	6	8	\$362 - \$416
Vaquero Ranch, Chandler	2013	42	22	20	6	11	\$309 - \$389
Maracay at Layton Lakes, Chandler	2015	47		47			\$452 - \$492
Lyon s Gate, Gilbert	2013	46	35	11	5	6	\$293 - \$373
Bridges Of Gilbert, Gilbert							
Arch Crossing at Bridges of Gilbert	2014	40	1	39	9	1	\$265 - \$336
Trestle Place at Bridges of Gilbert	2014	36	8	28	10	8	\$338 - \$415
Palm Valley, Goodyear							
Calderra at Palm Valley	2013	56	38	18	8	7	\$269 - \$346
Los Vientos at Palm Valley	2013	43	32	11	6	6	\$331 - \$355
Savannah, Litchfield Park	2012	70	68	2	1	2	\$209 - \$330
Eastmark, Mesa							
Kinetic Point at Eastmark	2013	80	18	62	6	10	\$274 - \$354
Lumiere Garden at Eastmark	2013	85	11	74	13	7	\$313 - \$379
The Reserve at Plaza Del Rio, Peoria	2013	162	28	134	9	12	\$203 - \$245
Montelena, Queen Creek	2013	59	35	24	7	3	\$344 - \$447
The Preserve at Hastings Farms, Queen Creek							
	2014	44		44	6		\$281 - \$357
Villagio, Queen Creek	2013	135	38	97	5	8	\$274 - \$332
Maracay at Northlands, Peoria	2014	4		4			\$322 - \$398
<b>Phoenix Total</b>		<b>1,267</b>	<b>415</b>	<b>852</b>	<b>98</b>	<b>90</b>	
<b>Tucson</b>							
<u>Pima County:</u>							
Deseo at Sabino Canyon, Tucson							
	2014	39		39	15		\$413 - \$499
Dove Mountain Preserve, Marana							
	2012	67	63	4	4	8	\$198 - \$221

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Rancho Del Cobre, Tucson	2014	68		68			\$369 - \$437
Rancho Vistoso, Oro Valley	2016	342		342			\$231 - \$456
Tangerine Crossing, Marana	2011	85	84	1	1	1	\$269 - \$340
Tortolita Vistas, Marana	2014	7		7	4		\$439 - \$506
<b>Tucson Total</b>		<b>608</b>	<b>147</b>	<b>461</b>	<b>24</b>	<b>9</b>	
<b>Maracay Totals</b>		<b>1,875</b>	<b>562</b>	<b>1,313</b>	<b>122</b>	<b>99</b>	

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PARDEE <i>Project, City</i>	Year of First Delivery <sup>(1)</sup>	Total Number of Homes <sup>(2)</sup>	As of March 31, 2014			Homes Delivered	Base Sales Price Range (in \$000 \$ <sup>5</sup> )
			Cumulative Homes Delivered	Lots Owned <sup>(3)(6)</sup>	Backlog <sup>(4)</sup>		
<b>California</b>							
<b>Inland Empire Region</b>							
<u>Riverside County:</u>							
Canyon Hills, Lake Elsinore							
LivingSmart at Hillside	2012	201	137	64	23	1	\$251 - \$300
Meadow Ridge at Canyon Hills							
LivingSmart at Parkside	2013	140	28	112	4	3	\$347 - \$440
LivingSmart at Canyon Hills	2012	151	130	21	19	11	\$224 - \$267
Amberleaf	2010					2	
Amberleaf	2014	197		197			\$284 - \$314
Meadow Glen	2014	142		142	6		\$298 - \$356
Future	Future	578		578			TBD
Tournament Hills, Beaumont							
LivingSmart at Tournament Hills							
LivingSmart at Lakeside	2010	235	185	50	10	5	\$257 - \$325
LivingSmart at Lakeside	2012	167	102	65	10	7	\$230 - \$284
Future	Future	233		233			TBD
Sundance, Beaumont							
LivingSmart at Sundance	2013	122	73	49	11	8	\$270 - \$321
LivingSmart at Estrella	2013	127	23	104	44	9	\$190 - \$226
Woodmont	2014	50		50			\$305 - \$355
Future	Future	2,007		2,007			TBD
Banning, Banning	Future	4,318		4,318			\$160 - \$260
<b>Inland Empire Total</b>		<b>8,668</b>	<b>678</b>	<b>7,990</b>	<b>127</b>	<b>46</b>	
<b>LA/Ventura Region</b>							
<u>Los Angeles County:</u>							
Fair Oaks Ranch, Santa Clarita							
LivingSmart at Fair Oaks Ranch							
LivingSmart at Fair Oaks Ranch	2011	124	101	23	18	6	\$468 - \$509
Crestview	2012	54	52	2	2		\$589 - \$604
Oak Crest	2009					1	
Golden Valley Ranch, Santa Clarita							
Golden Valley Ranch, Santa Clarita	Future	498		498			\$470 - \$785
Skyline Ranch, Santa Clarita	Future	1,260		1,260			\$479 - \$609
<u>Ventura County:</u>							
Moorpark Highlands, Moorpark							
Moorpark Highlands, Moorpark	2013	133	20	113	41	10	\$565 - \$594

<b>LA/Ventura Total</b>		<b>2,069</b>	<b>173</b>	<b>1,896</b>	<b>61</b>	<b>17</b>	
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**San Diego Region**San Diego County:

Alta Del Mar, San Diego	2013	117	14	103	19	5	\$1,756 - \$2,100
Sorrento Mesa, San Diego							
Sorrento Heights	2012	113	84	29	23	14	\$697 - \$735
Sorrento Ridge	2014	58		58	50		\$360 - \$485
Sorrento Terrace	2012	71	61	10			\$360 - \$485
Sorrento Heights Prestige Collection	2014	20		20	2		\$850 - \$903
Pacific Highlands Ranch, San Diego							
Watermark	2013	160	22	138	38	6	\$1,054 - \$1,230
Future	Future	1,348		1,348			TBD
Olive Hill Estates, Bonsall	2015	37		37			\$590 - \$690
Castlerock, San Diego	Future	430		430			\$409 - \$630
Meadowood, Fallbrook	Future	844		844			\$243 - \$438
Ocean View Hills, San Diego							
Sea View Terrace	2015	40		40			\$290 - \$300
Future	Future	1,205		1,205			TBD
South Otay Mesa, Otay Mesa	Future	893		893			\$213 - \$390
Lots for Sale		13		13			N/A

<b>San Diego Total</b>		<b>5,349</b>	<b>181</b>	<b>5,168</b>	<b>132</b>	<b>25</b>	
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**Northern California Region**Sacramento County:

Natomas, Sacramento	Future	120		120			TBD
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San Joaquin County:

Bear Creek, Stockton	Future	1,252		1,252			TBD
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<b>Northern California Total</b>		<b>1,372</b>		<b>1,372</b>			
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<b>California Total</b>		<b>17,458</b>	<b>1,032</b>	<b>16,426</b>	<b>320</b>	<b>88</b>	
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**Nevada**Clark County:

Eldorado, N. Las Vegas							
LivingSmart at Eldorado Ridge	2012	143	87	56	10	6	\$252 - \$304
LivingSmart at Eldorado Heights	2013	115	52	63	15	13	\$297 - \$391
LivingSmart Sandstone	2013	145	16	129	6	4	\$220 - \$255
Ridgeview	2016	4		4			\$212 - \$229
Future	Future	425		425			TBD
Pebble Estates, Las Vegas							
Durango Ranch	2012	162	87	75	3	5	\$465 - \$503
Durango Trail	2014	77	15	62	16	15	\$384 - \$416
Providence, Las Vegas							

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LivingSmart at Providence Horizon Ridge, Henderson	2012	106	82	24	13	4	\$255 - \$318
Horizon Terrace Inspirada, Henderson	2014	104		104	7		\$384 - \$425
Solano	2014	132		132			\$280 - \$320
Alterra	2014	106		106			\$405 - \$450
Future Sunset / Fort Apache, Las Vegas	Future	215		215			TBD
Summerglen	2014	104		104			\$280 - \$287
<b>Nevada Total <sup>(6)</sup></b>		<b>1,838</b>	<b>339</b>	<b>1,499</b>	<b>70</b>	<b>47</b>	
<b>Pardee Totals <sup>(6)</sup></b>		<b>19,296</b>	<b>1,371</b>	<b>17,925</b>	<b>390</b>	<b>135</b>	



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QUADRANT	Year of First Delivery <sup>(1)</sup>	Total Number of Homes <sup>(2)</sup>	As of March 31, 2014			Homes Delivered	Base Sales Price Range (in \$000 \$ <sup>5</sup> )
			Cumulative Homes Delivered <sup>(3)</sup>	Lots Owned <sup>(3)</sup>	Backlog <sup>(4)</sup>		
<b>Washington</b>							
<u>King County:</u>							
Sonata Hill, Auburn	2014	71		71			\$335 - \$385
Filbert Glen, Bothell	2015	16		16			\$474 - \$559
Hawthorne, Duvall	2013	30	26	4	4	9	\$385 - \$465
Wynstone, Federal Way	2013	57	32	25	13	10	\$332 - \$418
Garrison Glen, Kent	2014	30		30			\$350 - \$456
Beclan Place, Renton	2013	30	13	17	6	9	\$593 - \$620
Woodland, Woodinville	2014	23		23			\$535 - \$650
Hedgwood, Redmond	2015	12		12			\$703 - \$819
Kirkmond, Redmond	2015	41		41			\$450 - \$749
Evoke Product Line, Various	2013	46	1	45	23		\$780 - \$1,600
Urban Innovations Product Line, Various	2015	65		65			\$333 - \$570
<u>Kitsap County:</u>							
McCormick Meadows, Port Orchard	2012	167	53	114	10	4	\$264 - \$341
Mountain Aire, Poulsbo	2015	145		145			\$310 - \$373
Vinland Pointe, Poulsbo	2013	60	23	37	4	6	\$311 - \$350
<u>Pierce County:</u>							
Tehaleh, Bonney Lake	2013	70	33	37	10	6	\$279 - \$353
Ridge at Gig Harbor, Gig Harbor	2008	120	119	1		2	\$265 - \$295
Harbor Hill, Gig Harbor	2014	40		40	6		\$356 - \$430
Highlands Ridge, Puyallup	2012	46	35	11	4	5	\$275 - \$355
Chambers Ridge, Tacoma	2014	24		24			\$441 - \$496
<u>Skagit County:</u>							
Skagit Highlands East, Mount Vernon	2007	423	334	89	8	6	\$220 - \$273
<u>Snohomish County:</u>							
King s Corner, Bothell	2013	116	13	103	15	8	\$440 - \$544
Sonterra, Lake Stevens	2013	44	21	23	8	10	\$340 - \$420
<u>Thurston County:</u>							
Campus Willows, Lacey	2012	50	37	13	5	3	\$264 - \$303
<u>Other</u>							
Lots for Sale		48		48			N/A
<b>Quadrant Totals</b>		<b>1,774</b>	<b>740</b>	<b>1,034</b>	<b>116</b>	<b>78</b>	



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<b>TRENDMAKER</b>	<b>As of March 31, 2014</b>					<b>Three Months Ended March 31, 2014</b>	<b>Base Sales Price Range (in \$000 \$)</b>
	<b>Year of First Delivery<sup>(1)</sup></b>	<b>Total Number of Homes<sup>(2)</sup></b>	<b>Cumulative Homes Delivered<sup>(3)</sup></b>	<b>Lots Owned<sup>(3)</sup></b>	<b>Backlog<sup>(4)</sup></b>	<b>Homes Delivered</b>	
<b>Project, City</b>							
<b>Texas</b>							
<u>Brazoria County:</u>							
Sedona Lakes, Manvel	2014	11		11			\$435 - \$485
Southern Trails, Pearland	2014	15		15	8		\$460 - \$568
<u>Fort Bend County:</u>							
Cross Creek Ranch, Fulshear	2013	288	110	178	56	38	\$355 - \$754
Cinco Ranch, Katy	2012	57	38	19	13	15	\$311 - \$363
Sienna Plantation, Missouri City	2013	57	11	46	2	5	\$530 - \$662
Lakes of Bella Terra, Richmond	2013	63	32	31	3	4	\$434 - \$537
Villas at Aliana, Richmond	2013	34	24	10	2	13	\$378 - \$417
Riverstone, Sugar Land	2012	74	23	51	35	9	\$349 - \$626
The Townhomes at Imperial Sugar Land, Sugar Land	2014	27		27			\$311 - \$408
<u>Galveston County:</u>							
Harborwalk, Hitchcock	2014	3		3	1		\$519 - \$570
<u>Harris County:</u>							
Bridgeland Living Views, Cypress	2013	24	21	3	1	4	\$638 - \$683
Fairfield, Cypress	2010	55	45	10	5	11	\$411 - \$559
Lakes of Fairhaven, Cypress	2008	204	168	36	27	9	\$377 - \$687
Towne Lake Living Views, Cypress	2010	13	1	12	2	2	\$388 - \$646
Calumet Townhomes, Houston	2014	4		4			\$650 - \$685
Victory Lakes, League City	2008					2	
<u>Montgomery County:</u>							
Barton Woods, Conroe	2013	50	11	39	4	3	\$373 - \$570
Villas at Oakhurst, Porter	2013	38	16	22	10	7	\$359 - \$404
Bender's Landing Estates, Spring	2014	104		104			\$430 - \$510
<u>Other</u>							
Avanti Custom Homes <sup>(7)</sup>	2007	88	60	28	32	2	\$389 - \$799
Texas Casual Cottages <sup>(7)</sup>	2010	94	74	20	34	6	\$190 - \$466
Closed Communities							N/A
<b>Trendmaker Totals</b>		<b>1,303</b>	<b>634</b>	<b>669</b>	<b>235</b>	<b>130</b>	

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<b>WINCHESTER</b>	<b>As of March 31, 2014</b>					<b>Three Months Ended March 31, 2014</b>	<b>Base Sales Price Range (in \$000 \$)</b>
	<b>Year of First Delivery<sup>(1)</sup></b>	<b>Total Number of Homes<sup>(2)</sup></b>	<b>Cumulative Homes Delivered</b>	<b>Lots Owned<sup>(3)</sup></b>	<b>Backlog<sup>(4)</sup></b>		
<b>Project, City</b>							
<b>Maryland</b>							
<u>Anne Arundel County:</u>							
Hawthornes Grant, Arnold	2014	70	3	67		3	\$430 - \$435
Watson s Glen, Millersville							
Watson s Glen I Townhomes	2015	48		48			\$396 - \$411
<u>Frederick County:</u>							
Landsdale, Monrovia	2015	399		399			\$353 - \$577
<u>Howard County:</u>							
Riverwood, Ellicott City	2007					1	\$759
Walnut Creek, Ellicott City	2014	8		8	8		\$990 - \$1,268
<u>Montgomery County:</u>							
Cabin Branch, Clarksburg							
Cabin Branch	2014	252		252	5		\$535 - \$650
Cabin Branch Boulevard Townhomes	2015	61		61			TBD
Cabin Branch Everson	2014	107		107	2		\$480 - \$510
Cabin Branch Everson Townhomes	2014	567		567	5		\$360 - \$438
<u>Hallman Grove, North Potomac</u>							
Hallman Grove Singles	2013	17	16	1	1	2	\$701 - \$754
Hallman Grove Townhomes	2013	11	8	3	1	3	\$572 - \$598
Stoney Spring, Poolesville	2009	98	93	5	5	7	\$517 - \$767
Preserve at Rock Creek, Rockville	2012	68	41	27	9	1	\$685 - \$935
Poplar Run, Silver Spring							
Poplar Run Everson Townhomes	2013	136	26	110	9	7	\$400 - \$478
Poplar Run Lifestyle	2010	202	84	118	16	6	\$613 - \$691
Poplar Run Village	2010	172	54	118	6	4	\$613 - \$662
<u>Other</u>							
Lots for Sale				35			N/A
<b>Maryland Total</b>		<b>2,216</b>	<b>325</b>	<b>1,926</b>	<b>67</b>	<b>34</b>	
<b>Virginia</b>							
<u>Chesterfield County:</u>							
Founders Bridge, Midlothian	2014	2		2	1		\$630 - \$685
<u>Fairfax County:</u>							
	2013	28	10	18	6	4	\$1,480 - \$1,629

Reserve at Waples Mill, Oakton							
Stuart Mill & Timber Lake, Oakton	2014	19		19	3		\$1,600 - \$1,750
<b>Henrico County:</b>							
Stable Hill, Glen Allen	2013	31	26	5	12	1	\$450 - \$464
<b>Loudoun County:</b>							
Willowsford Greens, Aldie Brambleton, Ashburn	2014	14		14	7		\$785 - \$805
Brambleton Emerald Ridge	2012	78	77	1		4	\$406 - \$462
English Manor Towns	2014	14		14	1		\$520 - \$560
Glenmere at Brambleton SFD	2014	12		12	12		\$613 - \$698
Glenmere at Brambleton Townhomes	2014	16		16	20		\$453 - \$457
West Park @ Brambleton	2013	26	13	13	17	5	\$710 - \$791
<b>One Loudoun, Ashburn</b>							
One Loudoun Chicago Series	2012	43	35	8	5	1	\$585 - \$668
One Loudoun Brooklyn Series	2014	11	5	6	3	5	\$690 - \$715
One Loudoun Manhattan Series	2013	22	7	15	16	2	\$685 - \$715
One Loudoun Philadelphia Series	2012	57	43	14	10	8	\$565 - \$630
Willowsford Grant, Leesburg	2013	27	10	17	13	2	\$885 - \$895
<b>Virginia Total</b>		<b>400</b>	<b>226</b>	<b>174</b>	<b>126</b>	<b>32</b>	
<b>Winchester Totals</b>		<b>2,616</b>	<b>551</b>	<b>2,100</b>	<b>193</b>	<b>66</b>	
<b>WRECO Totals</b>		<b>26,864</b>	<b>3,858</b>	<b>23,041</b>	<b>1,056</b>	<b>508</b>	

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- (1) Year of first delivery for future periods is based upon management's estimates and is subject to change.
- (2) The total number of homes to be built in a community is subject to change, and there can be no assurances that WRECO will build these homes.
- (3) Lots owned as of March 31, 2014 include lots owned and exclude lots controlled under purchase agreements or option contracts and lots subject to non-binding agreements such as letters of intent.
- (4) Backlog consists of homes under sales contract that had not closed as of March 31, 2014, and there can be no assurance that closings of sold homes will occur.
- (5) Base sales price range reflects base price only and excludes any lot premium, buyer incentives and buyer selected options, which may vary from community to community. Sales prices for homes required to be sold pursuant to affordable housing requirements are excluded from the sales price range. The sales price range for active communities reflects data as of a point in time. The sales price range for future projects represents management's estimates. Price ranges are provided as an indicator of relative product pricing between communities; however, sales prices change regularly.
- (6) Pardee and Nevada information exclude 10,686 lots owned that are expected to be transferred to Weyerhaeuser and its subsidiaries by WRECO as a result of the REB Transfers. See The Transaction Agreement Transfer of Certain Assets and Assumption of Certain Liabilities.
- (7) Trendmaker's Avanti Custom Homes and Texas Casual Cottages products are generally built on customers' lots. Lots owned include lots related to Avanti Custom Homes and Texas Casual Cottages homes under construction as of March 31, 2014 that may be owned by customers.

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### ***Design, Construction and Procurement***

WRECO's homebuilding subsidiaries tailor their product lines to the local architectural styles found in each core market. The product offering in each community takes into account the land design plan, consumer preferences, competitive positioning, regulatory requirements and costs for land, development and home construction.

In most of WRECO's communities, a minimum of three home plans are offered for sale, each with different architecture and exterior treatment. WRECO's homebuilding subsidiaries develop new home designs to replace or refresh existing plans to reflect current consumer preferences.

WRECO's homebuilding subsidiaries design their homes, specify components and supervise the construction activity provided by subcontractors that they have pre-qualified based on a number of factors including quality and safety. The scope of their on-site construction supervision includes scheduling and coordinating subcontractor work, monitoring quality and safety practices and ensuring compliance with contractual requirements and relevant building codes. WRECO does not directly employ tradespeople such as carpenters, electricians, plumbers, and roofers. Subcontractors are required to provide indemnities, warranties and evidence of insurance.

Construction of a home typically starts after a homebuyer has selected a lot and home design, executed a purchase contract and received preliminary mortgage approval. Construction may also begin prior to contract execution to satisfy anticipated market demand for completed homes and to facilitate efficient construction scheduling. The duration of the home construction process is generally between three and six months. The time required for home construction is influenced by weather, availability of materials and subcontractors, construction complexity and timeliness of governmental inspections.

WRECO has approximately 100 national purchasing contracts with well-established suppliers of appliances, heating, ventilation and air conditioning systems, insulation, lumber, siding and roofing material, paint, plumbing and lighting fixtures, among other building materials. These contractual relationships allow WRECO to leverage its purchasing power through a combination of attractive pricing, model home discounts, rebates and, in certain circumstances, retroactive pricing upon contract renewal. Each of WRECO's homebuilding subsidiaries elects whether to opt into these national purchasing contracts based on its needs. These national purchasing contracts collectively cover approximately 20% to 30% of the total construction cost of a typical house. Some of these national purchasing contracts have allocation protection provisions during periods of supply shortages and allow for cooperative marketing.

WRECO purchases product from Weyerhaeuser pursuant to national purchasing contracts and through other channels, in all cases on market terms and conditions. WRECO has no obligation to purchase from Weyerhaeuser, nor is it dependent upon Weyerhaeuser to provide, these products.

### ***Sales and Marketing***

WRECO preliminarily develops marketing plans, including product, pricing and promotion strategies, during the feasibility stage of a proposed land acquisition. Specific strategies are refined after land acquisition and adjusted for market and competitive conditions expected at the time of community opening. Homes are sold by employed community sales personnel who review with the homebuyers the mortgage financing options, local community amenities and the features and benefits of each home design, including available options and upgrades. A new home order is reported when a purchase contract has been executed by the homebuyer, approved by the homebuilding subsidiary and secured by a cash deposit, subject to cancellation. Single-family home sales revenue is recognized when title and possession have been transferred to the homebuyer.

Most WRECO communities have model homes for potential homebuyers to tour and view available design options, product upgrades and color selections. The number and type of design options vary with the size and base sales price of the home and range from adding additional electrical outlets to converting a room or finishing a basement. Product upgrades include, among other things, flooring, cabinet, appliance, lighting and plumbing fixture choices. In certain base sales price segments, WRECO also offers its homebuyers the opportunity to customize their home with specific design modifications, including structural changes. Options and product upgrades represent sources of incremental revenue and profit above base sales prices.

WRECO advertises directly to potential customers through the Internet and in newspapers, brochures, newsletters and trade publications. Brand and community specific websites are used to advertise community locations, home designs and base sales price ranges.

Purchase contracts entered into between WRECO and its homebuyers typically require a deposit, the amount of which varies by market and community. Homebuyers may be required to increase the amount of the deposit depending on the options and upgrades selected. If a homebuyer cancels its purchase contract, the deposit may be either retained by WRECO or returned to the homebuyer, depending on the reason for cancellation and statutory requirements.



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### ***Warranty Programs***

WRECO's homebuilding subsidiaries offer customer care and limited warranty service programs that generally provide for one to two years of coverage for defects in workmanship and materials, including roofing, electrical, plumbing and heating, ventilation and air conditioning systems, and up to ten years for foundation and major structural components. In addition, certain home systems and appliances are warranted directly to the homebuyer by the manufacturer or passed through to the homebuyer by WRECO's homebuilding subsidiaries. Some of its homebuilding subsidiaries' warranty programs are backed by a third-party home warranty company. Generally, warranties are transferable to homebuyers who purchase their homes from the original homebuyers, subject to the same program rules as agreed to by the original homebuyer, including arbitration of disputes that cannot be resolved between the homebuyer and WRECO's homebuilding subsidiaries. In some states, additional statutory warranties and notice and opportunity to cure requirements also may exist.

WRECO's homebuilding subsidiaries contract their home construction to subcontractors who generally provide them with an indemnity and a warranty and, therefore, claims relating to workmanship and materials are generally the primary responsibility of their subcontractors. Certain warranty obligations of Pardee are insured. WRECO establishes warranty reserves in an amount it believes are adequate to cover expected costs of labor and material during warranty periods.

There can be no assurance, however, that (i) the terms and limitations of the limited warranty will be effective against claims made by homebuyers, (ii) insurance or third party home warranty coverage can be renewed or renewed at reasonable rates, (iii) the homebuilding subsidiaries will not be liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible construction defects, soil subsidence or expansion, or building related claims or (iv) claims will not arise out of events or circumstances not covered by insurance and not subject to effective indemnification agreements with their subcontractors.

### ***Sustainability***

WRECO's homebuilding subsidiaries have been recognized as leaders in sustainable homebuilding. As an example, Pardee has been a pioneer in sustainable practices for production builders since 2001, earning multiple awards over the years including the Green Building Corporate Advocate of the Year by the National Association of Home Builders in 2010. Each homebuilding subsidiary offers a comprehensive package of value-oriented sustainable features and options under the Living Smart brand to reduce energy and water usage, utilize sustainable and recycled materials and improve air quality.

### ***Non-Single-Family***

WRECO also engages in non-single-family operations, including the sale of land, lots and other operations. Other operations include the development and sale of commercial and multi-family properties and the development and sale of property for civic uses, such as parks and school sites. Most of the commercial, multi-family and civic use properties developed and sold by WRECO are part of master planned communities.

The following table sets forth WRECO's non-single-family revenue by homebuilding subsidiary and by state for the three months ended March 31, 2014 and 2013 and for each of the last five years:

*Non-Single-Family Revenue (dollars in thousands)*

	Three Months Ended			Year Ended December 31,			
	March 31, 2014	2013	2013	2012	2011	2010	2009
Maracay							
Arizona	\$	\$	\$	\$	\$	\$ 100	\$ 7,518
Pardee							
California	5,065	12,147	41,118	85,906	49,182	48,055	16,597
Nevada							21,785
Total Pardee	5,065	12,147	41,118	85,906	49,182	48,055	38,382
Quadrant							
Washington	1,165	988	10,967	6,474	6,701	15,035	12,252
Trendmaker							
Texas				98,463	10,388	14,837	6,628
Winchester							
Maryland			3,897	8,642	2,653	980	6,320
Virginia			300	225		750	
Total Winchester			4,197	8,867	2,653	1,730	6,320
Corporate and other					750		
Total WRECO	\$ 6,230	\$ 13,135	\$ 56,282	\$ 199,710	\$ 69,674	\$ 79,757	\$ 71,100

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The variability in non-single-family revenue from period to period is a function of market conditions, volume of land sold, land use (for example, residential, retail, commercial or civic use), macroeconomic factors (such as the recent global financial crisis) and land condition (for example, undeveloped, partially developed or ready for construction). In certain circumstances, land sales agreements may provide for payments to be made over a period of more than one year with such obligations secured by the underlying land with a first deed of trust or mortgage. Non-single-family revenue is recognized when required down payments have been received, there is no substantial continuing involvement with the real estate and all other criteria for sale and profit recognition are satisfied.

### **WRECO Homebuilding Subsidiaries**

#### ***Maracay: Arizona***

Maracay was founded in 1994 and purchased by WRECO in 2006. It is primarily engaged in the design, construction and sale of single-family homes in the Phoenix and Tucson markets. Maracay operates in the premium first-time homebuyer and move-up market segments. Maracay's land strategy centers on acquiring entitled partially developed or finished lots in standalone and master planned communities.

Maracay has received multiple awards for excellence in home design. In 2011, Maracay was named Builder of the Year by the Southern Arizona Home Builders Association.

#### ***Pardee: Southern California and Nevada***

Pardee, the largest of WRECO's homebuilding subsidiaries, was founded in 1921 and purchased by Weyerhaeuser in 1969. It is primarily engaged in the design, construction and sale of single-family homes and the development of master planned communities in its core markets of Southern California and Las Vegas. Pardee operates in the entry-level, move-up and luxury home market segments.

Pardee has developed multiple award-winning master planned communities and home designs, including Alta Del Mar in San Diego, named by Pacific Coast Builders Conference as the Best Residential Project of the Year Detached Product in 2013.

Pardee's land strategy in its core market of Southern California includes the acquisition of unentitled and undeveloped land for master planned communities where it can add value through the entitlement and development process. Residential lots in its master planned communities are either absorbed internally for its own use or sold to other homebuilders. Pardee's Southern California land strategy also includes generating revenue through the development and sale of commercial, multi-family and civic use properties, such as parks and school sites. Most of the commercial, multi-family and civic use properties sold by WRECO are part of master planned communities. Pardee's land strategy in Nevada centers on acquiring entitled partially developed or finished lots in standalone and master planned communities.

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### ***Quadrant: Washington***

Quadrant was founded in 1959 and acquired by Weyerhaeuser in 1969. It is primarily engaged in the design, construction and sale of single-family homes in the Puget Sound region of Washington State. Quadrant operates in the move-up, urban infill and luxury market segments. Quadrant's land strategy centers on acquiring entitled partially developed or finished lots in standalone and master planned communities.

During 2012, in response to changing market dynamics, Quadrant introduced complementary brands and broadened its product offerings to expand existing, and enter into new, core markets. Quadrant repositioned its market focus from a value-oriented product branded as *More House, Less Money* to a move-up product line branded as *Built Your Way*. Additionally, Quadrant launched two complementary brands to expand its market reach: Evoke (progressive contemporary home designs with home prices starting from \$780,000) and New Urban Innovations (urban in-fill townhomes with home prices estimated to start from \$333,000).

For the third consecutive year in 2013, Quadrant received the Guild Quality award for exceptional customer satisfaction among homebuilders and remodelers. Additionally, Quadrant was recognized by the National Association of Homebuilders for Best Design Center in 2013.

### ***Trendmaker: Texas***

Trendmaker was founded in 1971 and was purchased by WRECO in 1980. It is primarily engaged in the design, construction and sale of single-family homes in its core market of Houston. Trendmaker operates in the premium move-up market segment. Additionally, Trendmaker offers the option to build homes on lots owned by customers through two complementary brands: Texas Casual Cottages (rural styled homes with base sales prices starting from \$190,000 targeted to recreational and second home owners in the Texas Hill Country) and Avanti Custom Homes (custom homes with base sales prices starting from \$389,000). Trendmaker's land strategy is primarily focused on acquiring partially developed or finished lots in Houston's most desirable master planned communities. Trendmaker also develops land for its own use and for sale to other homebuilders.

Trendmaker has received multiple awards for excellence in advertising and marketing. In 2013, the Greater Houston Builders Association named Trendmaker the Volume Builder of the Year.

### ***Winchester: Maryland and Virginia***

Winchester was founded by WRECO in 1979. It is primarily engaged in the design, construction and sale of single-family homes in the Washington, DC suburbs and, more recently, the Richmond market of Virginia. Winchester operates in the move-up and custom home market segments, and is distinguished in the market through its *Your Home. Your Way.* customization program. Winchester's land strategy centers on acquiring entitled undeveloped, partially developed or finished lots in standalone and master planned communities.

Winchester offers two complementary brands to broaden its product offerings: Everson (contemporary home designs with pre-programmed options and base sale prices starting from \$360,000) and Camberley (design/build custom home plans with base sales prices starting from \$520,000).

Winchester has received multiple awards for excellence in home design and customer satisfaction. In 2013, Winchester was named High Volume Builder of the Year for the seventh consecutive year by The Maryland-National Capital Building Industry Association for excellence in scheduling, supervision, engineering, quality control and ethics.



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**Table of Contents****Competition**

WRECO operates in a very competitive environment that is characterized by competition from other homebuilders and land developers in each market in which it currently operates. There are relatively low barriers to entry into WRECO's homebuilding business. WRECO competes with numerous national and regional homebuilding or development companies and with smaller local homebuilders and land developers for, among other things, customers, desirable land parcels, financing, raw materials and skilled management and labor resources. WRECO also competes with the resale, or previously owned, home market, the size of which has increased significantly due to the large number of homes that have been foreclosed on due to the recent economic downturn or that could be offered for sale due to other reasons. WRECO may be at a competitive disadvantage with respect to larger competitors who are more geographically diversified or better capitalized than WRECO, as these competitors may be better able to withstand any future regional downturn in the housing market. Due to historical and other factors, some competitors may have a competitive advantage in marketing their products, securing materials and labor at lower prices and allowing their homes to be delivered to customers more quickly and at more favorable prices. See Risk Factors Risks Related to TRI Pointe's Industry and Business The homebuilding industry is highly competitive, and if TRI Pointe's competitors are more successful or offer better value to TRI Pointe's customers, its business could decline.

**Regulatory, Environmental, and Health and Safety Matters*****Regulatory***

WRECO is subject to numerous local, state and federal statutes, ordinances, rules and regulations concerning zoning, land development, building design, construction and similar matters, including those that limit the number of homes that can eventually be built within the boundaries of a particular property or locality. In a number of WRECO's markets, there has been an increase in state and local legislation authorizing the acquisition of land as dedicated open space, mainly by governmental, quasi-public and non-profit entities. In addition, WRECO is subject to various licensing, registration and filing requirements in connection with the construction, advertisement and sale of homes. The impact of these laws may increase overall costs and may delay the opening of communities or cause WRECO to conclude that development of particular communities is not economically feasible, even if any or all governmental approvals were obtained. WRECO also may be subject to periodic delays or may be precluded entirely from developing communities due to building moratoriums in one or more of its core markets. Generally, building moratoriums relate to insufficient water or sewage facilities or inadequate road capacity.

In order to secure certain approvals in some geographic areas, WRECO may be required to provide affordable housing at below market rental or sales prices. The impact on WRECO's business depends on how the various state and local governments in those areas implement their programs for affordable housing. To date, these restrictions have not had a material impact on WRECO's operations and have existed generally only in California and Maryland. See Risk Factors Risks Related to TRI Pointe's Industry and Business Government regulations and legal challenges may delay the start or completion of TRI Pointe's existing and future communities, increase its expenses or limit its building or other activities, which could have a negative impact on its results of operations.

***Environmental***

WRECO is required to comply with federal, state and local environmental statutes, ordinances, rules and regulations concerning the protection of public health and the environment. These laws and regulations include requirements during the land development and home construction processes, including for the protection of flora, fauna and wetlands, management of storm water and dust, protection of archeological and historical artifacts, and those which require a current or previous owner or operator of real property to bear the costs of removal or remediation of

hazardous or toxic substances on, under, or in a property. These hazardous waste laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of hazardous or toxic substances. In addition, the presence of hazardous or toxic substances, or the failure to properly remediate, may adversely affect the owner's ability to borrow by using the real property as collateral or to affect the ultimate sale to a homebuyer or other homebuilder. A person who arranges for the disposal or treatment of hazardous or toxic substances also may be liable for the costs of removal or remediation of any substance at a disposal or treatment facility, whether or not the facility is or ever was owned or operated by that person. Environmental laws and common law principles could be used to impose liability for releases of hazardous materials, including asbestos-containing materials in buildings acquired by WRECO in the development of new communities, into the environment, and third parties may seek recovery for personal injuries caused by hazardous materials from owners of real property that contain hazardous materials. Failure to comply with these environmental laws may result in the imposition of substantial fines and penalties, or result in substantial project delays. Complying with these environmental laws may result in delays, may cause WRECO to incur substantial compliance and other costs, and may prohibit or severely restrict development in certain environmentally sensitive regions or areas. WRECO's land acquisition and development processes and on-site material management requirements are designed to mitigate these risks.

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WRECO is subject to certain regulatory actions and litigation related to environmental matters, none of which currently is expected by WRECO's management to materially and adversely affect WRECO's consolidated business, financial condition, results of operations or cash flows.

As part of the land acquisition due diligence process, WRECO utilizes environmental assessments to identify environmental conditions that may exist on potential acquisition properties. Environmental site assessments conducted at WRECO's properties have not revealed any environmental liability or compliance concerns that WRECO believes would materially and adversely affect WRECO's consolidated business, financial condition, results of operations or cash flows, nor is WRECO aware of any material environmental liability or concerns.

WRECO manages compliance with federal, state, and local environmental requirements, including environmental regulations related to hazardous waste and toxic materials, endangered and protected species, storm water, dust, surface water and wetlands, cultural and historical resources, at the homebuilding subsidiary level with assistance from the corporate legal department and local consultants and attorneys. See *Risk Factors* *Risks Related to TRI Pointe's Industry and Business* TRI Pointe is subject to environmental laws and regulations that may impose significant costs, delays, restrictions or liabilities .

### ***Health and Safety***

WRECO is committed to providing a safe and healthy environment for its employees, subcontractors, customers and the general public. That commitment is maintained through a health and safety training and audit system that includes employee education, subcontractor orientations, subcontractor compliance with minimum on-site safety standards and practices, and on-site auditing. WRECO's subcontractor orientation program was awarded the 2013 Innovative Safety Program/Idea of the Year by the National Association of Homebuilders. WRECO maintains a safety council led by a senior homebuilding subsidiary executive with participation by safety-responsible managers from each homebuilding subsidiary and supported by WRECO's general counsel. The safety council shares best practices, distributes information about regulatory changes in health and safety, and debriefs on health and safety incidents occurring in WRECO offices and on its job sites. The safety council plays an important role in promoting WRECO's commitment to continuous improvement in health and safety. All of WRECO's employees must complete an assigned curriculum of online health and safety courses each year. These courses vary according to job responsibility. For example, groups such as construction and field personnel are required to attend additional training programs such as the Occupational Safety and Health Administration ( OSHA ) ten-hour course, First-Aid and CPR. See *Risk Factors* *Risks Related to TRI Pointe's Industry and Business* A major health and safety incident relating to TRI Pointe's business could be costly in terms of potential liabilities and reputational damage .

### **Legal Proceedings**

WRECO and its homebuilding subsidiaries are involved in claims and legal proceedings incidental to the ordinary course of their businesses. Certain of the claims and legal proceedings are covered by insurance or the contractual warranties, indemnities or insurance of others. See *Single-Family Housing Warranty Programs* . In some of these legal proceedings substantial monetary damages are sought. These claims and legal proceedings principally allege design or construction defects, or both, in homes purchased by customers or in the communities in which the homes are built (including the alleged use of defective products manufactured by others and incorporated into the homes and communities of WRECO's homebuilding subsidiaries), while others allege personal injury or property damage in the homes or communities built by WRECO's homebuilding subsidiaries. Additional claims and legal proceedings include contract, environmental, title, land use (including land development permitting and entitlement) and intellectual property matters, including claims alleging inadequate disclosures to homebuyers. While the results of any current or future claims or legal proceedings are unpredictable, presently WRECO management believes that, in the aggregate,



the disposition of these matters will not materially and adversely affect WRECO's consolidated business, financial condition, results of operations or cash flows.

### **Employees**

As of March 31, 2014, WRECO and its homebuilding subsidiaries had 737 employees. WRECO considers its employee relations to be good. No employees are covered by a collective bargaining agreement.

### **Properties**

WRECO's corporate headquarters are located at Weyerhaeuser's offices in Federal Way, Washington. A portion of Weyerhaeuser's lease payments for such office space is part of the allocated corporate general and administrative expense. Each of WRECO's homebuilding subsidiaries also leases its own office space.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR WRECO**

*You should read the following in conjunction with the sections of this document entitled **Risk Factors**, **Cautionary Statement on Forward-Looking Statements**, **Selected Historical and Pro Forma Financial and Operating Data** and **Information on WRECO** and **WRECO's historical consolidated financial statements and related notes thereto** included in this document.*

WRECO is primarily engaged in the design, construction and sale of single-family homes in California, Texas, Arizona, Washington, Nevada, Maryland and Virginia. In 2012, WRECO was a top 20 U.S. homebuilder as measured by annual single-family home deliveries. WRECO's core markets are Southern California, Houston, Phoenix and Tucson, the Puget Sound region of Washington State, Las Vegas, Richmond and the Washington, D.C. suburbs. In addition, WRECO is a developer of master planned communities, which include residential lots for its own use, lots for sale to other homebuilders, and the sale of commercial and multi-family properties, primarily in California.

Headquartered in Washington, WRECO was founded in 1970 as a subsidiary of Weyerhaeuser. WRECO conducts its operations through five subsidiaries: Maracay, Pardee, Quadrant, Trendmaker and Winchester.

**Basis of Presentation**

The consolidated financial statements of WRECO included in this document, which are discussed below, include 100% of WRECO's assets, liabilities, revenues, expenses and cash flows as well as those of its wholly owned subsidiaries and other entities that it controls. For each of the periods presented, WRECO was a wholly owned subsidiary of Weyerhaeuser. The financial information included in this discussion may not necessarily reflect WRECO's financial position, results of operations and cash flows in the future or what WRECO's financial position, results of operations and cash flows would have been had WRECO been an independent company during the periods presented.

WRECO's historical consolidated financial information does not reflect changes that WRECO expects to experience as a result of the Transactions, including the REB Transfers and changes in the financing, operations, cost structure and personnel needs of its business. See **The Transaction Agreement Transfers of Certain Assets and Assumption of Certain Liabilities**. The historical consolidated financial statements include allocations of certain Weyerhaeuser corporate general and administrative expense. WRECO's management believes the assumptions and methodologies underlying the allocation of corporate general and administrative expense are reasonable. However, these allocations may not be indicative of the actual level of expense that would have been incurred by WRECO if it had operated as an independent company or of expenses expected to be incurred in the future. These allocated expenses relate to various services that have historically been provided to WRECO by Weyerhaeuser, including corporate governance, cash management and other treasury services, administrative services (such as government relations, tax, employee payroll and benefit administration, internal audit, legal, accounting, human resources and equity-based compensation plan administration), lease of office space, aviation services and insurance coverage. During each of the three month periods ended March 31, 2014 and 2013, WRECO incurred \$5.5 million of allocated corporate general and administrative expense from Weyerhaeuser. For the years ended December 31, 2013, 2012 and 2011, WRECO incurred \$22.9 million, \$20.5 million and \$17.3 million, respectively, of allocated corporate general and administrative expense from Weyerhaeuser. See *Note 11: Relationship and Transactions with Weyerhaeuser* to WRECO's consolidated financial statements included elsewhere in this document for further information regarding allocated corporate general and administrative expense.

In addition, as part of WRECO's historical cash management strategy as a subsidiary of Weyerhaeuser, WRECO has a revolving promissory note payable to Weyerhaeuser that will be extinguished in connection with the Transactions. The total amounts outstanding under the promissory note were \$868.8 million as of March 31, 2014, and \$834.6 million and \$689.6 million as of December 31, 2013 and 2012, respectively. WRECO paid Weyerhaeuser interest on the unpaid balance for the three months ended March 31, 2014 and 2013 at rates per annum of 1.86% and 1.90%, respectively. For the years ended December 31, 2013, 2012 and 2011, the rates per annum were 1.87%, 1.92% and 0.62%, respectively. Interest incurred for the three months ended March 31, 2014 and 2013 was \$3.9 million and \$3.4 million, respectively. Interest incurred for the years ended December 31, 2013, 2012 and 2011 was \$15.7 million, \$12.8 million and \$3.4 million, respectively.

The accompanying unaudited condensed consolidated financial statements and audited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ( GAAP ) and with the instructions to Form 10-Q and Article 10 of Regulation S-X. WRECO's financial statements refer to the Transactions as the TRI Pointe Transaction .

### **Use of Estimates**

The preparation of the unaudited condensed consolidated financial statements and the audited consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and equity, disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses. Accordingly, actual results can and do differ materially from these estimates.

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**Results of Operations**

WRECO discusses its results of operations in terms of single-family housing and non-single-family operations. Below are definitions to aid in the discussion of its results:

Single-family housing refers to operations related to the sale, construction and delivery of single-family homes. Single-family homes include both attached and detached products.

Non-single-family operations include the sale of land, lots and other operations. Other operations include the development and sale of commercial and multi-family properties and the development and sale of property for civic uses, such as parks and school sites.

Absorption rate refers to the rate at which new home orders are contracted, net of cancellations, in relation to the average number of active selling communities during the period.

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The historical financial data presented below are not necessarily indicative of the results expected for any future period.

**Consolidated Financial Data (dollars in thousands)**

	Three Months Ended		Year Ended December 31,		
	2014	2013	2013	2012	2011
<b>Revenues:</b>					
Single-family home sales	\$ 241,902	\$ 182,381	\$ 1,218,430	\$ 870,596	\$ 768,071
Land and lots	3,387	11,262	52,261	192,489	66,703
Other operations	2,843	1,873	4,021	7,221	2,971
<b>Total revenues</b>	<b>248,132</b>	<b>195,516</b>	<b>1,274,712</b>	<b>1,070,306</b>	<b>837,745</b>
<b>Costs and expenses:</b>					
Single-family homes	190,840	146,631	948,561	690,578	589,574
Land and lots	3,138	11,769	38,052	116,143	36,542
Impairments and related charges, homebuilding	468	493	345,448	3,591	11,019
Other operations	1,617	1,167	2,854	5,214	2,682
Sales and marketing	20,905	18,244	94,521	78,022	71,587
General and administrative	18,005	18,414	74,244	75,583	71,348
Restructuring	1,716	440	10,938	2,460	2,801
<b>Total costs and expenses</b>	<b>236,689</b>	<b>197,158</b>	<b>1,514,618</b>	<b>971,591</b>	<b>785,553</b>
<b>Operating income (loss)</b>	<b>11,443</b>	<b>(1,642)</b>	<b>(239,906)</b>	<b>98,715</b>	<b>52,192</b>
<b>Other income (expense):</b>					
Equity in earnings of unconsolidated entities	(68)	(103)	2	2,490	1,584
Other income (expense), net	735	951	2,450	(1,576)	496
<b>Total other income (expense)</b>	<b>667</b>	<b>848</b>	<b>2,452</b>	<b>914</b>	<b>2,080</b>
Earnings (loss) from continuing operations before income taxes	12,110	(794)	(237,454)	99,629	54,272
Income tax benefit (expense)	(4,529)	739	86,161	(38,910)	(19,333)
Earnings (loss) from continuing operations	<b>7,581</b>	<b>(55)</b>	<b>(151,293)</b>	<b>60,719</b>	<b>34,939</b>
Discontinued operations, net of income taxes		189	1,838	762	589
<b>Net earnings (loss) attributable to common shareholder</b>	<b>\$ 7,581</b>	<b>\$ 134</b>	<b>\$ (149,455)</b>	<b>\$ 61,481</b>	<b>\$ 35,528</b>



**Table of Contents*****Comparing the Three Months Ended March 31, 2014 and 2013******Single-Family Net New Home Orders, Monthly Absorption Rate and Cancellation Rate***

	Single-family Net New Home Orders				Monthly Absorption Rate Three		Cancellation Rate Three Months Ended	
	Three Months Ended March 31,		Increase (Decrease)		Months Ended March 31,		March 31,	
	2014	2013	Amount	%	2014	2013	2014	2013
Maracay	105	124	(19)	(15%)	2.3	4.1	12%	10%
Pardee	245	331	(86)	(26%)	4.1	6.5	18%	14%
Quadrant	98	93	5	5%	2.5	3.4	16%	23%
Trendmaker	143	153	(10)	(7%)	2.2	2.3	11%	11%
Winchester	76	119	(43)	(36%)	1.2	2.3	15%	2%
Total	667	820	(153)	(19%)	2.0	3.6	15%	12%

Net new home orders for the three months ended March 31, 2014 decreased 153, or 19%, to 667 compared to 820 for the three months ended March 31, 2013. Year-over-year net new home orders decreased at all of WRECO's homebuilding subsidiaries except Quadrant, with the most significant decreases occurring at Pardee and Winchester. The decrease in new orders at Pardee was primarily due to slower market activity in Las Vegas. The decrease in new orders at Winchester was due to the prolonged severe winter weather conditions which impacted customer traffic trends and delayed new community openings.

The overall average absorption rate of 2.0 net new orders per month for the three months ended March 31, 2014 was 44% lower than the 3.6 net new orders per month for the three months ended March 31, 2013, with decreases at each of WRECO's homebuilding subsidiaries. The lower absorption rates at Maracay and Pardee were primarily due to softening market conditions in Phoenix and Las Vegas. Winchester's absorption rate declined due to the prolonged severe winter weather conditions in the Washington D.C. area.

WRECO's cancellation rate of homebuyers who contracted to buy a home but did not close escrow (as a percentage of overall orders) was 15% for the three months ended March 31, 2014 compared to 12% in the same period of the prior year. The cancellation rate at Winchester for the three months ended March 31, 2014 increased to 15% compared to 2% for the three months ended March 31, 2013. The higher cancellation rate is attributable to competitive business conditions and weather-related developer delays. WRECO's management believes that the cancellation rate of 2% for the three months ended March 31, 2013 is unusually low and not representative of the cancellation rate that Winchester is likely to experience given its target market and homebuyer profile.

The decrease in net new home orders negatively affects the number of homes in backlog, which are homes that will close in future periods. The decrease in net new home orders and backlog generally has a negative effect on revenues and cash flow in future periods. However, as discussed further below, the total dollar value of WRECO's backlog has increased.

***Average Selling Communities***

	Three Months Ended		Increase (Decrease)	
	2014	March 31, 2013	Amount	%
Maracay	15	10	5	50%
Pardee	20	17	3	18%
Quadrant	13	9	4	44%
Trendmaker	22	22		%
Winchester	21	17	4	24%
Total	91	75	16	21%
Selling communities at end of the period	93	80	13	16%



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WRECO opened ten new communities and closed six during the three months ended March 31, 2014. The average number of selling communities increased to 91 for the three months ended March 31, 2014 from 75 for the three months ended March 31, 2013. The number of selling communities as of March 31, 2014 was 93 compared to 80 as of March 31, 2013.

The increase in selling communities reflects the net effect of new community openings and community closings that occur throughout the period. The average number of selling communities for the year is also affected by the timing of new community openings and community closings. Maracay opened three new communities and closed one during the three months ended March 31, 2014, ending the period with 16 selling communities. Pardee opened three new communities and closed two during the three months ended March 31, 2014, ending the period with 20 selling communities. Quadrant opened two new communities and closed one during the three months ended March 31, 2014, ending the period with 13 selling communities. Trendmaker opened two new communities and closed one during the three months ended March 31, 2014, ending the period with 23 selling communities. Winchester opened no new communities and closed one during the three months ended March 31, 2014, ending the period with 21 selling communities.

*Backlog Units*

	<b>March 31,</b>		<b>Increase (Decrease)</b>	
	<b>2014</b>	<b>2013</b>	<b>Amount</b>	<b>%</b>
Maracay	122	149	(27)	(18%)
Pardee	390	458	(68)	(15%)
Quadrant	116	120	(4)	(3%)
Trendmaker	235	205	30	15%
Winchester	193	206	(13)	(6%)
Total	1,056	1,138	(82)	(7%)

Backlog units reflect the number of homes, net of cancellations, for which the homebuilding subsidiary has entered into a purchase contract with a homebuyer but for which it has not yet delivered the home. The decrease in backlog units of 82 homes as of March 31, 2014 was driven primarily by the 19% decrease in net new home orders during the three months ended March 31, 2014 as compared to the three months ended March 31, 2013. Backlog units at any given time may fluctuate based on absorption rates, timing of new community openings, and other factors, but typically will change directionally consistent with the change in net new home orders. The overall change in backlog units was due to year-over-year decreases at every homebuilding subsidiary except for Trendmaker. Maracay's backlog, which decreased by 27 units or 18%, was primarily attributable to the 50% increase in the number of new homes delivered during the three months ended March 31, 2014 as compared to the three months ended March 31, 2013, combined with a 15% decrease in net new home orders. Pardee's backlog, which decreased by 68 units or 15%, was primarily attributable to the 26% decrease in the number of net new home orders during the three months ended March 31, 2014 as compared to the three months ended March 31, 2013. The increase in Trendmaker's backlog is primarily due to a higher number of homes in beginning backlog as of December 31, 2013 that were scheduled to be delivered after March 31, 2014, as compared to the same period in the prior year.

*Backlog Dollar Value (dollars in thousands)*

	March 31,		Increase (Decrease)	
	2014	2013	Amount	%
Maracay	\$ 47,623	\$ 44,327	\$ 3,296	7%
Pardee	220,596	194,183	26,413	14%
Quadrant	55,517	36,369	19,148	53%
Trendmaker	119,055	91,841	27,214	30%
Winchester	151,759	142,129	9,630	7%
Total	\$ 594,550	\$ 508,849	\$ 85,701	17%

The dollar value of backlog increased \$85.7 million, or 17%, to \$594.6 million as of March 31, 2014 from \$508.8 million as of March 31, 2013. The increase in the dollar value of backlog as of March 31, 2014 reflects an increase in the average sales price of homes in backlog of \$116,000, or 26%, to \$563,000 as of March 31, 2014 compared to \$447,000 as of March 31, 2013.

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The increase in average sales price of homes in backlog is attributable to higher prices at existing communities from price increases and the introduction of new products with larger square footage at higher prices in newly opened selling communities. The increase in the dollar value of backlog described above, generally results in an increase in operating revenues in subsequent periods.

At Maracay, the dollar value of backlog increased 7% to \$47.6 million as of March 31, 2014 from \$44.3 million as of March 31, 2013, which is attributable to a 31% increase in the average sales price of homes in backlog to \$390,000 as of March 31, 2014 compared to \$297,000 as of March 31, 2013. The increase in the average sales price in backlog is primarily due to changes in product mix from new selling communities opened over the course the last year and market driven price increases, primarily in the Phoenix market. The effect of the year-over-year increase in the average sales price of homes in backlog was partially offset by an 18% decrease in the number of homes in backlog as of March 31, 2014 as compared to March 31, 2013.

At Pardee, the dollar value of backlog increased 14% to \$220.6 million as of March 31, 2014 from \$194.2 million as of March 31, 2013, which is attributable to a 33% increase in the average sales price of homes in backlog to \$566,000 as of March 31, 2014 compared to \$424,000 as of March 31, 2013. The increase in the average sales price in backlog is due to changes in product mix reflecting a shift to higher priced products within San Diego and Las Vegas, and shifts in mix with a higher percentage of units in backlog in the higher priced San Diego and Los Angeles/Ventura markets as of March 31, 2014 as compared to March 31, 2013. The effect of the year-over-year increase in the average sales price of homes in backlog was partially offset by a 15% decrease in the number of homes in backlog as of March 31, 2014 as compared to March 31, 2013.

At Quadrant, the dollar value of backlog increased 53% to \$55.5 million as of March 31, 2014 from \$36.4 million as of March 31, 2013, which is attributable to a 58% increase in the average sales price of homes in backlog to \$479,000 as of March 31, 2014 compared to \$303,000 as of March 31, 2013. The increase in the average sales price in backlog is due to higher prices in new selling communities, as a result of shifting Quadrant's focus from value-oriented market segment to the move-up market segment and the impact from a premium product line offered to the market beginning in 2013 with average prices in backlog as of March 31, 2014 of \$870,000.

At Trendmaker, the dollar value of backlog increased 30% to \$119.1 million as of March 31, 2014 from \$91.8 million as of March 31, 2013, which is attributable to a 15% increase in the number of homes in backlog and a 13% increase in the average sales price of homes in backlog to \$507,000 as of March 31, 2014 compared to \$448,000 as of March 31, 2013. The increase in the average sales price in backlog is consistent with the overall increase in housing prices in Houston over the last year.

At Winchester, the dollar value of backlog increased 7% to \$151.8 million as of March 31, 2014 from \$142.1 million as of March 31, 2013, which is attributable to a 14% increase in the average sales price of homes in backlog to \$786,000 as of March 31, 2014 compared to \$690,000 as of March 31, 2013. The increase in the average sales price in backlog was the result of a greater proportion of net new home orders for higher price detached homes as compared with net new home orders for attached homes. The effect of the year-over-year increase in the average sales price of homes in backlog was partially offset by a 6% decrease in the number of homes in backlog as of March 31, 2014 as compared to March 31, 2013.

*New Homes Delivered***Increase (Decrease)**

	<b>Three Months Ended</b>		<b>Amount</b>	<b>%</b>
	<b>March 31,</b>			
	<b>2014</b>	<b>2013</b>		
Maracay	99	66	33	50%
Pardee	135	184	(49)	(27%)
Quadrant	78	78		%
Trendmaker	130	106	24	23%
Winchester	66	29	37	128%
Total	508	463	45	10%

New homes delivered increased by 45, or 10%, to 508 for the three months ended March 31, 2014 compared to 463 for the three months ended March 31, 2013. The increased number of deliveries resulted from a higher conversion of backlog units during the three months ended March 31, 2014 as compared to the three months ended March 31, 2013. WRECO entered 2014 with 15% more units in backlog than

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it had at the beginning of 2013 and ending units in backlog at March 31, 2014 decreased 7% as compared with March 31, 2013. The 128% increase in new homes delivered by Winchester during the three months ended March 31, 2014 as compared to the three months ended March 31, 2013 is attributable to entering 2014 with 58% more units in backlog and 110% more unsold homes available for sale, respectively, as compared to the beginning of 2013. New homes delivered by Pardee decreased 27% for the three months ended March 31, 2014 as compared with the three months ended March 31, 2013, consistent with a 26% decrease in net new home orders over the same periods.

*Average Sales Price of Homes Delivered (dollars in thousands)*

	Three Months Ended		Increase (Decrease)	
	2014	2013	Amount	%
Maracay	\$ 356	\$ 274	\$ 82	30%
Pardee	499	407	92	23%
Quadrant	399	305	94	31%
Trendmaker	472	434	38	9%
Winchester	709	672	37	6%
Total	\$ 476	\$ 394	\$ 82	21%

The average sales price of homes delivered increased \$82,000, or 21%, to \$476,000 for the three months ended March 31, 2014 compared to \$394,000 for the three months ended March 31, 2013. The increase was across all homebuilding subsidiaries. At Maracay, average prices increased 30% during the three months ended March 31, 2014 compared to the three months ended March 31, 2013 attributable to changes in product mix from new selling communities and market driven price increases, primarily in the Phoenix market. At Pardee, average prices increased 23% during the three months ended March 31, 2014 compared to the three months ended March 31, 2013, attributable to changes in product mix reflecting a shift to higher priced products in San Diego and Las Vegas and local market price increases in San Diego, Las Vegas and the Inland Empire. At Quadrant, average prices increased 31%, primarily attributable to a shift to higher priced products in new selling communities and local market price improvement. Average price increases at Trendmaker and Winchester were consistent with local market trends.

The variability in the number of new homes delivered, single-family home sales revenue and the average sales price of homes delivered from period to period in each respective market is due to a variety of factors, including, but not limited to: (i) local supply and demand patterns, (ii) the number of selling communities, (iii) the availability of lots in each community and (iv) macroeconomic factors. In addition to these factors, the variability in single-family home sales revenue and average sales price of homes delivered is due to changes in product type or mix, for example, between first-time homebuyer or move-up market segments and detached or attached products.

*Single-Family Home Sales Revenue (dollars in thousands)*

	Three Months Ended		Increase (Decrease)	
	2014	2013	Amount	%
Maracay	\$ 35,230	\$ 18,114	\$ 17,116	94%

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Pardee	67,397	74,977	(7,580)	(10%)
Quadrant	31,089	23,777	7,312	31%
Trendmaker	61,400	46,020	15,380	33%
Winchester	46,786	19,493	27,293	140%
Total	\$ 241,902	\$ 182,381	\$ 59,521	33%

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Single-family home sales revenue increased \$59.5 million, or 33%, to \$241.9 million for the three months ended March 31, 2014 compared to \$182.4 million for the three months ended March 31, 2013. The increase was primarily attributable to: (i) an increase in revenue of \$17.7 million due to a 10% increase in the number of homes delivered to 508 for the three months ended March 31, 2014 from 463 for the three months ended March 31, 2013, and (ii) an increase in revenue of \$41.8 million related to a \$82,000 increase in the average sales price of homes delivered to \$476,000 for the three months ended March 31, 2014 from \$394,000 for the three months ended March 31, 2013.

The most significant increases were at Maracay and Winchester. Maracay's single-family home sales revenue increased 94% for the three months ended March 31, 2014 compared to the three months ended March 31, 2013, reflecting both a 50% increase in new home deliveries during the same periods and a 30% increase in the average sales price of homes delivered. Winchester's single-family home sales revenue increased 140% for the three months ended March 31, 2014 compared to the three months ended March 31, 2013, primarily due to a 128% increase in new home deliveries during the same periods.

Pardee's single-family home sales revenue decreased 10% for the three months ended March 31, 2014 compared to the three months ended March 31, 2013, primarily due to the 27% decrease in new home deliveries during the same periods, partially offset by a 23% increase in the average sales price of homes delivered.

*Single-Family Gross Margin Percentage*

	<b>Three Months Ended</b>		<b>Increase (Decrease)</b>
	<b>March 31,</b>		
	<b>2014</b>	<b>2013</b>	
Maracay	22.6%	16.4%	6.2%
Pardee	22.5%	21.1%	1.4%
Quadrant	16.9%	17.6%	(0.7%)
Trendmaker	20.8%	21.1%	(0.2%)
Winchester	20.2%	14.3%	5.9%
Total	20.9%	19.5%	1.5%
Adjusted single-family gross margin percentage <sup>(1)</sup>	22.5%	22.3%	1.5%

<sup>(1)</sup> Non-GAAP financial measure (discussed below).

Single-family gross margin represents single-family home sales revenue less single-family home costs and impairments of single-family homebuilding inventory. Costs of single-family homes increased \$44.2 million, or 30%, to \$190.8 million for the three months ended March 31, 2014 from \$146.6 million for the three months ended March 31, 2013. The increase was primarily due to a 10% increase in the number of homes delivered and a change in the product mix of homes delivered. Overall, WRECO's single-family gross margin percentage increased to 20.9% for the three months ended March 31, 2014 as compared to 19.5% for the three months ended March 31, 2013 due to higher priced product mix from new selling communities and the implementation of price increases at rates that exceeded cost increases. Maracay's single-family gross margin percentage increased 6.2% as a result of year-over-year price increases due to changes in product mix from new selling communities and market driven price increases, primarily in Phoenix, in the three months ended March 31, 2014 as compared to the three months ended March 31,

2013. Winchester's single-family gross margin percentage increased 5.9% as a result of the mix of selling communities and lower production-related indirect expenses.

Excluding impairments of single-family homebuilding inventory assets and related assets and interest included in single-family home costs, adjusted single-family gross margin percentage was 22.5% for the three months ended March 31, 2014, compared to 22.3% for the three months ended March 31, 2013. Adjusted single-family gross margin is a non-GAAP financial measure. WRECO believes this information is meaningful to investors because it isolates the collective impact of impairment and interest charges on single-family gross margin and permits investors to make better comparisons with WRECO's competitors, who adjust gross margins in a similar fashion.



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The following table reconciles this non-GAAP financial measure to single-family gross margin, the nearest GAAP equivalent (dollars in thousands):

	<b>Three Months Ended March 31,</b>			
	<b>2014</b>	<b>% of Revenue</b>	<b>2013</b>	<b>% of Revenue</b>
Single-family home sales revenue	\$ 241,902	100.0%	\$ 182,381	100.0%
Single-family home cost	(190,840)	(78.9%)	(146,631)	(80.4%)
Impairments of single-family homebuilding inventory	(429)	(0.2%)	(277)	(0.2%)
Single-family gross margin	50,633	20.9%	35,473	19.5%
Add: Impairments of single-family homebuilding inventory	429	0.2%	277	0.2%
Add: Interest amortization in single-family home cost	3,300	1.4%	4,902	2.7%
Adjusted single-family gross margin	\$ 54,362	22.5%	\$ 40,652	22.3%
Single-family gross margin percentage	20.9%		19.5%	
Adjusted single-family gross margin percentage	22.5%		22.3%	

*Non-Single-Family Operations (dollars in thousands)*

	<b>Three Months Ended March 31,</b>			
	<b>2014</b>	<b>% of Revenue</b>	<b>2013</b>	<b>% of Revenue</b>
Non-single-family revenue	\$ 6,230	100.0%	\$ 13,135	100.0%
Non-single-family cost	(4,755)	(76.3%)	(12,936)	(98.5%)
Impairments of non-single-family inventory and related assets	(39)	(0.6%)	(216)	(1.6%)
Non-single family gross margin	1,436	23.0%	(17)	(0.1%)
Add: impairments of non-single-family and related assets	39	0.6%	216	1.6%
Add: Interest amortization in non-single-family cost	763	12.2%	1,839	14.0%
Adjusted non-single-family gross margin <sup>(1)</sup>	\$ 2,238	35.9%	\$ 2,038	15.5%

(1) Non-GAAP financial measure (discussed below).

Non-single-family revenue for the three months ended March 31, 2014 was \$6.2 million, primarily related to the sale of residential lots and revenue from water connection fee credits in Southern California. Non-single-family revenue of \$13.1 million for the three months ended March 31, 2013 was primarily related to the sale of residential lots in Southern California.

Non-single-family gross margin represents non-single-family revenue less non-single-family cost. Non-single-family gross margin for the three months ended March 31, 2014 was \$1.4 million compared to a near breakeven for the three months ended March 31, 2013.

Non-single-family gross margin can vary by transaction due to a number of factors including property use (for example, residential, multi-family, commercial or civic use), regulatory approval status (for example, unentitled, tentative approval or final approval), property condition (for example, undeveloped, partially developed or finished ready for construction), on-site and off-site improvement requirements (for example, utilities or transportation) and local market demand/supply dynamics.

Excluding impairments of non-single-family homebuilding inventory assets and related assets and interest included in non-single-family costs, adjusted non-single-family gross margin percentage was 35.9% for the three months ended March 31, 2014, compared to 15.5% for the three months ended March 31, 2013. Adjusted non-single-family gross margin is a non-GAAP financial measure. WRECO believes this information is meaningful to investors because it isolates the collective impact of impairment and interest charges on non-single-family gross margin. The table presented above reconciles this non-GAAP financial measure to non-single-family gross margin, the nearest GAAP equivalent.

**Table of Contents***Sales and Marketing Expense (dollars in thousands)*

	Three Months Ended		Increase (Decrease)	
	March 31, 2014	March 31, 2013	Amount	%
<b>Homebuilding subsidiaries:</b>				
Maracay	\$ 3,157	\$ 2,086	\$ 1,071	51%
Pardee	5,829	7,136	(1,307)	(18%)
Quadrant	3,141	2,644	497	19%
Trendmaker	4,750	3,889	861	22%
Winchester	3,895	2,356	1,539	65%
Corporate and other	133	133		%
<b>Total</b>	<b>\$ 20,905</b>	<b>\$ 18,244</b>	<b>\$ 2,661</b>	<b>15%</b>

Sales and marketing expense increased \$2.7 million, or 15%, to \$20.9 million for the three months ended March 31, 2014 from \$18.2 million for the three months ended March 31, 2013. The increase in sales and marketing expense is primarily attributable to variable costs, such as internal and external sales commissions, related to a 33% increase in single-family home sales revenue, partially offset by lower expenses associated with opening fewer communities during the three months ended March 31, 2014 compared to the three months ended March 31, 2013. The most significant increases in sales and marketing expenses were at Maracay and Winchester, with increases of 51% and 65%, respectively, consistent with increased new home deliveries and higher single-family home sales revenues at these subsidiaries for the three months ended March 31, 2014 as compared to the three months ended March 31, 2013. Pardee's sales and marketing expenses decreased 18% for the three months ended March 31, 2014 as compared to the three months ended March 31, 2013, primarily due to a 27% decrease in the number of homes delivered and a 10% reduction in single-family home sales revenues during the same periods. While total sales and marketing expenses increased in absolute dollars, sales and marketing expense as a percentage of total single-family home sales revenue declined for the three months ended March 31, 2014 to 8.6% from 10.0% in the three months ended March 31, 2013. The fixed component of sales and marketing expenses benefited from a 10% increase in new home deliveries during the three months ended March 31, 2014 as compared to the three months ended March 31, 2013.

*General and Administrative Expense (dollars in thousands)*

	Three Months Ended		Increase (Decrease)	
	March 31, 2014	March 31, 2013	Amount	%
<b>Homebuilding subsidiaries:</b>				
Maracay	\$ 1,317	\$ 1,033	\$ 284	27%
Pardee	3,757	4,261	(504)	(12%)
Quadrant	1,468	1,591	(123)	(8%)
Trendmaker	1,569	1,302	267	21%
Winchester	1,584	1,633	(49)	(3%)
Corporate and other	8,310	8,595	(285)	(3%)

Total	\$ 18,005	\$ 18,414	\$ (410)	(2%)
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General and administrative expense decreased \$0.4 million, or 2%, to \$18.0 million for the three months ended March 31, 2014 from \$18.4 million for the three months ended March 31, 2013. For each of the three month periods ended March 31, 2014 and 2013, WRECO incurred \$5.5 million of allocated corporate general and administrative expense from Weyerhaeuser. Direct general and administrative expense decreased \$0.4 million for the three months ended March 31, 2014 compared to the three months ended March 31, 2013, primarily due to lower rent expense. General and administrative expense as a percentage of total single-family home sales revenue was 7.4% and 10.1% for the three months ended March 31, 2014 and 2013, respectively. The primarily fixed nature of general and administrative costs benefited from a 10% increase in new home deliveries during the three months ended March 31, 2014 as compared to the three months ended March 31, 2013.

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**Table of Contents***Restructuring Costs*

Restructuring costs for the three months ended March 31, 2014 totaled \$1.7 million compared with \$0.4 million for the three months ended March 31, 2013. The \$1.3 million increase is primarily employee-related costs such as retention costs, incurred in connection with the pending Transactions.

*Other Income (Expense)*

Other income for the three months ended March 31, 2014 totaled \$0.7 million compared with \$0.8 million for the three months ended March 31, 2013.

Interest incurred for the three months ended March 31, 2014 totaled \$4.0 million, of which \$3.8 million was capitalized to inventory in process of construction or development, including both real estate under development and land under development, leaving \$0.2 million not eligible for capitalization that was expensed. Interest incurred for the three months ended March 31, 2013 totaled \$5.0 million, of which \$4.5 million was capitalized to inventory in process of construction or development, leaving \$0.5 million not eligible for capitalization that was expensed. The period over period decrease in total interest incurred was the result of varying interest rates on the mix of average outstanding debt.

*Income Tax Expense*

The effective tax rate on earnings from continuing operations excluding discrete items was 37.4% and 37.2% for the three months ended March 31, 2014 and 2013, respectively. Excluded from the calculation of the effective income tax rate for 2013 is a \$0.4 million benefit for the 2012 Energy Efficiency Credit that was not extended retroactively into law until the American Taxpayer Relief Act of 2012 was enacted in January 2013.

*Net Earnings from Discontinued Operations*

There were no net earnings from discontinued operations for the three months ended March 31, 2014 compared to \$0.2 million for the three months ended March 31, 2013 because WRECO sold Weyerhaeuser Realty Investors, Inc. to WNR in the fourth quarter of 2013.

*Net Earnings Attributable to Common Shareholder*

As a result of the foregoing factors, net earnings attributable to common shareholder for the three months ended March 31, 2014 were \$7.6 million compared with \$0.1 million for the three months ended March 31, 2013.

*Lots Owned and Controlled*

WRECO acquires land pursuant to purchase contracts and option contracts, typically at fixed prices. Option contracts may require refundable or non-refundable deposits, which vary by transaction, and permit, but do not obligate, WRECO to acquire the land. The term within which WRECO can exercise its option varies by transaction and the closing of the acquisition is often contingent upon the completion of necessary entitlement or infrastructure improvements. Depending upon the transaction, WRECO may acquire all of the land at one time or it may have the right to acquire a specified number of lots over agreed upon intervals. The following table summarizes lots owned and controlled by homebuilding subsidiary as of March 31, 2014 and March 31, 2013:

	As of March 31,		Increase (Decrease)	
	2014	2013	Amount	%
<b>Lots owned</b>				
Maracay	1,313	790	523	66%
Pardee <sup>(1)</sup>	28,611	29,650	(1,039)	(4)%
Quadrant	1,034	1,060	(26)	(2)%
Trendmaker	669	573	96	17%
Winchester	2,100	2,179	(79)	(4)%
<b>Total</b>	<b>33,727</b>	<b>34,252</b>	<b>(525)</b>	<b>(2)%</b>
<b>Lots controlled<sup>(2)</sup></b>				
Maracay	1,232	1,321	(89)	(7)%
Pardee <sup>(1)</sup>	56,999	56,798	201	%
Quadrant	316	426	(110)	(26)%
Trendmaker	1,183	1,018	165	16%
Winchester	1,030	1,127	(97)	(9)%
<b>Total</b>	<b>60,760</b>	<b>60,690</b>	<b>70</b>	<b>%</b>
<b>Total lots owned and controlled</b>	<b>94,487</b>	<b>94,942</b>	<b>(455)</b>	<b>%</b>

(1) Includes 10,686 lots owned and 56,413 lots controlled that are expected to be transferred to Weyerhaeuser and its subsidiaries by WRECO as a result of the REB Transfers. See The Transaction Agreement Transfers of Certain Assets and Assumption of Certain Liabilities .

(2) Lots controlled include lots under purchase agreements or option contracts, but excludes lots subject to non-binding agreements such as letters of intent. There can be no assurance that WRECO will acquire these lots on the terms or timing anticipated, or at all, or that WRECO will proceed to build and sell homes on any of these lots.

**Table of Contents****Comparing the Years Ended December 31, 2013 and 2012***Single-Family Net New Home Orders, Monthly Absorption Rate and Cancellation Rate*

	Single-family Net New Home Orders				Monthly Absorption Cancellation Rate Rate			
	Year Ended		Increase (Decrease)		Year Ended		Year Ended	
	December 31, 2013	2012	Amount	%	December 31, 2013	2012	2013	2012
Maracay	488	420	68	16%	3.1	3.5	10%	8%
Pardee	1,152	915	237	26%	5.3	4.5	18%	16%
Quadrant	354	419	(65)	(16%)	2.5	3.2	25%	26%
Trendmaker	649	522	127	24%	2.5	2.4	14%	12%
Winchester	412	389	23	6%	1.6	2.0	4%	7%
Total	3,055	2,665	390	15%	3.0	3.1	15%	15%

Net new home orders for the year ended December 31, 2013 increased 390, or 15%, to 3,055 compared to 2,665 for the year ended December 31, 2012. The year-over-year increase in net new home orders was driven by higher net new home activity among most of WRECO's homebuilding subsidiaries, with the most significant increases occurring at Pardee and Trendmaker, reflecting improved market conditions primarily in the Inland Empire (Riverside County), Los Angeles/Ventura and the Houston markets. The year-over-year decrease at Quadrant was primarily due to a lower absorption rate.

The overall average absorption rate of 3.0 net new orders per month for the year ended December 31, 2013 was comparable to the 3.1 net new orders per month for the year ended December 31, 2012. Quadrant's absorption rate decreased to 2.5 net new orders per month for the year ended December 31, 2013 compared to 3.2 net new orders per month for the year ended December 31, 2012 due to the delayed openings of new communities in 2013 as a result of later than expected delivery of finished lots by land sellers. Winchester's absorption rate also declined to 1.6 net new orders per month for the year ended December 31, 2013 compared to 2.0 net new orders per month for the year ended December 31, 2012, primarily as a result of a higher proportion of communities nearing completion or closure during 2013 which generally experience a slower rate of orders. Winchester generally has lower absorption rates due to the higher level of customization and longer construction cycles for their higher end products. Pardee's absorption rate increased for the year ended December 31, 2013 as compared to the year ended December 31, 2012, reflecting the general improvement in market conditions noted above.

WRECO's cancellation rate of homebuyers who contracted to buy a home but did not close escrow (as a percentage of overall orders) was 15% for the years ended December 31, 2013 and 2012. The cancellation rate shifted slightly year-over-year in each subsidiary with the largest change being a 3% reduction at Winchester primarily due to a change in mix to a greater proportion of higher priced, detached homes purchased by highly qualified buyers in 2013 as compared to 2012.

The increase in net new home orders positively affects the number of homes in backlog, which are homes that will close in future periods. As new home orders and backlog increase, it has a positive effect on revenues and cash flow in future periods.

*Average Selling Communities*

	<b>Year Ended</b>		<b>Increase (Decrease)</b>	
	<b>December 31, 2013</b>	<b>2012</b>	<b>Amount</b>	<b>%</b>
Maracay	13	10	3	30%
Pardee	18	17	1	6%
Quadrant	12	11	1	9%
Trendmaker	22	18	4	22%
Winchester	21	16	5	31%
Total	86	72	14	19%
Selling communities at end of the period	89	68	21	31%



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WRECO opened 50 new communities and closed 29 during the year ended December 31, 2013. The average number of selling communities increased to 86 for the year ended December 31, 2013 from 72 for the year ended December 31, 2012. The number of selling communities as of December 31, 2013 was 89 compared to 68 as of December 31, 2012.

The increase in selling communities reflects the net effect of new community openings and community closings that occur throughout the year. The average number of selling communities for the year is also affected by the timing of new community openings and community closings. Maracay opened 11 new communities and closed four during the year ended December 31, 2013, ending the year with 14 selling communities. Pardee opened ten new communities and closed nine during the year ended December 31, 2013, ending the year with 19 selling communities. Quadrant opened eight new communities and closed four during the year ended December 31, 2013, ending the year with 12 selling communities. Trendmaker opened five new communities and closed three during the year ended December 31, 2013, ending the year with 22 selling communities. Winchester opened 16 new communities and closed nine during the year ended December 31, 2013, ending the year with 22 selling communities.

**Table of Contents***Backlog Units*

	<b>December 31,</b>		<b>Increase (Decrease)</b>	
	<b>2013</b>	<b>2012</b>	<b>Amount</b>	<b>%</b>
Maracay	116	91	25	27%
Pardee	280	311	(31)	(10%)
Quadrant	96	105	(9)	(9%)
Trendmaker	222	158	64	41%
Winchester	183	116	67	58%
Total	897	781	116	15%

Backlog units reflect the number of homes, net of cancellations, for which the homebuilding subsidiary has entered into a purchase contract with a customer but for which it has not yet delivered the home. The increase in backlog units of 116 homes as of December 31, 2013 was driven primarily by the 15% increase in net new home orders during the year ended December 31, 2013 as compared to the year ended December 31, 2012. Backlog units at any given time may fluctuate based on absorption rates, timing of new community openings, and other factors, but typically will increase as net new home orders increase. The overall change in backlog units was comprised of increases at Maracay, Trendmaker and Winchester as of December 31, 2013 compared to December 31, 2012 due to increased net new orders for 2013 as compared to 2012, partially offset by declines at Pardee and Quadrant. Pardee's backlog, which decreased by 31 units or 10%, was primarily attributable to the 74% increase in the number of new homes delivered during the year ended December 31, 2013 as compared to the year ended December 31, 2012. Quadrant's backlog, which decreased by 9 homes or 9%, was primarily attributable to the 16% decrease in net new home orders for the year ended December 31, 2013 as compared to the year ended December 31, 2012.

*Backlog Dollar Value (dollars in thousands)*

	<b>December 31,</b>		<b>Increase (Decrease)</b>	
	<b>2013</b>	<b>2012</b>	<b>Amount</b>	<b>%</b>
Maracay	\$ 42,068	\$ 24,761	\$ 17,307	70%
Pardee	171,077	129,770	41,307	32%
Quadrant	44,262	32,106	12,156	38%
Trendmaker	108,491	70,326	38,165	54%
Winchester	141,166	85,534	55,632	65%
Total	\$ 507,064	\$ 342,497	\$ 164,567	48%

The dollar value of backlog increased \$164.6 million, or 48%, to \$507.1 million as of December 31, 2013 from \$342.5 million as of December 31, 2012. The increase in the dollar value of backlog as of December 31, 2013 reflects an increase in the average sales price of homes in backlog of \$126,000, or 29%, to \$565,000 as of December 31, 2013 compared to \$439,000 as of December 31, 2012. The increase in average sales price of homes in backlog is attributable to the introduction of new products with larger square footage at higher prices in newly opened selling communities and higher prices at existing communities from price increases. The increase in the dollar value of backlog described above, generally results in an increase in operating revenues in subsequent periods.

At Maracay, the dollar value of backlog increased 70% to \$42.1 million as of December 31, 2013 from \$24.8 million as of December 31, 2012, which is attributable to a 27% increase in the number of homes in backlog and a 33% increase in the average sales price of homes in backlog to \$363,000 as of December 31, 2013 compared to \$272,000 as of December 31, 2012. The increase in the average sales price in backlog is due to changes in product mix resulting from opening new selling communities during the year ended December 31, 2013.

At Pardee, the dollar value of backlog increased 32% to \$171.1 million as of December 31, 2013 from \$129.8 million as of December 31, 2012, which is attributable to a 47% increase in the average sales price of homes in backlog to \$611,000 as of December 31, 2013 compared to \$417,000 as of December 31, 2012. The increase in the average sales price in backlog is due to

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changes in product mix reflecting a shift to higher priced products in San Diego and Las Vegas, partially offset by a shift in mix to lower priced product in the Inland Empire (Riverside County) in the year ended December 31, 2013. The effect of the year-over-year increase in the average sales price of homes in backlog was partially offset by a 10% decrease in the number of homes in backlog as of December 31, 2013 as compared to December 31, 2012.

At Quadrant, the dollar value of backlog increased 38% to \$44.3 million as of December 31, 2013 from \$32.1 million as of December 31, 2012, which is attributable to a 51% increase in the average sales price of homes in backlog to \$461,000 as of December 31, 2013 compared to \$306,000 as of December 31, 2012. The increase in the average sales price in backlog is due to higher prices in new selling communities, as a result of shifting Quadrant's focus from value-oriented market segment to the move-up market segment. The effect of the year-over-year increase in the average sales price of homes in backlog was partially offset by a 9% decrease in the number of homes in backlog as of December 31, 2013 as compared to December 31, 2012.

At Trendmaker, the dollar value of backlog increased 54% to \$108.5 million as of December 31, 2013 from \$70.3 million as of December 31, 2012, which is attributable to a 41% increase in the number of homes in backlog and a 10% increase in the average sales price of homes in backlog to \$489,000 as of December 31, 2013 compared to \$445,000 as of December 31, 2012. The increase in the average sales price in backlog is consistent with the overall increase in housing prices in Houston during 2013.

At Winchester, the dollar value of backlog increased 65% to \$141.2 million as of December 31, 2013 from \$85.5 million as of December 31, 2012, which is attributable to a 58% increase in the number of homes in backlog and a 5% increase in the average sales price of homes in backlog to \$771,000 as of December 31, 2013 compared to \$737,000 as of December 31, 2012. The increase in the average sales price in backlog was the result of a shift in product mix to newer selling communities with larger square footage, as well as greater proportion of net new home orders for higher price detached homes as compared with net new home orders for attached homes.

*New Homes Delivered*

	Year Ended		Increase (Decrease)	
	2013	2012	Amount	%
Maracay	463	389	74	19%
Pardee	1,183	681	502	74%
Quadrant	363	415	(52)	(13%)
Trendmaker	585	477	108	23%
Winchester	345	352	(7)	(2%)
Total	2,939	2,314	625	27%

New homes delivered increased by 625, or 27%, to 2,939 for the year ended December 31, 2013 compared to the year ended December 31, 2012, primarily attributable to a 15% increase in net new home orders for the year ended December 31, 2013 as compared with the year ended December 31, 2012 as well as an 82% increase in the number of homes in backlog as of December 31, 2012 compared to December 31, 2011. The 74% increase in new homes delivered by Pardee is attributable to a 26% increase in net new home orders for the year ended December 31, 2013 as compared with the year ended December 31, 2012 and a 304% increase in the number of homes in backlog as of December 31, 2012 compared to December 31, 2011. The 13% decrease in new homes delivered by Quadrant during

the year ended December 31, 2013 as compared to the year ended December 31, 2012 is consistent with the 16% decrease in net new home orders over the same periods.

*Average Sales Price of Homes Delivered (dollars in thousands)*

	<b>Year Ended</b>		<b>Increase (Decrease)</b>	
	<b>December 31,</b>	<b>December 31,</b>	<b>Amount</b>	<b>%</b>
	<b>2013</b>	<b>2012</b>		
Maracay	\$ 315	\$ 265	\$ 50	19%
Pardee	404	397	7	2%
Quadrant	320	292	28	10%
Trendmaker	445	419	26	6%
Winchester	631	499	132	26%
Total	\$ 415	\$ 376	\$ 39	10%

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The average sales price of homes delivered increased \$39,000, or 10%, to \$415,000 for the year ended December 31, 2013 compared to \$376,000 for the year ended December 31, 2012. The increase was across all homebuilding subsidiaries. At Pardee, prices increased in all markets during the year ended December 31, 2013 compared to the year ended December 31, 2012, but the overall average only increased 2% due to having a greater proportion of deliveries during 2013 in the lower priced Inland Empire (Riverside County) market compared to the prior year. At Winchester, the 26% increase in average sales price of homes delivered for the year ended December 31, 2013 as compared to the year ended December 31, 2012 was the result of a shift in mix to newer communities with larger square footage, as well as a shift in the product mix toward higher priced detached versus lower priced attached homes.

The variability in the number of new homes delivered, single-family home sales revenue and the average sales price of homes delivered from period to period in each respective market is due to a variety of factors, including, but not limited to: (i) local supply and demand patterns, (ii) the number of selling communities, (iii) the availability of lots in each community and (iv) macroeconomic factors. In addition to these factors, the variability in single-family home sales revenue and average sales price of homes delivered is due to changes in product type or mix, for example, between first-time homebuyer or move-up market segments and detached or attached products.

*Single-Family Home Sales Revenue (dollars in thousands)*

	Year Ended December 31,		Increase (Decrease)	
	2013	2012	Amount	%
Maracay	\$ 145,822	\$ 103,222	\$ 42,600	41%
Pardee	477,956	270,583	207,373	77%
Quadrant	116,270	121,311	(5,041)	(4%)
Trendmaker	260,566	199,933	60,633	30%
Winchester	217,816	175,547	42,269	24%
Total	\$ 1,218,430	\$ 870,596	\$ 347,834	40%

Single-family home sales revenue increased \$347.8 million, or 40%, to \$1,218.4 million for the year ended December 31, 2013 compared to \$870.6 million for the year ended December 31, 2012. The increase was primarily attributable to: (i) an increase in revenue of \$235.1 million due to a 27% increase in the number of homes delivered to 2,939 for the year ended December 31, 2013 from 2,314 for the year ended December 31, 2012, and (ii) an increase in revenue of \$112.7 million related to a \$39,000 increase in the average sales price of homes delivered to \$415,000 for the year ended December 31, 2013 from \$376,000 for the year ended December 31, 2012.

**Table of Contents***Single-Family Gross Margin Percentage*

	Year Ended December 31,		Increase (Decrease)
	2013	2012	
Maracay	18.6%	18.0%	0.6%
Pardee	25.7%	25.3%	0.4%
Quadrant	17.3%	13.2%	4.1%
Trendmaker	20.9%	20.2%	0.7%
Winchester	20.0%	18.9%	1.1%
Total	22.0%	20.3%	1.7%
Adjusted single-family gross margin percentage (1)	24.2%	22.9%	1.3%

(1) Non-GAAP financial measure (discussed below).

Single-family gross margin represents single-family home sales revenue less single-family home costs and impairments of single-family homebuilding inventory. Costs of single-family homes increased \$258.0 million, or 37%, to \$948.6 million for the year ended December 31, 2013 from \$690.6 million for the year ended December 31, 2012. The increase was primarily due to a 27% increase in the number of homes delivered and a change in the product mix of homes delivered. Overall, WRECO's single-family gross margin percentage increased to 22.0% for the year ended December 31, 2013 as compared to 20.3% for the year ended December 31, 2012 due to higher priced product mix from new selling communities and the implementation of price increases at rates that exceeded cost increases. Quadrant's single-family gross margin percentage increased 4.1% as a result of year-over-year price increases due to a shift in market focus from value-oriented products to move-up products and due to lower impairment charges in the year ended December 31, 2013 as compared to the year ended December 31, 2012.

Excluding impairments of single-family homebuilding inventory assets and related assets and interest included in single-family home costs, adjusted single-family gross margin percentage was 24.2% for the year ended December 31, 2013, compared to 22.9% for the year ended December 31, 2012. Adjusted single-family gross margin is a non-GAAP financial measure. WRECO believes this information is meaningful to investors because it isolates the collective impact of impairment and interest charges on single-family gross margin and permits investors to make better comparisons with WRECO's competitors, who adjust gross margins in a similar fashion.

The following table reconciles this non-GAAP financial measure to single-family gross margin, the nearest GAAP equivalent (dollars in thousands):

	Year Ended December 31,			
	2013	% of Revenue	2012	% of Revenue
Single-family home sales revenue	\$ 1,218,430	100.0%	\$ 870,596	100.0%
Single-family home cost	(948,561)	(77.9%)	(690,578)	(79.3%)



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Impairments of single-family homebuilding inventory	(1,719)	(0.1%)	(3,319)	(0.4%)
Single-family gross margin	268,150	22.0%	176,699	20.3%
Add: Impairments of single-family homebuilding inventory	1,719	0.1%	3,319	0.4%
Add: Interest amortization in single-family home cost	25,584	2.1%	19,706	2.2%
Adjusted single-family gross margin	\$ 295,453	24.2%	\$ 199,724	22.9%
Single-family gross margin percentage	22.0%		20.3%	
Adjusted single-family gross margin percentage	24.2%		22.9%	

**Table of Contents***Non-Single-Family Operations (dollars in thousands)*

	<b>Year Ended December 31,</b>			
	<b>2013</b>	<b>% of Revenue</b>	<b>2012</b>	<b>% of Revenue</b>
Non-single-family revenue	\$ 56,282	100.0%	\$ 199,710	100.0%
Non-single-family cost	(40,906)	(72.7%)	(121,357)	(60.8%)
Impairments of non-single-family inventory and related assets	(343,729)	n/m	(272)	(0.1%)
Non-single family gross margin	(328,353)	n/m	78,081	39.1%
Add: impairments of non-single-family and related assets	343,729	n/m	272	0.1%
Add: Interest amortization in non-single-family cost	11,087	19.7%	10,586	5.3%
Adjusted non-single-family gross margin <sup>(1)</sup>	\$ 26,463	47.0%	\$ 88,939	44.5%

n/m percentage not meaningful

<sup>(1)</sup> Non-GAAP financial measure (discussed below).

Non-single-family revenue for the year ended December 31, 2013 was \$56.3 million, primarily related to the sale of residential lots in Southern California and Maryland, as well as a school site in Southern California.

Non-single-family revenue for the year ended December 31, 2012 included the sale of Cross Creek Ranch, a 3,200 acre master planned community in Houston for approximately \$100 million. The balance of non-single-family revenue during the year ended December 31, 2012 was primarily related to the sale of residential lots in Southern California.

Non-single-family gross margin represents non-single-family revenue less non-single-family cost. Non-single-family gross margin for the year ended December 31, 2013 was \$(328.4) million compared to \$78.1 million for the year ended December 31, 2012. Results for the year ended December 31, 2013 include a \$343.3 million impairment charge for Coyote Springs, a large master planned community north of Las Vegas, Nevada which is excluded from the Transactions. Under the terms of the Transaction Agreement, certain assets and liabilities of WRECO and its subsidiaries will be excluded from the Transactions and retained by Weyerhaeuser, including assets and liabilities relating to Coyote Springs. During the fourth quarter of 2013, following the announcement of the Transactions, WRECO and Weyerhaeuser began exploring strategic alternatives for Coyote Springs and determined that Weyerhaeuser's strategy for development of Coyote Springs will likely differ from WRECO's current development plan. WRECO's development plan was long-term in nature with development and net cash flows covering at least 15-20 years or more. The undiscounted cash flows for Coyote Springs under the WRECO development plan remained above the carrying value of the property. Weyerhaeuser's strategy is to cease holding Coyote Springs for development and to initiate activities in the near-term to market the assets to potential third-party buyers. The undiscounted cash flows under Weyerhaeuser's asset sale strategy were below the carrying value of the property. Consequently, WRECO recognized a non-cash charge of \$343.3 million in the fourth quarter of 2013 for the impairment of Coyote Springs.

Non-single-family gross margin can vary by transaction due to a number of factors including property use (for example, residential, multi-family, commercial or civic use), regulatory approval status (for example, unentitled, tentative approval or final approval), property condition (for example, undeveloped, partially developed or finished ready for construction), on-site and off-site improvement requirements (for example, utilities or transportation) and local market demand/supply dynamics.

Excluding impairments of non-single-family homebuilding inventory assets and related assets and interest included in non-single-family costs, adjusted non-single-family gross margin percentage was 47.0% for the year ended December 31, 2013, compared to 44.5% for the year ended December 31, 2012. Adjusted non-single-family gross margin is a non-GAAP financial measure. WRECO believes this information is meaningful to investors because it isolates the collective impact of impairment and interest charges on non-single-family gross margin. The table presented above reconciles this non-GAAP financial measure to non-single-family gross margin, the nearest GAAP equivalent.

*Sales and Marketing Expense (dollars in thousands)*

	Year Ended December 31, Increase (Decrease)			
	2013	2012	Amount	%
<b>Homebuilding subsidiaries:</b>				
Maracay	\$ 12,596	\$ 9,125	\$ 3,471	38%
Pardee	33,976	27,068	6,908	26%
Quadrant	12,671	13,528	(857)	(6%)
Trendmaker	19,445	16,103	3,342	21%
Winchester	15,299	11,664	3,635	31%
Corporate and other	534	534		%
<b>Total</b>	<b>\$ 94,521</b>	<b>\$ 78,022</b>	<b>\$ 16,499</b>	<b>21%</b>

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Sales and marketing expense increased \$16.5 million, or 21%, to \$94.5 million for the year ended December 31, 2013 from \$78.0 million for the year ended December 31, 2012. The increase in sales and marketing expense is primarily attributable to variable costs, such as sales commissions and closing costs, related to a 27% increase in the number of homes delivered, and additional expenses associated with 49 new community openings during the year ended December 31, 2013, an increase of 75% over the year ended December 31, 2012. Pardee sales and marketing expense comprised the most significant portion of the overall year-over-year increase due to a 74% increase in the number of homes delivered and a 77% increase in single-family home sales revenue. Quadrant's sales and marketing expenses decreased 6% year-over-year, primarily due to a 13% decrease in the number of homes delivered during the year ended December 31, 2013 as compared to the year ended December 31, 2012. While total sales and marketing expenses increased in absolute dollars, sales and marketing expense as a percentage of total single-family home sales revenue declined for the year ended December 31, 2013 to 7.8% from 9.0% in the year ended December 31, 2012. The fixed component of sales and marketing expenses benefited from a 40% increase in single-family homes sales from 2012 to 2013.

**Table of Contents***General and Administrative Expense (dollars in thousands)*

	Year Ended December 31,		Increase (Decrease)	
	2013	2012	Amount	%
<b>Homebuilding subsidiaries:</b>				
Maracay	\$ 4,462	\$ 4,153	\$ 309	7%
Pardee	16,766	18,071	(1,305)	(7%)
Quadrant	5,984	5,348	636	12%
Trendmaker	6,164	5,768	396	7%
Winchester	6,214	6,646	(432)	(7%)
Corporate and other	34,654	35,597	(943)	(3%)
<b>Total</b>	<b>\$ 74,244</b>	<b>\$ 75,583</b>	<b>(\$ 1,339)</b>	<b>(2%)</b>

General and administrative expense decreased \$1.3 million, or 2%, to \$74.2 million for the year ended December 31, 2013 from \$75.6 million for the year ended December 31, 2012. For the years ended December 31, 2013 and 2012, WRECO incurred \$22.9 million and \$20.5 million, respectively, of allocated corporate general and administrative expense from Weyerhaeuser, a 12% increase year-over-year. Direct general and administrative expense decreased \$3.7 million for the year ended December 31, 2013 compared to the year ended December 31, 2012, primarily due to lower employee variable compensation costs. General and administrative expense as a percentage of total single-family home sales revenue was 6.1% and 8.7% for the years ended December 31, 2013 and 2012, respectively. The primarily fixed nature of general and administrative costs benefited from a 40% increase in single-family homes sales from 2012 to 2013.

*Restructuring Costs*

Restructuring costs for the year ended December 31, 2013 totaled \$10.9 million compared with \$2.5 million for the year ended December 31, 2012. The \$8.4 million increase includes a \$5.1 million increase in employee-related costs such as severance and retention, primarily incurred in connection the pending Transactions, and a \$3.3 million increase in lease termination costs related to contract terminations resulting from general cost reduction initiatives.

*Other Income (Expense)*

Other income for the year ended December 31, 2013 totaled \$2.5 million compared with \$0.9 million for the year ended December 31, 2012. The \$1.6 million increase is primarily attributable to a \$1.8 million increase in interest income on outstanding notes receivable, a \$1.6 million increase in marketing fee income, a \$1.4 million decrease in interest expense and a \$2.5 million decrease in earnings from unconsolidated entities. During 2013, WRECO entered into joint marketing agreements with certain preferred lenders. Similar activities had previously occurred within a partnership with a preferred lender. This change resulted in an increase in marketing fee income and a decrease in earnings from unconsolidated entities for the year ended December 31, 2013, as compared to the year ended December 31, 2012.

Interest incurred for the year ended December 31, 2013 totaled \$22.7 million, of which \$19.1 million was capitalized to inventory in process of construction or development, including both real estate under development and land under development, leaving \$3.6 million not eligible for capitalization that was expensed. Interest incurred for the year ended December 31, 2012 totaled \$27.1 million, of which \$22.1 million was capitalized to inventory in process of

construction or development, leaving \$5.0 million not eligible for capitalization that was expensed. The period over period decrease in total interest incurred was the result of varying interest rates on the mix of average outstanding debt.

*Income Tax Expense*

The benefit for income taxes in 2013 is due to the loss from continuing operations before taxes. The 2013 effective tax rate decreased to 36.3% from 39.1% in 2012 due primarily to a reduction in state income taxes in 2013 resulting from a change in WRECO's revenue mix by state, partially offset by an increase to the rate (providing an increase in the tax benefit when applied to the pretax loss) for federal tax credits.

*Net Earnings from discontinued operations*

Net earnings from discontinued operations were \$1.8 million for the year ended December 31, 2013 compared to \$0.8 million for the year ended December 31, 2012. 2013 included a \$1.9 million gain on the sale of Weyerhaeuser Realty Investors, Inc. to WNR.

**Table of Contents***Net Earnings Attributable to Common Shareholder*

As a result of the foregoing factors, net earnings (loss) attributable to common shareholder for the year ended December 31, 2013 were \$(149.5) million compared with \$61.5 million for the year ended December 31, 2012.

*Lots Owned and Controlled*

WRECO acquires land pursuant to purchase contracts and option contracts, typically at fixed prices. Option contracts may require refundable or non-refundable deposits, which vary by transaction, and permit, but do not obligate, WRECO to acquire the land. The term within which WRECO can exercise its option varies by transaction and the closing of the acquisition is often contingent upon the completion of necessary entitlement or infrastructure improvements. Depending upon the transaction, WRECO may acquire all of the land at one time or it may have the right to acquire a specified number of lots over agreed upon intervals. The following table summarizes lots owned and controlled by homebuilding subsidiary as of December 31, 2013 and December 31, 2012:

	<b>As of December 31,</b>		<b>Increase (Decrease)</b>	
	<b>2013</b>	<b>2012</b>	<b>Amount</b>	<b>%</b>
<b>Lots owned</b>				
Maracay	1,118	735	383	52%
Pardee <sup>(1)</sup>	28,636	29,805	(1,169)	(4)%
Quadrant	864	910	(46)	(5)%
Trendmaker	679	567	112	20%
Winchester	2,105	2,190	(85)	(4)%
<b>Total</b>	<b>33,402</b>	<b>34,207</b>	<b>(805)</b>	<b>(2)%</b>
<b>Lots controlled <sup>(2)</sup></b>				
Maracay	1,189	845	344	41%
Pardee <sup>(1)</sup>	57,439	56,821	618	1%
Quadrant	520	496	24	5%
Trendmaker	1,074	1,014	60	6%
Winchester	1,088	914	174	19%
<b>Total</b>	<b>61,310</b>	<b>60,090</b>	<b>1,220</b>	<b>2%</b>
<b>Total lots owned and controlled</b>	<b>94,712</b>	<b>94,297</b>	<b>415</b>	<b>0%</b>

(1) Includes 10,686 lots owned and 56,413 lots controlled that are expected to be transferred to Weyerhaeuser and its subsidiaries by WRECO as a result of the REB Transfers. See The Transaction Agreement Transfers of Certain Assets and Assumption of Certain Liabilities .

(2) Lots controlled include lots under purchase agreements or option contracts, but excludes lots subject to non-binding agreements such as letters of intent. There can be no assurance that WRECO will acquire these lots on the terms or timing anticipated, or at all, or that WRECO will proceed to build and sell homes on any of these lots.

*Comparing the Years Ended December 31, 2012 and 2011**Single-Family Net New Home Orders, Monthly Absorption Rate and Cancellation Rate*

	Single-family Net New Home Orders				Monthly Absorption Cancellation Rate			
	Year Ended		Increase (Decrease)		Year Ended		Year Ended	
	December 31, 2012	2011	Amount	%	December 31, 2012	2011	December 31, 2012	2011
Maracay	420	242	178	74%	3.5	1.8	8%	9%
Pardee	915	545	370	68%	4.5	2.7	16%	22%
Quadrant	419	353	66	19%	3.2	2.0	26%	21%
Trendmaker	522	481	41	9%	2.4	2.2	12%	13%
Winchester	389	281	108	38%	2.0	1.8	7%	2%
Total	2,665	1,902	763	40%	3.1	2.1	15%	16%



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Net new home orders for the year ended December 31, 2012 increased 763, or 40%, to 2,665 compared to 1,902 during the same period in 2011. The year-over-year increase was driven by higher net new home order activity among all homebuilding subsidiaries, with the most significant increases occurring at Maracay and Pardee as a result of improved market conditions in both Arizona and California.

WRECO's absorption rate increased to 3.1 net new home orders per month for the year ended December 31, 2012 compared to 2.1 net new home orders per month for the year ended December 31, 2011. Each of WRECO's subsidiaries experienced year-over-year increases due to the improved market conditions for housing, particularly in Arizona and California. The absorption rate for Maracay increased 94% to 3.5 net new home orders per month for the year ended December 31, 2012 from 1.8 net new home orders per month for the year ended December 31, 2011, while the absorption rate for Pardee increased 67% to 4.5 net new orders per month for the year ended December 31, 2012 from 2.7 net new home orders per month for the year ended December 31, 2011.

WRECO's cancellation rate of homebuyers who contracted to buy a home but did not close escrow (as a percentage of overall orders) was 15% for the year ended December 31, 2012 compared to 16% for the year ended December 31, 2011. The decrease in cancellation rate at Pardee to 16% for the year ended December 31, 2012 from 22% for the year ended December 31, 2011 reflects improved market conditions. The increase in cancellation rate at Quadrant to 26% for the year ended December 31, 2012 from 21% for the year ended December 31, 2011 relates to its shift in market focus from value-oriented product to the move-up segment. Winchester's cancellation rate was 7% for the year ended December 31, 2012 as compared to an unusually low 2% for the year ended December 31, 2011. Management believes that the higher cancellation rate during 2012 is more representative of the cancellation rate that Winchester is likely to experience given its target market and homebuyer profile.

*Average Selling Communities*

	Year Ended		Increase (Decrease)	
	December 31, 2012	December 31, 2011	Amount	%
Maracay	10	11	(1)	(9)%
Pardee	17	17		0%
Quadrant	11	15	(4)	(27)%
Trendmaker	18	18		0%
Winchester	16	13	3	23%
Total	72	74	(2)	(3)%
Selling communities at end of the year	68	69	(1)	(1)%

WRECO's homebuilding subsidiaries opened 31 new communities and closed 32 during the year ended December 31, 2012. The average number of selling communities was 72 for the year ended December 31, 2012, a slight decrease from 74 for the year ended December 31, 2011. The number of selling communities at the end of the year was 68 as of December 31, 2012 compared to 69 as of December 31, 2011.

The decrease in selling communities reflects the net effect of new community openings and community closings that occurred throughout the year. The average number of selling communities for the period is also affected by the timing of new community openings and community closings. Maracay opened three new communities and closed seven in

2012, ending the year with seven selling communities. Pardee opened 11 new communities and closed six in 2012, ending the year with 18 selling communities. Quadrant opened five new communities and closed 10 in 2012, ending the year with eight selling communities. Trendmaker opened five new communities and closed three in 2012, ending the year with 20 selling communities. Winchester opened seven new communities and closed six in 2012, ending the year with 15 selling communities.

**Table of Contents***Backlog Units*

	<b>December 31,</b>		<b>Increase (Decrease)</b>	
	<b>2012</b>	<b>2011</b>	<b>Amount</b>	<b>%</b>
Maracay	91	60	31	52%
Pardee	311	77	234	304%
Quadrant	105	101	4	4%
Trendmaker	158	113	45	40%
Winchester	116	79	37	47%
Total	781	430	351	82%

The increase in backlog units of 351 homes was driven primarily by a 40% increase in net new home orders during the year ended December 31, 2012 as compared to the prior year, when the backlog levels were unusually low as a result of the overall industry market conditions. The 304% increase in backlog units at Pardee as of December 31, 2012 compared to December 31, 2011 relates to an increase in net new home orders and an increase of five open selling communities as of December 31, 2012 compared to December 31, 2011.

*Backlog Dollar Value (dollars in thousands)*

	<b>December 31,</b>		<b>Increase (Decrease)</b>	
	<b>2012</b>	<b>2011</b>	<b>Amount</b>	<b>%</b>
Maracay	\$ 24,761	\$ 16,037	\$ 8,724	54%
Pardee	129,770	35,152	94,618	269%
Quadrant	32,106	28,517	3,589	13%
Trendmaker	70,326	44,925	25,401	57%
Winchester	85,534	42,874	42,660	100%
Total	\$ 342,497	\$ 167,505	\$ 174,992	104%

The dollar value of backlog increased \$175.0 million, or 104%, to \$340.7 million as of December 31, 2012 from \$167.5 million as of December 31, 2011. The increase in dollar value of backlog reflects an increase in the number of homes in backlog and an increase in the average sales price of backlog. The average sales price of backlog increased \$49,000, or 13%, to \$439,000 as of December 31, 2012 compared to \$390,000 as of December 31, 2011. The increase in average sales price of homes in backlog is attributable to the introduction of new product with larger square footage at higher prices in newly opened selling communities and higher prices at existing communities from price increases.

At Maracay, the dollar value of backlog increased 54% to \$24.8 million as of December 31, 2012 from \$16.0 million as of December 31, 2011, which is attributable to a 52% increase in the number of homes in backlog and a 2% increase in the average sales price of homes in backlog to \$272,000 as of December 31, 2012 compared to \$267,000 as of December 31, 2011.

At Pardee, the dollar value of backlog increased 269% to \$129.8 million as of December 31, 2012 from \$35.2 million as of December 31, 2011, which is attributable to a 304% increase in the number of homes in backlog, offset by a 9% decrease in the average sales price of homes in backlog to \$417,000 as of December 31, 2012 compared to \$457,000 as of December 31, 2011. The decrease in the average sales price in backlog is due to a regional shift of units in backlog to the lower priced Las Vegas market from the higher priced San Diego market.

At Quadrant, the dollar value of backlog increased 13% to \$32.1 million as of December 31, 2012 from \$28.5 million as of December 31, 2011, which is attributable to a 9% increase in the average sales price of homes in backlog to \$306,000 as of December 31, 2012 compared to \$282,000 as of December 31, 2011 and a 4% increase in the number of homes in backlog. The increase in the average sales price in backlog is due to higher average sales prices in new selling communities opened in 2012.

At Trendmaker, the dollar value of backlog increased 57% to \$70.3 million as of December 31, 2012 from \$44.9 million as of December 31, 2011, which is attributable to a 40% increase in the number of homes in backlog and a 12% increase in the average

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sales price of homes in backlog to \$445,000 as of December 31, 2012 compared to \$398,000 as of December 31, 2011. The increase in the average sales price in backlog is due to higher average sales prices in new selling communities opened in 2012 as well as improved conditions in the Houston market.

At Winchester, the dollar value of backlog increased 100% to \$85.5 million as of December 31, 2012 from \$42.9 million as of December 31, 2011, which is attributable to a 47% increase in the number of homes in backlog and a 36% increase in the average sales price of homes in backlog to \$737,000 as of December 31, 2012 compared to \$543,000 as of December 31, 2011. The increase in the average sales price in backlog is attributable to higher average prices in selling communities opened in 2012 as well as a change in product mix to higher price homes.

*New Homes Delivered*

	Year Ended		Increase (Decrease)	
	December 31, 2012	2011	Amount	%
Maracay	389	221	168	76%
Pardee	681	585	96	16%
Quadrant	415	340	75	22%
Trendmaker	477	453	24	5%
Winchester	352	313	39	12%
Total	2,314	1,912	402	21%

New homes delivered increased by 402, or 21%, to 2,314 for the year ended December 31, 2012 compared to 1,912 for the prior year. The increase in new home deliveries was primarily attributable to an increase in net new home orders, partially offset by an increase in units in backlog as a result of the factors discussed above.

*Average Sales Price of Homes Delivered (dollars in thousands)*

	Year Ended		Increase (Decrease)	
	December 31, 2012	2011	Amount	%
Maracay	\$ 265	\$ 271	\$ (6)	(2)%
Pardee	\$ 397	\$ 436	\$ (39)	(9)%
Quadrant	\$ 292	\$ 282	\$ 10	4%
Trendmaker	\$ 419	\$ 387	\$ 32	8%
Winchester	\$ 499	\$ 582	\$ (83)	(14)%
Total	\$ 376	\$ 402	\$ (26)	(6)%

The average sales price of homes delivered decreased \$26,000, or 6%, to \$376,000 for the year ended December 31, 2012 compared to \$402,000 for the year ended December 31, 2011, primarily as a result of lower average sales prices at Pardee and Winchester.

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At Pardee, the average sales price of homes delivered decreased \$39,000, or 9%, primarily due to a regional shift to the lower priced Inland Empire market from the higher priced San Diego market.

At Winchester, the average sales price of homes delivered decreased \$83,000, or 14%, to \$499,000 for the year ended December 31, 2012 compared to \$582,000 for the year ended December 31, 2011 primarily due to a shift in product mix toward lower priced attached versus detached homes.

**Table of Contents***Single-Family Home Sales Revenue (dollars in thousands)*

	Year Ended		Increase (Decrease)	
	December 31, 2012	2011	Amount	%
Maracay	\$ 103,222	\$ 59,836	\$ 43,386	73%
Pardee	270,583	255,095	15,488	6%
Quadrant	121,311	95,733	25,578	27%
Trendmaker	199,933	175,378	24,555	14%
Winchester	175,547	182,029	(6,482)	(4)%
Total	\$ 870,596	\$ 768,071	\$ 102,525	13%

Single-family home sales revenue increased \$102.5 million, or 13%, to \$870.6 million for the year ended December 31, 2012 compared to \$768.1 million for the year ended December 31, 2011. The increase was primarily attributable to an increase in revenue of \$161.5 million due to a 21% increase in the number of homes delivered to 2,314 for the year ended December 31, 2012 from 1,912 for the prior year. This increase was partially offset by a decrease in revenue of \$59.0 million related to a decrease in the average sales price of homes delivered of \$26,000 per unit to \$376,000 for the year ended December 31, 2012 from \$402,000 for the prior year. Price decreases at Maracay, Pardee, and Winchester, more than offset price increases at Quadrant and Trendmaker for the year ended December 31, 2012 as compared with the prior year. In addition, the average price decreased due to a shift in the product mix of home deliveries to lower priced markets from higher priced markets.

*Single-Family Gross Margin Percentage*

	Year Ended		Increase (Decrease)
	December 31, 2012	2011	
Maracay	18.0%	12.4%	5.6%
Pardee	25.3%	32.0%	(6.7)%
Quadrant	13.2%	6.7%	6.5%
Trendmaker	20.2%	17.8%	2.4%
Winchester	18.9%	22.7%	(3.8)%
Total	20.3%	21.9%	(1.6)%
Adjusted single-family gross margin percentage <sup>(1)</sup>	22.9%	25.6%	(2.7)%

(1) Non-GAAP financial measure (discussed below).

Single-family gross margin represents single-family home sales revenue less single-family home costs and impairments of single-family homebuilding inventory. Single-family homes costs increased \$101.0 million, or 17%, to \$690.6 million for the year ended December 31, 2012 from \$589.6 million for the year ended December 31, 2011. The

increase is primarily due to a 21% increase in the number of homes delivered, partially offset by a proportional increase of deliveries in markets with lower average per unit gross margins.

The single-family gross margin percentage decreased to 20.3% for the year ended December 31, 2012 from 21.9% for the year ended December 31, 2011. The decrease is primarily due to a shift in product mix at Pardee to the lower margin Inland Empire market and at Winchester to lower margin attached product. This decrease was partially offset by higher margins at Quadrant and Maracay primarily due to lower impairments for the year ended December 31, 2012 as compared to 2011. The impairment charge in 2011 was primarily related to the impairment of two individual communities. A \$2.0 million impairment at Maracay was triggered by price reductions in a community in response to local market conditions. A \$6.1 million impairment at Quadrant was triggered by slower than expected new orders in a community as a result of local market conditions and management's decision to market the community for sale.



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Excluding impairments of single-family homebuilding inventory and related assets and interest in single-family home costs, the adjusted single-family gross margin percentage was 22.9% for the year ended December 31, 2012, compared to 25.6% for the year ended December 31, 2011. Adjusted single-family gross margin is a non-GAAP financial measure. WRECO management believes this information is meaningful to investors because it isolates the collective impact of these impairment and interest charges on single-family gross margin and permits investors to make better comparisons with WRECO's competitors, who adjust gross margins in a similar fashion.

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The following table reconciles this non-GAAP financial measure to single-family gross margin, the nearest GAAP equivalent (dollars in thousands):

	<b>Year Ended December 31,</b>			
	<b>2012</b>	<b>% of Revenue</b>	<b>2011</b>	<b>% of Revenue</b>
Single-family home sales revenue	\$ 870,596	100.0%	\$ 768,071	100.0%
Single-family home cost	(690,578)	(79.3)%	(589,574)	(76.8)%
Impairments of single-family homebuilding inventory	(3,319)	(0.4)%	(10,399)	(1.3)%
Single-family gross margin	176,699	20.3%	168,098	21.9%
Add: Impairments of single-family homebuilding inventory	3,319	0.4%	10,399	1.3%
Add: Interest amortization in single-family home cost	19,706	2.2%	18,367	2.4%
Adjusted single-family gross margin	\$ 199,724	22.9%	\$ 196,864	25.6%
Single-family gross margin percentage	20.3%		21.9%	
Adjusted single-family gross margin percentage	22.9%		25.6%	

*Non-Single-Family Operations (dollars in thousands)*

	<b>Year Ended December 31,</b>			
	<b>2012</b>	<b>% of Revenue</b>	<b>2011</b>	<b>% of Revenue</b>
Non-single-family revenue	\$ 199,710	100.0%	\$ 69,674	100.0%
Non-single-family cost	(121,357)	(60.8)%	(39,224)	(56.3)%
Impairments of non-single-family inventory and related assets	(272)	(0.1)%	(620)	(0.9)%
Non-single family gross margin	\$ 78,081	39.1%	\$ 29,830	42.8%
Add: impairments of non-single-family and related assets	272	0.1%	620	0.9%
Add: Interest amortization in non-single-family cost	10,586	5.3%	4,924	7.1%
Adjusted non-single-family gross margin <sup>(1)</sup>	\$ 88,939	44.5%	\$ 35,374	50.8%

<sup>(1)</sup> Non-GAAP financial measure (discussed below).

Non-single-family revenue for the year ended December 31, 2012 was \$199.7 million, primarily related to the sale of Cross Creek Ranch, a 3,200 acre master planned community in Houston for approximately \$100 million. The balance of the activity during 2012 included approximately \$86 million in revenue from the sale of a multi-family site and two commercial sites in Southern California. Non-single-family revenue for the year ended December 31, 2011 was \$69.7 million primarily due to the sale of residential lots in California, Texas and Washington and an acreage sale in Northern California.

Non-single-family gross margin represents non-single-family revenue less non-single-family cost. For the year ended December 31, 2012, non-single-family gross margin was \$78.1 million compared to \$29.8 million for the year ended December 31, 2011. Non-single-family gross margin can vary by transaction due to a number of factors including property use (for example, residential, multi-family, commercial or civic use), regulatory approval status (for example, unentitled, tentative approval or final approval), property condition (for example, undeveloped, partially developed or finished ready for construction), on-site and off-site improvement requirements (for example, utilities or transportation) and local market demand/supply dynamics.

Excluding impairments of non-single-family homebuilding inventory assets and related assets and interest included in non-single-family costs, adjusted non-single-family gross margin percentage was 44.5% for the year ended December 31, 2012, compared to 50.8% for the year ended December 31, 2011. Adjusted non-single-family gross margin is a non-GAAP financial measure. WRECO believes this information is meaningful to investors because it isolates the collective impact of impairment and interest charges on non-single-family gross margin. The table presented above reconciles this non-GAAP financial measure to non-single-family gross margin, the nearest GAAP equivalent.

**Table of Contents***Sales and Marketing Expense (dollars in thousands)*

	Year Ended		Increase (Decrease)	
	December 31, 2012	2011	Amount	%
Homebuilding subsidiaries:				
Maracay	\$ 9,125	\$ 6,957	\$ 2,168	31%
Pardee	27,068	23,626	3,442	15%
Quadrant	13,528	13,737	(209)	(2)%
Trendmaker	16,103	15,163	940	6%
Winchester	11,664	11,226	438	4%
Corporate and other	534	878	(344)	(39)%
Total	\$ 78,022	\$ 71,587	\$ 6,435	9%

Sales and marketing expense increased \$6.4 million, or 9%, to \$78.0 million for the year ended December 31, 2012 from \$71.6 million for the year ended December 31, 2011. The increase in sales and marketing expense was primarily attributable to higher commission expense due to an increase in the number of homes delivered. Sales and marketing expense was 9.0% and 9.3% of total single-family home sales revenue for the year ended December 31, 2012 and December 31, 2011, respectively.

**Table of Contents***General and Administrative Expense (dollars in thousands)*

	Year Ended		Increase (Decrease)	
	December 31, 2012	2011	Amount	%
<b>Homebuilding subsidiaries:</b>				
Maracay	\$ 4,153	\$ 2,856	\$ 1,297	45%
Pardee	18,071	23,807	(5,736)	(24)%
Quadrant	5,348	5,546	(198)	(4)%
Trendmaker	5,768	4,426	1,342	30%
Winchester	6,646	6,321	325	5%
Corporate and other	35,597	28,392	7,205	25%
<b>Total</b>	<b>\$ 75,583</b>	<b>\$ 71,348</b>	<b>\$ 4,235</b>	<b>6%</b>

General and administrative expense increased \$4.2 million, or 6%, to \$75.6 million for the year ended December 31, 2012 from \$71.3 million for the year ended December 31, 2011. The increase was attributable to the \$7.2 million increase in corporate and other, which was primarily due to a \$3.2 million increase in allocated corporate general and administrative expense from Weyerhaeuser and a \$2.5 million increase in WRECO corporate general and administrative expense, in each case primarily due to increased employee variable compensation due to year-over-year improved performance. The \$5.7 million decrease at Pardee was the result of organizational changes and realignment of administrative functions. For the years ended December 31, 2012 and 2011, WRECO incurred a total of \$20.5 million and \$17.3 million, respectively, of allocated corporate general and administrative expense from Weyerhaeuser. General and administrative expense as a percentage of total single-family home sales revenue was 8.7% and 9.3% for the year ended December 31, 2012 and December 31, 2011, respectively.

*Other Income (Expense)*

Other income for the year ended December 31, 2012 totaled \$0.9 million compared with other income of \$2.1 million for the year ended December 31, 2011. The decrease of \$1.2 million was primarily attributable to a \$2.8 million increase in interest expense, partially offset by a \$0.9 million increase in earnings from unconsolidated entities.

Interest incurred for the year ended December 31, 2012 totaled \$27.1 million, of which \$22.1 million was capitalized to inventory in process of construction or development, including both real estate under development and land under development, leaving \$5.0 million not eligible for capitalization that was expensed. Interest incurred for the year ended December 31, 2011 totaled \$23.7 million, of which \$21.5 million was capitalized to inventory in process of construction or development, leaving \$2.2 million not eligible for capitalization that was expensed. The year-over-year increase in total interest incurred was the result of higher average outstanding debt.

*Income Tax Expense*

Income tax expense increased \$19.6 million, or 102%, to \$38.9 million for the year ended December 31, 2012 from \$19.3 million for the year ended December 31, 2011. The increase in income tax expense was primarily attributable to higher earnings from continuing operations before taxes. The 2012 effective tax rate increased to 39.1% from 35.6% in 2011 primarily due to the expiration of federal tax credits in 2012, along with a decrease in our state deferred tax asset due to a California law change.

*Net Earnings Attributable to Common Shareholder*

As a result of the foregoing factors, net earnings attributable to common shareholder for the year ended December 31, 2012 was \$61.5 million compared to \$35.5 million for the year ended December 31, 2011.

**Table of Contents***Lots Owned and Controlled*

The following table summarizes lots owned and controlled by homebuilding subsidiary as of December 31, 2012 and December 31, 2011:

	As of		Increase (Decrease)	
	December 31, 2012	2011	Amount	%
<b>Lots owned</b>				
Maracay	735	335	400	119%
Pardee <sup>(1)</sup>	29,805	31,142	(1,337)	(4)%
Quadrant	910	919	(9)	(1)%
Trendmaker	567	909	(342)	(38)%
Winchester	2,190	1,533	657	43%
<b>Total</b>	<b>34,207</b>	<b>34,838</b>	<b>(631)</b>	<b>(2)%</b>
<b>Lots controlled <sup>(2)</sup></b>				
Maracay	845	625	220	35%
Pardee <sup>(1)</sup>	56,821	57,117	(296)	(1)%
Quadrant	496	237	259	109%
Trendmaker	1,014	4,386	(3,372)	(77)%
Winchester	914	1,451	(537)	(37)%
<b>Total</b>	<b>60,090</b>	<b>63,816</b>	<b>(3,726)</b>	<b>(6)%</b>
<b>Total lots owned and controlled</b>	<b>94,297</b>	<b>98,654</b>	<b>(4,357)</b>	<b>(4)%</b>

(1) Includes 10,686 lots owned and 56,413 lots controlled that are expected to be transferred to Weyerhaeuser and its subsidiaries by WRECO as a result of the REB Transfers. See The Transaction Agreement Transfers of Certain Assets and Assumption of Certain Liabilities .

(2) Lots controlled include lots under purchase agreements or option contracts, but excludes lots subject to non-binding agreements such as letters of intent. There can be no assurance that WRECO will acquire these lots on the terms or timing anticipated, or at all, or that WRECO will proceed to build and sell homes on any of these lots.

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