

**PRESS RELEASE**

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Port of Olympia and Weyerhaeuser Sign Lease for Forest Products Export Facility

The Port of Olympia Commission has approved a lease between the Port and Weyerhaeuser Company for a 24.5-acre site on the Port peninsula in Olympia for Weyerhaeuser's forest products export facility. The facility is being relocated from Tacoma.

The lease is for a five-year term, with options for three consecutive two-year extensions. Start-up is anticipated in the spring of 2006, pending construction of site improvements.

The new facility is expected to handle up to 18 export vessels and 30 barges of in-bound logs a year. With the new and on-going business, over 100 million board feet of export wood is anticipated to cross Port docks annually, compared with nearly 41 million in 2004.

"This lease brings a strong business partner to our community and is a good fit for both the Port and Weyerhaeuser," said Port Commission President Bob Van Schoorl. "The Port has established itself as a regional log load center, and this move captures a market opportunity that is a natural extension of what we already do well."

The new operation is expected to employ 36 people, with current employees given a choice to transfer from the Tacoma facility. About 17 new longshore jobs will be added along with two new Port staff positions.

"By generating new jobs in the community and continuing our strong working waterfront, the Port continues to contribute to the economic health and wealth of the community," said Van Schoorl.

It is estimated that annual gross revenues to the Marine Terminal from the facility will be nearly \$1.5 million.

"Total 2005 Marine Terminal revenues are budgeted at \$2.7 million, so the Weyerhaeuser business represents a significant, steady revenue source for the Marine Terminal," said Commissioner Steve Pottle. "The increased revenues will enable the Port to continue to make improvements and attract additional business to Olympia."

The move will accomplish new business goals for Weyerhaeuser consistent with changing

business conditions.

“The move to Olympia is driven by the changes in Weyerhaeuser timberlands ownership in the Pacific Northwest over the last few years,” said Brad Kitselman, Weyerhaeuser Director of Marketing, Western Timberlands. “Since we no longer own tree farms in King and Pierce Counties, the Olympia location better serves our operations in Southwest Washington. In addition, the Port of Olympia can handle larger ships than the current Tacoma Export Facility.”

As part of on-going facilities improvements, the Port is planning to construct about \$4 million in paving cargo yards and berthing areas, utility work, lighting and other berth enhancements. Construction will begin in the fall.

Hours of operation will be from 6:00 a.m. to 12:00 midnight, and an average of 125 trucks per day will deliver logs to the new facility. Peak traffic times will end by mid-afternoon to minimize heavier traffic times on city streets.

To accommodate the new facility, changes in yard layout are planned, and several companies currently doing business on Port property will be affected.

“The Port values our present business partners and is working with them to continue their operations in an efficient, cost-effective manner,” said Pottle. “Our objective is to get the best and highest utilization of Port property.”

Bringing Weyerhaeuser to the Port builds on previous successes and is a natural outcome of Port business development strategy.

“In the 1990s the Port made a strategic decision to diversify cargoes coming to Olympia while strengthening its core forest products business,” said Kari L. Qvigstad, Marketing and Business Development Director. “Weyerhaeuser’s new facility will continue this strategy and bring stability to this market segment. It also demonstrates the ability of our workforce to handle diverse commodities.”

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