TRI Pointe Homes, Inc.
Form PRER14A
May 09, 2014

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. 3)

Filed by the Registrant x   Filed by a party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

TRI Pointe Homes, Inc.

(Exact Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

x Fee paid previously with preliminary materials.

x Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

The filing fee in the amount of $311,554.96 was paid in connection with TRI Pointe Homes Inc. s Registration Statement on Form S-4, which was filed on January 9, 2014 (Registration No. 333-193248), calculated as set forth therein.

(2) Form, Schedule or Registration Statement No.:

Registration No. 333-193248

(3) Filing Party:

TRI Pointe Homes, Inc.

(4) Date Filed:

January 9, 2014

Table of Contents

EXPLANATORY NOTE

This proxy statement relates to the annual meeting of stockholders of TRI Pointe Homes, Inc. (TRI Pointe) to approve, among other things, the issuance of shares of TRI Pointe common stock in 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. 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 proxy statement. 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 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, par value $0.01 per share, for each WRECO common share. In addition, TRI Pointe has filed a registration statement on Form S-4 (Reg. No. 333-193248) to register the shares of its common stock that will be issued in 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 the 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 proxy statement and TRI Pointe s registration statement on Form S-4 also 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 proxy statement, WRECO s registration statement on Form S-4 and Form S-1 and TRI Pointe s registration statement on Form S-4 will be amended to reflect that decision, if necessary.

Table of Contents

PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

DATED MAY 8, 2014

[ ], 2014

You are cordially invited to attend the annual meeting of stockholders of TRI Pointe Homes, Inc. (TRI Pointe) at 9:00 a.m. local time, on Monday, June 23, 2014, at the Fairmont Newport Beach, 4500 MacArthur Boulevard, Newport Beach, California 92660. A notice of the annual meeting and the proxy statement follow.

At the annual meeting, you will be asked to:

authorize the issuance of shares of TRI Pointe common stock in connection with the merger (the Merger) of Topaz Acquisition, Inc., a Washington corporation (Merger Sub), which is a wholly owned subsidiary of TRI Pointe, with and into Weyerhaeuser Real Estate Company, a Washington corporation (WRECO), which is an indirect wholly owned subsidiary of Weyerhaeuser Company, a Washington corporation (Weyerhaeuser), with WRECO surviving the Merger and becoming a wholly owned subsidiary of TRI Pointe (Proposal No. 1);

approve an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

approve, on an advisory basis, the compensation of TRI Pointe s named executive officers (Proposal No. 3);

conduct an advisory vote on the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

elect the seven nominees named in the accompanying proxy statement to serve on the board of directors of TRI Pointe until the earliest to occur of the 2015 annual meeting of stockholders or, if required by the Transaction Agreement, such nominee s resignation upon the consummation of the Merger (Proposal No. 5);

ratify the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6); and

if it is determined by the TRI Pointe board of directors to be necessary or appropriate, approve adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 7).

As more fully described in the accompanying proxy statement, in order to complete the Merger and the related transactions, (i) WRECO will incur new indebtedness of $800 million or more in the form of (A) debt securities, (B) senior unsecured bridge loans or (C) a combination thereof (as described in the section of the accompanying proxy statement entitled Debt Financing), (ii) WRECO will make a cash payment of approximately $739 million, subject to an Adjustment Amount (as described in the section of the accompanying proxy statement entitled The Transaction Agreement Payment of Adjustment Amount), to Weyerhaeuser NR Company, a subsidiary of Weyerhaeuser, which cash will be retained by Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries), and (iii) 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 and cause certain assets of WRECO that will be excluded from the transaction to be transferred to, and certain liabilities that will be excluded from the transaction to be assumed by, Weyerhaeuser and its subsidiaries (other than WRECO and its subsidiaries). Weyerhaeuser will then offer to Weyerhaeuser shareholders the right to exchange all or a portion of their Weyerhaeuser common shares for WRECO common shares in an exchange offer, at a discount to the equivalent per-share value of TRI Pointe common stock, and if the exchange offer is consummated but is not fully subscribed, Weyerhaeuser will distribute the remaining WRECO common shares on a pro rata basis to Weyerhaeuser shareholders whose Weyerhaeuser common shares remain outstanding after the consummation of the exchange offer (the Distribution).

After the Distribution, the Merger and related transactions will be completed, and each WRECO common share will be converted into the right to receive 1.297 fully paid and non-assessable shares of TRI Pointe common stock, pursuant to the exchange ratio of 1.297 as set forth in the Transaction Agreement. 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.

Table of Contents

After the consummation of the Merger, WRECO will be a wholly owned subsidiary of TRI Pointe and will be the obligor under the new indebtedness, which will be guaranteed by TRI Pointe and its material wholly owned subsidiaries, subject to certain exceptions. 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 addition, after the consummation of the Merger, TRI Pointe common stock will continue to be listed on the NYSE under TRI Pointe s current trading symbol, TPH.

Your board of directors believes that the Merger should create value for TRI Pointe stockholders by, among other things, enhancing TRI Pointe s geographical presence, expanding its land holdings and increasing its market capitalization and liquidity. **Your board of directors recommends that you vote:**

FOR the authorization of the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 1);

FOR the approval of an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

FOR the approval, on an advisory basis, of the compensation of TRI Pointe s named executive officers (Proposal No. 3);

EVERY THREE YEARS as the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

FOR the election of each of the seven nominees to the board of directors of TRI Pointe (Proposal No. 5);

FOR the ratification of the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6); and

If it is determined by the TRI Pointe board of directors to be necessary or appropriate, FOR the approval of adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 7).

All TRI Pointe stockholders are cordially invited to attend the annual meeting, although only those stockholders of record at the close of business on May 13, 2014 are entitled to receive notice of the annual meeting and to vote at the annual meeting and any adjournments or postponements of the annual meeting.

Your vote is very important. Please vote by completing, signing and dating the enclosed proxy card for the annual meeting and mailing the proxy card to us, whether or not you plan to attend the annual meeting. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote **FOR** Proposals No. 1, No. 2, No. 3, No. 5, No. 6 and No. 7, and **EVERY THREE YEARS** for Proposal No. 4. In addition, you may give your proxy by calling the toll-free telephone number or by using the Internet as described in the instructions included with the enclosed proxy card. If you do not return your proxy card or give your proxy by telephone or by using the Internet, or if you do not specifically instruct your bank, broker or other nominee how to vote any shares held for you in street name, your shares will not be voted at the annual meeting with respect to Proposals No. 1, No. 2, No. 3, No. 4, No. 5 and No. 7.

The accompanying document is a proxy statement of TRI Pointe for its use in soliciting proxies for the annual meeting. The accompanying proxy statement answers questions about the proposed Merger, the related transactions and the annual meeting, and includes a summary description of the Merger and the related transactions. We urge you to review this entire document carefully. **In particular, you should consider the matters discussed in the section entitled Risk Factors in the accompanying proxy statement.**

We thank you for your consideration and continued support.

Sincerely,

Douglas F. Bauer

Chief Executive Officer

Table of Contents

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on Monday, June 23, 2014 at 9:00 a.m. local time at the Fairmont Newport Beach, 4500 MacArthur Boulevard, Newport Beach, California 92660. The accompanying notice of meeting, proxy statement, proxy card and annual report to stockholders are available at *http://www.astproxyportal.com/ast/18094*.

The accompanying proxy statement is dated [   ], 2014, and is first being mailed to TRI Pointe stockholders on or about [   ], 2014.

Table of Contents

PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

DATED MAY 8, 2014

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders:

An annual meeting of stockholders (the annual meeting) of TRI Pointe Homes, Inc. (TRI Pointe) will be held at 9:00 a.m. local time, on Monday, June 23, 2014, at the Fairmont Newport Beach, 4500 MacArthur Boulevard, Newport Beach, California 92660. The annual meeting will be held for the following purposes:

to authorize the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 1);

to approve an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

to approve, on an advisory basis, the compensation of TRI Pointe s named executive officers (Proposal No. 3);

to conduct an advisory vote on the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

to elect the seven nominees named in this proxy statement to serve on the board of directors of TRI Pointe until the earlier to occur of the 2015 annual meeting of stockholders or, if required by the Transaction Agreement, such nominee s resignation upon the consummation of the Merger (Proposal No. 5);

to ratify the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6);

if it is determined by the TRI Pointe board of directors to be necessary or appropriate, to approve adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 7); and

to transact any other business that may properly come before the annual meeting or any adjourned or postponed session of the annual meeting.

TRI Pointe s board of directors has authorized and approved the form, terms and provisions of the Transaction Agreement (as defined in this proxy statement), and determined that the terms and conditions of the Transaction Agreement, the Merger, including the issuance of TRI Pointe common stock, the Transactions and the Transaction Documents (each as defined in this proxy statement), are advisable, fair to and in the best interests of TRI Pointe and its stockholders.

TRI Pointe s board of directors recommends that stockholders vote:

FOR the authorization of the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 1);

FOR the approval of an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

FOR the approval, on an advisory basis, of the compensation of TRI Pointe s named executive officers (Proposal No. 3);

EVERY THREE YEARS as the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

FOR the election of each of the seven nominees to the board of directors of TRI Pointe (Proposal No. 5);

FOR the ratification of the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6); and

Table of Contents

If it is determined by the TRI Pointe board of directors to be necessary or appropriate, FOR the approval of adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 7).

If the proposal to approve the issuance of shares of TRI Pointe common stock in the Merger is not approved, the Merger cannot be completed.

All TRI Pointe stockholders are cordially invited to attend the annual meeting, although only those stockholders of record at the close of business on May 13, 2014 are entitled to receive notice of the annual meeting and to vote at the annual meeting and any adjournments or postponements of the annual meeting.

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE OR VOTE YOUR SHARES OF TRI POINTE COMMON STOCK BY CALLING THE TOLL-FREE TELEPHONE NUMBER OR BY USING THE INTERNET AS DESCRIBED IN THE INSTRUCTIONS INCLUDED WITH YOUR PROXY CARD AT YOUR EARLIEST CONVENIENCE.

By Order of the Board of Directors,

Douglas F. Bauer

Chief Executive Officer

Please vote your shares promptly. You can find instructions for voting on the enclosed proxy card.

[ ], 2014

vi

Table of Contents

TABLE OF CONTENTS

vii

Table of Contents

Table of Contents

Table of Contents

Table of Contents

REFERENCES TO ADDITIONAL INFORMATION

This proxy statement incorporates important business and financial information about TRI Pointe from documents filed with the U.S. Securities and Exchange Commission (SEC) that have not been included in or delivered with this proxy statement. This information is available to TRI Pointe stockholders without charge by accessing the SEC s website maintained at *www.sec.gov*, or upon written or oral request to TRI Pointe Homes, Inc., 19520 Jamboree Road, Suite 200, Irvine, California 92612, Attention: Investor Relations, telephone: (949) 478-8600. See Where You Can Find More Information; Incorporation by Reference.

All information contained or incorporated by reference in this proxy statement 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 Merger, has been provided by TRI Pointe. All other information contained in this proxy statement with respect to Weyerhaeuser, WRECO or their respective subsidiaries and with respect to the terms and conditions of Weyerhaeuser s exchange offer has been provided by Weyerhaeuser.

The information included in this proxy statement regarding Weyerhaeuser s exchange offer is being provided for informational purposes only and does not purport to be complete. For additional information on Weyerhaeuser s exchange offer and the terms and conditions of Weyerhaeuser s exchange offer, TRI Pointe stockholders are urged to read WRECO s registration statement on Form S-4 and Form S-1 (Reg. No. 333-193251), TRI Pointe s registration statement on Form S-4 (Reg. No. 333-193248), when each is available, and all other documents WRECO or TRI Pointe file with the SEC relating to the Transactions. This proxy statement constitutes only a proxy statement for TRI Pointe stockholders relating to the annual meeting and is not an offer to sell or a solicitation of an offer to purchase

TRI Pointe common stock, Weyerhaeuser common shares or WRECO common shares.

Table of Contents

HELPFUL INFORMATION

In this proxy statement:

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 ;

Bylaws means the amended and restated bylaws of TRI Pointe;

Charter means the amended and restated certificate of incorporation of TRI Pointe;

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.;

DGCL means the Delaware General Corporation Law;

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

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;

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;

Table of Contents

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 proxy statement;

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 ;

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 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;

Voting Agreements means the voting agreements, dated as of November 3, 2013, entered into between Weyerhaeuser and certain TRI Pointe stockholders;

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 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.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS AND THE ANNUAL MEETING

The following are some of the questions that TRI Pointe stockholders 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 proxy statement, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this proxy statement. TRI Pointe urges its stockholders to read this proxy statement in its entirety prior to making any decision.

Q: Why am I receiving these materials?

A: TRI Pointe has sent you these materials in connection with its solicitation of proxies for use at the 2014 annual meeting of stockholders to be held at 9:00 a.m. local time, on Monday, June 23, 2014, at the Fairmont Newport Beach, 4500 MacArthur Boulevard, Newport Beach, California 92660, and at any adjournment(s) or postponement(s) thereof. These materials were first sent or made available to TRI Pointe stockholders on or about [ ], 2014.

This proxy statement includes important information about the Transactions and the annual meeting of TRI Pointe stockholders. You should read this information carefully and in its entirety. A copy of the Transaction Agreement is attached as Annex A to this proxy statement. The enclosed voting materials allow TRI Pointe stockholders to vote their shares without attending the annual meeting. **The vote of TRI Pointe stockholders is very important and TRI Pointe encourages its stockholders to return their proxies as soon as possible. Please follow the instructions set forth on the enclosed proxy card (or on the voting instruction form provided by the record holder if your shares of TRI Pointe stock are held in street name through a bank, broker or other nominee).**

Q: What proposals will be voted on at the annual meeting?

A: TRI Pointe stockholders will vote on the following proposals:

To authorize the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 1);

To approve an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

To approve, on an advisory basis, the compensation of TRI Pointe s named executive officers (Proposal No. 3);

To conduct an advisory vote on the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

To elect the seven nominees named in this proxy statement to serve on the board of directors of TRI Pointe until the earlier to occur of the 2015 annual meeting of stockholders or, if required by the Transaction Agreement, such nominee s resignation upon the consummation of the Merger (Proposal No. 5);

To ratify the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6); and

If it is determined by the TRI Pointe board of directors to be necessary or appropriate, to approve adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 7).

Q: How does TRI Pointe s board of directors recommend stockholders vote?

A: TRI Pointe s board of directors recommends that stockholders vote:

FOR the authorization of the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 1);

FOR the approval of an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

FOR the approval, on an advisory basis, of the compensation of TRI Pointe s named executive officers (Proposal No. 3);

EVERY THREE YEARS as the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

FOR the election of each of the seven nominees to the board of directors of TRI Pointe (Proposal No. 5);

FOR the ratification of the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6); and

If it is determined by the TRI Pointe board of directors to be necessary or appropriate, **FOR** the approval of adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 7).

Questions About the Transactions (Proposal No. 1)

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.

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.

Table of Contents

Step 5 *Distribution*

Weyerhaeuser will offer to Weyerhaeuser shareholders in an 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 the exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because the 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. 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. WRECO common shares will not be able to be traded during this period or at any time before or after the consummation of the Merger.

As previously noted, TRI Pointe has prepared this proxy statement 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 proxy statement 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 the 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 The Transactions 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 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: What are the principal adverse consequences of the Transactions to TRI Pointe stockholders?

A: Following the consummation of the Transactions, TRI Pointe stockholders will participate in a company that is 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 May 1, 2014, but their percentage interest in this company will be substantially smaller. Immediately after the consummation of the Merger, the pre-Merger TRI Pointe stockholders are expected to own 19.4% of the TRI Pointe common stock issued and outstanding on a fully diluted basis. Therefore, the aggregate voting power represented by the shares held by pre-Merger TRI Pointe stockholders will be substantially less immediately following the consummation of the Merger than immediately prior to the consummation of the Merger. 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.

Table of Contents

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 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, its subsidiaries and Weyerhaeuser shareholders 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.

In the exchange offer, Weyerhaeuser will offer to Weyerhaeuser shareholders 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 the exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because the 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. 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. WRECO common shares will not be able to be traded 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 proxy statement 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 proxy statement will be amended to reflect that decision, if necessary.

Table of Contents

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;
- 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 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 proxy statement 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

Table of Contents

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: Will there be any change to the TRI Pointe board of directors or the executive officers of TRI Pointe after the consummation of the Transactions?

A: Yes. 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 TRI Pointe board of directors 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 Mses. Constance Moore and Kristin Gannon to be appointed as directors of TRI Pointe on the Closing Date. 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.

Q: What vote is required to approve Proposal No. 1?

A: Pursuant to the NYSE rules, this proposal must be approved by a majority of the votes cast. For purposes of the NYSE rules, abstentions will be treated as votes cast, but broker non-votes will not be treated as votes cast with regard to Proposal No. 1. TRI Pointe cannot complete the Transactions unless this proposal to authorize the issuance of shares of TRI Pointe common stock in the Merger is approved.

Q: Do Weyerhaeuser shareholders have to vote to approve the Transactions?

A: No.

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.

Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 1?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how the subject shares should be voted on the proposal, the shares subject to the proxy will be voted **FOR** the authorization of the issuance of shares of TRI Pointe common stock in the Merger.

Q: What if a TRI Pointe stockholder returns a proxy but instructs the proxy holder to abstain with respect to Proposal No. 1?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy instructs the proxy holder to abstain from voting on this proposal, the shares subject to the proxy will not be voted, but will be treated as votes cast under NYSE rules and will have the effect of a **NO** vote, with regard to this proposal.

Table of Contents

Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 1?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically be prohibited from voting in its discretion on this proposal with respect to that stockholder s shares, and these broker non-votes will not affect the outcome of the vote on this proposal.

Q: Have any TRI Pointe stockholders already agreed to vote for Proposal No. 1?

A: Yes. Certain TRI Pointe stockholders, including the Starwood Fund and members of TRI Pointe s management, have entered into Voting Agreements with respect to an aggregate of 12,639,163 shares of TRI Pointe common stock, representing in the aggregate approximately 40% of the TRI Pointe common stock currently outstanding. These Voting Agreements provide, among other things, that these TRI Pointe stockholders will vote in favor of this proposal to authorize the issuance of shares of TRI Pointe common stock in the Merger and any other actions necessary and desirable in connection with the Transactions.

Questions With Respect to an Amendment to the 2013 Long-Term Incentive Plan (Proposal No. 2)

Q: Why are TRI Pointe stockholders being asked to approve an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations?

A: The number of shares currently available for issuance under the 2013 Long-Term Incentive Plan did not anticipate the Transactions and the substantial increase in the number of persons who will be eligible to receive awards following the consummation of the Transactions. In addition, after the consummation of the Merger, the number of shares of TRI Pointe common stock outstanding will be substantially greater. As a result, the number of shares currently available for issuance under the 2013 Long-Term Incentive Plan will constitute a significantly smaller percentage of TRI Pointe common stock outstanding after the consummation of the Merger than immediately prior to the consummation of the Merger. The increase in the number of shares available for issuance under the 2013 Long-Term Incentive Plan will allow TRI Pointe to continue to grant equity to all employees as part of a competitive compensation package and accounts for the dilutive effect of the Transactions on TRI Pointe common stock. Additionally, providing for award limitations pursuant to Section 162(m) of the Code will allow TRI Pointe to grant awards under the 2013 LTIP that can satisfy the requirements for performance-based compensation within the meaning of Section 162(m) of the Code, which would allow TRI Pointe to deduct these awards for federal income tax purposes.

Q: What vote is required to approve an amendment to TRI Pointe s 2013 Long-Term Incentive Plan?

A: Pursuant to the NYSE rules, this proposal must be approved by a majority of the votes cast. For purposes of the NYSE rules, abstentions will be treated as votes cast, but broker non-votes will not be treated as votes cast with regard to Proposal No. 2.

Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 2?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted **FOR** the approval of an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1.

Q: What if a TRI Pointe stockholder returns a proxy but instructs the proxy holder to abstain with respect to Proposal No. 2?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy instructs the proxy holder to abstain from voting on this proposal, the shares subject to the proxy will not be voted, but will be treated as votes cast under NYSE rules and will have the effect of a **NO** vote, with regard to this proposal.

Table of Contents

Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 2?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically be prohibited from voting in its discretion on this proposal with respect to that stockholder s shares and these broker non-votes will not affect the outcome of the vote on this proposal.

Questions With Respect to the Advisory Vote on Executive Compensation (Proposal No. 3)

Q: What vote is required to approve, on an advisory basis, the compensation of TRI Pointe s named executive officers?

A: Pursuant to the Bylaws, this proposal requires the affirmative vote of the holders of stock having a majority of the votes that could be cast by the holders of all stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting. The stockholder vote on this proposal is an advisory vote only and is not binding on TRI Pointe, its board of directors or its Compensation Committee.

Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 3?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted **FOR** the approval, on an advisory basis, of the compensation of TRI Pointe s named executive officers.

Q: What if a TRI Pointe stockholder returns a proxy but instructs the proxy holder to abstain with respect to Proposal No. 3?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy instructs the proxy holder to abstain from voting on this proposal, the shares subject to the proxy will not be voted, and will have the effect of a **NO** vote, with regard to this proposal.

Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 3?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically be prohibited from voting in its discretion on this proposal with respect to that stockholder s shares and these broker non-votes will not affect the outcome of the vote on this proposal.

Questions With Respect to the Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation (Proposal No. 4)

Q: What vote is required to determine, on an advisory basis, the frequency of future advisory votes on executive compensation?

A: Pursuant to the Bylaws, this proposal requires the affirmative vote of the holders of stock having a majority of the votes that could be cast by the holders of all stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting. With regard to this proposal, if none of the frequency alternatives (one year, two years or three years) receives a majority vote, TRI Pointe will consider the frequency that receives the highest number of votes by stockholders to be the frequency that has been selected by stockholders. The stockholder vote on this proposal is an advisory vote only and is not binding on TRI Pointe, its board of directors or its Compensation Committee.

Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 4?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted for **EVERY THREE YEARS** as the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers.

Table of Contents

Q: What if a TRI Pointe stockholder returns a proxy but instructs the proxy holder to abstain with respect to Proposal No. 4?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy instructs the proxy holder to abstain from voting on this proposal, the shares subject to the proxy will not be voted for any of the frequency alternatives with regard to this proposal.

Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 4?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically be prohibited from voting in its discretion on this proposal with respect to that stockholder s shares and these broker non-votes will not affect the outcome of the vote on this proposal.

Questions With Respect to the Election of Directors (Proposal No. 5)

Q: What vote is required for election of directors?

A: The Bylaws provide that directors are elected by a plurality of the votes cast. Therefore, the seven nominees who receive the highest number of votes will be elected as directors. If no other nominations are properly and timely received in accordance with the Bylaws, then each of the seven nominees named in this proxy statement will be elected if they receive at least one vote. There is no cumulative voting in the election of directors.

Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 5?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted **FOR** the election of the seven nominees named in this proxy statement to the board of directors of TRI Pointe.

Q: What if a TRI Pointe stockholder returns a proxy but withholds authority to vote for one or more nominees?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy withholds authority to vote for one or more nominees, the shares subject to the proxy will not be voted for that nominee or those nominees and will be voted **FOR** the remaining nominee(s), if any.

Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 5?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically be prohibited from voting in its discretion on this proposal with respect to that stockholder s shares and these broker non-votes will not affect the outcome of the election.

Questions With Respect to the Ratification of the Appointment of Auditors (Proposal No. 6)

Q: What vote is required to approve the ratification of the appointment of auditors?

A: Pursuant to the Bylaws, this proposal requires the affirmative vote of the holders of stock having a majority of the votes that could be cast by the holders of all stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting.

Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 6?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted **FOR** the ratification of the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014.

Table of Contents

Q: What if a TRI Pointe stockholder returns a proxy but instructs the proxy holder to abstain with respect to Proposal No. 6?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy instructs the proxy holder to abstain from voting on this proposal, the shares subject to the proxy will not be voted, and will have the effect of a **NO** vote, with regard to this proposal.

Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 6?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically have the authority to exercise its voting discretion to vote on this proposal.

Questions With Respect to Adjournment(s) and Postponement(s) of the Annual Meeting (Proposal No. 7)

Q: What vote is required to approve adjournment(s) or postponement(s) of the annual meeting?

A: Pursuant to the Bylaws, this proposal requires the affirmative vote of the holders of stock having a majority of the votes that could be cast by the holders of all stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting.

Q: What if a TRI Pointe stockholder returns a proxy but does not indicate how the shares should be voted with respect to Proposal No. 7?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe but the proxy does not indicate how it should be voted on this proposal, the shares subject to the proxy will be voted **FOR** the approval of adjournment(s) or postponement(s) of the annual meeting, if it is determined by the TRI Pointe board of directors to be necessary or appropriate, to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger.

Q: What if a TRI Pointe stockholder returns a proxy but instructs the proxy holder to abstain with respect to Proposal No. 7?

A: If a TRI Pointe stockholder submits a properly executed proxy to TRI Pointe and the proxy instructs the proxy holder to abstain from voting on this proposal, the shares subject to the proxy will not be voted, and will have the effect of a **NO** vote, with regard to this proposal.

Q: What if a TRI Pointe stockholder is a beneficial owner of shares held in street name and fails to provide voting instructions with respect to Proposal No. 7?

A: If a TRI Pointe stockholder is the beneficial owner of shares held in street name through its bank, broker or other nominee, the bank, broker or other nominee will typically be prohibited from voting in its discretion on this proposal with respect to that stockholder s shares and these broker non-votes will not affect the outcome of the vote on this proposal.

General Questions

Q: How can TRI Pointe stockholders cast their vote?

A: TRI Pointe stockholders may vote before the annual meeting in one of the following ways:

by using the toll-free number shown on the proxy card (or voting instruction card if a TRI Pointe stockholder received its proxy materials by mail from a bank, broker or other nominee);

by visiting the website shown on the proxy card (or voting instruction card) to submit a proxy via the Internet;

by completing, signing, dating and returning the enclosed proxy card (or voting instruction card) in the enclosed postage-paid envelope; or

by attending the annual meeting and voting their shares.

Q: If a TRI Pointe stockholder is not going to attend the annual meeting, should that stockholder return its proxy card or otherwise vote its shares?

A: Yes. Returning the proxy card (or voting instruction card if a TRI Pointe stockholder received its proxy materials by mail from a bank, broker or other nominee) or voting by calling the toll-free number shown on the proxy card (or voting instruction card) or visiting the website shown on the proxy card (or voting instruction card) to submit a proxy via the Internet ensures that the shares will be represented and voted at the annual meeting, even if the TRI Pointe stockholder will be unable to or does not attend.

Q: If a TRI Pointe stockholder s shares are held in street name through its bank, broker or other nominee, will that bank, broker or other nominee vote those shares?

A: Banks, brokers or other nominees will not vote shares of a TRI Pointe stockholder with respect to Proposals No. 1, No. 2, No. 3, No. 4, No. 5 and No. 7 at the annual meeting unless the TRI Pointe stockholder instructs its bank, broker or other nominee how to vote. A TRI Pointe stockholder should follow the directions on the voting instruction card provided by its bank, broker or other nominee regarding how to instruct its bank, broker or other nominee to vote its shares. If a TRI Pointe stockholder does not provide its bank, broker or other nominee with instructions, under NYSE rules, that bank, broker or other nominee will not be authorized to vote with respect to Proposals No. 1, No. 2, No. 3, No. 4, No. 5 and No. 7, but may vote with respect to Proposal No. 6. Shares registered in the name of a bank, broker or other nominee, for which proxies are voted on some, but not all, matters will be considered to be represented at the annual meeting for purposes of determining a quorum and, with the exception of Proposal No. 6, voted only as to those matters marked on the proxy card. Shares registered in the name of a bank, broker or other nominee may be voted in person at the annual meeting by contacting the bank, broker or other nominee to obtain a legal proxy from the bank, broker or other nominee and presenting the legal proxy at the annual meeting.

Q: Can a TRI Pointe stockholder change its vote after mailing its proxy card?

A: Yes. If a TRI Pointe stockholder has properly completed and submitted its proxy card, the TRI Pointe stockholder can change its vote in any of the following ways:

- by executing a notice of revocation stating that the TRI Pointe stockholder revokes its proxy and properly sending it to the Corporate Secretary of TRI Pointe so that it is received prior to the annual meeting;

- by properly completing a new proxy card bearing a later date and properly submitting it so that it is received prior to the annual meeting;

- by logging onto the internet website specified on the proxy card (or voting instruction card if a TRI Pointe stockholder received its proxy materials by mail from a bank, broker or other nominee) in the same manner a stockholder would to submit its proxy electronically or by calling the toll-free number specified on the proxy card (or voting instruction card) prior to the annual meeting, in each case if the TRI Pointe stockholder is eligible to do so and following the instructions on the proxy card (or voting instruction card); or

by attending the annual meeting and voting in person.

Simply attending the annual meeting will not revoke a proxy. In the event of multiple online or telephone proxies by a TRI Pointe stockholder, each proxy will supersede the previous proxy and the last proxy will be deemed to be the final proxy of the stockholder unless that proxy is revoked.

If a TRI Pointe stockholder holds shares in street name through its bank, broker or other nominee, and has directed that person to vote its shares, it should instruct that person to change its vote, or if, in the alternative, a TRI Pointe stockholder holding shares in street name wishes to vote in person at the annual meeting, the stockholder must obtain a legal proxy from the bank, broker or other nominee and present the legal proxy at the annual meeting.

Q: What should TRI Pointe stockholders do now?

A: After carefully reading and considering the information contained in this proxy statement, TRI Pointe stockholders should vote their shares as soon as possible so that their shares will be represented and voted at the annual meeting. TRI Pointe stockholders should follow the instructions set forth on the enclosed proxy card (or on the voting instruction card provided by the record holder if their shares are held in the name of a bank, broker or other nominee).

Table of Contents

Q: Can TRI Pointe stockholders dissent to the Merger and require appraisal of their shares?

A: No.

Q: Will the instruments that govern the rights of TRI Pointe stockholders with respect to their shares of TRI Pointe common stock after the consummation of the Transactions be different from those that govern the rights of current TRI Pointe stockholders?

A: No. The rights of TRI Pointe stockholders with respect to their shares of TRI Pointe common stock after the consummation of the Transactions will continue to be governed by federal and state laws and TRI Pointe s governing documents, including:

- the corporate law of the State of Delaware, including the DGCL;
- the Charter; and
- the Bylaws.

Q: Who can answer my questions?

A: If you have any questions about the Transactions or the annual meeting, need assistance in voting your shares or need additional copies of this proxy statement or the enclosed proxy card (or voting instruction card if you received your proxy materials by mail from a bank, broker or other nominee), you should contact:

Eagle Rock Proxy Advisors, LLC

12 Commerce Drive

Cranford, New Jersey 07016

Telephone: (888) 859-0692

or

TRI Pointe Homes, Inc.

19520 Jamboree Road, Suite 200

Irvine, California 92612

Attention: Investor Relations

Telephone: (949) 478-8600

Q: Where can I find more information about TRI Pointe and WRECO?

A: TRI Pointe stockholders can find more information about TRI Pointe and WRECO in Information on TRI Pointe and Information on WRECO and from the various sources described in Where You Can Find More Information; Incorporation by Reference.

Table of Contents

SUMMARY

The following summary contains certain information described in more detail elsewhere in this proxy statement. 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 proxy statement and the documents referenced in this proxy statement. 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.

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 an 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 the exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because the 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. 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. WRECO common shares will not be able to be traded 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.

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.

Table of Contents

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 an 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 the exchange offer is consummated but fewer than all of the issued and outstanding WRECO common shares are exchanged because the 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. 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. WRECO common shares will not be able to be traded during this period or at any time before or after the consummation of the Merger.

As previously noted, TRI Pointe has prepared this proxy statement 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 proxy statement will be amended to reflect that decision, if necessary.

Table of Contents

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.

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

Table of Contents

Structures Following Distribution[1]

(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. WRECO common shares will not be able to be traded during this or any period. See The Transaction Agreement The Merger.

Structures Following Merger[1]

(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 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.

Table of Contents

SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

The following summary financial data of WRECO 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 proxy statement. See Information on TRI Pointe, 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 proxy statement 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 proxy statement.

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 proxy statement 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 proxy statement 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 proxy statement. 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 proxy statement. 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 proxy statement.

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 proxy statement 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 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.

Table of Contents

	As of and for the Three Months Ended March 31, 2014	2013	As of and for the Year Ended December 31, 2013	2012	2011
	(unaudited)				
	(Dollar amounts in thousands, except per share figures)				
Statement of Operations Data					
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
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

Operating Data Owned Projects					
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
Balance Sheet Data					
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

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 proxy statement and is not necessarily indicative of the results or

Table of Contents

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 proxy statement 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 proxy statement. 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 proxy statement. 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 proxy statement. See Where You Can Find More Information; Incorporation by Reference.

	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)				
Statement of Operations Data					
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)
Earnings (loss) per share[(1)]					
Basic	$ 0.14	$ 0.01	$ 0.50	$ 0.12	$ (0.36)
Diluted[(2)]	$ 0.14	$ 0.01	$ 0.50	$ 0.12	$ (0.36)
Operating Data Owned Projects					
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
Operating Data Fee Building Projects					
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
Balance Sheet Data					
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.

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.

	As of and for the Three Months Ended March 31, 2014	For the Year Ended December 31, 2013
	(Dollar amounts in thousands, except per share figures)	
Statement of Operations Data		
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
Earnings per common share		
Basic	$ 0.06	$ 0.41
Diluted	$ 0.06	$ 0.41

Operating Data		
Net new home orders	805	3,532
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
Balance Sheet Data		
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	

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 and WRECO. 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 proxy statement. See Where You Can Find More Information; Incorporation by Reference. 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 proxy statement. The pro forma data have been derived from the unaudited pro forma financial statements of TRI Pointe and WRECO included in this proxy statement.

These summary comparative historical and pro forma per share data are being presented for illustrative purposes only. TRI Pointe and WRECO 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 or WRECO to be achieved following the consummation of the Transactions.

TRI Pointe	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
Basic earnings per share(1)	$ 0.14	$ 0.06	$ 0.50	$ 0.41
Diluted earnings per share(1)(2)	$ 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	As of and for the Year Ended

WRECO	March 31, 2014[1] Historical (unaudited)	March 31, 2014[1] Pro Forma[2]	December 31, 2013[1] Historical	December 31, 2013[1] Pro Forma[2]
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.

Table of Contents

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.

Summary Historical Common Stock Market Price and Dividend Data

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 [ ], 2014, the last trading day prior to the public announcement of the exchange offer, the last sale price of TRI Pointe common stock reported by the NYSE was $[ ]. On [ ], 2014, the last trading day prior to the filing of this proxy statement, the last sale price of TRI Pointe common stock reported by the NYSE was $[ ].

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

	Per Share Dividends(1)	Common Stock(1)(2) High	Low
Year Ending December 31, 2014			
First Quarter	$ 0.00	$ 20.00	$ 16.19
Second Quarter (through May 7, 2014)	$ 0.00	$ 17.45	$ 15.41
Year Ended December 31, 2013			
First Quarter	$ 0.00	$ 21.25	$ 17.50
Second Quarter	$ 0.00	$ 21.18	$ 14.24
Third Quarter	$ 0.00	$ 17.22	$ 13.95
Fourth Quarter	$ 0.00	$ 20.29	$ 13.43
Year Ended December 31, 2012			
First Quarter	N/A	N/A	N/A
Second Quarter	N/A	N/A	N/A
Third Quarter	N/A	N/A	N/A
Fourth Quarter	N/A	N/A	N/A

(1) 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.

(2) 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.

28

Table of Contents

RISK FACTORS

You should carefully consider each of the following risks and all of the other information contained and incorporated by reference in this proxy statement and the annexes 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. 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.

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.

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;

Table of Contents

- 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.

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 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 the 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 proxy statement 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 allocations 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.

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 The Transactions 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.

Table of Contents

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.

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.

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 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.

Table of Contents

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 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;

- 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;

Table of Contents

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 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 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.

Table of Contents

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 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 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.

Table of Contents

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 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.

Table of Contents

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 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.

Table of Contents

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.

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.

Table of Contents

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, 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.

Increases in TRI Pointe s and WRECO s cancellation rates could have a negative impact on TRI Pointe s home sales revenue and homebuilding margins.

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.

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 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 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

Table of Contents

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.

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.

Table of Contents

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.

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

Table of Contents

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 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.

Table of Contents

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.

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.

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 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.

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.

Table of Contents

In addition, the 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.

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

The Charter, the 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 Charter and the Bylaws

The Charter and the 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 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.

Table of Contents

Selected provisions of Delaware law

TRI Pointe has opted out of Section 203 of the DGCL, which regulates corporate takeovers. However, the Charter contains provisions that are similar to Section 203 of the DGCL. Specifically, the 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 66$^{2}/_{3}$% of the outstanding voting stock which is not owned by the interested stockholder.

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.

Table of Contents

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 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.

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 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.

Table of Contents

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 2,257,958 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 7.1% of TRI Pointe common stock outstanding and 1.4% 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.

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.

Table of Contents

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.

Table of Contents

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This proxy statement contains and incorporates by reference certain statements relating to future events of TRI Pointe s intentions, beliefs, expectations, predictions for the future and other matters that are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act.

These statements:

- use forward-looking terminology;
- are based on various assumptions made by TRI Pointe; and
- may not be accurate because of risks and uncertainties surrounding the assumptions that are made.

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

TRI Pointe undertakes no obligation to publicly update or revise any forward-looking statement unless required to do so by applicable law.

Statements

These forward-looking statements are generally accompanied by words such as anticipate, believe, could, estimate, expect, goal, intend, may, might, plan, potential, predict, project, will, would, or other words t uncertainty of future events or outcomes, including with respect to the Transactions. These forward-looking statements include, but are not limited to, statements regarding expected benefits of the Transactions, integration plans and expected synergies therefrom, the expected timing of the consummation of the Transactions, and TRI Pointe s anticipated future financial and operating performance and results, including its estimates for growth.

Forward-looking statements are based 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 are made that affect TRI Pointe s business 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 TRI Pointe products, which is related to the strength of the various U.S. business segments and U.S. and international economic conditions;

levels of competition;

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

global economic conditions;

raw material prices;

Table of Contents

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 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 TRI Pointe s business;

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

TRI Pointe s ability to achieve the benefits of the Transactions in the estimated amount and timeframe anticipated, 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.

Table of Contents

INFORMATION ABOUT THE ANNUAL MEETING

General; Date; Time and Place; Purposes of the Meeting

The enclosed proxy is solicited on behalf of TRI Pointe s board of directors for use at the annual meeting of stockholders to be held at 9:00 a.m. local time, on Monday, June 23, 2014 or at any adjournments or postponements of the annual meeting, for the purposes set forth in this proxy statement and in the accompanying notice of annual meeting. The annual meeting will be held at the Fairmont Newport Beach, 4500 MacArthur Boulevard, Newport Beach, California 92660. This proxy statement and the accompanying proxy card are being mailed on or about [ ], 2014 to all stockholders entitled to vote at the annual meeting.

At the annual meeting, stockholders will be asked to:

- Authorize the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 1);

- Approve an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

- Approve, on an advisory basis, the compensation of TRI Pointe s named executive officers (Proposal No. 3);

- Conduct an advisory vote on the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

- Elect the seven nominees named in this proxy statement to serve on the board of directors of TRI Pointe until the earlier to occur of the 2015 annual meeting of stockholders or, if required by the Transaction Agreement, such nominee s resignation upon the consummation of the Merger (Proposal No. 5);

- Ratify the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6);

- If it is determined by the TRI Pointe board of directors to be necessary or appropriate, approve of adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 7); and

- Transact any other business that may properly come before the annual meeting or any adjourned or postponed session of the annual meeting.

A copy of the Transaction Agreement is attached to this proxy statement as Annex A. All TRI Pointe stockholders are urged to read the Transaction Agreement carefully and in its entirety.

When this proxy statement refers to the annual meeting, it is also referring to any adjourned or postponed session of the annual meeting, if it is determined by the TRI Pointe board of directors to be necessary or appropriate.

Record Date; Quorum; Voting Information; Required Votes

Holders of record of TRI Pointe common stock at the close of business on May 13, 2014, the record date for the annual meeting, are entitled to receive notice of, and to vote at, the annual meeting and any adjourned or postponed session thereof. At the close of business on the record date, [ ] shares of TRI Pointe common stock were outstanding and entitled to vote. Stockholders are entitled to one vote on each matter submitted to the stockholders for each share of TRI Pointe common stock held as of the record date.

Under NYSE rules that govern banks, brokers or other nominees who have record ownership of shares that are held in brokerage accounts for their clients, who are the beneficial owners of those shares, banks, brokers or other nominees typically have the authority to vote on routine proposals when they have not received instructions from beneficial owners. Absent specific instructions from the beneficial owner of the shares, however, banks, brokers or other nominees are not allowed to exercise their voting discretion with respect to the approval of non-routine matters. Broker non-votes will be excluded from the tabulation of votes cast and shares entitled to vote, and therefore will have no effect on the vote with respect to non-routine items. Proposals No. 1, No. 2, No. 3, No. 4, No. 5 and No. 7 to be voted on at the annual meeting are considered non-routine. Proposal No. 6 is considered routine and banks, brokers or other nominees may exercise their voting discretion with respect to that proposal.

Table of Contents

Abstentions may be specified for all proposals except Proposal No. 5. An abstention will be treated as a vote cast under NYSE rules with regard to Proposals No. 1 and No. 2, and will be treated as present and entitled to vote, and will have the effect of a **NO** vote with respect to Proposals No. 1, No. 2, No. 3, No. 4, No. 6 and No. 7.

Shares entitled to vote at the annual meeting may only take action on a matter at the annual meeting if a quorum is present. The presence at the meeting, in person or by proxy, of the holders of a majority of the TRI Pointe common stock outstanding that are entitled to vote at the annual meeting will constitute a quorum for the transaction of business at the annual meeting. If a share is represented for any purpose at the annual meeting, it will be deemed present for purposes of determining whether a quorum exists. Abstentions and broker non-votes will be counted as present and entitled to vote for purposes of determining a quorum. If a quorum is present when the annual meeting is convened, the subsequent withdrawal of stockholders, even if less than a quorum remains after such withdrawal, will not affect the ability of the remaining stockholders to lawfully transact business.

Proposal No. 1, the authorization of the issuance of TRI Pointe common stock in the Merger, must be approved by a majority of the votes cast. For purposes of the NYSE rules, abstentions will be treated as votes cast, but broker non-votes will not be treated as votes cast with regard to Proposal No. 1. If TRI Pointe stockholders fail to authorize this issuance, each of Weyerhaeuser and TRI Pointe will have the right to terminate the Transaction Agreement, and TRI Pointe will be required to reimburse Weyerhaeuser for certain out-of-pocket costs relating to the Transactions. If TRI Pointe stockholders fail to authorize this issuance in connection with a TRI Pointe acquisition proposal, TRI Pointe may be required to pay Weyerhaeuser a termination fee of $20 million (less any amounts reimbursed by TRI Pointe to Weyerhaeuser for out-of-pocket expenses actually incurred). See The Transaction Agreement Termination of the Transaction Agreement and The Transaction Agreement Fees and Expenses.

Proposal No. 2, the approval of an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain award limitations intended to allow for awards that qualify as performance-based compensation within the meaning of Section 162(m) of the Code, which amendment is conditioned upon approval of Proposal No. 1, must be approved by a majority of the votes cast. For purposes of the NYSE rules, abstentions will be treated as votes cast, but broker non-votes will not be treated as votes cast with regard to Proposal No. 2.

Proposal No. 3, the approval, on an advisory basis, of the compensation of TRI Pointe s named executive officers, must be approved by the affirmative vote of the holders of stock having a majority of the votes that could be cast by the holders of all stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting. The stockholder vote on this proposal is an advisory vote only and is not binding on TRI Pointe, its board of directors or its Compensation Committee.

Proposal No. 4, the advisory vote on the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers, must be approved by the affirmative vote of the holders of stock having a majority of the votes that could be cast by the holders of all stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting. If none of the frequency alternatives (one year, two years or three years) receives a majority vote, TRI Pointe will consider the frequency that receives the highest number of votes by stockholders to be the frequency that has been selected by stockholders. The stockholder vote on this proposal is an advisory vote only and is not binding on TRI Pointe, its board of directors or its Compensation Committee.

Proposal No. 5, the election of the seven nominees named in this proxy statement to serve on the board of directors of TRI Pointe until the earlier to occur of the 2015 annual meeting of stockholders or, if required by the Transaction Agreement, such nominee s resignation upon the consummation of the Merger, will be determined by a plurality of the votes cast. Therefore, the seven nominees who receive the highest number of votes will be elected as directors. If no other nominations are properly and timely received in accordance with the Bylaws, then each of the seven nominees named in this proxy statement will be elected if they receive at least one vote. There is no cumulative voting in the election of directors.

Proposal No. 6, the ratification of the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014, must be approved by the affirmative vote of the holders of stock having a majority of the votes that could be cast by the holders of all stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting.

Proposal No. 7, if determined by the TRI Pointe board of directors to be necessary or appropriate, the adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger, must be approved by the affirmative vote of the holders of stock having a majority of the votes that could be cast by the holders of all stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting.

Table of Contents

As of May 1, 2014, TRI Pointe s directors and executive officers held approximately 47.8% of the shares entitled to vote at the annual meeting, of which the Starwood Fund, an affiliate of one of TRI Pointe s directors, held approximately 37.9%. In addition, Merger Sub s directors, executive officers and their affiliates held approximately 9.7% of the shares entitled to vote at the annual meeting. Merger Sub s shareholders are not required to vote on any of the proposals, and Merger Sub will not hold an annual meeting of shareholders in connection with the Transactions.

Recommendation of Board of Directors

After careful consideration, the board of directors of TRI Pointe authorized and approved the form, terms and provisions of the Transaction Agreement, and determined that the terms and conditions of the Transaction Agreement, the Merger, including the issuance of TRI Pointe common stock, the Transactions and the Transaction Documents are advisable, fair to and in the best interests of TRI Pointe and its stockholders.

TRI Pointe s board of directors recommends that stockholders vote:

FOR the authorization of the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 1);

FOR the approval of an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of Proposal No. 1 (Proposal No. 2);

FOR the approval, on an advisory basis, of the compensation of TRI Pointe s named executive officers (Proposal No. 3);

EVERY THREE YEARS as the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers (Proposal No. 4);

FOR the election of each of the seven nominees to the board of directors of TRI Pointe (Proposal No. 5);

FOR the ratification of the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014 (Proposal No. 6); and

If it is determined by the TRI Pointe board of directors to be necessary or appropriate, FOR the approval of adjournment(s) or postponement(s) of the annual meeting to solicit additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger (Proposal No. 7).

How to Vote

TRI Pointe stockholders can vote in person by completing a ballot at the annual meeting, or TRI Pointe stockholders can vote by giving a proxy. Even if TRI Pointe stockholders plan to attend the annual meeting, TRI Pointe encourages its stockholders to give their proxies as soon as possible. TRI Pointe stockholders can give their proxies using the Internet, by telephone or by mail, as discussed below.

Vote by Internet: TRI Pointe stockholders can vote their shares using the Internet. With the enclosed proxy card (or voting instruction card if a TRI Pointe stockholder received its proxy materials by mail from a bank, broker or other nominee) in hand, go to the website indicated on the proxy card and follow the instructions. Internet voting is available twenty-four hours a day, seven days a week until 11:59 p.m. Eastern time on June 22, 2014. TRI Pointe stockholders will be given the opportunity to confirm that their instructions have been properly recorded. If TRI Pointe stockholders give their proxy by Internet, they do NOT need to return their proxy card.

Vote by Telephone: TRI Pointe stockholders can vote their shares by telephone if they have a touch-tone telephone. With the enclosed proxy card (or voting instruction card) in hand, call the toll-free number shown on the proxy card and follow the instructions. Telephone voting is available twenty-four hours a day, seven days a week until 11:59 p.m. Eastern time on June 22, 2014. Easy-to-follow voice prompts allow TRI Pointe stockholders to vote their shares and confirm that their instructions have been properly recorded. If TRI Pointe stockholders give their proxy by telephone, they do NOT need to return their proxy card.

Table of Contents

Vote by Mail: TRI Pointe stockholders can vote their shares by mail, by marking, dating and signing the proxy card (or voting instruction card), and returning it in the postage-paid envelope provided. If TRI Pointe stockholders sign the proxy card but do not specify how they want their shares to be voted, their shares will be voted in accordance with the TRI Pointe board of directors recommendation on the proposals. All properly executed proxy cards received before the polls are closed at the annual meeting, and not revoked or superseded, will be voted at the annual meeting in accordance with the instructions indicated on those proxy cards.

Registered Owners: If a TRI Pointe stockholder s shares of common stock are registered directly in its name with TRI Pointe s transfer agent, American Stock Transfer & Trust Company, LLC, the TRI Pointe stockholder is considered a registered stockholder with respect to those shares. If this is the case, the proxy materials have been sent or provided directly to the TRI Pointe stockholder by American Stock Transfer & Trust Company, LLC.

Beneficial Owners: If a TRI Pointe stockholder holds shares of TRI Pointe common stock in street name or beneficial name (that is, the TRI Pointe stockholder holds its shares through a bank, broker or other nominee), the proxy materials have been forwarded to that stockholder by its brokerage firm, bank or other nominee, which is considered the stockholder of record with respect to these shares. As the beneficial holder, a TRI Pointe stockholder has the right to direct its bank, broker or other nominee as to how to vote its shares by using the voting instruction form or proxy card included in the proxy materials, or by voting via the Internet or by telephone, but the scope of its rights depends upon the voting processes of the bank, broker or other nominee. Please carefully follow the voting instructions provided by the broker, bank or other nominee.

If a TRI Pointe stockholder signs its proxy card without indicating its vote, its shares will be voted **FOR** the authorization of the issuance of shares of TRI Pointe common stock in the Merger, **FOR** the approval of an amendment to TRI Pointe s 2013 Long-Term Incentive Plan to increase the number of shares of TRI Pointe common stock available for issuance thereunder and add certain tax code award limitations, which amendment is conditioned upon approval of the authorization of the issuance of shares of TRI Pointe common stock in the Merger, **FOR** the approval, on an advisory basis, of the compensation of TRI Pointe s named executive officers, **EVERY THREE YEARS** as the frequency of future advisory votes to approve the compensation of TRI Pointe s named executive officers, **FOR** the election of the seven nominees named in this proxy statement to serve on the board of directors of TRI Pointe until the earlier to occur of the 2015 annual meeting of stockholders or, if required by the Transaction Agreement, such nominee s resignation upon the consummation of the Merger, **FOR** the ratification of the appointment of Ernst & Young LLP as TRI Pointe s independent registered public accounting firm for 2014, and, if it is determined by the TRI Pointe board of directors to be necessary or appropriate, **FOR** the approval of adjournment(s) or postponement(s) of the annual meeting, to solicit additional proxies, and in accordance with the recommendations of the TRI Pointe board of directors on any other matters properly brought before the annual meeting for a vote or any adjourned or postponed session of the annual meeting.

Solicitation of Proxies

TRI Pointe will bear the entire cost of soliciting proxies from its stockholders. In addition to solicitation of proxies by mail, proxies may be solicited in person, by telephone or other electronic communications, such as emails or postings on TRI Pointe s website by TRI Pointe s directors, officers and employees, who will not receive additional compensation for these services. TRI Pointe has retained Eagle Rock Proxy Advisors, LLC to assist in the solicitation of proxies for a fee of $3,500 plus expenses. Banks, brokers and other nominees will be requested to forward soliciting material to beneficial owners of stock held of record by them, and TRI Pointe will reimburse those persons for their reasonable expenses in doing so.

Revocation of Proxies

If a holder of record of TRI Pointe common stock has properly completed and submitted its proxy card, the TRI Pointe stockholder can change its vote in any of the following ways:

- by executing a notice of revocation stating that the TRI Pointe stockholder revokes its proxy and properly sending it to the Corporate Secretary of TRI Pointe so that it is received prior to the annual meeting;

- by properly completing a new proxy card bearing a later date and properly submitting it so that it is received prior to the annual meeting;

- by logging onto the internet website specified on the proxy card (or voting instruction card if a TRI Pointe stockholder received its proxy materials by mail from a bank, broker or other nominee) in the same manner a stockholder would to submit its proxy electronically or by calling the toll-free number specified on the proxy card (or voting instruction card) prior to the annual meeting, in each case if the TRI Pointe stockholder is eligible to do so and following the instructions on the proxy card (or voting instruction card); or

- by attending the annual meeting and voting in person.

Table of Contents

Simply attending the annual meeting will not revoke a proxy. In the event of multiple online or telephone votes by a TRI Pointe stockholder, each proxy will supersede the previous proxy and the last proxy given will be deemed to be the final proxy of the stockholder unless such proxy is revoked in person at the annual meeting.

If a TRI Pointe stockholder holds shares in street name through its bank, broker or other nominee, and has directed such person to vote its shares, it should instruct such person to change its vote, or if, in the alternative, a TRI Pointe stockholder holding shares in street name wishes to vote in person at the annual meeting, the stockholder must obtain a legal proxy from the bank, broker or other nominee and present the legal proxy at the annual meeting.

Adjournments and Postponements

Although it is not currently expected, if it is determined by the TRI Pointe board of directors to be necessary or appropriate, the annual meeting may be adjourned or postponed for the purpose of soliciting additional proxies if there are not sufficient votes at the time of the annual meeting to approve the issuance of shares of TRI Pointe common stock in the Merger. Any adjournment or postponement may be made from time to time by the affirmative vote of the holders of stock having a majority of the votes that could be cast by the holders of all stock entitled to vote on the proposal that are present in person or by proxy at the annual meeting, without further notice other than by an announcement made at the annual meeting, unless such adjournment is for more than 30 days or if after such adjournment a new record date is fixed for the adjourned meeting. Any adjournment or postponement of the annual meeting for the purpose of soliciting additional proxies will allow TRI Pointe stockholders who have already sent in their proxies to revoke them at any time prior to their use at the annual meeting as adjourned or postponed.

The adjournment or postponement proposal relates only to an adjournment or postponement of the annual meeting occurring for purposes of soliciting additional proxies for the approval of the issuance of shares of TRI Pointe common stock in the Merger. TRI Pointe s board of directors retains full authority to adjourn or postpone the annual meeting for any other purpose, including the absence of a quorum, or to postpone the annual meeting before it is convened, without the consent of any stockholders.

Attending the Annual Meeting

All TRI Pointe stockholders, including stockholders of record and stockholders who hold their shares in street name through banks, brokers or other nominees, are invited to attend the annual meeting. Stockholders of record can vote in person at the annual meeting. To attend the annual meeting, TRI Pointe stockholders need to bring an admission ticket (or legal proxy as described below) and valid picture identification. If a TRI Pointe stockholder s shares are registered in its name and the holder received proxy materials by mail, its admission ticket is attached to its proxy card. If a TRI Pointe stockholder holds shares in street name through an account with a bank, broker or other nominee, the holder will need to contact its bank, broker or other nominee and obtain a legal proxy from the bank, broker or other nominee and present the legal proxy at the annual meeting, which legal proxy will serve as the stockholder s admission ticket. Cell phones must be turned off prior to entering the annual meeting. Cameras and video, audio or any other electronic recording devices will not be allowed in the meeting room during the annual meeting, except to the extent permitted by TRI Pointe. You can obtain directions to be able to attend the annual meeting and vote in person, by requesting them in writing or by telephone from TRI Pointe at the following address and telephone number: 19520 Jamboree Road, Suite 200, Irvine, California 92612, Attention: Investor Relations; Telephone: (949) 478-8600.

TRI Pointe expects representatives of Ernst & Young LLP to be present at the annual meeting and available to respond to questions.

Householding

SEC rules allow delivery of a single document to households at which two or more stockholders reside. Accordingly, TRI Pointe stockholders sharing an address who have been previously notified by their bank, broker or other nominee will receive only one copy of this proxy statement, unless the stockholder has provided contrary instructions. Individual proxy cards or voting instruction cards will, however, continue to be provided for each stockholder account. This procedure, referred to as householding, reduces the volume of duplicate information received by stockholders, as well as TRI Pointe s expenses. Stockholders having multiple accounts may have received householding notifications from their respective banks, brokers or other nominees and, consequently, such stockholders may receive only one document. Stockholders that prefer to receive separate copies of the document may request to receive separate copies of the document by notifying TRI Pointe s Corporate Secretary in writing or by telephone at the following address: TRI Pointe Homes, Inc., Attention: Corporate Secretary, 19520 Jamboree Road, Suite 200, Irvine, California 92612, telephone: (949) 478-8600. TRI Pointe will provide the document promptly upon request. Stockholders currently sharing an address with another stockholder that wish to have only one proxy statement and annual report delivered to the household in the future should also contact TRI Pointe s Corporate Secretary.

Questions and Additional Information

If TRI Pointe stockholders have more questions about the Transactions or how to submit their proxy, or if they need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please contact:

Eagle Rock Proxy Advisors, LLC

12 Commerce Drive

Cranford, New Jersey 07016

Telephone: (888) 859-0692

or

TRI Pointe Homes, Inc.

19520 Jamboree Road, Suite 200

Irvine, California 92612

Attention: Investor Relations

Telephone: (949) 478-8600

The vote of TRI Pointe stockholders is important. Please sign, date and return the proxy card or submit the proxy and/or voting instructions via the Internet or by telephone promptly.

Table of Contents

INFORMATION ON WEYERHAEUSER S OFFER TO EXCHANGE

In the Transactions, Weyerhaeuser will offer to Weyerhaeuser shareholders 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. See The Transactions. WRECO will file a registration statement on Form S-4 and Form S-1 to register its common shares, which will be distributed to Weyerhaeuser shareholders pursuant to a spin-off or a split-off in connection with 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 in the Merger. TRI Pointe will file a registration statement on Form S-4 to register the shares of its common stock to be issued in the Merger. The terms and conditions of the exchange offer are described in WRECO s registration statement and TRI Pointe s registration statement. TRI Pointe and its stockholders are not a party to the exchange offer and are not being asked to separately vote on the exchange offer or to otherwise participate in the exchange offer.

Upon the consummation of the 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 the exchange offer. TRI Pointe will deposit with the transfer agent for the benefit of persons who received WRECO common shares in the 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.

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. 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. Therefore, the actual purchase price will fluctuate with the market price of TRI Pointe common stock until the Merger is consummated.

Weyerhaeuser s exchange offer is subject to various conditions listed in WRECO s registration statement and TRI Pointe s registration statement. The information included in this section regarding Weyerhaeuser s exchange offer is being provided to TRI Pointe stockholders for informational purposes only and does not purport to be complete. For additional information on Weyerhaeuser s exchange offer and the terms and conditions of Weyerhaeuser s exchange offer, TRI Pointe stockholders are urged to read WRECO s registration statement on Form S-4 and Form S-1 (Reg. No. 333-193251), or TRI Pointe s registration statement on Form S-4 (Reg. No. 333-193248), and all other documents WRECO or TRI Pointe has filed or will file with the SEC relating to the Transactions. This proxy statement constitutes only a proxy statement for TRI Pointe stockholders relating to, among other things, the approval of the issuance of shares of TRI Pointe common stock in the Merger and is not an offer to sell or an offer to purchase shares of TRI Pointe common stock.

67

Table of Contents

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 proxy statement. 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.

Table of Contents

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.

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 proxy statement 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.

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 proxy statement 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 proxy statement. 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.

For biographical information for each person who is currently a member of the board of directors of TRI Pointe, see Board of Directors Director Nominees.

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 Mses. 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 Mses. 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 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. 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. 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.

Table of Contents

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.

For biographical information for each person who is currently an executive officer of TRI Pointe, see the section entitled Management.

Compensation of TRI Pointe s Directors and Officers; Certain Relationships

For information regarding the compensation of TRI Pointe s directors and officers, please see the section entitled Executive Compensation. For information regarding certain relationships and related transactions, please see the section entitled Certain Relationships and Related Party Transactions. For information regarding compensation committee interlocks and insider participation, please see the section entitled Corporate Governance Committees of the TRI Pointe Board of Directors Compensation Committee Interlocks and Insider Participation.

Table of Contents

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 proxy statement 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 March 31,		Year Ended December 31,				
	2014	2013	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
Total	$ 248,132	$ 195,516	$ 1,274,712	$ 1,070,306	$ 837,745	$ 921,837	$ 904,141

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 March 31,		Year Ended December 31,				
	2014	2013	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%
Total non-single-family	3%	7%	4%	19%	8%	9%	8%
Total	100%	100%	100%	100%	100%	100%	100%

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 March 31,		Year Ended December 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 March 31,		Year Ended December 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

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

Table of Contents

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

	Owned	**Controlled**[(1)]	**Total**
Maracay	1,313	1,232	2,545
Pardee[(2)]	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

Table of Contents

(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

	Years
Maracay	5.1
Pardee[(1)]	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.

Table of Contents

MARACAY			As of March 31, 2014			Three Months Ended March 31, 2014	Base
Project, City	Year of First Delivery(1)	Total Number of Homes(2)	Cumulative Homes Delivered	Lots Owned(3)	Backlog(4)	Homes Delivered	Sales Price Range (in $000 s)(5)
Phoenix							
Maricopa County:							
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
Phoenix Total		**1,267**	**415**	**852**	**98**	**90**	
Tucson							
Pima County:							
Deseo at Sabino Canyon, Tucson	2014	39		39	15		$413 - $499
Dove Mountain Preserve, Marana	2012	67	63	4	4	8	$198 - $221

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
Tucson Total		**608**	**147**	**461**	**24**	**9**	
Maracay Totals		**1,875**	**562**	**1,313**	**122**	**99**	

78

Table of Contents

PARDEE			As of March 31, 2014			Three Months Ended March 31, 2014	
Project, City	Year of First Delivery(1)	Total Number of Homes(2)	Cumulative Homes Delivered	Lots Owned (3)(6)	Backlog(4)	Homes Delivered	Base Sales Price Range (in $000 s)(5)
California							
Inland Empire Region							
Riverside County:							
Canyon Hills, Lake Elsinore							
LivingSmart at Hillside	2012	201	137	64	23	1	$251 - $300
Meadow Ridge at Canyon Hills	2013	140	28	112	4	3	$347 - $440
LivingSmart at Parkside	2012	151	130	21	19	11	$224 - $267
LivingSmart at Canyon Hills	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	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
Inland Empire Total		**8,668**	**678**	**7,990**	**127**	**46**	
LA/Ventura Region							
Los Angeles County:							
Fair Oaks Ranch, Santa Clarita							
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	Future	498		498			$470 - $785
Skyline Ranch, Santa Clarita	Future	1,260		1,260			$479 - $609
Ventura County:							
Moorpark Highlands, Moorpark	2013	133	20	113	41	10	$565 - $594

LA/Ventura Total		**2,069**	**173**	**1,896**	**61**	**17**	
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
San Diego Total		**5,349**	**181**	**5,168**	**132**	**25**	
Northern California Region							
Sacramento County:							
Natomas, Sacramento	Future	120		120			TBD
San Joaquin County:							
Bear Creek, Stockton	Future	1,252		1,252			TBD
Northern California Total		**1,372**		**1,372**			
California Total		**17,458**	**1,032**	**16,426**	**320**	**88**	
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							

LivingSmart at Providence	2012	106	82	24	13	4	$255 - $318
Horizon Ridge, Henderson							
Horizon Terrace	2014	104		104	7		$384 - $425
Inspirada, Henderson							
Solano	2014	132		132			$280 - $320
Alterra	2014	106		106			$405 - $450
Future	Future	215		215			TBD
Sunset / Fort Apache, Las Vegas							
Summerglen	2014	104		104			$280 - $287
Nevada Total (6)		**1,838**	**339**	**1,499**	**70**	**47**	
Pardee Totals (6)		**19,296**	**1,371**	**17,925**	**390**	**135**	

79

Table of Contents

QUADRANT			As of March 31, 2014			Three Months Ended March 31, 2014	
Project, City	Year of First Delivery(1)	Total Number of Homes(2)	Cumulative Homes Delivered	Lots Owned(3)	Backlog(4)	Homes Delivered	Base Sales Price Range (in $000 s)(5)
Washington							
King County:							
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
Kitsap County:							
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
Pierce County:							
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
Skagit County:							
Skagit Highlands East, Mount Vernon	2007	423	334	89	8	6	$220 - $273
Snohomish County:							
King s Corner, Bothell	2013	116	13	103	15	8	$440 - $544
Sonterra, Lake Stevens	2013	44	21	23	8	10	$340 - $420
Thurston County:							
Campus Willows, Lacey	2012	50	37	13	5	3	$264 - $303
Other							
Lots for Sale		48		48			N/A
Quadrant Totals		**1,774**	**740**	**1,034**	**116**	**78**	

Table of Contents

TRENDMAKER			As of March 31, 2014			Three Months Ended March 31, 2014	
Project, City	Year of First Delivery[1]	Total Number of Homes[2]	Cumulative Homes Delivered	Lots Owned [3] [7]	Backlog[4]	Homes Delivered	Base Sales Price Range (in $000 s)[5]
Texas							
Brazoria County:							
Sedona Lakes, Manvel	2014	11		11			$435 - $485
Southern Trails, Pearland	2014	15		15	8		$460 - $568
Fort Bend County:							
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
Galveston County:							
Harborwalk, Hitchcock	2014	3		3	1		$519 - $570
Harris County:							
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	
Montgomery County:							
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
Other							
Avanti Custom Homes [7]	2007	88	60	28	32	2	$389 - $799
Texas Casual Cottages [7]	2010	94	74	20	34	6	$190 - $466
Closed Communities							N/A
Trendmaker Totals		**1,303**	**634**	**669**	**235**	**130**	

Table of Contents

WINCHESTER			As of March 31, 2014			Three Months Ended March 31, 2014	
Project, City	Year of First Delivery(1)	Total Number of Homes(2)	Cumulative Homes Delivered	Lots Owned(3)	Backlog(4)	Homes Delivered	Base Sales Price Range (in $000 s)(5)
Maryland							
Anne Arundel County:							
Hawthornes Grant, Arnold	2014	70	3	67		3	$430 - $435
Watson s Glen, Millersville							
Watson s Glen I Townhomes	2015	48		48			$396 - $411
Frederick County:							
Landsdale, Monrovia	2015	399		399			$353 - $577
Howard County:							
Riverwood, Ellicott City	2007					1	$759
Walnut Creek, Ellicott City	2014	8		8	8		$990 - $1,268
Montgomery County:							
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
Hallman Grove, North Potomac							
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
Other							
Lots for Sale				35			N/A
Maryland Total		**2,216**	**325**	**1,926**	**67**	**34**	
Virginia							
Chesterfield County:							
Founders Bridge, Midlothian	2014	2		2	1		$630 - $685
Fairfax County:							
	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
Henrico County:							
Stable Hill, Glen Allen	2013	31	26	5	12	1	$450 - $464
Loudoun County:							
Willowsford Greens, Aldie	2014	14		14	7		$785 - $805
Brambleton, Ashburn							
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
One Loudoun, Ashburn							
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
Virginia Total		**400**	**226**	**174**	**126**	**32**	
Winchester Totals		**2,616**	**551**	**2,100**	**193**	**66**	
WRECO Totals		**26,864**	**3,858**	**23,041**	**1,056**	**508**	

Table of Contents

(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.

Table of Contents

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.

Table of Contents

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 March 31,		Year Ended December 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

Table of Contents

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.

Table of Contents

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.

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.

Table of Contents

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.

Table of Contents

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 proxy statement entitled Risk Factors, Cautionary Statement Concerning 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 proxy statement.

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 proxy statement, 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 proxy statement 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.

Table of Contents

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.

Table of Contents

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 March 31,		Year Ended December 31,		
	2014	**2013**	**2013**	**2012**	**2011**
Revenues:					
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
Total revenues	**248,132**	**195,516**	**1,274,712**	**1,070,306**	**837,745**
Costs and expenses:					
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
Total costs and expenses	**236,689**	**197,158**	**1,514,618**	**971,591**	**785,553**
Operating income (loss)	**11,443**	**(1,642)**	**(239,906)**	**98,715**	**52,192**
Other income (expense):					
Equity in earnings of unconsolidated entities	(68)	(103)	2	2,490	1,584
Other income (expense), net	735	951	2,450	(1,576)	496
Total other income (expense)	**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
Net earnings (loss) attributable to common shareholder	**$ 7,581**	**$ 134**	**$ (149,455)**	**$ 61,481**	**$ 35,528**

92

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		Cancellation Rate	
	Three Months Ended March 31,		Increase (Decrease)		Three Months Ended March 31,		Three Months Ended 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 March 31,		Increase (Decrease)	
	2014	**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%

93

Table of Contents

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

	March 31,		Increase (Decrease)	
	2014	2013	Amount	%
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.

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)

	Three Months Ended March 31, 2014	2013	Amount	%
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 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 March 31,		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 March 31,		Increase (Decrease)	
	2014	2013	Amount	%
Maracay	$ 35,230	$ 18,114	$ 17,116	94%

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%

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

	Three Months Ended March 31, 2014	2013	Increase (Decrease)
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 (1)	22.5%	22.3%	1.5%

(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 $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.

97

Table of Contents

The following table reconciles this non-GAAP financial measure to single-family gross margin, the nearest GAAP equivalent (dollars in thousands):

	Three Months Ended March 31,			
	2014	% of Revenue	2013	% of Revenue
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)

	Three Months Ended March 31,			
	2014	% of Revenue	2013	% of Revenue
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[1]	$ 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 March 31, 2014	2013	Increase (Decrease) Amount	%
Homebuilding subsidiaries:				
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		%
Total	$ 20,905	$ 18,244	$ 2,661	15%

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 March 31, 2014	2013	Increase (Decrease) Amount	%
Homebuilding subsidiaries:				
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%)

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.

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, 2014	2013	Increase (Decrease) Amount	%
Lots owned				
Maracay	1,313	790	523	66%
Pardee [(1)]	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)%
Total	33,727	34,252	(525)	(2)%
Lots controlled [(2)]				
Maracay	1,232	1,321	(89)	(7%)
Pardee [(1)]	56,999	56,798	201	%
Quadrant	316	426	(110)	(26%)
Trendmaker	1,183	1,018	165	16%
Winchester	1,030	1,127	(97)	(9%)
Total	60,760	60,690	70	%
Total lots owned and controlled	94,487	94,942	(455)	%

(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 Year Ended December 31,		Increase (Decrease)		Monthly Absorption Rate Year Ended December 31,		Cancellation Rate Year Ended December 31,	
	2013	2012	Amount	%	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

	Year Ended December 31,		Increase (Decrease)	
	2013	2012	Amount	%
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%

Table of Contents

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

	December 31,		Increase (Decrease)	
	2013	2012	Amount	%
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)

	December 31,		Increase (Decrease)	
	2013	2012	Amount	%
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

Table of Contents

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 December 31,		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)

	Year Ended December 31,		Increase (Decrease)	
	2013	**2012**	**Amount**	**%**
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%

Table of Contents

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, 2013	2012	Increase (Decrease)
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%)

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%	

106

Table of Contents

Non-Single-Family Operations (dollars in thousands)

	Year Ended December 31,			
	2013	**% of Revenue**	**2012**	**% of Revenue**
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[1]	$ 26,463	47.0%	$ 88,939	44.5%

n/m percentage not meaningful

[1] 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**	**%**
Homebuilding subsidiaries:				
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		%
Total	$ 94,521	$ 78,022	$ 16,499	21%

Table of Contents

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, 2013	2012	Increase (Decrease) Amount	%
Homebuilding subsidiaries:				
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%)
Total	$ 74,244	$ 75,583	($ 1,339)	(2%)

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:

	As of December 31,		Increase (Decrease)	
	2013	2012	Amount	%
Lots owned				
Maracay	1,118	735	383	52%
Pardee (1)	28,636	29,805	(1,169)	(4)%
Quadrant	864	910	(46)	(5)%
Trendmaker	679	567	112	20%
Winchester	2,105	2,190	(85)	(4)%
Total	33,402	34,207	(805)	(2)%
Lots controlled (2)				
Maracay	1,189	845	344	41%
Pardee (1)	57,439	56,821	618	1%
Quadrant	520	496	24	5%
Trendmaker	1,074	1,014	60	6%
Winchester	1,088	914	174	19%
Total	61,310	60,090	1,220	2%
Total lots owned and controlled	94,712	94,297	415	0%

(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 Year Ended December 31,		Increase (Decrease)		Monthly Absorption Rate Year Ended December 31,		Cancellation Rate Year Ended December 31,	
	2012	2011	Amount	%	2012	2011	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%

Table of Contents

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 December 31,		**Increase (Decrease)**	
	2012	**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

	December 31, 2012	December 31, 2011	Increase (Decrease) Amount	Increase (Decrease) %
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)

	December 31, 2012	December 31, 2011	Increase (Decrease) Amount	Increase (Decrease) %
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 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 December 31,		**Increase (Decrease)**	
	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 December 31,		**Increase (Decrease)**	
	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.

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 December 31,		Increase (Decrease)	
	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 December 31,		Increase
	2012	2011	(Decrease)
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 (1)	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.

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.

Table of Contents

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,			
	2012	% of Revenue	2011	% of Revenue
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)

	Year Ended December 31,			
	2012	% of Revenue	2011	% of Revenue
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[1]	$ 88,939	44.5%	$ 35,374	50.8%

(1) 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 December 31,		Increase (Decrease)	
	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 December 31,		Increase (Decrease)	
	2012	2011	Amount	%
Homebuilding subsidiaries:				
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%
Total	$ 75,583	$ 71,348	$ 4,235	6%

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 December 31,		Increase (Decrease)	
	2012	**2011**	**Amount**	**%**
Lots owned				
Maracay	735	335	400	119%
Pardee (1)	29,805	31,142	(1,337)	(4)%
Quadrant	910	919	(9)	(1)%
Trendmaker	567	909	(342)	(38)%
Winchester	2,190	1,533	657	43%
Total	34,207	34,838	(631)	(2)%
Lots controlled (2)				
Maracay	845	625	220	35%
Pardee (1)	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)%
Total	60,090	63,816	(3,726)	(6)%
Total lots owned and controlled	94,297	98,654	(4,357)	(4)%

(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.

Liquidity and Capital Resources

Overview

WRECO s principal use of its liquidity and capital for the three months ended March 31, 2014 and for the year ended December 31, 2013 was to support its operations, including land acquisition, land development, home construction, operating expenses and the payment of routine liabilities. WRECO uses funds generated by operations and borrowings from Weyerhaeuser to meet its short-term working capital requirements. WRECO s management is focused on generating positive margins and maintaining controls on expenditures, including those related to land acquisition, development and home construction in order to maintain a strong balance sheet.

Cash flows for each of WRECO s communities depend on their stage in the development cycle and can differ substantially from reported earnings. In addition, cash flows are affected by the stage of the business cycle the real estate and homebuilding industry is in, as expansion through increased community count requires an incremental investment of cash. Early stages of development or expansion require significant cash outlays for land acquisition, entitlement and other approvals, development of roads, utilities, general landscaping and other amenities, as well as the construction of model homes. As part of its business of developing master planned communities, WRECO also sells lots to other homebuilders and land to multi-family or commercial developers with a focus on generating positive margins and increasing the returns on these investments. The sale of land and lots generates cash for reinvestment of capital in communities, funds growth and services other corporate needs.

The availability of substantially completed lots in desirable locations is becoming more limited and competitive. As a result, the amount of spending on land development is increasing as purchases of undeveloped land or partially finished lots increases. WRECO intends to use cash generated from the sale of inventory, including land and lots in its master planned communities, net of debt service obligations, to acquire and develop well positioned land in its existing markets, as well as for other operating purposes. WRECO s management believes this reinvestment will create opportunities to generate desired margins and help expand its operations to meet market demand.

Weyerhaeuser manages WRECO s cash balances. As part of its cash management strategy, Weyerhaeuser may choose to fund WRECO s cash needs through affiliated entities in lieu of utilizing existing third-party borrowing capacity or arranging for new borrowings, such as a credit facility, on WRECO s behalf. WRECO has a revolving promissory note payable to Weyerhaeuser as a result of this activity. The promissory note will be extinguished in connection with the Transactions. See The Transactions for more details on the extinguishment of the promissory note in connection with the Transactions. Following the consummation of the Transactions, WRECO expects, based on discussions with TRI Pointe regarding post-closing liquidity of the combined businesses, to use funds generated by operations and the proceeds from the New Debt that are not paid to WNR to meet its short-term working capital requirements. TRI Pointe also expects to deploy its sources of liquidity and capital, including borrowings under the Revolving Credit Agreement or a new credit facility, to replace the funding previously provided to WRECO by Weyerhaeuser.

Debt Payable to Weyerhaeuser

WRECO s debt payable to Weyerhaeuser was $868.8 million as of March 31, 2014 at an interest rate of 1.86% per annum. WRECO s debt payable to Weyerhaeuser was $834.6 million as of December 31, 2013 at an interest rate of 1.87%. The debt payable to Weyerhaeuser as of December 31, 2012 was $689.6 million at an interest rate of 1.92%. The interest rate and terms of the revolving promissory note payable to Weyerhaeuser are reviewed annually. The current expiration is the earlier of December 31, 2014 and the Closing Date. See *Note 11: Relationship and Transactions with Weyerhaeuser* to WRECO s consolidated financial statements included in this proxy statement and The Transactions for more information.

Debt Payable to Third Parties

WRECO had fully paid all outstanding debt payable to third parties as of December 31, 2013. Debt payable to third parties at December 31, 2012 was $109.3 million consisting of medium-term notes at a weighted average interest rate of 6.15% and a bond at a rate of 0.25%.

In connection with the Transactions, WRECO will incur $800 million or more in aggregate principal amount of debt financing in the form of (i) 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. See Debt Financing for more information.

Revolving Credit Facility

During 2013, WRECO entered into a new $1.0 billion five year senior unsecured revolving credit facility jointly with Weyerhaeuser that expires in September 2018. This replaces a $1.0 billion revolving credit facility that was set to expire in June 2015. Conditions of the line of credit include that WRECO can borrow up to $50.0 million under this credit facility and neither of the entities is a guarantor of the borrowing of the other.

Borrowings under the revolving credit facility are at LIBOR plus a spread or at other interest rates mutually agreed upon between the borrower and the lending banks. There were no net proceeds from borrowings under the available credit facility as of March 31, 2014, December 31, 2013 or December 31, 2012. As of March 31, 2014 and December 31, 2013, WRECO was in compliance with the credit facility covenants. See *Note 12: Debt and Revolving Lines of Credit* to WRECO s consolidated financial statements included in this proxy statement for more information.

Upon the consummation of the Transactions, WRECO will no longer be a party to the revolving credit facility and will be unable to borrow under the facility.

Covenants

Key covenants related to WRECO s revolving credit facility include the requirement to maintain a minimum capital base, as defined, of $100 million and ownership by Weyerhaeuser or a subsidiary of at least 79 percent of the aggregate ordinary voting power represented by the issued and outstanding capital stock of WRECO. As of March 31, 2014, WRECO had a capital base of $774.5 million, was a wholly owned subsidiary of Weyerhaeuser and therefore was in compliance with these covenants.

Table of Contents

Debt-to-Capital

WRECO s management believes that its leverage ratios provide useful information to the users of its financial statements regarding its financial position and cash and debt management. The ratio of debt-to-capital and the ratio of net debt-to-capital are calculated as follows (dollars in thousands):

	As of March 31, 2014	As of December 31, 2013	As of December 31, 2012
Debt payable to third parties	$	$	$ 109,255
Debt payable to Weyerhaeuser	868,809	834,589	689,553
Debt (nonrecourse to WRECO) held by variable interest entities	6,041	6,571	989
Total debt	874,850	841,160	799,797
Shareholder s interest	806,415	797,096	953,779
Noncontrolling interests	30,219	28,421	39,948
Total capital	$ 1,711,484	$ 1,666,677	$ 1,793,524
Ratio of debt-to-capital (1)	51.1%	50.5%	44.6%
Debt payable to third parties	$	$	$ 109,255
Debt payable to Weyerhaeuser	868,809	834,589	689,553
Debt (nonrecourse to WRECO) held by variable interest entities	6,041	6,571	989
Total debt	874,850	841,160	799,797
Less: Cash	(3,338)	(4,510)	(5,212)
Net debt	871,512	836,650	794,585
Shareholder s interest	806,415	797,096	953,779
Noncontrolling interests	30,219	28,421	39,948
Total capital	$ 1,708,146	$ 1,662,167	$ 1,788,312
Ratio of net debt-to-capital (2)	51.0%	50.3%	44.4%

(1) The ratio of debt-to-capital is computed as the quotient obtained by dividing total debt by total capital.
(2) The ratio of net debt-to-capital is computed as the quotient obtained by dividing net debt (which is total debt less cash) by total capital. The most directly comparable GAAP financial measure is the ratio of debt-to-capital. WRECO s management believes the ratio of net debt-to-capital is a relevant financial measure for investors to understand the leverage employed in its operations and as an indicator of its ability to obtain financing. See the table above reconciling this non-GAAP financial measure to the ratio of debt-to-capital.

Table of Contents

Cash Flows Three Months Ended March 31, 2014 Compared to the Three Months Ended March 31, 2013

For the three months ended March 31, 2014 as compared to the three months ended March 31, 2013, the comparison of cash flows is as follows:

Net cash flow from operations increased by $46.2 million to a use of $25.2 million in the 2014 period from a use of $71.4 million in the 2013 period. Increases in cash from operating activities included (i) a $33.9 million increase in cash from single-family operations with a $57.0 million increase in proceeds from the sale of single-family homes as a result of both a shift in mix to higher priced home closings and an increase in closing volume in the 2014 period, net of $23.1 million in higher construction and other costs; and (ii) a $15.1 million increase in net proceeds from non-single family activities, including land and lot sales and collections on notes receivables, primarily due to an increase in collections on notes receivable. These increases were partially offset by a $15.6 million increase in land acquisition and development spending.

Net cash used in investing activities was comparable at $2.1 million in the 2014 period and $1.7 million in the 2013 period.

Net cash flow from financing activities decreased $46.1 million to $26.1 million in the 2014 period from $72.2 million in 2013 period. The change was primarily the result of (i) a $38.3 million reduction in net borrowings of intercompany debt with Weyerhaeuser to $34.2 million in the 2014 period from $72.5 million in the 2013 period, (ii) a $8.8 million decrease in the change in book overdrafts to $(5.6) million in the 2014 period from $3.2 million in the 2013 period, (iii) a $2.9 million increase in net cash outflows related to consolidated variable interest entities and noncontrolling interests; partially offset by (iv) a $3.6 million decrease in the payment of returns of capital to Weyerhaeuser with no payments in the 2014 period compared to payments of $3.6 million in the 2013 period.

As of March 31, 2014, WRECO s cash balance was $3.3 million.

Cash Flows Year Ended December 31, 2013 Compared to the Year Ended December 31, 2012

For the year ended December 31, 2013 as compared to the year ended December 31, 2012, the comparison of cash flows is as follows:

Net cash flow from operations decreased by $83.8 million to a use of $21.0 million in 2013 from a source of $62.8 million in 2012. Decreases in cash from operating activities included (i) a $93.7 million decrease in net proceeds from non-single-family activities, including land and lot sales, and collections on notes receivable, primarily due to the sale of a 3,200-acre master planned community in Houston in 2012; (ii) an increase in land acquisition and development spending of $79.8 million; and (iii) a $10.2 million decrease in a refund of income taxes, with a refund of $10.5 million in 2013, compared to a refund of $20.7 million in 2012. These decreases were partially offset by a $102.0 million increase in net cash from single-family operations, including a $351.7 million increase in proceeds from the sale of single-family homes primarily due to increased closings in WRECO s homebuilding operations, net of higher construction and other costs of $249.7 million.

Net cash used in investing activities increased $6.2 million to $8.3 million in 2013 from $2.1 million in 2012, primarily due to an increase in property and equipment purchases to $10.4 million in 2013 from $3.5 million in 2012. These additional purchases related to both model furnishings acquired for new selling communities and leasehold improvements made in connection with regional office relocations.

Net cash flow from financing activities increased $87.3 million to $28.6 million in 2013 from a use of $58.7 million in 2012. The change was primarily the result of (i) a $65.9 million reduction in debt payments to third parties, with $109.9 million of payments made in 2013 and $175.8 million paid in 2012; (ii) a $24.2 million increase in net borrowings of intercompany debt with Weyerhaeuser to $145.0 million in 2013 from $120.8 million in 2012; and (iii) a $9.6 million increase in book overdrafts to $6.8 million in 2013 from ($2.8) million in 2012; partially offset by (iv) a $11.6 million increase in the payment of returns of capital to Weyerhaeuser to $13.9 million in 2013 from $2.3 million in 2012.

As of December 31, 2013 WRECO s cash balance was $4.5 million.

Cash Flows Year Ended December 31, 2012 Compared to the Year Ended December 31, 2011

For the year ended December 31, 2012 as compared to the year ended December 31, 2011, the comparison of cash flows is as follows:

Net cash flow provided by operations increased by $45.9 million to $62.8 million in 2012 compared to $16.9 million in 2011. Increases in cash from operating activities included (i) a $45.0 million increase in cash from single-family operations with a $106.6 million increase in proceeds from the sale of single family homes primarily due to increased closings in WRECO s homebuilding operations, net of $61.6 million in higher construction and other costs; (ii) a $74.9 million increase in net proceeds from non-single family activities, including land and lot sales and collections on notes receivable, primarily due to the sale of a 3,200-acre master planned community in Houston in 2012; (iii) a $34.0 million increase in cash receipts related to income taxes with the receipt of a net income tax refund of $20.7 million in 2012 compared to a payment of $13.3 million in 2011; and (iv) a $32.1 million reduction in the payment for a 2011 legal settlement relating to the South Edge partnership; partially offset by (v) a $136.2 million increase in land acquisition and development spending. For more details on the 2011 legal settlement, see *Note 16: Commitments and Contingent Liabilities* to WRECO s consolidated financial statements included in this proxy statement.

Net cash used by investing activities was comparable with a net use of $2.1 million in 2012 compared to a net use of $2.8 million in 2011.

Net cash used by financing activities increased $46.7 million to $58.7 million in 2012 from $12.0 million in 2011. The additional use of cash was primarily due to (i) a $110.9 million increase in payments on debt payable to third parties to $175.8 million in 2012 from $64.9 million in 2011, partially offset by (ii) a $60.3 million increase in net borrowings of intercompany debt with Weyerhaeuser to $120.8 million in 2012 from $60.5 million in 2011, and (iii) a $10.6 million reduction in the payment of returns of capital to Weyerhaeuser to $2.3 million in 2012 from $12.9 million in 2011.

As of December 31, 2012, WRECO s cash balance was $5.2 million.

Off-Balance Sheet Arrangements and Contractual Obligations

WRECO s Contractual Obligations and Commercial Commitments

For more details about WRECO s contractual obligations and commercial commitments see *Note 11: Relationship and Transactions with Weyerhaeuser*, *Note 12: Debt and Revolving Lines of Credit* and *Note 22: Income Taxes* to WRECO s consolidated financial statements included in this proxy statement.

Table of Contents

The following table summarizes WRECO s future estimated cash payments under existing contractual obligations as of March 31, 2014, including estimated cash payments due by period (dollars in thousands):

			Payments due by Period		
	Total	2014	2015-2016	2017-2018	Beyond 2018
Debt payable to Weyerhaeuser (1)	$ 868,809	$ 868,809	$	$	$
Interest(2)	20,084	20,084			
Operating lease obligations(3)	125,824	6,958	15,743	11,621	91,502
Land purchase commitments(4)(5)	384,473	154,207	113,529	7,870	108,867
Total	$ 1,399,190	$ 1,050,058	$ 129,272	$ 19,491	$ 200,369

(1) In connection with the Transactions, up to $739 million of WRECO s debt payable to Weyerhaeuser will be repaid and any remaining amounts outstanding under the revolving promissory note with Weyerhaeuser (if any) will be extinguished, and WRECO will incur $800 million or more in aggregate principal amount of debt financing in the form of (i) 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. See The Transactions and Debt Financing for more information.

(2) Amounts presented for interest payments assume that all long-term debt obligations outstanding as of March 31, 2014 will remain outstanding until maturity, and interest rates on variable-rate debt in effect as of March 31, 2014 (LIBOR plus 1.70%) will remain in effect until maturity.

(3) Operating lease commitments have not been reduced by minimum sublease rental income that is due in future periods under noncancellable sublease agreements.

(4) Land purchase commitments represent minimum annual payments required for WRECO to retain control of land and lots under land purchase and option contracts in place as of March 31, 2014.

(5) Land purchase commitments beyond 2018 include $105.2 million of remaining purchase commitments related to the lot option contract for Coyote Springs, which is excluded from the Transactions.

Table of Contents

Seasonality and Cyclicality

The homebuilding industry generally exhibits seasonality. WRECO has historically experienced and in the future expects to continue to experience, variability in operating results and capital needs on a quarterly basis. Although WRECO enters into new home order contracts throughout the year, a significant portion of its order activity takes place during the spring selling season, with the corresponding deliveries taking place during the fall and early winter. WRECO s capital needs for construction are typically greater during the spring and summer when it is building homes for delivery later in the year. Accordingly, its revenues may fluctuate significantly on a quarterly basis, and it must maintain sufficient liquidity to meet short-term operating requirements. As a result of seasonal variation, WRECO s quarterly results of operations and its financial position at the end of a particular quarter are not necessarily representative of the results expected for the year and at year end. Additionally, 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 WRECO s control. See Risk Factors related to TRI Pointe s Industry and Business 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 have a material adverse effect on TRI Pointe.

Off-Balance Sheet Arrangements

Off-balance sheet arrangements have not, and are not reasonably likely to, materially and adversely affect WRECO s financial condition, results of operations or cash flows. *Note 8: Variable Interest Entities*, *Note 12: Debt and Revolving Lines of Credit* and *Note 16: Commitments and Contingent Liabilities* to WRECO s consolidated financial statements included in this proxy statement contain WRECO s disclosures of:

- information regarding variable interest entities;
- surety bonds; and
- letters of credit and guarantees.

Environmental Matters, Legal Proceedings and Other Contingencies

See *Note 16: Commitments and Contingent Liabilities* to WRECO s consolidated financial statements included in this proxy statement for more information.

Table of Contents

Accounting Matters

Critical Accounting Policies

WRECO s financial statements have been prepared in accordance with GAAP. The preparation of these financial statements requires WRECO s management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of costs and expenses during the reporting period. On an ongoing basis, WRECO s management evaluates its estimates and judgments, including those that impact its most critical accounting policies. Estimates and judgments are based on historical experience and various other factors that WRECO s management believes to be reasonable under the circumstances. Actual results may differ from management s estimates under different assumptions or conditions. WRECO s accounting policies that require the most difficult subjective or complex judgments are listed below. Details about WRECO s other significant accounting policies are in *Note 1: Summary of Significant Accounting Policies* to WRECO s consolidated financial statements included in this proxy statement.

Inventory and Cost of Sales

Inventory consists of land, land and lots under development, homes under construction and completed homes which are stated at cost, net of impairment losses. WRECO capitalizes direct carrying costs, including interest, property taxes and related development costs to inventory. Field construction supervision and related direct overhead are also included in the capitalized cost of inventory. Direct construction costs are specifically identified and allocated to homes while other common costs, such as land, land improvements and carrying costs, are allocated to homes within a community or to lots or acreage held for sale based on total acreage in a master planned community or based on the relative sales value of homes in a residential community. The cost of inventory, including both direct construction costs and allocated land and lot costs, is recognized in cost of sales at the same time revenue is recognized and is recorded based upon total estimated costs expected to be incurred over the life of the community.

Once a parcel of land has been approved for development and the community is opened, it can typically take many years to fully develop, sell and deliver all the homes in that community depending on the number of home sites in a community and the sales and delivery pace of the homes in a community. Changes to the estimated costs are allocated to the remaining undelivered lots and homes within their respective community. The estimation and allocation of these costs requires a substantial degree of judgment by WRECO s management.

The estimation process involved in determining relative sales or fair values is inherently uncertain because it involves estimating future sales values of homes before delivery. Additionally, in determining the allocation of costs to a particular land parcel or individual home, WRECO relies on project budgets that are based on a variety of assumptions, including assumptions about construction schedules and future costs to be incurred. It is common that actual results differ from budgeted amounts for various reasons, including construction delays, increases in costs that have not been committed or unforeseen issues encountered during construction that fall outside the scope of existing contracts, or costs that come in less than originally anticipated. While the actual results for a particular construction project are accurately reported over time, a variance between the budget and actual costs could result in the understatement or overstatement of costs and have a related impact on gross margins between reporting periods. To reduce the potential for such variances, WRECO has procedures that have been applied on a consistent basis, including assessing and revising project budgets on a periodic basis, obtaining commitments from subcontractors and vendors for future costs to be incurred and utilizing the most recent information available to estimate costs.

Impairments

Each quarter, the performance and outlook of inventory is reviewed for indicators of potential impairment. WRECO s inventory includes residential homes under construction and completed homes, land and lots under development, and land held for future use. In addition, WRECO s inventory is comprised of master planned communities owned by WRECO, individual subdivisions within master planned communities owned by third parties and standalone communities. Master planned communities typically include several product segments such as residential, active adult, retail and commercial. WRECO generally reviews inventory for impairment indicators at either the master planned or individual community level. In reviewing each of WRECO s communities, WRECO determines if impairment indicators exist on inventory held and used by analyzing a variety of factors including, but not limited to, the following:

- gross margins and selling costs on homes closed in recent months;
- projected gross margins and selling costs on homes sold but not closed;
- projected gross margins and selling costs based on operating budgets;

126

competitor pricing and incentives in the same or nearby communities;

trends in average selling prices, discounts, incentives, sales velocity and cancellations;

sales absorption rates;

performance of other communities in nearby locations;

significant changes in the development plan for the community; and

changes in the strategic alternatives for or WRECO s strategic intent with respect to the community.

When indicators of impairment are present for a community, WRECO performs an impairment evaluation of the community. In addition, WRECO periodically reviews certain future master planned communities and land held for future use regardless of whether an impairment indicator is present. As part of WRECO s impairment evaluation and WRECO s periodic analysis of land held for future use, WRECO determines whether the undiscounted net cash flows estimated to be generated by those assets are less than their carrying amounts, and if so, impairment charges are recorded if the fair value of such assets is less than their carrying amounts. These estimates of cash flows are significantly impacted by community specific factors that include:

estimates of the amounts and timing of future revenues;

estimates of the amounts and timing of future land development, materials, labor, contractor, and interest costs;

community location and desirability, including availability of schools, retail mass transit and other services;

local economic and demographic trends regarding employment, new jobs and taxes;

variety of product types offered in the area;

competitor presence, product types, future competition, pricing, incentives and discounts; and

land availability, number of lots WRECO owns or control, entitlement restrictions and alternative uses.

For those assets deemed to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. WRECO generally uses the income approach to determine the fair value of WRECO s land held for future use and land and lots in process of development.

The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The fair value measurement is based on the value indicated by current market expectations regarding those future estimated cash inflows and outflows. WRECO uses present value techniques based on discounting the estimated cash flows at a rate commensurate with the inherent risks associated with the assets and related estimated cash flow streams. The income approach relies on management judgment regarding the various inputs to the undiscounted cash flow forecasts. When an impairment charge for a community is determined, the charge is then allocated to each lot in the community in the same manner as land and development costs are allocated to each lot.

The homebuilding impairment charge in 2013 is primarily related to the impairment of Coyote Springs. Under the terms of the Transaction Agreement, certain of WRECO s consolidated assets and liabilities will be excluded from the transaction 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. The undiscounted cash flows for Coyote Springs under WRECO s 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 the Weyerhaeuser 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. The estimated fair value of Coyote Springs that was impaired during 2013 was primarily based on an independent appraisal that was determined using both other observable inputs (Level 2) related to other market transactions and significant unobservable inputs (Level 3) such as the timing and amounts of future cash flows related to the development of the property, timing and amounts of proceeds from acreage sales, access to water for use on the property and discount rates applicable to the future cash flows. The discount rate applied to the estimated future cash flow projections was 25 percent.

When WRECO owns land or communities under development that do not fit into WRECO s development and construction plans and WRECO determines to sell the asset, the asset is accounted for as an asset held for sale. Finished home inventory is also accounted for as held for sale. WRECO records each asset held for sale at the lesser of its carrying value or estimated fair value less costs to sell. If the estimated fair value less costs to sell an asset is less than the current carrying value, the asset is written down to its estimated fair value less costs to sell. WRECO continues to monitor the fair value of assets held for sale through the disposition date.

When information for comparable assets is available, WRECO uses the market approach to determine the estimated fair value of assets held for sale. Under the market approach, WRECO typically uses information such as:

- sales prices for comparable assets,
- market studies,
- appraisals or
- legitimate offers.

Estimated fair values of both held and used and held for sale inventory may reflect significant management judgment and the key assumptions relating to inventory valuations may be impacted by local market economic conditions and the actions of competitors, and are inherently uncertain. Due to uncertainties in the estimation process, actual results could differ from such estimates.

During the three months ended March 31, 2014, no individual communities were reviewed for impairment as a result of circumstances that indicated the carrying value of the community may not be recoverable from future undiscounted net cash flows. During the year ended December 31, 2013, WRECO reviewed a total of 11 held and used communities for impairment. Three of these communities were reviewed due to circumstances that indicated the carrying value of the community may not be recoverable from future undiscounted net cash flows. The other eight communities were reviewed in connection with WRECO s periodic review of future master planned communities and land held for future use, but had no specific indicators of impairment. Coyote Springs discussed above was the only community classified as held and used that was impaired during the year ended December 31, 2013. The remaining 10 communities were comprised of the following: (a) two communities at Maracay that were tested due to possible indicators of impairment with an aggregate carrying value of $3.6 million and aggregate estimated future undiscounted net cash flows of $4.4 million at the time of the impairment assessments and (b) eight communities at Pardee that were tested as part of WRECO s periodic review of future master planned communities and land held for future use, but had no specific indicators of impairment. These eight communities had an aggregate carrying value of $393.4 million and aggregate estimated future undiscounted net cash flows of $829.2 million at the time of the impairment assessments.

As of March 31, 2014, there were no communities identified as being at risk of material impairment and WRECO believes that the carrying value of WRECO s consolidated inventory balance of $1,501 million as of March 31, 2014 is recoverable. However if conditions in the overall housing market or in specific markets worsen in the future beyond WRECO s current expectation, or if future changes in WRECO s development plans or WRECO s strategic intent with respect to individual communities significantly affect any key assumptions used in WRECO s projections of future cash flows, or if there is any material change in any of the other items WRECO considers in assessing recoverability, WRECO may recognize charges in future periods for impairments of inventory or option deposits and capitalized pre-acquisition costs associated with the assets under option, or both. Any such charges could be material to WRECO s consolidated financial statements.

Revenue Recognition

Single-family home sales revenue is recorded using the completed-contract method of accounting at the time each home is delivered, down payment has been received, title and possession are transferred to the buyer, and there is no significant continuing involvement with the home.

Land and lot revenue is recognized when title is transferred to the buyer, buyer has made adequate initial investment in the property, and there is no significant continuing involvement. If the buyer has not made an adequate initial or continuing investment in the property, the profit on such sales is deferred until these conditions are met.

Variable Interest Entities

WRECO accounts for variable interest entities in accordance with ASC 810, *Consolidation,* or ASC 810. For further details on what is a variable interest entity, or VIE, refer to *Note 8: Variable Interest Entities* to WRECO s consolidated financial statements included in this proxy statement. For each VIE, WRECO assesses whether it is the primary beneficiary by first determining if it has the ability to control the activities of the VIE that most significantly impact economic performance. Those activities include, but are not limited to the ability to: direct entitlement of land; determine the budget and scope of land development work; perform land development activities; control financing decisions for the VIE; the ability to acquire additional land into the VIE or dispose of land in the VIE not already under contract; or the ability to approve, change or amend the respective VIE s operating agreement. If WRECO is not able to control those activities, it is not considered the primary beneficiary of the VIE. If WRECO does have the ability to control those activities, the company also determines if it is expected to absorb a potentially significant amount of the VIE s losses or, if no party absorbs the majority of such losses, if it will potentially benefit from a significant amount of the VIE s expected gains. If WRECO is the primary beneficiary of the VIE, it will consolidate the VIE in the financial statements and reflect the VIE s assets and liabilities as consolidated real estate not owned within the inventory balance in the consolidated balance sheet.

The equity method of accounting is used for investments that qualify as VIEs when WRECO is not the primary beneficiary.

Table of Contents

Warranty Reserves

In the normal course of business, WRECO incurs warranty-related costs associated with homes that have been delivered to homebuyers. Estimated future direct warranty costs are accrued and charged to cost of sales in the period when the related home sale revenues are recognized and the warranty reserve is included in other accrued liabilities. Amounts accrued on homes delivered will vary based on product type and geographical area. Warranty coverage also varies depending on state and local laws. Indirect warranty overhead salaries and related costs are charged to cost of sales in the period incurred. Amounts are accrued based upon WRECO s historical experience. WRECO periodically assesses the adequacy of the warranty reserve balance and adjusts the amounts as appropriate for current quantitative and qualitative factors. Factors that affect the warranty accruals include the number of homes delivered, historical and anticipated rates of warranty claims and cost per claim.

Contingent Liabilities

WRECO is subject to lawsuits, investigations and other claims related to product and other matters, and are required to assess the likelihood of any adverse judgments or outcomes to these matters, as well as potential ranges of probable losses. Contingent liabilities are recorded when it becomes probable the company will have to make payments and the amount of the loss can be reasonably estimated. Assessing probability of loss and estimating probable losses requires analysis of multiple factors, including: historical experience; judgments about the potential actions of third party claimants and courts and recommendations of legal counsel. In addition to contingent liabilities recorded for probable losses, WRECO discloses contingent liabilities when there is a reasonable possibility that an ultimate loss may occur.

Recorded contingent liabilities are based on the best information available and actual losses in any future period are inherently uncertain. If estimated probable future losses or actual losses exceed the recorded liability for such claims, WRECO would record additional charges as part of operating costs and expenses within the statement of operations.

Prospective Accounting Pronouncements

Currently there are no significant prospective accounting pronouncements that are expected to have a material impact on WRECO.

Quantitative and Qualitative Disclosures About Market Risk

Debt Obligations (dollars in thousands)

All third party debt was repaid as of December 31, 2013. On November 15, 2013, the promissory note payable to Weyerhaeuser was extended to the earlier of December 31, 2014 or the closing of the Transaction with TRI Pointe Homes, Inc.

WRECO s operations are interest rate sensitive. As overall housing demand is adversely affected by increases in interest rates, a significant increase in mortgage interest rates may negatively affect the ability of homebuyers to secure adequate financing. Higher interest rates could adversely affect WRECO s revenues, gross margins and net earnings and would also increase its variable rate borrowing costs. WRECO does not enter into, or intend to enter into, derivative financial instruments for trading or speculative purposes.

In connection with the Transactions, up to $739 million of WRECO s debt payable to Weyerhaeuser will be repaid and any remaining amounts outstanding under the revolving promissory note with Weyerhaeuser (if any) will be extinguished, and WRECO will incur $800 million or more in aggregate principal amount of debt financing in the form of (i) 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. See The Transactions and Debt Financing for additional information.

Table of Contents

SELECTED HISTORICAL AND PRO FORMA FINANCIAL AND OPERATING DATA

Selected Historical Financial and Operating Data of WRECO

The following 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 have been derived from the unaudited consolidated financial statements of WRECO included in this proxy statement 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. 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 proxy statement 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 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 proxy statement. The financial data as of December 31, 2011 and for the year ended December 31, 2010 have been derived from the audited consolidated financial statements of WRECO not included or incorporated by reference in this proxy statement. The financial data as of December 31, 2010 and as of and for the year ended December 31, 2009 have been derived from the unaudited consolidated financial statements of WRECO not included or incorporated by reference in this proxy statement. 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 proxy statement.

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 proxy statement 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 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.

Table of Contents

	As of and for the Three Months Ended March 31, 2014	2013	As of and for the Year Ended December 31, 2013	2012	2011	2010	2009
	(unaudited)						
	(Dollar amounts in thousands, except per share figures)						
Statement of Operations Data							
Single-family home sales revenue	$ 241,902	$ 182,381	$ 1,218,430	$ 870,596	$ 768,071	$ 842,080	$ 833,041
Single-family home cost	(190,840)	(146,631)	(948,561)	(690,578)	(589,574)	(641,437)	(684,580)
Single-family impairments and related charges	(429)	(277)	(1,719)	(3,319)	(10,399)	(12,400)	(224,040)
Single-family gross margin	50,633	35,473	268,150	176,699	168,098	188,243	(75,579)
Non-single-family revenue	6,230	13,135	56,282	199,710	69,674	79,757	71,100
Non-single-family cost	(4,755)	(12,936)	(40,906)	(121,357)	(39,224)	(53,975)	(69,937)
Non-single-family impairments and related charges	(39)	(216)	(343,729)	(272)	(620)	(2,344)	(25,894)
Non-single-family gross margin	1,436	(17)	(328,353)	78,081	29,830	23,438	(24,731)
Total gross margin	52,069	35,456	(60,203)	254,780	197,928	211,681	(100,310)
Sales and marketing expense	(20,905)	(18,244)	(94,521)	(78,022)	(71,587)	(82,052)	(94,647)
General and administrative expense	(18,005)	(18,414)	(74,244)	(75,583)	(71,348)	(74,470)	(76,744)
Restructuring expense	(1,716)	(440)	(10,938)	(2,460)	(2,801)	(2,880)	(20,769)
Other income	667	848	2,452	914	2,080	33,592	6,981
Earnings (loss) from continuing operations before income taxes	12,110	(794)	(237,454)	99,629	54,272	85,871	(285,489)
	(4,529)	739	86,161	(38,910)	(19,333)	(33,742)	103,223

Income tax benefit (expense)							
Earnings (loss) from continuing operations	7,581	(55)	(151,293)	60,719	34,939	52,129	(182,266)
Discontinued operations, net of income taxes		189	1,838	762	589	4,656	(12,762)
Net earnings (loss)	7,581	134	(149,455)	61,481	35,528	56,785	(195,028)
Less: net (earnings) loss attributable to noncontrolling interests[1]						(1,507)	16,427
Net earnings (loss) attributable to common shareholder	$ 7,581	$ 134	$ (149,455)	$ 61,481	$ 35,528	$ 55,278	$ (178,601)
Basic earnings (loss) per share from continuing operations attributable to common shareholder	$ 0.08	$	$ (1.51)	$ 0.61	$ 0.35	$ 0.52	$ (1.70)
Basic earnings (loss) per share from discontinued operations attributable to common shareholder			0.02		0.01	0.03	(0.09)
Basic earnings (loss) per share attributable to common shareholder	$ 0.08	$	$ (1.49)	$ 0.61	$ 0.36	$ 0.55	$ (1.79)
Operating Data-Owned Projects							
Net new home orders	667	820	3,055	2,665	1,902	1,914	2,269
New homes delivered	508	463	2,939	2,314	1,912	2,125	2,177

Average sales price of homes delivered	$ 476	$ 394	$ 415	$ 376	$ 402	$ 396	$ 382
Cancellation rate	15%	12%	15%	15%	16%	20%	23%
Average selling communities	91	75	86	72	74	74	83
Selling communities at end of period	93	80	89	68	69	76	69
Backlog at end of period, number of homes	1,056	1,138	897	781	430	440	651
Backlog at end of period, aggregate sales value	$ 594,550	$ 508,849	$ 507,064	$ 342,497	$ 167,505	$ 202,415	$ 255,269
Balance Sheet Data							
Cash	$ 3,338	$ 4,271	$ 4,510	$ 5,212	$ 3,170	$ 1,099	$ 7,050
Inventory	$ 1,500,608	$ 1,653,818	$ 1,421,986	$ 1,609,485	$ 1,499,040	$ 1,499,936	$ 1,520,010
Total assets	$ 1,941,998	$ 2,053,187	$ 1,910,464	$ 1,999,537	$ 1,933,849	$ 1,952,638	$ 2,265,766
Debt payable to third parties and Weyerhaeuser	$ 868,809	$ 871,323	$ 834,589	$ 798,808	$ 851,303	$ 853,329	$ 1,185,038
Total liabilities	$ 1,105,364	$ 1,072,602	$ 1,084,947	$ 1,005,810	$ 1,044,142	$ 1,090,716	$ 1,453,441
Total shareholder s interest	$ 806,415	$ 951,769	$ 797,096	$ 953,779	$ 891,304	$ 865,519	$ 807,461

(1) Net earnings attributable to noncontrolling interests for the year ended December 31, 2010 relates to discontinued operations. Net loss attributable to noncontrolling interests for the year ended December 31, 2009 includes $12,038 related to continuing operations and $4,389 related to discontinued operations.

Selected Historical Financial and Operating Data of TRI Pointe

The following 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 have been derived from the unaudited consolidated financial statements of TRI Pointe incorporated by reference in this proxy statement 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. 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 proxy statement 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

Table of Contents

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 proxy statement. The financial data as of December 31, 2011 and as of and for the period from September 24, 2010 (the inception date of TPH LLC) through December 31, 2010 and the period from January 1, 2010 through September 23, 2010 (TRI Pointe s predecessor) have been derived from the audited financial statements of TRI Pointe not included or incorporated by reference in this proxy statement. From April 2009 to September 23, 2010, TRI Pointe s principals were engaged primarily in the business of constructing homes for independent third-party property owners through a number of different entities. 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 proxy statement. See Where You Can Find More Information; Incorporation by Reference.

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,			As of and for the Period from September 24, 2010 (Inception) through December 31,	TRI Pointe Predecessor As of and for the Period from January 1, 2010 through September 23,
	2014	2013	2013	2012	2011	2010	2010
	(unaudited)						
	(Dollar amounts in thousands, except per share figures)						
Statement of Operations Data							
Home sales	$ 72,812	$ 23,857	$ 247,091	$ 77,477	$ 13,525	$ 4,143	$
Cost of home sales	(56,432)	(19,449)	(193,092)	(63,688)	(12,075)	(3,773)	
Homebuilding gross profit	16,380	4,408	53,999	13,789	1,450	370	
Fee building gross margin		406	1,082	149	150	814	2,665
Sales and marketing	(2,486)	(1,330)	(8,486)	(4,636)	(1,553)	(408)	(136)
General and administrative	(5,892)	(3,313)	(17,057)	(6,772)	(4,620)	(1,875)	(1,401)
Organizational costs						(1,061)	
Transaction expense	(548)		(4,087)				
Other income (expense), net	(9)	172	302	(24)	(20)	(15)	(43)

Income (loss) before income taxes	7,445	343	25,753	2,506	(4,593)	(2,175)	1,085
Provision for income taxes	(3,147)	(73)	(10,379)				
Net income (loss)	$ 4,298	$ 270	$ 15,374	$ 2,506	$ (4,593)	$ (2,175)	$ 1,085
Earnings (loss) per share(1)							
Basic	$ 0.14	$ 0.01	$ 0.50	$ 0.12	$ (0.36)		
Diluted(2)	$ 0.14	$ 0.01	$ 0.50	$ 0.12	$ (0.36)		
Operating Data Owned Projects							
Net new home orders	138	123	477	204	42	9	4
New homes delivered	92	48	396	144	36	11	
Average sales price of homes delivered	$ 791	$ 497	$ 624	$ 538	$ 376	$ 377	$
Cancellation rate	8%	9%	10%	16%	13%	19%	20%
Average selling communities	10.0	7.3	7.4	5.4	2.0	2.0	1.0
Selling communities at end of period	10	6	10	7	3	2	1
Backlog at end of period, number of homes	195	143	149	68	8	2	4
Backlog at end of period, aggregate sales value	$ 157,692	$ 77,027	$ 111,566	$ 33,287	$ 3,364	$ 696	$ 1,392
Operating Data Fee Building Projects							
Net new home orders		14	41	45	34	24	114
New homes delivered		5	66	26	68	56	46
Average sales price of homes delivered	$	$ 399	$ 685	$ 885	$ 786	$ 794	$ 787
Balance Sheet Data							
Cash, cash equivalents and marketable	$ 32,046	$ 131,316	$ 35,261	$ 19,824	$ 10,164	$ 11,744	$ 6,029

securities							
Real estate inventories	$ 484,483	$ 245,162	$ 455,642	$ 194,083	$ 82,023	$ 14,108	$ 8,117
Total assets	$ 538,567	$ 379,712	$ 506,035	$ 217,516	$ 93,776	$ 30,096	$ 15,672
Notes payable	$ 176,933	$ 60,896	$ 138,112	$ 57,368	$ 6,873	$ 3,462	$ 4,494
Total liabilities	$ 211,700	$ 74,493	$ 183,729	$ 68,363	$ 11,285	$ 5,238	$ 4,983
Total equity	$ 326,867	$ 305,219	$ 322,306	$ 149,153	$ 82,491	$ 24,858	$ 10,689

(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.

Unaudited Pro Forma Condensed Combined Financial Information of TRI Pointe and WRECO

The following unaudited pro forma condensed combined financial information presents the unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statements of operations based upon the combined historical financial statements of WRECO and TRI Pointe, after giving effect to the Transactions between WRECO and TRI Pointe and adjustments described in the accompanying notes. The Transactions are accounted for as a reverse acquisition under the acquisition method of accounting, which requires determination of the accounting acquiror. The accounting guidance for business combinations, Accounting Standards Codification 805, *Business Combinations*, provides that in identifying the acquiring entity in a combination effected through an exchange of equity interests, all pertinent facts and circumstances must be considered, including the following:

The relative voting interests of TRI Pointe after the consummation of the Transactions. Weyerhaeuser shareholders are expected to receive approximately 79.6% of the equity ownership and associated voting rights in TRI Pointe after the consummation of the Transactions.

The size of the combining companies in the Transactions. The relative sizes are 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 or for the year ended December 31, 2013, as applicable.

The composition of the governing body of TRI Pointe after the consummation of the Transactions. The composition of TRI Pointe s board of directors following the consummation of the Transactions will be comprised of five directors selected by TRI Pointe and four directors selected by Weyerhaeuser. However, the TRI Pointe board of directors can be replaced at a stockholders meeting after the consummation of the Transactions.

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

Based on the foregoing analysis, WRECO will be considered to be the accounting acquiror. The historical consolidated financial statements for all periods prior to the consummation of the Transactions will only reflect the historical consolidated financial statements of WRECO. Upon the consummation of the Transactions, WRECO will apply purchase accounting to the assets and liabilities of TRI Pointe.

The unaudited pro forma condensed combined balance sheet as of March 31, 2014 reflects the Transactions as if they were consummated on that date. The unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2014 and for the year ended December 31, 2013 reflect the Transactions as if they were consummated on January 1, 2013, the beginning of the earliest period presented.

The unaudited pro forma condensed combined financial information should be read in conjunction with the unaudited and audited consolidated historical financial statements of WRECO and TRI Pointe and the notes thereto included in this proxy statement and 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 into this proxy statement, as well as the disclosures contained in each company s Management s Discussion and Analysis of Financial Condition and Results of Operations. Additional information about the basis of presentation of this information is provided in *Note 1. Basis of Presentation* hereto.

The unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of Regulation S-X. The unaudited pro forma adjustments reflecting the consummation of the Transactions have been prepared in accordance with business combination accounting guidance as provided in Accounting Standards Codification 805, *Business Combinations*, and reflect the preliminary allocation of the purchase price to the acquired assets and liabilities based upon their estimated fair values, using the assumptions set forth in the notes to the unaudited pro forma condensed combined financial information.

Table of Contents

The unaudited pro forma condensed combined financial information is provided for informational purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the Transactions had been completed as of the dates set forth above, nor is it indicative of the future results or financial position of the combined company. In connection with the pro forma financial information, WRECO allocated the purchase price using its best estimates of fair value of TRI Pointe s assets and liabilities. These estimates are based on the most recently available information. The allocation is dependent upon certain valuation and other analyses that are not yet final. Accordingly, the pro forma acquisition price allocations are preliminary and subject to further adjustments as additional information becomes available and as additional analyses are performed. There can be no assurances that the final valuations will not result in material changes to these preliminary purchase price allocations.

The unaudited pro forma condensed combined financial information also does not give effect to the potential impact of current financial conditions, any anticipated synergies, operating efficiencies or cost savings that may result from the Transactions or any integration costs. Furthermore, the unaudited pro forma condensed combined statement of operations does not include certain nonrecurring charges and the related tax effects which result directly from the Transactions as described in the notes to the unaudited pro forma condensed combined financial information.

Table of Contents

Unaudited Pro Forma Condensed Combined Balance Sheet

As of March 31, 2014

(in thousands)

	Historical						
	WRECO	**TRI Pointe Homes, Inc.**	**Excluded Assets and Liabilities**	**Combined**	**Pro Forma Adjustments**	**Notes**	**Pro Forma Combined**
Assets							
Cash and cash equivalents	$ 3,338	$ 32,046	$	$ 35,384	$ (739,000)	(a)	$ 39,351
					782,000	(b)	
					(39,033)	(c)	
Accounts receivables	35,425	1,855		37,280			37,280
Deposits on real estate	31,104	23,176	(1,019)	53,261		(d)	53,261
Inventory	1,500,608	461,307	(17,181)	1,944,734		(d)	1,971,953
					27,219	(e)	
Intangible assets	6,360			6,360	12,900	(e)	19,260
Investments in unconsolidated entities	15,672			15,672			15,672
Goodwill					165,837	(e)	165,837
Deferred tax assets	287,946	4,611	(126,463)	157,094		(d)	141,046
			(9,000)			(g)	
					(16,048)	(k)	
Other assets	61,545	15,572	(1,800)	75,317		(d)	92,693
					18,000	(b)	
					(624)	(f)	
Total assets	$ 1,941,998	$ 538,567	$ (155,463)	$ 2,325,102	$ 211,251		$ 2,536,353
Liabilities and Stockholders Equity							
Accounts payable	$ 76,987	$ 16,006	$	$ 92,993	$ (251)	(c)	$ 59,562
					(33,180)	(a)	
Accrued payroll liabilities	33,724	2,896	(25,119)	11,501		(g)	11,501
Other accrued liabilities	100,178	15,865		116,043	(207)	(h)	115,836
Debt payable		176,933		176,933	800,000	(b)	976,933
Debt payable to Weyerhaeuser	868,809			868,809	(868,809)	(a)	
Debt (nonrecourse to WRECO) held by variable interest entities	6,041			6,041			6,041

Income tax payable to Weyerhaeuser	19,625			19,625	(19,625)	(a)	
Total liabilities	1,105,364	211,700	(25,119)	1,291,945	(122,072)		1,169,873
Commitments and contingencies							
Stockholders equity							
Preferred stock							
Common stock	4,000	316		4,316	(316)	(j)	1,613
					(2,387)	(i)	
Additional paid-in capital	332,624	311,141	(130,344)	513,421	351,436	(l)	864,857
Retained earnings	469,791	15,410		485,201	(15,410)	(j)	469,791
Total stockholders equity	806,415	326,867	(130,344)	1,002,938	333,323		1,336,261
Noncontrolling interests	30,219			30,219			30,219
Total liabilities and stockholders equity	$ 1,941,998	$ 538,567	$ (155,463)	$ 2,325,102	$ 211,251		$ 2,536,353

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

135

Table of Contents

Unaudited Pro Forma Condensed Combined Statement of Operations

For the Three Months Ended March 31, 2014

(in thousands, except per share amounts)

	Historical						
	WRECO	TRI Pointe Homes, Inc.	Excluded Operations	Combined	Pro Forma Adjustments	Notes	Pro Forma Combined
Revenues							
Home sales	$ 241,902	$ 72,812	$	$ 314,714	$		$ 314,714
Land and lot sales	3,387			3,387			3,387
Other operations	2,843			2,843			2,843
Total revenue	248,132	72,812		320,944			320,944
Expenses:							
Cost of home sales	190,840	56,432		247,272	1,221	(1)	252,911
					4,418	(2)	
Cost of land and lot sales	3,138		(999)	2,139		(5)	2,139
Impairments and related charges	468			468			468
Other operations	1,617			1,617			1,617
Sales and marketing	20,905	2,486		23,391	323	(4)	23,714
General and administrative	18,005	5,892	219	24,116		(3)	24,813
					697	(7)	
Restructuring charges	1,716			1,716	(1,305)	(6)	411
Total expenses	236,689	64,810	(780)	300,719	5,354		306,073
Earnings from continuing operations	11,443	8,002	780	20,225	(5,354)		14,871
Equity in income of unconsolidated entities	(68)			(68)			(68)
Other income (expense), net	735	(557)	7	185		(5)	1,042
					548	(8)	
					229	(1)	
					80	(9)	
Earnings before income taxes	12,110	7,445	787	20,342	(4,497)		15,845
Provision for income taxes	(4,529)	(3,147)	(291)	(7,967)	1,798	(10)	(6,169)
Earnings from continuing operations	$ 7,581	$ 4,298	$ 496	$ 12,375	$ (2,699)		$ 9,676

Earnings per common share

Basic	$ 0.08	$ 0.14	$ 0.06
Diluted	$ 0.08	$ 0.14	$ 0.06
Weighted average shares			
Basic	100,000	31,613	161,333
Diluted	100,000	31,643	162,882

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

Table of Contents

Unaudited Pro Forma Condensed Combined Statement of Operations

For the Year Ended December 31, 2013

(in thousands, except per share amounts)

	Historical WRECO	TRI Pointe Homes, Inc.	Excluded Operations	Combined	Pro Forma Adjustments	Notes	Pro Forma Combined
Revenues							
Home sales	$ 1,218,430	$ 247,091	$	$ 1,465,521	$		$ 1,465,521
Land and lot sales	52,261			52,261			52,261
Fee building		10,864		10,864			10,864
Other operations	4,021			4,021			4,021
Total revenue	1,274,712	257,955		1,532,667			1,532,667
Expenses:							
Cost of home sales	948,561	193,092		1,141,653	8,390	(1)	1,172,659
					22,616	(2)	
Cost of land and lot sales	38,052		(2,370)	35,682		(5)	35,682
Fee building		9,782		9,782			9,782
Impairments and related charges	345,448		(343,336)	2,112		(5)	2,112
Other operations	2,854			2,854			2,854
Sales and marketing	94,521	8,486		103,007	1,290	(4)	104,297
General and administrative	74,244	17,057	(565)	90,736		(3)	94,720
					3,984	(7)	
Restructuring charges	10,938			10,938	(2,400)	(6)	8,538
Total expenses	1,514,618	228,417	(346,271)	1,396,764	33,880		1,430,644
Earnings from continuing operations	(239,906)	29,538	346,271	135,903	(33,880)		102,023
Equity in income of unconsolidated entities	2			2			2
Other income (expense), net	2,450	(3,785)	29	(1,306)		(5)	6,473
					4,087	(8)	
					3,593	(1)	
					99	(9)	
Earnings before income taxes	(237,454)	25,753	346,300	134,599	(26,101)		108,498
	86,161	(10,379)	(128,131)	(52,349)	10,310	(10)	(42,039)

Provision for income taxes												
Earnings from continuing operations	$	(151,293)	$	15,374	$	218,169	$	82,250	$	(15,791)	$	66,459
Earnings per common share												
Basic	$	(1.51)	$	0.50							$	0.41
Diluted	$	(1.51)	$	0.50							$	0.41
Weighted average shares												
Basic		100,000		30,776								161,333
Diluted		100,000		30,798								162,882

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

137

Table of Contents

Notes to Unaudited Pro Forma Condensed Combined Financial Information

1. Basis of Presentation

The historical consolidated financial information has been adjusted to give pro forma effect to events that are (i) directly attributable to the Transactions, (ii) factually supportable and (iii) with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the combined results. The pro forma adjustments are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the Transactions and certain other adjustments. The final determination of the purchase price allocation will be based on the fair values of assets acquired and liabilities assumed as of the Closing Date.

WRECO s historical results are derived from WRECO s unaudited consolidated balance sheet as of March 31, 2014, unaudited consolidated statement of operations for the three months ended March 31, 2014 and audited consolidated statement of operations for the year ended December 31, 2013. TRI Pointe s historical results are derived from TRI Pointe s unaudited consolidated balance sheet as of March 31, 2014, unaudited consolidated statement of operations for the three months ended March 31, 2014 and audited consolidated statement of operations for the year ended December 31, 2013.

The denominator used to calculate pro forma basic earnings per common share was calculated by adding 129,700,000 shares issued in the Transactions to the historical shares of TPH prior to the Transactions. The denominator used to calculate pro forma diluted earnings per common share was derived from the shares used to calculate basic earnings per common share plus 1,549,882 shares attributable to equity awards outstanding prior to the Transactions.

Significant Accounting Policies

The accounting policies used in the preparation of this unaudited pro forma condensed combined financial information are those set forth in WRECO s and TRI Pointe s audited consolidated financial statements as of December 31, 2013. TRI Pointe s management has determined that no material adjustments are necessary to conform TRI Pointe s financial statements to the accounting policies used by WRECO in the preparation of the unaudited pro forma condensed combined financial information. Certain reclassification adjustments have been made in the unaudited pro forma condensed combined financial statements to conform TRI Pointe s historical basis of presentation to that of WRECO.

Description of Transaction

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. If Weyerhaeuser elects to conduct an exchange offer, Weyerhaeuser will offer to Weyerhaeuser shareholders in the 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 the exchange offer is consummated but fewer than all the issued and outstanding WRECO common shares are exchanged because the 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. 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. If Weyerhaeuser does not elect to conduct an exchange offer, it will distribute all WRECO common shares owed by it to Weyerhaeuser shareholders. 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.

Table of Contents

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 TRI Pointe common stock at the time of determination and on the Adjustment Amount. Therefore, the actual purchase price will fluctuate with the market price of TRI Pointe common stock until the Merger is consummated.

Upon the consummation of the Transactions, equity awards in Weyerhaeuser common shares held by WRECO employees will be converted into 1.834 equity awards of TRI Pointe common stock. As of May 1, 2014, there were 1,139,990 unvested and 1,331,963 vested equity awards in Weyerhaeuser common shares held by WRECO employees that would be converted into 622,851 unvested TRI Pointe restricted stock units and 1,467,891 unvested and 2,442,820 vested options exercisable for shares of TRI Pointe common stock. The exercise price of the Weyerhaeuser options ranged from $9.53 to $30.54, and the exercise price of the replacement TRI Pointe options will range from $5.20 to $16.65. The fair value of the Weyerhaeuser equity awards and the replacement equity awards were measured as of May 1, 2014. The excess fair value of the TRI Pointe options, approximately $4.5 million, will be recognized as additional compensation expense over the term of the unvested equity awards. For purposes of the Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Three Months Ended March 31, 2014 and the Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 2013, additional compensation expense related to the increase in fair value to the WRECO employee equity awards was recorded as $0.3 million and $1.9 million, respectively, as discussed in explanation seven of *Note 4. Notes to Unaudited Pro Forma Condensed Combined Statements of Operations*. Significant assumptions used in the measurement of fair value of the replacement options included expected terms, volatility, annual discount rate and the risk free rate.

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

2. Calculation of Estimated Purchase Consideration

The purchase consideration in a reverse acquisition is determined with reference to the value of equity of the accounting acquiree (in this case, TRI Pointe, the legal acquirer). The fair value of TRI Pointe common stock is based on the closing stock price on May 1, 2014 of $16.32.

The purchase price is calculated as follows (dollars in thousands, except number of shares and per share amount):

Number of TRI Pointe shares outstanding(1)		31,632,533
TRI Pointe common stock price(2)	$	16.32

Total	$	516,243
Fair value of stock options(3)		532
Estimated purchase price	$	516,775

(1) Number of shares of TRI Pointe common stock issued and outstanding as of May 1, 2014.

(2) Closing price of TRI Pointe common stock on the NYSE on May 1, 2014 of $16.32 per share.

(3) The fair value of stock options for the services already rendered have been added to the calculation of the estimated purchase price.

For pro forma purposes, the fair value of the consideration given and thus the estimated purchase price was determined based on the $16.32 per share closing price of TRI Pointe common stock on May 1, 2014. The final purchase consideration could significantly differ from the amounts presented in the unaudited pro forma condensed combined financial information due to movements in the market price of TRI Pointe common stock as of the Closing Date of the transaction. A sensitivity analysis related to the fluctuations in the market price of TRI Pointe common stock was performed to assess the impact that a hypothetical change of 10% in the market price of TRI Pointe common stock on May 1, 2014 would have on the estimated purchase price and goodwill as of the Closing Date.

Table of Contents

The following table shows the change in the market price of TRI Pointe common stock, estimated consideration transferred and goodwill (dollars in thousands, except per share amounts):

Change in stock price	Stock price	Estimated consideration transferred	Goodwill
Increase of 10%	$ 17.95	$ 568,336	$ 217,398
Decrease of 10%	$ 14.69	$ 465,214	$ 114,276

Preliminary Purchase Price Allocation

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of TRI Pointe are recorded at the acquisition date fair values and added to those of WRECO. The pro forma adjustments are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed as of March 31, 2014 and have been prepared to illustrate the estimated effect of the Transactions.

Acquisition date fair value for inventory was estimated using an income approach that estimates the fair value of real estate inventory using a discounted cash flow model. The final determination of the fair value of real estate inventory will depend on expected average selling prices, sales pace, cancellation rates, construction and overhead costs. Additionally, the acquisition date fair value of the trademark intangible asset was estimated using the relief-from-royalties method of the income approach. Under that method, the owner of the intangible asset is able to avoid royalty payments would have otherwise been incurred. The present value of the estimated net royalty savings becomes the basis of fair value. The final determination of the trademark intangible will depend on changes to the expected life of the intangible asset, the royalty rate and the discount rate that reflects the level of risk associated with the future cash flows.

The final determination of purchase price allocation upon the consummation of the Transactions will be based on TRI Pointe s net assets acquired as of that date and will depend on a number of factors, which cannot be predicted with any certainty at this time. The purchase price allocation may change materially based on the receipt of more detailed information; therefore, the actual allocations will differ from the pro forma adjustments presented. There can be no assurances that these additional analyses and final valuations will not result in significant changes to the estimates of fair value set forth below.

The following table sets forth a preliminary allocation of the estimated purchase consideration to the identifiable tangible and intangible assets acquired and liabilities assumed of TRI Pointe, with the excess recorded as goodwill (dollars in thousands):

Cash and cash equivalents	$ 32,046
Real estate inventories	511,702
Contract, notes or accounts receivable	1,855
Trademark intangible asset	12,900
Goodwill	165,837
Other assets	15,572
Total assets	739,912

Accounts payable	16,006
Accrued payroll liabilities	2,896
Other accrued liabilities	15,865
Deferred tax liability	11,437
Notes payable to third parties	176,933
Total liabilities	223,137
Net assets acquired	$ 516,775

The goodwill expected to be recognized is primarily attributed to expected synergies from combining the Real Estate Business with TRI Pointe s existing business, including, but not limited to, expected cost synergies from 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

Table of Contents

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.

3. Notes to Unaudited Pro Forma Condensed Combined Balance Sheet (dollars in thousands)

(a) Reflects the elimination of debt payable to Weyerhaeuser of $869 million, accounts payable to Weyerhaeuser of $33 million and income tax payable to Weyerhaeuser of $20 million by WRECO. These liabilities will be settled by the $739 million cash dividend to be paid by WRECO to Weyerhaeuser in connection with the Transactions.

(b) Represents the estimated net cash proceeds from the issuance of the New Debt, as well as deferred finance costs and the establishment of the net payable. The New Debt is expected to be valued at $800 million, with financing costs estimated to be $18 million, and the net $782 million increasing cash. Refer to *Note 6. Financing Arrangements* for further details.

(c) Represents the estimated cash transaction costs related to underwriting, legal and other advisory fees associated with the Transactions. These fees were estimated based on the expected costs for underwriting, legal and banking fees, which totaled approximately $46 million. Accrued fees payable on the balance sheet date were approximately $0.3 million and fees previously paid were approximately $7 million as of March 31, 2014.

(d) Represents the transfer of WRECO s interest in Coyote Springs which, under the terms of the Transaction Agreement, will be excluded from the Transactions and retained by Weyerhaeuser. These excluded assets were deposits on real estate of $1 million, inventory of $17 million, a deferred tax asset of $126 million and other assets of $2 million.

(e) Reflects the fair value purchase accounting adjustments to TRI Pointe, including the fair value increase to real estate inventories, trade name intangible and goodwill. Refer to *Note 5. Intangible Asset* for discussion on the valuation of intangible assets. The preliminary estimated fair value of inventory was determined primarily using a discounted cash flow model. These estimated cash flows are significantly impacted by estimates related to expected average selling prices, sales pace, cancellation rates and construction and overhead costs. The fair value of TRI Pointe s real estate inventory (including deposits on real estate) was estimated to be $512 million. Due to the preliminary nature of these estimates, actual results could differ significantly from such estimates. Discount rates used in the pro forma analysis of real estate inventory ranged from 18% to 22%. See Preliminary Purchase Price Allocation discussion in *Note 2. Calculation of Estimated Purchase Consideration* for more information on the value goodwill.

(f) Represents the elimination of deferred financing costs of $0.6 million from the historical financial statements of TRI Pointe.

(g) Reflects the elimination of deferred compensation amounts and related deferred tax assets owed by Weyerhaeuser to employees of WRECO. These liabilities of $25 million and deferred tax assets of $9 million are being excluded from the liabilities assumed because they are being retained by Weyerhaeuser pursuant to the Transaction Agreement.

(h) Reflects the purchase accounting adjustment to eliminate deferred rent of $0.2 million from TRI Pointe.

(i) Represents the adjustment to common stock to reflect the total amount of shares outstanding of 161,332,533 shares of common stock at $0.01 par value upon the consummation of the Transactions. The historical common stock values of $4.0 million for WRECO and $0.3 million for TRI Pointe were eliminated and replaced with a common stock value of $1.6 million.

(j) Represents the elimination of historical equity of TRI Pointe to reflect the new accounting basis of the acquirer.

(k) Represents adjustments to reflect the decrease in deferred tax assets as a result of the fair value increases of inventory by $27 million and trade name intangible by $13 million. The estimated tax rate was determined to be 40% resulting in a decrease to deferred tax assets of $16 million.

(l) Reflects the cumulative adjustment to additional paid-in capital, primarily attributable to the transfer of excluded assets and liabilities, $130 million, the issuance of equity to effect the Transactions, $169 million, and the elimination of payable amounts between WRECO and Weyerhaeuser, $183 million.

Table of Contents

4. Notes to Unaudited Pro Forma Condensed Combined Statement of Operations

(1) Reflects the incremental increase to cost of home sales and change to interest expense related to the issuance of the New Debt by WRECO. The higher interest rate on the New Debt compared to the debt payable by WRECO to Weyerhaeuser increased the amount of interest available for capitalization by approximately $9 million and $35 million for the three months ended March 31, 2014 and the year ended December 31, 2013, respectively. The amount of qualifying assets of the combined company is greater than the pro forma debt balance, resulting in 100% interest capitalization, which decreased interest expense by approximately $0.2 million and $4 million for the three months ended March 31, 2014 and the year ended December 31, 2013, respectively. The additional capitalized interest resulted in an increase of pro forma interest amortized to cost of home sales by approximately $1 million and $8 million for the three months ended March 31, 2014 and the year ended December 31, 2013, respectively. The pro forma increase to cost of home sales was based on the historical amortization of interest to cost of homes sales as a percentage of total capitalized interest for the combined company of 3% and 22% for the three months ended March 31, 2014 and the year ended December 31, 2013, respectively. The difference in the historical amortization of interest to cost of homes sales as a percentage of total capitalized interest for the combined company of 3% compared to 22% is the result of the seasonality in the number of new home deliveries for the three months ended March 31, 2014 compared to the year ended December 31, 2013. Refer to *Note 6. Financing Arrangements* for further details related to interest on the New Debt.

(2) Represents the increase in cost of home sales due to the increase in fair value of inventory acquired in the Transactions by approximately $27 million for the three months ended March 31, 2014. Pro forma cost of sales increased approximately $4 million and $23 million for the three months ended March 31, 2014 and the year ended December 31, 2013, respectively.

(3) Reflects the elimination of certain costs related to deferred compensation that were related to amounts Weyerhaeuser owed to WRECO. These expenses, which include $0.2 million and $0.6 million for the three months ended March 31, 2014 and the year ended December 31, 2013, respectively, are being excluded because they are specifically identified as liabilities of Weyerhaeuser in the Transaction Agreement.

(4) Represents the amortization expense related to the TRI Pointe trade name intangible recognized in purchase accounting. The trade name intangible asset is expected to have a useful life of ten years and will be amortized on a straight line basis. See Note 5. Intangible Asset for additional information.

(5) Represents the elimination of costs related to WRECO s interest in Coyote Springs, which is expected to be retained by Weyerhaeuser. Pro forma cost of land and lot sales of $1 million for the three months ended March 31, 2014 and impairment charges of $343.3 million and operating costs of $2.4 million for the year ended December 31, 2013 relate to a property that will not be transferred to TRI Pointe in the Transactions.

(6) Represents retention compensation to WRECO employees payable in March 2014, concurrent with the payment of annual incentive plan bonus payouts.

(7) Represents the change in stock-based compensation expense due to the equity award modification and resulting remeasurement of the fair value of stock based compensation as a result of the Transactions. Under the terms of the Transaction Agreement, equity awards in Weyerhaeuser common shares held by WRECO employees will be converted into equity awards of TRI Pointe common stock. Due to the fair value of the replacement awards exceeding the fair value of the original awards, additional pro forma compensation expense was recognized of approximately $0.7 million and $4 million for the three months ended March 31, 2014 and the year ended December 31, 2013, respectively.

(8) Represents the elimination of previously recognized transaction costs of $0.5 million and $4 million recorded in the three months ended March 31, 2014 and the year ended December 31, 2013, respectively, related to underwriting, legal and other advisory fees associated with the Transactions.

(9) Represents the elimination of previously recognized amortization of deferred financing fees of $0.1 million and $0.1 million recorded in the three months ended March 31, 2014 and the year ended December 31, 2013, respectively, which were removed in purchase accounting in connection with the Transactions.

Table of Contents

(10) Represents the adjustment to income tax expense as a result of the tax impact on the pro forma adjustments. WRECO and TRI Pointe used statutory tax rates to compute the income tax expense related to each entity s pro forma condensed combined statement of operations adjustment as follows (dollars in thousands):

	For the three months ended March 31, 2014		
	WRECO	**TRI Pointe**	**Total**
Pro forma adjustments	$ 770	$ (4,480)	$ (3,710)
Statutory tax rate	37%	40%	
Tax impact	$ (285)	$ 1,792	$ 1,507

	For the year ended December 31, 2013		
	WRECO	**TRI Pointe**	**Total**
Pro forma adjustments	$ 341,981	$ (21,782)	$ 320,199
Statutory tax rate	37%	40%	
Tax impact	$ (126,533)	$ 8,712	$ (117,821)

5. Intangible Asset

The fair value of the trade name intangible was estimated using a relief-from-royalties method, and has an estimated useful life of 10 years. The key inputs were: (i) the projected revenue over the expected remaining life of the intangible asset; (ii) royalty rate of 0.5% based on TRI Pointe s margins and market royalty rates; (iii) economic life of 10 years; and (iv) discount rate of 17.0% that reflects the level of risk associated with receiving future cash flow.

6. Financing Arrangements

WRECO has entered into a Commitment Letter and related engagement and fee letters with various lenders with respect to financing in connection with the Transactions. The Commitment Letter is 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 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 Debt Securities issued, from one or more lenders under the Senior Unsecured Bridge Facility (as described in Debt Financing Bank Debt Bridge Facility).

Below is a table that sets forth the amount of the New Debt and the calculation of pro forma interest expense for the periods presented, in each case assuming that WRECO incurs $800 million of senior unsecured bridge loans under the Commitment Letter:

(Dollars in thousands)			Interest Expense	
	Assumed Interest Rate	Balance Outstanding	Three Months Ended March 31, 2014	Year Ended December 31, 2013
New Debt	6.25%	$ 800,000	$ 12,500	$ 50,000

A 0.125% increase or decrease in the interest rate on the unsecured bridge loan would increase (decrease) interest expense on a pro forma basis by $0.3 million and $1.0 million for the three months ended March 31, 2014 and the year ended December 31, 2013, respectively.

Table of Contents

HISTORICAL AND PRO FORMA PER SHARE, MARKET PRICE AND DIVIDEND DATA

Comparative Historical and Pro Forma Per Share Data

The following tables set forth certain historical and pro forma per share data for TRI Pointe and WRECO. The TRI Pointe historical data have been derived from and should be read together with the unaudited consolidated 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 proxy statement. See Where You Can Find More Information; Incorporation by Reference. 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 proxy statement. The pro forma data have been derived from the unaudited pro forma financial statements of TRI Pointe and WRECO included in this proxy statement.

These comparative historical and pro forma per share data are being provided for illustrative purposes only. TRI Pointe and WRECO may have performed differently had the Transactions occurred prior to the period 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 future results or financial condition of TRI Pointe or WRECO 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	
TRI Pointe	**Historical (unaudited)**	**Pro Forma**	**Historical**	**Pro Forma**
Basic earnings per share[1]	$ 0.14	$ 0.06	$ 0.50	$ 0.41
Diluted earnings per share[1][2]	$ 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		