

WEYERHAEUSER CO  
Form 10-Q  
August 06, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-Q**

**x     QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
      ACT OF 1934  
      FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2010**

**or**

**..     TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
      ACT OF 1934  
      FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_**

**COMMISSION FILE NUMBER: 1-4825**

**WEYERHAEUSER COMPANY**

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|   |   |
|---|---|
| <b>Washington</b><br>(State or other jurisdiction of<br>incorporation or organization)                                | <b>91-0470860</b><br>(I.R.S. Employer<br>Identification Number) |
| <b>33663 Weyerhaeuser Way South</b><br><br><b>Federal Way, Washington</b><br>(Address of principal executive offices) | <b>98063-9777</b><br>(Zip Code)                                 |
| <b>(253) 924-2345</b><br><br>(Registrant's telephone number, including area code)                                     |   |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.    ☒ Yes    ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).    ☒ Yes    ☐ No

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

Large accelerated filer ☒    Accelerated filer ☐    Non-accelerated filer ☐    Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).    ☐ Yes    ☒ No

As of July 31, 2010, 211,612,907 shares of the registrant's common stock (\$1.25 par value) were outstanding.

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The financial information included in this report has been prepared in conformity with accounting practices and methods reflected in the financial statements included in the annual report (Form 10-K) filed with the Securities and Exchange Commission for the year ended December 31, 2009. Though not audited by an independent registered public accounting firm, the financial information reflects, in the opinion of management, all adjustments necessary to present a fair statement of results for the interim periods indicated. The results of operations for the quarter and year-to-date periods ended June 30, 2010, should not be regarded as necessarily indicative of the results that may be expected for the full year.

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**WEYERHAEUSER COMPANY**

Date: August 6, 2010

By: /s/ JEANNE M. HILLMAN

Jeanne M. Hillman

Vice President and Principal Accounting Officer

**Table of Contents****FINANCIAL INFORMATION****CONSOLIDATED STATEMENT OF OPERATIONS****(DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES)****(UNAUDITED)**

| FOR THE QUARTERS AND YEAR-TO-DATE PERIODS ENDED                    | QUARTER ENDED    |                  | YEAR-TO-DATE ENDED |                  |
|--|------------------|------------------|--------------------|------------------|
|  | JUNE 30,<br>2010 | JUNE 30,<br>2009 | JUNE 30,<br>2010   | JUNE 30,<br>2009 |
| <b>JUNE 30, 2010 AND JUNE 30, 2009</b>                             |                  |                  |                    |                  |
| Net sales and revenues:  |                  |                  |                    |                  |
| Forest Products  | \$ 1,548         | \$ 1,192         | \$ 2,816           | \$ 2,295         |
| Real Estate  | 257              | 199              | 408                | 371              |
| Total net sales and revenues                                       | 1,805            | 1,391            | 3,224              | 2,666            |
| Costs and expenses:  |                  |                  |                    |                  |
| Forest Products:   |                  |                  |                    |                  |
| Costs of products sold   | 1,175            | 1,050            | 2,183              | 2,028            |
| Alternative fuel mixture credits                                   |                  | (107)            |                    | (107)            |
| Depreciation, depletion and amortization                           | 115              | 125              | 231                | 247              |
| Selling expenses   | 36               | 33               | 70                 | 76               |
| General and administrative expenses                                | 80               | 83               | 162                | 179              |
| Research and development expenses                                  | 8                | 15               | 16                 | 28               |
| Charges for restructuring and closures (Note 7)                    | 2                | 46               | 2                  | 128              |
| Impairment of goodwill and other assets (Note 7)                   |                  | 20               | 1                  | 38               |
| Other operating income, net (Note 8)                               | (8)              | (77)             | (79)               | (71)             |
|  | 1,408            | 1,188            | 2,586              | 2,546            |
| Real Estate:   |                  |                  |                    |                  |
| Costs and operating expenses                                       | 189              | 164              | 310                | 315              |
| Depreciation and amortization                                      | 5                | 4                | 8                  | 8                |
| Selling expenses   | 19               | 20               | 34                 | 42               |
| General and administrative expenses                                | 17               | 17               | 33                 | 45               |
| Other operating costs, net   | 2                | 7                | 3                  | 7                |
| Impairment of long-lived assets and other related charges (Note 9) | 1                | 53               | 2                  | 95               |
|  | 233              | 265              | 390                | 512              |
| Total costs and expenses   | 1,641            | 1,453            | 2,976              | 3,058            |
| Operating income (loss)  | 164              | (62)             | 248                | (392)            |
| Interest expenses and other:                                       |                  |                  |                    |                  |
| Forest Products:   |                  |                  |                    |                  |
| Interest expense incurred  | (105)            | (107)            | (211)              | (215)            |
| Less: interest capitalized   |                  | 2                | 1                  | 4                |
| Loss on early extinguishment of debt (Note 12)                     | (49)             |                  | (49)               |                  |
| Interest income and other  | 12               | 13               | 21                 | 27               |
| Equity in income (loss) of equity affiliates                       | (3)              |                  | (9)                | 3                |
| Real Estate:   |                  |                  |                    |                  |

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|  |                |                  |                  |                  |
|--|----------------|------------------|------------------|------------------|
| Interest expense incurred  | (6)            | (7)              | (12)             | (14)             |
| Less: interest capitalized   | 5              | 7                | 10               | 14               |
| Interest income and other  |                | 1                | 3                | 2                |
| Equity in income of equity affiliates  | 3              | 11               | 39               | 13               |
| Impairment of investments and other related charges (Note 9)                                       |                | (6)              |                  | (32)             |
| Earnings (loss) before income taxes  | 21             | (148)            | 41               | (590)            |
| Income tax benefit (provision) (Note 16)   | (7)            | 32               | (45)             | 208              |
| Net earnings (loss)  | 14             | (116)            | (4)              | (382)            |
| Less: (income) loss attributable to noncontrolling interests                                       |                | 10               | (2)              | 12               |
| <b>Net earnings (loss) attributable to Weyerhaeuser common shareholders</b>                        | <b>\$ 14</b>   | <b>\$ (106)</b>  | <b>\$ (6)</b>    | <b>\$ (370)</b>  |
| <b>Basic earnings (loss) per share attributable to Weyerhaeuser common shareholders (Note 5)</b>   | <b>\$ 0.07</b> | <b>\$ (0.50)</b> | <b>\$ (0.03)</b> | <b>\$ (1.75)</b> |
| <b>Diluted earnings (loss) per share attributable to Weyerhaeuser common shareholders (Note 5)</b> | <b>\$ 0.07</b> | <b>\$ (0.50)</b> | <b>\$ (0.03)</b> | <b>\$ (1.75)</b> |
| <b>Dividends paid per share</b>  | <b>\$ 0.05</b> | <b>\$ 0.25</b>   | <b>\$ 0.10</b>   | <b>\$ 0.50</b>   |
| Weighted average shares outstanding (in thousands) (Note 5)  |                |                  |                  |                  |
| Basic  | 211,600        | 211,356          | 211,521          | 211,328          |
| Diluted  | 212,103        | 211,356          | 211,521          | 211,328          |

*See accompanying Notes to Consolidated Financial Statements.*

**Table of Contents****CONSOLIDATED BALANCE SHEET****(DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES)****(UNAUDITED)**

|  | <b>JUNE<br/>30,<br/>2010</b> | <b>DECEMBER 31,<br/>2009</b> |
|--|------------------------------|------------------------------|
| <b>ASSETS</b>  |                              |                              |
| Forest Products:   |                              |                              |
| Current assets:  |                              |                              |
| Cash and cash equivalents  | \$ 1,839                     | \$ 1,862                     |
| Short-term investments   | 3                            | 49                           |
| Receivables, less allowances of \$10 and \$12                                | 481                          | 370                          |
| Receivables for taxes  | 51                           | 602                          |
| Receivable from pension trust (Note 13)                                      |                              | 146                          |
| Inventories (Note 10)  | 472                          | 447                          |
| Prepaid expenses   | 91                           | 82                           |
| Deferred tax assets  | 136                          | 109                          |
| Total current assets   | 3,073                        | 3,667                        |
| Property and equipment, less accumulated depreciation of \$6,782 and \$6,682 | 3,423                        | 3,611                        |
| Construction in progress   | 77                           | 52                           |
| Timber and timberlands at cost, less depletion charged to disposals          | 4,022                        | 4,010                        |
| Investments in and advances to equity affiliates                             | 192                          | 197                          |
| Goodwill   | 40                           | 40                           |
| Deferred pension and other assets  | 948                          | 756                          |
| Restricted assets held by special purpose entities                           | 915                          | 915                          |
|  | 12,690                       | 13,248                       |
| Real Estate:   |                              |                              |
| Cash and cash equivalents  | 7                            | 7                            |
| Receivables, less discounts and allowances of \$2 and \$2                    | 42                           | 32                           |
| Real estate in process of development and for sale                           | 602                          | 598                          |
| Land being processed for development   | 950                          | 917                          |
| Investments in and advances to equity affiliates                             | 18                           | 17                           |
| Deferred tax assets  | 270                          | 299                          |
| Other assets   | 123                          | 126                          |
| Consolidated assets not owned  | 6                            | 6                            |
|  | 2,018                        | 2,002                        |
| <b>Total assets</b>  | <b>\$ 14,708</b>             | <b>\$ 15,250</b>             |

*See accompanying Notes to Consolidated Financial Statements*

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**CONSOLIDATED BALANCE SHEET**

**(CONTINUED)**

|  | <b>JUNE<br/>30,<br/>2010</b> | <b>DECEMBER 31,<br/>2009</b> |
|--|------------------------------|------------------------------|
| <b>LIABILITIES AND EQUITY</b>                  |                              |                              |
| Forest Products:                               |                              |                              |
| Current liabilities:                           |                              |                              |
| Notes payable and commercial paper             | \$ 1                         | \$ 4                         |
| Current maturities of long-term debt (Note 12) | 3                            |                              |