

Edgar Filing: WEYERHAEUSER CO - Form 8-K

WEYERHAEUSER CO
Form 8-K
October 25, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

October 22, 2004

(Date of earliest event report)

WEYERHAEUSER COMPANY
(Exact name of registrant as specified in charter)

Washington 1-4825 91-0470860
----- ----- -----

(State or other (Commission (IRS Employer
jurisdiction of File Number) Identification
incorporation or Number)
organization)

Federal Way, Washington 98063-9777
(Address of principal executive offices)
(zip code)

Registrant's telephone number, including area code:
(253) 924-2345

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under any
of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
(17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
(17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b)
under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c)
under the Exchange Act (17 CFR 240.13e-4(c))

TABLE OF CONTENTS

Item 2.02. Results of Operations and Financial Condition

Edgar Filing: WEYERHAEUSER CO - Form 8-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C., 20549

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On October 22, 2004, Weyerhaeuser Company issued a press release stating the following:

Weyerhaeuser Reports Third Quarter Net Earnings of \$594 Million,
or \$2.45 Per Diluted Share, on Net Sales of \$5.8 Billion

FEDERAL WAY, Wash. - Weyerhaeuser Company (NYSE: WY) today reported third quarter net earnings of \$594 million, or \$2.45 per diluted share, on net sales of \$5.8 billion. This compares with \$82 million, or 37 cents per diluted share, on net sales of \$5.2 billion for the third quarter of 2003.

Third quarter 2004 earnings include the following after-tax items:

- * A gain of \$179 million, or 74 cents per diluted share, from a sale of timberlands in Georgia.
- * A gain of \$16 million, or 7 cents per diluted share, from a tenure reallocation agreement with the British Columbia government.
- * A gain of \$13 million, or 5 cents per diluted share, due to the reduction of the reserve for hardboard siding claims.
- * A charge of \$7 million, or 3 cents per diluted share, related to the sale or closure of facilities.

Third quarter 2003 earnings included the following after-tax items:

- * A charge of \$32 million, or 14 cents per diluted share, for closure of facilities;
- * A charge of \$15 million, or 7 cents per diluted share, associated with the settlement of a class action linerboard antitrust lawsuit;
- * A charge of \$15 million, or 7 cents per diluted share, for integration and restructuring activities.

Other significant third quarter financial matters include:

- * The company, including Real Estate and Related Assets, reduced outstanding debt by approximately \$270 million to approximately \$11.4 billion at the end of the quarter. In addition, cash and short-term investments increased by approximately \$500 million in the third quarter due primarily to strong cash flows from operations and proceeds from the sale of timberlands in Georgia. The \$1.2 billion balance of cash and short-term investments as of the end of the third quarter is largely expected to be applied to future debt repayment.
- * Capital spending, excluding Real Estate and Related Assets, for the first three quarters of 2004 was approximately \$275 million.

"Our strong quarterly earnings reflect favorable market conditions and contributions from all our businesses," said Steven R. Rogel, chairman, president and chief executive officer. "Our employees continue to do an outstanding job containing costs, increasing productivity and improving efficiency. While we expect to see normal seasonal downturns in the fourth

Edgar Filing: WEYERHAEUSER CO - Form 8-K

quarter, we are well positioned in our markets."

SUMMARY OF THIRD QUARTER FINANCIAL HIGHLIGHTS

Millions (except per share data)	3Q 2004	3Q 2003	Change
Net earnings	\$594	\$82	\$512
Diluted earnings per share	\$2.45	\$0.37	\$2.08
Net sales	\$5,849	\$5,184	\$665

SEGMENT RESULTS FOR THIRD QUARTER 2004

(Contributions to Pre-Tax Earnings)

Millions	3Q 2004	3Q 2003	Change
Timberlands	\$450	\$143	\$307
Wood Products	\$362	\$151	\$211
Pulp and Paper	\$80	(\$18)	\$98
Containerboard, Packaging and Recycling	\$82	\$42	\$40
Real Estate and Related Assets	\$155	\$97	\$58

DISCUSSION AND OUTLOOK BY BUSINESS SEGMENT

TIMBERLANDS

	3Q 2004	2Q 2004	Change
Contribution to earnings (millions)	\$450	\$201	\$249

Third quarter earnings include a \$271 million pre-tax gain on the previously announced sale of timberlands in Georgia. Excluding this gain, earnings declined \$22 million from the second quarter, reflecting a normal seasonal reduction in harvest activity in the West and abnormally wet weather in the South. Aside from disruption due to wet weather, hurricanes caused minimal damage to our timberlands. Prices for logs in both domestic and export markets increased slightly from the prior quarter.

Fourth quarter earnings are expected to be similar to third quarter, excluding the third quarter sale of timberlands in Georgia.

WOOD PRODUCTS

	3Q 2004	2Q 2004	Change
Contribution to earnings (millions)	\$362	\$448	(\$86)

Third quarter earnings of \$362 million include a \$20 million pre-tax gain from the tenure reallocation agreement with the British Columbia government, and a \$20 million reduction in the reserve for hardboard siding claims. This compares to second quarter earnings of \$448 million, which included a \$16 million pre-tax charge from an adverse judgment in a lawsuit.

Housing starts remained high throughout the quarter, resulting in healthy demand for oriented strand board, plywood and lumber. Structural panel prices were volatile with average prices declining from the second quarter. In contrast, average prices for most lumber indicators were flat to slightly up from second quarter to third. The segment also benefited from earlier price increases in engineered lumber.

The segment incurred \$31 million in countervailing and anti-dumping duties and related costs on Canadian softwood lumber the company sold into the United States in the third quarter. This compares to \$34 million in the second

Edgar Filing: WEYERHAEUSER CO - Form 8-K

quarter.

Fourth quarter earnings are expected to be lower than the third quarter, as lumber and structural panel prices decline from recent, very high levels.

PULP AND PAPER

	3Q 2004	2Q 2004	Change
Contribution to earnings (millions)	\$80	\$14	\$66

Earnings increased during the quarter as uncoated free sheet paper prices improved across all product lines. Papergrade pulp prices increased during the quarter but have begun to decline. Fluff pulp prices improved early in the quarter and remained stable. Fine Paper prices strengthened throughout the quarter and are expected to continue to improve in the fourth quarter as a result of recent price increases.

Fourth quarter earnings are expected to be slightly lower than the third quarter -- despite stable fluff pulp markets and increases in paper prices -- due to weakening papergrade pulp markets and costs associated with scheduled maintenance downtime.

CONTAINERBOARD, PACKAGING AND RECYCLING

	3Q 2004	2Q 2004	Change
Contribution to earnings (millions)	\$82	\$62	\$20

Earnings improved over second quarter levels due primarily to price increases for both containerboard and boxes, as well as slightly lower costs for old corrugated containers. Third quarter results include pre-tax charges of \$12 million related to facility closures.

Customer demand for boxes is expected to remain healthy, but decline seasonally. The company expects higher fourth quarter earnings due primarily to increasing prices.

REAL ESTATE AND RELATED ASSETS

	3Q 2004	2Q 2004	Change
Contribution to earnings (millions)	\$155	\$118	\$37

Third quarter earnings benefited from increased single-family home closings and higher margins, and from the sale of a multi-family site that generated a pre-tax gain of \$18 million. The pace of single-family home sales during the third quarter declined seasonally compared to the prior quarter. However, the backlog of homes sold, but not closed, is approximately seven months.

Fourth quarter earnings are expected to modestly exceed the third quarter because of increased closing volume and strong margins.

OTHER

The company will hold a live conference call at 7 a.m. PDT (10 a.m. EDT) on Oct. 22 to discuss the third quarter results.

To access the conference call, listeners calling from within North America should dial 1-888-221-5699 at least 15 minutes prior to the start of the conference call. Those wishing to access the call from outside North America

Edgar Filing: WEYERHAEUSER CO - Form 8-K

should dial 1-706-643-3795. Replays of the call will be available for one week following completion of the live call and can be accessed at 1-800-642-1687 (access code -- 1384680) within North America and at 1-706-645-9291 (access code -- 1384680) from outside North America.

The call may also be accessed through Weyerhaeuser's Internet site at www.weyerhaeuser.com by clicking on the "Listen to our conference call" link.

Weyerhaeuser Company (NYSE: WY), one of the world's largest integrated forest products companies, was incorporated in 1900. In 2003, sales were \$19.9 billion. It has offices or operations in 18 countries, with customers worldwide. Weyerhaeuser is principally engaged in the growing and harvesting of timber; the manufacture, distribution and sale of forest products; and real estate construction, development and related activities. Additional information about Weyerhaeuser's businesses, products and practices is available at <http://www.weyerhaeuser.com>.

###

This news release contains statements concerning the company's future results and performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Some of these forward-looking statements can be identified by the use of forward-looking terminology such as "expects," "may," "will," "believes," "should," "approximately," "anticipates," "estimates," and "plans," and the negative or other variations of those terms or comparable terminology or by discussions of strategy, plans or intentions. In particular, some of these forward-looking statements deal with expectations regarding the company's markets in the fourth quarter; expected earnings and performance of the company's business segments during the fourth quarter, demand and pricing for the company's products in the fourth quarter, debt repayment, capital spending, timber harvest in the fourth quarter, no major timberland sales in the fourth quarter, slowdown of housing construction in the fourth quarter, closings of home sales in the fourth quarter, scheduled maintenance downtime in the fourth quarter, new home sales and other matters. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to, the effect of general economic conditions, including the level of interest rates and housing starts; market demand for the company's products, which may be tied to the relative strength of various U.S. business segments; energy prices; performance of the company's manufacturing operations; the successful execution of internal performance plans; the level of competition from domestic and foreign producers; the effect of forestry, land use, environmental and other governmental regulations; fires, floods and other natural disasters; disruption of transportation and legal proceedings. The company is also a large exporter and is affected by changes in economic activity in Europe and Asia, particularly Japan, and by changes in currency exchange rates, particularly the relative value of the U.S. dollar to the Euro and the Canadian dollar; and restrictions on international trade or tariffs imposed on imports, including the countervailing and dumping duties imposed on the company's softwood lumber shipments from Canada to the United States. These and other factors that could cause or contribute to actual results differing materially from such forward looking statements are discussed in greater detail in the company's Securities and Exchange Commission filings.

WEYERHAEUSER COMPANY
STATISTICAL INFORMATION (unaudited)

Edgar Filing: WEYERHAEUSER CO - Form 8-K

CONSOLIDATED EARNINGS	Q1		Q2		Q3	
(in millions)	March 28, 2004	March 30, 2003	June 27, 2004	June 29, 2003	Sept. 26, 2004	Sept. 28, 2003
Net sales and revenues:						
Weyerhaeuser (1)	\$4,568	\$4,169	\$5,369	\$4,498	\$5,258	\$4,650
Real Estate and Related Assets	469	445	524	432	591	534
Total net sales and revenues	5,037	4,614	5,893	4,930	5,849	5,184
Costs and expenses:						
Weyerhaeuser:						
Costs of products sold	3,539	3,322	3,922	3,611	3,894	3,598
Depreciation, amortization and fee stumpage	325	321	328	313	326	320
Selling expenses	121	107	122	111	125	117
General and administrative expenses	241	231	235	232	229	249
Research and development expenses	12	12	13	12	13	10
Taxes other than payroll and income taxes	48	47	48	48	50	45
Charges for integration and restructuring	15	29	13	25	8	24
Charges for closure of facilities	1	22	--	12	13	48
Other operating costs, net (2) (3)	14	37	42	(205)	(318)	16
	4,316	4,128	4,723	4,159	4,340	4,427
Real Estate and Related Assets:						
Costs and operating expenses	321	330	381	316	414	406
Depreciation and amortization	2	3	4	2	3	3
Selling expenses	27	24	30	25	31	27
General and administrative expenses	17	14	19	14	19	15
Taxes other than payroll and income taxes	1	1	--	1	1	0
Other operating costs, net	1	(7)	1	--	(19)	2
	369	365	435	358	449	453
Total costs and expenses	4,685	4,493	5,158	4,517	4,789	4,880
Operating income	352	121	735	413	1,060	304
Interest expense and other:						
Weyerhaeuser:						
Interest expense incurred (4)	(195)	(208)	(218)	(205)	(184)	(200)

Edgar Filing: WEYERHAEUSER CO - Form 8-K

Less interest capitalized	3	5	1	6	0	3
Equity in income (loss) of affiliates	--	(5)	7	3	4	(3)
Interest income and other	3	6	5	6	7	3
Real Estate and Related Assets:						
Interest expense incurred	(15)	(14)	(14)	(13)	(14)	(13)
Less interest capitalized	15	14	14	13	14	13
Equity in income of unconsolidated entities	9	5	20	7	12	11
Interest income and other	11	11	9	8	1	6
Earnings before income taxes and cumulative effect of a change in accounting principle	183	(65)	559	238	900	124
Income taxes	(62)	22	(190)	(81)	(306)	(42)
Earnings before cumulative effect of a change in accounting principle	121	(43)	369	157	594	82
Cumulative effect of a change in accounting principle, net of applicable taxes of \$6(5)	--	(11)	--	--	--	--
Net earnings (loss)	\$121	\$ (54)	\$369	\$157	\$594	\$82
Basic net earnings (loss) per share:						
Net earnings (loss) before cumulative effect of a change in accounting principle	\$0.54	\$ (0.19)	\$1.57	\$0.71	\$2.46	\$0.37
Cumulative effect of a change in accounting principle	--	(0.05)	--	--	--	--
Net earnings (loss)	\$0.54	\$ (0.24)	\$1.57	\$0.71	\$2.46	\$0.37
Diluted net earnings (loss) per share:						
Net earnings (loss) before cumulative effect of a change in accounting principle	\$0.54	\$ (0.19)	\$1.57	\$0.71	\$2.45	\$0.37
Cumulative effect of a change in accounting principle	--	(0.05)	--	--	--	--
Net earnings (loss)	\$0.54	\$ (0.24)	\$1.57	\$0.71	\$2.45	\$0.37
Dividends paid per share	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40

Year

Edgar Filing: WEYERHAEUSER CO - Form 8-K

CONSOLIDATED EARNINGS (in millions)	Year-to-date		Q4	Ended
	Sept.	Sept.	Dec.	Dec.
	26,	28,	28,	28,
	2004	2003	2003	2003
Net sales and revenues:				
Weyerhaeuser (1)	\$15,195	\$13,317	\$4,527	\$17,844
Real Estate and Related Assets	1,584	1,411	618	2,029
Total net sales and revenues	16,779	14,728	5,145	19,873
Costs and expenses:				
Weyerhaeuser:				
Costs of products sold	11,355	10,531	3,547	14,078
Depreciation, amortization and fee stumpage	979	954	353	1,307
Selling expenses	368	335	122	457
General and administrative expenses	705	712	238	950
Research and development expenses	38	34	17	51
Taxes other than payroll and income taxes	146	140	45	185
Charges for integration and restructuring	36	78	25	103
Charges for closure of facilities	14	82	45	127
Other operating costs, net (2) (3)	(262)	(152)	(92)	(244)
	13,379	12,714	4,300	17,014
Real Estate and Related Assets:				
Costs and operating expenses	1,116	1,052	464	1,516
Depreciation and amortization	9	8	3	11
Selling expenses	88	76	31	107
General and administrative expenses	55	43	20	63
Taxes other than payroll and income taxes	2	2	1	3
Other operating costs, net	(17)	(5)	(4)	(9)
	1,253	1,176	515	1,691
Total costs and expenses	14,632	13,890	4,815	18,705
Operating income	2,147	838	330	1,168
Interest expense and other:				
Weyerhaeuser:				
Interest expense incurred (4)	(597)	(613)	(202)	(815)
Less interest capitalized	4	14	5	19
Equity in income (loss) of affiliates	11	(5)	(1)	(6)
Interest income and other	15	15	2	17
Real Estate and Related Assets:				
Interest expense incurred	(43)	(40)	(13)	(53)
Less interest capitalized	43	40	13	53
Equity in income of unconsolidated entities	41	23	(3)	20
Interest income and other	21	25	8	33
Earnings before income taxes and cumulative effect of a change in accounting principle	1,642	297	139	436
Income taxes	(558)	(101)	(47)	(148)
Earnings before cumulative effect of a change in accounting principle	1,084	196	92	288
Cumulative effect of a change in				

Edgar Filing: WEYERHAEUSER CO - Form 8-K

accounting principle, net of applicable taxes of \$6 (5)	--	(11)	--	(11)
Net earnings (loss)	\$1,084	\$185	\$92	\$277
Basic net earnings (loss) per share:				
Net earnings (loss) before cumulative effect of a change in accounting principle	\$4.65	\$0.88	\$0.41	\$1.30
Cumulative effect of a change in accounting principle	--	(0.05)	--	(0.05)
Net earnings (loss)	\$4.65	\$0.83	\$0.41	\$1.25
Diluted net earnings (loss) per share:				
Net earnings (loss) before cumulative effect of a change in accounting principle	\$4.62	\$0.88	\$0.41	\$1.30
Cumulative effect of a change in accounting principle	--	(0.05)	--	(0.05)
Net earnings (loss)	\$4.62	\$0.83	\$0.41	\$1.25
Dividends paid per share	\$1.20	\$1.20	\$0.40	\$1.60

- (1) The first, second and third quarters of 2004 include charges of \$26 million, \$34 million and \$31 million, respectively, or \$91 million year-to-date, for countervailing and anti-dumping duties and related costs. The first, second, third and fourth quarters of 2003 include charges of \$24 million, \$26 million, \$25 million, and \$22 million, respectively, or a total of \$97 million for the year, for countervailing and anti-dumping duties and related costs.
- (2) The first, second and third quarters of 2004 include net foreign exchange gain (losses) of (\$9) million, (\$7) million and \$16 million, respectively, for a total year-to-date net gain (loss) of zero. The 2003 first, second, third and fourth quarters include net foreign exchange gains (losses) of \$35 million, \$47 million, (\$4) million, and \$30 million, respectively, for a total net gain of \$108 million for the year. These gains and losses result primarily from fluctuations in Canadian and New Zealand exchange rates.
- (3) The first quarter of 2004 includes a \$49 million charge for the settlement of lawsuits involving the market for Pacific Northwest alder logs and a \$33 million gain on the sale of an oriented strand board mill in Slave Lake, Alberta. The second quarter includes a \$16 million charge resulting from an adverse judgment in a lawsuit involving the market for Pacific Northwest alder logs. The third quarter includes a \$271 million gain on the sale of timberlands in Georgia, a \$25 million gain from a tenure reallocation agreement with the British Columbia government, and a \$20 million gain due to the reduction of the reserve for hardboard siding claims. The first quarter of 2003 includes a \$79 million charge for a lawsuit involving the market for Pacific Northwest alder logs. 2003 second quarter includes a \$144 million gain on the sales of timberlands in Washington state and a \$25 million gain for the settlement of an insurance claim relating to the Cemwood litigation. 2003 third quarter includes a \$23 million charge associated with the settlement of a class action linerboard antitrust lawsuit. 2003 fourth quarter includes a \$61 million gain on the sales of timberlands in Tennessee and the Carolinas and an \$8 million charge associated with the settlement of litigation related to workers compensation claims.
- (4) The second quarter of 2004 includes a \$21 million charge for the

Edgar Filing: WEYERHAEUSER CO - Form 8-K

early extinguishment of debt.
 (5) Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations, was adopted as of the beginning of 2003.

WEYERHAEUSER COMPANY STATISTICAL INFORMATION (unaudited)

Net sales and revenues (in millions):

	Q1		Q2		Q3	
	March	March	June	June	Sept.	Sept.
	28,	30,	27,	29,	26,	28,
	2004	2003	2004	2003	2004	2003
Timberlands:						
Logs	\$193	\$162	\$211	\$185	\$197	\$184
Other products	58	80	66	61	51	62
	251	242	277	246	248	246
Wood Products:						
Softwood lumber	819	752	1,106	846	1,089	890
Plywood	221	165	263	173	237	219
Veneer	11	9	12	9	11	9
Composite panels	108	90	133	104	138	100
OSB	338	167	456	227	341	345
Hardwood lumber	81	80	94	86	83	75
Engineered lumber products	298	254	396	308	418	329
Logs	23	25	38	33	32	19
Other products	248	216	294	262	295	251
	2,147	1,758	2,792	2,048	2,644	2,237
Pulp and Paper:						
Pulp	339	309	371	321	381	333
Paper	535	596	538	546	583	530
Coated groundwood	36	36	37	32	39	39
Liquid packaging board	49	47	53	52	53	50
Other products	10	6	13	6	15	5
	969	994	1,012	957	1,071	957
Containerboard, Packaging and Recycling:						
Containerboard	81	77	80	81	94	73
Packaging	853	879	918	922	916	898
Recycling	80	60	91	63	87	60
Bags	19	20	18	20	20	19
Other products	33	33	34	35	43	40
	1,066	1,069	1,141	1,121	1,160	1,090
Real Estate and Related Assets	469	445	524	432	591	534
Corporate and Other	135	106	147	126	135	120
	\$5,037	\$4,614	\$5,893	\$4,930	\$5,849	\$5,184

Contribution (charge) to earnings:

	Q1		Q2		Q3	
(in millions)	March	March	June	June	Sept.	Sept.
	28,	30,	27,	29,	26,	28,
	2004	2003	2004	2003	2004	2003
Timberlands (1)	\$159	\$149	\$201	\$300	\$450	\$143

Edgar Filing: WEYERHAEUSER CO - Form 8-K

Wood Products (2) (3) (4)						
(5)	173	(150)	448	(53)	362	151
Pulp and Paper (6)	(25)	10	14	(7)	80	(18)
Containerboard, Packaging and Recycling (7) (8)	24	80	62	108	82	42
Real Estate and Related Assets (9)	120	95	118	91	155	97
Corporate and Other (10) (11) (12)	(76)	(46)	(67)	(2)	(45)	(94)
	\$375	\$138	\$776	\$437	\$1,084	\$321

Net sales and revenues (in millions):	Year-to-date		Q4	Year Ended
	Sept. 26, 2004	Sept. 28, 2003	Dec. 28, 2003	Dec. 28, 2003
Timberlands:				
Logs	\$601	\$531	\$199	\$730
Other products	175	203	61	264
	776	734	260	994
Wood Products:				
Softwood lumber	3,014	2,488	793	3,281
Plywood	721	557	227	784
Veneer	34	27	12	39
Composite panels	379	294	99	393
OSB	1,135	739	370	1,109
Hardwood lumber	258	241	79	320
Engineered lumber products	1,112	891	288	1,179
Logs	93	77	28	105
Other products	837	729	246	975
	7,583	6,043	2,142	8,185
Pulp and Paper:				
Pulp	1,091	963	342	1,305
Paper	1,656	1,672	510	2,182
Coated groundwood	112	107	33	140
Liquid packaging board	155	149	49	198
Other products	38	17	9	26
	3,052	2,908	943	3,851
Containerboard, Packaging and Recycling:				
Containerboard	255	231	73	304
Packaging	2,687	2,699	845	3,544
Recycling	258	183	64	247
Bags	57	59	21	80
Other products	110	108	39	147
	3,367	3,280	1,042	4,322
Real Estate and Related Assets	1,584	1,411	618	2,029
Corporate and Other	417	352	140	492
	\$16,779	\$14,728	\$5,145	\$19,873

Contribution (charge) to earnings: (in millions)	Year-to-date		Q4	Year Ended
	Sept. 26, 2004	Sept. 28, 2003	Dec. 28, 2003	Dec. 28, 2003
Timberlands (1)	\$810	\$592	\$185	\$777

Edgar Filing: WEYERHAEUSER CO - Form 8-K

Wood Products (2) (3) (4) (5)	983	(52)	111	59
Pulp and Paper (6)	69	(15)	(67)	(82)
Containerboard, Packaging and Recycling (7) (8)	168	230	32	262
Real Estate and Related Assets (9)	393	283	109	392
Corporate and Other (10) (11) (12)	(188)	(142)	(34)	(176)
	\$2,235	\$896	\$336	\$1,232

- (1) The 2004 third quarter includes a \$271 million gain on the sale of timberlands in Georgia and a \$5 million gain from a tenure reallocation agreement with the British Columbia government. The 2003 second quarter includes a \$144 million gain on the sales of timberlands in Washington state. The 2003 fourth quarter includes a \$61 million gain on the sale of timberlands in Tennessee and the Carolinas.
- (2) The first, second and third quarters of 2004 include charges of \$26 million, \$34 million and \$31 million, respectively, or \$91 million year-to-date, for countervailing and anti-dumping duties and related costs. The first, second, third and fourth quarters of 2003 include charges of \$24 million, \$26 million, \$25 million, and \$22 million, respectively, or a total of \$97 million for the year, for countervailing and anti-dumping duties and related costs.
- (3) The first quarter of 2004 includes a \$49 million charge for the settlement of lawsuits involving the market for Pacific Northwest alder logs. The second quarter of 2004 includes a \$16 million charge resulting from an adverse judgment in a lawsuit involving the market for Pacific Northwest alder logs. The third quarter of 2004 includes a \$20 million gain due to the reduction of the reserve for hardboard siding claims. The first quarter of 2003 includes a \$79 million charge for a lawsuit involving the market for Pacific Northwest alder logs.
- (4) The third quarter of 2004 includes a \$20 million gain from a tenure reallocation agreement with the British Columbia government.
- (5) The first quarter of 2004 includes a credit of \$2 million for the reversal of closure costs accrued in prior years and a \$33 million gain on the sale of an oriented strand board mill in Slave Lake, Alberta. The second quarter of 2004 includes a \$5 million net loss on the sale of facilities. The third quarter of 2004 includes a \$2 million net gain on the sale or closure of facilities. The 2003 first, second, third and fourth quarters include costs for the closure of facilities of \$22 million, \$11 million, \$31 million, and \$14 million, respectively. 2003 second quarter also includes a charge of \$16 million to recognize impairment associated with an impending facility sale that closed in the fourth quarter of 2003.
- (6) The 2004 second quarter includes a \$2 million asset impairment charge related to assets held for sale. 2003 second quarter includes \$3 million of closure costs. 2003 fourth quarter includes \$30 million of closure costs.
- (7) The third quarter of 2003 includes a \$23 million charge associated with the settlement of a class action linerboard antitrust lawsuit.
- (8) The first quarter of 2004 includes closure costs of \$3 million. The second quarter of 2004 includes a net gain of \$1 million on the sales of a facility and a joint venture investment. The third quarter of 2004 includes closure costs of \$12 million, including a pension termination charge of \$9 million related to a closure that occurred in a previous year. The 2003 second quarter includes the reversal of an accrual for closure charges of \$2 million. The 2003 third and fourth quarters include closure costs of \$17 million and \$1 million, respectively.

Edgar Filing: WEYERHAEUSER CO - Form 8-K

- (9) The first quarter of 2004 includes a \$22 million gain on a land sale. The third quarter of 2004 includes a gain of \$18 million on the sale of a multi-family site. The 2003 first quarter includes gains of \$8 million for the sale of two office buildings and \$10 for the sale of an apartment complex. The 2003 second quarter includes a gain of \$12 million for the sale of commercial property. The 2003 fourth quarter includes a \$7 million gain on an acreage sale.
- (10) The 2003 second quarter includes a \$6 million charge to reflect the final settlement in connection with the termination of the former MacMillan Bloedel pension plan for U.S. employees.
- (11) The 2003 second quarter includes a \$25 million gain for the settlement of an insurance claim relating to the Cemwood litigation. The 2003 fourth quarter includes an \$8 million charge for the settlement of litigation related to workers compensation claims.
- (12) The first, second and third quarters of 2004 include net foreign exchange gains (losses) of (\$10) million, (\$6) million and \$16 million, for a net zero gain (loss) year-to-date. 2003 results include net foreign exchange gains (losses) of \$35 million in the first quarter, \$46 million in the second quarter, (\$4) million in the third quarter, and \$30 million in the fourth quarter, for a net 2003 gain of \$107 million. These gains and losses result primarily from fluctuations in Canadian and New Zealand exchange rates.

WEYERHAEUSER COMPANY STATISTICAL INFORMATION (unaudited)

Third party sales volumes:	Q1		Q2		Q3	
	March	March	June	June	Sept.	Sept.
	28,	30,	27,	29,	26,	28,
	2004	2003	2004	2003	2004	2003
Timberlands (thousands):						
Logs - cunits	1,044	984	954	1,006	904	987
Wood Products (millions):						
Softwood lumber - board feet	2,054	2,175	2,393	2,385	2,299	2,298
Plywood - square feet (3/8")	642	664	668	697	672	688
Veneer - square feet (3/8")	55	62	60	63	55	56
Composite panels - square feet (3/4")	301	267	324	304	315	302
Oriented strand board - square feet (3/8")	981	1,025	1,143	1,206	1,078	1,129
Hardwood lumber - board feet	100	106	116	113	99	103
Logs - cunits (in thousands)	170	170	279	230	237	189
Pulp and Paper (thousands):						
Pulp - air-dry metric tons	624	623	642	596	633	632
Paper - tons	741	737	718	690	737	707
Coated groundwood - tons	59	61	61	55	60	64
Liquid packaging board - tons	66	60	72	67	69	64
Paper converting - tons	483	502	472	472	481	478
Containerboard, Packaging and Recycling						

Edgar Filing: WEYERHAEUSER CO - Form 8-K

(thousands):

Containerboard - tons	250	221	221	233	245	214
Packaging - MSF	18,146	17,752	18,917	18,577	18,287	18,545
Recycling - tons	678	593	701	566	645	538
Kraft bags and sacks - tons	24	25	23	24	23	25

Real Estate and Related

Assets:

Single-family homes sold	1,506	1,289	1,564	1,321	1,313	1,239
Single-family homes closed	1,065	1,010	1,216	1,003	1,345	1,182
Single-family homes sold but not closed at end of period	2,702	2,161	3,050	2,479	3,018	2,536

Third party sales volumes:	Year-to-date		Q4	Year	
	Sept.	Sept.	Dec.	Ended	
	26,	28,	28,	28,	
	2004	2003	2003	2003	
	Timberlands (thousands):	Logs - cunits	2,902	2,977	1,148

Wood Products (millions):

Softwood lumber - board feet	6,746	6,858	2,123	8,981
Plywood - square feet (3/8")	1,982	2,049	616	2,665
Veneer - square feet (3/8")	170	181	58	239
Composite panels - square feet (3/4")	940	873	289	1,162
Oriented strand board - square feet (3/8")	3,202	3,360	1,001	4,361
Hardwood lumber - board feet	315	322	105	427
Logs - cunits (in thousands)	686	589	210	799

Pulp and Paper (thousands):

Pulp - air-dry metric tons	1,899	1,851	628	2,479
Paper - tons	2,196	2,134	688	2,822
Coated groundwood - tons	180	180	54	234
Liquid packaging board - tons	207	191	65	256
Paper converting - tons	1,436	1,452	430	1,882

Containerboard, Packaging and

Recycling (thousands):

Containerboard - tons	716	668	222	890
Packaging - MSF	55,350	54,874	17,867	72,741
Recycling - tons	2,024	1,697	593	2,290
Kraft bags and sacks - tons	70	74	26	100

Real Estate and Related Assets:

Single-family homes sold	4,383	3,849	1,156	5,005
Single-family homes closed	3,626	3,195	1,431	4,626
Single-family homes sold but not closed at end of period	3,018	2,536	2,261	2,261

Total production volumes:

Q1		Q2		Q3	
March	March	June	June	Sept.	Sept.
28,	30,	27,	29,	26,	28,

Edgar Filing: WEYERHAEUSER CO - Form 8-K

	2004	2003	2004	2003	2004	2003
Timberlands (thousands):						
Fee Depletion - cunits	2,265	2,555	2,404	2,479	2,191	2,223
Wood Products (millions):						
Softwood lumber - board feet	1,760	1,842	1,881	1,825	1,819	1,742
Plywood - square feet (3/8")	422	478	405	412	405	414
Veneer - square feet (3/8") (1)	585	593	609	536	592	536
Composite panels - square feet (3/4")	268	231	281	252	272	253
Oriented strand board - square feet (3/8")	1,031	1,011	1,056	1,051	1,022	1,061
Hardwood lumber - board feet	89	98	96	93	84	93
Pulp and Paper (thousands):						
Pulp - air-dry metric tons	619	654	636	619	652	604
Paper - tons (2)	743	757	736	712	766	706
Coated groundwood - tons	55	62	61	55	62	61
Liquid packaging board - tons	61	56	67	68	71	72
Paper converting - tons	490	516	470	479	500	472
Containerboard, Packaging and Recycling (thousands):						
Containerboard - tons(3)	1,503	1,429	1,598	1,568	1,604	1,512
Packaging - MSF	19,493	18,977	20,208	19,955	19,473	19,865
Recycling - tons (4)	1,607	1,528	1,707	1,644	1,703	1,507
Kraft bags and sacks - tons	24	25	23	25	23	23

Total production volumes:

	Year-to-date		Q4	Year Ended
	Sept.	Sept.	Dec.	Dec.
	26,	28,	28,	28,
	2004	2003	2003	2003
Timberlands (thousands):				
Fee Depletion - cunits	6,860	7,257	2,171	9,428
Wood Products (millions):				
Softwood lumber - board feet	5,460	5,409	1,704	7,113
Plywood - square feet (3/8")	1,232	1,304	404	1,708
Veneer - square feet (3/8") (1)	1,786	1,665	534	2,199
Composite panels - square feet (3/4")	821	736	252	988
Oriented strand board - square feet (3/8")	3,109	3,123	1,047	4,170
Hardwood lumber - board feet	269	284	89	373
Pulp and Paper (thousands):				
Pulp - air-dry metric tons	1,907	1,877	645	2,522
Paper - tons (2)	2,245	2,175	658	2,833
Coated groundwood - tons	178	178	61	239
Liquid packaging board - tons	199	196	65	261
Paper converting - tons	1,460	1,467	415	1,882

Edgar Filing: WEYERHAEUSER CO - Form 8-K

Containerboard, Packaging and

Recycling (thousands):

Containerboard - tons (3)	4,705	4,509	1,494	6,003
Packaging - MSF	59,174	58,797	19,033	77,830
Recycling - tons (4)	5,017	4,679	1,537	6,216
Kraft bags and sacks - tons	70	73	25	98

- (1) Veneer production represents lathe production and includes volumes that are further processed into plywood and engineered lumber products by company mills.
- (2) Paper production includes unprocessed rolls and converted paper volumes.
- (3) Containerboard production represents machine production and includes volumes that are further processed into packaging by company facilities.
- (4) Recycling production includes volumes processed in Weyerhaeuser recycling facilities and brokered volumes.

WEYERHAEUSER COMPANY STATISTICAL INFORMATION

CONDENSED CONSOLIDATED BALANCE SHEET (unaudited) (in millions)

	March	June	Sept.	Dec.
	28,	27,	26,	28,
	2004	2004	2004	2003
Assets				
Weyerhaeuser				
Current assets:				
Cash and short-term investments	\$74	\$725	\$1,227	\$171
Receivables, less allowances	1,701	1,860	1,804	1,484
Inventories	2,020	1,936	1,998	1,911
Prepaid expenses	471	488	527	455
Total current assets	4,266	5,009	5,556	4,021
Property and equipment	12,141	11,883	11,838	12,243
Construction in progress	251	279	242	403
Timber and timberlands at cost, less fee stumpage charged to disposals	4,279	4,244	4,193	4,287
Investments in and advances to equity affiliates	603	592	632	603
Goodwill	3,232	3,218	3,241	3,237
Deferred pension and other assets	1,287	1,273	1,243	1,311
	26,059	26,498	26,945	26,105
Real Estate and Related Assets	2,078	2,225	2,339	2,004
Total assets	\$28,137	\$28,723	\$29,284	\$28,109

Liabilities and Shareholders' Interest

Weyerhaeuser

Current liabilities:

Notes payable and commercial paper	\$103	\$2	\$3	\$4
Current maturities of long-term debt	1,129	445	490	90
Accounts payable	1,065	1,114	1,102	1,041
Accrued liabilities	1,212	1,323	1,337	1,390
Total current liabilities	3,509	2,884	2,932	2,525

Edgar Filing: WEYERHAEUSER CO - Form 8-K

Long-term debt	10,399	10,325	10,010	11,503
Deferred income taxes, pension, other postretirement benefits and other liabilities	5,694	5,789	5,880	5,671
	19,602	18,998	18,822	19,699
Real Estate and Related Assets				
Notes payable and commercial paper	78	--	--	1
Long-term debt	887	872	869	893
Other liabilities	356	443	534	407
	1,321	1,315	1,403	1,301
Total liabilities	20,923	20,313	20,225	21,000
Shareholders' interest	7,214	8,410	9,059	7,109
Total liabilities and shareholders' interest	\$28,137	\$28,723	\$29,284	\$28,109

STATEMENT OF CASH FLOWS	Q1		Q2		Q3	
	March 2004	March 2003	June 2004	June 2003	Sept. 2004	Sept. 2003
SELECTED INFORMATION (unaudited) (in millions) (Weyerhaeuser only, excludes Real Estate & Related Assets)	28,	30,	27,	29,	26,	28,
Net cash from operations	\$(120)	\$(126)	\$807	\$397	\$586	\$557
Cash paid for property and equipment	(79)	(128)	(80)	(172)	(93)	(146)
Cash paid for timberlands reforestation	(12)	(14)	(6)	(5)	(5)	(6)
Cash received from issuances of debt	--	1	--	--	--	12
Revolving credit facilities, notes and commercial paper borrowings, net	98	599	(100)	(333)	--	166
Payments on debt	(60)	(251)	(813)	(14)	(253)	(509)
Proceeds from equity offering	--	--	954	--	--	--

STATEMENT OF CASH FLOWS	Year-to-date		Q4	Year Ended
	Sept. 2004	Sept. 2003	Dec. 2003	Dec. 2003
SELECTED INFORMATION (unaudited) (in millions) (Weyerhaeuser only, excludes Real Estate & Related Assets)	26,	28,	28,	28,
Net cash from operations	\$1,273	\$828	\$821	\$1,649
Cash paid for property and equipment	(252)	(446)	(146)	(592)
Cash paid for timberlands reforestation	(23)	(25)	(9)	(34)
Cash received from issuances of debt	--	13	31	44
Revolving credit facilities, notes and commercial paper borrowings, net	(2)	432	(750)	(318)
Payments on debt	(1,126)	(774)	(50)	(824)
Proceeds from equity offering	954	--	--	--

Edgar Filing: WEYERHAEUSER CO - Form 8-K

###

SIGNATURES

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 hereunto duly authorized.

WEYERHAEUSER COMPANY

By /s/ Steven J. Hillyard
Its: Vice President and
Chief Accounting Officer

Date: October 22, 2004