

Edgar Filing: WEYERHAEUSER CO - Form 8-K

WEYERHAEUSER CO
Form 8-K
October 24, 2003

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 24, 2003

(Date of earliest event report)

WEYERHAEUSER COMPANY

(Exact name of registrant as specified in charter)

| | | |
|---|-----------------------------|--|
| Washington | 1-4825 | 91-0470860 |
| ----- | ----- | ----- |
| (State or other jurisdiction of incorporation or organization) | (Commission File Number) | (IRS Employer Identification Number) |

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

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

TABLE OF CONTENTS

Item 12. Results of Operations and Financial Condition

SIGNATURES

Item 12. Results of Operations and Financial Condition

On October 24, 2003, Weyerhaeuser Company issued a press release as follows:

FEDERAL WAY, Wash. - Weyerhaeuser Company (NYSE: WY) today reported third quarter net earnings of \$82 million, or 37 cents per share, on net sales of \$5.2 billion. This compares with \$13 million, or 6 cents per share, on net sales of \$4.9 billion for the third quarter of 2002.

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

A charge of \$32 million, or 14 cents per share, for closure of facilities;

Edgar Filing: WEYERHAEUSER CO - Form 8-K

A charge of \$15 million, or 7 cents per share, associated with the settlement of a class action linerboard antitrust lawsuit;

A charge of \$15 million, or 7 cents per share, for integration and restructuring activities.

Third quarter 2002 earnings include the following after-tax items:

A charge of \$11 million, or 5 cents per share, for integration and restructuring activities;

A charge of \$20 million, or 9 cents per share, for business disruption costs following a recovery boiler incident at the Plymouth, N.C., paper facility.

Other significant third quarter financial matters include:

Reduced Weyerhaeuser Company debt to \$12.4 billion as of the end of the third quarter. Total company debt, which includes Real Estate and related operations, was reduced approximately \$360 million to \$13.2 billion at the end of the quarter.

Capital spending, excluding Real Estate and related operations, for the first nine months was approximately \$471 million, in line with a revised estimate of \$720 million for the entire year.

Incurred approximately \$25 million in countervailing and anti-dumping duties and related costs on Canadian softwood lumber the company imports into the United States. This compares with \$26 million incurred in the second quarter.

"The strength of the structural panel and softwood lumber markets provided the long-awaited improvement of our Wood Products segment, but our fine paper and containerboard packaging businesses face challenges from weak demand and deteriorating prices," said Steven R. Rogel, chairman, president and chief executive officer. "Real estate continues to be a strong performer. In addition, we continue to make progress on paying down the debt associated with the Willamette acquisition.

"We see some bright spots in the fourth quarter," Rogel said. "Our home building businesses continue to operate with a strong backlog and wood products pricing is expected to decline seasonally, but remain strong relative to fourth quarter last year. Market pulp prices are improving modestly, but paper and packaging markets are expected to remain weak. "

SUMMARY OF THIRD QUARTER FINANCIAL HIGHLIGHTS

| Millions (except per share data) | 3Q 2003 | 3Q 2002 | Change |
|----------------------------------|---------|---------|--------|
| Net earnings | \$82 | \$13 | \$69 |
| Earnings per share | \$0.37 | \$0.06 | \$0.31 |
| Net sales | \$5,184 | \$4,890 | \$294 |

SEGMENT RESULTS FOR THIRD QUARTER 2003 (Contributions to Pre-Tax Earnings)

| Millions | 3Q 2003 | 3Q 2002 | Change |
|-------------|---------|---------|--------|
| Timberlands | \$143 | \$133 | \$10 |

Edgar Filing: WEYERHAEUSER CO - Form 8-K

| | | | |
|---|--------|--------|--------|
| Wood Products | \$151 | (\$18) | \$169 |
| Pulp and Paper | (\$18) | \$10 | (\$28) |
| Containerboard, Packaging and Recycling | \$42 | \$88 | (\$46) |
| Real Estate and Related Assets | \$97 | \$85 | \$12 |

TIMBERLANDS

| | 3Q 2003 | 2Q 2003 | Change |
|-------------------------------------|---------|---------|---------|
| Contribution to earnings (millions) | \$143 | \$300 | (\$157) |

Excluding a pre-tax gain of \$144 million in the second quarter on the sales of Western Washington timberlands, third quarter earnings were slightly lower than the previous quarter. Lower harvest levels resulting from fire danger in the West and unseasonable wet weather in the South affected third quarter earnings. The segment benefited, however, from a stronger export market aided by a strengthening Japanese housing market.

The fourth quarter outlook for Timberlands earnings, excluding previously announced timberland sales in the Carolinas and Tennessee, is expected to decline slightly from the third quarter due to lower southern fee harvest.

WOOD PRODUCTS

| | 3Q 2003 | 2Q 2003 | Change |
|--|---------|---------|--------|
| Contribution (charge) to earnings (millions) | \$151 | (\$53) | \$204 |

An exceptionally strong market for oriented strand board and plywood, as well as an improving lumber market, produced the segment's first quarterly earnings since second quarter in 2002. Third quarter results reflect a pre-tax charge of \$31 million for costs associated with the closure of the Dierks, Ark., veneer operations and the engineered lumber mill in Junction City, Ore.

Fourth quarter results are expected to be lower than third quarter due primarily to lower lumber and structural panel prices.

PULP AND PAPER

| | 3Q 2003 | 2Q 2003 | Change |
|--|---------|---------|--------|
| Contribution (charge) to earnings (millions) | (\$18) | (\$7) | (\$11) |

Pulp prices rebounded late in the quarter, but a weak paper market hurt third quarter results. Costs associated with approximately 64,000 tons of market-related downtime for fine paper also negatively affected the third quarter performance. Third quarter results include pre-tax charges totaling \$9 million for costs associated with staff reductions at a number of facilities.

Fourth quarter earnings are expected to be lower than third quarter due to weak paper markets that will offset expected increases in pulp prices.

CONTAINERBOARD, PACKAGING AND RECYCLING

| | 3Q 2003 | 2Q 2003 | Change |
|-------------------------------------|---------|---------|--------|
| Contribution to earnings (millions) | \$42 | \$108 | (\$66) |

Eroding packaging and containerboard prices produced third quarter results that were lower than second quarter levels. During the quarter, Weyerhaeuser took approximately 89,000 tons of market-related

Edgar Filing: WEYERHAEUSER CO - Form 8-K

downtime. Third quarter results include pre-tax charges of \$40 million for costs associated primarily with the settlement of a class action linerboard antitrust lawsuit and the closure of the North Bend, Ore., containerboard mill.

Excluding the third quarter charges for settlement of the class action linerboard antitrust lawsuit and closures, fourth quarter earnings are expected to be lower than third quarter due primarily to eroding prices and seasonally lower packaging shipments.

REAL ESTATE AND RELATED ASSETS

| | 3Q 2003 | 2Q 2003 | Change |
|-------------------------------------|---------|---------|--------|
| Contribution to earnings (millions) | \$97 | \$91 | \$6 |

Real estate benefited from the continued strong housing market to produce record quarterly earnings. Closings increased from second quarter levels and traffic during the third quarter remained strong.

Fourth quarter earnings are expected to be slightly higher than third quarter due to increased closings of single-family homes. The company currently has a backlog in excess of six months of homes sold, but not closed.

OTHER

The company will hold a live conference call at 7 a.m. PDT (10 a.m. EDT) on Oct. 24 to discuss the third quarter results.

To access the conference call, listeners calling from within North America should dial 1-800-446-4472 at least 15 minutes prior to the start of the conference call. Those wishing to access the call from outside North America should dial 1-416-695-5261. Replays of the call will be available for one week following completion of the live call and can be accessed at 1-866-518-1010 within North America and at 1-416-695-5275 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, one of the world's largest integrated forest products companies, was incorporated in 1900. In 2002, sales were \$18.5 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 and anticipated capital spending. The accuracy of such statements is subject to a number of

Edgar Filing: WEYERHAEUSER CO - Form 8-K

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; 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)

| CONSOLIDATED EARNINGS (1) (in millions) | Q1 | | Q2 | | Q3 | |
|---|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| | March 30, 2003 | March 31, 2002 | June 29, 2003 | June 30, 2002 | Sept. 28, 2003 | Sept. 29, 2002 |
| Net sales and revenues: | | | | | | |
| Weyerhaeuser (2) | \$4,169 | \$3,595 | \$4,498 | \$4,501 | \$4,650 | \$4,422 |
| Real estate and related assets | 445 | 396 | 432 | 421 | 534 | 468 |
| Total net sales and revenues | 4,614 | 3,991 | 4,930 | 4,922 | 5,184 | 4,890 |
| Costs and expenses: | | | | | | |
| Weyerhaeuser: | | | | | | |
| Costs of products sold | 3,322 | 2,831 | 3,611 | 3,519 | 3,598 | 3,576 |
| Depreciation, amortization and fee stumpage | 321 | 264 | 313 | 311 | 320 | 304 |
| Selling expenses | 107 | 103 | 111 | 116 | 117 | 116 |
| General and Administrative expenses | 231 | 186 | 232 | 231 | 249 | 201 |
| Research and Development expenses | 12 | 12 | 12 | 13 | 10 | 11 |
| Taxes other than payroll and income taxes | 47 | 38 | 48 | 53 | 45 | 48 |
| Charges for integration and restructuring | 29 | 2 | 25 | 23 | 24 | 17 |

Edgar Filing: WEYERHAEUSER CO - Form 8-K

| | | | | | | |
|--|-------|-------|-------|-------|-------|-------|
| Charges for closure of facilities | 22 | 27 | 12 | 28 | 48 | - |
| Other operating costs, net (3) (4) | 37 | 4 | (205) | (27) | 16 | 19 |
| | 4,128 | 3,467 | 4,159 | 4,267 | 4,427 | 4,292 |
| Real estate and related assets: | | | | | | |
| Costs and operating expenses | 330 | 291 | 316 | 317 | 406 | 359 |
| Depreciation and amortization | 3 | 2 | 2 | 1 | 3 | 1 |
| Selling expenses | 24 | 21 | 25 | 24 | 27 | 23 |
| General and Administrative expenses | 14 | 10 | 14 | 11 | 15 | 14 |
| Taxes other than payroll and income taxes | 1 | 1 | 1 | 1 | - | 1 |
| Other operating costs, net | (7) | (8) | - | 2 | 2 | 6 |
| | 365 | 317 | 358 | 356 | 453 | 404 |
| Total costs and expenses | 4,493 | 3,784 | 4,517 | 4,623 | 4,880 | 4,696 |
| Operating income | 121 | 207 | 413 | 299 | 304 | 194 |
| Interest expense and other: | | | | | | |
| Weyerhaeuser: | | | | | | |
| Interest expense incurred(5) | (208) | (178) | (205) | (222) | (200) | (214) |
| Less interest capitalized | 5 | 4 | 6 | 16 | 3 | 16 |
| Equity in income (loss) of affiliates | (5) | (4) | 3 | (2) | (3) | (6) |
| Interest income and other | 6 | 5 | 6 | 6 | 3 | 9 |
| Real estate and related assets: | | | | | | |
| Interest expense incurred | (14) | (13) | (13) | (13) | (13) | (12) |
| Less interest capitalized | 14 | 13 | 13 | 13 | 13 | 12 |
| Equity in income of Unconsolidated entities | 5 | 6 | 7 | 6 | 11 | 10 |
| Interest income and other | 11 | 6 | 8 | 8 | 6 | 11 |
| Earnings before income taxes and cumulative effect of a change in accounting principle | (65) | 46 | 238 | 111 | 124 | 20 |

Edgar Filing: WEYERHAEUSER CO - Form 8-K

| | | | | | | |
|---|---------|-------|--------|-------|-------|-------|
| Income taxes | 22 | (16) | (81) | (39) | (42) | (7) |
| ----- | | | | | | |
| Earnings before cumulative effect of a change in accounting principle | (43) | 30 | 157 | 72 | 82 | 13 |
| Cumulative effect of a change in accounting principle, net of applicable taxes of \$6 (6) | (11) | - | - | - | - | - |
| ----- | | | | | | |
| Net earnings (loss) | \$ (54) | \$ 30 | \$ 157 | \$ 72 | \$ 82 | \$ 13 |
| ===== | | | | | | |

| | | | | | | |
|--|-----------|---------|---------|---------|---------|---------|
| Basic and diluted net earnings (loss) per share: | | | | | | |
| Net earnings (loss) before cumulative effect of a change in accounting principle | \$ (0.19) | \$ 0.14 | \$ 0.71 | \$ 0.32 | \$ 0.37 | \$ 0.06 |
| Cumulative effect of a change in accounting principle | (0.05) | - | - | - | - | - |
| ----- | | | | | | |
| Net earnings (loss) | \$ (0.24) | \$ 0.14 | \$ 0.71 | \$ 0.32 | \$ 0.37 | \$ 0.06 |
| ===== | | | | | | |

| | | | | | | |
|--------------------------|---------|---------|---------|---------|---------|---------|
| Dividends paid per share | \$ 0.40 | \$ 0.40 | \$ 0.40 | \$ 0.40 | \$ 0.40 | \$ 0.40 |
| ===== | | | | | | |

| CONSOLIDATED EARNINGS (1) (in millions) | Year-to-date | | Q4 | Year ended |
|---|-------------------|-------------------|------------------|------------------|
| | Sept. 28, 2003 | Sept. 29, 2002 | Dec. 29, 2002 | Dec. 29, 2002 |
| ----- | | | | |
| Net sales and revenues: | | | | |
| Weyerhaeuser (2) | \$ 13,317 | \$ 12,518 | \$ 4,253 | \$ 16,771 |
| Real estate and related assets | 1,411 | 1,285 | 465 | 1,750 |
| ----- | | | | |
| Total net sales and revenues | 14,728 | 13,803 | 4,718 | 18,521 |
| ----- | | | | |
| Costs and expenses: | | | | |
| Weyerhaeuser: | | | | |
| Costs of products sold | 10,531 | 9,926 | 3,285 | 13,211 |
| Depreciation, amortization and fee stumpage | 954 | 879 | 335 | 1,214 |
| Selling expenses | 335 | 335 | 115 | 450 |
| General and Administrative expenses | 712 | 618 | 229 | 847 |
| Research and | | | | |

Edgar Filing: WEYERHAEUSER CO - Form 8-K

| | | | | |
|---|--------|--------|-------|--------|
| Development expenses | 34 | 36 | 16 | 52 |
| Taxes other than payroll and income taxes | 140 | 139 | 39 | 178 |
| Charges for integration and restructuring | 78 | 42 | 30 | 72 |
| Charges for closure of facilities | 82 | 55 | 40 | 95 |
| Other operating costs, net (3) (4) | (152) | (4) | (135) | (139) |
| | ----- | ----- | ----- | ----- |
| | 12,714 | 12,026 | 3,954 | 15,980 |
| | ----- | ----- | ----- | ----- |
| Real estate and related assets: | | | | |
| Costs and operating expenses | 1,052 | 967 | 359 | 1,326 |
| Depreciation and amortization | 8 | 4 | 7 | 11 |
| Selling expenses | 76 | 68 | 22 | 90 |
| General and Administrative expenses | 43 | 35 | 13 | 48 |
| Taxes other than payroll and income taxes | 2 | 3 | 1 | 4 |
| Other operating costs, net | (5) | - | (1) | (1) |
| | ----- | ----- | ----- | ----- |
| | 1,176 | 1,077 | 401 | 1,478 |
| | ----- | ----- | ----- | ----- |
| Total costs and expenses | 13,890 | 13,103 | 4,355 | 17,458 |
| | ----- | ----- | ----- | ----- |
| Operating income | 838 | 700 | 363 | 1,063 |
| Interest expense and other: | | | | |
| Weyerhaeuser: | | | | |
| Interest expense incurred (5) | (613) | (614) | (207) | (821) |
| Less interest capitalized | 14 | 36 | 14 | 50 |
| Equity in income (loss) of affiliates | (5) | (12) | (1) | (13) |
| Interest income and other | 15 | 20 | 8 | 28 |
| Real estate and related assets: | | | | |
| Interest expense incurred | (40) | (38) | (15) | (53) |
| Less interest capitalized | 40 | 38 | 15 | 53 |
| Equity in income of Unconsolidated entities | 23 | 22 | 9 | 31 |

Edgar Filing: WEYERHAEUSER CO - Form 8-K

| | | | | |
|---|---------|---------|---------|---------|
| Interest income and other | 25 | 25 | 8 | 33 |
| <hr/> | | | | |
| Earnings before income taxes and cumulative effect of a change in accounting principle | 297 | 177 | 194 | 371 |
| Income taxes | (101) | (62) | (68) | (130) |
| <hr/> | | | | |
| Earnings before cumulative effect of a change in accounting principle | 196 | 115 | 126 | 241 |
| Cumulative effect of a change in accounting principle, net of applicable taxes of \$6 (6) | (11) | - | - | - |
| <hr/> | | | | |
| Net earnings (loss) | \$ 185 | \$ 115 | \$ 126 | \$ 241 |
| <hr/> | | | | |
| Basic and diluted net earnings (loss) per share: | | | | |
| Net earnings (loss) before cumulative effect of a change in accounting principle | \$ 0.88 | \$ 0.52 | \$ 0.57 | \$ 1.09 |
| Cumulative effect of a change in accounting principle | (0.05) | - | - | - |
| <hr/> | | | | |
| Net earnings (loss) | \$ 0.83 | \$ 0.52 | \$ 0.57 | \$ 1.09 |
| <hr/> | | | | |
| Dividends paid per share | \$ 1.20 | \$ 1.20 | \$ 0.40 | \$ 1.60 |
| <hr/> | | | | |

- (1) Certain reclassifications have been made to conform prior period data with the current presentation.
- (2) The first, second and third quarters of 2003 include charges of \$24 million, \$26 million and \$25 million, respectively, for countervailing and anti-dumping duties and related costs. 2002 first quarter includes \$13 million of charges for countervailing and anti-dumping duties and related costs and a credit of \$18 million for the reversal of countervailing and anti-dumping duties accrued in 2001. The 2002 second quarter includes \$7 million of charges for countervailing and anti-dumping duties and related costs, a credit of \$29 million for the reversal of charges accrued in 2001 and a credit of \$13 million for charges accrued in the first quarter of 2002. The 2002 third and fourth quarters include charges of \$31 million and \$26 million, respectively, for countervailing and anti-dumping duties and related costs. The 2002 impact of countervailing and anti-dumping duties and related costs is a net charge of \$17 million which includes current year charges of \$64 million and \$47 million of credits related to the reversal of charges accrued in 2001.

Edgar Filing: WEYERHAEUSER CO - Form 8-K

- (3) 2003 first, second and third quarters include net foreign exchange gains (losses) of \$35 million, \$47 million and (\$4) million, respectively. 2002 includes \$33 million in net foreign exchange gains. Gains of \$8 million, \$27 million and \$14 million are included in the first, second and fourth quarters, respectively. A loss of \$16 million is included in the third quarter.
- (4) 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. 2002 fourth quarter includes a \$117 million gain on the sale of timberlands in Washington state.
- (5) 2002 first quarter includes a \$35 million charge to write off debt issue costs in connection with the refinancing of debt in connection with the acquisition of Willamette Industries.
- (6) Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations, was adopted as of the beginning of 2003. Results for 2002 were not impacted by the change in accounting principle.

WEYERHAEUSER COMPANY
STATISTICAL INFORMATION (unaudited)

| Net sales and revenues (in millions): | Q1 | | Q2 | | Q3 | |
|---|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| | March 30, 2003 | March 31, 2002 | June 29, 2003 | June 30, 2002 | Sept. 28, 2003 | Sept. 29, 2002 |
| Timberlands: | | | | | | |
| Raw materials | | | | | | |
| (logs, timber and chips) | \$ 203 | \$ 142 | \$ 213 | \$ 184 | \$ 212 | \$ 193 |
| Other products | 21 | 19 | 24 | 21 | 18 | 18 |
| | 224 | 161 | 237 | 205 | 230 | 211 |
| Wood Products: | | | | | | |
| Softwood lumber | 752 | 692 | 846 | 901 | 890 | 845 |
| Plywood and veneer | 174 | 158 | 182 | 203 | 228 | 195 |
| Oriented strand board, composite and other panels | 257 | 240 | 331 | 320 | 445 | 217 |
| Hardwood lumber | 80 | 76 | 86 | 81 | 75 | 72 |
| Engineered lumber products | 254 | 253 | 308 | 315 | 329 | 324 |
| Raw materials (logs, timber and chips) | 81 | 106 | 82 | 129 | 72 | 120 |
| Other products | 174 | 176 | 221 | 198 | 213 | 184 |

Edgar Filing: WEYERHAEUSER CO - Form 8-K

| | 1,772 | 1,701 | 2,056 | 2,147 | 2,252 | 1,957 |
|---|---------|---------|---------|---------|---------|---------|
| Pulp and Paper: | | | | | | |
| Pulp | 309 | 280 | 321 | 297 | 333 | 300 |
| Paper | 596 | 416 | 546 | 563 | 530 | 590 |
| Coated groundwood | 36 | 30 | 32 | 30 | 39 | 32 |
| Bleached board | 47 | 40 | 52 | 51 | 50 | 37 |
| Other products | 10 | 6 | 7 | 10 | 6 | 8 |
| | 998 | 772 | 958 | 951 | 958 | 967 |
| Containerboard, Packaging and Recycling: | | | | | | |
| Containerboard | 77 | 73 | 81 | 90 | 73 | 101 |
| Packaging | 879 | 758 | 922 | 935 | 898 | 909 |
| Recycling | 60 | 48 | 63 | 51 | 60 | 67 |
| Bags | 20 | 10 | 20 | 20 | 19 | 22 |
| Other products | 33 | 10 | 35 | 34 | 40 | 28 |
| | 1,069 | 899 | 1,121 | 1,130 | 1,090 | 1,127 |
| Real Estate and Related Assets | | | | | | |
| | 445 | 396 | 432 | 421 | 534 | 468 |
| Corporate and Other | | | | | | |
| | 106 | 62 | 126 | 68 | 120 | 160 |
| | \$4,614 | \$3,991 | \$4,930 | \$4,922 | \$5,184 | \$4,890 |

| Contribution (charge) to earnings (1): | Q1 | | Q2 | | Q3 | |
|---|----------------|----------------|---------------|---------------|----------------|----------------|
| (in millions) | March 30, 2003 | March 31, 2002 | June 29, 2003 | June 30, 2002 | Sept. 28, 2003 | Sept. 29, 2002 |
| Timberlands (2) | \$ 149 | \$ 107 | \$ 300 | \$ 162 | \$ 143 | \$ 133 |
| Wood Products (3) (4) (5) | (150) | 9 | (53) | 64 | 151 | (18) |
| Pulp and Paper (6) (7) | 10 | 1 | (7) | (15) | (18) | 10 |
| Containerboard, Packaging and Recycling (8) (9) | 80 | 58 | 108 | 75 | 42 | 88 |
| Real Estate and Related Assets (10) | 95 | 91 | 91 | 79 | 97 | 85 |
| Corporate and Other (11) (12) (13) | (46) | (46) | (2) | (48) | (94) | (80) |
| | \$ 138 | \$ 220 | \$ 437 | \$ 317 | \$ 321 | \$ 218 |

| Net sales and revenues (in millions): | Year-to-date | | Q4 | Year ended |
|---------------------------------------|----------------|----------------|---------------|---------------|
| | Sept. 28, 2003 | Sept. 29, 2002 | Dec. 29, 2002 | Dec. 29, 2002 |
| | | | | |

Edgar Filing: WEYERHAEUSER CO - Form 8-K

| | | | | | | | | |
|---|----|----------------|----------------|--------|---------------|------------|---------------|--------|
| Timberlands: | | | | | | | | |
| Raw materials (logs, timber and chips) | \$ | 628 | \$ | 519 | \$ | 254 | \$ | 773 |
| Other products | | 63 | | 58 | | 39 | | 97 |
| | | ----- | | ----- | | ----- | | ----- |
| | | 691 | | 577 | | 293 | | 870 |
| Wood Products: | | | | | | | | |
| Softwood lumber | | 2,488 | | 2,438 | | 748 | | 3,186 |
| Plywood and veneer | | 584 | | 556 | | 178 | | 734 |
| Oriented strand board, composite and other panels | | 1,033 | | 777 | | 251 | | 1,028 |
| Hardwood lumber | | 241 | | 229 | | 77 | | 306 |
| Engineered lumber products | | 891 | | 892 | | 256 | | 1,148 |
| Raw materials (logs, timber and chips) | | 235 | | 355 | | 117 | | 472 |
| Other products | | 608 | | 558 | | 160 | | 718 |
| | | ----- | | ----- | | ----- | | ----- |
| | | 6,080 | | 5,805 | | 1,787 | | 7,592 |
| Pulp and Paper: | | | | | | | | |
| Pulp | | 963 | | 877 | | 319 | | 1,196 |
| Paper | | 1,672 | | 1,569 | | 594 | | 2,163 |
| Coated groundwood | | 107 | | 92 | | 34 | | 126 |
| Bleached board | | 149 | | 128 | | 51 | | 179 |
| Other products | | 23 | | 24 | | 10 | | 34 |
| | | ----- | | ----- | | ----- | | ----- |
| | | 2,914 | | 2,690 | | 1,008 | | 3,698 |
| Containerboard, Packaging and Recycling: | | | | | | | | |
| Containerboard | | 231 | | 264 | | 86 | | 350 |
| Packaging | | 2,699 | | 2,602 | | 864 | | 3,466 |
| Recycling | | 183 | | 166 | | 63 | | 229 |
| Bags | | 59 | | 52 | | 23 | | 75 |
| Other products | | 108 | | 72 | | 20 | | 92 |
| | | ----- | | ----- | | ----- | | ----- |
| | | 3,280 | | 3,156 | | 1,056 | | 4,212 |
| Real Estate and Related Assets | | | | | | | | |
| | | 1,411 | | 1,285 | | 465 | | 1,750 |
| Corporate and Other | | | | | | | | |
| | | 352 | | 290 | | 109 | | 399 |
| | | ----- | | ----- | | ----- | | ----- |
| | \$ | 14,728 | \$ | 13,803 | \$ | 4,718 | \$ | 18,521 |
| | | ===== | | ===== | | ===== | | ===== |
| Contribution (charge) to earnings (1): | | | | | | | | |
| | | Year-to-date | | | Q4 | Year ended | | |
| (in millions) | | Sept. 28, 2003 | Sept. 29, 2002 | | Dec. 29, 2002 | | Dec. 29, 2002 | |
| | | ----- | ----- | | ----- | | ----- | |
| Timberlands (2) | \$ | 592 | \$ | 402 | \$ | 300 | \$ | 702 |
| Wood Products (3) (4) (5) | | (52) | | 55 | | (75) | | (20) |

Edgar Filing: WEYERHAEUSER CO - Form 8-K

| | | | | |
|---|--------|--------|--------|----------|
| Pulp and Paper (6) (7) | (15) | (4) | 86 | 82 |
| Containerboard, Packaging and Recycling (8) (9) | 230 | 221 | 114 | 335 |
| Real Estate and Related Assets (10) | 283 | 255 | 81 | 336 |
| Corporate and Other (11) (12) (13) | (142) | (174) | (119) | (293) |
| | ----- | ----- | ----- | ----- |
| | \$ 896 | \$ 755 | \$ 387 | \$ 1,142 |
| | ===== | ===== | ===== | ===== |

- (1) Certain reclassifications have been made to conform prior period data with the current presentation.
- (2) 2003 second quarter includes a \$144 million gain on the sales of timberlands in Washington state. 2002 fourth quarter includes a \$117 million gain on the sale of timberlands in Washington state.
- (3) The first, second and third quarters of 2003 include charges of \$24 million, \$26 million and \$25 million, respectively, for countervailing and anti-dumping duties and related costs. 2002 first quarter includes \$13 million of charges for countervailing and anti-dumping duties and related costs and a credit of \$18 million for the reversal of countervailing and anti-dumping duties accrued in 2001. The 2002 second quarter includes \$7 million of charges for countervailing and anti-dumping duties and related costs, a credit of \$29 million for the reversal of charges accrued in 2001 and a credit of \$13 million for charges accrued in the first quarter of 2002. The 2002 third and fourth quarters include charges of \$31 million and \$26 million, respectively, for countervailing and anti-dumping duties and related costs. The 2002 impact of countervailing and anti-dumping duties and related costs is a net charge of \$17 million which includes current year charges of \$64 million and \$47 million of credits related to the reversal of charges accrued in 2001.
- (4) The first quarter of 2003 includes a \$79 million charge for a lawsuit involving the market for Pacific Northwest alder logs.
- (5) 2003 first, second and third quarters include costs for the closure of facilities of \$22 million, \$11 million and \$31 million, respectively. 2003 second quarter also includes a charge of \$16 million to recognize impairment associated with an impending facility sale. 2002 includes closure costs of \$51 million (\$17 million in the first quarter and \$34 million in the fourth quarter).
- (6) 2002 includes \$12 million in net business disruption costs associated with the recovery boiler explosion at the Plymouth, N.C., paper facility. Costs of \$22 million and \$30 million are included in the second and third quarters, respectively. Net recoveries of \$40 million are included in the fourth quarter.
- (7) 2003 second quarter includes \$3 million of closure costs. 2002 fourth quarter results include an \$8 million benefit resulting from adjustments to closure reserves established in 2001.
- (8) The third quarter of 2003 includes a \$23 million charge associated with the settlement of a class action linerboard antitrust lawsuit.

Edgar Filing: WEYERHAEUSER CO - Form 8-K

- (9) 2003 second quarter includes the reversal of an accrual for closure charges of \$2 million. 2003 third quarter includes closure costs of \$17 million. 2002 includes closure costs of \$52 million (\$10 million in the first quarter, \$28 million in the second quarter and \$14 million in the fourth quarter).
- (10) 2003 first quarter includes gains of \$8 million for the sale of two office buildings and \$10 for the sale of an apartment complex. 2003 second quarter includes a gain of \$12 million for the sale of commercial property. 2002 includes \$21 million in gains from sales of apartment complexes, including \$7 million in the second quarter and \$14 million in the third quarter.
- (11) 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. 2002 results include a \$35 million charge in the fourth quarter related to the termination of this pension plan.
- (12) 2003 second quarter includes a \$25 million gain for the settlement of an insurance claim relating to the Cemwood litigation.
- (13) 2003 results include net foreign exchange gains (losses) of \$36 million in the first quarter, \$51 million in the second quarter and (\$6) million in the third quarter. 2002 results include net foreign exchange gains (losses) of \$8 million in the first quarter, \$27 million in the second quarter, (\$17 million) in the third quarter and \$14 million in the fourth quarter, for a 2002 net gain of \$32 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 30, 2003 | March 31, 2002 | June 29, 2003 | June 30, 2002 | Sept. 28, 2003 | Sept. 29, 2002 |
| Timberlands (millions): | | | | | | |
| Raw materials - cubic feet | 96 | 67 | 110 | 102 | 102 | 91 |
| Wood Products (millions): | | | | | | |
| Softwood lumber - board feet | 2,175 | 1,845 | 2,385 | 2,262 | 2,298 | 2,362 |
| Softwood plywood and veneer - square feet (3/8") | 726 | 624 | 760 | 815 | 744 | 792 |
| Composite panels - square feet (3/4") | 278 | 308 | 317 | 445 | 313 | 95 |
| Oriented strand board - square | | | | | | |

Edgar Filing: WEYERHAEUSER CO - Form 8-K

| | | | | | | |
|--|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| feet (3/8") | 1,025 | 945 | 1,206 | 1,095 | 1,129 | 1,117 |
| Hardwood lumber - board feet | 106 | 108 | 113 | 113 | 103 | 104 |
| Raw materials - cubic feet | 128 | 143 | 118 | 164 | 112 | 161 |
| Pulp and Paper (thousands): | | | | | | |
| Pulp - air-dry metric tons | 623 | 563 | 596 | 618 | 632 | 561 |
| Paper - tons | 737 | 546 | 690 | 717 | 707 | 749 |
| Coated groundwood - tons | 61 | 48 | 55 | 49 | 64 | 55 |
| Bleached board - tons | 60 | 53 | 67 | 61 | 64 | 47 |
| Paper converting - tons | 502 | 375 | 472 | 488 | 478 | 499 |
| Containerboard, Packaging and Recycling (thousands) | | | | | | |
| Containerboard - tons | 221 | 209 | 233 | 260 | 214 | 283 |
| Packaging - MSF | 17,752 | 15,001 | 18,577 | 19,285 | 18,545 | 18,553 |
| Recycling - tons | 593 | 604 | 566 | 552 | 538 | 539 |
| Kraft bags and sacks - tons | 25 | 13 | 24 | 26 | 25 | 26 |
| Total production volumes: | | | | | | |
| | Q1 | | Q2 | | Q3 | |
| | March 30, 2003 | March 31, 2002 | June 29, 2003 | June 30, 2002 | Sept. 28, 2003 | Sept. 29, 2002 |
| Timberlands (millions): | | | | | | |
| Logs - cubic feet | 182 | 153 | 152 | 191 | 147 | 164 |
| Wood Products (millions): | | | | | | |
| Softwood lumber - board feet | 1,842 | 1,530 | 1,825 | 1,702 | 1,742 | 1,728 |
| Softwood plywood and veneer - square feet (3/8") | 672 | 471 | 557 | 649 | 596 | 638 |
| Composite panels - square feet (3/4") | 231 | 218 | 252 | 183 | 253 | 235 |
| Oriented strand board - square feet (3/8") | 1,011 | 957 | 1,051 | 944 | 1,061 | 1,115 |
| Hardwood lumber - board feet | 108 | 96 | 102 | 99 | 103 | 107 |
| Pulp and Paper (thousands): | | | | | | |
| Pulp - air-dry metric tons | 654 | 607 | 619 | 492 | 604 | 630 |
| Paper - tons | 757 | 510 | 712 | 667 | 706 | 704 |
| Coated groundwood - | | | | | | |

Edgar Filing: WEYERHAEUSER CO - Form 8-K

| | | | | | | |
|--|-------------------|-------------------|------------------|------------------|--------|--------|
| tons | 62 | 48 | 55 | 60 | 61 | 43 |
| Bleached board - tons | 56 | 63 | 68 | 67 | 72 | 31 |
| Paper converting - tons | 516 | 353 | 479 | 496 | 472 | 502 |
| Containerboard, Packaging and Recycling (thousands) | | | | | | |
| Containerboard - tons | 1,429 | 1,250 | 1,568 | 1,600 | 1,512 | 1,621 |
| Packaging - MSF | 18,977 | 16,174 | 19,955 | 20,521 | 19,865 | 19,596 |
| Recycling - tons | 1,528 | 1,387 | 1,644 | 1,588 | 1,507 | 1,551 |
| Kraft bags and sacks - tons | 25 | 13 | 25 | 25 | 23 | 27 |
| Third party sales volumes: | | | | | | |
| | Year-to-date | | Q4 | Year ended | | |
| | Sept. 28, 2003 | Sept. 29, 2002 | Dec. 29, 2002 | Dec. 29, 2002 | | |
| Timberlands (millions): | | | | | | |
| Raw materials - cubic feet | 308 | 260 | 110 | 370 | | |
| Wood Products (millions): | | | | | | |
| Softwood lumber - board feet | 6,858 | 6,469 | 2,154 | 8,623 | | |
| Softwood plywood and veneer - square feet (3/8") | 2,230 | 2,231 | 672 | 2,903 | | |
| Composite panels - square feet (3/4") | 908 | 848 | 299 | 1,147 | | |
| Oriented strand board - square feet (3/8") | 3,360 | 3,157 | 1,048 | 4,205 | | |
| Hardwood lumber - board feet | 322 | 325 | 102 | 427 | | |
| Raw materials - cubic feet | 358 | 468 | 127 | 595 | | |
| Pulp and Paper (thousands): | | | | | | |
| Pulp - air-dry metric tons | 1,851 | 1,742 | 636 | 2,378 | | |
| Paper - tons | 2,134 | 2,012 | 730 | 2,742 | | |
| Coated groundwood - tons | 180 | 152 | 58 | 210 | | |
| Bleached board - tons | 191 | 161 | 68 | 229 | | |
| Paper converting - tons | 1,452 | 1,362 | 497 | 1,859 | | |
| Containerboard, Packaging and Recycling (thousands) | | | | | | |
| Containerboard - tons | 668 | 752 | 231 | 983 | | |
| Packaging - MSF | 54,874 | 52,839 | 17,491 | 70,330 | | |

Edgar Filing: WEYERHAEUSER CO - Form 8-K

| | | | | |
|---|----------------|----------------|---------------|---------------|
| Recycling - tons | 1,697 | 1,695 | 597 | 2,292 |
| Kraft bags and sacks - tons | 74 | 65 | 28 | 93 |
| Total production volumes: | Year-to-date | | Q4 | Year ended |
| | Sept. 28, 2003 | Sept. 29, 2002 | Dec. 29, 2002 | Dec. 29, 2002 |
| Timberlands (millions): | | | | |
| Logs - cubic feet | 481 | 508 | 155 | 663 |
| Wood Products (millions): | | | | |
| Softwood lumber - board feet | 5,409 | 4,960 | 1,871 | 6,831 |
| Softwood plywood and veneer - square feet (3/8") | 1,825 | 1,758 | 520 | 2,278 |
| Composite panels - square feet (3/4") | 736 | 636 | 228 | 864 |
| Oriented strand board - square feet (3/8") | 3,123 | 3,016 | 1,033 | 4,049 |
| Hardwood lumber - board feet | 313 | 302 | 104 | 406 |
| Pulp and Paper (thousands): | | | | |
| Pulp - air-dry metric tons | 1,877 | 1,729 | 552 | 2,281 |
| Paper - tons | 2,175 | 1,881 | 730 | 2,611 |
| Coated groundwood - tons | 178 | 151 | 59 | 210 |
| Bleached board - tons | 196 | 161 | 66 | 227 |
| Paper converting - tons | 1,467 | 1,351 | 493 | 1,844 |
| Containerboard, Packaging and Recycling (thousands) | | | | |
| Containerboard - tons | 4,509 | 4,471 | 1,533 | 6,004 |
| Packaging - MSF | 58,797 | 56,291 | 18,809 | 75,100 |
| Recycling - tons | 4,679 | 4,526 | 1,566 | 6,092 |
| Kraft bags and sacks - tons | 73 | 65 | 28 | 93 |

WEYERHAEUSER COMPANY
STATISTICAL INFORMATION

CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)
(in millions)

| | | | | |
|--------|----------------|---------------|----------------|---------------|
| Assets | March 30, 2003 | June 29, 2003 | Sept. 28, 2003 | Dec. 29, 2002 |
|--------|----------------|---------------|----------------|---------------|

Edgar Filing: WEYERHAEUSER CO - Form 8-K

| | | | | |
|--|-----------|-----------|-----------|----------|
| ----- | | | | |
| Weyerhaeuser | | | | |
| Current assets: | | | | |
| Cash and short-term investments | \$ 59 | \$ 47 | \$ 57 | \$ 115 |
| Receivables, less allowances | 1,573 | 1,671 | 1,661 | 1,413 |
| Inventories | 2,167 | 2,093 | 1,959 | 1,941 |
| Prepaid expenses | 455 | 427 | 436 | 419 |
| | ----- | ----- | ----- | ----- |
| Total current assets | 4,254 | 4,238 | 4,113 | 3,888 |
| Property and equipment | 12,228 | 12,274 | 12,235 | 12,278 |
| Construction in progress | 709 | 669 | 514 | 687 |
| Timber and timberlands at cost, less fee stumpage charged to disposals | 4,450 | 4,454 | 4,440 | 4,402 |
| Investments in and advances to equity affiliates | 538 | 564 | 560 | 578 |
| Goodwill | 3,191 | 3,224 | 3,221 | 3,131 |
| Deferred pension and other assets | 1,337 | 1,349 | 1,300 | 1,285 |
| | ----- | ----- | ----- | ----- |
| | 26,707 | 26,772 | 26,383 | 26,249 |
| | ----- | ----- | ----- | ----- |
| Real estate and related assets | 1,989 | 2,065 | 2,064 | 1,970 |
| | ----- | ----- | ----- | ----- |
| Total assets | \$ 28,696 | \$ 28,837 | \$ 28,447 | \$28,219 |
| | ===== | ===== | ===== | ===== |

Liabilities and Shareholders' Interest

| | | | | |
|---|--------|--------|--------|--------|
| ----- | | | | |
| Weyerhaeuser | | | | |
| Current liabilities: | | | | |
| Notes payable and commercial paper | \$ 321 | \$ 238 | \$ 155 | \$ 2 |
| Current maturities of long-term debt | 595 | 594 | 92 | 786 |
| Accounts payable | 975 | 1,046 | 975 | 983 |
| Accrued liabilities | 1,162 | 1,192 | 1,214 | 1,223 |
| | ----- | ----- | ----- | ----- |
| Total current liabilities | 3,053 | 3,070 | 2,436 | 2,994 |
| Long-term debt | 12,129 | 11,866 | 12,120 | 11,907 |
| Deferred income taxes, pension, other postretirement benefits and other liabilities | 5,541 | 5,612 | 5,632 | 5,346 |
| | ----- | ----- | ----- | ----- |
| | 20,723 | 20,548 | 20,188 | 20,247 |
| | ----- | ----- | ----- | ----- |
| Real estate and related assets | | | | |
| Notes payable and commercial paper | 115 | 130 | 100 | 63 |
| Long-term debt | 764 | 762 | 762 | 814 |
| Other liabilities | 466 | 491 | 476 | 472 |

Edgar Filing: WEYERHAEUSER CO - Form 8-K

| | | | | |
|--|-----------|-----------|-----------|----------|
| | 1,345 | 1,383 | 1,338 | 1,349 |
| Total liabilities | 22,068 | 21,931 | 21,526 | 21,596 |
| Shareholders' interest | 6,628 | 6,906 | 6,921 | 6,623 |
| Total liabilities and shareholders' interest | \$ 28,696 | \$ 28,837 | \$ 28,447 | \$28,219 |

| STATEMENT OF CASH FLOWS | Q1 | | Q2 | | Q3 | |
|---|----------------|----------------|---------------|---------------|----------------|----------------|
| SELECTED INFORMATION (unaudited) (in millions) | March 30, 2003 | March 31, 2002 | June 29, 2003 | June 30, 2002 | Sept. 28, 2003 | Sept. 29, 2002 |
| (Weyerhaeuser only, excludes real estate & related assets) | | | | | | |
| Net cash from operations | \$ (126) | \$ (90) | \$ 465 | \$ 379 | \$ 489 | \$ 268 |
| Cash paid for property and equipment | (128) | (158) | (172) | (288) | (146) | (237) |
| Cash paid for timberlands reforestation | (14) | (12) | (5) | (8) | (6) | (6) |
| Cash received from issuances of debt | 1 | 13,001 | - | 100 | 12 | 26 |
| Revolving credit facilities, notes and commercial paper borrowings, net | 599 | 30 | (333) | (150) | 166 | 122 |
| Payments on debt | (251) | (6,593) | (14) | (97) | (509) | (159) |

| STATEMENT OF CASH FLOWS | Year-to-date | | Q4 | Year ended |
|---|----------------|----------------|---------------|---------------|
| SELECTED INFORMATION (unaudited) (in millions) | Sept. 28, 2003 | Sept. 29, 2002 | Dec. 29, 2002 | Dec. 29, 2002 |
| (Weyerhaeuser only, excludes real estate & related assets) | | | | |
| Net cash from operations | \$ 828 | \$ 557 | \$ 701 | \$ 1,258 |
| Cash paid for property and equipment | (446) | (683) | (241) | (924) |
| Cash paid for timberlands reforestation | (25) | (26) | (10) | (36) |
| Cash received from issuances of debt | 13 | 13,127 | 1,015 | 14,142 |
| Revolving credit facilities, notes and commercial paper borrowings, net | 432 | 2 | (230) | (228) |
| Payments on debt | (774) | (6,849) | (1,375) | (8,224) |

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 24, 2003