

WEYERHAEUSER CO

Form 10-Q

November 03, 2006

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 24, 2006

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

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**WEYERHAEUSER COMPANY**

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**Washington**  
(State or other jurisdiction of

incorporation or organization)

**33663 Weyerhaeuser Way South**

**Federal Way, Washington**  
(Address of principal executive offices)

**91-0470860**  
(I.R.S. Employer

Identification Number)

**98063-9777**  
(Zip Code)

(253) 924-2345

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(Registrant's telephone number, including area code)

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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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act). (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer   
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares outstanding of the registrant's class of common stock, as of October 27, 2006, was 236,532,456 common shares (\$1.25 par value).

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For the Quarterly Period Ended September 24, 2006

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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 25, 2005. 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 thirteen and thirty-nine week periods ended September 24, 2006, should not be regarded as necessarily indicative of the results that may be expected for the full year.

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**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 thereto duly authorized.

**WEYERHAEUSER COMPANY**

Date: November 2, 2006

By: */s/* JEANNE M. HILLMAN  
**Jeanne M. Hillman**  
**Vice President and Principal Accounting Officer**

**Table of Contents****PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****WEYERHAEUSER COMPANY AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF EARNINGS**

For the thirteen and thirty-nine week periods ended September 24, 2006 and September 25, 2005

(Dollar amounts in millions except per share data)

(Unaudited)

	Thirteen weeks ended		Thirty-nine weeks ended	
	September 24,	September 25,	September 24,	September 25,
	2006	2005	2006	2005
Net sales and revenues:				
Weyerhaeuser	\$ 4,579	\$ 4,836	\$ 14,056	\$ 14,430
Real Estate and Related Assets	749	596	2,185	1,899
Total net sales and revenues	5,328	5,432	16,241	16,329
Costs and expenses:				
Weyerhaeuser:				
Costs of products sold	3,590	3,800	11,017	11,137
Depreciation, depletion and amortization	305	320	916	955
Selling expenses	123	116	357	347
General and administrative expenses	232	234	710	670
Research and development expenses	23	18	54	44
Taxes other than payroll and income taxes	43	45	133	133
Charges for restructuring (Note 7)	4	2	22	11
Charges for closure of facilities (Note 8)	43	29	61	37
Impairment of goodwill (Note 9)			749	
Other operating (income) costs, net (Note 10)	(34)	(32)	(26)	(63)
	4,329	4,532	13,993	13,271
Real Estate and Related Assets:				
Costs and operating expenses	537	401	1,570	1,268
Depreciation and amortization	10	4	17	11
Selling expenses	44	36	124	105
General and administrative expenses	30	27	94	76
Taxes other than payroll and income taxes	2	1	5	2
Charge for impairment of long-lived assets	14		17	
Other operating (income) costs, net	(2)	(2)	(2)	(4)
	635	467	1,825	1,458
Total costs and expenses	4,964	4,999	15,818	14,729
Operating income	364	433	423	1,600
Interest expense and other:				
Weyerhaeuser:				
Interest expense incurred	(149)	(193)	(453)	(568)

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Less: interest capitalized	21	3	57	5
Interest income and other	17	143	51	190
Equity in income of affiliates		2	9	6
Real Estate and Related Assets:				
Interest expense incurred	(12)	(13)	(40)	(41)
Less: interest capitalized	12	13	40	41
Interest income and other	7	4	20	7
Equity in income of unconsolidated entities	14	14	50	37
Earnings from continuing operations before income taxes	274	406	157	1,277
Income taxes (Note 11)	(89)	(119)	(258)	(469)
Earnings (loss) from continuing operations	185	287	(101)	808
Discontinued operations (Note 15):				
Earnings from discontinued operations	55	(1)	83	103
Income tax expense	(29)	(1)	(37)	33
Earnings (loss) from discontinued operations	26	(2)	46	136
Net earnings (loss)	\$ 211	\$ 285	\$ (55)	\$ 944
Basic net earnings (loss) per share (Note 4):				
Continuing operations	\$ 0.75	\$ 1.17	\$ (0.41)	\$ 3.31
Discontinued operations	0.10	(0.01)	0.19	0.55
Net earnings (loss) per share	\$ 0.85	\$ 1.16	\$ (0.22)	\$ 3.86
Diluted net earnings (loss) per share (Note 4):				
Continuing operations	\$ 0.75	\$ 1.17	\$ (0.41)	\$ 3.30
Discontinued operations	0.10	(0.01)	0.19	0.55
Net earnings (loss) per share	\$ 0.85	\$ 1.16	\$ (0.22)	\$ 3.85
Dividends paid per share	\$ 0.60	\$ 0.50	\$ 1.60	\$ 1.40

*See Accompanying Notes to Consolidated Financial Statements*

**Table of Contents****WEYERHAEUSER COMPANY AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEET**

September 24, 2006 and December 25, 2005

(Dollar amounts in millions)

	September 24, 2006 (unaudited)	December 25, 2005
<b>Assets</b>		
<b>Weyerhaeuser</b>		
Current assets:		
Cash and cash equivalents	\$ 114	\$ 818
Receivables, less allowances	1,816	1,707
Inventories (Note 13)	1,983	1,885
Prepaid expenses	440	414
Assets of discontinued operations (Note 15)	88	223
<b>Total current assets</b>	<b>4,441</b>	<b>5,047</b>
Property and equipment, net	9,926	10,345
Construction in progress	640	527
Timber and timberlands at cost, less depletion charged to disposals	3,665	3,705
Investments in and advances to equity affiliates	490	486
Goodwill (Note 9)	2,254	2,982
Deferred pension and other assets	1,265	1,314
Restricted assets held by special purpose entities (Note 12)	914	916
	<b>23,595</b>	<b>25,322</b>
<b>Real Estate and Related Assets</b>		
Cash and cash equivalents	13	286
Receivables, less discounts and allowances	145	42
Real estate in process of development and for sale	1,636	1,055
Land being processed for development	1,355	1,037
Investments in unconsolidated entities	74	61
Other assets	422	296
Consolidated assets not owned (Note 12)	132	130