

WEYERHAEUSER CO
Form 10-Q
August 10, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2009

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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Washington
(State or other jurisdiction of

91-0470860
(I.R.S. Employer

incorporation or organization)

Identification Number)

33663 Weyerhaeuser Way South

Federal Way, Washington
(Address of principal executive offices)

98063-9777
(Zip Code)

(253) 924-2345

(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, 2009, 211,356,803 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, 2008. 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, 2009, 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 7, 2009

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

Table of Contents**FINANCIAL INFORMATION****CONSOLIDATED STATEMENT OF EARNINGS****(DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES)****(UNAUDITED)****FOR THE QUARTERS AND YEAR-TO-DATE PERIODS ENDED JUNE 30, 2009 AND JUNE 29, 2008**

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	JUNE 30, 2009	JUNE 29, 2008	JUNE 30, 2009	JUNE 29, 2008
Net sales and revenues:				
Forest Products	\$ 1,192	\$ 1,820	\$ 2,295	\$ 3,491
Real Estate	199	354	371	725
Total net sales and revenues	1,391	2,174	2,666	4,216
Costs and expenses:				
Forest Products:				
Costs of products sold	1,050	1,518	2,028	2,917
Alternative fuel mixture credits	(107)		(107)	
Depreciation, depletion and amortization	125	146	247	291
Selling expenses	33	57	76	116
General and administrative expenses	83	125	179	273
Research and development expenses	15	18	28	35
Charges for restructuring and closures (Note 6)	46	44	128	77
Impairment of goodwill and other assets (Note 6)	20	51	38	82
Other operating income, net (Note 7)	(77)	(40)	(71)	(1)
	1,188	1,919	2,546	3,790
Real Estate:				
Costs and operating expenses	164	313	315	636
Depreciation and amortization	4	5	8	9
Selling expenses	20	37	42	73
General and administrative expenses	17	27	45	56
Other operating costs (income), net	7	(1)	7	(1)
Impairment of long-lived assets and other related charges (Note 8)	53	280	95	317
	265	661	512	1,090
Total costs and expenses	1,453	2,580	3,058	4,880
Operating loss	(62)	(406)	(392)	(664)
Forest Products:				
Interest expense incurred	(107)	(126)	(215)	(258)
Less: interest capitalized	2	21	4	45
Interest income and other	13	16	27	29
Gain on Uruguay restructuring (Note 9)		101		101
Equity in income (loss) of affiliates		3	3	(2)
Real Estate:				

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Interest expense incurred	(7)	(14)	(14)	(26)
Less: interest capitalized	7	14	14	26
Interest income and other	1		2	1
Equity in income of unconsolidated entities	11	1	13	1
Impairment of investments and other related charges (Note 8)	(6)	(84)	(32)	(107)
Loss from continuing operations before income taxes	(148)	(474)	(590)	(854)
Income taxes	32	214	208	353
Loss from continuing operations	(116)	(260)	(382)	(501)
Discontinued operations, net of income taxes (Note 3)		111		198
Net loss	(116)	(149)	(382)	(303)
Less: Net loss attributable to noncontrolling interests	10	53	12	59
Net loss attributable to Weyerhaeuser common shareholders	\$ (106)	\$ (96)	\$ (370)	\$ (244)
Basic and diluted earnings (loss) per share attributable to Weyerhaeuser common shareholders (Note 4):				
Continuing operations	\$ (0.50)	\$ (0.98)	\$ (1.75)	\$ (2.10)
Discontinued operations		0.53		0.94
Net loss per share	\$ (0.50)	\$ (0.45)	\$ (1.75)	\$ (1.16)
Dividends paid per share	\$ 0.25	\$ 0.60	\$ 0.50	\$ 1.20
Weighted average shares outstanding (in thousands) (Note 4)				
Basic	211,356	211,262	211,328	211,228
Diluted	211,356	211,262	211,328	211,228

See accompanying Notes to Consolidated Financial Statements.

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

	JUNE 30, 2009	DECEMBER 31, 2008
ASSETS		
Forest Products:		
Current assets:		
Cash and cash equivalents	\$ 1,745	\$ 2,288
Short-term investments	60	138
Receivables, less allowances of \$8 and \$7	402	429
Receivables for taxes	336	73
Receivable from pension trust (Note 13)	285	200
Inventories (Note 10)	530	702
Prepaid expenses	92	101
Deferred tax assets	151	159
Total current assets	3,601	4,090
Property and equipment, less accumulated depreciation of \$6,460 and \$6,252	3,747	3,869
Construction in progress	108	104
Timber and timberlands at cost, less depletion charged to disposals	4,173	4,205
Investments in and advances to equity affiliates	200	202
Goodwill	40	43
Deferred pension and other assets	600	651
Restricted assets held by special purpose entities	916	916
	13,385	14,080
Real Estate:		
Cash and cash equivalents	1	6
Receivables, less discounts and allowances of \$2 and \$4	46	74
Real estate in process of development and for sale	631	751
Land being processed for development	1,146	1,121
Investments in unconsolidated entities	16	30
Deferred tax assets	419	438
Other assets	180	195
Consolidated assets not owned	18	40
	2,457	2,655
Total assets	\$ 15,842	\$ 16,735

See accompanying Notes to Consolidated Financial Statements

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CONSOLIDATED BALANCE SHEET

(CONTINUED)

	JUNE 30, 2009	DECEMBER 31, 2008
LIABILITIES AND EQUITY		
Forest Products:		
Current liabilities:		
Notes payable and commercial paper	\$ 1	\$ 1
Current maturities of long-term debt (Note 12)	388	407
Accounts payable	314	381
Accrued liabilities (Note 11)	816	985
Total current liabilities	1,519	1,774
Long-term debt (Note 12)	5,153	5,153
Deferred income taxes	1,677	1,805
Deferred pension, other postretirement benefits and other liabilities	1,699	1,566
Liabilities (nonrecourse to Weyerhaeuser) held by special purpose entities	766	764
Commitments and contingencies (Note 15)		
	10,814	11,062
Real Estate:		
Long-term debt (Note 12)	456	456
Other liabilities	294	353
Consolidated liabilities not owned	1	17
Commitments and contingencies (Note 15)		
	751	826
Total liabilities	11,565	11,888
Equity:		
Weyerhaeuser shareholders' interest:		
Common shares: \$1.25 par value; authorized 400,000,000 shares; issued and outstanding: 211,356,803 and 211,289,320 shares		
	264	264
Other capital	1,776	1,767
Retained earnings	2,855	3,278
Cumulative other comprehensive loss (Note 14)	(646)	(495)
Total Weyerhaeuser shareholders' interest	4,249	4,814
Noncontrolling interest	28	33
Total equity	4,277	4,847
Total liabilities and equity	\$ 15,842	\$ 16,735

See accompanying Notes to Consolidated Financial Statements.

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	FOR THE YEAR-TO-DATE PERIODS ENDED					
	JUNE 30, 2009 AND JUNE 29, 2008					
	CONSOLIDATED		FOREST PRODUCTS		REAL ESTATE	
JUNE 30,	JUNE 29,	JUNE 30,	JUNE 29,	JUNE 30,	JUNE 29,	
2009	2008	2009	2008	2009	2008	
Cash flows from operations:						
Net loss	\$ (382)	\$ (303)	\$ (281)	\$ 17	\$ (101)	\$ (320)
Noncash charges (credits) to income:						
Depreciation, depletion and amortization	255	364	247	355	8	9
Deferred income taxes, net	2	(135)	(17)	(23)	19	(112)
Pension and other postretirement benefits (Note 13)	(22)	(74)	(20)	(75)	(2)	1
Share-based compensation expense	11	33	9	31	2	2
Equity in (income) loss of affiliates and unconsolidated entities	(16)	1	(3)	2	(13)	(1)
Litigation charges	20		20			
Charges for impairment of assets (Notes 6 and 8)	165	511	38	87	127	424
Net gains on dispositions of assets and operations (Note 7)	(23)	(20)	(23)	(20)		
Increase to environmental liability reserve (Note 7)		17		17		
Gain on Uruguay restructuring (Note 9)		(101)		(101)		
Foreign exchange transaction (gains) losses (Note 7)	(17)	8	(17)	8		
Decrease (increase) in working capital:						
Receivables	(218)	(240)	(236)	(192)	18	(48)
Inventories, real estate and land	211	84	165	38	46	46
Prepaid expenses	11	39	10	43	1	(4)
Accounts payable and accrued liabilities	(254)	(110)	(173)	(68)	(81)	(42)
Deposits on land positions	3	(42)			3	(42)
Intercompany advances ⁽¹⁾⁽³⁾					150	(181)
Other	(56)	(124)	(65)	(122)	9	(2)
Cash from operations	(310)	(92)	(346)	(3)	186	(270)
Cash flows from investing activities:						
Property and equipment	(89)	(215)	(85)	(205)	(4)	(10)
Timberlands reforestation	(22)	(27)	(22)	(27)		
Acquisition of timberlands	(7)	(107)	(7)	(107)		
Redemption of short-term investments	78		78			
Investments in and advances to equity affiliates	1	(67)	4	(16)	(3)	(51)
Proceeds from sale of assets and operations	37	99	37	99		
Uruguay restructuring (Note 9)		(23)		(23)		
Loan to pension trust (Note 13)	(85)		(85)			
Intercompany dividends ⁽¹⁾			250			
Intercompany advances ⁽¹⁾			(221)	133		
Other	13	4	13	4		
Cash from investing activities	(74)	(336)	(38)	(142)	(7)	(61)
Cash flows from financing activities:						
Notes, commercial paper borrowings and revolving credit facilities, net		830		410		420
Cash dividends	(106)	(253)	(106)	(253)		
Change in book overdrafts	(34)	(39)	(30)	(23)	(4)	(16)
Payments on debt	(19)	(107)	(19)	(1)		(106)
Exercises of stock options		3		3		
Repurchase of common stock	(2)		(2)			
Intercompany dividends ⁽¹⁾					(250)	
Intercompany advances ⁽¹⁾					71	48

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Other	(3)	(31)	(2)	(3)	(1)	(28)
Cash from financing activities	(164)	403	(159)	133	(184)	318
Net change in cash and cash equivalents	(548)	(25)	(543)	(12)	(5)	(13)
Cash and cash equivalents at beginning of period ⁽²⁾	2,294	114	2,288	93	6	21
Cash and cash equivalents at end of period ⁽²⁾	\$ 1,746	\$ 89	\$ 1,745	\$ 81	\$ 1	\$ 8
Cash paid (received) during the year for:						
Interest, net of amount capitalized	\$ 213	\$ 216	\$ 213	\$ 216	\$	\$
Income taxes ⁽³⁾	\$ 63	\$ 28	\$ 300	\$ 6	\$ (237)	\$ 22

⁽¹⁾ Intercompany dividends, loans and advances represent payments and receipts between Forest Products and Real Estate and are classified as operating, investing or financing based on the perspective of each entity and the characteristics of the underlying cash flows. These amounts are eliminated and do not appear in the consolidated cash flows above.

⁽²⁾ Includes cash and cash equivalents of discontinued operations.

⁽³⁾ Income taxes paid or received by Forest Products and Real Estate include intercompany payments related to income taxes. These intercompany transactions flow through the intercompany advances lines in the statement of cash flows in either operating or investing as discussed in footnote (1) above, and may differ in timing from income tax payments to or receipts from the taxing authorities. Actual income taxes paid to (received from) the taxing authorities are reflected by consolidated cash paid (received) for taxes.

See accompanying Notes to Consolidated Financial Statements.

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NOTE 1: BASIS OF PRESENTATION