

WEYERHAEUSER CO  
Form 10-Q  
October 31, 2014

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 SEPTEMBER 30, 2014

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

Washington 91-0470860  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification Number)

33663 Weyerhaeuser Way South 98063-9777  
Federal Way, Washington (Zip Code)  
(Address of principal executive offices)  
(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 October 24, 2014, 524,363,555 shares of the registrant's common stock (\$1.25 par value) were outstanding.



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## FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF OPERATIONS  
(UNAUDITED)

DOLLAR AMOUNTS IN MILLIONS, EXCEPT PER-SHARE FIGURES	QUARTER ENDED		YEAR-TO-DATE ENDED	
	SEPTEMBER 2014	SEPTEMBER 2013	SEPTEMBER 2014	SEPTEMBER 2013
Net sales	\$1,915	\$ 1,857	\$5,615	\$ 5,486
Cost of products sold	1,504	1,479	4,364	4,304
Gross margin	411	378	1,251	1,182
Selling expenses	28	32	83	96
General and administrative expenses	73	98	249	299
Research and development expenses	5	8	19	23
Charges for restructuring, closures and impairments <u>(Note 13)</u>	10	1	37	7
Other operating income, net <u>(Note 14)</u>	(23	) (4	) (163	) (32
Operating income	318	243	1,026	789
Interest income and other	7	21	27	39
Interest expense, net of capitalized interest	(88	) (94	) (254	) (256
Earnings before income taxes	237	170	799	572
Income taxes <u>(Note 15)</u>	(39	) (24	) (148	) (99
Earnings from continuing operations	198	146	651	473
Earnings from discontinued operations, net of income taxes <u>(Note 2)</u>	966	21	998	36
Net earnings	1,164	167	1,649	509
Dividends on preference shares	(11	) (10	) (33	) (12
Net earnings attributable to Weyerhaeuser common shareholders	\$1,153	\$ 157	\$1,616	\$ 497
Earnings per share attributable to Weyerhaeuser common shareholders, basic <u>(Note 5)</u> :				
Continuing operations	\$0.35	\$ 0.23	\$1.09	\$ 0.83
Discontinued operations	1.82	0.04	1.76	0.06
Net earnings per share	\$2.17	\$ 0.27	\$2.85	\$ 0.89
Earnings per share attributable to Weyerhaeuser common shareholders, diluted <u>(Note 5)</u> :				
Continuing operations	\$0.35	\$ 0.23	\$1.08	\$ 0.82
Discontinued operations	1.80	0.04	1.75	0.06
Net earnings per share	\$2.15	\$ 0.27	\$2.83	\$ 0.88
Dividends paid per share	\$0.29	\$ 0.22	\$0.73	\$ 0.59
Weighted average shares outstanding (in thousands) <u>(Note 5)</u> :				
Basic	531,913	582,828	567,436	560,505
Diluted	536,012	587,179	571,503	565,383

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)

DOLLAR AMOUNTS IN MILLIONS	QUARTER ENDED		YEAR-TO-DATE ENDED		
	SEPTEMBER 2014	SEPTEMBER 2013	SEPTEMBER 2014	SEPTEMBER 2013	
Consolidated net earnings attributable to Weyerhaeuser common shareholders	\$1,153	\$ 157	\$1,616	\$ 497	
Other comprehensive income (loss):					
Foreign currency translation adjustments	(26	) 18	(27	) (29	)
Actuarial gains (losses), net of tax expense (benefit) of (\$91), \$15, (\$58) and \$64	(143	) 31	(76	) 135	
Prior service costs, net of tax benefit of \$13, \$0, \$43 and \$3	(25	) (4	) (68	) (12	)
Unrealized gains on available-for-sale securities	—	—	—	1	
Total other comprehensive income (loss)	(194	) 45	(171	) 95	
Comprehensive income attributable to Weyerhaeuser common shareholders	\$959	\$ 202	\$1,445	\$ 592	

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET  
(UNAUDITED)

DOLLAR AMOUNTS IN MILLIONS	SEPTEMBER 30, 2014	DECEMBER 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,620	\$ 830
Receivables, less allowances of \$3 and \$4	583	518
Receivables for taxes	23	101
Inventories <u>(Note 6)</u>	578	542
Prepaid expenses	97	117
Deferred tax assets	111	130
Current assets of discontinued operations <u>(Note 2)</u>	—	88
Total current assets	3,012	2,326
Property and equipment, less accumulated depreciation of \$6,408 and \$6,327	2,534	2,689
Construction in progress	215	112
Timber and timberlands at cost, less depletion charged to disposals	6,546	6,580
Investments in and advances to equity affiliates	186	190
Goodwill	40	42
Deferred tax assets	—	5
Other assets	292	324
Restricted financial investments held by variable interest entities	615	615
Noncurrent assets of discontinued operations <u>(Note 2)</u>	—	1,694
Total assets	\$ 13,440	\$ 14,577
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Notes payable	\$ —	\$ 2
Accounts payable	351	343
Accrued liabilities <u>(Note 8)</u>	606	629
Current liabilities of discontinued operations <u>(Note 2)</u>	—	154
Total current liabilities	957	1,128
Long-term debt <u>(Note 9)</u>	4,891	4,891
Long-term debt (nonrecourse to the company) held by variable interest entities	511	511
Deferred income taxes	338	285
Deferred pension and other postretirement benefits	569	516
Other liabilities	318	382
Noncurrent liabilities of discontinued operations <u>(Note 2)</u>	—	32
Commitments and contingencies <u>(Note 10)</u>		
Total liabilities	7,584	7,745
Equity:		
Weyerhaeuser shareholders' interest:		
Mandatory convertible preference shares, series A: \$1.00 par value; \$50.00 liquidation; authorized 40,000,000 shares; issued and outstanding: 13,800,000 shares	14	14
Common shares: \$1.25 par value; authorized 1,360,000,000 shares; issued and outstanding: 525,484,841 and 583,548,428 shares	657	729
Other capital	4,548	6,444
Retained earnings	1,494	294
Cumulative other comprehensive loss <u>(Note 11)</u>	(857	) (686
Total Weyerhaeuser shareholders' interest	5,856	6,795

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Noncontrolling interests	—	3
Noncontrolling interests in discontinued operations ( <u>Note 2</u> )	—	34
Total equity	5,856	6,832
Total liabilities and equity	\$ 13,440	\$ 14,577
See accompanying Notes to Consolidated Financial Statements.		

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## CONSOLIDATED STATEMENT OF CASH FLOWS(UNAUDITED)

DOLLAR AMOUNTS IN MILLIONS	YEAR-TO-DATE ENDED		
	SEPTEMBER 2014	SEPTEMBER 2013	
Cash flows from operations:			
Net earnings	\$1,649	\$509	
Noncash charges (credits) to earnings:			
Depreciation, depletion and amortization	375	343	
Deferred income taxes, net	170	73	
Pension and other postretirement benefits <u>(Note 7)</u>	(104	) 79	
Share-based compensation expense	29	34	
Charges for impairment of assets	1	5	
Net gains on dispositions of assets and operations <sup>(1)</sup> <u>(Note 2)</u>	(1,048	) (42	)
Foreign exchange transaction losses <u>(Note 14)</u>	15	6	
Change in:			
Receivables less allowances	(28	) (112	)
Receivable for taxes	77	64	
Inventories	(46	) —	
Real estate and land	(133	) (179	)
Prepaid expenses	6	(16	)
Accounts payable and accrued liabilities	(76	) 45	
Deposits on land positions and other assets	15	(11	)
Pension and postretirement contributions / benefit payments	(85	) (104	)
Other	(33	) (38	)
Net cash from operations	784	656	
Cash flows from investing activities:			
Property and equipment	(239	) (151	)
Timberlands reforestation	(32	) (28	)
Acquisition of Longview Timber LLC, net of cash acquired <u>(Note 3)</u>	—	(1,581	)
Net proceeds from Real Estate Divestiture, net of cash divested <u>(Note 2)</u>	707	—	
Proceeds from sale of assets	24	15	
Net proceeds of investments held by special purpose entities	—	22	
Other	25		