

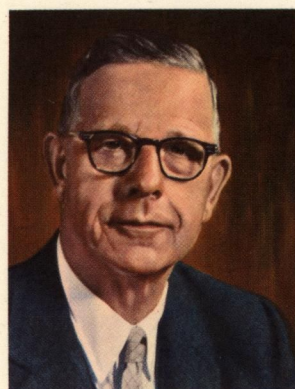


A N N U A L   R E P O R T

# 1958

Weyerhaeuser Timber Company





**TO OUR SHAREHOLDERS:** The highlights of the year 1958 compared with 1957 appear on the opposite page, and the report which follows presents in more detail the Company's financial results and accomplishments.

While operating results for 1958 did not measure up to our earlier expectations, nevertheless much was accomplished during the year. The organization structure was modified to strengthen management effectiveness and permit greater flexibility of operations. Our research and development organization was changed to insure a balanced program of searching for new products, processes and techniques, as well as improvement of present ones. Continued progress was made in improving the efficiency of our mills and converting plants. An important addition to our timberland ownership in the East was accomplished and we continued to make progress in our forestry program.

The outlook for 1959 is encouraging. The rising trend of residential construction has contributed a substantial backlog of orders for the Company's lumber and plywood, which foretells a high operating rate at least through the early months of the year for this segment of our business. Some improvement is anticipated in the pulp and paperboard business, although industry capacity will continue to be well above the level of demand during the year. The need for containers and cartons should increase with the rise in the level of business generally.

Once again we wish to express our appreciation to the employees of the Company for their loyal and cooperative efforts during the past year.

*F. K. Weyerhaeuser*  
President

February 3, 1959

#### DIRECTORS

\*NORTON CLAPP, *Chairman*  
LAIRD BELL  
CARLETON BLUNT

EDMOND M. COOK  
GEORGE C. CROSBY  
O. D. FISHER

\*Executive Committee Members

JOHN H. HAUBERG, JR.  
\*\*EDMUND HAYES  
CHAS. H. INGRAM

\*\*Executive Committee Chairman

HERBERT M. KIECKHEFER  
ROBERT H. KIECKHEFER  
JOHN M. MUSSER

C. D. WEYERHAEUSER  
\*F. K. WEYERHAEUSER  
J. P. WEYERHAEUSER III

#### PRINCIPAL OFFICERS

F. K. WEYERHAEUSER, *President*

*Vice Presidents:* JOHN L. ARAM, Silvatek and New Products Group • HOWARD W. MORGAN, Pulp, Paperboard and Container Group • GEORGE H. WEYERHAEUSER, Wood Products Group • JOHN M. MUSSER, Thompson Yards  
W. P. GULLANDER, Finance • JOSEPH E. NOLAN, General Counsel • BERNARD L. ORELL, Resource Relations and Public Affairs  
ROBERT W. BOYD, *Controller* • GEORGE S. LONG, JR., *Secretary* • H. E. NELSON, *Treasurer*

#### SUBSIDIARIES

ATLANTIC TERMINALS, INC.

CHEHALIS WESTERN RAILROAD COMPANY

COLUMBIA AND COWLITZ RAILWAY COMPANY

GEREKE-ALLEN CARTON COMPANY

MOUNTAIN DEVELOPMENT COMPANY

NORTH CAROLINA PULP COMPANY

THE ROCHESTER FOLDING BOX COMPANY

WEYERHAEUSER HAWAIIAN COMPANY

WEYERHAEUSER SALES COMPANY

WEYERHAEUSER STEAMSHIP COMPANY

#### TRANSFER AGENTS

Seattle-First National Bank, Seattle, Washington

J. P. Morgan & Co., Incorporated, New York, New York

#### REGISTRARS

The National Bank of Commerce of Seattle, Seattle, Washington

The New York Trust Company, New York, New York

ANNUAL MEETING: May 18, 1959

## Highlights

	1958	1957
Sales	\$410,359,605	\$420,601,133
Net income	\$ 49,614,586	\$ 53,425,099
Per share	1.64	1.76
Ratio of net income to shareholders' interest	9.86%	11.02%
Dividends paid	\$ 30,261,236	\$ 29,588,121
Per share	1.00	1.00
Income retained in the business	\$ 19,353,350	\$ 23,836,978
Depreciation and depletion	\$ 39,467,581	\$ 37,578,514
Additions to plants, equipment and roads	\$ 23,010,763	\$ 41,875,489
Purchases of timber and timberlands	\$ 14,535,048	\$ 14,961,264
Taxes	\$ 45,739,735	\$ 45,335,793
Wages and salaries, including vacations and holiday pay	\$105,870,974	\$106,433,578
Pensions, employee insurance and social security taxes	\$ 10,725,632	\$ 10,097,902
Number of employees at December 31	20,707	20,435
Number of shareholders at December 31	10,500	9,500

## Weyerhaeuser Timber Company & Subsidiaries

Executive Offices • Tacoma Building, Tacoma, Washington



# Review of the year

1958

## NET INCOME AND DIVIDENDS

The Company's operations during the year were substantially affected by the downward trend in business generally.

For the year 1958 net income totalled \$49,614,586 or \$1.64 per share, down from the \$53,425,099 or \$1.76 per share which was earned in 1957, and \$64,767,647 or \$2.10 per share in the peak year of 1956.

Cash flow, representing the total of net income, depreciation and depletion, was \$89 million or \$2.94 per share in 1958, compared with \$91 million or \$3.00 per share in 1957.

Dividends of \$1.00 per share were continued in 1958 resulting in a distribution of \$30,261,236 to shareholders, or 61% of net income and 34% of cash flow. Earnings retained in the business totalled \$19,353,350.

## SALES

Net sales for the year totalled \$410,359,605, representing a decline of 2.4% from 1957. The following tabulation compares sales of the Company's principal product lines for the past two years:

(Thousands of dollars)	1958	1957	% Change
Lumber . . . . .	\$156,524	\$155,971	0.4
Containers and Cartons . . . . .	114,010	117,361	2.9
Pulp and Paperboard . . . . .	99,802	109,231	8.6
Plywood . . . . .	17,225	16,694	3.2
Other . . . . .	22,799	21,344	6.8
Total sales . . . . .	\$410,360	\$420,601	2.4

The level of dollar sales of lumber was significantly influenced by the decline in prices which began in 1956 and continued into 1958. At the low point, which

was reached in the spring of 1958, average price realization for the Company's lumber had declined approximately 20% from the high point in 1956 as the result of lower prices and a shift to somewhat lower grades of lumber. Improvement in the rate of housing starts in the early spring of 1958 brought an upturn in sales during the last half of the year with some improvement in prices. The quantity of lumber sold during the year was 3.5% above 1957.

The markets for shipping containers, milk cartons and folding cartons in 1958 were extremely competitive and sales of these products were down 2.9% from 1957.

Pulp and paperboard sales declined more in 1958 than the Company's other major lines of products, with this business 8.6% below 1957. The competitive situation in this field was influenced importantly by the new plant capacity which has been added by the industry in recent years, coupled with a reduced rate of growth in demand for its products. With the Company's lower volume of business and greater facilities, the operating rates of its mills were at lower percentages of capacity than during the previous post-war years. Kraft pulp, containerboard and bleached paperboard were produced and shipped in lesser quantities than in 1957. Only sulphite pulp maintained the 1957 level of sales.

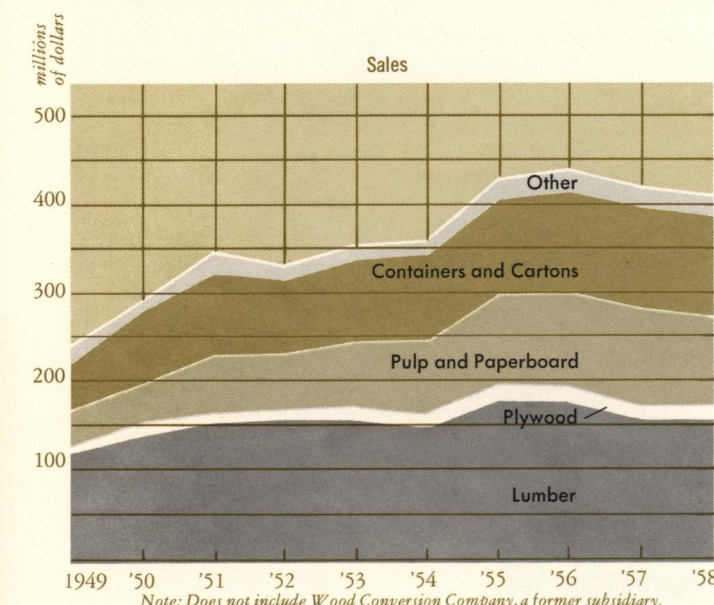
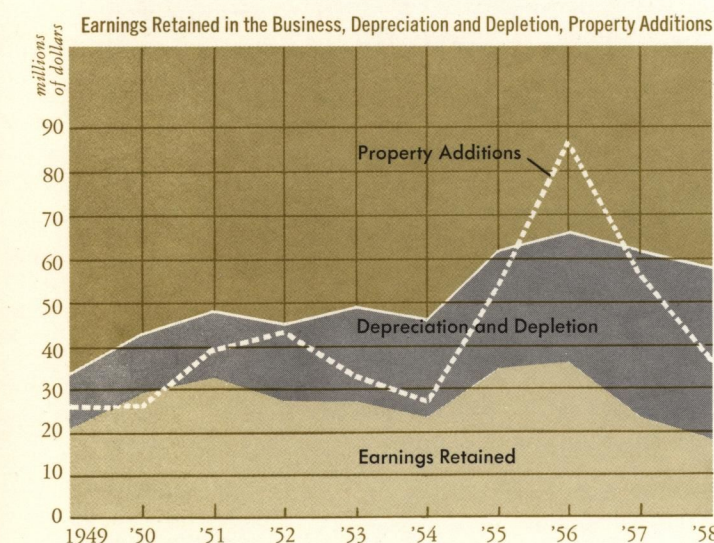
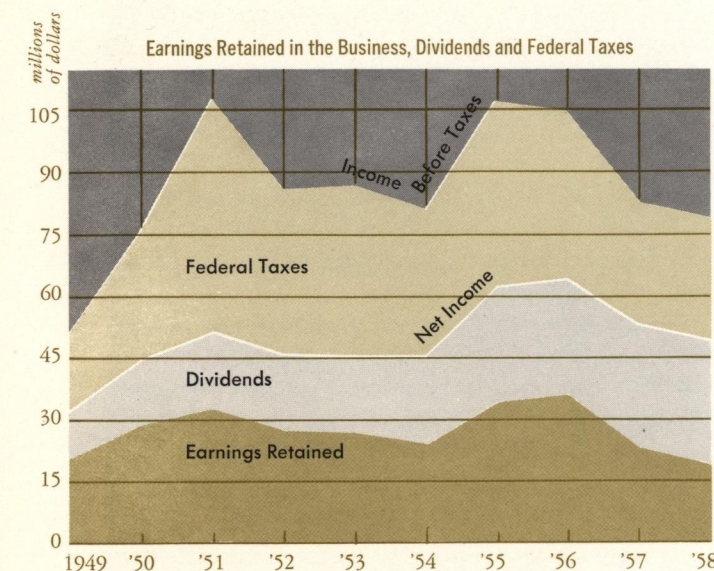
Pulp and board prices remained unchanged during the year with the exception of a reduction in April of up to 10% on kraft linerboard and corrugating materials sold in the West Coast markets.

Plywood shipments reached a record high in 1958, exceeding by 3.1% the Company's previous record which was established in 1957. Improvement in plywood prices occurred beginning in mid-year 1958, following a period of consistently low prices which had prevailed since late 1956.

Profit margins improved somewhat toward the latter part of the year, but for the year as a whole they generally were lower than in 1957. Gains made through improvements in the efficiency of operations were not sufficient to offset increased costs of labor, materials and supplies and the effect of lower operating rates of the pulp and paperboard mills.

## FINANCIAL CONDITION

A statement of money provided and its disposition, which appears on page 4, shows that 1958 operations generated funds sufficient to finance the \$37,545,811 of capital expenditures and provide an increase in working capital of \$23,737,830. At the year end working capital totalled \$117,576,755 and the ratio of current assets to current liabilities was 4.4 to 1.



Note: Does not include Wood Conversion Company, a former subsidiary.

Book value of the shareholders' interest in the Company increased by \$18,601,166 to \$503,251,224 at December 31, 1958, or \$16.63 per share on the 30,256,645 shares outstanding at that date.

## CAPITAL EXPENDITURES

Capital expenditures for 1958 of \$37,545,811 compare with \$56,836,753 for 1957. Expenditures for timber and timberlands of \$14,535,048 were at approximately the same level as last year. The \$23,010,763 invested in plants, equipment and roads, however, was down substantially from the 1957 total of \$41,875,489. In the past ten years capital expenditures have totalled \$433 millions.

The acquisition late in December of more than 100,000 acres of timberlands in North Carolina was the principal capital expenditure in 1958. These timberlands will be operated in conjunction with other timberlands which support the pulp and board mill at Plymouth, North Carolina. This purchase places the mill in a sound position to insure its wood supply requirements.

During 1958 the following facilities were completed:

- 3 Shipping container plants  
Closter, N. J.; Mt. Vernon, Ohio; Houston, Texas
- Milk carton plant Harmony, Pa. (Pittsburgh)
- Lumber distributing yard Murrysburg, Pa. (Pittsburgh)
- Chemical plant expansion Longview, Washington
- Ply-Veneer plant expansion Springfield, Oregon

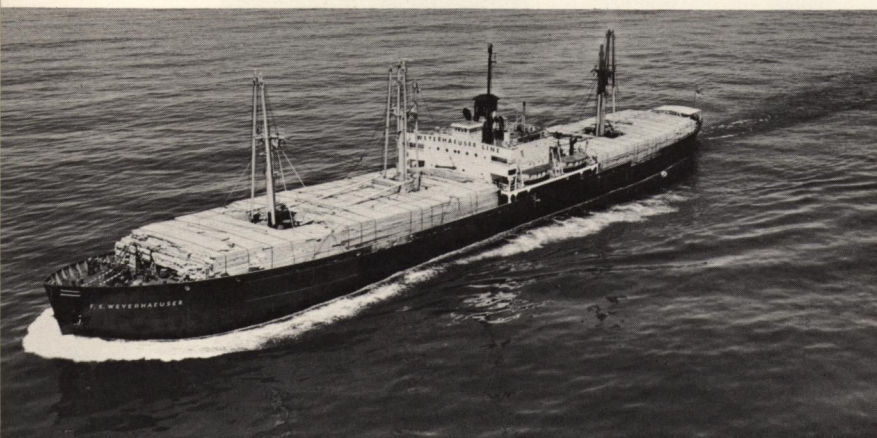
Still under construction and scheduled for completion in 1959 are the following:

- Folding carton plant St. Louis, Missouri
- Plywood plant expansion Springfield, Oregon

Construction of a new plywood plant to produce sheathing grades of plywood at Snoqualmie Falls, Washington, was started in January 1959.

In January 1959, the Company acquired a small plant in West Memphis, Arkansas, which manufactures flakeboard. This product, for which a growing market exists in the surrounding states, complements the Company's particle board and will be marketed in conjunction with it. Additional expenditures to expand and improve the plant's facilities are contemplated for early 1959.

The acquisition of timber and timberlands in the Mississippi-Alabama region continued and reforestation activities on lands already acquired were intensified. The date for construction of a conversion facility in this area will be governed largely by the future demand for pulp and paperboard. The extent of these acquisitions and the related reforestation activities are discussed elsewhere in this report.





#### EMPLOYEE RELATIONS

From a labor relations standpoint, 1958 was a year of comparative stability. Aside from the Raymond, Washington mill strike which began in 1957 and carried over until January 23, 1958, work stoppages were limited to two brief, localized walkouts at one sawmill.

Negotiations with the major international unions representing our Pacific Northwest logging, lumber and plywood employees resulted in a 7½-cent per hour increase, effective September 1, 1958 and extended the contract to June 1, 1959. The West Coast industry-wide negotiations with representatives of our pulp division employees resulted in increasing wages generally 2½%, effective June 1, 1958. A general increase averaging 5 cents per hour together with some special rate and contract improvements was granted to hourly employees of the Plymouth, North Carolina, pulp and paperboard mill, effective August 1, 1958.

Further efforts to increase the effectiveness of communications between management and employees were undertaken during the year with the objective of assuring a working, two-way avenue of communication between all levels of the organization.

#### PUBLIC INFORMATION

The Company continued the publication of national and regional advertising messages relating to its long-range forest management practices and the economic impact of the industry. A 30-minute technicolor film, "Tomorrow's Trees," was completed and will be ready for nationwide release early in 1959. The subject is closely related to the national advertising messages. It is expected that many millions of people will view the picture in the years ahead. A colorful 24-page book, "Forest Products from Tree Farm to You," was completed and widely distributed.

#### WEYERHAEUSER STEAMSHIP COMPANY

Total revenue of the Weyerhaeuser Steamship Company in 1958 declined 6% from 1957. Revenue from east-bound cargo was 6% greater than in 1957. However, this was more than offset by a 25% decline in revenue from westbound volume.

Profitable operations for the year were made possible, despite the reduction in revenue, by a coordinated pro-

gram of chartering and periodic layup of vessels.

The five-year program of improvement in cargo handling equipment and alterations in cargo compartments was concluded during the year.

#### WEYERHAEUSER TIMBER FOUNDATION

During 1958 the Company donated \$392,000 to Weyerhaeuser Timber Foundation. Contributions by the Foundation in 1958 continued to be mainly in the field of education, including undergraduate scholarships, graduate fellowships and unrestricted grants-in-aid to nontax supported colleges and universities.

Forty-six sons and daughters of employees are attending the colleges of their choice with the aid of the Foundation's undergraduate scholarship program. Fourteen graduate fellowships in fields related to the forest products industry are also maintained. Other areas of Foundation activity included donations to hospitals and youth activities in communities where the Company operates.

### Statement of Money Provided and Its Disposition FOR THE YEAR 1958

Consolidated net income was . . . . .	\$49,614,586
Dividends paid totaled . . . . .	30,261,236
Net income retained in the business amounted to . . . . .	\$19,353,350
Amount set aside for depreciation and depletion aggregated . . . . .	39,467,581
Other items amounted to . . . . .	2,462,710
	<u>\$61,283,641</u>

The above was utilized for:

Additions to plants, equipment and roads . . . . .	\$23,010,763
Purchases of timber and timberlands . . . . .	14,535,048
	<u>37,545,811</u>
Increase in working capital . . . . .	\$23,737,830
	<u><u>\$23,737,830</u></u>



### statement of Consolidated Income

INCOME:	1958	1957
Sales . . . . .	\$410,359,605	\$420,601,133
Other income (net) . . . . .	7,144,381	6,379,178
	<u>\$417,503,986</u>	<u>\$426,980,311</u>
COSTS AND EXPENSES:		
Cost of goods sold and expenses, exclusive of items shown below . . . . .	\$282,682,084	\$290,640,905
Depreciation and depletion . . . . .	39,467,581	37,578,514
Taxes other than Federal income taxes . . . . .	15,739,735	15,635,793
Federal income taxes . . . . .	30,000,000	29,700,000
	<u>\$367,889,400</u>	<u>\$373,555,212</u>
Net income for the year . . . . .	<u>\$ 49,614,586</u>	<u>\$ 53,425,099</u>

### statement of Consolidated Earned Surplus (Income Retained in the Business)

BALANCE DECEMBER 31, 1957 . . . . .	\$236,421,412
ADD:	
Net income for the year . . . . .	49,614,586
Realization in 1958 of March 1, 1913 increase in timber value . . . . .	694,897
	<u>\$286,730,895</u>
DEDUCT:	
Dividends paid (\$1.00 per share) . . . . .	30,261,236
BALANCE DECEMBER 31, 1958 . . . . .	<u><u>\$256,469,659</u></u>

Weyerhaeuser

Timber Company

& Subsidiaries





# CONSOLIDATED BALANCE SHEET

## Assets

	December 31	
	1958	1957
CURRENT ASSETS:		
Cash . . . . .	\$ 24,503,487	\$ 23,533,888
Marketable securities, at cost . . . . .	56,209,028	37,978,023
Receivables, less reserve . . . . .	32,966,000	30,776,672
Inventories—logs, lumber, pulp and plywood at cost determined on last-in, first-out basis; other inventories at lower of cost (first-in, first-out basis) or market . . . . .	38,245,861	38,130,171
Total current assets . . . . .	\$151,924,376	\$130,418,754
SUPPLY INVENTORIES, PREPAID EXPENSES, etc. . . . .	10,256,831	10,730,643
TAX REFUND CLAIMS, OTHER RECEIVABLES, etc. . . . .	8,259,545	9,329,411
TIMBER AND TIMBERLANDS, etc., at March 1, 1913 values, plus subsequent additions at cost . . . . .	114,587,563	107,379,327
REAL ESTATE, PLANTS AND EQUIPMENT, at cost . . . . .	\$478,089,921	\$459,477,745
Portion charged to operations to date as depreciation . . . . .	225,519,391	196,105,993
	\$252,570,530	\$263,371,752
	\$537,598,845	\$521,229,887

## Opinion of Independent Public Accountants

To the Shareholders,

Weyerhaeuser Timber Company:

We have examined the consolidated balance sheet of WEYERHAEUSER TIMBER COMPANY (a Washington corporation) and its subsidiary companies at December 31, 1958, and the related statements of consolidated income and earned surplus (income retained in the business) for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and earned surplus (income retained in the business) present fairly the financial position of Weyerhaeuser Timber Company and its subsidiary companies at December 31, 1958, and the results of their operations for the year then ended, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & CO.

Seattle, Washington  
February 3, 1959

# Weyerhaeuser Timber Company & Subsidiaries

## Liabilities

	December 31	
	1958	1957
CURRENT LIABILITIES:		
Accounts payable . . . . .	\$ 13,111,835	\$ 14,827,127
Accrued liabilities . . . . .	20,781,733	19,133,651
Provision for Federal income taxes . . . . .	40,454,053	36,519,051
Less—U. S. Government securities segregated therefor . . . . .	40,000,000	33,900,000
Total current liabilities . . . . .	\$ 34,347,621	\$ 36,579,829
SHAREHOLDERS' INTEREST:		
Capital stock, authorized 31,000,000 shares; issued and outstanding 30,398,004 shares, par value \$7.50 per share . . . . .	\$227,985,030	\$227,985,030
Increase in value of timber and timberlands resulting from March 1, 1913 revaluation (\$694,897 realized and transferred to earned surplus in 1958) . . . . .	23,680,250	24,375,147
Earned surplus (income retained in the business)—see accompanying statement . . . . .	256,469,659	236,421,412
Treasury stock, at cost, 141,359 and 119,483 shares at respective dates . . . . .	4,883,715	4,131,531
Total shareholders' interest . . . . .	\$503,251,224	\$484,650,058
	\$537,598,845	\$521,229,887

## NOTE:

There were outstanding at December 31, 1958, stock options granted to certain officers and employees to purchase 127,967 shares. These options were granted at approximate market value at date of grant and consist of options for 68,732 shares granted in 1958 and for 59,235 shares granted in prior years. The average price for the options outstanding at December 31, 1958, was \$33.60 per share.







# Ten Year Summary

## Weyerhaeuser Timber Company & Subsidiaries

(Includes Kieckhefer-Eddy operations for all years)

### Operations

SALES: (Amounts in thousands, except . . . \*)

Lumber . . . . .	\$156,524	\$155,971	\$177,897	\$180,492	\$150,115	\$156,514	\$156,817	\$155,401	\$142,450	\$120,122
Containers and cartons . . . . .	114,010	117,361	114,980	109,169	93,765	91,892	81,696	94,632	74,432	54,102
Pulp and paperboard . . . . .	99,802	109,231	105,594	99,253	85,358	74,995	63,872	63,055	42,592	38,053
Plywood . . . . .	17,225	16,694	16,038	18,323	12,918	14,208	9,575	8,366	8,214	5,732
Other . . . . .	22,799	21,344	23,491	21,026	16,669	36,760	39,081	45,274	40,230	35,757
Total sales . . . . .	\$410,360	\$420,601	\$438,000	\$428,263	\$358,825	\$374,369	\$351,041	\$366,728	\$307,918	\$253,766
OTHER INCOME (net) . . . . .	7,144	6,379	8,629	8,940	7,513	7,683	5,254	8,272	7,065	5,416
Total . . . . .	\$417,504	\$426,980	\$446,629	\$437,203	\$366,338	\$382,052	\$356,295	\$375,000	\$314,983	\$259,182
COSTS AND EXPENSES:										
Cost of goods sold and expenses (exclusive of items below) . . . . .	\$282,682	\$290,641	\$297,450	\$290,259	\$252,417	\$261,981	\$241,759	\$241,833	\$218,276	\$187,134
Depreciation and depletion . . . . .	39,468	37,578	29,708	27,134	22,031	21,500	17,497	15,390	13,163	12,842
Taxes other than Federal income taxes . . . . .	15,739	15,636	14,422	12,528	10,264	10,491	9,806	8,796	7,232	6,905
Federal income taxes . . . . .	30,000	29,700	40,282	44,819	35,795	41,773	40,675	56,766	30,625	18,792
Minority interest in net income of subsidiaries . . . . .	.....	.....	.....	.....	.....	526	638	639	991	883
Total costs and expenses . . . . .	\$367,889	\$373,555	\$381,862	\$374,740	\$320,507	\$336,271	\$310,375	\$323,424	\$270,287	\$226,556
NET INCOME FOR THE YEAR . . . . .	\$ 49,615	\$ 53,425	\$ 64,767	\$ 62,463	\$ 45,831	\$ 45,781	\$ 45,920	\$ 51,576	\$ 44,696	\$ 32,626
DIVIDENDS PAID . . . . .	30,261	29,588	27,906	27,384	21,060	17,966	18,029	18,439	15,127	11,144
INCOME RETAINED IN THE BUSINESS . . . . .	\$ 19,354	\$ 23,837	\$ 36,861	\$ 35,079	\$ 24,771	\$ 27,815	\$ 27,891	\$ 33,137	\$ 29,569	\$ 21,482
Net income per share(1) . . . . . *	\$ 1.64	\$ 1.76	\$ 2.10	\$ 2.02	\$ 1.49	\$ 1.49	\$ 1.49	\$ 1.66	\$ 1.44	\$ 1.08
Dividends paid per share . . . . . *	1.00	1.00	1.00	1.00	.75	.62½	.62½	.62½	.50	.37½

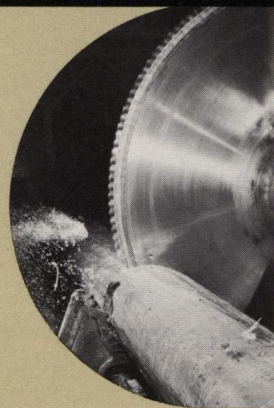
DEPRECIATION . . . . .	\$ 32,141	\$ 31,512	\$ 23,633	\$ 23,556	\$ 19,288	\$ 17,672	\$ 14,627	\$ 12,709	\$ 10,681	\$ 9,023
ADDITIONS TO PLANTS, EQUIPMENT AND ROADS . . . . .	23,011	41,875	68,534	39,365	26,393	31,710	42,417	38,448	23,285	26,218
WAGES AND SALARIES . . . . .	\$105,871	\$106,434	\$104,283	\$ 95,087	\$ 81,872	\$ 91,404	\$ 85,107	\$ 79,646	\$ 64,695	\$ 61,112
NUMBER OF EMPLOYEES . . . . . *	20,707	20,435	20,352	20,131	18,813	18,438	19,629	18,844	18,384	16,864

### Consolidated Balance Sheets

	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949
ASSETS										
CURRENT ASSETS:										
Cash and marketable securities . . . . .	\$ 80,712	\$ 61,512	\$ 83,380	\$103,094	\$ 91,245	\$ 71,973	\$ 61,362	\$ 64,019	\$ 51,256	\$ 43,471
Receivables, less reserve . . . . .	32,966	30,777	31,981	36,566	28,958	27,502	29,249	22,913	29,264	20,024
Inventories . . . . .	38,246	38,130	37,430	28,595	28,041	25,252	25,381	26,259	22,387	19,161
Total current assets . . . . .	\$151,924	\$130,419	\$152,791	\$168,255	\$148,244	\$124,727	\$115,992	\$113,191	\$102,907	\$ 82,656
SUPPLY INVENTORIES, PREPAID EXPENSES, etc. . . . .	10,257	10,731	9,719	7,483	7,545	7,172	8,115	9,014	6,361	6,223
TAX REFUND CLAIMS, OTHER RECEIVABLES, etc. . . . .	8,260	9,329	9,315	8,072	7,446	8,371	7,274	6,930	8,687	4,712
TIMBER AND TIMBERLANDS, etc. . . . .	114,587	107,379	98,487	86,587	75,414	76,827	79,099	80,433	81,611	81,099
REAL ESTATE, PLANTS AND EQUIPMENT, at cost . . . . .	478,090	459,478	423,291	360,768	326,111	303,007	294,380	255,272	219,241	198,670
Less—Depreciation . . . . .	225,519	196,106	168,322	149,173	128,951	111,621	104,015	91,779	82,419	73,490
	\$537,599	\$521,230	\$525,281	\$481,992	\$435,809	\$408,483	\$400,845	\$373,061	\$336,388	\$299,870
LIABILITIES										
CURRENT LIABILITIES:										
Accounts payable . . . . .	\$ 13,112	\$ 14,827	\$ 20,273	\$ 17,202	\$ 13,036	\$ 11,159	\$ 16,794	\$ 15,015	\$ 14,910	\$ 8,305
Accrued liabilities . . . . .	20,782	19,134	17,797	16,483	13,935	13,523	12,045	11,736	10,064	10,193
Provision for Federal income taxes . . . . .	40,454	36,519	52,929	59,404	51,054	51,672	49,563	61,687	34,307	22,891
Less—U. S. Government securities segregated therefor . . . . .	40,000	33,900	49,112	58,177	49,871	51,344	49,296	60,937	34,012	22,805
Total current liabilities . . . . .	\$ 34,348	\$ 36,580	\$ 41,887	\$ 34,912	\$ 28,154	\$ 25,010	\$ 29,106	\$ 27,501	\$ 25,269	\$ 18,584
LONG-TERM DEBT . . . . .	.....	.....	.....	.....	.....	840	3,060	3,780	2,400	2,700
EQUITY OF MINORITY SHAREHOLDERS IN SUBSIDIARIES . . . . .	.....	.....	.....	.....	.....	.....	6,003	5,506	5,107	4,249
SHAREHOLDERS' INTEREST . . . . .	503,251	484,650	483,394	447,080	407,655	382,633	362,676	336,274	303,612	274,337
	\$537,599	\$521,230	\$525,281	\$481,992	\$435,809	\$408,483	\$400,845	\$373,061	\$336,388	\$299,870
Shareholders' interest per share(1) . . . . . *	\$16.63	\$ 16.01	\$ 15.64	\$ 14.47	\$ 13.22	\$ 12.42	\$ 11.74	\$ 10.86	\$ 9.80	\$ 9.12

(1) For the years 1956 and prior per share statistics are based on an equivalent number of Weyerhaeuser shares after giving effect to the merger with the Kieckhefer-Eddy companies on April 30, 1957 and to stock splits in 1955 and 1950.





# 1958

In its 10 lumber mills in the Pacific Northwest the Company in 1958 produced approximately 1¼ billion feet of lumber, enough to build about 125,000 average homes. During the last four years it has maintained a relatively high and stable level of output in the face of a substantial decline for the industry. Although the Company has improved its industry position, its production in 1958 constituted only 3.9% of the national total.

record. As a further step in the program of integrating plywood plants with lumber units in order to achieve maximum values from the logs processed and gain operating economies, a fourth plant is being built at Snoqualmie Falls, Washington. This plant is scheduled to start producing sheathing grades of plywood in June 1959. An addition to capacity at the Springfield, Oregon, plywood plant is currently being completed.

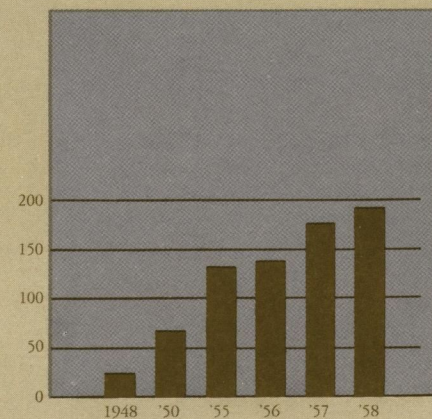
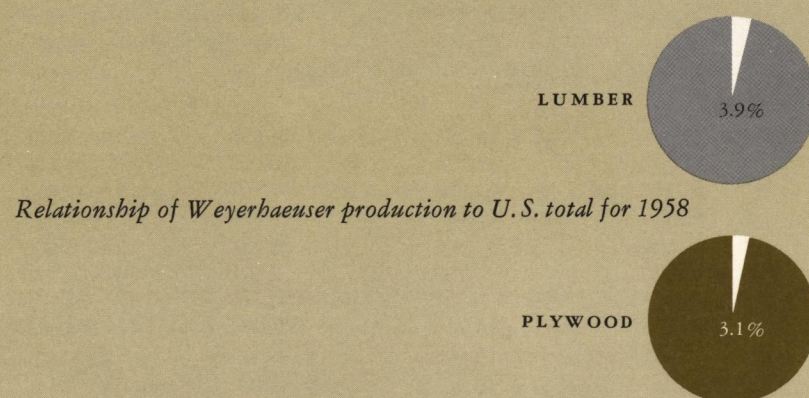
## Lumber and Plywood

Principal lumber species produced are Douglas fir, hemlock and western red cedar from the area west of the summit of the Cascade mountains, and ponderosa pine from the Klamath Falls area of Oregon. In addition to its own production of lumber and plywood, the Company supplements its supply with purchases from other producers for distribution through its nationwide sales organization. This organization, with headquarters in St. Paul, Minnesota, includes 145 salesmen located strategically throughout the country, 10 wholesale yards and 80 retail yards. In 1958 increased emphasis was placed on market research and the selection, design and promotion of new items.

The plywood business of the Company moved forward at an accelerated rate during the year as sales of this versatile product from its three plants set a new high

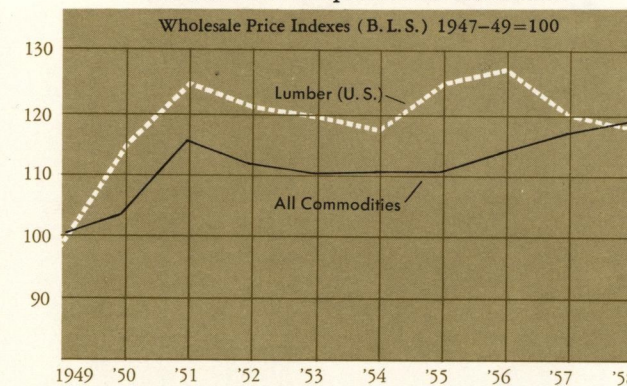
Low prices for lumber and plywood in 1958 reduced profit margins to the lowest point in many years. However, prices turned the corner in the spring and a moderate improvement in prices and profit margins was made in the late months of the year. The demand for these materials is determined in large part by the volume of residential housing, which suffered a three-year decline from the peak of 1954-1955. After reaching a low point in the early months of 1958, housing starts turned up sharply. For the full year private and public nonfarm housing starts are estimated to total 1,200,000, the highest level in three years.

Continuing emphasis is being placed on machinery design, increased production efficiency and the further utilization of the wood supply.

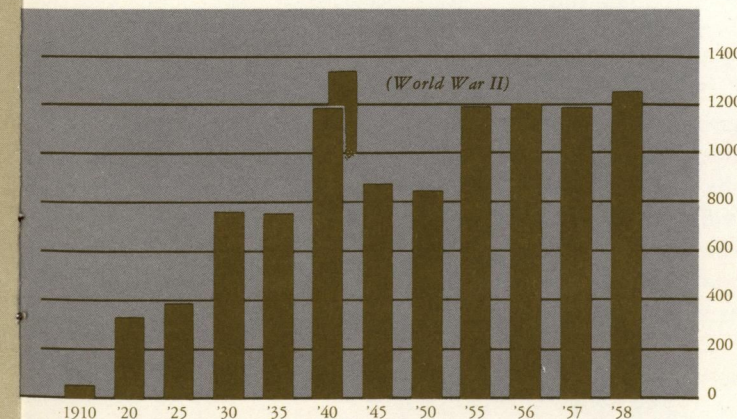
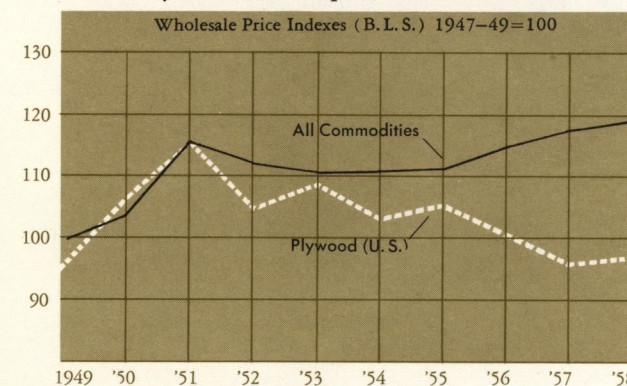


Weyerhaeuser Plywood Production in millions of square feet ⅜"

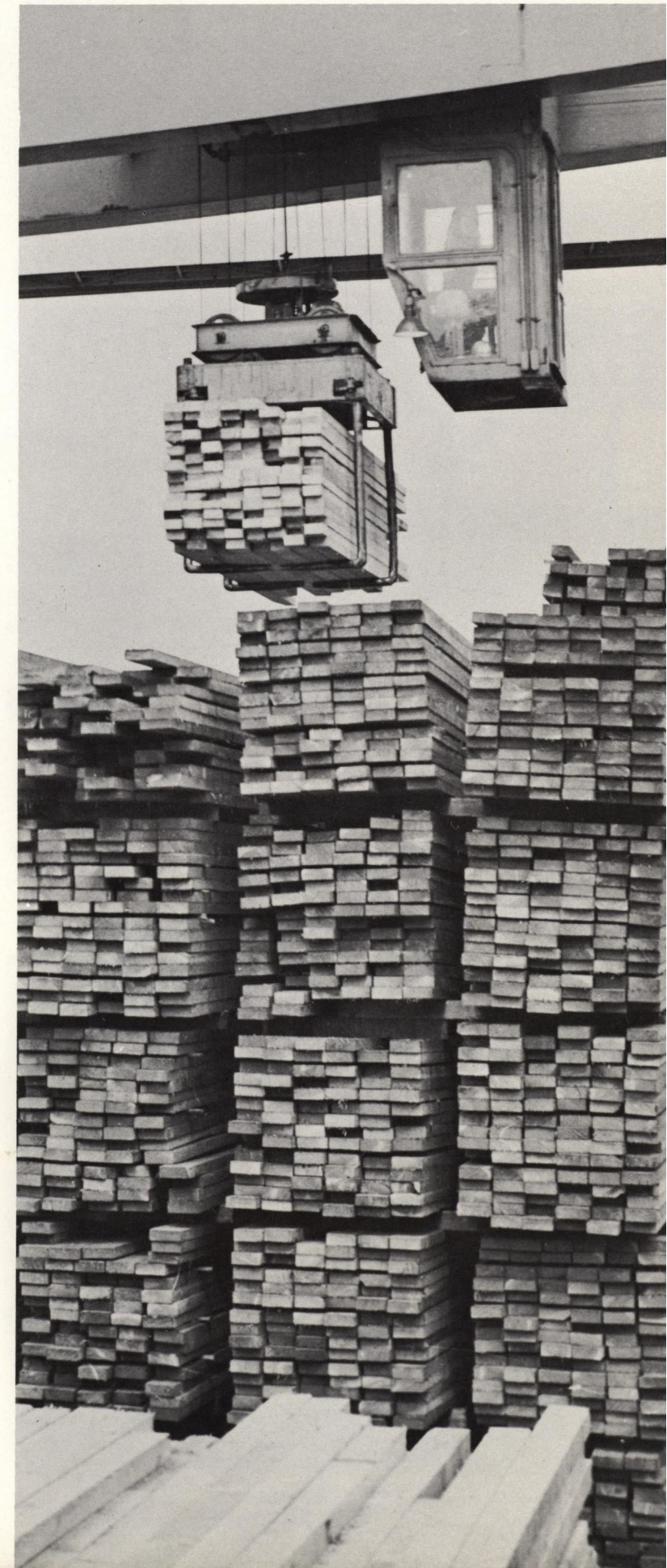
Lumber Prices Compared to All Commodities



Plywood Prices Compared to All Commodities



Weyerhaeuser Lumber Production in millions of board feet

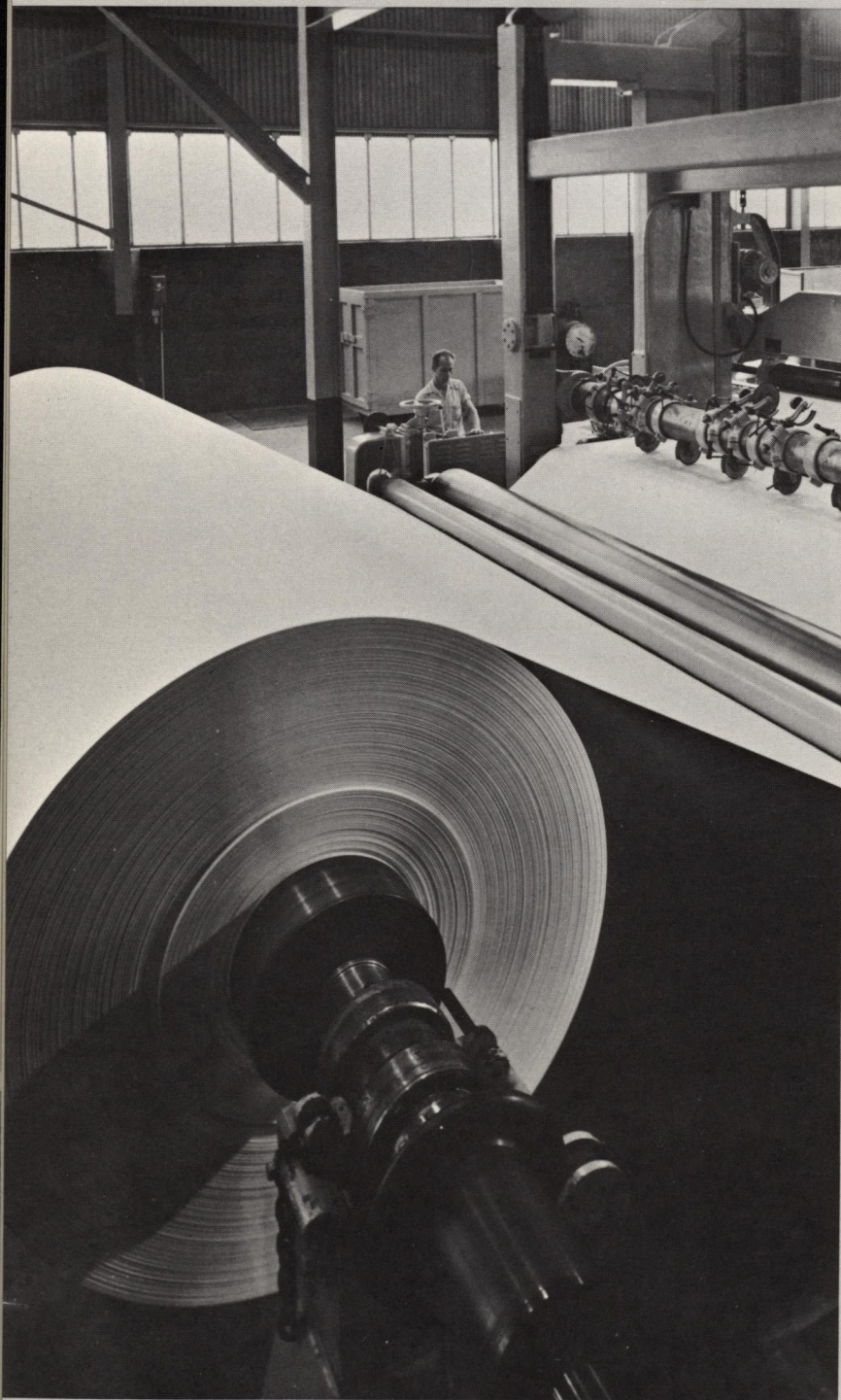






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## Pulp and Paperboard



Sales of pulp and paperboard for 1958 were 8.6% less than in 1957. For the first time in the post-war period sales of these products failed to show an increase over the previous year. The pulp and paperboard mills, which for many years had operated at close to capacity, were forced to curtail operations. This condition was general in the industry as a result of the significant excess of total capacity over demand. Substantial growth in consumption will be necessary before this situation can change materially and, therefore, curtailed production schedules are expected during 1959.

Chemical pulps are produced at Cosmopolis, Everett and Longview, Washington; Springfield, Oregon; and Plymouth, North Carolina, with the Longview and Plymouth mills also producing semi-chemical pulp. These mills produce a varied line of bleached sulphite and kraft market pulps, bleached paperboard and unbleached containerboard. The Delair, New Jersey and White Pigeon, Michigan mills produce jute paperboard and boxboard respectively.

The mills located in the Pacific Northwest are integrated with lumber and plywood operations to permit the most complete and advantageous use of wood from the Company's forests. The Plymouth, North Carolina, mill has operated principally on outside sources of wood. The jute paperboard mill and boxboard mill consume waste paper and board obtained from outside sources as well as from the Company's converting plants.

During the year greater emphasis was placed on research and development to create new grades and further improve the quality of existing production.

Relationship of Weyerhaeuser production to U.S. total for the year 1958.

PULP  
(Chemical and Semi-chemical)



## Containers and Cartons

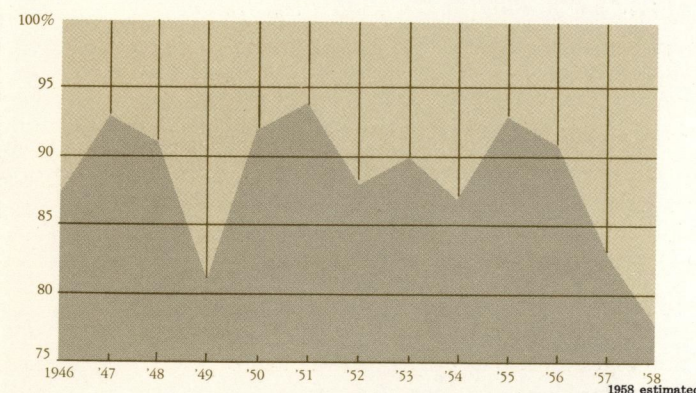


The Company's volume of sales and margin of profit on containers and cartons for the year were below the level of 1957, with sales off 2.9%. During the past two years the entire industry experienced a slowing down in the rate of growth, and increasing competition affected sales and profits. However, the latter

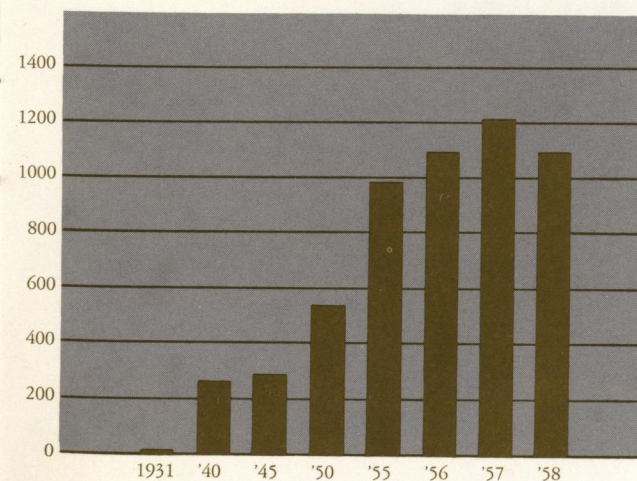
part of 1958 brought a return of more active demand and indications that the long-term trend of growth will be resumed. The Company has prepared to share in this growth by expanding and modernizing its conversion facilities. There recently have been completed a milk carton plant near Pittsburgh, Pennsylvania, and three shipping container plants located in northern New Jersey, central Ohio and Houston, Texas. There is presently under construction a folding carton plant to replace old facilities in St. Louis, Missouri.

The Company operates nineteen shipping container plants in the United States and one in Hawaii, all located close to markets they serve. Eleven milk carton plants meet the growing demands of the dairy industry in important metropolitan areas. Three folding carton plants, two in the Midwest and one in the East, produce a variety of cartons for packaging of consumer articles.

With plants located in or close to the marketing areas, the Company can provide specialized service to customers. Sales representatives, having a knowledge of local conditions and the requirements of the industries served, are in position to provide maximum customer service, develop new business and promote new end uses for the Company's products. Sales headquarters are maintained in Camden, New Jersey, Chicago, Illinois and San Francisco, California.

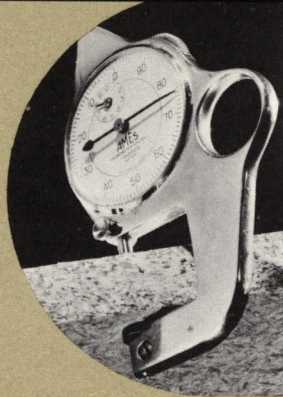


U. S. Wood Pulp Industry Operations as % of Capacity  
U.S. Pulp Producers Association



Weyerhaeuser Pulp Production (Chemical and Semi-chemical)  
in thousands of tons





1 9 5 8

## Silvatek products



A group of products developed by the Company over a period of years to more fully utilize available raw materials have been manufactured with facilities located at sawmills and plywood plants. During the year full responsibility for these products, including manufacturing, merchandising and marketing, was placed with the newly-formed Silvatek Products Division. These products include:

**PLY-VENEER**—a wood veneer faced with kraft paper which has many uses in packaging and in the manufacture of a variety of items such as luggage, toys and furniture.

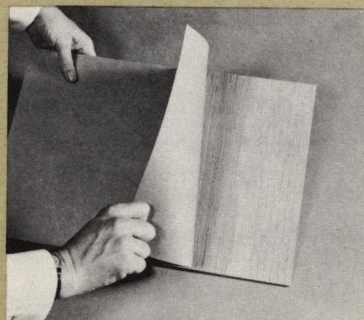
**WEYTEX**—a hardboard made by compressing interwoven whole wood fibers, sold for many building and industrial uses.

**VERSABORD**—a particle board made from whole wood fractions and sold for floor underlayment, counter tops, furniture and other uses.

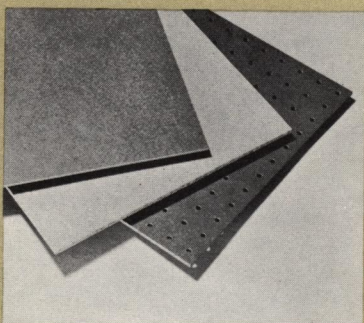
**SILVACON**—cork, fibers and powder made from Douglas fir bark which have found unique uses in industry and agriculture.

**SILVACEL**, **SILVAWOOL** AND **SILVALOY**—treated wood fibers which are employed for various uses including insulation, oil-well drilling compounds and moldable fibers.

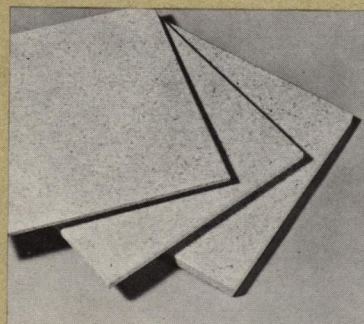
In January 1959 the Company began the manufacture and sale of flakeboard (Versaflake), a panel with characteristics similar to Versabord.



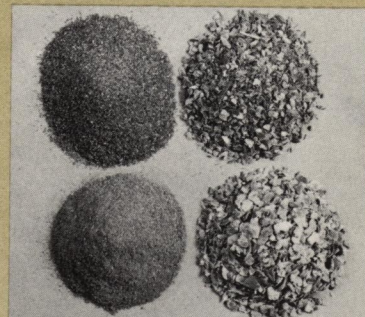
*Ply-Veneer*



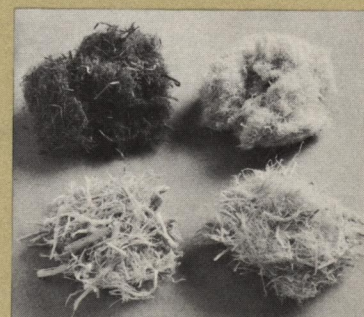
*Weytex*



*Versabord*

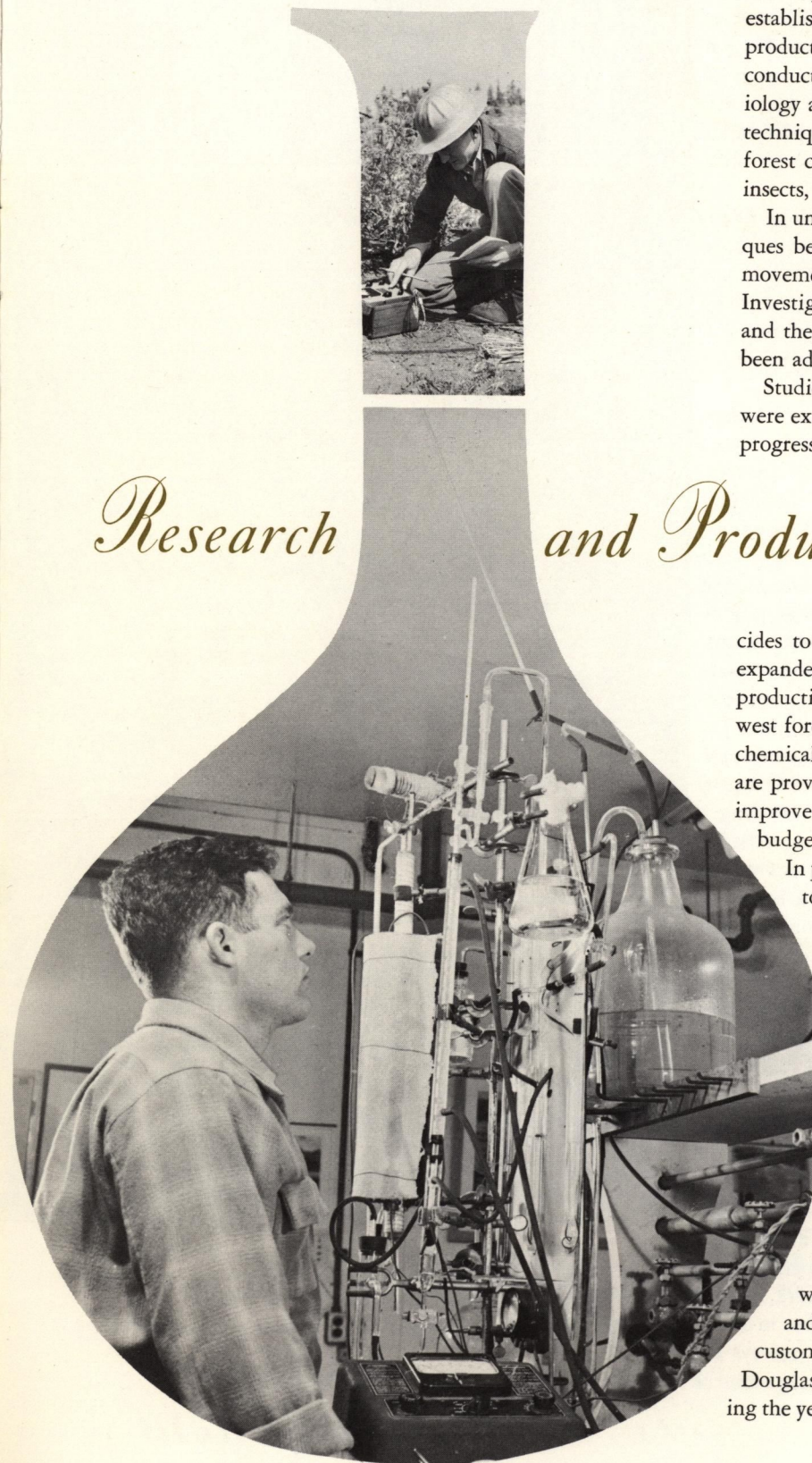


*Silvacon*



*Silvancel*

## Research and Product Development



Forestry research studies are directed toward accelerating the establishment and growth of new forest crops and deriving full productivity from established stands. Forestry research is conducted in three major fields: (1) basic studies in tree physiology and soils; (2) establishment, growth and management techniques for achieving maximum wood production from the forest crop; and (3) protection of the forest resources from insects, diseases, and damage by rodents and other animals.

In unlocking nature's hidden secrets, one of the new techniques being used is that of radioactive tracers to follow the movement of chemical materials in the life processes of trees. Investigations in the control of diseases, insects and rodents and the mapping of root structures in thinning studies have been advanced by this new technique.

Studies of seedling establishment and reforestation methods were extended into the western pine region. In the fir regions, progress was made in the screening and application of insecti-

cides to control cone and seed insects. Fertilizer trials were expanded to learn more about the effects on growth and seed production. A nursery was stocked with representative Northwest forest species to facilitate the evaluation of brush killing chemicals. Studies in growth and yield and thinning techniques are providing data which should increase future harvests and improve the accuracy of long-range predictions of cutting budgets and sustained yield capacity.

In pulp and paperboard, research continued to be directed toward the utilization or treatment of mill effluents in manufacturing processes and toward development of new and improved grades of pulp and board to meet ever-changing demands of the market. Improvements for greater efficiency and quality control in lumber and plywood production were aided by the development and introduction of modern electronic and optical measuring devices. Research is carried on continuously toward development of new products and improvement of existing products. Basic studies in drying, cutting and gluing of wood have continued and show promise for future new commercial applications. Development work in the Silvatek products group was directed toward further improvements in process and quality control and tailoring the products to needs of customers and markets. The long-range program to utilize Douglas fir bark by production of chemicals progressed during the year in both product development and market research.



Company timberlands owned in fee now total approximately 3,400,000 acres. Of this acreage, 2,150,000 acres are in the Douglas fir region of Washington and Oregon and 600,000 acres are in the western pine region of Oregon and northern California. Purchase of additional timberlands in 1958 brought the total of pine lands supporting the pulp mill at Plymouth, North Carolina to about 540,000 acres.

Pine lands which support the Plymouth, North Carolina pulp mill are managed under a plan that will insure a continuing supply of pulpwood. An increasing percentage of this mill's requirements is being cut from Company lands each year. An extensive fire prevention organization is maintained and no serious fires have occurred on Company lands in recent years.

Acquisition of timberlands in Alabama and Mississippi continued throughout the year. Lands purchased now total approximately 100,000 acres with an additional 28,000 acres under long-term lease. An organization with headquarters at Columbus, Mississippi has been developed to manage these lands and to protect them from fire. Land acquisition and the reforestation of acquired lands is proceeding on schedule. Seven million seedlings are being planted during the current season.

Although the 1958 fire season in the Pacific Northwest was one of the most hazardous on record, fire occurrence and timber losses were held to a minimum. The fact that no serious fires occurred under the severe conditions prevailing is a tribute both to efforts of Company woods personnel and to public awareness of fire danger.

The forest seed crop was generally a failure in the Pacific Northwest with the exception of the western pine region in Oregon. At Klamath Falls the pine seed crop was quite favorable for natural reforestation of harvested areas. In the Douglas fir region limited seed supplies available from the poor seed crop curtailed seeding plans. The Company seeded by helicopter 11,500 acres, primarily recent cutovers where brush competition necessitated immediate reforestation. An additional 11,780 acres were reforested by the hand planting of 6½ million seedlings. To facilitate full development of young timber crops, aerial foliage sprays were applied to control brush on 10,300 acres.

Further decline was noted in the balsam woolly aphid (Chermes) infestation of the white fir species in the Mt. St. Helens area. Salvage logging operations are continuing in that area. A severe windstorm in early November caused heavy windthrow of timber in Southwest Washington. With the aid of aerial surveys salvage plans were outlined to forestall a beetle outbreak in the windthrown areas.

## Forest Management

*Weyerhaeuser research forester maps thinning study in young Douglas fir stand on St. Helens Tree Farm in southwestern Washington.*

1958

## WEYERHAEUSER PRODUCTION AND DISTRIBUTION FACILITIES

### Lumber and Plywood

#### Manufacturing

COTTAGE GROVE, OREGON  
Sawmill, dry kiln, planing mill,  
plywood plant

KLAMATH FALLS, OREGON  
Sawmill, dry kiln, planing mill,  
box shook plant

NORTH BEND, OREGON  
Sawmill, dry kiln, planing mill

SPRINGFIELD, OREGON  
Sawmill, dry kiln, planing mill,  
plywood plant

ABERDEEN, WASHINGTON  
Sawmill, planing mill

ENUMCLAW, WASHINGTON  
Sawmill, dry kiln, planing mill

EVERETT, WASHINGTON  
2 sawmills, dry kiln, planing mill

LONGVIEW, WASHINGTON  
3 sawmills, dry kiln, planing mill,  
plywood plant, fabricating plant,  
product development—wood products

RAYMOND, WASHINGTON  
Sawmill, dry kiln, planing mill

SNOQUALMIE FALLS, WASH.  
2 sawmills, dry kiln, planing mill,  
plywood plant (under construction)

#### Manufacturing

WEST MEMPHIS, ARKANSAS  
Flakeboard plant

KLAMATH FALLS, OREGON  
Hardboard plant

NORTH BEND, OREGON  
Particle board plant

SPRINGFIELD, OREGON  
Ply-Veneer plant

#### Sales and Distribution

ST. PAUL, MINNESOTA  
General Sales Headquarters, Central  
Sales Headquarters, Retail  
Yards Headquarters

NEWARK, NEW JERSEY  
Eastern Sales Headquarters

TACOMA, WASHINGTON  
Western Sales Headquarters

#### Wholesale Yards

LOS ANGELES, CALIFORNIA

LOUISVILLE, KENTUCKY

BALTIMORE, MARYLAND

BOSTON, MASSACHUSETTS

ST. PAUL, MINNESOTA

FREEHOLD, NEW JERSEY

NEWARK, NEW JERSEY

MURRYSVILLE, PENNSYLVANIA

PHILADELPHIA, PENNSYLVANIA

PORTSMOUTH, RHODE ISLAND

### Silvatek Products

LONGVIEW, WASHINGTON  
Bark products plant, product  
development—Silvatek products

SNOQUALMIE FALLS, WASH.  
Wood fiber plant

#### Sales Headquarters

TACOMA, WASHINGTON

### Central Research and Development

LONGVIEW, WASHINGTON

Laboratory and pilot plants

### Weyerhaeuser Steamship Company

SAN FRANCISCO, CALIFORNIA

Headquarters

### Pulp, Paperboard and Containers

#### PULP AND PAPERBOARD

##### Manufacturing

WHITE PIGEON, MICHIGAN  
Boxboard mill

DELAIR, NEW JERSEY  
Jute paperboard mill

PLYMOUTH, NORTH CAROLINA  
Kraft pulp and paperboard mill

SPRINGFIELD, OREGON  
Kraft pulp and paperboard mill

COSMOPOLIS, WASHINGTON  
Sulphite pulp mill

EVERETT, WASHINGTON  
Kraft pulp mill, sulphite pulp mill,  
pulp research

LONGVIEW, WASHINGTON  
Kraft pulp and paperboard mill,  
sulphite pulp mill, chemical plant,  
pulp research

##### Sales Headquarters

NEW YORK, NEW YORK

#### MILK CARTONS

##### Manufacturing

WHITTIER, CALIFORNIA  
JACKSONVILLE, FLORIDA  
CARPENTERSVILLE, ILLINOIS  
SEYMOUR, INDIANA  
THREE RIVERS, MICHIGAN  
HASTINGS, NEBRASKA  
CAMDEN, NEW JERSEY

HARMONY, PENNSYLVANIA  
GARLAND, TEXAS  
SALT LAKE CITY, UTAH  
VANCOUVER, WASHINGTON

##### Sales Headquarters

CAMDEN, NEW JERSEY

#### SHIPPING CONTAINERS

##### Manufacturing

ALAMEDA, CALIFORNIA  
COLTON, CALIFORNIA  
TAMPA, FLORIDA  
BELLEVILLE, ILLINOIS  
ROCKFORD, ILLINOIS  
CEDAR RAPIDS, IOWA  
NEW ORLEANS, LOUISIANA

WESTBROOK, MAINE  
BALTIMORE, MARYLAND  
DETROIT, MICHIGAN  
THREE RIVERS, MICHIGAN

AUSTIN, MINNESOTA  
CLOSTER, NEW JERSEY  
DELAIR, NEW JERSEY  
ROCHESTER, NEW YORK

MT. VERNON, OHIO  
HOUSTON, TEXAS  
YAKIMA, WASHINGTON  
MANITOWOC, WISCONSIN  
HONOLULU, T. H.

##### Sales Headquarters

SAN FRANCISCO, CALIFORNIA  
CHICAGO, ILLINOIS  
CAMDEN, NEW JERSEY

##### Warehouses

LOS ANGELES, CALIFORNIA  
SAN JOSE, CALIFORNIA  
MCALLEN, TEXAS

#### FOLDING BOXES

##### Manufacturing and Sales Headquarters

ROCHESTER, NEW YORK  
MIDDLEBURY, INDIANA (50% owned)

ST. LOUIS, MISSOURI



*In carrying out sustained yield forestry programs, aircraft play an important role. Airplanes permit early detection of damage from high winds, insects and disease in order that prompt remedial action can be taken. They also are helpful in laying out long-range forestry and harvesting plans. Helicopters are effective for close-range work such as aerial seeding and brush control spraying. The plane below is flying over the Company's tree farm near Mt. St. Helens. Mt. Adams is in the distance to the left.*

