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**WELDWOOD**  
**OF CANADA LIMITED**  
**1992 ANNUAL REPORT**



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**OUR FORESTS,**  
**OUR FUTURE.**

**Weldwood**



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**Weldwood**

Weldwood of Canada Limited is a major Canadian manufacturer of forest products with logging and manufacturing operations in British Columbia, Alberta and Ontario.

In British Columbia, the Company owns five sawmills and two plywood plants, is part owner and operates the Babine Forest Products Company and Houston Forest Products Company sawmills, and is part owner of the Cariboo Pulp & Paper Company pulp mill. In Alberta, Weldwood owns and operates a pulp mill and a studmill in Hinton and is currently building a new sawmill in Hinton, due for completion in 1993. In Ontario, the Company manufactures hardwood plywood and waferboard in Longlac. In addition, Weldwood owns 50% of Canfor-Weldwood Distribution Ltd., a Canada-wide building materials distribution business.

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The twenty-ninth Annual General Meeting of the Company will be held in the Balmoral Room  
Hyatt Regency Hotel  
655 Burrard Street  
Vancouver, B.C.  
on Thursday, April 29, 1993 at 11:00 a.m.

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**Executive Offices**

1055 West Hastings Street,  
Vancouver, B.C.

**Postal Address**

P.O. Box 2179, Vancouver, B.C.  
V6B 3V8

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**Stock Exchange Listing**

The Company's common shares are listed for trading on the Toronto Stock Exchange under the symbol WLW.

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**Transfer Agent and Registrar**

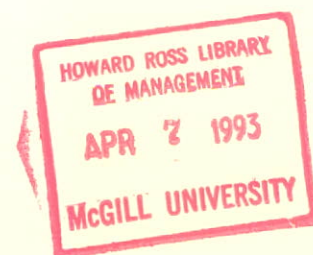
The R-M Trust Company, Vancouver, Calgary, Regina, Winnipeg, Toronto, Montreal.

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Unless the context indicates otherwise, the terms Weldwood, Weldwood of Canada Limited, the Company, we, our and its are used interchangeably in this report and refer to Weldwood of Canada Limited and consolidated subsidiaries.



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## PRODUCTS

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### *Pulp*

#### **Northern Bleached Softwood Kraft Pulp (NBSK)**

Pulp brightened through bleaching and produced by a sulphate cooking process of coniferous wood chips from species characteristic of the forests in Canada, the northern United States and Scandinavian countries, and noted for its strength and length of fibre.

#### **ECF Pulp**

Pulp brightened through bleaching without the use of chlorine gas.

#### **TCF Pulp**

Pulp brightened through bleaching without the use of any chlorine compounds.

#### **AOX**

Abbreviation for Adsorbable Organic Halogens. AOX refers to the chlorinated organic compounds that are measured by the AOX analytical method.

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### *Building Materials*

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#### **Panelboards**

Plywood, waferboard and oriented strandboard (OSB), used for panelling and sheathing.

#### **Plywood**

Veneers of solid wood laminated under heat and pressure.

#### **Waferboard**

Panelboard produced by chemically bonding wafers of wood under heat and pressure.

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### *Lumber*

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#### **Dimension lumber**

Lumber cut to standard sizes and lengths nominally 2 x 4 inches through 2 x 12 inches in cross section by 8 to 24 feet in length.

#### **Stud lumber**

Lumber cut and planed to a standard size and length nominally 2 x 4 inches in cross section by 8 feet in length.

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## MEASUREMENTS

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#### **Board foot or FBM (foot board measure)**

One square foot of lumber one inch thick.

#### **MFBM**

One thousand board feet of lumber.

#### **MSF 3/8"**

One thousand square feet, 3/8" thick, used to measure panelboard volumes.

#### **Hectare**

10,000 square metres or 2.471 acres.

#### **Cubic metre**

35.315 cubic feet

#### **Tonne**

Metric ton – 1,000 kilograms or 2,204 pounds.

#### **Effective year-end capacity**

The number of units which can be produced in a year based on operations over a long-term period and the normal number of shifts and maintenance interruptions.



	1992	1991
<b>Sales and Income</b>		
Net sales .....	\$732,907	\$661,736
Income (loss) before income taxes and minority interest .....	31,905	(52,518)
Income tax (expense) recovery .....	(13,685)	19,497
Net income (loss) .....	17,511	(33,097)
<b>Per Share</b>		
Net earnings (loss) .....	.47	(.89)
Dividends: - Stock .....	.20	.15
- Cash .....	-	.05
Shareholders' equity .....	10.94	10.47
<b>Financial Position</b>		
Working capital .....	\$130,998	\$114,837
Total assets .....	917,363	912,375
Long-term debt .....	233,497	275,879
Shareholders' equity .....	408,832	391,337
<b>Analytical Information</b>		
Ratio of current assets to current liabilities .....	2.0:1	2.1:1
Net debt as percentage of total capitalization <sup>(1)</sup> .....	30.7%	35.4%
Return on average capital employed <sup>(2)</sup> .....	3.3%	(2.3%)
Return on shareholders' equity <sup>(3)</sup> .....	4.5%	(7.8%)
Capital expenditures .....	\$ 26,081	\$ 43,058

## Financial Highlights

(dollars in thousands, except per share)

NOTES: (1) Net debt is defined as all interest-bearing debt less cash and temporary investments. Total capitalization is defined as the sum of net debt, deferred income taxes and shareholders' equity.

(2) Return on average capital employed is defined as net income before interest expense, divided by average total capitalization, excluding major incomplete capital projects.

(3) Return on shareholders' equity is defined as net income divided by Common shareholders' equity at the beginning of the year.

The year past was one of moderate recovery from the conditions experienced in 1991. The manufacturing facilities of the Company performed well and production records were set in several operations.

For the year 1992, the Company had a profit of \$17.5 million on net sales of \$732.9 million. This compared with a loss of \$33.1 million on sales of \$661.7 million in 1991. Obviously the results for 1992 were far from satisfactory; however, our shareholders should feel positive about these results in relation to business conditions and comparative operating results in our industry.

There were some positive developments during the year. As mentioned in last year's report the Canadian dollar began to weaken in relation to the U.S. dollar early in 1992 and this trend continued throughout the period. The dollar averaged US \$0.83 compared to US \$0.87 during 1991. We have in the past identified the fact that each one-cent change in the value of the dollar affects us significantly, by approximately \$7 million per year on a pre-tax basis.

Market conditions in solid wood products, although somewhat erratic during the year, improved dramatically by year end and this trend continues during early 1993 with prices for most products at new highs. It is possible to be quite positive about

the medium-term strength of markets for these products. Certainly an economic recovery in the United States, the Company's major market, appears to be under way. Also, reduced availability of timber throughout North America, due mainly to environmental pressures on forest land availability, has had an added effect in reducing supply and causing price increases.

All of this can leave one bewildered with respect to the trade laws in the United States which were responsible this year for the implementation of a 6.51% duty on lumber entering the U.S. on the basis of alleged subsidies in Canada. The issue is now before international panels of the F.T.A. and hopefully this added burden to American consumers will be eliminated in 1993.

The year was a volatile one for pulp markets. Prices rose considerably until the third quarter, influenced substantially by a strike by the pulp mills in British Columbia. Since that time, markets have deteriorated dramatically with current conditions again bringing prices to historical lows, and the outlook, for the early part of 1993 at least, is rather dismal. We are fortunate, however, to have two of the most competitive softwood pulp mills in Canada with excellent environmental performance.

Weldwood's efforts to deal effectively with environmental issues continued to be a major focus throughout the year. We are proud to be a signatory to



the *Principles of Sustainable Forestry* developed through the Forest Alliance of B.C. and are dedicated to adhering to environmental standards in all our forest and mill operations.

A satisfactory collective agreement was negotiated between the IWA-Canada and the industry in B.C. and remains in effect until June, 1994. Unfortunately, before arriving at a settlement with the two major pulp unions in B.C., the industry suffered a five week strike. Settlements without disruption were reached with both the IWA-Canada and CPU at our Hinton, Alberta operations in the latter half of the year.

Construction of our \$70 million sawmill at Hinton was accelerated during 1992 and will create another very positive element in the Company when it comes on stream in August.

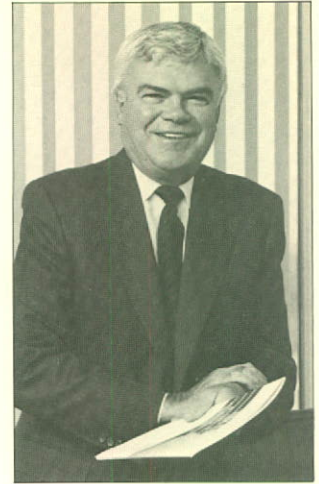
There were some significant organizational changes during the year. Colin Warner, Senior Vice-President, Finance & Distribution, retired in November. His contribution towards creating the Company we have today during thirty years of outstanding service is much appreciated. Ches Goodman, General Manager, Panelboard Marketing, retired at year end. Ches contributed significantly to the results of the Company and is widely recognized

as being an industry leader. Allen Coombes was promoted to Vice-President, Cariboo Operations to recognize the significant role he plays in the management of that group of operations.

At the end of 1992, I retired as CEO of your Company and Graham Bender was appointed President and Chief Executive Officer. I will remain as Chairman of the Board. My thirty years with the Company, more than half of those served as your CEO, have been extremely challenging and satisfying, and I am very grateful for having had that opportunity.

The attitude of our employees and their dedication to excellent performance give me great pride, and it has truly been a privilege to be part of that. I am pleased that I will have the opportunity to be associated with Weldwood in the future, and I am particularly pleased that Graham Bender is taking over as Chief Executive Officer.

Financially the Company is in excellent condition and in position to benefit from improved market conditions as they develop. The current strength of solid wood markets should result in considerably improved earnings in 1993.



*On behalf of the Directors,*

A handwritten signature in cursive script that reads "Buell". The signature is written in dark ink on a light background.

THOMAS A. BUELL  
*Chairman of the Board*

March 19, 1993

## Management's Discussion and Analysis

### FIBRE SUPPLY AND FOREST STEWARDSHIP

#### Fibre Supply

Weldwood is in a good fibre supply position, with about 80% of its log requirements coming from long-term Crown tenures.

In 1992 the Company, including its share of joint ventures, harvested 5.4 million cubic metres of timber from 16,700 hectares of land in British Columbia, Alberta and Ontario under long-term tenures. In addition, 1.2 million cubic metres of wood were purchased on the open market. In British Columbia, the price of purchased wood is rising dramatically mainly because of over-capacity in the industry relative to fibre supply. This supply of fibre has been curtailed by the provincial government's reductions in the Annual Allowable Cut (AAC) to accommodate environmental concerns and other land-use conflicts.

A continuing log supply imbalance in the B.C. Interior will require us, in the long run, to become less dependent upon purchased wood by capacity rationalization and modification of facilities to improve their product recovery capability.

Our Williams Lake and 100 Mile House operations in B.C. together consume approximately 1,400 cubic metres of timber annually but only have 1,000 cubic metres under long-term tenure. The 100 Mile House mill is short of sawmill fibre and the Williams Lake plywood plant and sawmill are short of fibre in total and of logs suitable for veneer production. The Williams Lake sawmill will be phased out during 1993 and 1994 and we have plans

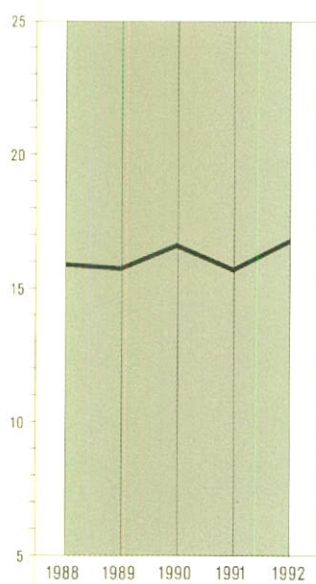
to modernize the 100 Mile House sawmill and the Williams Lake plywood facility. The log supply in the Southern Cariboo will be optimized to provide both facilities with suitable raw material.

The Babine Forest Products Company sawmill consumes 800 cubic metres annually but has 522 cubic metres available under long-term agreements. Lack of log supply on the open market precludes us from operating the mill at full capacity. We plan to convert the mill from a three-line to a two-line facility. This will reduce the purchased wood dependency substantially and, with installation of new technology, the present lumber output and favourable cost structure can be retained.

A major concern for the B.C. Coastal operators continues to be the reduction in Annual Allowable Cut from Crown tenures. In 1992 and early 1993, two Coastal Timber Supply Areas (TSA) in which we operate had their allowable cut reduced. The B.C. Ministry of Forests' reviews for other Coastal TSA's will be completed in 1993 and it is possible that this will result in some reduction in these areas as well.

In Alberta, our Hinton pulp and lumber operations are fully self-sufficient in timber supply under a Forest Management Agreement (FMA) with the provincial government. During the year, in addition to normal harvesting, the Company successfully launched a remote chipping operation. This chipping method allows better utilization of small diameter trees, thus increasing the fibre supply from the

Areas Logged  
in thousands of hectares





same land base. In addition, it results in a reduction of wood waste at the pulp mill site.

### Forest Stewardship

We are continuing to develop a proactive role in our stewardship of the forest resource. To this end, the Company's proposed Forest Stewardship Policy will reflect Weldwood's signatory commitment to the Principles of Sustainable Forestry of the B.C. Forest Alliance, the Guiding Principles of the Canadian Pulp and Paper Association, the Alberta Forest Care program, the Ontario Guidelines and the respective legislative requirements of each province.

As part of an ongoing reforestation program, Weldwood, and its share of joint venture operations, planted 16.7 million trees on 13,000 hectares and treated 11,400 hectares for natural seeding and future planting. Our tree planting and natural regeneration program over the last 5 years places us in a position where all our regeneration requirements have been met. The forest industry in all provinces is required to not only regenerate the harvested sites but also to ensure that the new crop is 'free to grow', usually defined either by tree height or by reduction of competitive vegetation.

Weldwood, together with three other partners, operates seed orchards in Vernon, B.C. for the purpose of developing and producing genetically superior seed. Within three years the first orchard should produce spruce seed that will generate seedlings with superior wood quality and growth characteristics.

The Hinton FMA is a major component of a Model Forest designated under the Federal Government Green Plan. Weldwood, in partnership with the Alberta Department of Environmental Protection, Forests, Parks and Wildlife, the Alberta Forest Technology School and others, will manage the Foothills Forest as a model of sustainable development. The Model Forest program will greatly enhance Weldwood's ability to further improve forest stewardship and management techniques on the FMA and other Weldwood tenures.

During the year there was a considerable increase in aboriginal involvement in the Interior of B.C., in terms of both policy setting and the management of natural resources. The province announced new policies on co-management, aboriginal participation in the industry and the formation of a treaty negotiation process. Together with several native groups, we developed three ventures in logging, silviculture and lumber re-manufacturing in the Cariboo Region. In addition, the Burns Lake Native Development Corporation, together with the Company (through Babine Forest Products Company), constructed a lumber remanufacturing plant in Burns Lake, B.C.

### PULP

The 1992 year began well with prices for northern bleached softwood kraft pulp (NBSK) increasing from US \$500 to US \$600 by July. The B.C. pulp industry strike closed mills for five weeks during June and July. The resumption of operations coupled with weak paper markets

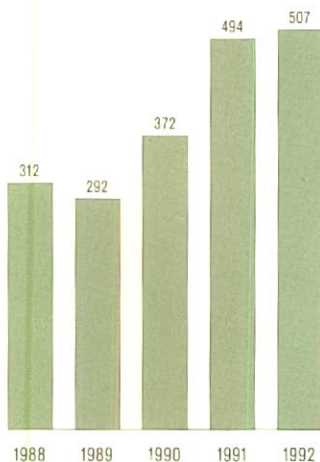
**Trees Planted**  
in millions





## Pulp Production

in thousands of air dry tonnes



resulted in rising inventories and deteriorating prices during the second half of the year. By the end of 1992, prices had dropped to opening year levels in most markets worldwide and have since fallen back to US \$480 in the United States and to levels of US \$430 and below in Europe and the Far East.

The inventory levels for North American and Scandinavian (NORSCAN) producers are now over 2 million tonnes, up from 1.2 million in April of 1992. Much of this is a result of increased capacity in other supply areas, notably the southern U.S. and Latin America.

The pulp market will be difficult in 1993, particularly in the early part of the year. However, low prices and high inventories will force production curtailments in the industry which, coupled with increased paper demand in an improving North American economy, should translate into pulp market improvements later in the year. Any improvement will be moderated by about one million tonnes of additional capacity (about 3%) coming onto the market in 1993, primarily from North America.

There continues to be increasing demand in Europe for pulp manufactured without the use of chlorine gas (ECF) or, in some markets, without the use of any chlorine compounds (TCF). ECF pulp is now the standard grade in Germany and Austria and is becoming so in France and Italy. Although a market for TCF pulp has developed in Germany, Austria and Switzerland, supply of a TCF product with strength and brightness specifications comparable

to softwood ECF pulp is not yet available. Some Scandinavian mills are planning to introduce this product at premium prices but the technology is not yet proven. Weldwood is monitoring this situation closely to be in a position to offer TCF pulp when a proven, economic technology is available for its manufacture.

North America continues to be Weldwood's largest pulp market with 56% of sales, followed by Europe at 29% and Asia at 15%.

## Hinton Division

The Hinton, Alberta pulp mill operated near its 385,000 tonne capacity; total volume was up 24,000 tonnes over last year to 371,000 tonnes.

Costs continue to be reduced as the operation matures and it is among the lowest cost NBSK mills in the world. In 1993 we expect it to operate at full capacity and to further enhance its relative cost performance. The mill has the capacity to produce 100% ECF pulp.

Air and water licences for the mill were renewed in February 1993. The requirements under these new five-year emission licences are among the most stringent in the world. The mill has demonstrated its ability to comply with the new limits.

In conjunction with the construction of the new Hi-Atha sawmill (described in more detail later), we have developed a plan for the minimization and the most efficient use and disposal of wood waste. These projects include an energy system in the sawmill to provide heat for lumber drying and for the building,



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as well as a capacity upgrade of the pulp mill power boiler to increase energy self-sufficiency and provide surplus electrical power to the provincial grid. A new landfill site, approved by provincial authorities in 1992, has been completed.

### **Cariboo Pulp & Paper Company**

Our 50%-owned joint venture with Daishowa-Marubeni International Ltd. in Quesnel, British Columbia is a NBSK pulp mill which operated at full capacity except for the 35 day B.C. industry-wide strike.

Weldwood's share of production was 136,000 tonnes, compared to a capacity of 155,000 tonnes. As is the case with our Hinton mill, Cariboo is a low-cost competitor on a world-wide basis.

A major accomplishment at Cariboo, which culminated in January, 1993, was the certification of the mill under the International Standards Organization (I.S.O.) 9001 standard. This covers essentially all aspects of production, service and delivery, and will permit our customers to have a very high level of confidence that our product meets all the criteria required by them. At the time of certification Cariboo was one of only two pulp mills in North America to be awarded this highest I.S.O. rating.

In August, the mill commissioned additional chlorine dioxide generating capacity at a cost (Weldwood's share) of \$1.6 million. This, along with the oxygen pre-bleaching process installed in 1991, will permit the production of ECF pulp meeting the standards of our most

demanding customers. Cariboo is now capable of 100% ECF production. As expected, our additional work on bleaching has further reduced AOX (chlorinated organics) levels to below the 1.5 kg per tonne required by regulation for 1995. The Province of British Columbia regulation which requires zero AOX level in mill effluent of all pulp mills by the year 2002 remains a major concern to pulp mill operators in the province. The industry continues to seek an acceptable resolution of this issue.

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## **LUMBER**

### **Spruce-Pine-Fir (SPF)**

Although SPF markets in North America were very volatile in 1992, net mill prices averaged 20% more than the depressed levels of 1991 and ended the year setting new records. These prices have already been surpassed in early 1993.

There were a number of significant issues during 1992 that had an impact on our business. Two occurrences of rapid price appreciation (in the first and fourth quarters) were fuelled by low dealer inventories. The portion of our inventory held in reload centres close to market performed well for us in these situations. The effect of Hurricane Andrew combined with the low field inventories and some general increases in consumption started the end-of-year recovery. Indications are that consumption in the U.S. for 1992 increased by 2.5 billion FBM, or 5%, and, although there was some additional production in North America, the supply of logs is not

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keeping pace with the growing lumber demand. Optimism following the U.S. election has further increased demand and the strong house construction component of that demand is evidenced by the higher prices that studs and wide widths are attracting. Finally, the sharply weaker Canadian dollar in the last quarter improved the returns of all Canadian producers selling into the U.S. market.

The period prior to the preliminary countervail duty of 14.48% imposed on March 12, and the subsequent reduction to 6.51% on May 28, caused considerable uncertainty in the market. In fact, that uncertainty continues today to some degree. The reviews and appeals that will take place in 1993 may eliminate or change the rate of duty retroactive to July, 1992. The justification for the countervail duty becomes less understandable as the shortage of lumber becomes more evident.

Japan was the largest offshore market for SPF and we expect to increase our offshore presence with products from our new Hi-Atha mill now under construction in Hinton, Alberta. Our SPF mills, particularly our joint venture locations in B.C. (Babine Forest Products Company in Burns Lake and Houston Forest Products Company in Houston) have had record performances. These two mills are among the best dimension sawmills in the province and have proven to be excellent investments for the joint venturers. Together with our partners in these locations, we have joined together with the Burns Lake Native Development Corporation in the acquisition of

more timber and in the formation of Burnslake Specialty Wood Ltd. to produce remanufactured lumber.

Production at our mills that produce primarily SPF lumber, including our share of joint ventures, was 712 million FBM compared to 677 million in 1991. Overall the SPF mills ran close to capacity.

Our new Hi-Atha sawmill which is being built adjacent to our pulp operations in Hinton will produce high-quality lumber products for both the North American and offshore markets. The plant is designed to produce 215 million FBM annually in random length and width North American products and metric sizes for offshore markets and will be a major source of chips for the pulp mill. The principal operating objectives will be product quality, value recovery and customer satisfaction.

The Hi-Atha operation will provide in excess of 190 full-time positions on a shift configuration of two ten-hour shifts six days per week. The complex contains a tree-length log merchandiser, a two-line sawmill, a planer with remanufacturing capability, four dry kilns and a thermal oil plant which will burn waste wood (bark, sawdust and shavings) to provide heat for the buildings and the lumber drying kilns. Construction is currently on schedule and under budget with an expected start-up in August, 1993.

### **Specialty Lumber**

The Western Red Cedar markets began to improve in late 1991 and carried through all of 1992. The



industry produced less cedar during the year and this, coupled with an increase in demand, resulted in record mill returns 25% higher than in 1991. There is much comment about substitute products for Western Red Cedar but it is our opinion that, with the shortage of cedar logs on the B.C. coast, prices will continue to move higher.

Our newly modified Squamish, B.C. Douglas-fir and Hemlock mill (completed January, 1992) is now concentrating on producing for customers in Japan and other offshore markets. The poor economic situation in Europe in 1992 did not permit significant advances in those markets but we improved volumes and gained experience in the stronger Japanese market. Since terminating our association with Seaboard Lumber Sales, our goal has been to work closer with our customers. These efforts have been well received and are having a positive impact on our results.

The matter of the proposed ban on the entry of the pinewood nematode into Europe remains unresolved. Our industry association and government are still working on the issue. Western Red Cedar appears to be exempt and a negative ruling would not have a significant impact on Weldwood.

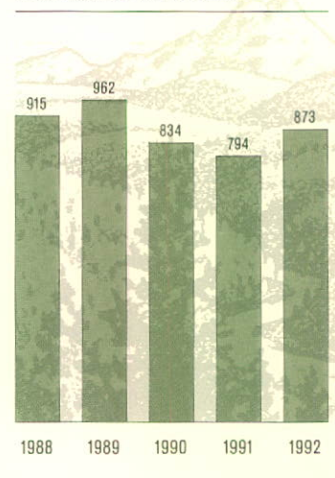
During the year we completed a study on engineered lumber products that was initiated in 1991. The results indicate an increasing market for Machine Stress Rated (MSR) lumber in North America. Accordingly, we have expanded our marketing team at our 100 Mile House sawmill and our sales

and marketing department in Vancouver. Over the next two years we expect to double our MSR lumber volume.

Burnslake Specialty Wood Ltd. is an added value facility owned 45% by Burns Lake Native Development Corporation and 45% by the existing joint venture Babine Forest Products Company. The facility commenced operations in December, 1992 and is producing upgraded and specialized products from lumber purchased from neighbouring Babine, Houston, and other mills. Weldwood is managing the mill and selling the production, which will go largely to Japan. The current rapid price escalation in the North American SPF market, which determines the plant's raw material cost, is creating a challenge in marketing the mill's output to users unaccustomed to rapidly changing prices. With the reorganization of Seaboard Lumber Sales Company Limited, Weldwood began selling lumber directly to overseas customers in 1992. While sales to Japan, Australia and New Zealand are made from our Vancouver office, the firm of Enso-Gutzeit Oy (Enso) acts as sales agent and provides continuity and continuing support for lumber sales to continental Europe and the United Kingdom. Our arrangement with Enso developed from our long-standing association with them as co-venturers in the Babine and Houston sawmills. Their knowledge of our products and their existing involvement in European markets have enabled us to move quickly in replacing the Seaboard expertise. This has enhanced communications

### Lumber Production

in millions of board feet  
includes Weldwood's share of affiliates





with customers and has improved overall customer service.

### PANELBOARDS

The performance of the Canadian panelboard industry improved during 1992. Softwood plywood prices increased in the first and fourth quarters when the supply-demand balance was affected by strong export markets in Japan and Germany. During 1992 we increased our penetration into offshore markets and export shipments of softwood plywood increased to 32% compared to 19% in the prior two years. The upward price trend in Southern Yellow Pine plywood in the U.S. domestic market reduced the competition from U.S. plywood in Europe. In Canada, sales to independent distributors increased, although CanWel, our jointly-owned wholesale building materials distributor, remains our largest single customer. Both of our softwood plywood plants, at Quesnel and Williams Lake, B.C. operated at normal production rates and total production increased by 7% to 350 million square feet, up from slightly curtailed levels in 1991.

Our Longlac, Ontario operation, which produces hardwood plywood and waferboard, enjoyed positive market conditions for both products throughout the year. Hardwood plywood prices rose during the year, even as competition from U.S. mills increased and the improved revenues helped offset rising veneer costs. Waferboard prices escalated during the year, with mill returns increasing on average by 34% due principally to an absence of new production

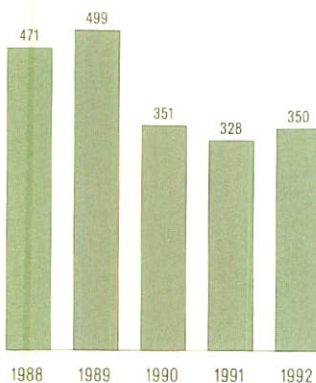
capacity, increasing product acceptance and rising plywood sheathing prices.

At the end of the year, after protracted negotiations, the Canadian government agreed that, although complete harmonization of plywood standards was not achieved, tariffs levied by each country would be reduced. In January 1993, duties on U.S. plywood entering Canada were reduced from 15% to 7.5% and duties on Canadian plywood shipped to the U.S. were reduced from 20% to 10%. In addition, revisions to the Canadian Building Code will now permit a plywood panel of lower standard to be used in construction. The effect of the changes to tariffs and the building code will likely lead to a substantial increase in flow of product across the Canada-U.S. border and the full implications of this on the Canadian panelboard market are difficult to predict.

The member companies of Seaboard Lumber Sales Company Limited have decided to restructure their marketing arrangements. As of January 1993, Weldwood began distributing panelboard products in Europe under an arrangement with Enso-Gutzeit Oy (Enso), a Finnish forest products firm which has handled our lumber sales in Europe since mid-1992. In addition, a Weldwood liaison office has been established in Japan to ensure continuity in that panelboard market and also to provide lumber marketing assistance in the future.

The present outlook for panelboard demand in 1993 is optimistic. We have extended order files at record

**Softwood Plywood Production**  
in millions of square feet 3/8"





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high prices. Weldwood is regarded as a reliable supplier of quality panels and has developed a strong customer base well-suited to its products.

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## **BUILDING MATERIALS DISTRIBUTION**

Weldwood and Canfor Corporation are each 50% owners of Canfor-Weldwood Distribution Ltd. (CanWel) which engages in the building materials distribution business at 22 locations across Canada.

The anticipated recovery in Canada's building materials demand did not occur in 1992. The continuing recession resulted in an intensely competitive market which limited sales growth and restricted margins.

Although new residential construction in Canada improved, the gain was only 5% and housing starts remained lower than any other year since 1985. The market recovery was further dampened by stagnant home renovation spending.

Despite good cost control, CanWel's results in 1992 reflected these market conditions. Sales increased by 4% over 1991, but gross profit was down slightly as a result of competitive pressure on margins.

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## **HUMAN RESOURCES**

The focus of the Human Resource activity continues to be to support the Company's Mission Statement. The change process continues at an accelerating rate as we strive to be the preferred people to work with in the Canadian forest products industry. Presently, our emphasis is on the elements that lead to strong customer

relationships and quality products and service.

We believe that within our corporate style we now have a firmly rooted commitment to the participative approach to management. We are using this strength to deal with customer and quality issues, resource and environmental concerns, and to improve communications and target training needs.

We are currently in the process of implementing a new employee survey. The preparation was undertaken by employee focus groups and committees which will also review the results of the survey. The survey will help us to identify high priority issues and plan new ways to maintain a healthy and stable Company.

Training fills an increasingly important role in our pursuit of excellence. We continue to do specific career and skills development work as well as design training programs to support our changing management style. Employee development continues to be a major human resource strategy in dealing with the challenge of change.

The process of attracting and retaining new employees who are enthusiastic about our participative work environment is a key step toward continuing success. We have begun to use new techniques to assist in this process. For instance, new employees hired for our Hi-Atha operation are undergoing a much more in-depth selection and training process than in the past. This experience will be adapted to employee hiring throughout the Company.

Safety performance enhancement activities have resulted in a significant improvement in accident frequency and severity rates. An increased emphasis on becoming the industry leader will be the focus for continued improvement.

The collective agreement with IWA-Canada in Longlac will expire in May of 1993. In other operations, labour contracts signed in 1992 with the IWA-Canada and the Canadian Paperworkers Union

(CPU) will expire in 1994. The CPU at Cariboo Pulp was on strike for five weeks commencing June 15, 1992. This union has recently merged with Communications and Electrical Workers of Canada (CWC) and the Energy and Chemical Workers Union (ECWU). The new Communications, Energy and Paperworkers Union of Canada (CEP) has 140,000 members, and will have its national headquarters in Ottawa.

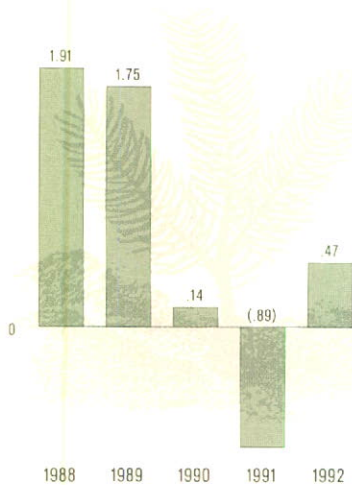
## FINANCIAL REVIEW

### Comparison of 1992 and 1991 Earnings and Revenues

During 1992 Weldwood earned a net income of \$17.5 million compared to a net loss of \$33.1 million

in 1991 as profitability improved in all segments of the business. Total net sales increased by 11% to \$732.9 million and the breakdown of the major changes due to volume and price is as follows:

**Earnings (Loss) Per Share\***  
in dollars



\*Before extraordinary item

### Change in Net Sales – 1992 vs. 1991

(in millions)

Pulp.....	\$ 1.7	\$ (4.1)	\$ 5.8
Lumber.....	66.5	20.4	46.1
Panelboard.....	25.8	11.6	14.2
	94.0	\$27.9	\$66.1
Other (including discontinued operation).....	(22.8)		
	\$71.2		

\*Net sales return including changes in exchange rates.

Total revenues from our pulp business were almost unchanged as increased net returns and higher sales volume at our Hinton operation offset the strike-induced reduction of shipments from Cariboo Pulp. For 1992, the average net sales

return per tonne (in US funds) was slightly lower than in 1991, but the weaker Canadian dollar resulted in a small net sales return improvement. The profitability of our pulp operations improved significantly, with lower per tonne costs of production



at both pulp mills. At Hinton, costs were reduced as mill production increased by 7% to 371,000 tonnes and both mills benefitted from lower raw material costs in 1992.

In the solid wood operations, selling prices for all lumber and panelboard products increased significantly and most operations returned to normal production levels. Total lumber revenues increased by 30% as lumber production rose by 10% to 873 million FBM. Total panelboard

production was up by 4% to 546 million sq. ft. (3/8") and revenues increased by 18%. The increased sales returns did not all flow to earnings as the cost of purchased logs and stumpage also increased.

The "Other" line in the preceding table includes the reduction in volume of log and lumber trades, which has a negligible earnings impact.

Details of net sales by product and market are provided in the following tables:

### Net Sales by Product

<i>(in millions)</i>	1992	1991	1990	1989	1988
<b>Products produced by Weldwood:</b>					
Pulp .....	\$249.2	\$247.5	\$271.5	\$243.1	\$235.8
Softwood lumber .....	273.2	206.7	218.9	255.7	247.0
Softwood plywood .....	84.8	71.4	74.9	124.4	129.4
Hardwood plywood .....	35.7	32.1	29.7	29.7	37.5
Waferboard and OSB .....	21.2	16.5	31.2	43.2	44.1
Logs .....	47.5	62.8	40.2	45.7	45.3
Other Products .....	2.8	2.3	1.6	1.1	1.0
	<u>714.4</u>	<u>639.3</u>	<u>668.0</u>	<u>742.9</u>	<u>740.1</u>
<b>Products purchased and resold</b>	<u>18.5</u>	<u>22.4</u>	<u>15.6</u>	<u>24.7</u>	<u>154.5</u>
	<u>\$732.9</u>	<u>\$661.7</u>	<u>\$683.6</u>	<u>\$767.6</u>	<u>\$894.6</u>

### Net Sales by Market

<i>(in millions)</i>	1992			
	Total	Canada	U.S.	Other
Pulp .....	\$249.2	\$ 4.0	\$133.8	\$111.4
Softwood lumber .....	279.9	61.6	174.7	43.6
Softwood plywood .....	84.8	57.7	—	27.1
Hardwood plywood .....	35.7	12.2	23.5	—
Waferboard .....	21.2	15.2	6.0	—
Logs .....	59.3	59.3	—	—
Other products .....	2.8	2.6	0.2	—
	<u>\$732.9</u>	<u>\$212.6</u>	<u>\$338.2</u>	<u>\$182.1</u>
%1992 .....	100.0	29.0	46.1	24.9
%1991 .....	100.0	32.3	47.6	20.1

### Net Sales by Market

*in millions of dollars*



During 1992, all of the Company's debt carried interest at short-term floating interest rates and the general decline in those rates resulted in lower interest expense in 1992. This, combined with the effect of lower borrowing levels, reduced interest cost by \$8.9 million compared to 1991. The effective interest rate on long-term debt averaged 6.3% in 1992 compared to 9.2% in the prior year.

The 1992 effective income tax rate was 42.9%, which exceeds the normal federal and provincial tax rate of 39.7% mainly because of the Large Corporations Capital Tax which is included in the tax expense. This tax is based on capital invested and is payable regardless of whether income is earned or loss incurred.

In 1991, income taxes were recovered (as opposed to the current year's expense) at the rate of 37.1%. The difference between the 1991 and 1992 rates is caused primarily by the effect of the Large Corporations Capital Tax as it reduced the tax recovery in 1991 and increased the tax expense in 1992.

#### Effect of Foreign Exchange

All sales to customers in the United States, most overseas and some Canadian sales are denominated in U.S. dollars. Since these account for over 70% of net sales, the relationship between the Canadian dollar and its U.S. counterpart has a significant effect on earnings. Each one cent U.S. reduction in the value of the Canadian dollar increases pre-tax earnings by about \$7 million. During 1992 the Canadian dollar

weakened significantly against the U.S. dollar, especially in the latter part of the year, and this had a positive effect on earnings. We estimate that, based on the average exchange rate experienced in 1992 compared to that in 1991, the Company's pre-tax earnings were improved by approximately \$30 million.

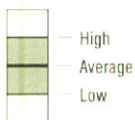
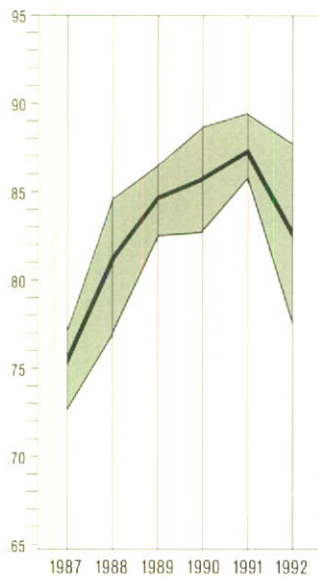
During the year the Company converted its receipts of U.S. dollars into Canadian currency as they were received and maintained U.S. borrowings of US \$50 million which were approximately equal to accounts receivable in U.S. funds.

#### Financial Position

At the end of 1992 trade accounts receivable were up 21% over 1991 due to the strong sales volume in solid wood markets and higher but falling pulp prices during November and December compared with those of a year ago.

Investment in inventory increased by 24%, or \$30 million, over last year due to three factors: increased pulp inventories in part due to changes in customers' delivery requirements, return to normal inventory level at our Squamish mill (which was temporarily shut down at the end of 1991) and some increase in log inventories in anticipation of a strong year for solid wood and continuing log shortages. Investment in property and equipment was down from last year because the limited capital expenditure program did not offset routine depreciation and amortization and due to the sale of the Slave Lake mill. This OSB mill, shut down

**Canadian Dollar Value**  
in U.S. Dollars





since April of 1991, was sold for book value. The reduction in deferred charges was the result of the continuing amortization of Hinton preproduction and start-up costs. We are now half way through the five-year amortization period of these costs.

Accounts payable and accruals were up due primarily to the current higher level of activity and also because of construction activity at the Hi-Atha sawmill project in Hinton.

The increase in share capital was due to dividends that were distributed in the form of stock in 1992; retained earnings reflect the annual profit less the stock dividends.

### Liquidity & Capital Structure

The turnaround to a modest profit and positive cash flow reduced our debt to capitalization ratio from 35% at the end of 1991 to 31% in 1992. Since operating cash flow exceeded our investment requirements, the improved cash position allowed early payment of the required long-term debt instalment

for 1992 and allowed a further \$20 million advance payment on 1993 instalments which may be borrowed back if required. We expect that internally generated funds in 1993 will be fully utilized on the capital expenditure for our new Hi-Atha sawmill and we anticipate that the balance of the 1993 debt instalment (\$20 million) will be paid for by new long-term debt, and consequently no part of long-term debt is shown as a current liability.

During the year the Company negotiated two long-term bank loan agreements, totalling \$190 million, which provide for revolving periods followed by 5 year repayment schedules. These bank loans are unsecured and were unused and fully available at the end of the year. In addition, unused short-term bank credit lines of \$63 million were available at year end.

At the end of the year the Company fixed the interest rate on part of the outstanding long-term debt. By entering into swap agreements, the interest rate on US \$50 million was fixed for periods of up to three years at rates not exceeding 5.8%.

### Capital Structure

<i>At December 31 (in millions)</i>	1992	1991	1990
Net current borrowings.....	\$ 12	\$ 14	\$ 13
Long-term debt.....	233	276	276
Deferred income taxes.....	144	136	149
Shareholders' equity.....	409	391	427
	<u>\$ 798</u>	<u>\$ 817</u>	<u>\$ 865</u>
Debt/Total Capitalization.....	31%	35%	33%
Debt/Shareholders' Equity.....	60%	74%	68%
Current Ratio.....	2.0:1	2.1:1	2.4:1

## Earnings Sensitivity

The following table shows how changes in the average selling price

of main product categories, based on current production rates, affect the Company's pre-tax earnings:

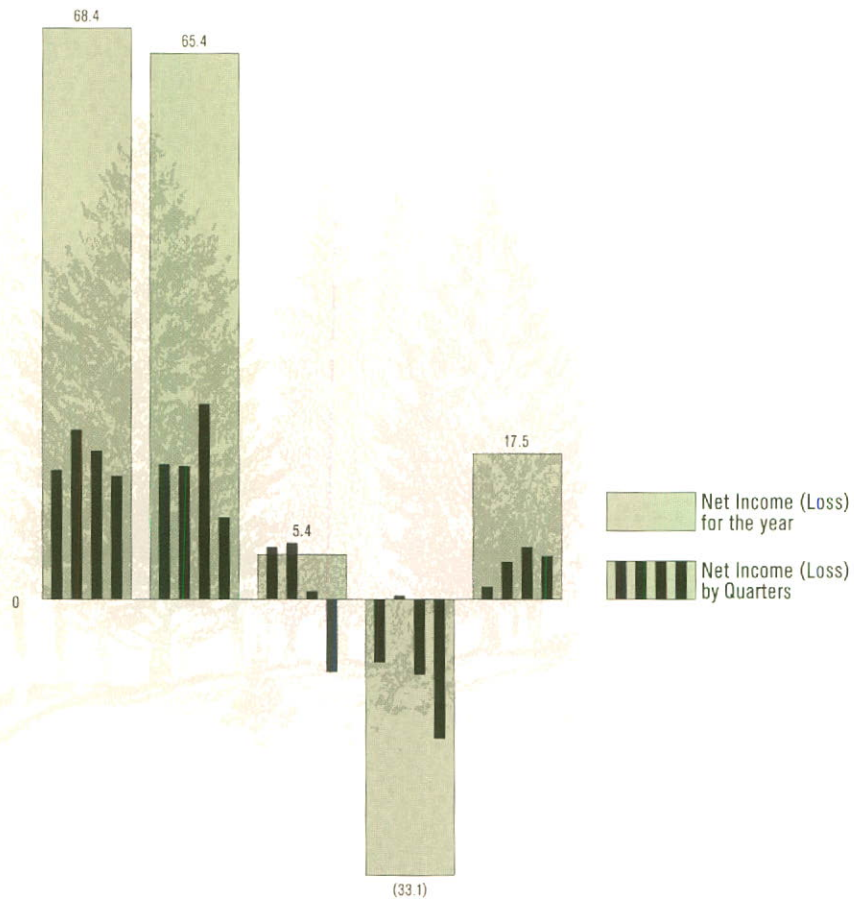
### Earnings Sensitivity

(in millions)

		Approximate Effect on Annual Pre-Tax Earnings
NBSK Pulp -	\$10 change per tonne .....	\$ 5
Lumber -	\$10 change per Mfbm .....	\$ 9
Panelboards -	\$10 change per MSF <sup>3/8"</sup> .....	\$ 5
Canadian dollar -	change in value \$0.01 US .....	\$ 7

### Net Income (Loss)\* by Quarters

in millions of dollars



1988	1989	1990	1991	1992	
15.5	16.2	6.3	(7.5)	1.5	1st quarter
20.3	16.0	6.8	.1	4.5	2nd quarter
17.8	23.4	1.0	(9.0)	6.3	3rd quarter
14.8	9.8	(8.7)	(16.7)	5.2	4th quarter
68.4	65.4	5.4	(33.1)	17.5	Year

\*Before Extraordinary Item



## Comparison of 1991 and 1990 Earnings and Revenues

In 1991 a net loss of \$33.1 million was a significant drop from the net income of \$5.4 million in 1990. The reduced earnings were due mainly to a lower pulp selling price, offset in part by the increased volume of product shipped from the expanded Hinton pulp mill. Greater pulp production resulted in higher total cost of sales but significantly lower per tonne cost.

Net sales in 1991 declined by almost \$22 million, or 3%, to \$661.7 million. Pulp mill returns in 1991 fell 35% on average from 1990 while

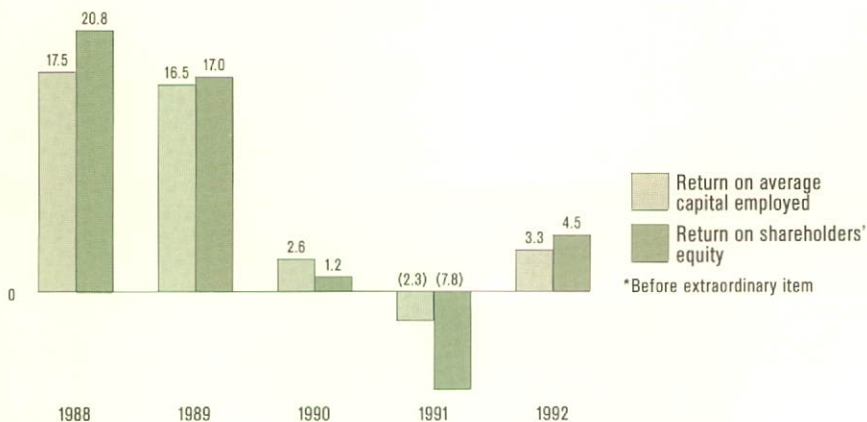
pulp shipments increased by 54% from the expanded Hinton mill and by 11% from the Cariboo Pulp & Paper mill.

Lumber sales volumes in 1991 were similar to those of 1990, except for lower shipments of fir and hemlock products because our Squamish sawmill shut down for approximately half of 1991 due to poor demand.

Total panelboard sales were little changed from 1990 to 1991 as marginally better average sales returns were offset by volume reduction because of market-induced curtailments at our Quesnel plywood and Longlac waferboard plants.

## Returns on Capital & Equity\*

per cent



**Consolidated  
Income  
and Retained  
Earnings**

For the Years  
Ended December 31  
(in thousands,  
except per share)

	1992	1991
<b>Net sales</b> .....	Note 2 <b>\$732,907</b>	<b>\$661,736</b>
<b>Costs and expenses</b>		
Cost of sales .....	<b>661,965</b>	668,500
Selling .....	<b>7,506</b>	7,191
General and administrative .....	<b>19,006</b>	17,685
<b>Operating income (loss)</b> .....	<b>44,430</b>	(31,640)
Interest expense .....	Note 15 <b>(14,335)</b>	(23,284)
Other income .....	<b>1,810</b>	2,406
<b>Income (loss) before income taxes and minority interest</b> .....	<b>31,905</b>	(52,518)
Income tax (expense) recovery.....	Note 16 <b>(13,685)</b>	19,497
Minority interest .....	<b>(709)</b>	(76)
<b>Net income (loss)</b> .....	<b>17,511</b>	(33,097)
Retained earnings—beginning of year.....	<b>220,217</b>	260,633
Dividends .....	Note 13 <b>(7,409)</b>	(7,319)
<b>Retained earnings—end of year</b> .....	<b>\$230,319</b>	<b>\$220,217</b>
<b>Earnings (loss) per share</b> .....	<b>\$ 0.47</b>	<b>\$ (0.89)</b>



	1992	1991
<b>CASH GENERATED BY (REQUIRED FOR)</b>		
<b>Operating Activities</b>		
Net income (loss).....	\$ 17,511	\$ (33,097)
Items not affecting cash:		
Depreciation and amortization..... Note 14	58,683	58,801
Increase (decrease) in deferred income taxes.....	9,868	(19,357)
Other.....	512	(1,256)
(Increase) decrease in working capital.....	(10,370)	41,133
	<b>76,204</b>	<b>46,224</b>
<b>Investing Activities</b>		
Capital Expenditures:		
Property and equipment.....	(23,570)	(41,235)
Timber and roads.....	(2,511)	(1,823)
Proceeds from sale of property and equipment.....	6,749	1,602
Increase in deferred charges.....	(3,724)	(442)
Increase in investments and other assets.....	(2,494)	(3,141)
	<b>(25,550)</b>	<b>(45,039)</b>
<b>Financing Activities</b>		
Issue of Common Shares for cash.....	—	17
Repurchase of Preference Shares.....	—	(363)
Dividends to:		
Shareholders..... Note 13	(17)	(1,845)
Minority shareholder of a subsidiary.....	(646)	—
Repayment of Long-term debt.....	(48,178)	(102)
	<b>(48,841)</b>	<b>(2,293)</b>
<b>NET CASH (LOAN) POSITION*</b>		
Increase (decrease) during the year.....	1,813	(1,108)
Balance at beginning of year.....	(13,747)	(12,639)
Balance at end of year.....	<b>\$ (11,934)</b>	<b>\$ (13,747)</b>

## Consolidated Changes in Cash Position

For the Years Ended  
December 31  
(in thousands)

\*Net cash position is comprised of cash and temporary investments less bank indebtedness.

**Consolidated  
Balance Sheet**

at December 31  
(in thousands)

ASSETS	1992	1991
<b>Current</b>		
Cash and temporary investments .....	\$ 4,854	\$ 4,667
Accounts receivable..... Note 2		
Trade .....	51,199	42,155
Parent company .....	20,013	23,331
Other.....	14,750	12,206
Inventories .....	156,657	126,752
Prepaid expenses .....	12,760	13,198
	<u>260,233</u>	<u>222,309</u>
Investments and other assets..... Note 4	20,588	18,735
Timber and roads..... Note 5	11,471	11,152
Property and equipment..... Note 6	585,260	611,499
Deferred charges..... Note 7	39,811	48,680
	<u>\$917,363</u>	<u>\$912,375</u>

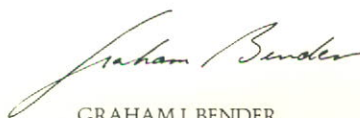


LIABILITIES	1992	1991
<b>Current</b>		
Bank indebtedness and outstanding cheques .....	\$ 16,788	\$ 18,414
Accounts payable and accruals .....	104,351	87,224
Income taxes .....	8,096	1,834
	<u>129,235</u>	<u>107,472</u>
Long-term debt..... Note 8	233,497	275,879
Deferred income taxes.....	144,086	136,036
Minority interest .....	1,713	1,651
<b>Shareholders' equity</b>		
Share capital..... Note 11	169,203	161,810
Contributed surplus .....	9,310	9,310
Retained earnings.....	230,319	220,217
	<u>408,832</u>	<u>391,337</u>
	<u>\$917,363</u>	<u>\$912,375</u>

Approved by the Directors



THOMAS A. BUELL



GRAHAM I. BENDER

**Note 1**

**Summary of Significant Accounting Policies**

**A. CONSOLIDATION**

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada and include the accounts of all subsidiary companies (Note 19).

**B. JOINT VENTURES**

Investments in joint ventures (Note 19) are accounted for on a proportionate consolidation basis. Under this method, the Company's share of assets and liabilities of joint ventures is included in each major balance sheet classification.

The revenue from the sale of the Company's share of joint venture production is included in net sales and its share of costs is included in costs and expenses.

**C. EQUITY INVESTMENTS**

The investments in Canfor-Weldwood Distribution Ltd. and Burnslake Specialty Wood Ltd. are accounted for using the equity method. The Company's share of net income or loss in equity investments is included in other income.

**D. INVENTORIES**

Inventories are stated at the lower of average cost and net realizable value.

**E. PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost net of accumulated depreciation and unamortized investment tax credits. Government assistance relating to property and equipment expenditures is recorded as a reduction of the cost of the related asset. Interest attributable to major capital projects is capitalized during the construction period and added to the cost of such projects.

**F. DEPRECIATION, DEPLETION AND ROAD AMORTIZATION**

Depreciation is calculated using the straight-line method at the following rates applied to cost less estimated salvage value:

Buildings and land improvements .....	2.5 to 20.0%
Machinery and equipment, other than logging .....	4.2 to 33.3%
Logging equipment, other than major units .....	10.0 to 33.3%
Automotive equipment and aircraft .....	10.0 to 33.3%

Major units of logging equipment are depreciated on a usage basis. Timber holdings are depleted on a production basis over the volume of timber to be harvested. Capitalized logging roads are amortized on a production basis, at rates based on the volume of timber developed.

**G. DEFERRED CHARGES**

Preproduction costs and start-up losses incurred on major capital projects are deferred until conclusion of the start-up period and then amortized over a period not to exceed five years.



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#### H. INCOME TAXES

Income taxes are accounted for by the deferred tax allocation method. Under this method, the provision for taxes is made in the year transactions affect net income as opposed to when such items are recognized for tax purposes. Differences between the provision for taxes and taxes currently payable are reflected as deferred income taxes.

#### I. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share are calculated using the weighted average number of Common Shares outstanding during the year.

#### J. FOREIGN EXCHANGE

Purchases and sales in foreign currencies are translated into Canadian dollars at rates of exchange prevailing at transaction dates. Asset and liability accounts in foreign currencies are translated at the rates of exchange in effect at balance sheet dates.

The effect of fluctuations in exchange rates between balance sheet dates and the dates of transactions and of settlements is reflected in other income.

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#### Transactions with Related Companies

**Note 2**

##### A. Champion International Corporation (Champion).

Sales of bleached kraft pulp to the parent company (Note 11) totalled \$173,440,000 in 1992 (\$182,495,000 in 1991). Sales to Champion are made on terms similar to the Company's other customers.

During the year, the Company paid Champion \$3,127,000 (\$3,132,000 in 1991) in commission and fees on pulp sales and \$914,000 (\$1,007,000 in 1991) for engineering and technical services.

##### B. Canfor-Weldwood Distribution Ltd. (CanWel)

Sales of panelboard and lumber to CanWel totalled \$63,885,000 (\$71,876,000 in 1991). Sales are made on terms similar to the Company's other customers.

Accounts receivable include trade receivables of \$4,219,000 (\$6,156,000 in 1991) and other receivable of \$170,000 (\$180,000 in 1991) from CanWel. Accounts payable and accruals include \$23,000 (\$40,000 in 1991) payable to CanWel. In addition, the Company charged CanWel rent, computer services and interest totalling \$1,986,000 (\$2,133,000 in 1991).

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Inventories <i>(in thousands)</i>	1992	1991	<b>Note 3</b>
Logs .....	\$ 71,556	\$ 67,357	
Lumber .....	26,215	16,817	
Pulp .....	29,441	13,377	
Panelboard .....	4,071	4,451	
Supplies and other .....	25,374	24,750	
	<u>\$156,657</u>	<u>\$126,752</u>	

Note 4	Investment and Other Assets <i>(in thousands)</i>	1992	1991
	Canfor-Weldwood Distribution Ltd.:		
	Equity investment .....	\$ 7,500	\$ 7,500
	Long-term receivable (non-interest bearing with no set repayment terms) .....	11,000	11,000
	Cumulative share of operating losses .....	<u>(7,355)</u>	<u>(6,717)</u>
		<u>11,145</u>	<u>11,783</u>
	Burnslake Specialty Wood Ltd.:		
	Equity investment .....	684	
	Long-term loan (interest bearing and due in annual installments commencing 1994) .....	<u>2,809</u>	
		<u>3,493</u>	
	10% mortgage receivable (due in three equal annual installments commencing 1993) net of current portion .....	3,130	4,700
	Other .....	<u>2,820</u>	<u>2,252</u>
		<u>\$ 20,588</u>	<u>\$ 18,735</u>

Note 5	Timber and Roads <i>(in thousands)</i>	1992	1991
	Timber holdings		
	Cost .....	\$ 10,103	\$ 10,095
	Accumulated depletion .....	<u>9,371</u>	<u>9,348</u>
		<u>732</u>	<u>747</u>
	Logging roads		
	Cost .....	63,535	60,912
	Accumulated amortization .....	<u>52,796</u>	<u>50,507</u>
		<u>10,739</u>	<u>10,405</u>
		<u>\$ 11,471</u>	<u>\$ 11,152</u>

Note 6	Property and Equipment <i>(in thousands)</i>	1992		1991
		Cost	Accumulated Depreciation	Net
	Land .....	\$ 3,987	\$ —	\$ 3,987
	Buildings .....	123,016	58,722	64,294
	Machinery and equipment .....	785,772	286,771	499,001
	Logging equipment .....	33,611	26,860	6,751
	Construction in progress .....	19,487	—	19,487
	Investment tax credits .....	<u>(13,414)</u>	<u>(5,154)</u>	<u>(8,260)</u>
		<u>\$952,459</u>	<u>\$367,199</u>	<u>\$585,260</u>
				<u>\$611,499</u>

Note 7	Deferred Charges <i>(in thousands)</i>	1992		1991
		Cost	Accumulated Amortization	Net
	Preproduction and start-up costs .....	\$ 67,012	\$ 35,984	\$ 31,028
	Deferred pension costs .....	9,282	—	9,282
	Other .....	<u>(763)</u>	<u>(264)</u>	<u>(499)</u>
		<u>\$ 75,531</u>	<u>\$ 35,720</u>	<u>\$ 39,811</u>
				<u>\$ 48,680</u>



<b>Debt</b> <i>(in thousands)</i>	1992	1991	<b>Note 8</b>
Bank Loan .....	\$163,191	\$175,316	
Bank Credit Agreement .....	70,000	100,155	
Other .....	306	408	
	<u>\$233,497</u>	<u>\$275,879</u>	

The bank loan (US \$135 million) (US \$150 million in 1991) is repayable in installments until 1995. The Company has entered into currency swap agreements which effectively change US \$85 million of principal and related interest obligations into Canadian dollars. Under the bank credit agreement the Company has borrowed funds by way of bank-guaranteed promissory notes, repayable in installments until 1996.

The Company's debts under the bank loan and the bank credit agreement are unsecured and are guaranteed as to principal and interest by the Province of Alberta.

Interest during 1992 was at prevailing short-term market rates and averaged 6.3% (9.2% in 1991). At the end of 1992, the Company has entered into swap agreements covering US \$50 million of its outstanding debt. This will achieve fixed interest rates not exceeding 5.8% for periods up to three years.

Principal payments required on long-term debt are:

1993—\$ 21,472,000	1995—\$ 72,781,000
1994—\$109,244,000	1996—\$ 30,000,000

The 1993 repayments are expected to be refinanced with long-term debt and accordingly are not shown as current liabilities.

At December 31, 1992, the Company had available additional unused long-term bank lines of credit of \$190 million and unused short-term bank lines of credit of \$63 million.

### Retirement Plans **Note 9**

Retirement plans cover salaried and certain hourly employees. Costs are derived from actuarial valuations based on management's best estimates of expected investment returns, salary escalation and ages when employees will retire. These include the Company's share of joint ventures' plans.

Retirement plan benefit obligations and assets:

<i>(in thousands)</i>	1992	1991
Present value of accrued benefit obligations (estimated) .....	\$ 87,075	\$ 75,881
Assets at market value .....	\$ 85,640	\$ 82,848
Retirement costs expensed .....	\$ 2,794	\$ 2,200

Certain plans have obligations which are unfunded and are secured by letters of credit in the amount of \$14,951,000 (\$12,930,700 in 1991).

### Long-Term Lease Commitments **Note 10**

The Company is committed to pay an aggregate amount of \$10,825,000 under long-term, non-cancellable operating leases. The leases terminate at various dates with the latest in 2011.

Lease payments required in each of the next five years are:

1993—\$2,567,000	1996—\$1,690,000
1994—\$2,347,000	1997—\$1,726,000
1995—\$1,669,000	

**Note 11 Share Capital****A. AUTHORIZED AND OUTSTANDING**

Authorized capital stock consists of 50,000,000 of common shares without nominal or par value. At December 31, 1992, 37,361,241 shares were issued and outstanding (36,843,706 in 1991).

During the year, 517,535 Common Shares (391,724 in 1991) were issued as a result of stock dividends.

At December 31, 1992, Champion International Corporation held 31,579,054 (84.5%) of the outstanding Common Shares.

**B. OPTIONS TO PURCHASE COMMON SHARES**

At December 31, 1992, 329,000 Common Shares were eligible to be exercised under the Company's Employee Stock Option Plan. In addition, the Company has set aside 86,900 Common Shares for which options may be granted under the plan in the future.

**Note 12 Joint Ventures**

The Company's share of the assets, liabilities, costs and expenses of joint ventures is as follows:

	<i>(in thousands)</i>	<u>1992</u>	<u>1991</u>
Assets:			
Current.....		\$ 15,430	\$ 14,380
Property and equipment and other assets.....		\$100,389	\$100,451
Current liabilities.....		\$ 23,902	\$ 23,049
Costs and expenses.....		\$112,289	\$122,768

**Note 13 Dividends**

	<u>1992</u>		<u>1991</u>	
	<u>Amount Per Share</u>	<u>Amount (in thousands)</u>	<u>Amount Per Share</u>	<u>Amount (in thousands)</u>
Cash Dividends:				
Preference Shares.....	\$ —	\$ —	\$ .40	\$ 10
Common Shares.....		<u>17</u>	.05	<u>1,835</u>
		<u>\$ 17</u>		<u>\$ 1,845</u>
Stock Dividends:				
Common Shares.....	\$ .20	<u>7,392</u>	.15	<u>5,474</u>
		<u>\$ 7,409</u>		<u>\$ 7,319</u>

Cash dividends of \$17,000 (\$12,000 in 1991) were paid in lieu of issuing fractional Common Shares as stock dividends.

**Note 14 Depreciation, Depletion and Amortization**

The following amounts are included in costs and expenses:

	<i>(in thousands)</i>	<u>1992</u>	<u>1991</u>
Depreciation.....		\$ 44,078	\$ 43,561
Depletion.....		23	24
Amortization of logging roads.....		2,428	3,042
Amortization of deferred charges.....		13,174	13,295
Amortization of investment tax credits.....		<u>(1,020)</u>	<u>(1,121)</u>
		<u>\$ 58,683</u>	<u>\$ 58,801</u>



<b>Interest Expense</b> <i>(in thousands)</i>	<u>1992</u>	<u>1991</u>	<b>Note 15</b>
Interest expense — long-term debt . . . . .	\$ 17,313	\$ 25,170	
— current borrowings . . . . .	816	771	
Interest income . . . . .	(3,276)	(2,325)	
Interest costs capitalized — attributable to major capital projects . . . . .	(518)	(332)	
	<u>\$ 14,335</u>	<u>\$ 23,284</u>	

<b>Income Taxes</b> <i>(in thousands)</i>	<u>1992</u>	<u>1991</u>	<b>Note 16</b>
Combined basic Canadian federal and provincial income tax (expense) recovery rate . . . . .	(44.5%)	43.9%	
Adjustment for manufacturing and processing profits deduction . . . . .	4.8%	(4.0%)	
Net rate . . . . .	<u>(39.7%)</u>	<u>39.9%</u>	
Expected income tax (expense) recovery	\$ (12,666)	\$ 20,949	
Large corporations capital tax . . . . .	(1,600)	(1,600)	
Loss carryback . . . . .	—	353	
Share of equity investment losses . . . . .	(253)	14	
Other . . . . .	834	(219)	
Income tax (expense) recovery . . . . .	<u>\$ (13,685)</u>	<u>\$ 19,497</u>	
Effective income tax (expense) recovery rate	<u>(42.9%)</u>	<u>37.1%</u>	

### Litigation

**Note 17**

The Company and fourteen other Canadian forest products companies are defendants in a purported class action brought in the United States (District Court of Colorado) by Rivendell Forest Products, Ltd. The action, seeking injunctive relief and unspecified treble damages, alleges a conspiracy by the defendants and others to artificially control prices for Western Canadian softwood lumber in violation of United States anti-trust laws. The Company has denied all allegations of wrongdoing and motions to dismiss filed by the defendants were granted by the Court on January 8, 1993. The plaintiff has appealed the Court's decision and the Company intends to continue to vigorously defend the action.

While any litigation contains an element of uncertainty, management presently believes that the outcome of this action and of all other claims currently existing against the Company would not have a material adverse effect on the Company's financial position.

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**Note 18**      **Segmented Information**

## A. INDUSTRY SEGMENTATION

The Company is vertically integrated in the forest products industry. The Company's revenue is generated from the sale of lumber, plywood, pulp, logs and other wood products manufactured by the Company.

## B. GEOGRAPHIC SEGMENTATION

Substantially all of the Company's operations, employees, and assets are located in Canada.

## C. EXPORT SALES

A significant portion of the Company's net sales are to customers in foreign countries:

Sales by Country	(in thousands)	1992		1991	
United States of America .....		\$338,212	46.1%	\$315,038	47.6%
Other foreign countries.....		182,159	24.9%	133,171	20.1%
Total export sales .....		520,371	71.0%	448,209	67.7%
Canada .....		212,536	29.0%	213,527	32.3%
Net sales.....		<u>\$732,907</u>	<u>100.0%</u>	<u>\$661,736</u>	<u>100.0%</u>

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**Note 19**      **Subsidiary and Affiliated Companies**

## A. (i) SUBSIDIARY COMPANIES—ACTIVE

Babine Forest Products Limited (84.6%)  
Weldwood Transportation Limited

## (ii) SUBSIDIARY COMPANIES—INACTIVE

Canadian Collieries Timber Air Services Ltd.\*  
Kirk Coal (Victoria) Co. Ltd.\*  
Ladysmith Development Limited\*  
M & W Logging Co. Ltd.\*  
Parkhome Developments Limited  
Weldwood Lumber Sales Limited  
Western Fuel Corporation of Canada Limited\*

\*Amalgamated into Weldwood Sales Limited as of January 1, 1993.

## B. PARTLY-OWNED COMPANIES

Babine Forest Products (Trustee) Limited (68.4% by Babine Forest Products Limited)  
Babine Ventures Ltd. (68.4% by Babine Forest Products Limited)  
Burnslake Specialty Wood Ltd. (45% owned by Babine Ventures Ltd.)  
Canfor-Weldwood Distribution Ltd. (50%)  
Cariboo Pulp & Paper Company Limited (50%)—inactive  
Houston Forest Products (Trustee) Limited (50%)

## C. JOINT VENTURES

Babine Forest Products Company (68.4% by Babine Forest Products Limited)  
Cariboo Pulp & Paper Company (50%)  
Houston Forest Products Company (50%)

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**Note 20**      **Comparative Figures**

Certain comparative figures have been reclassified to conform with 1992 presentation.



The preparation and the presentation of the consolidated financial statements are the responsibilities of Weldwood of Canada Limited. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgments where appropriate.

Management is responsible for the reliability and integrity of the consolidated financial statements and all other financial information contained in this annual report. Management maintains a system of internal and administrative controls that provide appropriate division of responsibilities, reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained to provide accurate and reliable financial statements and other financial information.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board carries out this responsibility primarily through the Audit Committee which consists of four directors who are not officers or employees of the Company. The Audit Committee meets periodically with the independent Auditors to review accounting, financial, and auditing matters and to approve the annual consolidated financial statements. The Committee also makes recommendations with respect to the appointment and remuneration of the Company Auditors.

The consolidated financial statements have been audited by Arthur Andersen & Co., Chartered Accountants who were appointed by the shareholders. The auditors' report outlines the scope of their examination and their opinion on the consolidated financial statements.

Vancouver,  
British Columbia  
January 14, 1993

GRAHAM I. BENDER  
*President and Chief Executive Officer*

KENT T. WILLIAMSON  
*Vice-President and Controller*

To the shareholders of Weldwood of Canada Limited:

We have audited the consolidated balance sheets of Weldwood of Canada Limited (a British Columbia company) as at December 31, 1992 and 1991 and the consolidated statements of income, retained earnings and changes in cash position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1992 and 1991 and the results of its operations and the changes in its cash position for the years then ended in accordance with generally accepted accounting principles. As required by the British Columbia Company Act, we report that in our opinion, these principles have been applied on a consistent basis.

Vancouver, British Columbia  
January 14, 1993

Arthur Andersen & Co.  
*Chartered Accountants*

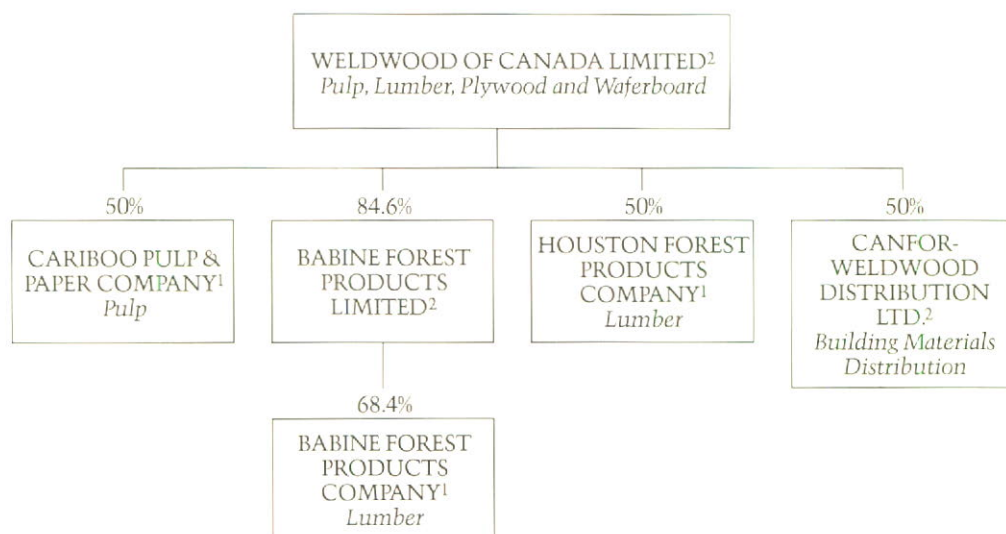
As of March 19, 1993  
(unless otherwise indicated)

## THE COMPANY

Weldwood of Canada Limited ("Weldwood") was incorporated by certificate of incorporation with memorandum and articles under the laws of the Province of British Columbia on March 17, 1964. Champion International Corporation ("Champion International"), a New York corporation with its head office located in Stamford, Connecticut, U.S.A., currently owns approximately 84.5% of Weldwood's outstanding common shares. The balance of the common shares outstanding are held by the public, with the majority having registered Canadian ownership.

The head and principal office of the Company is located at 1055 West Hastings Street, Vancouver, British Columbia. In this form, all references to the "Company", unless otherwise indicated by the context, refer to Weldwood of Canada Limited, its subsidiaries and its interest in joint ventures.

The following chart shows the Company's significant interests in other companies and in joint ventures, their primary products or activities and the percentage of voting securities or interest owned by the Company.



1. Joint Venture.

2. Jurisdiction of Incorporation - British Columbia, Canada.

Weldwood has a minority interest in Seaboard Lumber Sales Company Limited ("Seaboard Lumber") and Seaboard Shipping Company Limited ("Seaboard Shipping"), which are owned by a group of British Columbia forest products companies including Weldwood. Panelboard and lumber products are shipped through Seaboard Shipping.

## HISTORY OF THE BUSINESS

The Company is a major Canadian manufacturer of forest products, with integrated manufacturing and logging operations in British Columbia, Alberta and Ontario.

Weldwood's manufacturing operations in British Columbia began in 1945 when a predecessor company, Western Plywood Company Limited ("Western Plywood"), commenced operation of its Vancouver plywood plant, producing principally fir and poplar plywood. Douglas fir "peeler" logs were initially supplied to the plywood plant from logging operations in the vicinity of Quesnel, British Columbia. The success of veneer manufactured from Interior logs led Western Plywood to construct a plywood plant at Quesnel, which commenced production of fir and spruce plywood in 1951.

The decades of the nineteen fifties and sixties saw significant expansion and consolidation in terms of the Company's timber holdings, plant facilities and sales distribution outlets, in both western and eastern Canada.



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In 1961, United States Plywood Corporation ("U.S. Plywood"), a predecessor of Champion International, purchased Western Plywood, which thereby became affiliated with two other U.S. Plywood companies in Canada; i.e., Hay & Company Limited ("Hay & Co.") and Weldwood Plywood Limited ("Weldwood Plywood"). U.S. Plywood had been operating in Canada since 1945 when it purchased Hay & Co., a company with a hardwood plywood mill in Woodstock, Ontario, whose history could be traced back to the mid-19th century. Hay & Co. installed Canada's first veneer slicer in 1856 and its light weight, high strength birch plywood was used to construct the Mosquito bomber during World War II. Weldwood Plywood operated a number of sales branches in eastern Canada, which were combined with Western Plywood's growing nation-wide distribution system.

In March, 1964, Weldwood was formed to purchase the assets of Western Plywood and a number of subsidiaries of U.S. Plywood, including Hay & Co. and Weldwood Plywood. In addition to the majority shareholding acquired by U.S. Plywood at this time, common shares were issued to the public pursuant to a share offering. In May of the same year, a major expansion of the Company's holdings occurred with the acquisition of Canadian Collieries Resources Limited, whose facilities included mills in Squamish, Port Moody and Surrey, British Columbia, and large timber holdings, as well as logging operations, on the Coast of British Columbia. With this acquisition, the Company gained a sustainable timber supply for its Coastal manufacturing plants.

In 1969, a major diversification of the Company's product lines was embarked upon when it entered into a fifty-fifty joint venture arrangement with Daishowa-Marubeni International Ltd. to form Cariboo Pulp & Paper Company ("Cariboo Pulp") to construct a bleached kraft pulp mill at Quesnel. The pulp mill, with a designed capacity of 680 tonnes per day, commenced production in the latter part of 1971.

The Company's operations expanded into the Northwestern Interior of British Columbia with its participation in the 1970's in two joint venture dimension sawmilling operations, the first at Burns Lake, which commenced operations in 1975, (now known as Babine Forest Products Company) and the second at Houston, which commenced operations in 1978, (now known as Houston Forest Products Company).

*Significant developments in the last five years are:*

- In February, 1988, following approval by holders of common shares (other than Champion International) the Company acquired Champion International's pulp mill and stud sawmill at Hinton, Alberta. As consideration for this acquisition, the Company issued to Champion International 16,500,000 common shares in the capital of the Company. In 1990, the pulp mill commenced operation at an enlarged capacity following completion of a three-year expansion project designed to virtually double the mill's annual capacity to 385,000 tonnes.
- In February, 1989, Weldwood and Canfor Corporation ("Canfor") merged their respective wholesale building materials distribution divisions to form a new company, Canfor-Weldwood Distribution Ltd. ("CanWel"), owned equally by Canfor and Weldwood. The net assets, including all the equipment, inventory, working capital and goodwill relating to Canfor's and Weldwood's building materials businesses, were transferred to CanWel in exchange for common shares and debt, with the land and buildings owned respectively by the two parent companies being retained by them. Subsequently, certain of the distribution centres, owned by each of the companies, were leased by CanWel, and properties surplus to the needs of CanWel were sold.
- In June, 1989, an expansion project at Cariboo Pulp was completed, raising the mill's annual production capacity to 310,000 tonnes.
- In June, 1990, Weldwood sold its Vancouver (Kent Avenue) plywood plant to West Coast Plywood Company Ltd. ("West Coast Plywood"), an employee-owned company, for cash and debt. Weldwood is the exclusive selling agent for plywood manufactured by West Coast Plywood, which produces higher grades of softwood plywood and a wide assortment of plywood specialty products. Weldwood has also agreed to supply West Coast Plywood, until June, 1995, with a portion of its log and veneer requirements.



- In April, 1991, Weldwood closed its Slave Lake, Alberta, OSB plant and sold it in September, 1992.
- During 1992 and early 1993, Weldwood discontinued its association with Seaboard Lumber and assumed direct control of offshore marketing of its wood products.
- In January, 1993, Cariboo Pulp was awarded ISO 9001 quality assurance certification, the highest level attainable under guidelines set by the Geneva-based International Standards Organization.
- In March, 1993, Weldwood announced its decision to close the Williams Lake sawmill. The mill will be phased out during 1993 and 1994.

## TIMBER RESOURCES

Weldwood obtains raw materials for its manufacturing operations from Company fee-owned timberlands (which at December 31, 1992 totalled approximately 17,000 hectares); from sustained-yield, long-term licences which grant cutting rights on government-owned timberlands; from short-term licences; and from long-term agreements with other companies based on their harvesting licences. Weldwood's fee-owned timberlands contain approximately 320,000 cubic metres of merchantable sawtimber. Weldwood has rights to harvest annually approximately 2,700,000 cubic metres of merchantable sawtimber from long-term licences, approximately 15,000 cubic metres of merchantable sawtimber from short-term licences annually, and has the right to harvest an aggregate of approximately 30,700,000 cubic metres of merchantable sawtimber during the balance of the current terms of all such licences. Weldwood also has rights to obtain approximately 336,000 cubic metres of merchantable sawtimber on an annual basis from supply agreements with other companies.

In addition, Weldwood has the right to harvest approximately 1,900,000 cubic metres of pulpwood annually under a Forest Management Agreement with the Government of the Province of Alberta, which agreement grants cutting rights through June 15, 2008, with respect to approximately 1,000,000 hectares of timberlands. The agreement is renewable, at Weldwood's option, for successive 20-year periods as long as the Hinton, Alberta, pulp mill remains in operation.

Weldwood believes that these sources will provide a substantial portion of the raw material required by its wood products manufacturing operations for the foreseeable future, with the balance being met by outside purchases.

Cariboo Pulp holds conditional rights to harvest up to 1,510,000 cubic metres of pulpwood annually from approximately 1,578,000 hectares of government-owned timberlands in British Columbia pursuant to a long-term licence. To date, it has not been found necessary to utilize this raw material source for the pulp mill since an adequate supply of by-product wood chips has been available.

Babine Forest Products Company ("Babine Company") is beneficially entitled to harvest approximately 522,000 cubic metres of merchantable sawtimber annually pursuant to long-term licences and Houston Forest Products Company ("Houston Company") is beneficially entitled to cut approximately 650,000 cubic metres of merchantable sawtimber annually pursuant to a long-term licence. In 1992, timber harvested from these tenures satisfied approximately 64% of Babine Company's fibre requirements and 78% of Houston Company's fibre requirements, with the balance being met by outside purchases.

In 1992, 5.4 million cubic metres of wood were harvested by the Company. Of this total, the Company's operations in British Columbia accounted for 3.5 million cubic metres with the balance substantially from Alberta.

In return for granting cutting rights to the Company, provincial governments assess stumpage charges on Crown timber harvested under the various licences. In 1992, stumpage charges on such timber were approximately \$37 million and reforestation costs were approximately \$16 million.

The Chief Forester of B.C. is conducting a required periodic review of timber inventories on all tenures across the province, and will adjust Annual Allowable Cut (AAC) by area



according to his findings. Adjustments on Coastal Timber Supply Areas (TSA) to date have ranged from virtually no change to reductions of approximately one-third.

Adjustments to the AAC on timber tenures on which the Company operates in the Interior of B.C. have to date been reduced by less than 5%, with a reduction in one tenure of 28% projected for 1994.

In 1992, the Company's reforestation plan included planting 16.7 million seedlings on 13,000 hectares. During the year two million seedlings were grown in Weldwood's Hinton Division greenhouse. In 1989, Weldwood, together with three other joint venture partners, commenced operation of the Vernon Seed Orchard Company for the purpose of establishing and developing seed orchards to produce genetically superior seed. The seedlings produced from this seed will have superior wood quality and growth characteristics. It is anticipated that the first orchard will commence producing seed in approximately three years and that these orchards will eventually satisfy the Company's total seed requirements for the Interior of British Columbia.

## WOOD PRODUCTS

### Wood Products Operations

Weldwood owns and operates or partly owns and manages the operation of the following converting facilities for the manufacture of wood products:

	Location	1992 Production	Effective Year-end Capacity
		Million fbm	
Lumber and Lumber Specialties	Squamish, B.C. (Squamish Lumber) . . . . .	83	100
	Port Moody, B.C. (Flavelle Cedar) . . . . .	78	85
	100 Mile House, B.C. . . . .	159	155
	Quesnel, B.C. . . . .	95	95
	Williams Lake, B.C. . . . .	92	100
	Hinton, Alberta . . . . .	91	90
	Burns Lake, B.C. <sup>1</sup> (Babine Forest Products). . . . .	230	230
	Houston, B.C. <sup>1</sup> . . . . .	237	240
		Million Square Feet (3/8" Basis)	
Softwood Plywood	Quesnel, B.C. . . . .	180	185
	Williams Lake, B.C. . . . .	170	185
Specialty Plywood	Longlac, Ontario . . . . .	74	80
Waferboard	Longlac, Ontario . . . . .	122	130

1. Partly owned

The B.C. Coastal lumber operations produce a broad range of products destined for North American and offshore markets. The Squamish Lumber sawmill produces hemlock, balsam and fir specialty lumber and timbers. The Flavelle Cedar sawmill produces exclusively cedar lumber, siding and specialties. Wood chips produced from the portion of each log, not converted into lumber, are sold to Coastal pulp mills as their raw material.

The B.C. Interior lumber operations which are owned exclusively by the Company, comprise three sawmills located respectively at 100 Mile House, Quesnel and Williams Lake, British Columbia. These mills produce spruce, pine and fir dimension lumber and the wood chips which are produced from these operations are sold to Cariboo Pulp. The mills at Williams Lake and 100 Mile House are located on leased land.

Weldwood's studmill adjacent to its pulp mill in Hinton, Alberta, produces approximately 90 million board feet annually. Weldwood is currently constructing a new sawmill to replace this facility, with a designated capacity of 215 million board feet annually, which is scheduled to commence operations in August, 1993. The new plant will produce pine and spruce

dimension lumber both in random length and width products for North American markets and in metric sizes for offshore markets. Chips and hogfuel, produced from its operations will be consumed in Weldwood's adjacent pulp mill.

The Company has an interest in two joint venture sawmills in the Northern Interior of British Columbia – Babine Company at Burns Lake and Houston Company at Houston – both of which produce spruce and fir dimension lumber. Weldwood's interest in Babine Company is held indirectly through its 84.6% interest in Babine Forest Products Limited ("Babine Limited"). Babine Limited owns a 68.4% interest in Babine Company. Weldwood owns directly a 50% interest in Houston Company. Both sawmills are located on leased land. By long-term agreements, Weldwood manages the operations of both Babine Company and Houston Company and functions, on behalf of all the joint venturers, as the exclusive selling agent (except for local or internal sales) in all world markets.

The Company, through Babine Limited, has an interest in Burnslake Specialty Wood Ltd. ("BSW"), which completed construction and commenced operations of a lumber remanufacturing plant in Burns Lake, B.C. in late 1992. This mill is producing specialized products from lumber purchased mainly from Babine Company. BSW holds cutting rights from the Province entitling it to harvest until mid-2002, an aggregate volume of 900,000 cubic metres of merchantable sawtimber, which Babine Company has the right to cut pursuant to a long-term contract. Weldwood has been appointed manager of operations and exclusive selling agent (other than for local or internal sales) pursuant to long-term agreements.

At both Quesnel and Williams Lake, Weldwood's operations also include a softwood plywood plant which produces fir and spruce sheathing. The Williams Lake plant is located on leased land.

In Longlac, Ontario, the Company owns and operates a plywood plant which produces mainly hardwood specialties and a waferboard plant which produces a structural panelboard used in residential and general construction, particularly as sheathing and as a roofing and flooring underlay, as well as in mobile home construction.

## Wood Products Marketing

### Revenues by Market

		%			\$ in millions
		Canada	USA	Overseas	Total
Lumber.....	<b>1992</b>	<b>22</b>	<b>62</b>	<b>16</b>	<b>279.9</b>
	1991	23	63	14	215.8
Softwood Plywood.....	<b>1992</b>	<b>68</b>	—	<b>32</b>	<b>84.8</b>
	1991	81	—	19	71.4
Hardwood Plywood.....	<b>1992</b>	<b>34</b>	<b>66</b>	—	<b>35.7</b>
	1991	34	66	—	32.1
Waferboard.....	<b>1992</b>	<b>72</b>	<b>28</b>	—	<b>21.2</b>
	1991	71	25	4	16.5
Logs & Other.....	<b>1992</b>	<b>100</b>	—	—	<b>62.1</b>
	1991	100	—	—	78.4

For the years ended December 31, 1992 and 1991, wood products accounted for 66% and 63%, respectively, of the Company's consolidated net sales.

Canada is the primary market for Weldwood's softwood plywood production since tariffs and product standards in the United States effectively make Canadian-produced softwood plywood uncompetitive in the United States market. Important secondary markets are the European Economic Community ("EEC") and Japan.



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In Canada, panelboard products are marketed through CanWel and other independent distributors. CanWel, which operates wholesale building material distribution centres in twenty-two cities throughout Canada, accounted for 44% of Weldwood's panelboard sales in 1992. The majority of CanWel's sales are to building supply outlets and industrial users. CanWel sells a wide range of building materials in addition to wood products produced by Weldwood and Canfor.

In 1992, sales of the Company's wood products to CanWel amounted to \$63,885,000, compared to \$71,876,000 in 1991. Sales of panelboard (other than softwood plywood) to the United States market are made directly to selected distributors. Although the sale of panelboard to overseas markets during the year was through Seaboard Lumber, Weldwood has now assumed direct control over such sales; however, it continues to ship product through Seaboard Shipping.

Weldwood's lumber production is marketed worldwide. In North America, Weldwood sells its lumber to industrial and retail accounts and to independent wholesale distributors, on a delivered basis. Inventory is carried at eight locations (reload centres) in North America to better serve Weldwood's customers. While sales and shipments of lumber to overseas customers traditionally have been made through Seaboard Lumber and Seaboard Shipping, Weldwood has now assumed direct control over offshore sales, but will continue to ship through Seaboard Shipping.

The markets in which Weldwood sells its panelboard and lumber products are highly competitive and the Company faces increasing competition from other Canadian and foreign producers. Competition in respect of Weldwood's plywood business comes not only from other producers of plywood products but from OSB and waferboard producers as well. The lumber market in North America is particularly dynamic, with buyers determining their purchase decisions daily on the basis of product quality, price and service.

While North American lumber markets were very volatile during 1992, net mill returns on average were higher by approximately 20% over 1991. The weakness of the Canadian dollar in relation to the United States dollar in respect of sales denominated in the latter currency accounted for approximately one-half of the improvement in these returns. At year-end, prices in North American markets were at record levels and have continued to increase dramatically. Although soft market conditions prevailed in Europe in 1992 as a result of a poor economic climate and aggressive competition from Scandinavian lumber producers benefiting from currency devaluation, Japan exhibited significant strength and overall, offshore sales volume increased by 24% over 1991. Lumber markets in Europe are expected to improve in the latter half of 1993.

Sales of certain of the Company's wood product lines, particularly where intended for use in the North American house construction market, are seasonal and can be affected by severe weather conditions.

Weldwood's marketing posture in terms of duration of supply contracts for wood products varies by product and market area. Generally, for structural panelboard sales in North America, sales are not contracted beyond four weeks, whereas overseas sales can extend to ten weeks. North American lumber sales are usually not contracted beyond three weeks (except in the case of futures contracts), whereas overseas sales normally fall within a three-month period, but can extend up to twelve months.

No single customer's purchases of wood products exceed 10% of consolidated net sales, nor is a material part of the business dependent upon a small group of customers, apart from Georgia Pacific Corporation whose purchases of lumber in 1992 accounted for approximately 11% of aggregate revenues from the sale of lumber.

In response to the ban by the EEC on non-kiln dried ("green") lumber expected to take effect mid-1993 and intended to ensure against the entry of the pinewood nematode, Weldwood, in cooperation with its industry associations and the Government, is actively seeking an acceptable resolution of this issue. At the same time Weldwood is aggressively developing alternative markets for that portion of the green lumber that may be affected. The ban is not anticipated to have a significant negative impact on Weldwood.

In 1992, the United States government determined, following a countervailing duty investigation, that Canadian softwood lumber being exported to the United States is receiving both an "unfair" foreign government subsidy and is causing material injury to domestic industry; in consequence, a duty of 6.51% now applies to Canadian softwood lumber entering the United States. The determinations made by the U.S. government in this investigation are presently under review by bi-national panels established pursuant to the Canada-U.S. Free Trade Agreement, which could change or eliminate the duty retroactive to July, 1992.

## PULP

### Pulp Operations

The following table sets forth the 1992 production and effective year-end capacity of Weldwood NBSK pulp operations. Pulp production at the Hinton pulp mill was at near capacity levels; however, production at the Cariboo pulp mill in Quesnel reflected a mid-year five week industry strike.

Location	1992 Production	Effective Year-End Capacity
	<i>(in thousands of tonnes)</i>	
Hinton, Alberta .....	<b>371</b>	385
Quesnel, B.C. ....	<b>272</b>	310 <sup>1</sup>

1. Total mill production (Weldwood's share, 50%).

Weldwood's pulp mill in Hinton commenced operation under a previous owner in 1957. Major expenditures have occurred since that time, including extensive effluent treatment facilities and pulp quality improvements. In 1990, at a cost of approximately \$415 million, a state-of-the-art modernization and expansion program which virtually doubled the capacity of the pulp mill commenced operation. This project included a new pulp dryer, digester, wood room, modern recausticising equipment, improved pulp washing and bleaching systems, a new chemical recovery boiler and environmental protection features built in as part of the design (notably, an oxygen delignification system), with the result that effluent from the mill meets high environmental standards. Approximately 65% of the wood fibre required for the operations will be obtained under Weldwood's Forest Management Agreement, with the remaining 35% to be purchased in the form of round-wood and chips from external sources.

Fibre for Cariboo Pulp's mill, in the form of spruce, pine and fir wood chips, is purchased from Weldwood and from other wood products producers in the region as by-products from their sawmilling operations. In 1993, approximately 50% of the anticipated chip requirements for the pulp mill are expected to be supplied from Weldwood-owned operations.

### Pulp Marketing

Weldwood's pulp production is sold worldwide, with distribution during the preceding two years as follows:

#### Net Sales by Market

	%				\$ in millions
	Canada	USA	Europe	Other	Total
<b>1992</b> .....	<b>1</b>	<b>54</b>	<b>29</b>	<b>16</b>	<b>249.2</b>
1991 .....	2	62	23	13	247.5

For the years ended December 31, 1992 and 1991, pulp accounted for 34% and 37%, respectively, of Weldwood's consolidated net sales.

Champion International is Weldwood's principal distributor of pulp produced at the Hinton mill, used as furnish in its own converting facilities for the production of fine paper and for sale to other customers, primarily in the United States and in the Far East. The Company markets the balance of the Hinton production in the EEC.



Pulp customers for Weldwood's share of Cariboo Pulp's production ("Weldwood's Cariboo production") are served by the Company's head office staff and through agents in various cities throughout the world. Sales to United States purchasers are made through Champion International, who also is a customer. The EEC and the United States are the primary markets for Weldwood's Cariboo production.

Champion International's purchases of pulp from Weldwood in 1992 amounted to 24% of consolidated net sales and no other single customer's purchases of pulp exceeded 10% of consolidated net sales. Sales to Champion are made on terms similar to Weldwood's other customers.

Distribution of Weldwood's pulp is via rail or truck (or a combination thereof) to North American destinations. Export markets are served by rail or truck to Squamish or Vancouver and then via deep-sea vessels to markets in Europe, Asia and Australia.

Weldwood produces quality NBSK pulp, which enjoys a good reputation in all its markets. Weldwood believes its production costs are competitive with other producers in major markets.

Both the Hinton and Cariboo Pulp mills now have the capability to manufacture pulp without the use of chlorine gas (ECF pulp) and are benefiting from the growing market for this product.

The markets for NBSK pulp exhibited steady growth and increasing prices from 1986 through 1989, but increased supply and inventory corrections reversed this trend in 1990.

1991 saw further price weakness reflecting yet greater supply and the slower worldwide economy. While a modest recovery occurred in the first half of 1992, it could not be sustained due to over capacity and a weak paper market. In 1993, pulp prices have continued to deteriorate significantly and inventory levels of North American and Scandinavian producers have increased, largely as a result of the excess supply in the marketplace and of increased competition from other major producing regions, notably the southern U.S.A. and Latin America. While the pulp market is expected to remain soft during the early part of 1993, an anticipated improvement in paper demand encouraged by an improving North American economy, as well as some expected restrictions in pulp supply through production curtailments should translate into pulp market improvements later in the year. Any improvement will be moderated by the additional capacity of approximately one million tonnes, about 3%, which is expected to come onto the market in 1993, primarily from North America.

As is the case with other Canadian producers, Weldwood's competitive position in the EEC and other European markets, relative to European producers, is influenced by the relationship of the U.S. dollar to European currencies.

Pulp markets are not subject to significant seasonal variation.

## CAPITAL EXPENDITURES

The following table sets forth the Company's capital expenditures during the past five years, which amounted, in the aggregate, to \$539 million.

### Capital Expenditures

<i>(in thousands)</i>	1992	1991	1990	1989	1988
Pulp .....	\$ 8,985	\$ 30,064	\$ 43,095	\$189,051	\$191,708
Wood Products.....	16,485	12,214	12,898	12,068	18,723
Other.....	611	780	463	1,424	727
	<u>\$ 26,081</u>	<u>\$ 43,058</u>	<u>\$ 56,456</u>	<u>\$202,543</u>	<u>\$211,158</u>

## HUMAN RESOURCES

At December 31, 1992, the Company, including its interest in joint ventures, had approximately 4,050 employees in Canada.

The IWA-Canada is the certified bargaining agent for approximately 2,725 hourly employees engaged in the Company's logging, lumber and panelboard operations in British Columbia, Alberta and Ontario. The Communications, Energy and Paperworkers Union ("CEP") represents approximately 825 hourly employees at Weldwood's pulp and lumber operations in Hinton, Alberta and the pulp operations of Cariboo Pulp in Quesnel, British Columbia.

The three year collective agreements with IWA-Canada and with CEP in respect of operations both in British Columbia and Alberta, will expire in 1994. The three year agreement with IWA-Canada at the Longlac operations expires in 1993.

## ENVIRONMENT

In its 1989 Annual Report, Weldwood published its Environmental Policy. The underlying principle of this policy is Weldwood's continuing commitment to responsible stewardship of its forest resources and to the environment in which it operates. In pursuit of this policy, the Company reviewed, at each of its manufacturing operations, the existing management and control procedures and facilities intended to reduce environmental hazards and, where appropriate, undertook further measures.

In the expansion of the Hinton pulp mill in 1989 – 1990, approximately \$40 million was expended for environmental protection features, which formed part of the project design, with the result that effluent from the mill is virtually free of measurable dioxins and furans, and much lower in oxygen-demanding material.

In 1991, Company expenditures of \$19 million at Cariboo Pulp included completion of an oxygen delignification system and an expanded secondary effluent treatment basin, which put the mill well within environmental standards for mill effluent, and the installation of a flue gas scrubber on the power boiler, which similarly maintains air quality well within requirements while burning increased quantities of wood waste material.

Company expenditures in 1992 of approximately \$8 million included \$2.5 million at Cariboo Pulp for additional chlorine dioxide generating capacity, enabling the production of ECF pulp, as well as further improvements in effluent quality; and approximately \$3.5 million, with a further \$1.5 million scheduled for 1993, at Hinton to establish a new solid waste landfill site and associated infrastructure.

## DIVIDENDS

During the two years ended December 31, 1992, Weldwood declared and paid the following dividends:

### Dividends

<i>(in thousands)</i>	<u>1992</u>	<u>1991</u>
Cash Dividends:		
Common Shares.....	\$ 17	\$ 1,835
5¼% Cumulative Redeemable Preference Shares, Series A.....	—	10
	<u>17</u>	<u>1,845</u>
Stock Dividends:		
Common Shares.....	<u>7,392</u>	<u>5,474</u>
	<u>\$ 7,409</u>	<u>\$ 7,319</u>

Common share dividends are normally paid quarterly. Four quarterly common share dividends of \$0.05 per common share payable in common stock were paid in 1992.

The 5¼% Cumulative Redeemable Preference Shares, Series A, were repurchased by the Company in May, 1991, at a discount of \$137,500, and dividends at the rate of \$0.2625 per share payable quarterly were paid to date of purchase.



## ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Weldwood's shares (i.e., shareholders exercising control or direction over more than 10% of voting rights in all circumstances), options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Company's Information Circular for its annual meeting of shareholders and the election of directors. A copy of the Information Circular may be obtained upon request from the Secretary of the Company.

Further discussion on the Company's financial results is contained in the Management's Discussion and Analysis and Financial Statements sections of this report on pages 6 to 31.

## STOCK EXCHANGE LISTING

The Company's common shares are listed for trading on the Toronto Stock Exchange under the symbol WLW.

## TRANSFER AGENT AND REGISTRAR

The R-M Trust Company, Vancouver, Calgary, Regina, Winnipeg, Toronto, Montreal.

## SUMMARY OF FINANCIAL INFORMATION

### Annual Information

<i>(dollars in millions except per share)</i>	1992	1991	1990	1989	1988
Net Sales .....	\$732.9	\$661.7	\$683.6	\$767.6	\$894.6
Net Income (loss) before extraordinary items ..	17.5	(33.1)	5.4	65.4	68.4
Net Income (loss) .....	17.5	(33.1)	5.4	65.4	62.0
Total Assets .....	917.4	912.4	960.1	912.4	706.9
Long Term Debt .....	233.5	275.9	276.0	208.8	84.0
Per Share*:					
Earnings (loss) before extraordinary items ..	0.47	(0.89)	0.14	1.75	1.91
Net Earnings (loss) .....	0.47	(0.89)	0.14	1.75	1.73
Dividends declared – common .....	0.20	0.20	0.40	0.40	0.40

\*Adjusted for stock dividends.

### Selected Quarterly Information

	1992				1991			
	Quarters				Quarters			
	4th	3rd	2nd	1st	4th	3rd	2nd	1st
<i>(millions of dollars)</i>								
Net Sales	\$187.6	\$184.6	\$180.3	\$180.4	\$149.1	\$159.9	\$193.7	\$159.0
Net Income (Loss) .....	5.2	6.3	4.5	1.5	(16.7)	(9.0)	0.1	(7.5)
<i>(dollars per common share)</i>								
Net Earnings (Loss) .....	0.14	0.17	0.12	0.04	(0.44)	(0.25)	0.01	(0.21)
Dividends declared .....	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05

The name and municipality of residence of each of the directors and officers of Weldwood, the office held by each and his principal occupation during the past five years are as follows:

## DIRECTORS

Name and Municipality of Residence	Period during which a Director has served as a Director	Principal Occupation
<b>Gerald J. Beiser</b> Westport, Connecticut, U.S.A.	5 years	Senior Vice President, Finance, Champion International Corporation.
<b>Graham I. Bender</b> <sup>2</sup> West Vancouver, B.C.	1 year	President and Chief Executive Officer, Weldwood of Canada Limited and President, Cariboo Pulp & Paper Company; previously, President and Chief Operating Officer, Senior Vice-President, Pulp; MacMillan Bloedel Limited, as General Manager, Powell River Division; and General Manager, Harmac Pulp Division.
<b>John J. Bruk</b> <sup>1,2</sup> Vancouver, B.C.	9 years	President, Trilon Pacific Corporation.
<b>Thomas A. Buell</b> <sup>2</sup> Vancouver, B.C.	19 years	Chairman of the Board, Weldwood of Canada Limited; previously, Chief Executive Officer, President.
<b>Paul Gourdeau</b> <sup>1</sup> Quebec City, Quebec	19 years	Consultant.
<b>John O. McCutcheon</b> <sup>1,2</sup> Vancouver, B.C.	25 years	Consultant.
<b>Kenwood C. Nichols</b> Stamford, Connecticut, U.S.A.	7 years	Vice Chairman of the Board; previously, Senior Vice President, Champion International Corporation.
<b>Richard E. Olson</b> Newtown, Connecticut, U.S.A.	5 years	Executive Vice President; previously, Vice President, Champion International Corporation.
<b>George R. Richards</b> West Vancouver, B.C.	2 months	Executive Vice-President, Wood Products, Weldwood of Canada Limited; previously, Senior Vice-President, Wood Products Operations, B.C.; and Vice-President and General Manager, Interior Operations.
<b>John L. Schlosser</b> Edmonton, Alberta	7 years	President, Tri-Jay Investments Ltd.
<b>H. Richard Whittall</b> <sup>1,2</sup> Vancouver, B.C.	27 years	Corporate Director; previously, Vice-Chairman of the Board, Placer Dome Inc.; and Vice-Chairman and Director, Richardson Greenshields of Canada Limited.

1. Audit Committee Member

2. Committee of the Board Member. These directors reside in British Columbia, with powers of the Board in the management and direction of the operations of the Company, subject to certain restrictions.



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## OFFICERS

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Name and Municipality of Residence	Principal Occupation
<b>Thomas A. Buell</b> Vancouver, B.C.	<i>Chairman of the Board; previously, Chief Executive Officer, President.</i>
<b>Graham I. Bender</b> West Vancouver, B.C.	<i>President and Chief Executive Officer and President, Cariboo Pulp &amp; Paper Company; previously, President and Chief Operating Officer, Senior Vice-President, Pulp; MacMillan Bloedel Limited, as General Manager, Powell River Division; and General Manager, Harmac Pulp Division.</i>
<b>George R. Richards</b> West Vancouver, B.C.	<i>Executive Vice-President, Wood Products; previously, Senior Vice-President, Wood Products Operations, B.C.; and Vice-President and General Manager, Interior Operations.</i>
<b>Allen D. Coombes</b> Williams Lake, B.C.	<i>Vice-President, Cariboo Operations; previously, General Manager, Cariboo Operations; and General Manager, Williams Lake.</i>
<b>John W. Darker</b> North Vancouver, B.C.	<i>Vice-President Transportation and Purchasing; previously, Purchasing, Transportation and Material Control Manager, St. Regis Paper Company (Canada) Limited (now Hinton Division).</i>
<b>Richard Franko</b> North Vancouver, B.C.	<i>Vice-President, Lumber Sales; previously, General Manager, Lumber Sales.</i>
<b>David W. Milligan</b> Vancouver, B.C.	<i>Vice-President, Human Resources.</i>
<b>Leon R. Pond</b> Vancouver, B.C.	<i>Vice-President, Northern Operations; previously, Vice-President Wood Products Operations Alberta and Ontario; and General Manager, Hardwood Manufacturing.</i>
<b>Carl C. Rathburn</b> Delta, B.C.	<i>Vice-President, B.C. Coastal Operations; previously, General Manager, Coast Logging and Forestry.</i>
<b>Thomas Sitar</b> Vancouver, B.C.	<i>Treasurer.</i>
<b>C. Robert Solloway</b> West Vancouver, B.C.	<i>Vice-President, General Counsel and Secretary.</i>
<b>Ronald W. Staple</b> Hinton, Alberta	<i>Vice-President, Pulp Operations, Hinton Division; previously, Resident Manager and Mill Manager, Cariboo Pulp &amp; Paper Company; and Group Manager, Procter &amp; Gamble Inc., Belleville, Ontario.</i>
<b>Kent T. Williamson</b> Vancouver, B.C.	<i>Vice-President and Controller; previously, Comptroller.</i>

The directors and senior officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over, less than 1% of the shares in the Company carrying the right to vote in all circumstances.

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## Ten Year Review

(Years Ended December 31)

		1992	1991
<b>Earnings</b>	(\$ Millions)		
	Net sales . . . . .	732.9	661.7
	Cost of sales . . . . .	662.0	668.5
	Selling and administrative expenses . . . . .	26.5	24.8
	Interest . . . . .	(14.3)	(23.3)
	Other . . . . .	1.1	2.3
	Income taxes (expense) recovery . . . . .	(13.7)	19.5
	Extraordinary item . . . . .	—	—
	Net income (loss) . . . . .	<u>17.5</u>	<u>(33.1)</u>
<b>Per Share*</b>	Net earnings (loss)		
	— before extraordinary item . . . . .	.47	(.89)
	— after extraordinary item . . . . .	.47	(.89)
	Dividends—common . . . . .	.20	.20
	— ordinary . . . . .	—	—
	Shareholders' equity . . . . .	10.94	10.47
	(\$/share)		
	High . . . . .	17½	16
	Low . . . . .	11	9½
<b>Financial Position</b>	(\$ Millions)		
	Current assets . . . . .	260.2	222.3
	Current liabilities . . . . .	129.3	107.5
	Working capital . . . . .	130.9	114.8
	Investments and other assets . . . . .	20.6	18.7
	Timber and roads . . . . .	11.5	11.2
	Property and equipment, net . . . . .	585.3	611.5
	Deferred charges . . . . .	39.8	48.7
		<u>788.1</u>	<u>804.9</u>
	Long-term debt . . . . .	233.5	275.9
	Deferred income taxes . . . . .	144.1	136.0
	Minority interest . . . . .	1.7	1.7
	Share capital and surplus . . . . .	178.5	171.1
	Retained earnings . . . . .	230.3	220.2
		<u>788.1</u>	<u>804.9</u>
<b>Other Statistics</b>	Ratio of current assets to current liabilities . . . . .	2.0	2.1
	Net debt to total capital (%) . . . . .	30.7	35.4
	Return on average capital (%) . . . . .	3.3	(2.3)
	Return on shareholders' equity (%) . . . . .	4.5	(7.8)
	Employees at year end . . . . .	4,050	3,835
<b>Production Statistics</b>	Softwood plywood, waferboard and OSB (Millions sq. ft. ¾") . . . . .	472	453
	Hardwood and specialty plywood (Millions sq. ft. ¾") . . . . .	74	73
	Softwood lumber (Millions Fbm) Company . . . . .	598	523
	Share of affiliates . . . . .	275	271
	Pulp (Thousands metric air dry tons) . . . . .	507	494

\*Restated to reflect stock splits (2 for 1 May, 1984; 2 for 1 May, 1987) and stock dividends (December, 1985, June, September & December 1991, all Quarter ends in 1992).



1990	1989	1988	1987	1986	1985	1984	1983
<u>683.6</u>	<u>767.6</u>	<u>894.6</u>	<u>741.0</u>	<u>658.9</u>	<u>628.8</u>	<u>572.3</u>	<u>586.2</u>
628.9	636.2	740.3	616.7	559.3	567.4	533.8	528.1
25.1	27.5	42.1	42.9	40.1	41.4	40.9	38.6
(22.6)	—	—	(1.0)	(6.2)	(10.4)	(11.6)	(9.2)
3.4	6.6	3.6	4.9	2.6	2.0	1.5	3.0
(5.0)	(45.1)	(47.4)	(37.7)	(25.9)	(4.2)	8.7	(3.7)
—	—	(6.4)	—	—	—	(1.5)	—
<u>5.4</u>	<u>65.4</u>	<u>62.0</u>	<u>47.6</u>	<u>30.0</u>	<u>7.4</u>	<u>(5.3)</u>	<u>9.6</u>
.14	1.75	1.91	2.29	1.44	.35	(.19)	.46
.14	1.75	1.73	2.29	1.44	.35	(.26)	.46
.40	.40	.40	.35	.188	.125	.245	.125
—	—	—	—	.063	.125	.245	.125
11.41	11.65	10.29	10.76	8.81	7.55	7.25	7.74
18½	21½	18¾	19⅞	13¼	11	9⅝	9¼
13¼	14½	14⅜	11⅞	9½	6¼	6¼	6⅞
257.0	249.2	260.4	239.6	178.8	173.5	168.7	187.3
<u>106.5</u>	<u>126.7</u>	<u>145.7</u>	<u>126.8</u>	<u>80.6</u>	<u>82.3</u>	<u>98.5</u>	<u>76.1</u>
150.5	122.5	114.7	112.8	98.2	91.2	70.2	111.2
17.1	6.8	3.6	3.9	5.8	7.1	4.3	8.4
12.3	11.4	9.9	10.0	11.5	13.0	15.7	17.1
612.2	598.3	416.2	161.2	133.4	130.0	143.4	129.7
<u>61.5</u>	<u>46.6</u>	<u>16.8</u>	<u>2.1</u>	<u>6.9</u>	<u>8.4</u>	<u>10.0</u>	<u>8.2</u>
<u>853.6</u>	<u>785.6</u>	<u>561.2</u>	<u>290.0</u>	<u>255.8</u>	<u>249.7</u>	<u>243.6</u>	<u>274.6</u>
276.0	208.8	84.0	19.5	31.7	67.5	68.3	82.5
149.4	139.1	90.1	44.5	39.2	23.6	24.1	31.7
1.6	2.0	2.3	1.3	1.0	.9	.9	—
166.0	165.9	165.8	56.2	56.0	56.0	53.5	53.5
<u>260.6</u>	<u>269.8</u>	<u>219.0</u>	<u>168.5</u>	<u>127.9</u>	<u>101.7</u>	<u>96.8</u>	<u>106.9</u>
<u>853.6</u>	<u>785.6</u>	<u>561.2</u>	<u>290.0</u>	<u>255.8</u>	<u>249.7</u>	<u>243.6</u>	<u>274.6</u>
2.4	2.0	1.8	1.9	2.2	2.1	1.7	2.5
33.3	28.7	15.0	3.2	17.9	32.3	40.6	32.8
2.6	16.5	17.5	18.1	12.5	4.8	0.9	5.3
1.2	17.0	20.8	25.9	19.1	4.9	(2.4)	6.2
4,025	4,505	4,675	4,250	3,950	4,000	4,400	4,700
609	800	772	783	646	691	665	728
69	65	62	96	66	72	62	59
579	690	659	602	480	500	445	496
255	272	256	216	198	210	193	172
372	292	312	136	138	131	99	128

