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UNITED STATES DISTRICT COURT
DISTRICT OF OREGON

**COAST MOUNTAIN HARDWOODS,
INC.,**

No. CV03-0552-PA

Plaintiffs,

**ANSWER TO THIRD AMENDED
COMPLAINT AND REQUEST
FOR JURY TRIAL**

v.

WEYERHAEUSER COMPANY,

By Defendant, Weyerhaeuser
Company

Defendant.

Pursuant to Fed. R. Civ. P. 7(a)

Defendant Weyerhaeuser Company ("Weyerhaeuser") answers the Third Amended
Complaint herein as follows:

1. Weyerhaeuser states that the allegations contained in paragraph 1 purport to characterize this action and do not require a response. To the extent any response is required, Weyerhaeuser denies the allegations contained in paragraph 1 except admits that Plaintiffs purport to bring this action under Section 2 of the Sherman Act.

2. Weyerhaeuser admits that: (a) plaintiff Coast Mountain Hardwoods ("CMH") purports to bring the Third Amended Complaint, and to evoke this Court's jurisdiction, pursuant to the statutes cited in paragraph 2; (b) CMH purports that venue is proper under the statute cited therein; and (c) it transacts business and maintains offices within the District of Oregon. Except as so expressly admitted, Weyerhaeuser denies the allegations contained in paragraph 2.

3. Weyerhaeuser denies the allegations contained in paragraph 3, except admits that CMH owned a hardwood sawmill in British Columbia until its sale to Northwest Hardwoods, Delta, B.C., Ltd. in late 2000.

4. Weyerhaeuser admits that it is a corporation organized pursuant to the laws of the State of Washington, and that it conducts business both domestically and internationally. Weyerhaeuser also admits that it operates facilities in the states of Oregon and Washington that manufacture hardwood lumber, as well as an additional facility located in British Columbia. Except as so expressly admitted, Weyerhaeuser denies the allegations contained in paragraph 4.

5. Weyerhaeuser states that, as paragraph 5 purports to restate earlier allegations, Weyerhaeuser restates its response to the corresponding previous paragraphs contained in the Third Amended Complaint.

6. Weyerhaeuser denies the allegations contained in paragraph 6, except admits that red alder grows extensively throughout the northern Pacific Coast.

7. Weyerhaeuser denies the allegations contained in paragraph 7.

8. Weyerhaeuser admits that in some seasons, alder sawlogs are susceptible to stain or discoloration. Except as so expressly admitted, Weyerhaeuser denies the allegations

contained in paragraph 8.

9. Weyerhaeuser states that it is without information sufficient to form a belief as to what percentage of British Columbia's "alder sawlog resource" is currently located on "Crown lands owned by the provincial government of British Columbia". Weyerhaeuser further states that there has existed in British Columbia a regulatory procedure by which the export of logs from certain lands is subject to the right of local sawmills to buy those logs. Weyerhaeuser admits that between 1993 and September 2000, Coast Mountain owned and operated the Delta alder sawmill and blocked alder log exports from British Columbia. Weyerhaeuser further admits that after the acquisition of Coast Mountain's assets, its Canadian subsidiary continued to bid on surplus logs from British Columbia's Crown lands. Except as so expressly admitted, Weyerhaeuser denies the allegations contained in paragraph 9.

10. Weyerhaeuser states that alder is frequently a component of the conifer harvest as a "come along" species. Except as so expressly admitted, Weyerhaeuser denies the allegations contained in paragraph 10.

11. Weyerhaeuser denies the allegations contained in paragraph 11.

12. Weyerhaeuser denies the allegations contained in paragraph 12.

13. Weyerhaeuser denies the allegations contained in paragraph 13.

14. Weyerhaeuser denies the allegations contained in paragraph 14.

15. Weyerhaeuser admits the allegations contained in paragraph 15.

16. Weyerhaeuser admits the allegations contained in paragraph 16.

17. Weyerhaeuser admits the allegations contained in paragraph 17.

18. Weyerhaeuser admits that it promoted a grading system for finished alder lumber, greatly expanding the number of alder lumber products in comparison to the historic grading system. Except as so expressly admitted, Weyerhaeuser denies the allegations contained in paragraph 18.

19. Weyerhaeuser denies the allegations contained in paragraph 19.
20. Weyerhaeuser admits that its competitors developed grading systems, some of which were similar to Weyerhaeuser's. Except as so expressly admitted, Weyerhaeuser denies the allegations contained in paragraph 20.
21. Weyerhaeuser denies the allegations contained in paragraph 21.
22. Weyerhaeuser denies the allegations contained in paragraph 22.
23. Weyerhaeuser denies the allegations contained in paragraph 23.
24. Weyerhaeuser denies the allegations contained in paragraph 24.
25. Weyerhaeuser denies the allegations contained in paragraph 25.
26. Weyerhaeuser denies the allegations contained in paragraph 26.
27. Weyerhaeuser admits that in the course of due diligence in connection with the sale of its assets in 2000, Coast Mountain Hardwoods provided Weyerhaeuser with access to some of its books and records. Weyerhaeuser further admits that it acquired Coast Mountain's five forest licenses in British Columbia when it acquired the assets of Coast Mountain in September 2000. Except as so expressly admitted, Weyerhaeuser denies the allegations contained in paragraph 27.
28. Weyerhaeuser denies the allegations contained in paragraph 28.
29. Weyerhaeuser denies the allegations contained in paragraph 29.
30. Weyerhaeuser denies the allegations contained in paragraph 30, except admits that, during the 1990s, Weyerhaeuser provided CMH with assistance in the form of at least personnel and training. Except as so expressly admitted, Weyerhaeuser denies the allegations contained in paragraph 30.
31. Weyerhaeuser denies the allegations contained in paragraph 31, except admits that, during the 1990s, Weyerhaeuser provided CMH with assistance in the form of at least personnel and training. Except as so expressly admitted, Weyerhaeuser denies the allegations

contained in paragraph 31.

32. Weyerhaeuser denies the allegations contained in paragraph 32.

33. Weyerhaeuser denies the allegations contained in paragraph 33, except states that, during the 1990s, CMH expressed a desire to be acquired by Weyerhaeuser and at times provided Weyerhaeuser with financial information about CMH. Weyerhaeuser further admits that it performed due diligence of CMH in connection with the purchase of CMH's assets in 2000. Except as so expressly admitted, Weyerhaeuser denies the allegations contained in paragraph 33.

34. Weyerhaeuser denies the allegations contained in paragraph 34.

35. Weyerhaeuser denies the allegations contained in paragraph 35.

36. Weyerhaeuser denies the allegations contained in paragraph 36.

37. Weyerhaeuser denies the allegations contained in paragraph 37.

38. Weyerhaeuser denies the allegations contained in paragraph 38, including each and all of the included subcomponents.

39. Weyerhaeuser denies the allegations contained in paragraph 39.

40. Weyerhaeuser denies the allegations contained in paragraph 40.

41. Weyerhaeuser denies the allegations contained in paragraph 41, including each and all of the included subcomponents.

42. Weyerhaeuser denies the allegations contained in paragraph 42, including each and all of the included subcomponents.

43. Weyerhaeuser denies the allegations contained in paragraph 43.

44. Weyerhaeuser denies the allegations contained in paragraph 44.

45. Weyerhaeuser denies the allegations contained in paragraph 45.

46. Weyerhaeuser denies the allegations contained in paragraph 46.

47. Weyerhaeuser denies the allegations contained in paragraph 47.

48. Weyerhaeuser denies the allegations contained in paragraph 48, except admits that most of the senior management team of Northwest Hardwoods are based in the United States.

49. Weyerhaeuser denies the allegations contained in paragraph 49.

50. Weyerhaeuser denies the allegations contained in paragraph 50.

51. Weyerhaeuser denies the allegations contained in paragraph 51.

52. Weyerhaeuser denies the allegations contained in paragraph 52.

53. Weyerhaeuser admits that the number of Weyerhaeuser alder sawmills in Oregon and Washington increased between 1980 and 2001. Except as so expressly admitted, Weyerhaeuser denies the allegations contained in paragraph 53.

54. Weyerhaeuser denies the allegations contained in paragraph 54.

55. Weyerhaeuser denies the allegations contained in paragraph 55.

56. Weyerhaeuser admits that Ross-Simmons Hardwood Lumber Co. and Pacific Hardwoods closed their operations in Longview and South Bend, respectively, in 2001. Except as so expressly admitted, Weyerhaeuser denies the allegations contained in paragraph 56.

57. Weyerhaeuser denies the allegations contained in paragraph 57.

58. Weyerhaeuser denies the allegations contained in paragraph 58.

59. Weyerhaeuser denies the allegations contained in paragraph 59.

60. Weyerhaeuser denies the allegations contained in paragraph 60.

61. Weyerhaeuser denies the allegations contained in paragraph 61.

62. Weyerhaeuser denies the allegations contained in paragraph 62, including each and all of the included subcomponents.

63. Weyerhaeuser denies the allegations contained in paragraph 63.

64. Weyerhaeuser states that, as paragraph 64 purports to restate earlier allegations, Weyerhaeuser restates its responses to the corresponding previous paragraphs contained in the

Third Amended Complaint.

65. Weyerhaeuser denies the allegations contained in paragraph 65.

66. Weyerhaeuser states that it is currently without knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 66 and, therefore, denies same.

67. Weyerhaeuser denies the allegations contained in paragraph 67.

68. Weyerhaeuser denies the allegations contained in paragraph 68.

69. Weyerhaeuser denies the allegations contained in paragraph 69.

70. Weyerhaeuser denies the allegations contained in paragraph 70.

71. Weyerhaeuser states that, as paragraph 71 purports to restate earlier allegations, Weyerhaeuser restates its responses to the previous corresponding paragraphs contained in the Third Amended Complaint.

72. Weyerhaeuser denies the allegations contained in paragraph 72, including each and all of the included subcomponents.

73. Weyerhaeuser denies the allegations contained in paragraph 73.

74. Weyerhaeuser states that, as paragraph 74 purports to restate earlier allegations, Weyerhaeuser restates its responses to the previous corresponding paragraphs contained in the Third Amended Complaint.

75. Weyerhaeuser denies the allegations contained in paragraph 75.

76. Weyerhaeuser states that, as paragraph 76 purports to restate earlier allegations, Weyerhaeuser restates its responses to the previous corresponding paragraphs contained in the Third Amended Complaint.

77. Weyerhaeuser states that, as paragraph 77 purports to restate earlier allegations, Weyerhaeuser restates its responses to the previous corresponding paragraphs contained in the Third Amended Complaint.

78. Weyerhaeuser states that, as paragraph 78 purports to restate earlier allegations, Weyerhaeuser restates its responses to the previous corresponding paragraphs contained in the Third Amended Complaint.

79. Weyerhaeuser denies the allegations contained in paragraph 79.

80. Weyerhaeuser denies the allegations contained in paragraph 80.

81. Weyerhaeuser denies the allegations contained in paragraph 81, including each and all included subcomponents.

82. Weyerhaeuser denies the allegations contained in paragraph 82.

83. Weyerhaeuser states that, as paragraph 83 purports to restate earlier allegations, Weyerhaeuser restates its responses to the previous corresponding paragraphs contained in the Third Amended Complaint.

84. Weyerhaeuser denies the allegations contained in paragraph 84.

85. Weyerhaeuser denies the allegations contained in paragraph 85.

86. Weyerhaeuser states that, as paragraph 86 purports to restate earlier allegations, Weyerhaeuser restates its responses to the previous corresponding paragraphs contained in the Third Amended Complaint.

87. Weyerhaeuser denies the allegations contained in paragraph 87.

88. Weyerhaeuser denies the allegations contained in paragraph 88.

89. Weyerhaeuser states that, as paragraph 89 purports to restate earlier allegations, Weyerhaeuser restates its responses to the previous corresponding paragraphs contained in the Third Amended Complaint.

90. Weyerhaeuser denies the allegations contained in paragraph 90.

91. Weyerhaeuser states that, as paragraph 91 purports to restate earlier allegations, Weyerhaeuser restates its responses to the previous corresponding paragraphs contained in the Third Amended Complaint.

92. Weyerhaeuser denies the allegations contained in paragraph 92.
93. Weyerhaeuser denies the allegations contained in paragraph 93.
94. Weyerhaeuser denies the allegations contained in paragraph 94.
95. Weyerhaeuser denies the allegations contained in paragraph 95.
96. Weyerhaeuser denies the allegations contained in paragraph 96.

AFFIRMATIVE DEFENSES

Weyerhaeuser alleges the following affirmative defenses:

FIRST AFFIRMATIVE DEFENSE

97. Plaintiff's injuries, if any, were caused, either in whole or in part, by persons other than Weyerhaeuser

SECOND AFFIRMATIVE DEFENSE

98. Plaintiff's have failed to mitigate their damages, if any.

THIRD AFFIRMATIVE DEFENSE

99. Plaintiff's damages, if any, were the result of their own action or inaction.

FOURTH AFFIRMATIVE DEFENSE

100. Plaintiff's claims are barred, either in whole or in part, by the doctrines of laches and/or estoppel.

FIFTH AFFIRMATIVE DEFENSE

101. Plaintiff's claims are barred, either in whole or in part, by the doctrine of unclean hands.

SIXTH AFFIRMATIVE DEFENSE

102. Plaintiff's claims are barred and/or precluded by the *Noerr-Pennington* doctrine.

SEVENTH AFFIRMATIVE DEFENSE

103. Plaintiff's demand for punitive and other damages violates state and federal constitutional protections, including due process.

EIGHTH AFFIRMATIVE DEFENSE

104. Plaintiff's claims are barred, either in whole or in part, by the applicable statute(s) of limitations and/or repose.

NINTH AFFIRMATIVE DEFENSE

105. Plaintiff's claims are barred, either in whole or in part, by plaintiff's lack of standing.

TENTH AFFIRMATIVE DEFENSE

106. Plaintiff's claims are barred, either in whole or in part, as plaintiff is not the real party in interest to prosecute such claims.

ELEVENTH AFFIRMATIVE DEFENSE

107. Plaintiff's claims are barred as an improper collateral attack, or by the doctrines of res judicata and/or judicial estoppel.

TWELFTH AFFIRMATIVE DEFENSE

108. Plaintiff's claims are barred by the doctrine of *in pari delicto*.

THIRTEENTH AFFIRMATIVE DEFENSE

109. Plaintiff's fraud or other misconduct precludes recovery and entitles defendant to an offset.

FOURTEENTH AFFIRMATIVE DEFENSE

110. Plaintiff's claims are barred, either in whole or in part, by plaintiff's authorization, acquiescence, ratification, consent, or waiver as to defendant's conduct, including by plaintiff's action or inaction with knowledge of any alleged wrongdoing by defendant.

FIFTEENTH AFFIRMATIVE DEFENSE

111. Plaintiff's claims are barred, either in whole or in part, because defendant had legitimate business reasons for its conduct.

SIXTEENTH AFFIRMATIVE DEFENSE

112. Plaintiff's claims are barred, either in whole or in part, because plaintiff's claims were released, discharged, waived, purchased, or otherwise extinguished, including through the acquisition of CMH's assets.

SEVENTEENTH AFFIRMATIVE DEFENSE

113. Plaintiff's claims are barred, either in whole or in part, for failure to join necessary and indispensable parties.

EIGHTEENTH AFFIRMATIVE DEFENSE

114. Plaintiff has no antitrust injury or antitrust standing.

NINETEENTH AFFIRMATIVE DEFENSE

115. Plaintiff has no injury in the alleged alder sawlog market.

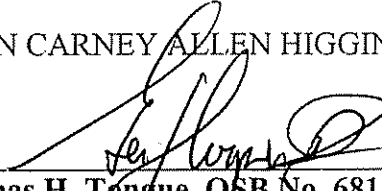
PRAYER FOR RELIEF

WHEREFORE, having fully answered plaintiff's Third Amended Complaint, Weyerhaeuser respectfully requests relief as follows:

1. that this Court dismiss this case in its entirety with prejudice; and
2. that this Court award defendant its costs and other expenses; and
3. that this Court award any other relief that is just and appropriate.

DATED this 15th day of March 2004.

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REQUEST FOR JURY TRIAL

The defendant hereby requests a trial by jury.

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CERTIFICATE OF SERVICE

I hereby certify that on this date I served the foregoing **DEFENDANT'S ANSWER TO PLAINTIFF'S THIRD AMENDED COMPLAINT AND REQUEST FOR JURY TRIAL** by hand delivering, as indicated below, true copies thereof to the following persons:

BY HAND DELIVERY

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DATED this 15th day of March, 2004.

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