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Weyerhaeuser reports fourth quarter, full year results

SEATTLE (Jan. 31, 2020) — [Weyerhaeuser Company](#) (NYSE: WY) today reported a fourth quarter net loss of \$14 million, or two cents per diluted share, on net sales of \$1.5 billion. This compares with a net loss of \$93 million, or 12 cents per diluted share, on net sales of \$1.6 billion for the same period last year and net earnings of \$99 million for the third quarter of 2019.

Excluding net after-tax charges of \$37 million for special items, the company reported fourth quarter net earnings of \$23 million, or three cents per diluted share. This compares with net earnings before special items of \$70 million for the same period last year and \$59 million for the third quarter of 2019.

Adjusted EBITDA for the fourth quarter of 2019 was \$260 million compared with \$346 million for the same period last year and \$308 million for the third quarter of 2019.

For the full year 2019, Weyerhaeuser reported a net loss of \$76 million, or 10 cents per diluted share, on net sales of \$6.6 billion. This compares with net earnings of \$748 million on net sales of \$7.5 billion for the full year 2018.

Full year 2019 includes net after-tax charges of \$361 million for special items. Excluding these items, the company reported net earnings before special items of \$285 million, or 39 cents per diluted share. This compares with net earnings before special items of \$891 million for the full year 2018.

“Our 2019 performance reflects strong execution across all businesses despite significant headwinds from a sluggish housing market, global trade uncertainty, and persistently challenged commodity prices,” said Devin W. Stockfish, president and chief executive officer. “Through our continued focus on operational excellence, we achieved record low cost performance in lumber and oriented strand board and delivered the highest EBITDA ever from our Real Estate & ENR business. Additionally, we reduced our pension obligations by \$1.5 billion, strategically optimized a significant portion of our Northern timberlands portfolio, and returned over \$1 billion of cash to shareholders. Entering 2020, we are encouraged by the recent pickup in U.S. housing activity, and we expect modest growth will drive improvement across our markets as the year progresses. We remain focused on creating value for shareholders through industry-leading operating performance and disciplined capital allocation.”

WEYERHAEUSER FINANCIAL HIGHLIGHTS (millions, except per share data)	2019 Q3	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Net sales	\$1,671	\$1,548	\$1,636	\$6,554	\$7,476
Net earnings (loss)	\$99	(\$14)	(\$93)	(\$76)	\$748
Net earnings (loss) per diluted share	\$0.13	(\$0.02)	(\$0.12)	(\$0.10)	\$0.99
Weighted average shares outstanding, diluted	747	746	750	746	757
Net earnings before special items ⁽¹⁾⁽²⁾	\$59	\$23	\$70	\$285	\$891
Net earnings per diluted share before special items ⁽¹⁾	\$0.08	\$0.03	\$0.10	\$0.39	\$1.18
Adjusted EBITDA ⁽¹⁾	\$308	\$260	\$346	\$1,276	\$2,032

(1) Net earnings before special items is a non-GAAP measure that management believes provides helpful context in understanding the company's earnings performance. Additionally, Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, basis of real estate sold and special items. Net earnings before special items and Adjusted EBITDA should not be considered in isolation from, and are not intended to represent an alternative to, our GAAP results. Reconciliations of Net earnings before special items and Adjusted EBITDA to GAAP earnings are included within this release.

(2) Fourth quarter 2019 after-tax special items include an \$80 million noncash impairment charge related to the previously announced sale of our Montana timberlands, a \$48 million gain on the sale of our Michigan timberlands and a \$5 million pension settlement charge related to the transfer of Canadian pension assets and liabilities through purchases of group annuity contracts. Special items for other periods presented are included in the reconciliation tables following this release.

TIMBERLANDS

FINANCIAL HIGHLIGHTS (millions)	2019 Q3	2019 Q4	Change
Net sales	\$523	\$510	(\$13)
Net contribution to pretax earnings	\$72	\$53	(\$19)
Pretax charge for special items	\$—	\$32	\$32
Net contribution to pretax earnings before special items	\$72	\$85	\$13
Adjusted EBITDA	\$154	\$158	\$4

Q4 2019 Performance – In the West, average sales realizations for domestic and Japan export logs were modestly higher and fee harvest volumes increased slightly. Western road and forestry spending was seasonally lower. In the South, average log sales realizations declined slightly and fee harvest volumes were lower.

Fourth quarter special items include a \$48 million gain on the sale of the company's Michigan timberlands, which closed in November, and an \$80 million noncash impairment charge related to the previously announced sale of our Montana timberlands. The Montana transaction is subject to customary closing conditions and is expected to be completed in the second quarter.

Q1 2020 Outlook – Weyerhaeuser expects first quarter earnings and Adjusted EBITDA will be slightly higher than the fourth quarter. In the West, the company anticipates higher domestic and export log sales volumes, modestly higher average domestic log sales realizations and lower road spending. In the South, the company expects seasonally lower fee harvest volumes and average log sales realizations comparable with the fourth quarter average.

REAL ESTATE, ENERGY & NATURAL RESOURCES

FINANCIAL HIGHLIGHTS (millions)	2019 Q3	2019 Q4	Change
Net sales	\$69	\$46	(\$23)
Net contribution to pretax earnings	\$32	\$22	(\$10)
Adjusted EBITDA	\$60	\$37	(\$23)

Q4 2019 Performance – Earnings and Adjusted EBITDA decreased due to fewer real estate sales and lower construction materials and energy royalties in our Energy & Natural Resources business. The segment reported full year Adjusted EBITDA of \$274 million.

Q1 2020 Outlook – Weyerhaeuser anticipates first quarter earnings and Adjusted EBITDA will be significantly higher than the fourth quarter due to the timing of Real Estate transactions. The company expects full year 2020 Adjusted EBITDA for the segment will be approximately \$255 million. This guidance incorporates the effect of fewer available real estate acres following the divestitures of our Montana and Michigan timberlands.

WOOD PRODUCTS

FINANCIAL HIGHLIGHTS (millions)	2019 Q3	2019 Q4	Change
Net sales	\$1,204	\$1,115	(\$89)
Net contribution to pretax earnings	\$143	\$60	(\$83)
Pretax benefit for special items	(\$68)	\$—	\$68
Net contribution to pretax earnings before special items	\$75	\$60	(\$15)
Adjusted EBITDA	\$123	\$110	(\$13)

Q4 2019 Performance – Sales volumes declined seasonally and Western and Canadian log costs increased compared with the third quarter. Per unit manufacturing costs improved due to strong operating performance and ongoing operational excellence initiatives.

Average sales realizations for oriented strand board improved slightly. In lumber, although the benchmark Framing Lumber Composite price improved modestly in the fourth quarter, published average pricing for wide-width Southern yellow pine lumber decreased. Weyerhaeuser's average lumber sales realizations were comparable with the third quarter average, reflecting the company's regional and product mix.

Q1 2020 Outlook – Weyerhaeuser anticipates first quarter earnings and Adjusted EBITDA will be slightly higher than the fourth quarter, before any improvement in average sales realizations. The company expects seasonally improved operating rates and manufacturing costs for engineered wood products and slightly higher sales volumes for lumber and oriented strand board.

UNALLOCATED

FINANCIAL HIGHLIGHTS (millions)	2019 Q3	2019 Q4	Change
Net charge to pretax earnings	(\$54)	(\$59)	(\$5)
Pretax charge for special items	\$15	\$6	(\$9)
Net charge to pretax earnings before special items	(\$39)	(\$53)	(\$14)
Adjusted EBITDA	(\$29)	(\$45)	(\$16)

Q4 2019 Performance – Unallocated corporate function and variable compensation expense increased due to seasonally higher spending and a year-to-date adjustment for incentive compensation. Fourth quarter results also include a small expense from elimination of intersegment profit in inventory and LIFO compared with income from this item in the third quarter.

Fourth quarter pretax special items consist of a \$6 million noncash non-operating settlement charge related to the transfer of Canadian pension assets and liabilities through purchases of group annuity contracts.

ABOUT WEYERHAEUSER

[Weyerhaeuser Company](#), one of the world's largest private owners of [timberlands](#), began operations in 1900. We own or control approximately 11 million acres of timberlands in the U.S., and manage additional timberlands under long-term licenses in Canada. We manage these timberlands on a [sustainable](#) basis in compliance with internationally recognized forestry standards. We are also one of the largest manufacturers of [wood products](#) in America. Our company is a real estate investment trust. In 2019, we generated \$6.6 billion in net sales and employed approximately 9,400 people who serve customers worldwide. We are listed on the Dow Jones Sustainability North America Index. Our common stock trades on the New York Stock Exchange under the symbol WY. Learn more at <https://www.weyerhaeuser.com/>.

EARNINGS CALL INFORMATION

Weyerhaeuser will hold a live conference call at 7 a.m. Pacific (10 a.m. Eastern) on January 31, 2020 to discuss fourth quarter results.

To access the live webcast and presentation online, go to the [Investor Relations](#) section on www.weyerhaeuser.com on January 31, 2020.

To join the conference call from within North America, dial 855-223-0757 (access code: 2195447) at least 15 minutes prior to the call. Those calling from outside North America should dial 574-990-1206 (access code: 2195447). Replays will be available for two weeks at 855-859-2056 (access code: 2195447) from within North America and at 404-537-3406 (access code: 2195447) from outside North America.

FORWARD-LOOKING STATEMENTS

This news release contains statements concerning the company's future results and performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, including with respect to the following: our earnings, earnings before special items, Adjusted EBITDA; average log sale realizations; log sale volumes; and fee harvest volumes in our timber business; sales volumes as well as manufacturing operating costs and operating rates for Wood Products. These statements generally are identified by words such as "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," and expressions such as "will be," "will continue," "will likely result," and similar words and expressions. These statements are based on our current expectations and assumptions and are not guarantees of future performance. The realization of our expectations and the accuracy of our assumptions are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, but are not limited to:

- the effect of general economic conditions, including employment rates, interest rate levels, housing starts, availability of financing for home mortgages and strength of the U.S. dollar;
- market demand for our products, including market demand for our timberland properties with higher and better uses, which is related to, among other factors, the strength of the various U.S. business segments and U.S. and international economic conditions;
- changes in currency exchange rates, particularly the relative value of the U.S. dollar to the Japanese yen, the Chinese yuan and the Canadian dollar, and the relative value of the euro to the yen;
- restrictions on international trade and tariffs imposed on imports or exports;
- the availability and cost of shipping and transportation;
- economic activity in Asia, especially Japan and China;
- performance of our manufacturing operations, including maintenance and capital requirements;
- potential disruptions in our manufacturing operations;
- the level of competition from domestic and foreign producers;
- raw material availability and prices;
- the effect of weather;
- changes in global or regional climate conditions and governmental response to such changes;
- the risk of loss from fires, floods, windstorms, hurricanes, pest infestation and other natural disasters;
- energy prices;
- our operational excellence initiatives;
- the successful and timely execution and integration of our strategic acquisitions, including our ability to realize expected benefits and synergies, and the successful and timely execution of our strategic divestitures, each of which is subject to a number of risks and conditions beyond our control including, but not limited to, timing and required regulatory approvals;

- transportation and labor availability and costs;
- federal tax policies;
- the effect of forestry, land use, environmental and other governmental regulations;
- legal proceedings;
- performance of pension fund investments and related derivatives;
- the effect of timing of retirements and changes in the market price of our common stock on charges for share-based compensation;
- the accuracy of our estimates of costs and expenses related to contingent liabilities;
- changes in accounting principles; and
- other matters described under “Risk Factors” in our annual reports on Form 10-K, as well as those set forth from time to time in our other public statements and other reports and filings with the Securities and Exchange Commission.

Forward-looking statements speak only as of the date they are made, and we undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events, or otherwise.

RECONCILIATION OF ADJUSTED EBITDA TO NET EARNINGS (LOSS)

We reconcile Adjusted EBITDA to net earnings (loss) for the consolidated company and to operating income (loss) for the business segments, as those are the most directly comparable U.S. GAAP measures for each.

The table below reconciles Adjusted EBITDA for the year ended December 31, 2019:

(millions)	Timberlands	Real Estate & ENR	Wood Products	Unallocated Items	Total
Adjusted EBITDA by Segment:					
Net earnings (loss)					\$ (76)
Interest expense, net of capitalized interest ⁽¹⁾					378
Income taxes					(137)
Net contribution (charge) to earnings	\$ 347	\$ 144	\$ 353	\$ (679)	\$ 165
Non-operating pension and other postretirement benefit costs ⁽²⁾	—	—	—	516	516
Interest income and other	—	—	—	(30)	(30)
Operating income (loss)	347	144	353	(193)	651
Depreciation, depletion and amortization	301	14	191	4	510
Basis of real estate sold	—	116	—	—	116
Special items included in operating income (loss) ⁽³⁾⁽⁴⁾⁽⁵⁾	32	—	(68)	35	(1)
Adjusted EBITDA	\$ 680	\$ 274	\$ 476	\$ (154)	\$ 1,276

- (1) Interest expense, net of capitalized interest includes a pretax special item consisting of a \$12 million charge related to the early extinguishment of debt.
- (2) Non-operating pension and other postretirement benefit costs includes pretax special items consisting of \$455 million of noncash settlement charges related to transfers of pension plan assets and liabilities to an insurance company through the purchase of group annuity contracts.
- (3) Operating income (loss) for Timberlands includes pretax special items consisting of an \$80 million noncash impairment charge related to the previously announced sale of our Montana timberlands and a \$48 million gain on sale of our Michigan timberlands.
- (4) Operating income (loss) for Wood Products includes a pretax special item consisting of a \$68 million product remediation insurance recovery.
- (5) Operating income (loss) for Unallocated Items includes pretax special items consisting of \$35 million of legal charges.

The table below reconciles Adjusted EBITDA for the year ended December 31, 2018:

(millions)	<u>Timberlands</u>	<u>Real Estate & ENR</u>	<u>Wood Products</u>	<u>Unallocated Items</u>	<u>Total</u>
Adjusted EBITDA by Segment:					
Net earnings					\$ 748
Interest expense, net of capitalized interest					375
Income taxes ⁽¹⁾					59
Net contribution (charge) to earnings	\$ 583	\$ 127	\$ 838	\$ (366)	\$ 1,182
Non-operating pension and other postretirement benefit costs ⁽²⁾	—	—	—	272	272
Interest income and other ⁽³⁾	—	(1)	—	(59)	(60)
Operating income (loss)	583	126	838	(153)	1,394
Depreciation, depletion and amortization	319	14	149	4	486
Basis of real estate sold	—	124	—	—	124
Special items included in operating income (loss) ⁽⁴⁾	—	—	—	28	28
Adjusted EBITDA	\$ 902	\$ 264	\$ 987	\$ (121)	\$ 2,032

(1) Income taxes include special items consisting of a \$41 million tax benefit related to our pension contribution and a \$21 million tax adjustment charge.

(2) Non-operating pension and other postretirement benefit costs include a pretax special item consisting of a \$200 million noncash settlement charge related to our U.S. qualified pension plan lump sum offer.

(3) Interest income and other includes a pretax special item consisting of a \$13 million gain on sale of a nonstrategic asset.

(4) Operating income (loss) includes a pretax special item consisting of \$28 million of environmental remediation expense.

The table below reconciles Adjusted EBITDA for the quarter ended December 31, 2019:

(millions)	<u>Timberlands</u>	<u>Real Estate & ENR</u>	<u>Wood Products</u>	<u>Unallocated Items</u>	<u>Total</u>
Adjusted EBITDA by Segment:					
Net earnings (loss)					\$ (14)
Interest expense, net of capitalized interest					89
Income taxes					1
Net contribution (charge) to earnings	\$ 53	\$ 22	\$ 60	\$ (59)	\$ 76
Non-operating pension and other postretirement benefit costs ⁽¹⁾	—	—	—	21	21
Interest income and other	—	—	—	(8)	(8)
Operating income (loss)	53	22	60	(46)	89
Depreciation, depletion and amortization	73	4	50	1	128
Basis of real estate sold	—	11	—	—	11
Special items included in operating income (loss) ⁽²⁾	32	—	—	—	32
Adjusted EBITDA	\$ 158	\$ 37	\$ 110	\$ (45)	\$ 260

(1) Non-operating pension and other postretirement benefit costs include a pretax special item consisting of a \$6 million noncash settlement charge related to the transfer of Canadian pension assets and liabilities through purchases of group annuity contracts.

(2) Operating income (loss) for Timberlands includes pretax special items consisting of an \$80 million noncash impairment charge related to the previously announced sale of our Montana timberlands and a \$48 million gain on sale of our Michigan timberlands.

The table below reconciles Adjusted EBITDA for the quarter ended September 30, 2019:

(millions)	Timberlands	Real Estate & ENR	Wood Products	Unallocated Items	Total
Adjusted EBITDA by Segment:					
Net earnings					\$ 99
Interest expense, net of capitalized interest					91
Income taxes					3
Net contribution (charge) to earnings	\$ 72	\$ 32	\$ 143	\$ (54)	\$ 193
Non-operating pension and other postretirement benefit costs	—	—	—	15	15
Interest income and other	—	—	—	(6)	(6)
Operating income (loss)	72	32	143	(45)	202
Depreciation, depletion and amortization	82	4	48	1	135
Basis of real estate sold	—	24	—	—	24
Special items included in operating income (loss) ⁽¹⁾	—	—	(68)	15	(53)
Adjusted EBITDA	\$ 154	\$ 60	\$ 123	\$ (29)	\$ 308

(1) Operating income (loss) includes pretax special items consisting of a \$68 million product remediation insurance recovery and a \$15 million legal charge.

The table below reconciles Adjusted EBITDA for the quarter ended December 31, 2018:

(millions)	Timberlands	Real Estate & ENR	Wood Products	Unallocated Items	Total
Adjusted EBITDA by Segment:					
Net earnings (loss)					\$ (93)
Interest expense, net of capitalized interest					97
Income taxes ⁽¹⁾					(21)
Net contribution (charge) to earnings	\$ 107	\$ 44	\$ 26	\$ (194)	\$ (17)
Non-operating pension and other postretirement benefit costs ⁽²⁾	—	—	—	218	218
Interest income and other ⁽³⁾	—	(1)	—	(23)	(24)
Operating income	107	43	26	1	177
Depreciation, depletion and amortization	81	3	40	1	125
Basis of real estate sold	—	44	—	—	44
Adjusted EBITDA	\$ 188	\$ 90	\$ 66	\$ 2	\$ 346

(1) Income taxes include a special item consisting of a \$21 million tax adjustment charge.

(2) Non-operating pension and other postretirement benefit costs include a pretax special item consisting of a \$200 million noncash settlement charge related to our U.S. qualified pension plan lump sum offer.

(3) Interest income and other includes a pretax special item consisting of a \$13 million gain on sale of a nonstrategic asset.

RECONCILIATION OF NET EARNINGS BEFORE SPECIAL ITEMS TO NET EARNINGS (LOSS)

We reconcile net earnings before special items to net earnings and net earnings per diluted share before special items to net earnings per diluted share, as those are the most directly comparable U.S. GAAP measures. We believe the measures provide meaningful supplemental information for investors about our operating performance, better facilitate period to period comparisons, and are widely used by analysts, lenders, rating agencies and other interested parties.

The table below reconciles net earnings before special items to net earnings (loss):

(millions)	2019 Q3	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Net earnings (loss)	\$99	\$(14)	\$(93)	\$(76)	\$748
Early extinguishment of debt charge	—	—	—	9	—
Environmental remediation charge	—	—	—	—	21
Gain on sale of timberlands and other nonstrategic assets	—	(48)	(10)	(48)	(10)
Legal charges	11	—	—	26	—
Pension settlement charges	—	5	152	345	152
Product remediation recoveries, net	(51)	—	—	(51)	—
Restructuring, impairments and other charges	—	80	—	80	—
Tax adjustments	—	—	21	—	(20)
Net earnings before special items	\$59	\$23	\$70	\$285	\$891

The table below reconciles net earnings per diluted share before special items to net earnings (loss) per diluted share:

	2019 Q3	2019 Q4	2018 Q4	2019 Full Year	2018 Full Year
Net earnings (loss) per diluted share	\$0.13	\$(0.02)	\$(0.12)	\$(0.10)	\$0.99
Early extinguishment of debt charge	—	—	—	0.01	—
Environmental remediation charge	—	—	—	—	0.03
Gain on sale of timberlands and other nonstrategic assets	—	(0.07)	(0.01)	(0.07)	(0.01)
Legal charges	0.02	—	—	0.04	—
Pension settlement charges	—	0.01	0.20	0.47	0.20
Product remediation recoveries, net	(0.07)	—	—	(0.07)	—
Restructuring, impairments and other charges	—	0.11	—	0.11	—
Tax adjustments	—	—	0.03	—	(0.03)
Net earnings per diluted share before special items	\$0.08	\$0.03	\$0.10	\$0.39	\$1.18

Q4.2019 Analyst Package

Preliminary results (unaudited)

Consolidated Statement of Operations

	Q1	Q2	Q3	Q4		Year-to-Date	
	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
in millions							
Net sales	\$ 1,643	\$ 1,692	\$ 1,671	\$ 1,548	\$ 1,636	\$ 6,554	\$ 7,476
Costs of sales	1,322	1,390	1,399	1,301	1,345	5,412	5,592
Gross margin	321	302	272	247	291	1,142	1,884
Selling expenses	21	21	20	22	22	84	88
General and administrative expenses	89	80	85	94	82	348	318
Charges for integration and restructuring, closures and asset impairments	—	—	—	80	—	80	2
Product remediation recoveries, net	—	—	(68)	—	—	(68)	—
Other operating costs (income), net	37	15	33	(38)	10	47	82
Operating income	174	186	202	89	177	651	1,394
Non-operating pension and other postretirement benefit costs	(470)	(10)	(15)	(21)	(218)	(516)	(272)
Interest income and other	10	6	6	8	24	30	60
Interest expense, net of capitalized interest	(107)	(91)	(91)	(89)	(97)	(378)	(375)
Earnings (loss) before income taxes	(393)	91	102	(13)	(114)	(213)	807
Income taxes	104	37	(3)	(1)	21	137	(59)
Net earnings (loss)	\$ (289)	\$ 128	\$ 99	\$ (14)	\$ (93)	\$ (76)	\$ 748

Per Share Information

	Q1	Q2	Q3	Q4		Year-to-Date	
	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Earnings (loss) per share, basic and diluted	\$ (0.39)	\$ 0.17	\$ 0.13	\$ (0.02)	\$ (0.12)	\$ (0.10)	\$ 0.99
Dividends paid per common share	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34	\$ 1.36	\$ 1.32
Weighted average shares outstanding (in thousands):							
Basic	746,603	745,486	745,626	745,886	748,694	745,897	754,556
Diluted	746,603	746,232	746,514	745,886	750,025	745,897	756,827
Common shares outstanding at end of period (in thousands)	744,767	744,905	745,071	745,300	746,391	745,300	746,391

Adjusted Earnings before Interest, Tax, Depreciation, Depletion and Amortization (Adjusted EBITDA)

	Q1	Q2	Q3	Q4		Year-to-Date	
	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
in millions							
Net earnings (loss)	\$ (289)	\$ 128	\$ 99	\$ (14)	\$ (93)	\$ (76)	\$ 748
Non-operating pension and other postretirement benefit costs	470	10	15	21	218	516	272
Interest income and other	(10)	(6)	(6)	(8)	(24)	(30)	(60)
Interest expense, net of capitalized interest	107	91	91	89	97	378	375
Income taxes	(104)	(37)	3	1	(21)	(137)	59
Operating income	174	186	202	89	177	651	1,394
Depreciation, depletion and amortization	123	124	135	128	125	510	486
Basis of real estate sold	48	33	24	11	44	116	124
Special items included in operating income	20	—	(53)	32	—	(1)	28
Adjusted EBITDA⁽¹⁾	\$ 365	\$ 343	\$ 308	\$ 260	\$ 346	\$ 1,276	\$ 2,032

⁽¹⁾ Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, basis of real estate sold, and special items. Our definition of Adjusted EBITDA may be different from similarly titled measures reported by other companies. Adjusted EBITDA should not be considered in isolation from, and is not intended to represent an alternative to, our GAAP results.

Q4.2019 Analyst Package

Preliminary results (unaudited)

Special Items Included in Net Earnings (Income Tax Affected)

in millions	Q1	Q2	Q3	Q4		Year-to-Date	
	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Net earnings (loss)	\$ (289)	\$ 128	\$ 99	\$ (14)	\$ (93)	\$ (76)	\$ 748
Early extinguishment of debt charge ⁽¹⁾	9	—	—	—	—	9	—
Environmental remediation charge	—	—	—	—	—	—	21
Gain on sale of timberlands and other nonstrategic assets	—	—	—	(48)	(10)	(48)	(10)
Legal charges	15	—	11	—	—	26	—
Pension settlement charges	345	(5)	—	5	152	345	152
Product remediation recoveries, net	—	—	(51)	—	—	(51)	—
Restructuring, impairments and other charges	—	—	—	80	—	80	—
Tax adjustments	—	—	—	—	21	—	(20)
Net earnings before special items⁽²⁾	\$ 80	\$ 123	\$ 59	\$ 23	\$ 70	\$ 285	\$ 891

in millions	Q1	Q2	Q3	Q4		Year-to-Date	
	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Net earnings (loss) per diluted share	\$ (0.39)	\$ 0.17	\$ 0.13	\$ (0.02)	\$ (0.12)	\$ (0.10)	\$ 0.99
Early extinguishment of debt charge ⁽¹⁾	0.01	—	—	—	—	0.01	—
Environmental remediation charge	—	—	—	—	—	—	0.03
Gain on sale of timberlands and other nonstrategic assets	—	—	—	(0.07)	(0.01)	(0.07)	(0.01)
Legal charges	0.02	—	0.02	—	—	0.04	—
Pension settlement charges	0.47	(0.01)	—	0.01	0.20	0.47	0.20
Product remediation recoveries, net	—	—	(0.07)	—	—	(0.07)	—
Restructuring, impairments and other charges	—	—	—	0.11	—	0.11	—
Tax adjustments	—	—	—	—	0.03	—	(0.03)
Net earnings per diluted share before special items⁽²⁾	\$ 0.11	\$ 0.16	\$ 0.08	\$ 0.03	\$ 0.10	\$ 0.39	\$ 1.18

⁽¹⁾ During first quarter 2019, we recorded a \$12 million pretax (\$9 million after-tax) charge related to the early extinguishment of debt. This charge is included in Interest expense, net of capitalized interest in the Consolidated Statement of Operations.

⁽²⁾ Net earnings before special items is a non-GAAP measure that management believes provides helpful context in understanding the company's earnings performance. Net earnings before special items should not be considered in isolation from, and is not intended to represent an alternative to, our GAAP results.

Selected Total Company Items

in millions	Q1	Q2	Q3	Q4		Year-to-Date	
	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Pension and postretirement costs:							
Pension and postretirement service costs	\$ 8	\$ 8	\$ 8	\$ 8	\$ 9	\$ 32	\$ 37
Non-operating pension and other postretirement benefit costs	470	10	15	21	218	516	272
Total company pension and postretirement costs	\$ 478	\$ 18	\$ 23	\$ 29	\$ 227	\$ 548	\$ 309

Weyerhaeuser Company

Q4.2019 Analyst Package

Preliminary results (unaudited)

Consolidated Balance Sheet

in millions	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2018
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 259	\$ 212	\$ 153	\$ 139	\$ 334
Receivables, less discounts and allowances	398	408	368	309	337
Receivables for taxes	163	157	149	98	137
Inventories	451	425	393	416	389
Assets held for sale	—	—	251	140	—
Prepaid expenses and other current assets	141	132	141	147	152
Current restricted financial investments held by variable interest entities	362	362	362	362	253
Total current assets	1,774	1,696	1,817	1,611	1,602
Property and equipment, net	1,917	1,901	1,860	1,969	1,857
Construction in progress	102	134	187	130	136
Timber and timberlands at cost, less depletion	12,586	12,516	12,192	11,929	12,671
Minerals and mineral rights, less depletion	291	288	284	281	294
Deferred tax assets	18	33	31	72	15
Other assets	444	461	461	414	312
Restricted financial investments held by variable interest entities	—	—	—	—	362
Total assets	\$ 17,132	\$ 17,029	\$ 16,832	\$ 16,406	\$ 17,249
LIABILITIES AND EQUITY					
Current liabilities:					
Current maturities of long-term debt	\$ —	\$ —	\$ —	\$ —	\$ 500
Current debt (nonrecourse to the company) held by variable interest entities	302	302	—	—	302
Borrowings on line of credit	245	140	440	230	425
Accounts payable	243	271	242	246	222
Accrued liabilities	411	510	487	530	490
Total current liabilities	1,201	1,223	1,169	1,006	1,939
Long-term debt, net	6,156	6,153	6,150	6,147	5,419
Deferred tax liabilities	34	17	25	6	43
Deferred pension and other postretirement benefits	542	515	506	693	527
Other liabilities	398	397	383	377	275
Total liabilities	8,331	8,305	8,233	8,229	8,203
Total equity	8,801	8,724	8,599	8,177	9,046
Total liabilities and equity	\$ 17,132	\$ 17,029	\$ 16,832	\$ 16,406	\$ 17,249

Weyerhaeuser Company

Q4.2019 Analyst Package

Preliminary results (unaudited)

Consolidated Statement of Cash Flows

	Q1	Q2	Q3	Q4		Year-to-Date	
	Mar 31, 2019	Jun 30, 2019	Sept 30, 2019	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
in millions							
Cash flows from operations:							
Net earnings (loss)	\$ (289)	\$ 128	\$ 99	\$ (14)	\$ (93)	\$ (76)	\$ 748
Noncash charges (credits) to earnings (loss):							
Depreciation, depletion and amortization	123	124	135	128	125	510	486
Basis of real estate sold	48	33	24	11	44	116	124
Deferred income taxes, net	(123)	(43)	2	(5)	(39)	(169)	72
Pension and other postretirement benefits	478	18	23	29	227	548	309
Share-based compensation expense	9	7	7	7	11	30	42
Charges for impairment of assets	—	—	—	80	—	80	1
Net gains on sale of nonstrategic timberlands	—	—	—	(48)	—	(48)	—
Change in:							
Receivables, less allowances	(77)	(10)	40	60	117	13	62
Receivables and payables for taxes	(31)	6	7	51	6	33	(103)
Inventories	(60)	28	30	(21)	(5)	(23)	(14)
Prepaid expenses and other current assets	(5)	8	2	1	(11)	6	(18)
Accounts payable and accrued liabilities	(82)	127	(58)	50	(21)	37	(154)
Pension and postretirement benefit contributions and payments	(14)	(13)	(9)	(9)	(26)	(45)	(381)
Other	9	(17)	(10)	(28)	(43)	(46)	(62)
Net cash from operations	\$ (14)	\$ 396	\$ 292	\$ 292	\$ 292	\$ 966	\$ 1,112
Cash flows from investing activities:							
Capital expenditures for property and equipment	\$ (41)	\$ (71)	\$ (87)	\$ (128)	\$ (130)	\$ (327)	\$ (368)
Capital expenditures for timberlands reforestation	(18)	(13)	(11)	(15)	(14)	(57)	(59)
Proceeds from note receivable held by variable interest entities	253	—	—	—	—	253	—
Proceeds from sale of Michigan timberlands	—	—	—	297	—	297	—
Other	18	1	1	1	(32)	21	(13)
Net cash from investing activities	\$ 212	\$ (83)	\$ (97)	\$ 155	\$ (176)	\$ 187	\$ (440)
Cash flows from financing activities:							
Cash dividends on common shares	\$ (254)	\$ (253)	\$ (253)	\$ (253)	\$ (254)	\$ (1,013)	\$ (995)
Net proceeds from issuance of long-term debt	739	—	—	—	—	739	—
Payments of long-term debt	(512)	—	—	—	—	(512)	(62)
Proceeds from borrowings on line of credit	245	140	490	220	425	1,095	425
Payments on line of credit	(425)	(245)	(190)	(430)	—	(1,290)	—
Payments on debt held by variable interest entities	—	—	(302)	—	(209)	(302)	(209)
Proceeds from exercise of stock options	2	2	4	5	—	13	52
Repurchases of common shares	(60)	—	—	—	(93)	(60)	(366)
Other	(8)	(4)	(3)	(3)	1	(18)	(7)
Net cash from financing activities	\$ (273)	\$ (360)	\$ (254)	\$ (461)	\$ (130)	\$ (1,348)	\$ (1,162)
Net change in cash and cash equivalents	\$ (75)	\$ (47)	\$ (59)	\$ (14)	\$ (14)	\$ (195)	\$ (490)
Cash and cash equivalents at beginning of period	334	259	212	153	348	334	824
Cash and cash equivalents at end of period	<u>\$ 259</u>	<u>\$ 212</u>	<u>\$ 153</u>	<u>\$ 139</u>	<u>\$ 334</u>	<u>\$ 139</u>	<u>\$ 334</u>
Cash paid (received) during the period for:							
Interest, net of amounts capitalized	\$ 127	\$ 59	\$ 124	\$ 60	\$ 73	\$ 370	\$ 358
Income taxes, net of refunds	\$ 50	\$ 1	\$ (5)	\$ (48)	\$ 15	\$ (2)	\$ 95

Q4.2019 Analyst Package

Preliminary results (unaudited)

Segment Statement of Operations ⁽¹⁾

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Sales to unaffiliated customers	\$ 431	\$ 401	\$ 398	\$ 388	\$ 448	\$ 1,618	\$ 1,873
Intersegment sales	125	131	125	122	128	503	537
Total net sales	556	532	523	510	576	2,121	2,410
Costs of sales	413	405	429	402	446	1,649	1,735
Gross margin	143	127	94	108	130	472	675
Selling expenses	1	—	—	—	—	1	2
General and administrative expenses	22	25	24	23	24	94	93
Charges for integration and restructuring, closures and asset impairments	—	—	—	80	—	80	—
Other operating income, net	—	—	(2)	(48)	(1)	(50)	(3)
Operating income and Net contribution to earnings	\$ 120	\$ 102	\$ 72	\$ 53	\$ 107	\$ 347	\$ 583

⁽¹⁾ In January 2019, we changed the way we report our Canadian Forestlands operations, which are primarily operated to supply Weyerhaeuser's Canadian Wood Products manufacturing facilities. As a result, we no longer report related intersegment sales in the Timberlands segment and we now record the minimal associated third-party log sales in the Wood Products segment. These collective transactions did not contribute any earnings to the Timberlands segment. We have conformed prior year presentations with the current year.

Adjusted Earnings before Interest, Tax, Depreciation, Depletion and Amortization ⁽²⁾

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Operating income	\$ 120	\$ 102	\$ 72	\$ 53	\$ 107	\$ 347	\$ 583
Depreciation, depletion and amortization	73	73	82	73	81	301	319
Special items	—	—	—	32	—	32	—
Adjusted EBITDA ⁽²⁾	\$ 193	\$ 175	\$ 154	\$ 158	\$ 188	\$ 680	\$ 902

⁽²⁾ See definition of Adjusted EBITDA (a non-GAAP measure) on page 1.

Segment Special Items Included in Net Contribution to Earnings (Pretax)

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Gain on sale of timberlands and other nonstrategic assets	\$ —	\$ —	\$ —	\$ (48)	\$ —	\$ (48)	\$ —
Restructuring, impairments and other charges	—	—	—	80	—	80	—

Selected Segment Items

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Total decrease (increase) in working capital ⁽³⁾	\$ (24)	\$ 46	\$ 2	\$ (12)	\$ (7)	\$ 12	\$ (9)
Cash spent for capital expenditures	\$ (26)	\$ (25)	\$ (28)	\$ (33)	\$ (35)	\$ (112)	\$ (117)

⁽³⁾ Represents the change in prepaid assets, accounts receivable, accounts payable, accrued liabilities and log inventory for the Timberlands and Real Estate & ENR segments combined.

Segment Statistics ⁽⁴⁾

		Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Third Party	Delivered logs:							
Net Sales	West	\$ 205	\$ 194	\$ 172	\$ 169	\$ 221	\$ 740	\$ 987
(millions)	South	159	156	168	157	153	640	625
	North	29	17	24	22	29	92	99
	Total delivered logs	393	367	364	348	403	1,472	1,711
	Stumpage and pay-as-cut timber	9	10	10	13	20	42	59
	Recreational and other lease revenue	15	15	15	16	15	61	59
	Other revenue	14	9	9	11	10	43	44
	Total	\$ 431	\$ 401	\$ 398	\$ 388	\$ 448	\$ 1,618	\$ 1,873
Delivered Logs	West	\$ 106.92	\$ 104.07	\$ 99.07	\$ 102.12	\$ 112.58	\$ 103.18	\$ 125.59
Third Party Sales	South	\$ 35.35	\$ 35.45	\$ 35.03	\$ 34.71	\$ 34.38	\$ 35.13	\$ 34.66
Realizations (per ton)	North	\$ 59.68	\$ 62.10	\$ 57.35	\$ 56.95	\$ 57.27	\$ 58.80	\$ 60.55
Delivered Logs	West	1,920	1,864	1,729	1,660	1,958	7,173	7,858
Third Party Sales	South	4,499	4,400	4,795	4,538	4,417	18,232	18,008
Volumes (tons, thousands)	North	494	263	429	372	497	1,558	1,628
Fee Harvest Volumes	West	2,385	2,455	2,183	2,214	2,463	9,237	9,571
(tons, thousands)	South	6,492	6,367	6,802	6,617	6,849	26,278	26,708
	North	627	378	560	477	620	2,042	2,129

⁽⁴⁾ Western logs are primarily transacted in MBF but are converted to ton equivalents for external reporting purposes.

Q4.2019 Analyst Package

Preliminary results (unaudited)

Segment Statement of Operations

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Net sales	\$ 118	\$ 81	\$ 69	\$ 46	\$ 102	\$ 314	\$ 307
Costs of sales	56	39	32	18	52	145	155
Gross margin	62	42	37	28	50	169	152
General and administrative expenses	7	7	6	7	7	27	26
Other operating income, net	—	—	(1)	(1)	—	(2)	—
Operating income	55	35	32	22	43	144	126
Interest income and other	—	—	—	—	1	—	1
Net contribution to earnings	\$ 55	\$ 35	\$ 32	\$ 22	\$ 44	\$ 144	\$ 127

Adjusted Earnings before Interest, Tax, Depreciation, Depletion and Amortization⁽¹⁾

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Operating income	\$ 55	\$ 35	\$ 32	\$ 22	\$ 43	\$ 144	\$ 126
Depreciation, depletion and amortization	3	3	4	4	3	14	14
Basis of real estate sold	48	33	24	11	44	116	124
Adjusted EBITDA⁽¹⁾	\$ 106	\$ 71	\$ 60	\$ 37	\$ 90	\$ 274	\$ 264

⁽¹⁾ See definition of Adjusted EBITDA (a non-GAAP measure) on page 1.

Selected Segment Items

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Cash spent for capital expenditures	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Segment Statistics

		Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Net Sales (millions)	Real Estate	\$ 96	\$ 59	\$ 45	\$ 25	\$ 81	\$ 225	\$ 229
	Energy and Natural Resources	22	22	24	21	21	89	78
	Total	\$ 118	\$ 81	\$ 69	\$ 46	\$ 102	\$ 314	\$ 307
Acres Sold	Real Estate	38,834	47,031	18,057	9,394	31,833	113,315	131,575
Price per Acre	Real Estate	\$ 2,424	\$ 1,063	\$ 2,415	\$ 2,308	\$ 2,479	\$ 1,848	\$ 1,701
Basis as a Percent of Real Estate Net Sales	Real Estate	50%	56%	53%	44%	54%	52%	54%

Q4.2019 Analyst Package

Preliminary results (unaudited)

Segment Statement of Operations ⁽¹⁾

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Net sales	\$ 1,094	\$ 1,210	\$ 1,204	\$ 1,115	\$ 1,087	\$ 4,623	\$ 5,297
Costs of sales	967	1,070	1,067	994	1,003	4,098	4,228
Gross margin	127	140	137	121	84	525	1,069
Selling expenses	19	20	20	21	20	80	81
General and administrative expenses	35	34	35	35	33	139	130
Product remediation recoveries, net	—	—	(68)	—	—	(68)	—
Other operating costs, net	4	5	7	5	5	21	20
Operating income and Net contribution to earnings	\$ 69	\$ 81	\$ 143	\$ 60	\$ 26	\$ 353	\$ 838

⁽¹⁾ In January 2019, we changed the way we report our Canadian Forestlands operations, which are primarily operated to supply Weyerhaeuser's Canadian Wood Products manufacturing facilities. As a result, we now record the minimal associated third-party log sales in the Wood Products segment. These transactions do not contribute any earnings to the Wood Products segment. We have conformed prior year presentations with the current year.

Adjusted Earnings before Interest, Tax, Depreciation, Depletion and Amortization⁽²⁾

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Operating income	\$ 69	\$ 81	\$ 143	\$ 60	\$ 26	\$ 353	\$ 838
Depreciation, depletion and amortization	46	47	48	50	40	191	149
Special items	—	—	(68)	—	—	(68)	—
Adjusted EBITDA⁽²⁾	\$ 115	\$ 128	\$ 123	\$ 110	\$ 66	\$ 476	\$ 987

⁽²⁾ See definition of Adjusted EBITDA (a non-GAAP measure) on page 1.

Segment Special Items Included in Net Contribution to Earnings (Pretax)

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Product remediation recoveries, net	\$ —	\$ —	\$ 68	\$ —	\$ —	\$ 68	\$ —

Selected Segment Items

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Total decrease (increase) in working capital ⁽³⁾	\$ (155)	\$ 75	\$ 32	\$ 49	\$ 83	\$ 1	\$ (69)
Cash spent for capital expenditures	\$ (30)	\$ (53)	\$ (65)	\$ (109)	\$ (107)	\$ (257)	\$ (306)

⁽³⁾ Represents the change in prepaid assets, accounts receivable, accounts payable, accrued liabilities and inventory for the Wood Products segment.

Segment Statistics

in millions, except for third party sales realizations		Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Structural Lumber (volumes presented in board feet)	Third party net sales	\$ 444	\$ 495	\$ 487	\$ 466	\$ 427	\$ 1,892	\$ 2,258
	Third party sales realizations	\$ 392	\$ 388	\$ 389	\$ 389	\$ 388	\$ 389	\$ 482
	Third party sales volumes ⁽⁴⁾	1,133	1,274	1,253	1,197	1,099	4,857	4,684
	Production volumes	1,145	1,193	1,189	1,178	1,095	4,705	4,541
Engineered Solid Section (volumes presented in cubic feet)	Third party net sales	\$ 116	\$ 134	\$ 138	\$ 122	\$ 121	\$ 510	\$ 521
	Third party sales realizations	\$ 2,218	\$ 2,214	\$ 2,188	\$ 2,166	\$ 2,139	\$ 2,196	\$ 2,148
	Third party sales volumes ⁽⁴⁾	5.2	6.1	6.3	5.6	5.7	23.2	24.3
	Production volumes	5.9	6.0	5.3	5.4	5.3	22.6	24.3
Engineered I-joists (volumes presented in lineal feet)	Third party net sales	\$ 70	\$ 86	\$ 90	\$ 77	\$ 75	\$ 323	\$ 336
	Third party sales realizations	\$ 1,709	\$ 1,662	\$ 1,665	\$ 1,678	\$ 1,696	\$ 1,677	\$ 1,643
	Third party sales volumes ⁽⁴⁾	41	52	54	45	44	192	204
	Production volumes	44	47	48	43	37	182	191
Oriented Strand Board (volumes presented in square feet 3/8")	Third party net sales	\$ 160	\$ 156	\$ 159	\$ 157	\$ 167	\$ 632	\$ 891
	Third party sales realizations	\$ 223	\$ 213	\$ 214	\$ 216	\$ 252	\$ 217	\$ 315
	Third party sales volumes ⁽⁴⁾	717	733	740	726	665	2,916	2,827
	Production volumes	729	736	747	757	691	2,969	2,837
Softwood Plywood (volumes presented in square feet 3/8")	Third party net sales	\$ 44	\$ 44	\$ 42	\$ 31	\$ 42	\$ 161	\$ 200
	Third party sales realizations	\$ 383	\$ 380	\$ 346	\$ 337	\$ 396	\$ 363	\$ 435
	Third party sales volumes ⁽⁴⁾	115	115	121	94	104	445	459
	Production volumes	98	104	100	84	96	386	404
Medium Density Fiberboard (volumes presented in square feet 3/4")	Third party net sales	\$ 38	\$ 45	\$ 44	\$ 39	\$ 39	\$ 166	\$ 177
	Third party sales realizations	\$ 846	\$ 833	\$ 831	\$ 826	\$ 835	\$ 834	\$ 835
	Third party sales volumes ⁽⁴⁾	44	55	53	48	47	200	212
	Production volumes	45	61	47	49	52	202	220

⁽⁴⁾ Volumes include sales of internally produced products and products purchased for resale primarily through our distribution business.

Q4.2019 Analyst Package

Preliminary results (unaudited)

Unallocated items are gains or charges not related to, or allocated to, an individual operating segment. They include all or a portion of items such as share-based compensation, pension and postretirement costs, elimination of intersegment profit in inventory and LIFO, foreign exchange transaction gains and losses, interest income and other as well as legacy obligations.

Net Charge to Earnings

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Unallocated corporate function and variable compensation expense	\$ (19)	\$ (12)	\$ (19)	\$ (30)	\$ (28)	\$ (80)	\$ (84)
Liability classified share-based compensation	(4)	—	(1)	(2)	8	(7)	10
Foreign exchange gain (loss)	(3)	2	(1)	—	5	(2)	3
Elimination of intersegment profit in inventory and LIFO	(5)	(5)	6	(1)	24	(5)	6
Other, net	(39)	(17)	(30)	(13)	(8)	(99)	(88)
Operating income (loss)	(70)	(32)	(45)	(46)	1	(193)	(153)
Non-operating pension and other postretirement benefit costs	(470)	(10)	(15)	(21)	(218)	(516)	(272)
Interest income and other	10	6	6	8	23	30	59
Net charge to earnings	\$ (530)	\$ (36)	\$ (54)	\$ (59)	\$ (194)	\$ (679)	\$ (366)

Adjusted Earnings before Interest, Tax, Depreciation, Depletion and Amortization⁽¹⁾

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Operating income (loss)	\$ (70)	\$ (32)	\$ (45)	\$ (46)	\$ 1	\$ (193)	\$ (153)
Depreciation, depletion and amortization	1	1	1	1	1	4	4
Special items	20	—	15	—	—	35	28
Adjusted EBITDA⁽¹⁾	\$ (49)	\$ (31)	\$ (29)	\$ (45)	\$ 2	\$ (154)	\$ (121)

⁽¹⁾ See definition of Adjusted EBITDA (a non-GAAP measure) on page 1.

Unallocated Special Items Included in Net Charge to Earnings (Pretax)

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Environmental remediation charge	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (28)
Legal charges	(20)	—	(15)	—	—	(35)	—
Special items included in operating income (loss)	(20)	—	(15)	—	—	(35)	(28)
Pension settlement charges	(455)	6	—	(6)	(200)	(455)	(200)
Gain on sale of timberlands and other nonstrategic assets	—	—	—	—	13	—	13
Special items included in net charge to earnings	\$ (475)	\$ 6	\$ (15)	\$ (6)	\$ (187)	\$ (490)	\$ (215)

Unallocated Selected Items

in millions	Q1.2019	Q2.2019	Q3.2019	Q4.2019	Q4.2018	YTD.2019	YTD.2018
Cash spent for capital expenditures	\$ (3)	\$ (6)	\$ (5)	\$ (1)	\$ (2)	\$ (15)	\$ (4)