INTERNATIONAL PAPER COMPANY

Reconciliation of Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures. The calculation of these measures, and a reconciliation to previously reported comparable measures calculated in accordance with U.S. generally accepted accounting principles (GAAP) is shown below. The Company believes that this information, when used in conjunction with information presented in accordance with U.S. GAAP, can facilitate a better understanding of the impact of various factors and trends on the Company's financial condition and results of operations. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. These non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with GAAP. In addition, because not all companies use identical calculations, our presentation of non-GAAP financial measures may not be comparable to similarly titled measures disclosed by other companies, including companies in our industry. This information should be used in conjunction with the Company's Quarterly Report on Form 10Q for the quarter ended June 30, 2023 and subsequently publicly filed financial reports.

INTERNATIONAL PAPER COMPANY
Reconciliation of Net Earnings (Loss) to Adjusted Operating Earnings
Preliminary and Unaudited
(In millions, except per share amounts)

	Three Months Ended June 30,		Three Months Ended March 31,	Six Months Ended June 30,	
	2023	**2022**	**2023**	**2023**	**2022**
Net Earnings (Loss)	**$ 235**	$ 511	$ 172	**$ 407**	$ 871
Less: Discontinued operations, net of taxes (gain) loss	**(13)**	(95)	—	**(13)**	(188)
Earnings (Loss) from Continuing Operations	**222**	416	172	**394**	683
Add back: Non-operating pension expense (income)	**12**	(47)	15	**27**	(96)
Add back: Net Special items expense (income)	**(6)**	18	3	**(3)**	(28)
Income taxes - Non-operating pension and special items	**(24)**	(23)	(5)	**(29)**	—
Adjusted Operating Earnings	**$ 204**	$ 364	$ 185	**$ 389**	$ 559

	Three Months Ended June 30,		Three Months Ended March 31,	Six Months Ended June 30,	
	2023	**2022**	**2023**	**2023**	**2022**
Diluted Earnings per Common Share as Reported	**$ 0.68**	$ 1.38	$ 0.49	**$ 1.16**	$ 2.32
Less: Discontinued operations, net of taxes (gain) loss	**(0.04)**	(0.25)	—	**(0.04)**	(0.50)
Continuing Operations	**0.64**	1.13	0.49	**1.12**	1.82
Add back: Non-operating pension expense (income)	**0.03**	(0.13)	0.04	**0.08**	(0.26)
Add back: Net Special items expense (income)	**(0.02)**	0.05	0.01	**(0.01)**	(0.07)
Income taxes - Non-operating pension and special items	**(0.06)**	(0.06)	(0.01)	**(0.08)**	—
Adjusted Operating Earnings per Share	**$ 0.59**	$ 0.99	$ 0.53	**$ 1.11**	$ 1.49

Notes:

The Company calculates Adjusted Operating Earnings (non-GAAP) by excluding the after-tax effect of discontinued operations, non-operating pension expense (income) and items considered by management to be unusual or otherwise not reflective of on-going operations (net special items) as reflected in the Consolidated Statement of Operations and related notes from the earnings reported under U.S. generally accepted accounting principles ("GAAP"). Management uses this measure to focus on on-going operations and believes that it is useful to investors because it enables them to perform meaningful comparisons of past and present consolidated operating results. The Company believes that using this information, along with net earnings, provides for a more complete analysis of the results of operations by quarter. Net earnings (loss) is the most directly comparable GAAP measure.

Since diluted earnings per share are computed independently for each period, six-month per share amounts may not equal the sum of respective quarters.

INTERNATIONAL PAPER COMPANY
Reconciliation of Cash Provided by Operations to Free Cash Flow
Preliminary and Unaudited
(In millions)

	Three Months Ended June 30,		Three Months Ended March 31,	Twelve Months Ended December 31,		
	2023	**2022**	**2022**	**2022**	**2021**	**2020**
Cash Provided By (Used For) Operating Activities	**$ 528**	$ 390	$ 345	$ 2,174	$ 2,030	$ 3,063
Adjustments:						
Cash invested in capital projects, net of insurance recoveries	**(267)**	(186)	(341)	(931)	(549)	(751)
Free Cash Flow	**$ 261**	$ 204	$ 4	$ 1,243	$ 1,481	$ 2,312

Free cash flow is a non-GAAP measure and the most directly comparable GAAP measure is cash provided by operations. Management believes that free cash flow is useful to investors as a liquidity measure because it measures the amount of cash generated that is available, after reinvesting in the business, to maintain a strong balance sheet, pay dividends, repurchase stock, service debt and make investments for future growth. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures. By adjusting for certain items that are not indicative of the Company's ongoing performance, free cash flow also enables investors to perform meaningful comparisons between past and present periods.

The non-GAAP financial measures presented in this release have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with GAAP. In addition, because not all companies use identical calculations, the Company's presentation of non-GAAP measures in this release may not be comparable to similarly titled measures disclosed by other companies, including companies in the same industry as International Paper.

Management believes non-GAAP financial measures, when used in conjunction with information presented in accordance with GAAP, can facilitate a better understanding of the impact of various factors and trends on the Company's financial condition and results of operations. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance.

INTERNATIONAL PAPER COMPANY
Calculation of EBITDA before Special Items

$ Millions	2022 Full Year	2023 1st Quarter	2023 2nd Quarter	2023 3rd Quarter	2023 4th Quarter	2023 Year to Date
Earnings (Loss) from Continuing Operations Before Income Taxes and Equity Earnings	1,511	221	255	—	—	476
Interest Expense, Net	325	62	59	—	—	121
Special Items	175	—	—	—	—	—
Non-operating pension expense (income)	(192)	15	12	—	—	27
EBIT before Special Items	1,819	298	326	—	—	624
Depreciation, amortization and cost of timber harvested	1,040	241	244	—	—	485
EBITDA before Special Items	2,859	539	570	—	—	1,109
Annualized EBITDA before Special Items	2,859	2,156	2,280	—	—	2,218
Annualized Net Sales	21,161	20,080	18,728	—	—	19,404
Adjusted EBITDA Margin	13.5 %	10.7 %	12.2 %	— %	— %	11.4 %

Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA Margin are all "non-GAAP financial measures" presented as supplemental measures of our performance and the most directly comparable GAAP measures for Adjusted EBIT and Adjusted EBITDA are operating income and net income, respectively. They are not presented in accordance with accounting principles generally accepted in the United States, or GAAP. The Company believes these measures provide additional meaningful information in evaluating the Company's performance over time, and that other companies use these and/or similar measures for similar purposes. However, Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA Margin have limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. In addition, in evaluating Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA Margin, you should be aware that in the future we will incur expenses such as those used in calculating these measures. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

INTERNATIONAL PAPER COMPANY
Calculation of EBITDA before Special Items
Adjusted for Discontinued Operations

$ Millions	2021 Full Year	2022 1st Quarter	2022 2nd Quarter	2022 3rd Quarter	2022 4th Quarter	2022 Year to Date
Earnings (Loss) from Continuing Operations Before Income Taxes and Equity Earnings	999	362	514	313	322	1,511
Interest Expense, Net	337	69	74	123	59	325
Special Items	370	(46)	18	62	141	175
Non-operating pension expense (income)	(200)	(49)	(47)	(48)	(48)	(192)
EBIT before Special Items	1,506	336	559	450	474	1,819
Depreciation, amortization and cost of timber harvested	1,097	261	267	261	251	1,040
EBITDA before Special Items	2,603	597	826	711	725	2,859
Annualized EBITDA before Special Items	2,603	2,388	3,304	2,844	2,900	2,859
Annualized Net Sales	19,363	20,948	21,556	21,608	20,532	21,161
Adjusted EBITDA Margin	13.4%	11.4%	15.3%	13.2%	14.1%	13.5%

Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA Margin are all "non-GAAP financial measures" presented as supplemental measures of our performance and the most directly comparable GAAP measures for Adjusted EBIT and Adjusted EBITDA are operating income and net income, respectively. They are not presented in accordance with accounting principles generally accepted in the United States or GAAP. The Company believes these measures provide additional meaningful information in evaluating the Company's performance over time and that other companies use these and/or similar measures for similar purposes. However, Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA Margin have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. In addition, in evaluating Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA Margin, you should be aware that in the future we will incur expenses such as those used in calculating these measures. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

Reconciliation of Non-GAAP Information to U.S. GAAP
Calculation of Adjusted EBITDA Margin before Special Items

$ Millions	Q1 2023 North American Industrial Packaging	Q2 2023 North American Industrial Packaging	Q3 2023 North American Industrial Packaging	Q4 2023 North American Industrial Packaging	YTD 2023 North American Industrial Packaging
Business Segment Operating Profit	302	284	—	—	586
Depreciation, Amortization and Cost of Timber	178	176	—	—	354
EBITDA before Special Items	480	460	—	—	940
Less: Recycling Business EBITDA	—	2	—	—	2
EBITDA before Special Items after Exclusions	480	458	—	—	938
Net Sales	3,724	3,550	—	—	7,274
Less: Trade Sales	114	111	—	—	225
Less: Recycling Business Net Sales	66	59	—	—	125
Net Sales after Exclusions	3,544	3,380	—	—	6,924
Adjusted EBITDA Margin	13.5 %	13.6 %	— %	— %	13.5 %

We use the non-GAAP financial measures Adjusted EBIT and Adjusted EBITDA margin, along with other factors, to evaluate our segment performance against our peers. We believe that investors use these measures to evaluate our performance relative to our peers. However, these non-GAAP measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP.

INTERNATIONAL PAPER COMPANY
Calculation of Operational Tax Rate

$ Millions	2022 2nd Quarter	2023 1st Quarter	2023 2nd Quarter
Earnings (Loss) from Continuing Operations Before Income Taxes and Equity Earnings	$ 514	$ 221	$ 255
Special Items	18	3	(6)
Non-operating pension expense (income)	(47)	15	12
Operating Earnings (Loss) from Continuing Operations Before Income Taxes and Equity Earnings	485	239	261
Income Tax Provision (Benefit)	96	48	33
Income Taxes - Non-Operating Pension and Special Items	23	5	24
Operational Income Tax Provision (Benefit)	$ 119	$ 53	$ 57
Operational Tax Rate	25 %	22 %	22 %

The Operational Income Tax Provision and Rate are "non-GAAP financials measures" and the most directly comparable GAAP measure for Operational Income Tax Provision is Income Tax Provision. Management adjusts the income tax provision and rate to account for non-recurring, non-operational items as we believe it provides a more meaningful comparison of the income tax rate between past and present periods.

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2023 Prior Outlook	2023 Full Year Outlook
Earnings (Loss) from Continuing Operations Before Income Taxes and Equity Earnings	$968 - $1,168	$790 - $990
Interest Expense, Net	258	255
Non-operating pension expense (income)	61	55
EBIT before Special Items	$1,287 - $1,487	$1,100 - $1,300
Depreciation, amortization and cost of timber harvested	1,013	1,000
EBITDA before Special Items	$2,300 - $2,500	$2,100 - $2,300

Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA Margin are all "non-GAAP financial measures" presented as supplemental measures of our performance and the most directly comparable GAAP measures for Adjusted EBIT and Adjusted EBITDA are operating income and net income, respectively. They are not presented in accordance with accounting principles generally accepted in the United States, or GAAP. The Company believes these measures provide additional meaningful information in evaluating the Company's performance over time, and that other companies use these and/or similar measures for similar purposes. However, Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA Margin have limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. In addition, in evaluating Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA Margin, you should be aware that in the future we will incur expenses such as those used in calculating these measures. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

International Paper Company
Calculation of Forecasted 2023 Free Cash Flow

$ Millions	2023 Full Year
Cash provided by (used for) Operating Activities	$1,600 - $1,800
Adjustments:	
Cash invested in capital projects, net of insurance recoveries	($1,100 - $1,200)
Forecasted 2023 Free Cash Flow	$500 - $600

Free cash flow is a non-GAAP measure and the most directly comparable GAAP measure is cash provided by operations. Management believes that free cash flow is useful to investors as a liquidity measure because it measures the amount of cash generated that is available, after reinvesting in the business, to maintain a strong balance sheet, pay dividends, repurchase stock, service debt and make investments for future growth. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures. By adjusting for certain items that are not indicative of the Company's ongoing performance, free cash flow also enables investors to perform meaningful comparisons between past and present periods.