International Paper Company

Reconciliation of Non-GAAP Financial Measures

This presentation includes certain non-U.S. 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. The Company believes that this information should be used in conjunction with the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 and subsequently publicly filed financial reports.

International Paper Company
Calculation of EBITDA before Special Items

| $ Millions | 2014 Full Year | 2015 1st Quarter |
|---|---|---|
| Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes | 1,479 | 543 |
| Depreciation, amortization and cost of timber harvested | 1,406 | 323 |
| Special Items | 1,046 | - |
| Non-operating pension expense | 212 | 72 |
| EBITDA before Special Items | 4,143 | 938 |
| Annualized EBITDA before Special Items | 4,143 | 3,752 |
| Annualized Net Sales | 23,617 | 22,068 |
| EBITDA Margin | 17.5% | 17.0% |

International Paper Company
Calculation of EBITDA before Special Items

| $ Millions | 2013 Full Year | 2014 1st Quarter | 2014 2nd Quarter | 2014 3rd Quarter | 2014 4th Quarter | 2014 Year to Date |
|---|---|---|---|---|---|---|
| Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes | 1,840 | 4 | 316 | 710 | 449 | 1,479 |
| Depreciation, amortization and cost of timber harvested | 1,531 | 347 | 355 | 358 | 346 | 1,406 |
| Special Items | 341 | 511 | 309 | 71 | 155 | 1,046 |
| Non-operating pension expense | 323 | 44 | 61 | 54 | 53 | 212 |
| EBITDA before Special Items | 4,035 | 906 | 1,041 | 1,193 | 1,003 | 4,143 |
| Annualized EBITDA before Special Items | 4,035 | 3,624 | 4,164 | 4,772 | 4,012 | 4,143 |
| Annualized Net Sales | 23,483 | 22,896 | 23,596 | 24,204 | 23,772 | 23,617 |
| EBITDA Margin | 17.2% | 15.8% | 17.6% | 19.7% | 16.9% | 17.5% |

**INTERNATIONAL PAPER COMPANY**

**Reconciliation of Operating Earnings to Net Earnings (Loss) Attributable to International Paper Company**

Preliminary and Unaudited

(In millions)

| | Three Months Ended March 31, | | Three Months Ended December 31, |
|---|---|---|---|
| | **2015** | **2014** | **2014** |
| **Operating Earnings** | **$ 357** | $ 260 | $ 227 |
| Non-Operating Pension | **(44)** | (27) | (32) |
| Special Items | — | (321) (a) | (52) (b) |
| **Earnings (Loss) from Continuing Operations, including non-controlling interest** | **313** | (88) | 143 |
| Discontinued operations | — | (7) (c) | (9) (d) |
| **Net Earnings (Loss) as Reported Attributable to International Paper Company** | **$ 313** | $ (95) | $ 134 |

| **Diluted Earnings per Common Share** | Three Months Ended March 31, 2015 | 2014 | Three Months Ended December 31, 2014 |
|---|---|---|---|
| **Operating Earnings Per Share** | **$ 0.84** | $ 0.60 | $ 0.53 |
| Non-Operating Pension | **(0.10)** | (0.06) | (0.07) |
| Special Items | — | (0.74) | (0.12) |
| **Continuing Operations** | **0.74** | (0.20) | 0.34 |
| Discontinued operations | — | (0.01) | (0.02) |
| **Diluted Earnings per Common Share as Reported** | **$ 0.74** | $ (0.21) | $ 0.32 |

**Notes:**

(a) See footnotes (a) - (c) on the Consolidated Statement of Operations

(b) See footnotes (e) - (i) on the Consolidated Statement of Operations

(c) See footnote (d) on the Consolidated Statement of Operations

(d) See footnote (j) on the Consolidated Statement of Operations

(1) The Company calculates Operating Earnings by excluding the after-tax effect of non-operating pension expense and items considered by management to be unusual 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 operating results. International Paper believes that using this information, along with net earnings, provides for a more complete analysis of the results of operations by quarter. Net earnings is the most directly comparable GAAP measure.

**INTERNATIONAL PAPER COMPANY**
**Reconciliation of Operating Profit to Operating Profit Before Special Items**
Preliminary and Unaudited
(In millions)

| | Three Months Ended March 31, 2015 | | | |
|---|---|---|---|---|
| | Industrial Packaging | Printing Papers | Consumer Packaging | Total |
| Operating Profit Before Special Items | $ 468 | $ 109 | $ 46 | $ 623 |
| Special Items (a) | — | — | — | — |
| Operating Profit as Reported | $ 468 | $ 109 | $ 46 | $ 623 |

| | Three Months Ended March, 2014 | | | |
|---|---|---|---|---|
| | Industrial Packaging | Printing Papers | Consumer Packaging | Total |
| Operating Profit Before Special Items | $ 467 | $ 85 | $ 18 | $ 570 |
| Special Items (a) | (14) | (495) | (1) | (510) |
| Operating Profit as Reported | $ 453 | $ (410) | $ 17 | $ 60 |

| | Three Months Ended December 31, 2014 | | | |
|---|---|---|---|---|
| | Industrial Packaging | Printing Papers | Consumer Packaging | Total |
| Operating Profit Before Special Items | $ 484 | $ 155 | $ 55 | $ 694 |
| Special Items (a) | (105) | (7) | (4) | (116) |
| Operating Profit as Reported | $ 379 | $ 148 | $ 51 | $ 578 |

(a) See footnotes (a) - (c) on Sales and Earnings by Industry Segment

(1) The Company calculates Operating Profit Before Special Items by excluding the pre-tax effect of items considered by management to be unusual 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 operating results. International Paper believes that using this information, along with net earnings, provides for a more complete analysis of the results of operations by quarter. Net earnings is the most directly comparable GAAP measure.

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

Q1 2015

| $ Millions | North American Industrial Packaging | Brazilian Industrial Packaging | North American Printing Papers | North American Pulp | North American Printing Papers & Pulp | Total European Printing Papers | Brazilian Printing Papers | Indian Printing Papers | North American Consumer Packaging | European Consumer Packaging |
|---|---|---|---|---|---|---|---|---|---|---|
| Earnings from Continuing Operations Before Interest, Income Taxes, Noncontrolling Interest, Equity Earnings and Cumulative Effect of Accounting Changes | 468 | (3) | 34 | 5 | 39 | 35 | 37 | (2) | 22 | 25 |
| Depreciation, amortization and cost of timber harvested [1] | 164 | 5 | 20 | 16 | 36 | 11 | 25 | 4 | 42 | 3 |
| Special Items | - | - | - | - | - | - | - | - | - | - |
| EBITDA before Special Items | 632 | 2 | 54 | 21 | 75 | 46 | 62 | 2 | 64 | 28 |
| Less: Recycling Business EBITDA | (3) | - | - | - | - | - | - | - | - | - |
| Less: Market Pulp Business EBITDA | - | - | - | - | - | 5 | - | - | - | - |
| EBITDA before Special Items after Exclusions | 635 | 2 | 54 | 21 | 75 | 41 | 62 | 2 | 64 | 28 |
| Net Sales | 3,063 | 62 | 482 | 209 | 691 | 293 | 197 | 47 | 470 | 83 |
| Less: Trade Sales | 209 | - | - | - | - | - | - | - | - | - |
| Less: Recycling Business Net Sales | 83 | - | - | - | - | - | - | - | - | - |
| Less: Adjustment for Minority Ownership Share of Sales | - | - | - | - | - | - | - | 12 | - | - |
| Less: Market Pulp Business Net Sales | - | - | - | - | - | 29 | - | - | - | - |
| Less: JMA Sales | - | - | - | - | - | 36 | - | - | - | - |
| Net Sales after Exclusions | 2,771 | 62 | 482 | 209 | 691 | 228 | 197 | 35 | 470 | 83 |
| EBITDA Margin | 22.9% | 3.2% | 11.2% | 10.0% | 10.9% | 18.0% | 31.5% | 5.7% | 13.6% | 33.7% |

[1] Reflects IP's ownership share for Indian Printing Papers

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

| $ Millions | Q1 2014 North American Industrial Packaging | Q4 2014 North American Industrial Packaging | Q2 2014- Q1 2015 North American Industrial Packaging | Q1 2014 North American Printing Papers & Pulp | Q4 2014 North American Printing Papers & Pulp | Q2 2014- Q1 2015 North American Printing Papers & Pulp |
|---|---|---|---|---|---|---|
| Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes | 449 | 481 | 2,005 | (491) | 60 | 189 |
| Depreciation, amortization and cost of timber harvested | 173 | 177 | 694 | 44 | 40 | 157 |
| Special Items | 11 | (2) | 35 | 495 | 7 | 59 |
| EBITDA before Special Items | 633 | 656 | 2,734 | 48 | 107 | 405 |
| Less: Recycling business EBITDA | 1 | - | (3) | - | - | - |
| EBITDA before Special Items after Exclusions | 632 | 656 | 2,737 | 48 | 107 | 405 |
| Net Sales | 3,084 | 3,159 | 12,642 | 722 | 745 | 2,919 |
| Less: Trade Sales | 178 | 179 | 736 | - | - | - |
| Less: Recycling Business Net Sales | 98 | 88 | 361 | - | - | - |
| Net Sales after Exclusions | 2,808 | 2,892 | 11,545 | 722 | 745 | 2,919 |
| EBITDA Margin | 22.5% | 22.7% | 23.7% | 6.6% | 14.4% | 13.9% |

| $ Millions | Q1 2014 Brazilian Printing Papers | Q4 2014 Brazilian Printing Papers | Q1 2014 North American Consumer Packaging | Q4 2014 North American Consumer Packaging | Q2 2014- Q1 2015 North American Consumer Packaging |
|---|---|---|---|---|---|
| Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes | 45 | 53 | (7) | 28 | 121 |
| Depreciation, amortization and cost of timber harvested | 29 | 27 | 40 | 42 | 173 |
| Special Items | - | - | 1 | 4 | 7 |
| EBITDA before Special Items | 74 | 80 | 34 | 74 | 301 |
| Net Sales | 245 | 288 | 464 | 495 | 1,998 |
| EBITDA Margin | 30.2% | 27.8% | 7.3% | 14.9% | 15.1% |

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

| $ Millions | Q1 2014 North American Printing Papers | Q4 2014 North American Printing Papers | Q1 2014 European Printing Papers | Q4 2014 European Printing Papers |
|---|---|---|---|---|
| Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes | (484) | 30 | 38 | 38 |
| Depreciation, amortization and cost of timber harvested | 28 | 22 | 15 | 15 |
| Special Items | 495 | 7 | - | - |
| EBITDA before Special Items | 39 | 59 | 53 | 53 |
| Less: Market Pulp Business EBITDA | - | - | 1 | - |
| EBITDA before Special Items after Exclusions | 39 | 59 | 52 | 53 |
| Net Sales | 515 | 511 | 375 | 352 |
| Less: Market Pulp Business Net Sales | - | - | 37 | 36 |
| Less: JMA Sales | - | - | 54 | 44 |
| Net Sales after Exclusions | 515 | 511 | 284 | 272 |
| EBITDA Margin | 7.6% | 11.5% | 18.3% | 19.5% |