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 June 30, 2015 and subsequently publicly filed financial reports.

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2014 Full Year	2015 1st Quarter	2015 2nd Quarter	2015 Year to Date
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,479	543	410	953
Depreciation, amortization and cost of timber harvested	1,406	323	328	651
Special Items	1,046	-	190	190
Non-operating pension expense	212	72	50	122
EBITDA before Special Items	4,143	938	978	1,916
Annualized EBITDA before Special Items	4,143	3,752	3,912	3,832
Annualized Net Sales	23,617	22,068	22,856	22,462
EBITDA Margin	17.5%	17.0%	17.1%	17.1%

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
Attributable to International Paper Company
Preliminary and Unaudited
(In millions except for per share amounts)

	Three Months Ended June 30,		Three Months Ended March 31,	Six Months Ended June 30,	
	2015	**2014**	**2015**	**2015**	**2014**
Operating Earnings	**$ 409**	$ 400	$ 357	**$ 766**	$ 660
Non-Operating Pension	**(31)**	(37)	(44)	**(75)**	(64)
Special Items	**(151)** (a)	(189) (b)	—	**(151)** (a)	(510) (c)
Earnings (Loss) from Continuing Operations, including non-controlling interest	**227**	174	313	**540**	86
Discontinued operations	**—**	(13) (d)	—	**—**	(20) (e)
Net Earnings (Loss) as Reported Attributable to International Paper Company	**$ 227**	$ 161	$ 313	**$ 540**	$ 66

	Three Months Ended June 30,		Three Months Ended March 31,	Six Months Ended June 30,	
Diluted Earnings per Common Share	**2015**	**2014**	**2015**	**2015**	**2014**
Operating Earnings Per Share	**$ 0.97**	$ 0.93	$ 0.84	**$ 1.81**	$ 1.52
Non-Operating Pension	**(0.07)**	(0.09)	(0.10)	**(0.17)**	(0.15)
Special Items	**(0.36)**	(0.44)	—	**(0.36)**	(1.17)
Continuing Operations	**0.54**	0.40	0.74	**1.28**	0.20
Discontinued operations	**—**	(0.03)	—	**—**	(0.05)
Diluted Earnings per Common Share as Reported	**$ 0.54**	$ 0.37	$ 0.74	**$ 1.28**	$ 0.15

Notes:
(a) See footnotes (a) - (c) on the Consolidated Statement of Operations
(b) See footnotes (d) - (e) on the Consolidated Statement of Operations
(c) See footnote (g) - (i) on the Consolidated Statement of Operations
(d) See footnote (f) on the Consolidated Statement of Operations
(e) 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.
(2) Since diluted earnings per share are computed independently for each period, six-month per share amounts may not equal the sum of the respective quarters.

INTERNATIONAL PAPER COMPANY
Reconciliation of Operating Profit to Operating Profit Before Special Items
(In millions)

	Three Months Ended June 30, 2015			
	Industrial Packaging	Printing Papers	Consumer Packaging	Total
Operating Profit Before Special Items	**$ 528**	**$ 101**	**$ 34**	**$ 663**
Special Items (a)	**—**	**—**	**13**	**13**
Operating Profit as Reported	**$ 528**	**$ 101**	**$ 47**	**$ 676**

	Three Months Ended June 30, 2014			
	Industrial Packaging	Printing Papers	Consumer Packaging	Total
Operating Profit Before Special Items	$ 534	$ 118	$ 34	$ 686
Special Items (a)	3	(49)	(1)	(47)
Operating Profit as Reported	$ 537	$ 69	$ 33	$ 639

	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

	Six Months Ended June 30, 2015			
	Industrial Packaging	Printing Papers	Consumer Packaging	Total
Operating Profit Before Special Items	**$ 996**	**$ 210**	**$ 80**	**$ 1,286**
Special Items (a)	**—**	**—**	**13**	**13**
Operating Profit as Reported	**$ 996**	**$ 210**	**$ 93**	**$ 1,299**

	Six Months Ended June 30, 2014			
	Industrial Packaging	Printing Papers	Consumer Packaging	Total
Operating Profit Before Special Items	$ 1,001	$ 203	$ 52	$ 1,256
Special Items (a)	(11)	(544)	(2)	(557)
Operating Profit as Reported	$ 990	$ (341)	$ 50	$ 699

(a) See footnote (a) on Sales and Earnings by Industry Segment
(b) See footnotes (b) - (d) 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

Q2 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	533	(7)	31	18	49	20	35	(3)	40	16
Depreciation, amortization and cost of timber harvested [1]	167	5	19	16	35	13	24	4	45	4
Special Items	-	-	-	-	-	-	-	-	(13)	-
EBITDA before Special Items	700	(2)	50	34	84	33	59	1	72	20
Less: Recycling Business EBITDA	1	-	-	-	-	-	-	-	-	-
Less: Market Pulp Business EBITDA	-	-	-	-	-	4	-	-	-	-
EBITDA before Special Items after Exclusions	699	(2)	50	34	84	29	59	1	72	20
Net Sales	3,205	63	471	211	682	312	210	45	500	75
Less: Trade Sales	218	-	-	-	-	-	-	-	-	-
Less: Recycling Business Net Sales	87	-	-	-	-	-	-	-	-	-
Less: Adjustment for Minority Ownership Share of Sales	-	-	-	-	-	-	-	11	-	-
Less: Market Pulp Business Net Sales	-	-	-	-	-	35	-	-	-	-
Less: JMA Sales	-	-	-	-	-	52	-	-	-	-
Net Sales after Exclusions	2,900	63	471	211	682	225	210	34	500	75
EBITDA Margin	24.1%	-3.2%	10.6%	16.1%	12.3%	12.9%	28.1%	2.9%	14.4%	26.7%

[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	Q2 2014 North American Industrial Packaging	Q1 2015 North American Industrial Packaging	Q3 2014- Q2 2015 North American Industrial Packaging	Q2 2014 North American Printing Papers & Pulp	Q1 2015 North American Printing Papers & Pulp	Q3 2014- Q2 2015 North American Printing Papers & Pulp
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	521	468	2,017	(2)	39	240
Depreciation, amortization and cost of timber harvested	176	164	685	39	36	153
Special Items	2	-	33	49	-	10
EBITDA before Special Items	699	632	2,735	86	75	403
Less: Recycling business EBITDA	-	(3)	(2)	-	-	-
EBITDA before Special Items after Exclusions	699	635	2,737	86	75	403
Net Sales	3,210	3,063	12,637	719	691	2,882
Less: Trade Sales	168	209	786	-	-	-
Less: Recycling Business Net Sales	95	83	353	-	-	-
Net Sales after Exclusions	2,947	2,771	11,498	719	691	2,882
EBITDA Margin	23.7%	22.9%	23.8%	12.0%	10.9%	14.0%

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

$ Millions	Q2 2014 Brazilian Printing Papers	Q1 2015 Brazilian Printing Papers	Q2 2014 North American Consumer Packaging	Q1 2015 North American Consumer Packaging	Q3 2014- Q2 2015 North American Consumer Packaging
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	53	37	21	22	140
Depreciation, amortization and cost of timber harvested	32	25	43	42	175
Special Items	-	-	1	-	(7)
EBITDA before Special Items	85	62	65	64	308
Net Sales	262	197	505	470	1,993
EBITDA Margin	32.4%	31.5%	12.9%	13.6%	15.5%

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

$ Millions	Q2 2014 North American Printing Papers	Q1 2015 North American Printing Papers	Q2 2014 North American Pulp	Q1 2015 North American Pulp	Q2 2014 European Printing Papers	Q1 2015 European Printing Papers
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	(16)	34	14	5	20	35
Depreciation, amortization and cost of timber harvested	23	20	16	16	16	11
Special Items	49	-			-	-
EBITDA before Special Items	56	54	30	21	36	46
Less: Market Pulp Business EBITDA	-	-			-	5
EBITDA before Special Items after Exclusions	56	54	30	21	36	41
Net Sales	500	482	219	209	380	293
Less: Market Pulp Business Net Sales	-	-	-	-	33	29
Less: JMA Sales	-	-	-	-	58	36
Net Sales after Exclusions	500	482	219	209	289	228
EBITDA Margin	11.2%	11.2%	13.7%	10.0%	12.5%	18.0%