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, 2016 and subsequently publicly filed financial reports.

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2015 Full Year	2016 1st Quarter
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,821	440
Depreciation, amortization and cost of timber harvested	1,294	284
Special Items	559	38
Non-operating pension expense	258	44
EBITDA before Special Items	3,932	806
Annualized EBITDA before Special Items	3,932	3,224
Annualized Net Sales	22,365	20,440
EBITDA Margin	17.6%	15.8%

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2014 Full Year	2015 1st Quarter	2015 2nd Quarter	2015 3rd Quarter	2015 4th 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	470	398	1,821
Depreciation, amortization and cost of timber harvested	1,406	323	328	329	314	1,294
Special Items	1,046	-	190	211	158	559
Non-operating pension expense	212	72	50	76	60	258
EBITDA before Special Items	4,143	938	978	1,086	930	3,932
Annualized EBITDA before Special Items	4,143	3,752	3,912	4,344	3,720	3,932
Annualized Net Sales	23,617	22,068	22,856	22,764	21,772	22,365
EBITDA Margin	17.5%	17.0%	17.1%	19.1%	17.1%	17.6%

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 March 31,		Three Months Ended December 31,
	2016	**2015**	**2015**
Operating Earnings	**$ 330**	$ 357	$ 361
Non-Operating Pension	**(27)**	(44)	(36)
Special Items	**36** (a)	—	(147) (c)
Earnings (Loss) from Continuing Operations, including non-controlling interest	**339**	313	178
Discontinued operations	**(5)** (b)	—	—
Net Earnings (Loss) as Reported Attributable to International Paper Company	**$ 334**	$ 313	$ 178

	Three Months Ended March 31,		Three Months Ended December 31,
Diluted Earnings per Common Share	**2016**	**2015**	**2015**
Operating Earnings Per Share	**$ 0.80**	$ 0.84	$ 0.87
Non-Operating Pension	**(0.07)**	(0.10)	(0.09)
Special Items	**0.09**	—	(0.35)
Continuing Operations	**0.82**	0.74	0.43
Discontinued operations	**(0.01)**	—	—
Diluted Earnings per Common Share as Reported	**$ 0.81**	$ 0.74	$ 0.43

Notes:
(a) See footnotes (a) - (c) on the Consolidated Statement of Operations
(b) See footnote (d) on the Consolidated Statement of Operations
(c) See footnotes (e) - (h) 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
(In millions)

	Three Months Ended March 31, 2016			
	Industrial Packaging	Printing Papers	Consumer Packaging	Total
Operating Profit Before Special Items	**$ 433**	**$ 85**	**$ 25**	**$ 543**
Special Items (a)	**(37)**	**—**	**(9)**	**(46)**
Operating Profit as Reported	**$ 396**	**$ 85**	**$ 16**	**$ 497**

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

	Three Months Ended December 31, 2015			
	Industrial Packaging	Printing Papers	Consumer Packaging	Total
Operating Profit Before Special Items	$ 441	$ 144	$ 38	$ 623
Special Items (b)	(137)	—	(3)	(140)
Operating Profit as Reported	$ 304	$ 144	$ 35	$ 483

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

$ Millions	Q1 2015 North American Industrial Packaging	Q4 2015 North American Industrial Packaging	Q1 2016 North American Industrial Packaging	Q2 2015 - Q1 2016 North American Industrial Packaging	Q1 2015 North American Printing Papers	Q4 2015 North American Printing Papers	Q1 2016 North American Printing Papers	Q2 2015 - Q1 2016 North American Printing Papers
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	468	451	438	1,979	34	33	61	206
Depreciation, amortization and cost of timber harvested	164	165	160	662	20	20	20	80
Special Items	-	-	-	-	-	-	-	
EBITDA before Special Items	632	616	598	2,641	54	53	81	286
Less: Recycling business EBITDA	(3)	2	-	7	-	-	-	-
EBITDA before Special Items after Exclusions	635	614	598	2,634	54	53	81	286
Net Sales	3,063	3,098	2,990	12,468	482	489	481	1941
Less: Trade Sales	209	220	172	832	-	-	-	-
Less: Recycling Business Net Sales	83	83	81	338	-	-	-	-
Net Sales after Exclusions	2,771	2,795	2,737	11,298	482	489	481	1,941
EBITDA Margin	22.9%	22.0%	21.8%	23.3%	11.2%	10.8%	16.8%	14.7%

$ Millions	Q1 2015 Brazilian Printing Papers	Q4 2015 Brazilian Printing Papers	Q1 2016 Brazilian Printing Papers
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	37	58	35
Depreciation, amortization and cost of timber harvested	25	20	19
Special Items	-	-	-
EBITDA before Special Items	62	78	54
Net Sales	197	252	190
EBITDA Margin	31.5%	31.0%	28.6%