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, 2018 and subsequently publicly filed financial reports.

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2017 Full Year	2018 1st Quarter	2018 2nd Quarter	2018 3rd Quarter	2018 4th Quarter	2018 Year to Date
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,420	491				491
Depreciation, amortization and cost of timber harvested	1,343	325				325
Special Items	491	40				40
Non-operating pension expense	484	4				4
EBITDA before Special Items	3,738	860	-	-	-	860
Annualized EBITDA before Special Items	3,738	3,440	-	-	-	3,440
Annualized Net Sales	21,743	22,484				22,484
EBITDA Margin	17.2%	15.3%				15.3%

International Paper Company
Calculation of EBITDA before Special Items
(Restated to Reflect NA Consumer Packaging as Discontinued Operations)

$ Millions	2016 Full Year	2017 1st Quarter	2017 2nd Quarter	2017 3rd Quarter	2017 4th Quarter	2017 Year to Date
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,315	359	114	609	338	1,420
Depreciation, amortization and cost of timber harvested	1,124	320	334	350	339	1,343
Special Items	182	14	357	13	107	491
Non-operating pension expense	610	31	34	33	386	484
EBITDA before Special Items	3,231	724	839	1,005	1,170	3,738
Annualized EBITDA before Special Items	3,231	2,896	3,356	4,020	4,680	3,738
Annualized Net Sales	19,495	20,528	21,532	22,068	22,844	21,743
EBITDA Margin	16.6%	14.1%	15.6%	18.2%	20.5%	17.2%

INTERNATIONAL PAPER COMPANY

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

Preliminary and Unaudited

(In millions except for per share amounts)

	Three Months Ended March 31,		Three Months Ended December 31,
	2018	**2017**	**2017**
Net Earnings (Loss) Attributable to International Paper Company	**$ 729**	$ 209	$ 1,460
Add back: Discontinued operations (gain) loss	**(368) (a)**	(17)	8 (c)
Earnings (Loss) from Continuing Operations, including non-controlling interest	**361**	192	1,468
Add back: Non-operating pension expense	**3**	19	238 (d)
Add back: Special items expense (gain)	**31 (b)**	21 (e)	(1,176) (f)
Adjusted Operating Earnings	**$ 395**	$ 232	$ 530

	Three Months Ended March 31,		Three Months Ended December 31,
	2018	**2017**	**2017**
Diluted Earnings per Common Share as Reported	**$ 1.74**	$ 0.50	$ 3.50
Add back: Discontinued operations (gain) loss	**(0.88)**	(0.04)	0.02
Continuing Operations	**0.86**	0.46	3.52
Add back: Non-operating pension expense	**0.01**	0.05	0.57
Add back: Special items expense (gain)	**0.07**	0.05	(2.82)
Adjusted Operating Earnings per Share	**$ 0.94**	$ 0.56	$ 1.27

Notes:

(a) See footnote (c) on the Consolidated Statement of Operations
(b) See footnotes (a) - (b) on the Consolidated Statement of Operations
(c) See footnote (k) on the Consolidated Statement of Operations
(d) See footnote (i) on the Consolidated Statement of Operations
(e) See footnotes (d), (e), (g), and (j) on the Consolidated Statement of Operations
(f) See footnotes (d) - (f), (h), and (j) on the Consolidated Statement of Operations

(1) The Company calculates Adjusted Operating Earnings (non-GAAP) 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 attributable to International Paper 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, 2018			
	Industrial Packaging	Global Cellulose Fibers	Printing Papers	Total
Operating Profit (Loss) as Reported	**$ 437**	**$ 11**	**$ 64**	**$ 512**
Special Items Expense (Income) (a)	**27**	**4**	**—**	**31**
Operating Profit (Loss) Before Special Items	**$ 464**	**$ 15**	**$ 64**	**$ 543**

	Three Months Ended March 31, 2017			
	Industrial Packaging	Global Cellulose Fibers	Printing Papers	Total
Operating Profit (Loss) as Reported	$ 384	$ (70)	$ 100	$ 414
Special Items Expense (Income) (a)	(5)	19	—	14
Operating Profit (Loss) Before Special Items	$ 379	$ (51)	$ 100	$ 428

	Three Months Ended December 31, 2017			
	Industrial Packaging	Global Cellulose Fibers	Printing Papers	Total
Operating Profit (Loss) as Reported	$ 609	$ 79	$ 136	$ 824
Special Items Expense (Income) (a)	5	19	—	24
Operating Profit (Loss) Before Special Items	$ 614	$ 98	$ 136	$ 848

(a) See footnotes (a) - (b) on Sales and Earnings by Business Segment

(1) The Company calculates Operating Profit Before Special Items (non-GAAP) 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 attributable to International Paper is the most directly comparable GAAP measure.

INTERNATIONAL PAPER COMPANY

Reconciliation of Net Earnings (Loss) Attributable to Ilim Holding SA to EBIT, Operating EBITDA and Adjusted Operating EBITDA

Preliminary and Unaudited

In millions except for per share amounts

	Three Months Ended March 31,		Three Months Ended December 31,
	2018	**2017**	**2017**
Net Earnings (Loss) from Continuing Operations as Reported Attributable to Ilim Holding SA	**$ 183**	**$ 100**	**$ 125**
Add back: Net (earnings) loss attributable to non-controlling interest	(6)	$ (6)	(4)
Earnings (Loss) from Continuing Operations, Including Non-Controlling Interest - Ilim Holding SA	**189**	**$ 106**	**129**
Add back: Tax expense (benefit)	44	$ 26	46
Add back: Interest expense, net	19	$ 23	20
Earnings (Loss) From Continuing Operations, Before Interest and Taxes (EBIT)	**252**	**$ 155**	**195**
Add back: Depreciation and amortization expense	41	$ 36	41
Earnings (Loss) From Continuing Operations, Before Interest, Taxes and Depreciation (EBITDA)	**293**	**$ 191**	**236**
Deduct: Foreign Exchange Gain (Loss) Impact, Primarily Related to US Dollar Denominated Net Debt	(1)	$ 58	7
Adjusted Operating EBITDA - Ilim Holding SA	**$ 294**	**$ 133**	**$ 229**

The Company calculates Adjusted Operating EBITDA (non-GAAP) by excluding the effects of non-controlling interest expense, tax expense, net interest expense, depreciation expense and the effect of foreign exchange gains and losses driven primarily by US dollar denominated net debt. 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 attributable to Ilim Holdings SA is the most directly comparable GAAP measure.