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 10-Q for the quarter ended March 31, 2022 and subsequently publicly filed financial reports.

INTERNATIONAL PAPER COMPANY

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

Preliminary and Unaudited

(In millions, except per share amounts)

	Three Months Ended March 31,		Three Months Ended December 31,
	2022	**2021**	**2021**
Net Earnings (Loss) Attributable to International Paper Company	**$ 360**	$ 349	$ 107
Less: Discontinued operations (gain) loss	**-**	(82)	8
Earnings (Loss) from Continuing Operations, including non-controlling interest	**360**	267	115
Add back: Non-operating pension expense (income)	**(37)**	(39)	(36)
Add back: Net Special items expense (income)	**(35)**	(30)	222
Adjusted Operating Earnings	**$ 288**	$ 198	$ 301

	Three Months Ended March 31,		Three Months Ended December 31,
	2022	**2021**	**2021**
Diluted Earnings per Common Share as Reported	**$ 0.95**	$ 0.88	$ 0.28
Less: Discontinued operations (gain) loss	**-**	(0.20)	0.02
Continuing Operations	**0.95**	0.68	0.30
Add back: Non-operating pension expense (income)	**(0.10)**	(0.10)	(0.10)
Add back: Net Special items expense (income)	**(0.09)**	(0.08)	0.58
Adjusted Operating Earnings per Share	**$ 0.76**	$ 0.50	$ 0.78

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) attributable to International Paper is the most directly comparable GAAP measure.

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

	Three Months Ended December 31,		Three Months Ended December 31,	Twelve Months Ended December 31,		
	2022	**2021**	**2021**	**2021**	**2020**	**2019**
Cash Provided By (Used For) Operating Activities	**$ 588**	$ 512	$ 107	$ 2,030	$ 3,063	$ 3,610
Adjustments:						
Cash invested in capital projects, net of insurance recoveries	**(185)**	(89)	(201)	(549)	(751)	(1,276)
Free Cash Flow	**$ 403**	$ 423	$ (94)	$ 1,481	$ 2,312	$ 2,334

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	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	-	-	-	362
Interest Expense, Net	337	69	-	-	-	69
Special Items	370	(46)	-	-	-	(46)
Non-operating pension expense (income)	(200)	(49)	-	-	-	(49)
EBIT before Special Items	1,506	336	-	-	-	336
Depreciation, amortization and cost of timber harvested	1,097	261	-	-	-	261
EBITDA before Special Items	2,603	597	-	-	-	597
Annualized EBITDA before Special Items	2,603	2,388	-	-	-	2,388
Annualized Net Sales	19,363	20,948	-	-	-	20,948
Adjusted EBITDA Margin	13.4%	11.4%	-	-	-	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	2020 Full Year	2021 1st Quarter	2021 2nd Quarter	2021 3rd Quarter	2021 4th Quarter	2021 Year to Date
Earnings (Loss) from Continuing Operations Before Income Taxes and Equity Earnings	329	306	252	397	44	999
Interest Expense, Net	446	93	86	82	76	337
Special Items	743	(42)	68	49	295	370
Non-operating pension expense (income)	(41)	(52)	(51)	(50)	(47)	(200)
EBIT before Special Items	1,477	305	355	478	368	1,506
Depreciation, amortization and cost of timber harvested	1,090	268	272	280	277	1,097
EBITDA before Special Items	2,567	573	627	758	645	2,603
Annualized EBITDA before Special Items	2,567	2,292	2,508	3,032	2,580	2,603
Annualized Net Sales	17,565	18,372	19,080	19,656	20,344	19,363
Adjusted EBITDA Margin	14.6%	12.5%	13.1%	15.4%	12.7%	13.4%

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.

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

$ Millions	Q1 2022 North American Industrial Packaging	Q2 2022 North American Industrial Packaging	Q3 2022 North American Industrial Packaging	Q4 2022 North American Industrial Packaging	YTD 2022 North American Industrial Packaging
Business Segment Operating Profit	400	-	-	-	400
Depreciation, Amortization and Cost of Timber Harvested before Special Items	184	-	-	-	184
EBITDA before Special Items	584	-	-	-	584
Less: Recycling Business EBITDA	8	-	-	-	8
EBITDA before Special Items after Exclusions	576	-	-	-	576
Net Sales	4,025	-	-	-	4,025
Less: Trade Sales	143	-	-	-	143
Less: Recycling Business Net Sales	111	-	-	-	111
Net Sales after Exclusions	3,771	-	-	-	3,771
Adjusted EBITDA Margin	15.3%	-	-	-	15.3%

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 EBITDA before Special Items

$ Millions	2022 Full Year Outlook
Earnings (Loss) from Continuing Operations Before Income Taxes and Equity Earnings	1,907 - 2,207
Interest Expense, Net	290
Special Items	(46)
Non-operating pension expense (income)	(196)
EBIT before Special Items	1,955 - 2,255
Depreciation, amortization and cost of timber harvested	1,145
EBITDA before Special Items	3,100 - 3,400

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 2022 Free Cash Flow

$ Millions	2022 Full Year
Cash provided by (used for) Operating Activities	$2,400 - $2,600
Adjustments:	
Cash invested in capital projects, net of insurance recoveries	(1,100)
Forecasted 2022 Free Cash Flow	$1,300 - $1,500

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.

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

$ Millions	2H 2022 Outlook North American Industrial Packaging
Business Segment Operating Profit	1,225
Depreciation, Amortization and Cost of Timber Harvested before Special Items	400
EBITDA before Special Items	1,625
Less: Recycling Business EBITDA	15
EBITDA before Special Items after Exclusions	1,610
Net Sales	8,400
Less: Trade Sales	300
Less: Recycling Business Net Sales	200
Net Sales after Exclusions	7,900
Adjusted EBITDA Margin	20.4%

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

Reconciliation of Net Earnings (Loss) Attributable to Ilim 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,
	2022	**2021**	**2021**
Net Earnings (Loss) from Continuing Operations as Reported Attributable to Ilim SA	**$ 177**	**$ 100**	**$ 129**
Add back: Net (earnings) loss attributable to non-controlling interest	(5)	(3)	(5)
Earnings (Loss) from Continuing Operations, Including Non-Controlling Interest - Ilim SA	**182**	**103**	**134**
Add back: Tax expense (benefit)	33	19	60
Add back: Interest expense, net	46	24	35
Earnings (Loss) From Continuing Operations, Before Interest and Taxes (EBIT)	**261**	**146**	**229**
Add back: Depreciation and amortization expense	41	35	44
Earnings (Loss) From Continuing Operations, Before Interest, Taxes and Depreciation (EBITDA)	**302**	**181**	**273**
Deduct: Foreign Exchange Gain (Loss) Impact, Primarily Related to US Dollar Denominated Net Debt	-	-	
Adjusted Operating EBITDA - Ilim SA	**$ 302**	**$ 181**	**$ 273**

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 SA is the most directly comparable GAAP measure.