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 Annual Report on Form 10K for the year ended December 31, 2022 and subsequently publicly filed financial reports.

INTERNATIONAL PAPER COMPANY

Reconciliation of Operating Earnings Before Net Interest Expense to Net Earnings Before Taxes and Equity Earnings

Preliminary and Unaudited

(In millions)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	$ 1,511	$ 999	$ 329	$ 921	$ 1,781	$ 848	$ 795	$ 1,132	$ 734	$ 1,092	$ 1,024	$ 1,458	$ 822	$ 1,199	$ (1,153)	$ 1,654	$ 3,188
Add back: Net Interest Expense	325	337	446	499	536	572	520	555	607	612	672	541	608	669	492	297	521
Add back: Net Special Items Before Taxes	175	370	743	414	214	501	182	559	1,046	305	384	343	389	(564)	2,331	(242)	(2,258)
Add back: Non-Operating Pension Expense (Income) Before Taxes	(192)	(200)	(41)	36	494	484	610	258	212	323	159	43	84	63	(11)	77	209
Adjusted Operating Earnings Before Net Interest Expense, Income Taxes and Equity Earnings	1,819	1,506	1,477	1,870	3,025	2,405	2,107	2,504	2,599	2,332	2,239	2,385	1,903	1,367	1,659	1,786	1,660
Add back: Graphic Packaging Equity Earnings Before Taxes	0	4	40	46	46												
Adjusted Operating Earnings Before Net Interest Expense, Income Taxes and Other Equity Earnings	1,819	1,510	1,517	1,916	3,071												
Tax Rate	25.3%	19.3%	24.2%	27.0%	24.3%	30%	32%	33%	31%	26%	31.5%	32%	30%	30%	31.5%	30%	29%
Adjusted Operating Earnings Before Net Interest Expense and Equity Earnings	1,359	1,219	1,150	1,399	2,325	1,684	1,433	1,678	1,793	1,726	1,534	1,622	1,332	957	1,136	1,250	1,179
Equity Earnings (Loss) Other than Graphic Packaging, Net of Taxes	(6)	(2)	(11)	204	290	177	198	117	(200)	(39)	61	159	64	(49)	49	-	-
Adjusted Operating Earnings Before Net Interest Expense	**1,353**	**1,217**	**1,139**	**1,603**	**2,615**	**1,861**	**1,631**	**1,795**	**1,593**	**1,687**	**1,595**	**1,781**	**1,396**	**908**	**1,185**	**1,250**	**1,179**

The Company considers return on invested capital ("ROIC") to be a meaningful indicator of our operating performance, and we evaluate this metric because it measures how effectively and efficiently we use the capital invested in our business. ROIC, a non-GAAP financial measure, may not be defined and calculated by other companies in the same manner. The Company defines and calculates ROIC using in the numerator Adjusted Operating Earnings Before Net Interest Expense, the most directly comparable GAAP measure to which is Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings. The Company calculates Adjusted Operating Earnings Before Net Interest Expense by excluding net interest expense, the after-tax effect of non-operating pension expense and items considered by management to be unusual (net special items) from the earnings reported under 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.

ROIC = Adjusted Operating Earnings Before Net Interest Expense / Average Invested Capital

Average Invested Capital = Equity (adjusted to remove pension-related amounts in OCI, net of tax) + interest-bearing Debt

Note: Years 2020 - 2022 reflect Ilim as Discontinued Operations. Years 2019 - 2021 reflect Printing Papers as Discontinued Operations. Years 2013 - 2017 reflect North America Consumer Packaging and xpedx as Discontinued Operations. Years 2006-2012 and 2018 are as reported in the 10-K for each year at the time of filing.

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 December 31,		Three Months Ended			Twelve Months Ended December 31,	
	2022	2021	September 30, 2022	June 30, 2022	March 31, 2022	2022	2021
Net Earnings (Loss) Attributable to International Paper Company	**$ (318)**	$ 107	$ 951	$ 511	$ 360	**$ 1,504**	$ 1,752
Less: Discontinued operations, net of taxes (gain) loss	**489**	(58)	(64)	(95)	(93)	**237**	(941)
Earnings (Loss) from Continuing Operations Attributable to International Paper Company	**171**	49	887	416	267	**1741**	811
Add back: Non-operating pension expense (income)	**(48)**	(47)	(48)	(47)	(49)	**(192)**	(200)
Add back: Net Special items expense (income)	**144**	295	117	18	(46)	**233**	371
Income tax effect - Non-operating pension and net special items expense	**42**	(62)	(656)	(23)	23	**(614)**	(38)
Adjusted Operating Earnings	**$ 309**	$ 235	$ 300	$ 364	$ 195	**$ 1,168**	$ 944

	Three Months Ended December 31,		Three Months Ended			Twelve Months Ended December 31,	
	2022	2021	September 30, 2022	June 30, 2022	March 31, 2022	2022	2021
Diluted Earnings per Common Share as Reported	**$ (0.90)**	$ 0.28	$ 2.64	$ 1.38	$ 0.95	**$ 4.10**	$ 4.47
Less: Discontinued operations, net of taxes (gain) loss	**1.38**	(0.15)	(0.18)	(0.25)	(0.25)	**0.64**	(2.40)
Continuing Operations	**0.48**	0.13	2.46	1.13	0.70	**4.74**	2.07
Add back: Non-operating pension expense (income)	**(0.13)**	(0.12)	(0.13)	(0.13)	(0.13)	**(0.52)**	(0.51)
Add back: Net Special items expense (income)	**0.41**	0.77	0.32	0.05	(0.12)	**0.63**	0.94
Income tax effect - Non-operating pension and net special items expense	**0.11**	(0.17)	(1.82)	(0.06)	0.06	**(1.67)**	(0.09)
Adjusted Operating Earnings per Share	**$ 0.87**	$ 0.61	$ 0.83	$ 0.99	$ 0.51	**$ 3.18**	$ 2.41

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.

Since diluted earnings per share are computed independently for each period, twelve-month per share amounts may not equal the sum of respective quarters.

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 September 30,	Twelve Months Ended December 31,		
	2022	**2021**	**2022**	**2022**	**2021**	**2020**
Cash Provided By (Used For) Operating Activities	**$ 761**	$ 107	$ 435	**$ 2,174**	$ 2,030	$ 3,063
Adjustments:						
Cash invested in capital projects, net of insurance recoveries	**(322)**	(201)	(238)	**(931)**	(549)	(751)
Free Cash Flow	**$ 439**	$ (94)	$ 197	**$ 1,243**	$ 1,481	$ 2,312

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	514	313	322	1,511
Interest Expense, Net	337	69	74	123	59	325
Special Items	370	(46)	18	62	141	175
Non-operating pension expense (income)	(200)	(49)	(47)	(48)	(48)	(192)
EBIT before Special Items	1,506	336	559	450	474	1,819
Depreciation, amortization and cost of timber harvested	1,097	261	267	261	251	1,040
EBITDA before Special Items	2,603	597	826	711	725	2,859
Annualized EBITDA before Special Items	2,603	2,388	3,304	2,844	2,900	2,859
Annualized Net Sales	19,363	20,948	21,556	21,608	20,532	21,161
Adjusted EBITDA Margin	13.4 %	11.4 %	15.3 %	13.2 %	14.1 %	13.5 %

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 3rd Quarter	2021 4th Quarter	2021 1st 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	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	550	387	416	1,753
Depreciation, Amortization and Cost of Timber	184	189	181	174	728
EBITDA before Special Items	584	739	568	590	2,481
Less: Recycling Business EBITDA	8	8	7	1	24
EBITDA before Special Items after Exclusions	576	731	561	589	2,457
Net Sales	4,025	4,126	4,055	3,805	16,011
Less: Trade Sales	143	145	142	111	541
Less: Recycling Business Net Sales	111	109	100	67	387
Net Sales after Exclusions	3,771	3,872	3,813	3,627	15,083
Adjusted EBITDA Margin	15.3 %	18.9 %	14.7 %	16.2 %	16.3 %

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.

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

$ Millions	YTD 2022 Global Cellulose Fiber	YTD 2021 Global Cellulose Fibers
Business Segment Operating Profit	106	(3)
Depreciation, Amortization and Cost of Timber Harvested before Special Items	255	265
EBITDA before Special Items	361	262
Net Sales	3,227	2,732
Adjusted EBITDA Margin	11.2 %	9.6 %

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	2023 Full Year Outlook
Earnings (Loss) from Continuing Operations Before Income Taxes and Equity Earnings	1,385
Interest Expense, Net	280
Non-operating pension expense (income)	61
EBIT before Special Items	1,726
Depreciation, amortization and cost of timber harvested	1,074
EBITDA before Special Items	2,800

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 2023 Free Cash Flow

$ Millions	2023 Full Year
Cash provided by (used for) Operating Activities	$1,900 - $2,300
Adjustments:	
Cash invested in capital projects, net of insurance recoveries	($1,000 - $1,200)
Forecasted 2023 Free Cash Flow	$900 - $1,100

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.