



**International  
Paper**

# First Quarter 2023 Earnings

April 27, 2023



## Forward-Looking Statements

Certain statements in this presentation that are not historical in nature may be considered “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “expects,” “anticipates,” “believes,” “estimates” and similar expressions identify forward-looking statements. These statements are not guarantees of future performance and reflect management’s current views and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these statements. Factors which could cause actual results to differ include but are not limited to: (i) risks with respect to climate change and global, regional, and local weather conditions, as well as risks related to our ability to meet targets and goals with respect to climate change and the emission of GHGs and other environmental, social and governance matters; (ii) the level of our indebtedness and changes in interest rates (including the impact of current elevated interest rate levels); (iii) the impact of global and domestic economic conditions and industry conditions, including with respect to current negative macroeconomic conditions, inflationary pressures and changes in the cost or availability of raw materials, energy sources and transportation sources, supply chain shortages and disruptions, competition we face, cyclicalities and changes in consumer preferences, demand and pricing for our products, and conditions impacting the credit, capital and financial markets, including possible instability in such markets and/or disruptions to the banking system due to potential or actual bank failures; (iv) domestic and global geopolitical conditions, changes in currency exchange rates, trade protectionist policies, downgrades in our credit ratings, and/or the credit ratings of banks issuing certain letters of credit, issued by recognized credit rating organizations; (v) the amount of our future pension funding obligations, and pension and healthcare costs; (vi) unanticipated expenditures or other adverse developments related to compliance with existing and new environmental, tax, labor and employment, privacy, anti-bribery and anti-corruption, and other U.S. and non-U.S. governmental laws and regulations; (vii) any material disruption at any of our manufacturing facilities or other adverse impact on our operations due to severe weather, natural disasters, climate change or other causes; (viii) the impact of the conflict involving Russia and Ukraine, including in connection with related escalated sanctions imposed by the United States, the European Union, G7 and other countries and possible actions by the Russian government, and the impact of such developments on domestic and global economic and geopolitical conditions in general and on us and our Ilim joint venture, which could be materially and adversely affected by such developments, and our inability to predict the full impact of the Russian invasion of Ukraine, current or future sanctions, current or future actions by the Russian government, geopolitical instability and the possibility of broadened military conflict on our Ilim joint venture, on our receipt of dividends from our Ilim joint venture and on our ability to complete the sale of our interest in the Ilim joint venture under the terms of the agreement with our joint venture partners to purchase our interest (and, if we are unable to complete such a sale, on the value of and our ability to sell our interest to another purchaser); (ix) risks inherent in conducting business through joint ventures; (x) our ability to achieve the benefits expected from, and other risks associated with, acquisitions, joint ventures, divestitures, spinoffs and other corporate transactions, (xi) cybersecurity and information technology risks; (xii) loss contingencies and pending, threatened or future litigation, including with respect to environmental related matters; (xiii) our exposure to claims under our agreements with Sylvamo Corporation; (xiv) our failure to realize the anticipated benefits of the spin-off of Sylvamo Corporation and the qualification of such spin-off as a tax-free transaction for U.S. federal income tax purposes; and (xv) our ability to attract and retain qualified personnel, particularly in light of current labor market conditions. These and other factors that could cause or contribute to actual results differing materially from such forward-looking statements can be found in our press releases and SEC filings. In addition, other risks and uncertainties not presently known to the Company or that we currently believe to be immaterial could affect the accuracy of any forward-looking statements. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## Statements Relating to Non-U.S. GAAP Measures

While the Company reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP), during the course of this presentation, certain non-GAAP financial measures are presented. 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. The non-GAAP financial measures in this presentation 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 in this presentation may not be comparable to similarly titled measures disclosed by other companies, including companies in our industry. A reconciliation of all presented non-GAAP measures (and their components) to GAAP financial measures is available on IP’s website at <https://www.internationalpaper.com/investors/financial-reports/quarterly-results>

## Discontinued Operations

As a result of the spin-off of our global Printing Papers business on October 1, 2021, the Printing Papers business segment has been eliminated. Historical results have been adjusted to reflect this business as a discontinued operation. In addition, as a result of our agreement to sell our interest in the Ilim joint venture, as announced on January 24, 2023, current and historical results have been adjusted to reflect Ilim as a discontinued operation.

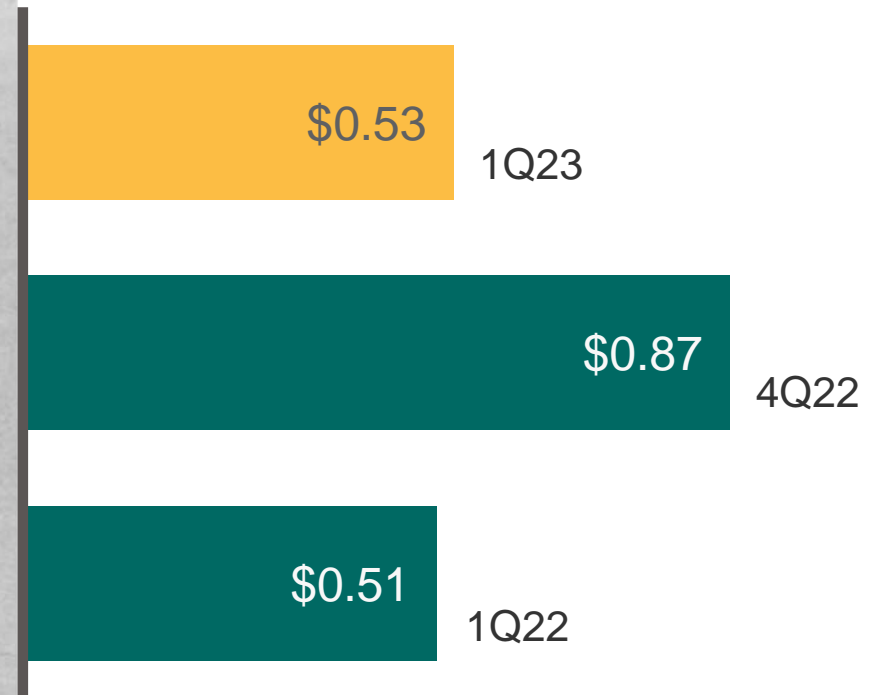
## Ilim JV and Sylvamo Corporation Investment Information

All financial information and statistical measures regarding our 50/50 Ilim joint venture in Russia (“Ilim”) and our prior ownership interest in Sylvamo Corporation, other than historical International Paper Equity Earnings and dividends received by International Paper, have been prepared by the management of Ilim and Sylvamo Corporation, respectively. Any projected financial information and statistical measures reflect the current views of Ilim management and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such projections. See “Forward-Looking Statements” above.

# First Quarter 2023 Highlights

- Solid performance in a challenging macro environment
- Continued progress on Building a Better IP initiatives
- Strong mill operating performance
- Successfully executed highest maintenance outage quarter
- Margins in both businesses impacted by lower-than-expected demand & pricing
- Meaningful reduction in energy & fiber costs
- Returned \$319 million to shareowners

## Adjusted Operating EPS<sup>1</sup>



All periods have been adjusted to reflect the Ilim JV as discontinued operations

# Current View | Navigating the Challenging Macro Environment

## What Has Changed (vs prior full year outlook)

- **1H weaker demand with greater impact from inventory destocking**
- **Index and export prices are lower**
- **More favorable input costs**

## Ongoing Commitments

- **Delivering value to customers**
- **Optimizing the system**
- **Maintaining dividend**
- **Strong balance sheet**

# First Quarter 2023 Financials

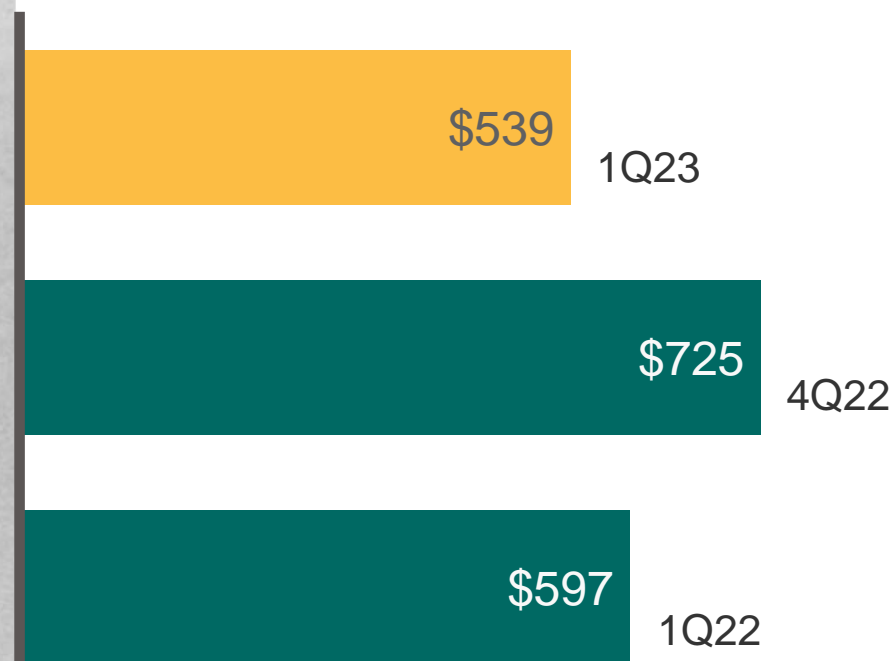
	1Q22	4Q22	1Q23
Sales (\$B)	\$5.2	\$5.1	<b>\$5.0</b>
Adjusted EBIT <sup>1</sup> (\$MM)	\$336	\$474	<b>\$298</b>
Adjusted Operating EPS <sup>2</sup>	\$0.51	\$0.87	<b>\$0.53</b>
Adjusted EBITDA <sup>1</sup> (\$MM)	\$597	\$725	<b>\$539</b>
Adjusted EBITDA Margin <sup>1</sup>	11.4%	14.1%	<b>10.7%</b>
Free Cash Flow <sup>3</sup> (\$MM)	\$403	\$439	<b>\$4</b>

Free Cash Flow for 1Q'23 includes \$(193)MM final settlement with IRS for Timber Monetization and timing of higher capital expenditures

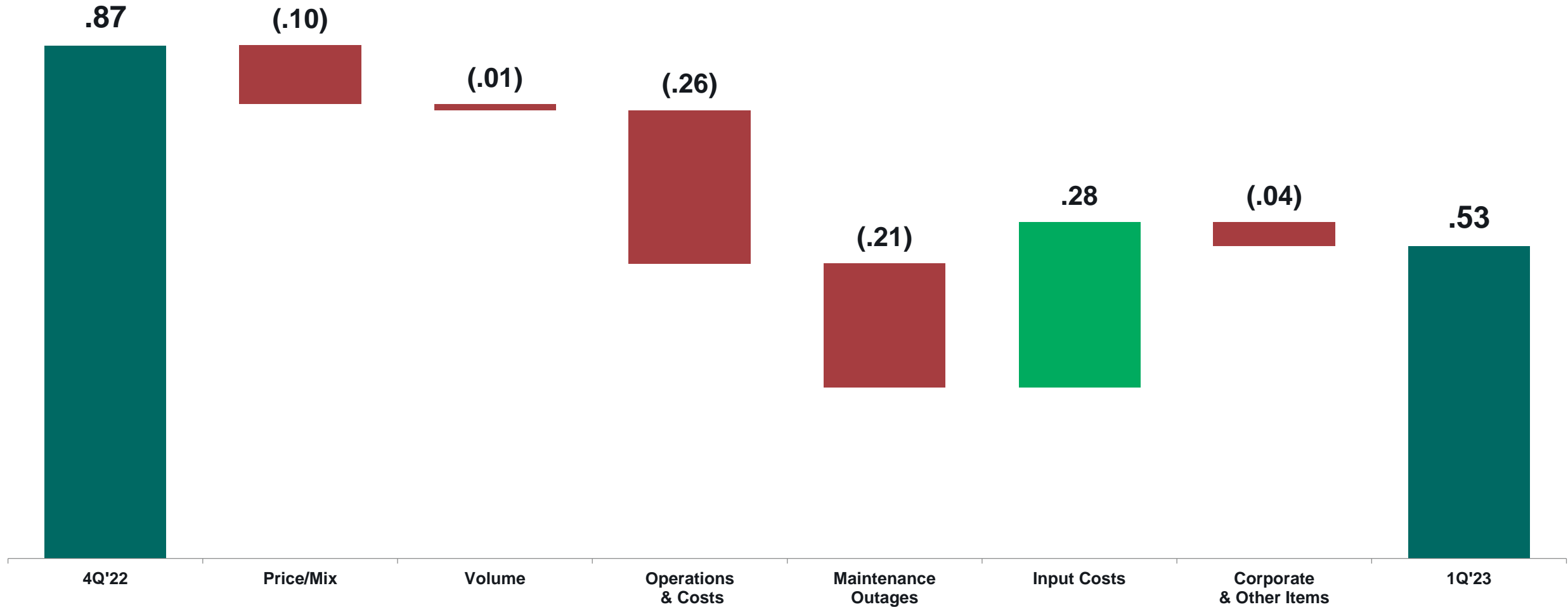
Free Cash Flow for 1Q'22 includes \$204MM dividend from Ilim

All periods have been adjusted to reflect the Ilim JV as discontinued operations

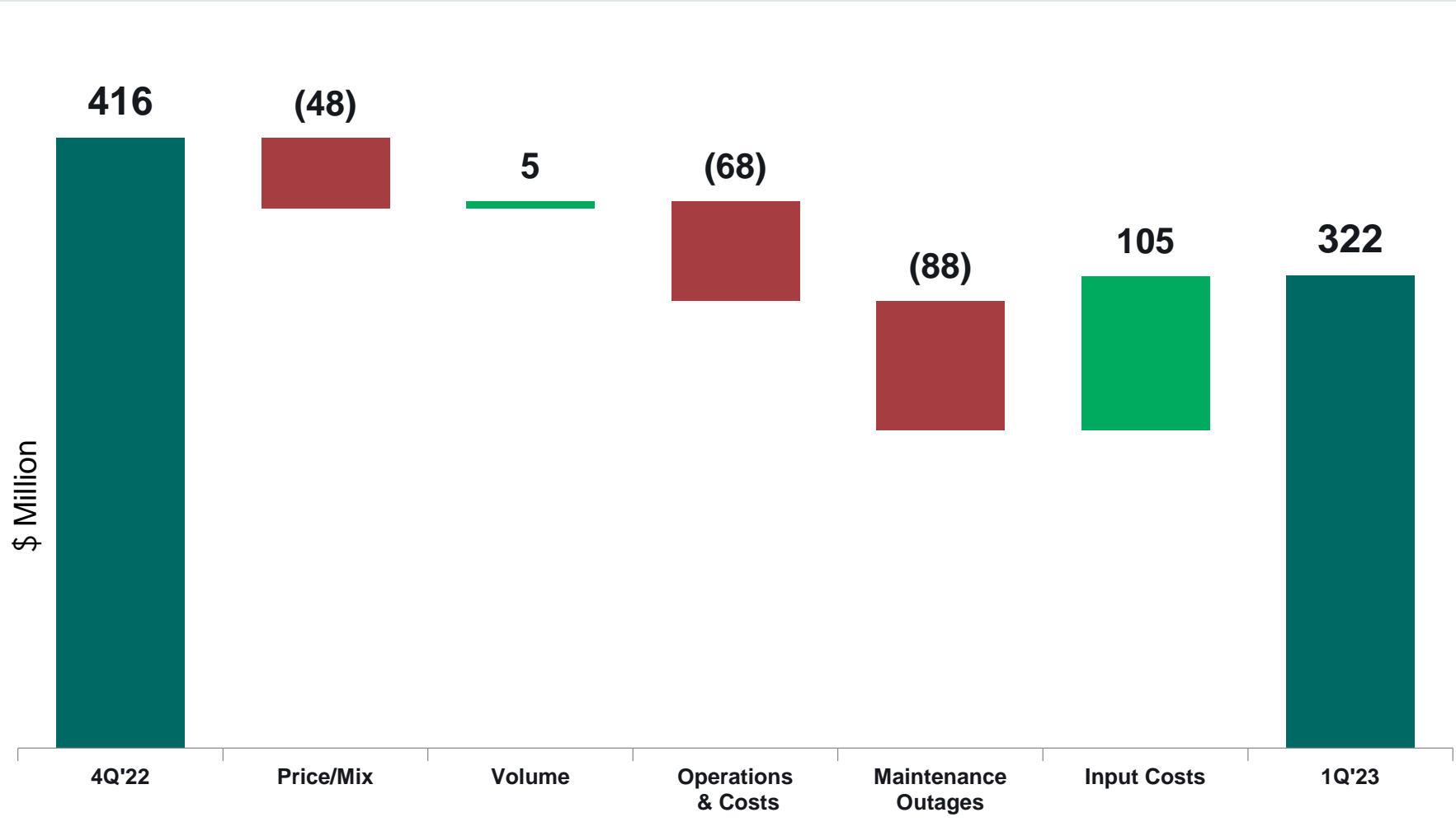
## Adjusted EBITDA<sup>1</sup> (\$MM)



# 1Q23 vs 4Q22 Adjusted Operating EPS<sup>1</sup>



# Industrial Packaging | 1Q23 vs 4Q22 Adjusted EBIT<sup>1</sup>



Lower price from index movement and exports

Four more shipping days QoQ

IP U.S. box shipments -8.5% YoY (daily)

March U.S. box shipments -11.8% YoY

Export channel demand weak

Operating costs impacted by non-repeat of favorable 4Q one-time items

Strong mill performance

Significantly lower energy, fiber and distribution costs

# N.A. Corrugated Packaging | Lower Demand Across all Segments

Customer Segment	Industry	IP Trend 1Q YoY	March vs 1Q
<b>Food &amp; Beverage</b>	<b>~45%</b>		
Processed Food		●	↘
Beverage		●	↘
Protein		●	↘
Fresh Produce		●	↘
<b>Other Non-Durables</b>	<b>~30%</b>		
Chemicals & Pharmaceuticals		●	↘
Paper, Towels & Tissue		●	↘
Other Non-Durables		●	↘
<b>Durable Goods &amp; Distribution</b>	<b>~25%</b>		
E-commerce		●	↗
Shipping & Distribution		●	↘
Durable Goods		●	↘

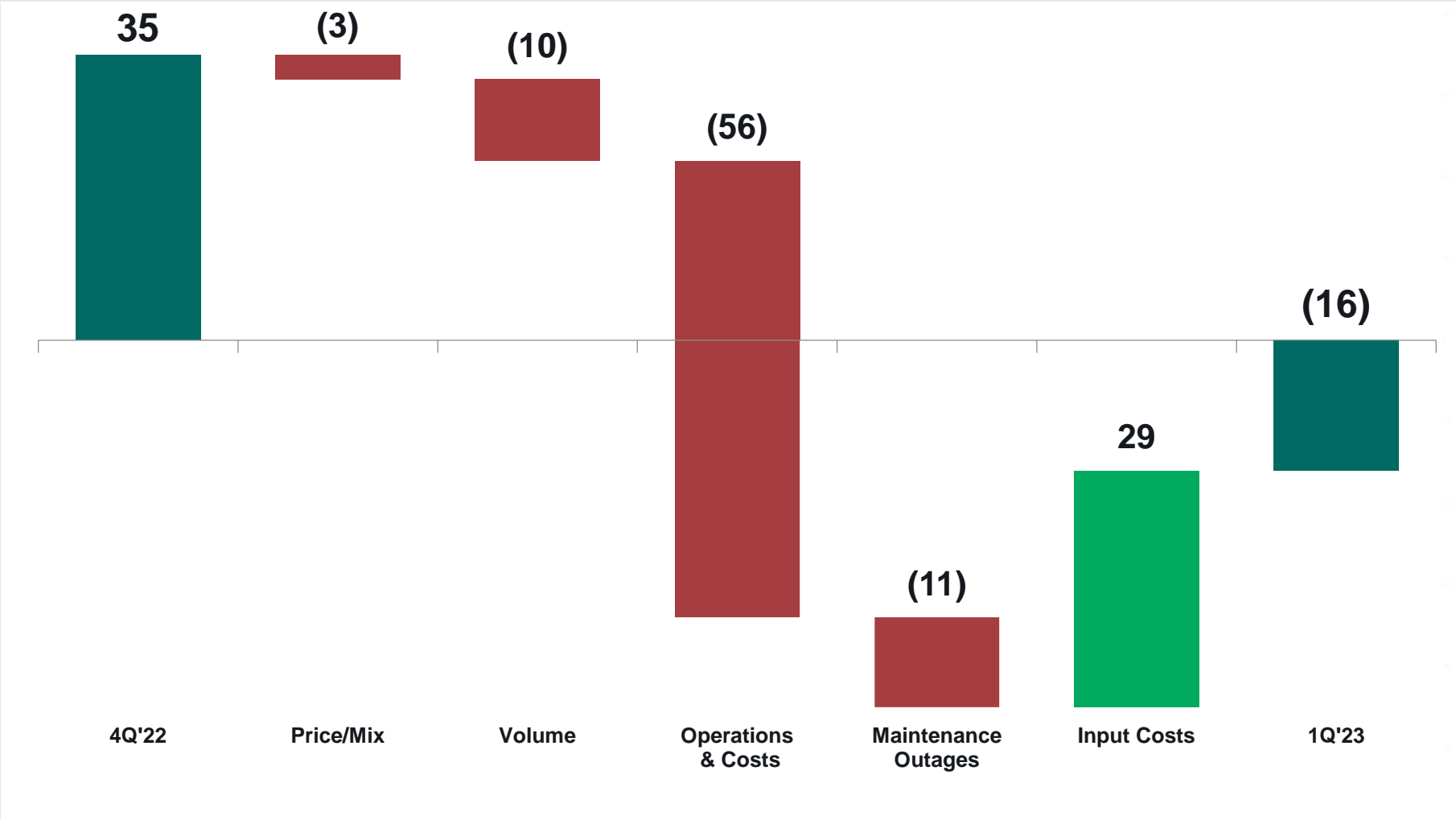
**Consumer spending focused on non-discretionary and value**

**Retailers & manufacturers reducing inventories**

●	< 8.5% YoY Average decline
●	> 8.5% YoY Average decline



# Global Cellulose Fibers | 1Q23 vs 4Q22 Adjusted EBIT<sup>1</sup>



Margin improvement from contract restructuring offset by lower price from index movement & unfavorable mix

Volume lower due to seasonality and customer inventory destocking

Operating costs impacted by lower volumes and non-repeat of favorable 4Q one-time items

Lower energy and wood costs

# Global Cellulose Fibers | Commercial & Operational Momentum

## Key drivers to deliver value-creating returns

Strategically align with most attractive regions, customers and product segments

Deliver innovation to create value for our customers and grow specialty products

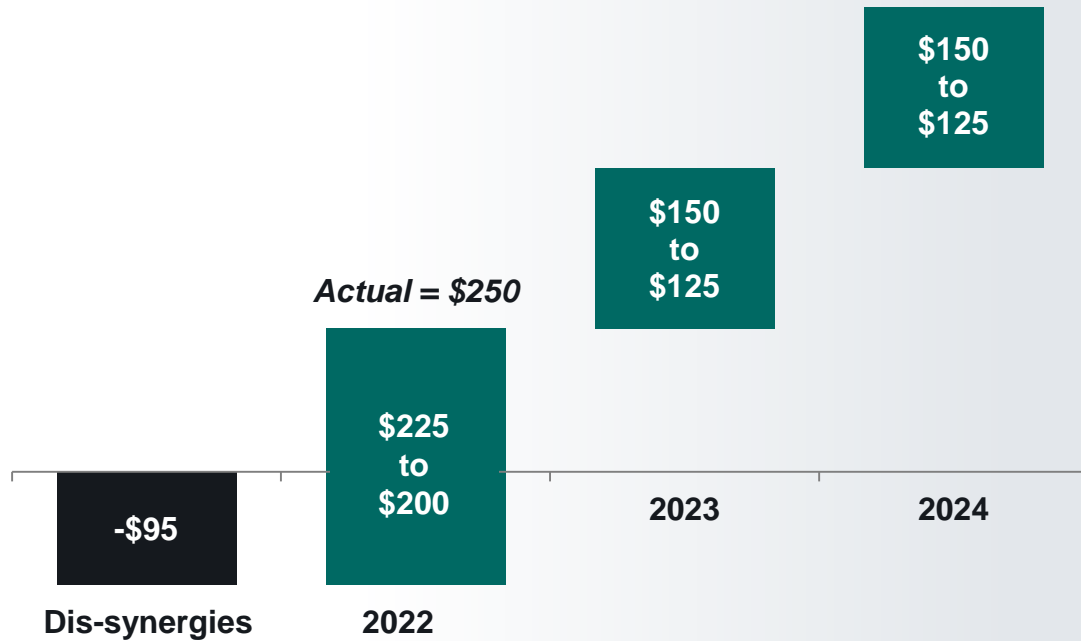
Enhance commercial agreements to capture value

Optimize cost structure



# Building a Better IP | Solid Momentum

## Incremental Annual Earnings Growth Target \$ Millions



## YoY Achievement \$65MM 1Q23

80%

### Strategy Acceleration

- Margin improvement
- Profitable growth

13%

### Process Optimization

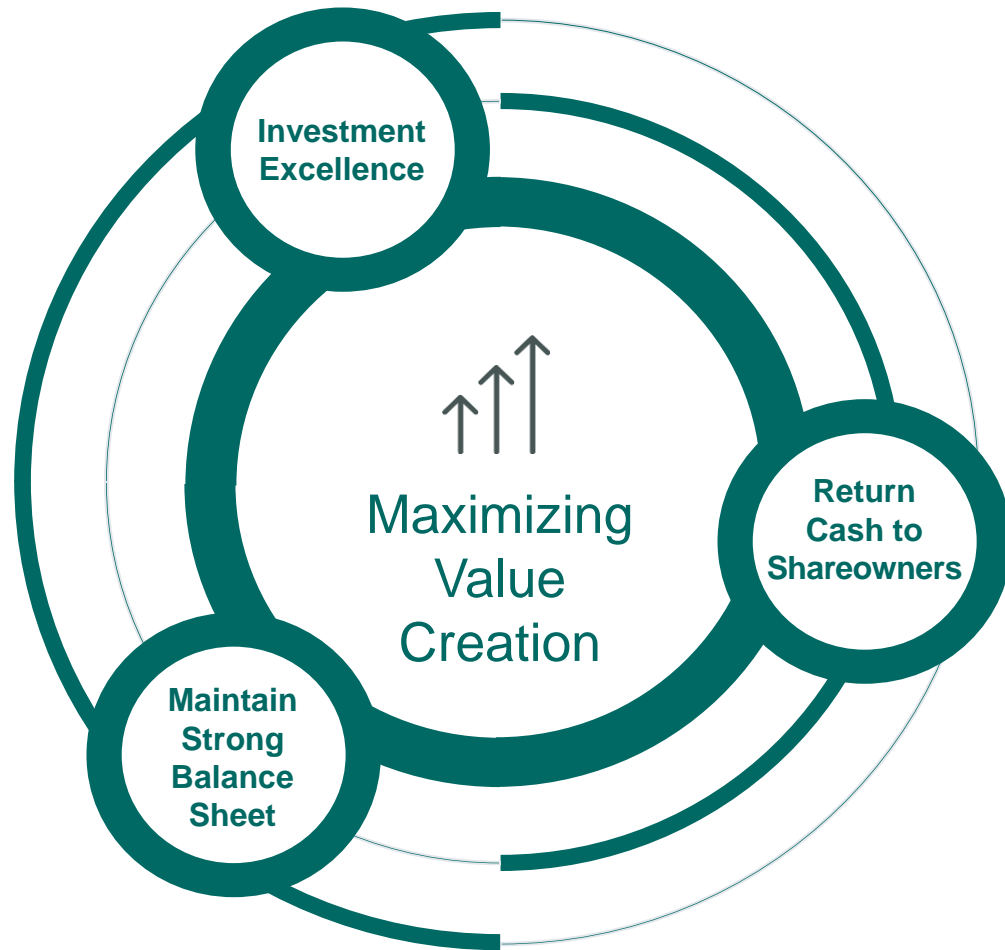
- Leverage advanced technology & data analytics
- Optimize customer order scheduling & transportation planning
- Mill monitoring & process control
- Sourcing opportunities

7%

### Lean Effectiveness (most completed in '21)

- Streamline the organization
- Overhead spend reduction

# Capital Allocation | Maximize Value Creation



## Highlights

### Strong balance sheet

- Debt / EBITDA<sup>1</sup> at 2.1x (Moody's basis) YE 2022
- Limited medium and long-term debt maturities

### Fully funded qualified pension plan

### Returned \$319MM to shareowners

- Dividends of \$162MM
- Shares repurchases of \$157MM

### Investing to create value

- Continued focus on cost reduction and future growth in Packaging business

# Second Quarter Earnings Outlook | Changes from 1Q23

	Industrial Packaging	Cellulose Fibers
Price & Mix	Prior index movement & lower export pricing to date	Prior index movement
Volume	Seasonality (+) N.A. 1 less day (-)	Seasonality & normalizing demand
Ops & Costs	Timing of spending	Lower distribution & unabsorbed fix costs
Maintenance Outages	\$10MM lower	\$33MM lower
Inputs & Freight	Lower energy and freight	Lower energy and fiber
Other	<ul style="list-style-type: none"> <li>• 2Q23 corporate expense of \$15MM</li> <li>• 2Q23 interest expense of \$65MM</li> <li>• 2Q23 tax rate outlook of ~24%</li> </ul>	

# 2023 Outlook | Navigating an Uncertain Macro Environment

\$ Billions (Unless Noted Otherwise)	Prior Outlook	Updated Outlook	Assumptions
Adjusted EBITDA <sup>1</sup>	~\$2.8	\$2.3 to \$2.5	<ul style="list-style-type: none"> <li>Includes the impact of sales price changes to date</li> <li>Optimizing marginal cost across mill &amp; converting system</li> <li>Benefits from Building a Better IP</li> <li>Earnings growth in Global Cellulose Fibers</li> <li>Maintenance outage expense of \$600MM</li> <li>Strategic capex in Industrial Packaging for cost / productivity improvements and future growth</li> <li>Timber monetization tax settlement = \$(193)MM</li> <li>No further Ilim dividend</li> <li>In addition to FCF, ~\$0.5B proceeds expected from Ilim sale</li> </ul>
Capex	\$1.0 - \$1.2	\$1.0 - \$1.2	
Free Cash Flow	\$0.9 - \$1.1 <i>Includes \$(0.2)B timber monetization tax payment</i>	\$0.8 - \$0.9	
Corporate Expense	\$60MM	\$60MM	
Net Interest Expense <sup>2</sup>	\$280MM	\$255MM	
Effective Tax Rate	24% - 25%	23% - 24%	

# CEO Perspective | IP is Agile and Resilient Through the Cycle

Taking actions to navigate current macro environment

Strong financial foundation

Committed to maximizing value





# International Paper

## Investor Relations

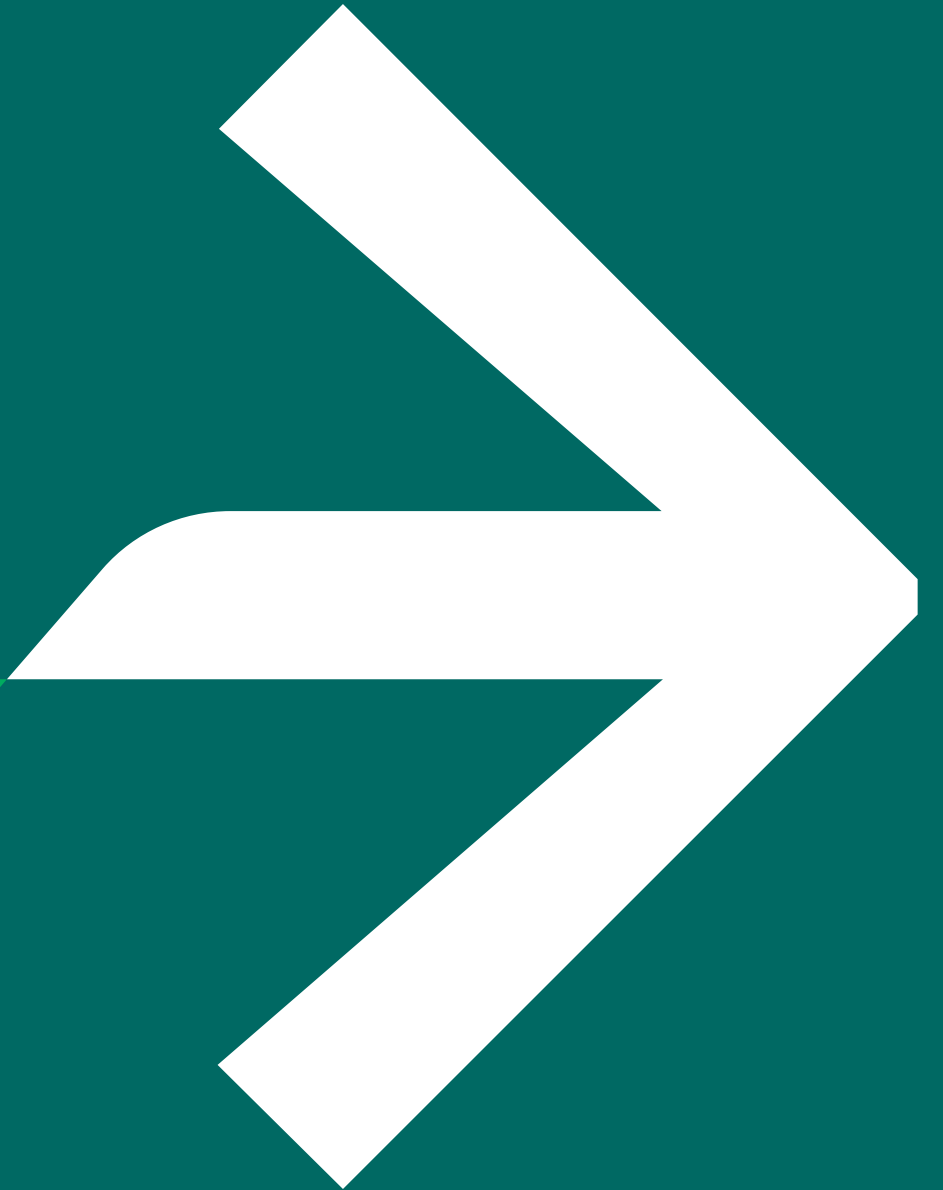
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# Appendix & Footnotes



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# Select Financial Metrics<sup>1</sup>

\$ Million	2021	2022	2023F
<b>Maintenance Outage Expense</b>	\$531	\$601	\$600
<b>Maintenance &amp; Regulatory</b>	\$415	\$649	Targeting \$1,000 - \$1,200
<b>Cost Reduction</b>	\$10	\$50	
<b>Strategic</b>	\$124	\$232	
<b>Depreciation &amp; Amortization</b>	\$1,097	\$1,040	\$1,013
<b>Net Interest Expense</b>	\$337	\$267	\$255
<b>Corporate Expense</b>	\$134	\$34	\$60
<b>Effective Tax Rate</b>	19%	24%	23% - 24%

# Free Cash Flow

\$ Million	2020	2021	1Q22	2022	4Q22	1Q23
Cash Provided by Operations	\$3,063	\$2,030 <sup>1</sup>	\$588	\$2,174	\$761	\$345 <sup>2</sup>
Cash Invested in Capital Projects, Net of Insurance Recoveries	\$(751)	\$(549)	\$(185)	\$(931)	\$(322)	\$(341)
<b>Free Cash Flow</b>	<b>\$2,312</b>	<b>\$1,481</b>	<b>\$403</b>	<b>\$1,243</b>	<b>\$439</b>	<b>\$4</b>

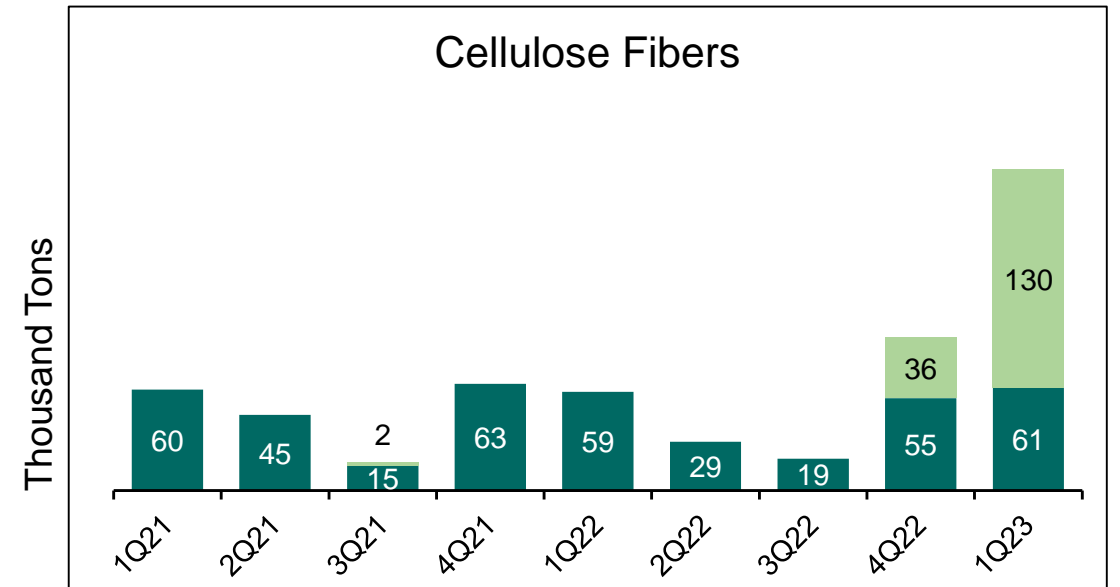
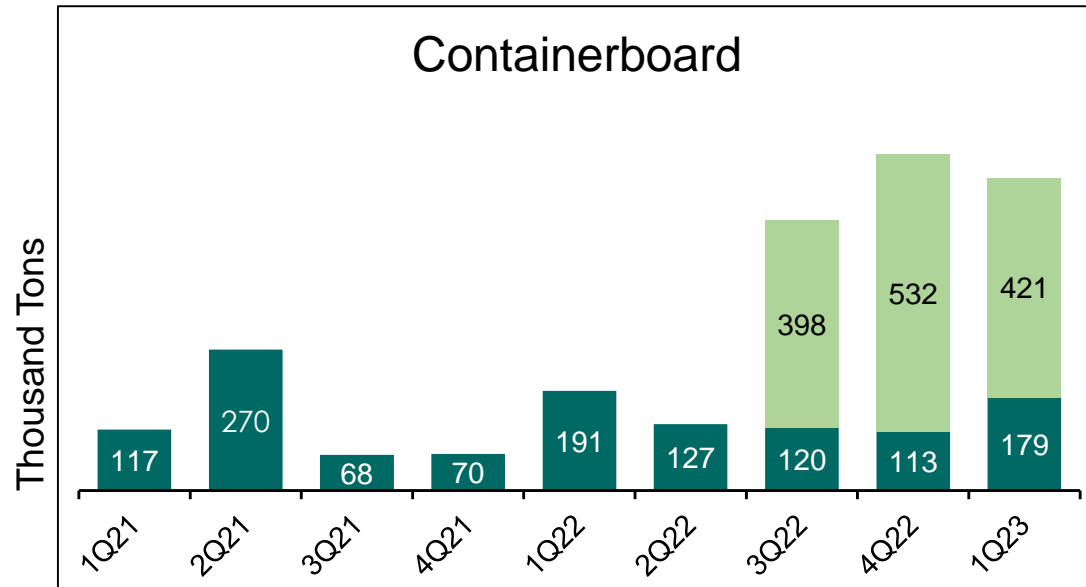
<sup>1</sup>2021 cash provided by operations includes tax payments of ~\$0.5B related to monetization transactions and CARES Act payroll tax deferral

<sup>2</sup>1Q23 cash provided by operations includes tax payments of ~\$0.2B related to timber monetization settlement

# Maintenance Outages Expenses | 2023 Forecast

\$ Million	1Q23A	2Q23F	3Q23F	4Q23F	2023F
<b>Industrial Packaging</b>	<b>\$161</b>	<b>\$151</b>	<b>\$50</b>	<b>\$45</b>	<b>\$407</b>
North America	\$161	\$132	\$50	\$42	\$385
Riverdale Papers	-	\$19	-	-	\$19
EMEA	-	-	-	\$3	\$3
<b>Global Cellulose Fibers</b>	<b>\$68</b>	<b>\$35</b>	<b>\$23</b>	<b>\$67</b>	<b>\$193</b>
North America	\$53	\$35	\$23	\$67	\$178
Georgetown Papers	\$15	-	-	-	\$15
<b>Total Impact</b>	<b>\$229</b>	<b>\$186</b>	<b>\$73</b>	<b>\$112</b>	<b>\$600</b>

# North America Downtime



■ Economic  
■ Maintenance

# Special Items Before Tax | Continuing Operations

Special Items Pre-Tax \$(Million)		1Q22	4Q22	1Q23
<b>Industrial Packaging</b>	EMEA Packaging Goodwill Impairment		\$(76)	
<b>Global Cellulose Fibers</b>	Building a Better IP			
	Environmental Remediation		\$(48)	
	Litigation Reserve		\$(11)	
<b>Corporate</b>	Foreign Currency Cumulative Translation Adjustment Loss Related to Sale of Equity Method Investment		\$(10)	
	Timber Monetization Settlement Interest		\$(3)	<b>\$(3)</b>
	Sylvamo Investment MTM Gain / (Losses)	\$46		
	Other		\$4	
<b>Total Special Items Before Tax</b>		<b>\$46</b>	<b>\$(144)</b>	<b>\$(3)</b>

# Special Items Net of Tax

	1Q23	
	\$ Million	EPS
Earnings Before Special Items	\$185	\$0.53
<b>Special Items Net of Taxes:</b>		
Timber Monetization Settlement Interest	\$(2)	
<b>Total Special Items Net of Taxes</b>	<b>\$(2)</b>	<b>\$(0.01)</b>
<b>Non-Operating Pension (Expense) Income</b>	<b>\$(11)</b>	<b>\$(0.03)</b>
<b>Net Earnings (Loss)</b>	<b>\$172</b>	<b>\$0.49</b>

# Operating Profits by Business Segment

	\$ Million	1Q22	4Q22	1Q23
<b>Earnings (Loss) Before Income Taxes and Equity Earnings</b>		<b>\$362</b>	<b>\$322</b>	<b>\$221</b>
<b>Interest Expense, Net</b>		\$69	\$59 <sup>2</sup>	\$62 <sup>2</sup>
<b>Adjustment for Less Than Wholly Owned Subsidiaries</b>		\$0	\$(3)	\$0
<b>Corporate Items, Net</b>		\$12	\$(20)	\$8
<b>Net Special Items</b>		(\$46)	\$141	\$0
<b>Non-Operating Pension Expense (Income)</b>		(\$49)	\$(48)	\$15
<b>Business Segment Operating Profit</b>		<b>\$348</b>	<b>\$451</b>	<b>\$306</b>
Industrial Packaging <sup>1</sup>		\$397	\$416	\$322
Global Cellulose Fibers <sup>1</sup>		(\$49)	\$35	\$(16)
<b>Total Business Segment Operating Profit<sup>1</sup></b>		<b>\$348</b>	<b>\$451</b>	<b>\$306</b>



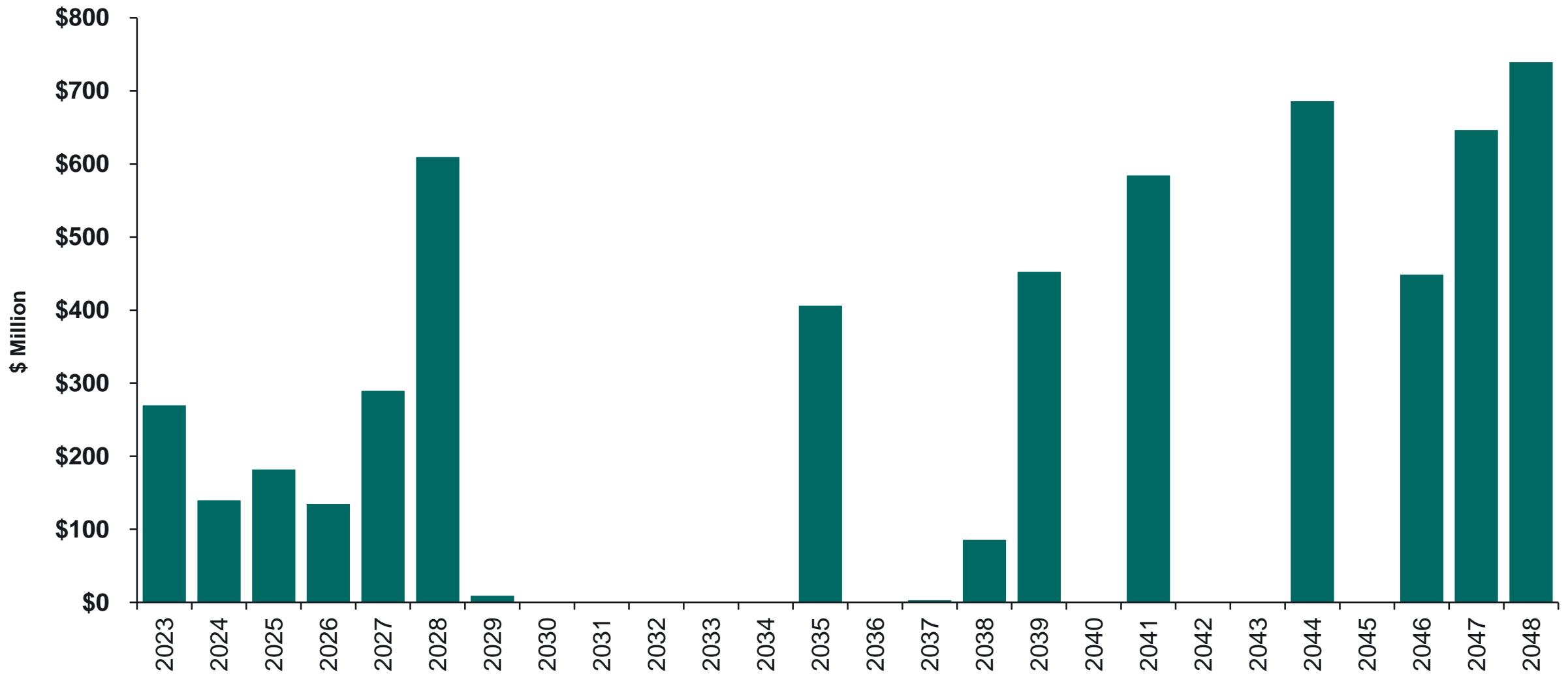
# Geographic Business Segment Operating Results | Quarterly

\$ Million	Sales			D & A <sup>2</sup>	Business Segment Operating Profit <sup>1</sup>		
	1Q22	4Q22	1Q23	1Q23	1Q22	4Q22	1Q23
<b>Industrial Packaging</b>							
North America	\$4,025	\$3,805	\$3,724	\$178	\$400	\$416	\$302
EMEA	\$410	\$394	\$391	\$15	\$(3)	\$0	\$20
<b>Global Cellulose Fibers</b>							
Global Cellulose Fibers	\$710	\$842	\$811	\$48	\$(49)	\$35	\$(16)

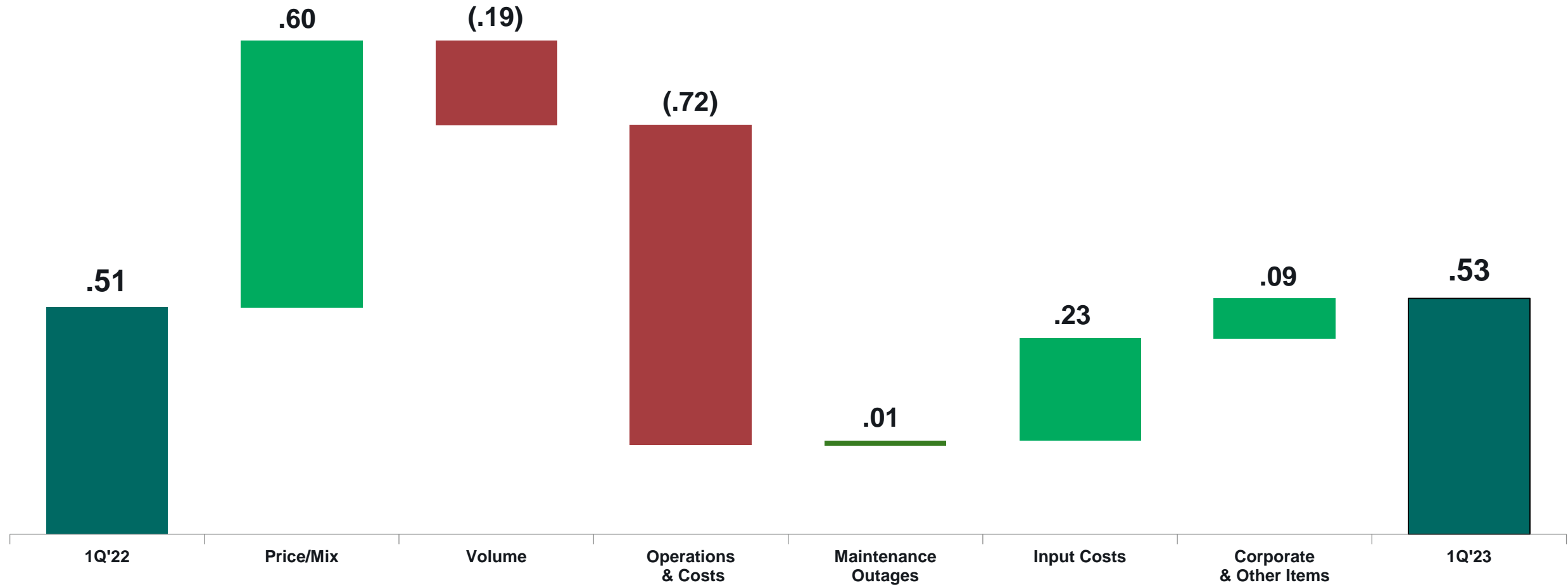
# 2023 Operating Earnings

	Pre-Tax \$MM	Tax \$MM	Non- controlling Interest \$MM	Equity Earnings	Net Income \$MM	Average Shares MM	Diluted EPS <sup>1</sup>
<b>Net Earnings from Continuing Operations</b>							
1Q23	\$221	(\$48)	-	(\$1)	\$172	353	\$0.49
<b>Net Special Items</b>							
1Q23	\$3	(\$1)	-	-	\$2	353	\$0.01
<b>Non-Operating Pension Expense</b>							
1Q23	\$15	(\$4)	-	-	\$11	353	\$0.03
<b>Adj. Operating Earnings</b>							
1Q23	\$239	(\$53)	-	(\$1)	\$185	353	\$0.53

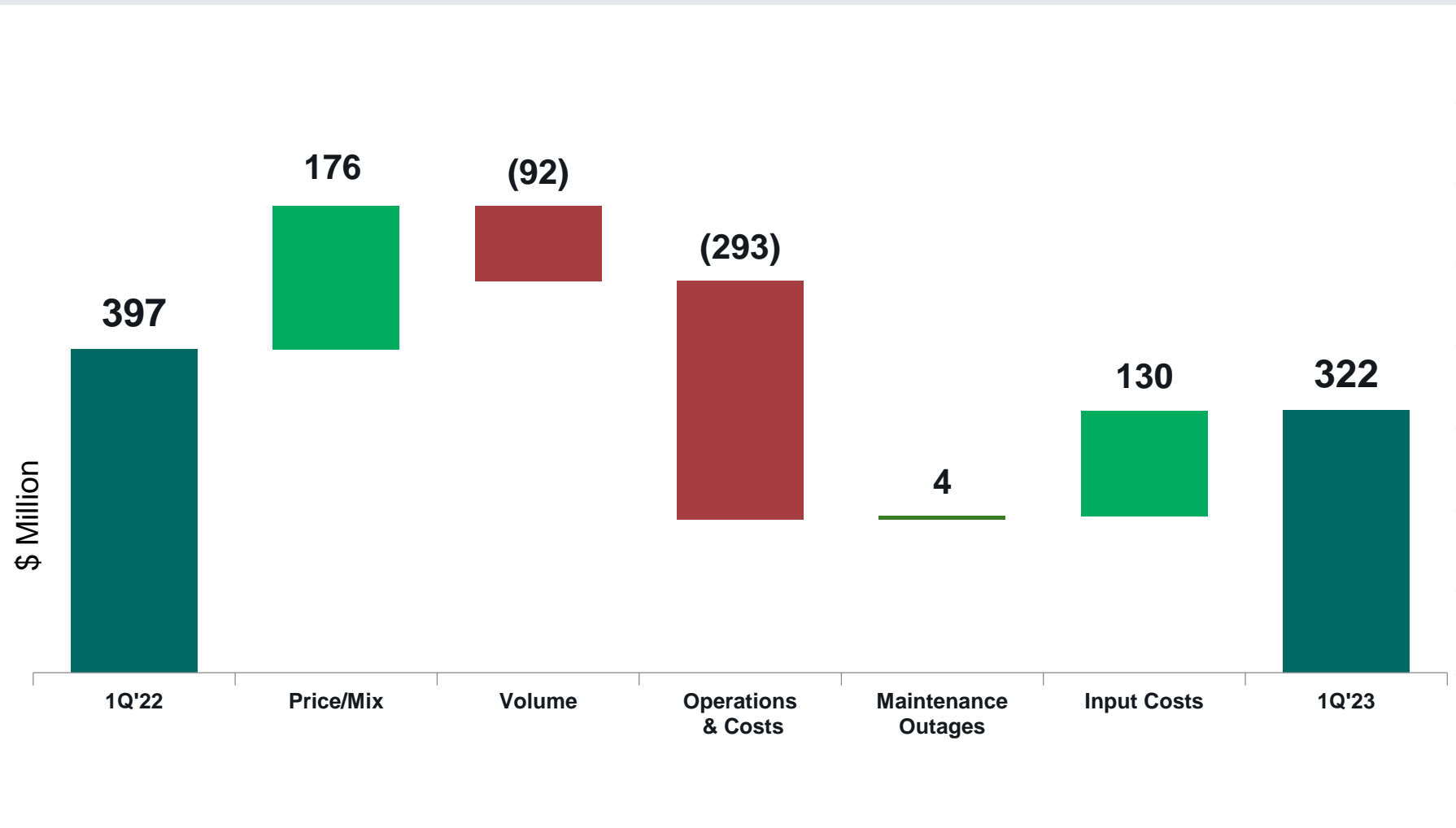
# Debt Maturity Profile | Maturities as of April 1, 2023



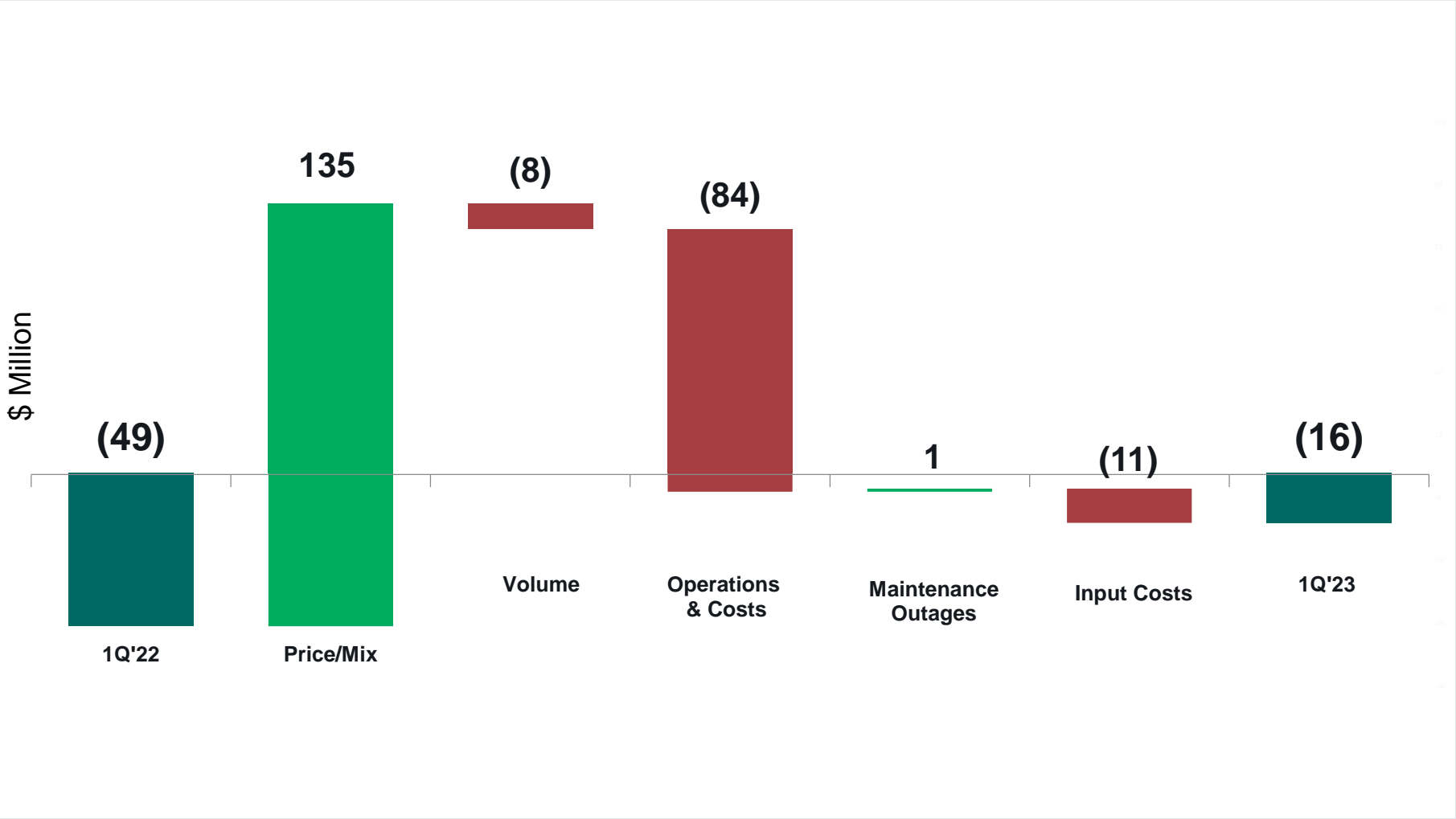
# 1Q23 vs 1Q22 Adjusted Operating EPS<sup>1</sup>



# Industrial Packaging | 1Q23 vs 1Q22 Adjusted EBIT<sup>1</sup>



# Global Cellulose Fibers | 1Q23 vs 1Q22 Adjusted EBIT<sup>1</sup>



# Global Consumption | 2022 Annual Purchases for Key Inputs

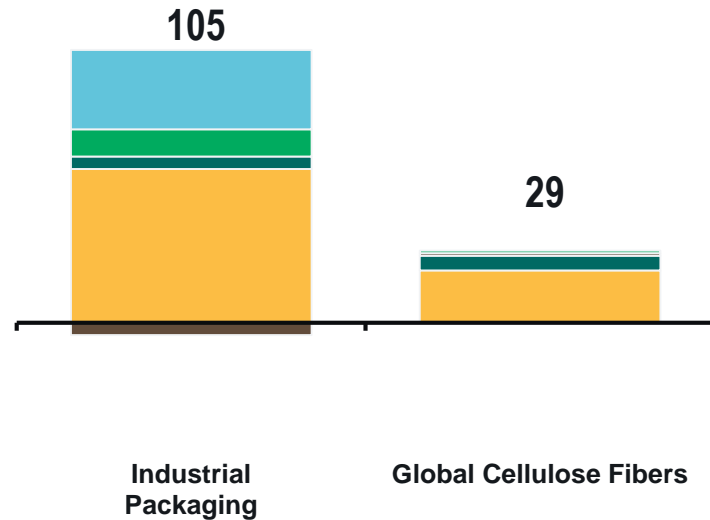
	Commodity	North America	EMEA
Energy	Natural Gas (MMBTUs)	85,000,000	2,200,000
	Fuel Oil (Barrels)	252,000	0
Fiber	Wood (Tons)	46,000,000	0
	Old Corrugated Containers / DLK (Tons)	4,700,000	500,000
Chemicals	Caustic Soda (Tons)	360,000	1,500
	Starch (Tons)	240,000	55,000

North America excludes converting facilities

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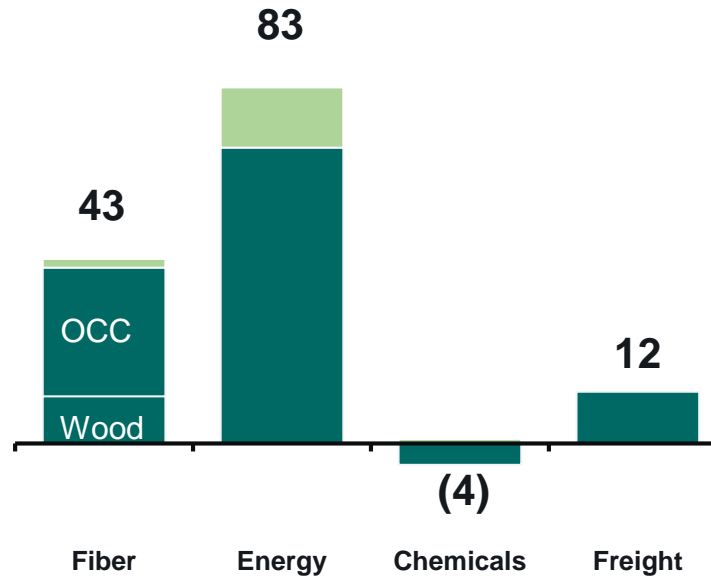
# Global Input Costs 1Q23 vs 4Q22 | \$134MM Favorable, \$0.28 per share

By Business



Energy Wood Chemicals Freight OCC

By Input Type



North America Outside North America

U.S Average Cost vs 4Q22

Wood	-1%	▼
OCC	11%	▲
Natural Gas	-45%	▼
Electricity	-9%	▼
Chemical Composite	-3%	▼



# Footnotes

## Slide 3

<sup>1</sup> Adjusted operating EPS, a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings from Continuing Operations (GAAP) before net special items and non operating pension expense (income))

## Slide 5

<sup>1</sup> Before special items and non-operating pension expense (income) (non-GAAP)

<sup>2</sup> Adjusted operating EPS, a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings from Continuing Operations (GAAP) before net special items and non operating pension expense (income))

<sup>3</sup> See slide #19 for a reconciliation of cash provided by operations to Free Cash Flow, a non-GAAP financial measure

## Slide 6

<sup>1</sup> Adjusted operating EPS, a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings from Continuing Operations (GAAP) before net special items and non operating pension expense (income))

## Slide 7

<sup>1</sup> Adjusted EBIT is Business Segment Operating Profit defined as earnings (loss) before income taxes and equity earnings, but including the impact of less than wholly owned subsidiaries, and excluding interest expense, net, corporate expenses, net, corporate net special items, business net special items and non-operating pension expense. Business segment operating profit is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments and is presented in our financial statement footnotes in accordance with ASC 280

## Slide 9

<sup>1</sup> Adjusted EBIT is Business Segment Operating Profit defined as earnings (loss) before income taxes and equity earnings, but including the impact of less than wholly owned subsidiaries, and excluding interest expense, net, corporate expenses, net, corporate net special items, business net special items and non-operating pension expense. Business segment operating profit is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments and is presented in our financial statement footnotes in accordance with ASC 280

## Slide 12

<sup>1</sup> Includes amounts reported discontinued operations. Moody's methodology is used to calculate Adjusted Debt to EBITDA ratio. Moody's adjusts debt to include balance sheet debt, operating leases/deferred tax liability and debt issuance expense, and pension gap. EBITDA is adjusted to include lease and pension adjustments (non-GAAP)

## Slide 14

<sup>1</sup> Before special items and non-operating pension expense (income) (non-GAAP)

<sup>2</sup> Before special items

# Footnotes

## Slide 18

<sup>1</sup> Before special items

## Slide 24

<sup>1</sup> Business segment operating profit defined as earnings (loss) before income taxes and equity earnings, but including the impact of less than wholly owned subsidiaries, and excluding interest expense, net, corporate expenses, net, corporate net special items, business net special items and non-operating pension expense. Business segment operating profit is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments and is presented in our financial statement footnotes in accordance with ASC 280

<sup>2</sup> Includes special items expense of \$3MM for both 1Q23 and 4Q22 related to the previously announced settlement of the timber monetization restructuring tax matter

## Slide 25

Does not reflect total company sales. Sales as reported is a U.S. GAAP metric. For North American Industrial Packaging, this metric includes Recycling Business Sales and Trade Sales.

A reconciliation of this U.S. GAAP metric to a non-U.S. GAAP metric of Sales excluding these items for North American Industrial Packaging is available as a Non-GAAP reconciliation on our website at <https://www.internationalpaper.com/investors/financial-reports/quarterly-results>

<sup>1</sup> Business segment operating profit defined as earnings (loss) before income taxes and equity earnings, but including the impact of less than wholly owned subsidiaries, and excluding interest expense, net, corporate expenses, net, corporate net special items, business net special items and non-operating pension expense. Business segment operating profit is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments and is presented in our financial statement footnotes in accordance with ASC 280

<sup>2</sup> Before special items

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<sup>1</sup> A non-GAAP reconciliation to GAAP EPS is available at <https://www.internationalpaper.com/investors/financial-reports/quarterly-results>

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<sup>1</sup> Adjusted operating EPS, a non-GAAP financial measure based on Adjusted Operating Earnings (defined as Net Earnings from Continuing Operations (GAAP) before net special items and non operating pension expense (income)). All periods have been adjusted to reflect the Ilim JV as discontinued operations.

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<sup>1</sup> Adjusted EBIT is Business Segment Operating Profit defined as earnings (loss) before income taxes and equity earnings, but including the impact of less than wholly owned subsidiaries, and excluding interest expense, net, corporate expenses, net, corporate net special items, business net special items and non-operating pension expense. Business segment operating profit is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments and is presented in our financial statement footnotes in accordance with ASC 280

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<sup>1</sup> Adjusted EBIT is Business Segment Operating Profit defined as earnings (loss) before income taxes and equity earnings, but including the impact of less than wholly owned subsidiaries, and excluding interest expense, net, corporate expenses, net, corporate net special items, business net special items and non-operating pension expense. Business segment operating profit is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments and is presented in our financial statement footnotes in accordance with ASC 280