

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 Annual Report on Form 10-K for the year ended December 31, 2017 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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Earnings Before Taxes and Equity Earnings	\$ 848	\$ 795	\$ 1,128	\$ 734	\$ 1,234	\$ 1,024	\$ 1,458	\$ 822	\$ 1,199	\$ (1,153)	\$ 1,654	\$ 3,188	\$ 586
Add back: Net Interest Expense	572	520	555	607	612	672	541	608	669	492	297	521	593
Add back: Special Items Before Taxes	501	182	559	1,046	305	384	343	389	(564)	2,331	(242)	(2,258)	207
Add back: Non-Operating Pension Expense Before Taxes	484	610	258	212	323	159	43	84	63	(11)	77	209	85
Operating Earnings Before Interest, Taxes and Equity Earnings	2,405	2,107	2,500	2,599	2,474	2,239	2,385	1,903	1,367	1,659	1,786	1,660	1,471
Tax Rate	30%	32%	33%	31%	26%	31.5%	32%	30%	30%	31.5%	30%	29%	27.5%
Operating Earnings Before Interest and Equity Earnings	1,684	1,433	1,675	1,793	1,831	1,534	1,622	1,332	957	1,136	1,250	1,179	1,066
Equity Earnings, Net of Taxes	177	198	117	(200)	(39)	61	159	64	(49)	49	0	0	0
Operating Earnings Before Interest	1,861	1,631	1,792	1,593	1,792	1,595	1,781	1,396	908	1,185	1,250	1,179	1,066

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 is not a measure of financial performance under U.S. generally accepted accounting principles ("GAAP") and may not be defined and calculated by other companies in the same manner. The Company defines and calculates ROIC using in the numerator Operating Earnings Before Interest, the most directly comparable GAAP measure to which is Earnings Before Income Taxes and Equity Earnings. The Company calculates Operating Earnings Before Interest by excluding net interest expense, the after-tax effect on non-operating pension expense and items considered by management to be unusual 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 = Operating Earnings Before Interest / Average Invested Capital

Average Invested Capital = Equity adjusted to remove pension-related amounts in OCI, net of taxes + interest-bearing debt

Note: Years 2013 - 2017 reflect North America Consumer Packaging and xpedx as Discontinued Operations. Years 2005-2012 are as reported in the 10-K for each year at the time of filing.

Reconciliation of Free Cash Flow to Cash provided by Operations

In millions	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Cash provided by operations	1757	2478	2,580	3,077	3,028	2,967	2,675	1,631	4,655	2,669	1,948	1,010	1,222
(Less)/Add:													
Cash invested in capital projects	(1,391)	(1,348)	(1,487)	(1,366)	(1,198)	(1,383)	(1,159)	(775)	(534)	(1,002)	(1,288)	(1,009)	(992)
Cash contribution to pension plan	1,250	750	750	353	31	44	300	1,042	-	-	-	1,000	-
Cash (received from) used for European accounts receivable securitization program	-	-	-	-	-	-	209	-	(205)	-	-	-	-
Tax receivable collected related to pension contributions	-	-	-	-	-	-	(123)	-	-	-	-	-	-
Cash received from unwinding a timber monetization	-	-	-	-	-	(251)	(175)	-	-	-	-	-	-
Change in control payments related to Temple-Inland acquisition	-	-	-	-	-	120	-	-	-	-	-	-	-
Insurance reimbursement for Guaranty Bank settlement	-	-	-	-	(30)	80	-	-	-	-	-	-	-
Cash received from alternative fuel mixture credits	-	-	-	-	-	-	-	(132)	(1,684)	-	-	-	-
Kleen Settlement	354	-	-	-	-	-	-	-	-	-	-	-	-
Reduction in cash taxes paid related to cellulosic bio-fuel tax credits	-	-	-	-	-	-	-	(17)	-	-	-	-	-
Hardboard cash settlements received, net	-	-	-	-	-	-	-	-	-	-	(64)	(80)	(114)
Free Cash Flow	1,970	1,880	1,843	2,064	1,831	1,577	1,727	1,749	2,232	1,667	596	921	116

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 September 30,		Three Months Ended June 30,	Nine Months Ended September 30,	
	2018	2017	2018	2018	2017
Net Earnings (Loss) Attributable to International Paper Company	\$ 562	\$ 395	\$ 405	\$ 1,696	\$ 684
Less: Discontinued operations (gain) loss	—	(29)	23	(345)	(42)
Earnings (Loss) from Continuing Operations, including non-controlling interest	562	366	428	1,351	642
Add back: Non-operating pension expense	19	20	27	49	60
Add back: Special items expense (gain)	60	34	43	134	224
Adjusted Operating Earnings	\$ 641	\$ 420	\$ 498	\$ 1,534	\$ 926

	Three Months Ended September 30,		Three Months Ended June 30,	Nine Months Ended September 30,	
	2018	2017	2018	2018	2017
Diluted Earnings per Common Share as Reported	\$ 1.37	\$ 0.95	\$ 0.97	\$ 4.08	\$ 1.64
Less: Discontinued operations (gain) loss	—	(0.07)	0.05	(0.83)	(0.10)
Continuing Operations	1.37	0.88	1.02	3.25	1.54
Add back: Non-operating pension expense	0.05	0.05	0.07	0.11	0.14
Add back: Special items expense (gain)	0.14	0.08	0.10	0.32	0.54
Adjusted Operating Earnings per Share	\$ 1.56	\$ 1.01	\$ 1.19	\$ 3.68	\$ 2.22

Notes:

- (1) The Company calculates Adjusted Operating Earnings (non-GAAP) by excluding the after-tax effect of non-operating pension expense, items considered by management to be unusual as reflected in the notes to the Consolidated Statement of Operations and discontinued operations 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.
- (2) Since diluted earnings per share are computed independently for each period, nine-month per share amounts may not equal the sum of the respective quarters.

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 December 31,		Three Months Ended September 30,	Twelve Months Ended December 31,	
	2017	2016	2017	2017	2016
Net Earnings (Loss) Attributable to International Paper Company	\$ 1,460	\$ 218	\$ 395	\$ 2,144	\$ 904
Add back: Discontinued operations (gain) loss	8 (a)	(24)	(29)	(34) (a)	(102) (g)
Earnings (Loss) from Continuing Operations, including non-controlling interest	1,468	194	366	2,110	802
Add back: Non-operating pension expense	238 (b)	23	20	298 (b)	375 (h)
Add back: Special items expense (gain)	(1,176) (c)	62 (d)	34 (e)	(952) (f)	108 (i)
Adjusted Operating Earnings	\$ 530	\$ 279	\$ 420	\$ 1,456	\$ 1,285

	Three Months Ended December 31,		Three Months Ended September 30,	Twelve Months Ended December 31,	
	2017	2016	2017	2017	2016
Diluted Earnings per Common Share as Reported	\$ 3.50	\$ 0.53	\$ 0.95	\$ 5.13	\$ 2.18
Add back: Discontinued operations (gain) loss	0.02	(0.06)	(0.07)	(0.08)	(0.25)
Continuing Operations	3.52	0.47	0.88	5.05	1.93
Add back: Non-operating pension expense	0.57	0.05	0.05	0.72	0.90
Add back: Special items expense (gain)	(2.82)	0.15	0.08	(2.28)	0.26
Adjusted Operating Earnings per Share	\$ 1.27	\$ 0.67	\$ 1.01	\$ 3.49	\$ 3.09

Notes:

- (a) See footnote (f) on the Consolidated Statement of Operations
- (b) See footnote (a) on the Consolidated Statement of Operations
- (c) See footnotes (a) - (e) on the Consolidated Statement of Operations
- (d) See footnotes (g) - (j) on the Consolidated Statement of Operations
- (e) See footnotes (a), (b), (e), (k) on the Consolidated Statement of Operations
- (f) See footnotes (a) - (e) and (k) - (n) on the Consolidated Statement of Operations
- (g) See footnote (p) on the Consolidated Statement of Operations
- (h) See footnote (g) on the Consolidated Statement of Operations
- (i) See footnotes (g) - (j) and (o) 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.
- (2) Since diluted earnings per share are computed independently for each period, twelve-month per share amounts may not equal the sum of the respective quarters.

International Paper Company
Calculation of EBITDA before Special Items

<u>\$ Millions</u>	<u>2017</u> <u>Full Year</u>	<u>2018</u> <u>1st Quarter</u>	<u>2018</u> <u>2nd Quarter</u>	<u>2018</u> <u>3rd Quarter</u>	<u>2018</u> <u>4th Quarter</u>	<u>2018</u> <u>Year to Date</u>
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,420	491	623	686		1,800
Depreciation, amortization and cost of timber harvested	1,343	325	330	335		990
Special Items	491	40	47	137		224
Non-operating pension expense	484	4	36	25		65
EBITDA before Special Items	<u>3,738</u>	<u>860</u>	<u>1,036</u>	<u>1,183</u>	<u>-</u>	<u>3,079</u>
Annualized EBITDA before Special Items	<u>3,738</u>	<u>3,440</u>	<u>4,144</u>	<u>4,732</u>	<u>-</u>	<u>4,105</u>
Annualized Net Sales	21,743	22,484	23,332	23,604		23,140
EBITDA Margin	<u>17.2%</u>	<u>15.3%</u>	<u>17.8%</u>	<u>20.0%</u>		<u>17.7%</u>

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

<u>\$ Millions</u>	<u>2016</u> <u>Full Year</u>	<u>2017</u> <u>1st Quarter</u>	<u>2017</u> <u>2nd Quarter</u>	<u>2017</u> <u>3rd Quarter</u>	<u>2017</u> <u>4th Quarter</u>	<u>2017</u> <u>Year to Date</u>
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	<u>3,231</u>	<u>724</u>	<u>839</u>	<u>1,005</u>	<u>1,170</u>	<u>3,738</u>
Annualized EBITDA before Special Items	<u>3,231</u>	<u>2,896</u>	<u>3,356</u>	<u>4,020</u>	<u>4,680</u>	<u>3,738</u>
Annualized Net Sales	19,495	20,528	21,532	22,068	22,844	21,743
EBITDA Margin	<u>16.6%</u>	<u>14.1%</u>	<u>15.6%</u>	<u>18.2%</u>	<u>20.5%</u>	<u>17.2%</u>

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

<u>\$ Millions</u>	<u>2015</u> <u>Full Year</u>	<u>2016</u> <u>1st Quarter</u>	<u>2016</u> <u>2nd Quarter</u>	<u>2016</u> <u>3rd Quarter</u>	<u>2016</u> <u>4th Quarter</u>	<u>2016</u> <u>Year to Date</u>
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,683	430	53	453	379	1,315
Depreciation, amortization and cost of timber harvested	1,167	260	275	287	302	1,124
Special Items	563	38	33	66	45	182
Non-operating pension expense	<u>258</u>	<u>44</u>	<u>487</u>	<u>42</u>	<u>37</u>	<u>610</u>
EBITDA before Special Items	<u>3,671</u>	<u>772</u>	<u>848</u>	<u>848</u>	<u>763</u>	<u>3,231</u>
Annualized EBITDA before Special Items	<u>3,671</u>	<u>3,088</u>	<u>3,392</u>	<u>3,392</u>	<u>3,052</u>	<u>3,231</u>
Annualized Net Sales	20,695	18,868	19,656	19,456	20,000	19,495
EBITDA Margin	<u>17.7%</u>	<u>16.4%</u>	<u>17.3%</u>	<u>17.4%</u>	<u>15.3%</u>	<u>16.6%</u>

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

<u>\$ Millions</u>	<u>2015</u> <u>1st Quarter</u>	<u>2015</u> <u>2nd Quarter</u>	<u>2015</u> <u>3rd Quarter</u>	<u>2015</u> <u>4th Quarter</u>	<u>2015</u> <u>Year to Date</u>
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	510	366	430	377	1,683
Depreciation, amortization and cost of timber harvested	293	295	296	283	1,167
Special Items	-	194	211	158	563
Non-operating pension expense	<u>72</u>	<u>50</u>	<u>76</u>	<u>60</u>	<u>258</u>
EBITDA before Special Items	<u>875</u>	<u>905</u>	<u>1,013</u>	<u>878</u>	<u>3,671</u>
Annualized EBITDA before Special Items	<u>3,500</u>	<u>3,620</u>	<u>4,052</u>	<u>3,512</u>	<u>3,671</u>
Annualized Net Sales	20,416	21,124	21,076	20,164	20,695
EBITDA Margin	<u>17.1%</u>	<u>17.1%</u>	<u>19.2%</u>	<u>17.4%</u>	<u>17.7%</u>

INTERNATIONAL PAPER COMPANY
Reconciliation of Operating Profit to Operating Profit Before Special Items
Preliminary and Unaudited
(In millions)

	Three Months Ended September 30, 2018			
	Industrial Packaging	Global Cellulose Fibers	Printing Papers	Total
Operating Profit (Loss) as Reported	\$ 472	\$ 83	\$ 183	\$ 738
Special Items Expense (Income) (a)	126	2	5	133
Operating Profit (Loss) Before Special Items	<u>\$ 598</u>	<u>\$ 85</u>	<u>\$ 188</u>	<u>\$ 871</u>

	Three Months Ended September 30, 2017			
	Industrial Packaging	Global Cellulose Fibers	Printing Papers	Total
Operating Profit (Loss) as Reported	\$ 490	\$ 49	\$ 135	\$ 674
Special Items Expense (Income) (b)	15	8	—	23
Operating Profit (Loss) Before Special Items	<u>\$ 505</u>	<u>\$ 57</u>	<u>\$ 135</u>	<u>\$ 697</u>

	Three Months Ended June 30, 2018			
	Industrial Packaging	Global Cellulose Fibers	Printing Papers	Total
Operating Profit (Loss) as Reported	\$ 537	\$ 66	\$ 94	\$ 697
Special Items Expense (Income) (a)	32	3	—	35
Operating Profit (Loss) Before Special Items	<u>\$ 569</u>	<u>\$ 69</u>	<u>\$ 94</u>	<u>\$ 732</u>

	Nine Months Ended September 30, 2018			
	Industrial Packaging	Global Cellulose Fibers	Printing Papers	Total
Operating Profit (Loss) as Reported	\$ 1,446	\$ 160	\$ 341	\$ 1,947
Special Items Expense (Income) (a)	185	9	5	199
Operating Profit (Loss) Before Special Items	<u>\$ 1,631</u>	<u>\$ 169</u>	<u>\$ 346</u>	<u>\$ 2,146</u>

	Nine Months Ended September 30, 2017			
	Industrial Packaging	Global Cellulose Fibers	Printing Papers	Total
Operating Profit (Loss) as Reported	\$ 938	\$ (14)	\$ 321	\$ 1,245
Special Items Expense (Income) (b)	367	32	2	401
Operating Profit (Loss) Before Special Items	<u>\$ 1,305</u>	<u>\$ 18</u>	<u>\$ 323</u>	<u>\$ 1,646</u>

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

(b) See footnotes (d) - (f) 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 Operating Profit to Operating Profit Before Special Items
Preliminary and Unaudited
(In millions)

	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	<u>\$ 614</u>	<u>\$ 98</u>	<u>\$ 136</u>	<u>\$ 848</u>

	Three Months Ended December 31, 2016			
	Industrial Packaging	Global Cellulose Fibers	Printing Papers	Total
Operating Profit (Loss) as Reported	\$ 391	\$ (70)	\$ 121	\$ 442
Special Items Expense (Income) (b)	7	38	—	45
Operating Profit (Loss) Before Special Items	<u>\$ 398</u>	<u>\$ (32)</u>	<u>\$ 121</u>	<u>\$ 487</u>

	Three Months Ended September 30, 2017			
	Industrial Packaging	Global Cellulose Fibers	Printing Papers	Total
Operating Profit (Loss) as Reported	\$ 490	\$ 49	\$ 135	\$ 674
Special Items Expense (Income) (a)	15	8	—	23
Operating Profit (Loss) Before Special Items	<u>\$ 505</u>	<u>\$ 57</u>	<u>\$ 135</u>	<u>\$ 697</u>

	Twelve Months Ended December 31, 2017			
	Industrial Packaging	Global Cellulose Fibers	Printing Papers	Total
Operating Profit (Loss) as Reported	\$ 1,547	\$ 65	\$ 457	\$ 2,069
Special Items Expense (Income) (c)	372	51	2	425
Operating Profit (Loss) Before Special Items	<u>\$ 1,919</u>	<u>\$ 116</u>	<u>\$ 459</u>	<u>\$ 2,494</u>

	Twelve Months Ended December 31, 2016			
	Industrial Packaging	Global Cellulose Fibers	Printing Papers	Total
Operating Profit (Loss) as Reported	\$ 1,741	\$ (179)	\$ 540	\$ 2,102
Special Items Expense (Income) (b)	77	50	—	127
Operating Profit (Loss) Before Special Items	<u>\$ 1,818</u>	<u>\$ (129)</u>	<u>\$ 540</u>	<u>\$ 2,229</u>

- (a) See footnotes (a) - (b) on Sales and Earnings by Business Segment
(b) See footnotes (f) - (g) on Sales and Earnings by Business Segment
(c) See footnotes (a) - (c) 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 September 30,		Three Months Ended June 30,
	2018	2017	2018
Net Earnings (Loss) from Continuing Operations as Reported Attributable to Ilim Holding SA	\$ 144	\$ 95	\$ 112
Add back: Net (earnings) loss attributable to non-controlling interest	(5)	(4)	(4)
Earnings (Loss) from Continuing Operations, Including Non-Controlling Interest - Ilim Holding SA	149	99	116
Add back: Tax expense (benefit)	39	27	35
Add back: Interest expense, net	16	22	18
Earnings (Loss) From Continuing Operations, Before Interest and Taxes (EBIT)	204	148	169
Add back: Depreciation and amortization expense	35	36	40
Earnings (Loss) From Continuing Operations, Before Interest, Taxes and Depreciation (EBITDA)	239	184	209
Deduct: Foreign Exchange Gain (Loss) Impact, Primarily Related to US Dollar Denominated Net Debt	(58)	18	(98)
Adjusted Operating EBITDA - Ilim Holding SA	\$ 297	\$ 166	\$ 307

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.

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 December 31,		Three Months Ended September 30	Twelve Months Ended December 31,				
	2017	2016	2017	2017	2016	2015	2014	2013
Net Earnings (Loss) from Continuing Operations as Reported Attributable to Ilim Holding SA	\$ 125	\$ 88	\$ 95	\$ 362	\$ 385	\$ 237	\$ (359)	\$ (72)
Add back: Net (earnings) loss attributable to non-controlling interest	(4)	(6)	(4)	(16)	(28)	(16)	27	5
Earnings (Loss) from Continuing Operations, Including Non-Controlling Interest - Ilim Holding SA	129	94	99	378	413	253	(386)	(77)
Add back: Tax expense (benefit)	46	46	27	115	128	73	(85)	(15)
Add back: Interest expense, net	20	20	22	88	81	52	68	39
Earnings (Loss) From Continuing Operations, Before Interest and Taxes (EBIT)	195	160	148	581	622	378	(403)	(53)
Add back: Depreciation and amortization expense	41	34	36	151	121	128	188	176
Earnings (Loss) From Continuing Operations, Before Interest, Taxes and Depreciation (EBITDA)	236	194	184	732	743	506	(215)	123
Deduct: Foreign Exchange Gain (Loss) Impact, Primarily Related to US Dollar Denominated Net Debt	7	14	18	37	63	(188)	(674)	(80)
Adjusted Operating EBITDA - Ilim Holding SA	\$ 229	\$ 180	\$ 166	\$ 695	\$ 680	\$ 694	\$ 459	\$ 203

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.