INTERNATIONAL PAPER CO /NEW/
Form 10-Q
November 03, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended September 30, 2016

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From to

Commission File Number 1-3157
INTERNATIONAL PAPER COMPANY
(Exact name of registrant as specified in its charter)

New York	13-0872805
(State or other jurisdiction of incorporation of organization)	(I.R.S. Employer Identification No.)
6400 Poplar Avenue, Memphis, TN	38197
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (901) 419-7000
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (paragraph 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý Accelerated filer ¨

Non-accelerated filer ¨ Smaller reporting company ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý
The number of shares outstanding of the registrant's common stock, par value $1.00 per share, as of October 28, 2016 was 411,213,412.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
INTERNATIONAL PAPER COMPANY
Consolidated Statement of Operations
(Unaudited)
(In millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net Sales	$5,266	$5,691	$15,698	$16,922
Costs and Expenses				
Cost of products sold	3,622	3,891	11,345	11,703
Selling and administrative expenses	380	417	1,142	1,226
Depreciation, amortization and cost of timber harvested	314	329	899	980
Distribution expenses	353	334	1,012	1,058
Taxes other than payroll and income taxes	41	39	123	127
Restructuring and other charges	46	25	47	219
Net (gains) losses on sales and impairments of businesses	5	186	70	186
Interest expense, net	132	141	384	422
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	373	329	676	1,001
Income tax provision (benefit)	107	106	139	346
Equity earnings (loss), net of taxes	43	(13)	151	84
Earnings (Loss) From Continuing Operations	309	210	688	739
Discontinued operations, net of taxes	—	—	(5)	—
Net Earnings (Loss)	309	210	683	739
Less: Net earnings (loss) attributable to noncontrolling interests	(3)	(10)	(3)	(21)
Net Earnings (Loss) Attributable to International Paper Company	$312	$220	$686	$760
Basic Earnings (Loss) Per Share Attributable to International Paper Company Common Shareholders				
Earnings (loss) from continuing operations	$0.76	$0.53	$1.68	$1.81
Discontinued operations, net of taxes	—	—	(0.01)	—
Net earnings (loss)	$0.76	$0.53	$1.67	$1.81
Diluted Earnings (Loss) Per Share Attributable to International Paper Company Common Shareholders				
Earnings (loss) from continuing operations	$0.75	$0.53	$1.66	$1.80
Discontinued operations, net of taxes	—	—	(0.01)	—
Net earnings (loss)	$0.75	$0.53	$1.65	$1.80
Average Shares of Common Stock Outstanding – assuming dilution	415.3	417.5	415.5	421.9
Cash Dividends Per Common Share	$0.4400	$0.4000	$1.3200	$1.2000
Amounts Attributable to International Paper Company Common Shareholders				
Earnings (loss) from continuing operations	$312	$220	$691	$760
Discontinued operations, net of taxes	—	—	(5)	—
Net earnings (loss)	$312	$220	$686	$760

The accompanying notes are an integral part of these consolidated financial statements.

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INTERNATIONAL PAPER COMPANY
Consolidated Statement of Comprehensive Income
(Unaudited)
(In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net Earnings (Loss)	$ 309	$ 210	$ 683	$ 739
Other Comprehensive Income (Loss), Net of Tax:				
Amortization of pension and post-retirement prior service costs and net loss:				
U.S. plans	72	72	471	215
Pension and postretirement liability adjustments:				
U.S. plans	(53)	14	(598)	14
Non-U.S. plans	—	—	17	(2)
Change in cumulative foreign currency translation adjustment	3	(562)	373	(955)
Net gains/losses on cash flow hedging derivatives:				
Net gains (losses) arising during the period	5	(8)	(5)	(2)
Reclassification adjustment for (gains) losses included in net earnings (loss)	(3)	7	(7)	12
Total Other Comprehensive Income (Loss), Net of Tax	24	(477)	251	(718)
Comprehensive Income (Loss)	333	(267)	934	21
Net (earnings) loss attributable to noncontrolling	3	10	3	21

interests				
Other comprehensive (income) loss attributable to noncontrolling interests	(1)	5	(1)	6
Comprehensive Income (Loss) Attributable to International Paper Company	$ 335	$ (252)	$ 936	$ 48

The accompanying notes are an integral part of these consolidated financial statements.

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INTERNATIONAL PAPER COMPANY
Consolidated Balance Sheet
(In millions)

	September 30, 2016 (unaudited)	December 31, 2015
Assets		
Current Assets		
Cash and temporary investments	$ 2,562	$ 1,050
Accounts and notes receivable, net	2,807	2,675
Inventories	2,222	2,228
Deferred income tax assets	287	312
Other current assets	225	212
Total Current Assets	8,103	6,477
Plants, Properties and Equipment, net	12,205	11,980
Forestlands	447	366
Investments	325	228
Financial Assets of Special Purpose Entities (Note 13)	7,028	7,014
Goodwill	3,362	3,335
Deferred Charges and Other Assets	1,131	1,131
Total Assets	$ 32,601	$ 30,531
Liabilities and Equity		
Current Liabilities		
Notes payable and current maturities of long-term debt	$ 78	$ 426
Accounts payable	2,031	2,078
Accrued payroll and benefits	394	434
Other accrued liabilities	1,038	986
Total Current Liabilities	3,541	3,924
Long-Term Debt	10,823	8,844
Nonrecourse Financial Liabilities of Special Purpose Entities (Note 13)	6,282	6,277
Deferred Income Taxes	3,273	3,231
Pension Benefit Obligation	3,709	3,548
Postretirement and Postemployment Benefit Obligation	320	364
Other Liabilities	424	434
Equity		
Common stock, $1 par value, 2016 – 448.9 shares and 2015 – 448.9 shares	449	449
Paid-in capital	6,180	6,243
Retained earnings	4,793	4,649
Accumulated other comprehensive loss	(5,458)	(5,708)
	5,964	5,633
Less: Common stock held in treasury, at cost, 2016 – 37.716 shares and 2015 – 36.776 shares	1,755	1,749
Total Shareholders’ Equity	4,209	3,884
Noncontrolling interests	20	25
Total Equity	4,229	3,909
Total Liabilities and Equity	$ 32,601	$ 30,531

The accompanying notes are an integral part of these consolidated financial statements.

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INTERNATIONAL PAPER COMPANY
Consolidated Statement of Cash Flows
(Unaudited)
(In millions)

	Nine Months Ended September 30, 2016	2015
Operating Activities		
Net earnings (loss)	$683	$739
Depreciation, amortization and cost of timber harvested	899	980
Deferred income tax provision (benefit), net	45	101
Restructuring and other charges	47	219
Pension plan contributions	(750)	(750)
Net (gains) losses on sales and impairments of businesses	70	186
Equity (earnings) loss, net	(151)	(84)
Periodic pension expense, net	718	350
Other, net	125	132
Changes in current assets and liabilities		
Accounts and notes receivable	(83)	(166)
Inventories	(6)	(221)
Accounts payable and accrued liabilities	(37)	77
Interest payable	24	24
Other	(18)	3
Cash Provided By (Used For) Operations	1,566	1,590
Investment Activities		
Invested in capital projects	(903)	(998)
Acquisitions, net of cash acquired	(56)	—
Proceeds from divestitures, net of cash divested	105	—
Investment in Special Purpose Entities	—	(198)
Proceeds from sale of fixed assets	13	32
Other	(130)	(35)
Cash Provided By (Used For) Investment Activities	(971)	(1,199)
Financing Activities		
Repurchases of common stock and payments of restricted stock tax withholding	(132)	(505)
Issuance of common stock	—	2
Issuance of debt	3,447	2,440
Reduction of debt	(1,855)	(2,202)
Change in book overdrafts	(5)	15
Dividends paid	(543)	(503)
Debt tender premiums paid	(31)	(211)
Other	(3)	—
Cash Provided By (Used For) Financing Activities	878	(964)
Cash Included in Assets Held for Sale	—	(143)
Effect of Exchange Rate Changes on Cash	39	(61)
Change in Cash and Temporary Investments	1,512	(777)
Cash and Temporary Investments		
Beginning of period	1,050	1,881

End of period	$2,562	$1,104

The accompanying notes are an integral part of these consolidated financial statements.

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INTERNATIONAL PAPER COMPANY
Condensed Notes to Consolidated Financial Statements
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States and in accordance with the instructions to Form 10-Q and, in the opinion of management, include all adjustments that are necessary for the fair presentation of International Paper Company’s (International Paper’s, the Company’s or our) financial position, results of operations, and cash flows for the interim periods presented. Except as disclosed herein, such adjustments are of a normal, recurring nature. Results for the first nine months of the year may not necessarily be indicative of full year results. It is suggested that these consolidated financial statements be read in conjunction with the audited financial statements and the notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 which have previously been filed with the Securities and Exchange Commission.

NOTE 2 - RECENT ACCOUNTING DEVELOPMENTS

Cash Flow Classification

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)." The primary purpose of the ASU is to reduce the diversity in practice that has resulted from the lack of consistent principles in the classification of certain cash receipts and payments in the statement of cash flows. The ASU's amendments add or clarify guidance on eight cash flow issues, including; (1) debt prepayment or debt extinguishment costs; (2) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of borrowing; (3) contingent consideration payments made after a business combination; (4) proceeds from the settlement of insurance claims; (5) proceeds from the settlement of corporate-owned life insurance policies, including bank-owned life insurance policies; (6) distributions received from equity method investees; (7) beneficial interests in securitization transactions; and (8) separately identifiable cash flows and application of the predominance principle. This ASU is effective for annual reporting periods beginning after December 15, 2017, and interim periods with those years and must be applied retrospectively to all periods presented but may be applied prospectively from the earliest date practicable if retrospective application would be impracticable. Early adoption is permitted. The Company is currently evaluating the provisions of this guidance.

Stock Compensation

In March 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting." Under this new guidance, all excess tax benefits and tax deficiencies will be recognized in the income statement as they occur, replacing current guidance which requires tax benefits that exceed compensation costs (windfalls) to be recognized in equity. The new guidance will also change the cash flow presentation of excess tax benefits, classifying them as operating inflows rather than financing activities as they are currently classified. In addition, the new guidance will allow companies to provide net settlement of stock-based compensation to cover tax withholding as long as the net settlement doesn't exceed the maximum individual statutory tax rate in the employee's tax jurisdiction. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures, and intrinsic value should be applied using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted. Amendments related to the presentation of employee taxes paid on the statement of cash flows when an employer withholds shares to meet the minimum statutory withholding requirement should be applied retrospectively. Amendments requiring recognition of excess tax benefits and tax deficiencies in the income statement and the practical expedient for estimating expected term should be applied prospectively. An entity may elect to apply the amendments related to the presentation of excess tax benefits on the statement of cash flows using either a prospective transition
method or a retrospective transition method. This ASU is effective for annual reporting periods beginning after December 15, 2016, and interim periods with those years. Early adoption is permitted. The Company is currently evaluating the provisions of this guidance.

Investments - Equity Method and Joint Ventures
In March 2016, the FASB issued ASU 2016-07, "Simplifying the Transition to the Equity Method of Accounting." The amendments in the ASU eliminate the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Therefore, upon

qualifying for the equity method of accounting, no retroactive adjustment of the investment is required. This ASU is effective for annual reporting periods beginning after December 15, 2016, and interim periods within those years and should be applied prospectively upon the effective date. Early adoption is permitted. The Company is currently evaluating the provisions of this guidance.

Derivatives and Hedging

Also in March 2016, the FASB issued ASU 2016-05, "Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships." The amendments in this ASU apply to all reporting entities for which there is a change in the counterparty to a derivative instrument that has been designated as a hedging instrument under Topic 815. This ASU clarifies that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument under Topic 815 does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. This ASU is effective for annual reporting periods beginning after December 15, 2016, and interim periods within those years, and allows for the amendments to be applied on either a prospective basis or a modified retrospective basis. The Company is currently evaluating the provisions of this guidance.

Leases

In February 2016, the FASB issued ASU 2016-02, "Leases." This ASU will require most leases to be recognized on the balance sheet which will increase reported assets and liabilities. Lessor accounting will remain substantially similar to current U.S. GAAP. This ASU is effective for annual reporting periods beginning after December 15, 2018, and interim periods within those years, and mandates a modified retrospective transition method for all entities. The Company is currently evaluating the provisions of this guidance.

Classification of Deferred Taxes

In November 2015, the FASB issued ASU 2015-17, "Balance Classification of Deferred Taxes." This ASU requires entities to offset all deferred tax assets and liabilities (and valuation allowances) for each tax-paying jurisdiction within each tax-paying component. The net deferred tax must be presented as a single noncurrent amount. This ASU is effective for annual reporting periods beginning after December 15, 2016, and interim periods within those years and may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. Early adoption is permitted. The initial application of the requirements of this guidance will be included in our 2017 first quarter Form 10-Q.

Business Combinations

In September 2015, the FASB issued ASU 2015-16, "Business Combinations - Simplifying the Accounting for Measurement Period Adjustments." This ASU provides that an acquirer must recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The ASU also requires acquirers to present separately on the face of the income statement, or disclose in the notes, the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized at the acquisition date. This ASU is effective for annual reporting periods beginning after December 15, 2015, and interim periods within those years. This ASU must be applied prospectively to adjustments to provisional amounts that occur after the effective date. The application of the requirements of this guidance did not have a material effect on the consolidated financial statements.

Inventory

In July 2015, the FASB issued ASU 2015-11, "Simplifying the Measurement of Inventory." This ASU provides that entities should measure inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business less reasonably predictable costs of completion, disposal and transportation. Subsequent measurement is unchanged for inventory measure using LIFO or the retail inventory method. This ASU is effective for annual reporting periods beginning after December 15, 2016, and interim periods within those years and should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. The Company is currently evaluating the provisions of this guidance.

Cloud Computing Arrangements

In April 2015, the FASB issued ASU 2015-05, "Customer's Accounting for Fees Paid in a Cloud Computing Arrangement." This ASU provides clarification on whether a cloud computing arrangement includes a software license. If a software license is included, the customer should account for the license consistent with its accounting of other software licenses. If a software license is not included, the arrangement should be accounted for as a service contract. This ASU is effective for annual reporting periods beginning after December 15, 2015, and interim periods within those years. A reporting entity can elect to adopt the amendments either (1) prospectively to all arrangements entered into or materially modified after the effective date or (2) retrospectively. The application of the requirements of this guidance did not have a material effect on the consolidated financial statements.

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Debt Issuance Costs

In April 2015, the FASB issued ASU 2015-03, "Interest - Imputation of Interest (Subtopic 835-30: Simplifying the Presentation of Debt Issuance Costs)," which simplifies the balance sheet presentation of the costs for issuing debt. This ASU is effective for annual reporting periods beginning after December 15, 2015, and interim periods within those years; however, early adoption is allowed. A reporting entity should apply the new guidance on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. The application of the requirements of this guidance did not have a material effect on the consolidated financial statements.

Consolidation

In February 2015, the FASB issued ASU 2015-02, "Consolidation," which amends the requirements for consolidation and significantly changes the consolidation analysis required. This ASU is effective for annual reporting periods beginning after December 15, 2015, and interim periods within those years. A reporting entity may apply the amendments in this update using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption. A reporting entity also may apply the amendments retrospectively. The application of the requirements of this guidance did not have a material effect on the consolidated financial statements.

Share-Based Payment

In June 2014, the FASB issued ASU 2014-12, "Accounting for Share-Based Payments When the Terms of an Award Provide That Performance Target Could Be Achieved After the Requisite Service Period." This guidance provides that entities should treat performance targets that can be met after the requisite service period of a share-based payment award as performance conditions that affect vesting. As such, an entity should not record compensation expense related to an award for which transfer to the employee is contingent on the entity's satisfaction of a performance target until it becomes probable that the performance target will be met. This ASU is effective for annual reporting periods beginning after December 15, 2015, and interim periods within those years. Entities may apply the amendments in this ASU either (a) prospectively to all awards granted or modified after the effective date or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The application of the requirements of this guidance did not have a material effect on the consolidated financial statements.

Revenue Recognition

In May 2016, the FASB issued ASU 2016-12, "Revenue from Contracts with Customers," which amends certain aspects of the new revenue standard, ASU 2014-09. This guidance clarifies how an entity should identify the unit of accounting for the principal versus agent evaluation and how it should apply the control principle to certain types of arrangements. The amendments also reframe the indicators to focus on evidence that an entity is acting as a principal rather than as an agent. This ASU has the same effective date as the new revenue standard, ASU 2014-09, and entities are required to adopt this ASU by using the same transition method used to adopt the new revenue standard. The Company is currently evaluating the provisions of this guidance.

In May 2016, the FASB issued ASU 2016-11, "Revenue Recognition and Derivatives and Hedging," which rescinds certain SEC guidance from the FASB's Accounting Standards Codification in response to announcements made by the SEC staff at the EITF’s March 3, 2016, meeting. Specifically, the ASU supersedes SEC observer comments on the following topics. Upon the adoption of ASU 2014-09: (a) Revenue and expense recognition for freight services in process (ASC 605-20-S99-2); (b) Accounting for shipping and handling fees and costs (ASC 605-45-S99-1); (c) Accounting for consideration given by a vendor to a customer (ASC 605-50-S99-1); and (d) Accounting for gas-balancing arrangements (ASC 932-10-S99-5), and upon the adoption of ASU 2014-16: Determining the nature of a host contract related to a hybrid financial instrument issued in the form of a share under ASC 815 (ASC 815-10-S99-3). The Company is currently evaluating the provisions of this guidance.

In April 2016, the FASB issued ASU 2016-10, "Revenue from Contracts with Customers." The amendments in this Update clarify the following two aspects of Topic 606: identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. This ASU has the same effective date as the new revenue standard, ASU 2014-09, and entities are required to adopt this ASU by using the same transition method used to adopt the new revenue standard. The Company is currently evaluating the provisions of this guidance.

In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers." This guidance amends the principal-versus-agent implementation guidance and illustrations in ASU 2014-09. This ASU clarifies that an entity should evaluate whether it is the principal or the agent for each specified good or service promised in a contract with a customer. Therefore, for contracts involving more than one specified good or service, the entity may be the principal for one or more specified goods or services and the agent for others. This ASU has the same effective date as the new revenue standard, ASU 2014-09, and entities are required to adopt this ASU by using the same transition method used to adopt the new revenue standard. The Company is currently evaluating the provisions of this guidance.

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In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers." The guidance replaces most existing revenue recognition guidance and provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. This ASU was effective for annual reporting periods beginning after December 15, 2016, and interim periods within those years and permits the use of either the retrospective or cumulative effect transition method; however, in August 2015, the FASB issued ASU 2015-14 which defers the effective date by one year making the guidance effective for annual reporting periods beginning after December 15, 2017. Early adoption will be permitted as of the original effective date in ASU 2014-09. The Company is currently evaluating the provisions of this guidance.

NOTE 3 - EQUITY

A summary of the changes in equity for the nine months ended September 30, 2016 and 2015 is provided below:

	Nine Months Ended September 30,					
	2016			2015		
In millions, except per share amounts	Total International Paper Shareholders' Equity	Noncontrolling Interests	Total Equity	Total International Paper Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance, January 1	$3,884	$ 25	$3,909	$5,115	$ 148	$5,263
Issuance of stock for various plans, net	100	—	100	204	—	204
Repurchase of stock	(132)	—	(132)	(505)	—	(505)
Common stock dividends ($1.32 per share in 2016 and $1.20 per share in 2015)	(550)	—	(550)	(513)	—	(513)
Transactions of equity method investees	(37)	—	(37)	—	—	—
Divestiture of noncontrolling interests	—	(3)	(3)	—	—	—
Other	8	—	8	—	—	—
Comprehensive income (loss)	936	(2)	934	48	(27)	21
Ending Balance, September 30	$4,209	$ 20	$4,229	$4,349	$ 121	$4,470

NOTE 4 - OTHER COMPREHENSIVE INCOME

The following table presents changes in AOCI for the three-month period ended September 30, 2016:

In millions	Defined Benefit Pension and Postretirement Items (a)	Change in Cumulative Foreign Currency Translation Adjustments (a)	Net Gains and Losses on Cash Flow Hedging Derivatives (a)	Total (a)
Balance, July 1, 2016	$ (3,298)	$ (2,179)	$ (4)	$(5,481)
Other comprehensive income (loss) before reclassifications	(53)	3	5	(45)
Amounts reclassified from accumulated other comprehensive income	72	—	(3)	69
Net Current Period Other Comprehensive Income (Loss)	19	3	2	24
Other Comprehensive Income (Loss) Attributable to Noncontrolling Interest	—	(1)	—	(1)
Balance, September 30, 2016	$ (3,279)	$ (2,177)	$ (2)	$(5,458)

(a) All amounts are net of tax. Amounts in parentheses indicate debits to AOCI.

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The following table presents changes in AOCI for the three-month period ended September 30, 2015:

In millions	Defined Benefit Pension and Postretirement Items (a)	Change in Cumulative Foreign Currency Translation Adjustments (a)	Net Gains and Losses on Cash Flow Hedging Derivatives (a)	Total (a)
Balance, July 1, 2015	$ (2,993)	$ (1,905)	$ 12	$(4,886)
Other comprehensive income (loss) before reclassifications	14	(562)	(8)	(556)
Amounts reclassified from accumulated other comprehensive income	72	—	7	79
Net Current Period Other Comprehensive Income (Loss)	86	(562)	(1)	(477)
Other Comprehensive Income (Loss) Attributable to Noncontrolling Interest	—	5	—	5
Balance, September 30, 2015	$ (2,907)	$ (2,462)	$ 11	$(5,358)

(a) All amounts are net of tax. Amounts in parentheses indicate debits to AOCI.

The following table presents changes in AOCI for the nine-month period ended September 30, 2016:

In millions	Defined Benefit Pension and Postretirement Items (a)	Change in Cumulative Foreign Currency Translation Adjustments (a)	Net Gains and Losses on Cash Flow Hedging Derivatives (a)	Total (a)
Balance, January 1, 2016	$ (3,169)	$ (2,549)	$ 10	$(5,708)
Other comprehensive income (loss) before reclassifications	(581)	376	(5)	(210)
Amounts reclassified from accumulated other comprehensive income	471	(3)	(7)	461
Net Current Period Other Comprehensive Income (Loss)	(110)	373	(12)	251
Other Comprehensive Income (Loss) Attributable to Noncontrolling Interest	—	(1)	—	(1)
Balance, September 30, 2016	$ (3,279)	$ (2,177)	$ (2)	$(5,458)

(a) All amounts are net of tax. Amounts in parentheses indicate debits to AOCI.

The following table presents changes in AOCI for the nine-month period ended September 30, 2015:

In millions	Defined Benefit Pension and Postretirement Items (a)	Change in Cumulative Foreign Currency Translation Adjustments (a)	Net Gains and Losses on Cash Flow Hedging Derivatives (a)	Total (a)
Balance, January 1, 2015	$ (3,134)	$ (1,513)	$ 1	$(4,646)

Other comprehensive income (loss) before reclassifications	12	(955)	(2)	(945)
Amounts reclassified from accumulated other comprehensive income	215	—	12	227
Net Current Period Other Comprehensive Income (Loss)	227	(955)	10	(718)
Other Comprehensive Income (Loss) Attributable to Noncontrolling Interest	—	6	—	6
Balance, September 30, 2015	$ (2,907)	$ (2,462)	$ 11	$(5,358)

(a) All amounts are net of tax. Amounts in parentheses indicate debits to AOCI.

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The following table presents details of the reclassifications out of AOCI for the three-month and nine-month periods ended September 30, 2016 and 2015:

Details About Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income (a) Three Months Ended September 30, 2016	2015	Nine Months Ended September 30, 2016	2015		Location of Amount Reclassified from AOCI
In millions:						
Defined benefit pension and postretirement items:						
Prior-service costs	$(9)	$(9)	$(27)	$(25)	(b)	Cost of products sold
Actuarial gains (losses)	(108)	(108)	(739)	(326)	(b)	Cost of products sold
Total pre-tax amount	(117)	(117)	(766)	(351)		
Tax (expense) benefit	45	45	295	136		
Net of tax	(72)	(72)	(471)	(215)		
Business acquisition/divestitures	—	—	3			