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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 and subsequently publicly filed financial reports.

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2010 Full Year	2011 1st Quarter	2011 Year to Date
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,430	504	504
Depreciation, amortization and cost of timber harvested	1,456	340	340
Special Items:			
Restructuring and other charges	412	45	45
Net (gains) losses on sales and impairments of business held for sale	(23)	8	8
EBITDA before Special Items	3,275	897	897
Annualized EBITDA before Special Items	3,275	3,588	3,588
Annualized Net Sales	25,179	25,548	25,548
EBITDA Margin	13.0%	14.0%	14.0%

International Paper Company
Reconciliation of Earnings Before
Special Items to Net Earnings
(In millions except for per share amounts)

	2011				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
Earnings Before Special Items	$ 322	$ -	$ -	$ -	$ 322
Restructuring and other charges	(28)	-	-	-	(28)
Gains (Losses) on Sales/Impairments of Business	(8)	-	-	-	(8)
Bargain purchase price adjustment recorded in equity earnings	7	-	-	-	7
Earnings from Continuing Operations	293	-	-	-	293
Discontinued Operations	49	-	-	-	$ 49
Net Earnings as Reported	$ 342	$ -	$ -	$ -	$ 342

	2011				
Diluted Earnings per Common Share Attributable to International Paper Co. Common Shareholders	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
Earnings Per Common Share Before Special Items	$ 0.74	$ -	$ -	$ -	0.74
Restructuring and other charges	(0.07)	-	-	-	(0.07)
Gains (Losses) on Sales/Impairments of Business	(0.02)			-	(0.02)
Bargain purchase price adjustment recorded in equity earnings	0.02				0.02
Earnings from Continuing Operations	0.67	-	-	-	0.67
Discontinued Operations	0.11	-	-	-	0.11
Earnings Per Common Share as Reported	$ 0.78	$ -	$ -	$ -	$ 0.78

International Paper Company
Reconciliation of Earnings Before
Special Items to Net Earnings
(In millions except for per share amounts)

	2010				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
Earnings Before Special Items	$ 16	$ 181	$ 397	$ 296	$ 890
Restructuring and other charges	(132)	(88)	-	(33)	(253)
Income tax items	(46)			40	(6)
Gains/Losses on Sales/Impairments of Business				13	13
Net Earnings (Loss) as Reported	$ (162)	$ 93	$ 397	$ 316	$ 644

	2010				
Diluted Earnings per Common Share Attributable to International Paper Co. Common Shareholders	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
Earnings Per Common Share Before Special Items	$ 0.04	$ 0.42	$ 0.91	$ 0.68	$ 2.05
Restructuring and other charges	(0.31)	(0.21)	-	(0.07)	(0.59)
Income tax items	(0.11)			0.09	(0.01)
Gains/Losses on Sales/Impairments of Business				0.03	0.03
Earnings (Loss) Per Common Share as Reported	$ (0.38)	$ 0.21	$ 0.91	$ 0.73	$ 1.48

International Paper Company
Reconciliation of Operating Profit to Operating Profit Before Special Items
(In millions)

	Three Months Ended March 31, 2011				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit as Reported	$ 279	$ 201	$ 100	$ 5	$ 585
Restructuring and other charges	2	-	1	7	10
Net losses on sales and impairments of businesses	-	8	-	-	8
Bargain purchase price adjustment recorded in equity earnings	(7)	-	-	-	(7)
Operating Profit Before Special Items	$ 274	$ 209	$ 101	$ 12	$ 596

	Three Months Ended March 31, 2010					
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Forest Products	Total
Operating Profit as Reported	$ 41	$ (78)	$ 28	$ 21	$ 8	$ 20
Restructuring and other charges	5	204	3	-	-	212
Operating Profit Before Special Items	$ 46	$ 126	$ 31	$ 21	$ 8	$ 232

	Three Months Ended December 31, 2010					
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Forest Products	Total
Operating Profit as Reported	$ 261	$ 234	$ 60	$ 9	$ (3)	$ 561
Restructuring and other charges	13	-	4	-	-	17
Net losses on sales and impairments of businesses	-	2	-	-	-	2
Operating Profit Before Special Items	$ 274	$ 236	$ 64	$ 9	$ (3)	$ 580

Reconciliation of Non-GAAP Information to U.S. GAAP

Calculation of EBITDA Margin before Special Items

$ Millions	North American Industrial Packaging	European Industrial Packaging	North American Printing Papers	Total Europe Printing Papers	Brazilian Printing Papers	U.S. Market Pulp	U.S. Coated Paperboard
	Q1 2011						
Earnings from Continuing Operations Before Interest, Income Taxes, Noncontrolling Interest, Equity Earnings and Cumulative Effect of Accounting Changes	256	22	88	49	48	16	64
Depreciation, amortization and cost of timber harvested	117	7	50	19	37	13	37
Special Items:							
Restructuring and Other Charges		2					
Other special items		(7)		8			
EBITDA before Special Items	373	24	138	76	85	29	101
Less: Recycling and Bag businesses EBITDA	2						
Less: Market Pulp business EBITDA				3			
EBITDA before Special Items after Exclusions	371	24	138	73	85	29	101
Net Sales	2,115	280	690	360	285	175	435
Less: Recycling and Bag businesses Net Sales	155						
Less: Market Pulp business Net Sales				40			
Net Sales after Exclusions	1,960	280	690	320	285	175	435
EBITDA Margin	18.9%	8.6%	20.0%	22.8%	29.8%	16.6%	23.2%

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

$ Millions	Q1 2010 North American Industrial Packaging	Q4 2010 North American Industrial Packaging	Q1 2011 North American Industrial Packaging	Q1 2010 Brazilian Printing Papers	Q4 2010 Brazilian Printing Papers
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	20	251	256	11	63
Depreciation, amortization and cost of timber harvested	143	128	117	34	36
Special Items:					
Restructuring and Other Charges	3	10	-	-	
EBITDA before Special Items	166	389	373	45	99
Net Sales	1,889	2,131	2,115	227	313
Less: Trade Sales	104	119	100		
Adjusted Net Sales	1,785	2,012	2,015		
EBITDA Margin	9.3%	19.3%	18.5%	19.8%	31.6%

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

$ Millions	2006 North American Coated Paperboard	2007 North American Coated Paperboard	2008 North American Coated Paperboard	2009 North American Coated Paperboard	2010 North American Coated Paperboard	2H 2010 Run Rate North American Coated Paperboard	Q1 2011 Run Rate North American Coated Paperboard
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	94	77	46	348	108	182	256
Depreciation, amortization and cost of timber harvested	125	126	139	119	143	148	148
Special Items:							
Restructuring and Other Charges				67			
Alternative Fuel Mixture Credits				(330)			
EBITDA before Special Items	219	203	185	204	251	330	404
Net Sales	1,450	1,518	1,633	1,363	1,574	1,630	1,740
EBITDA Margin	15.1%	13.4%	11.3%	15.0%	15.9%	20.2%	23.2%