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 September 30, 2011 and subsequently publicly filed financial reports.

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2010 Full Year	2011 1st Quarter	2011 2nd Quarter	2011 3rd Quarter	2011 Year to Date
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,430	504	430	511	1,445
Depreciation, amortization and cost of timber harvested	1,456	340	336	335	1,011
Special Items:					
Restructuring and other charges	412	45	17	49	111
Net (gains) losses on sales and impairments of business held for sale	(23)	8	129	82	219
EBITDA before Special Items	3,275	897	912	977	2,786
Annualized EBITDA before Special Items	3,275	3,588	3,648	3,908	3,715
Annualized Net Sales	25,179	25,548	26,592	26,528	26,223
EBITDA Margin	13.0%	14.0%	13.7%	14.7%	14.2%

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	$ 343	$ 402	$ -	$ 1,067
Restructuring and other charges	(28)	(10)	(32)	-	(70)
Net losses on sales/impairments of business	(8)	(104)	148	-	36
Income tax adjustments		(5)		-	(5)
Bargain purchase price adjustment recorded in equity earnings	7	-	-	-	7
Earnings from Continuing Operations	293	224	518	-	1,035
Discontinued Operations	49	-	-	-	$ 49
Net Earnings as Reported	$ 342	$ 224	$ 518	$ -	$ 1,084

	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	$ 0.80	$ 0.92	$ -	2.44
Restructuring and other charges	(0.07)	(0.03)	(0.07)	-	(0.16)
Net losses on sales/impairments of business	(0.02)	(0.24)	0.34	-	0.08
Income tax adjustments	-	(0.01)		-	(0.01)
Bargain purchase price adjustment recorded in equity earnings	0.02				0.02
Earnings from Continuing Operations	0.67	0.52	1.19	-	2.37
Discontinued Operations	0.11	-	-	-	0.11
Earnings Per Common Share as Reported	$ 0.78	$ 0.52	$ 1.19	$ -	$ 2.48

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 September 30, 2011				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit as Reported	$ 293	$ 239	$ 30	$ 9	$ 571
Restructuring and other charges	8	(1)	(1)	18	24
Net losses on sales and impairments of businesses	-	-	74	-	74
Operating Profit Before Special Items	$ 301	$ 238	$ 103	$ 27	$ 669

	Three Months Ended September 30, 2010					
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Forest Products	Total
Operating Profit as Reported	$ 332	$ 278	$ 71	$ 22	$ 49	$ 752
Restructuring and other charges	-	-	-	-	-	-
Operating Profit Before Special Items	$ 332	$ 278	$ 71	$ 22	$ 49	$ 752

	Three Months Ended June 30, 2011				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit as Reported	$ 269	$ 243	$ (33)	$ 4	$ 483
Restructuring and other charges	-	(21)	2	10	(9)
Net losses on sales and impairments of businesses	-	-	129	-	129
Operating Profit Before Special Items	$ 269	$ 222	$ 98	$ 14	$ 603

	Nine Months Ended September 30, 2011				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit as Reported	$ 841	$ 683	$ 97	$ 18	$ 1,639
Restructuring and other charges	10	(22)	2	35	25
Net losses on sales and impairments of businesses	-	8	203	-	211
Bargain purchase price adjustment recorded in equity earnings	(7)	-	-	-	(7)
Operating Profit Before Special Items	$ 844	$ 669	$ 302	$ 53	$ 1,868

	Nine Months Ended September 30, 2010					
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Forest Products	Total
Operating Profit as Reported	$ 565	$ 247	$ 147	$ 69	$ 97	$ 1,125
Restructuring and other charges	6	315	4	-	-	325
Operating Profit Before Special Items	$ 571	$ 562	$ 151	$ 69	$ 97	$ 1,450

(1) The Company calculates Operating Profit Before Special Items 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 is the most directly comparable GAAP measure.

(2) The Company has substantially completed its land sales and earnings for future land sales are expected to be insignificant. Beginning in 2011, Forest Products is no longer reported as a separate industry segment.

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

$ Millions	North American Industrial Packaging	North American Printing Papers	U.S. Market Pulp	Brazilian Printing Papers	Total Europe Printing Papers	U.S. Coated Paperboard
	9M 2011					
Earnings from Continuing Operations Before Interest, Income Taxes, Noncontrolling Interest, Equity Earnings and Cumulative Effect of Accounting Changes	792	338	77	124	144	190
Depreciation, amortization and cost of timber harvested	358	151	41	113	59	108
Special Items:						
Restructuring and Other Charges	8					
Other Special Items		(22)			8	
EBITDA before Special Items	1,158	467	118	237	211	298
Net Sales	6,545	2,090	555	870	1,090	1,300
EBITDA Margin	18%	22%	21%	27%	19%	23%

$ Millions	North American Industrial Packaging	North American Printing Papers	U.S. Market Pulp	Brazilian Printing Papers	Total Europe Printing Papers	U.S. Coated Paperboard
	9M 2010					
Earnings from Continuing Operations Before Interest, Income Taxes, Noncontrolling Interest, Equity Earnings and Cumulative Effect of Accounting Changes	512	(74)	64	96	161	73
Depreciation, amortization and cost of timber harvested	426	158	42	101	56	106
Special Items:						
Restructuring and Other Charges	3	315				
Other Special Items						
EBITDA before Special Items	941	399	106	197	217	179
Net Sales	6,221	2,073	527	776	959	1,179
EBITDA Margin	15%	19%	20%	25%	23%	15%

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
	Q3 2011						
Earnings from Continuing Operations Before Interest, Income Taxes, Noncontrolling Interest, Equity Earnings and Cumulative Effect of Accounting Changes	283	9	128	48	37	26	66
Depreciation, amortization and cost of timber harvested	121	7	51	20	38	15	36
Special Items:							
Restructuring and Other Charges	8		(1)				
EBITDA before Special Items	412	16	178	68	75	41	102
Less: Recycling and Bag businesses EBITDA	3						
Less: Market Pulp business EBITDA				1			
EBITDA before Special Items after Exclusions	409	16	178	67	75	41	102
Net Sales	2,210	275	705	350	290	185	425
Less: Recycling and Bag businesses Net Sales	162						
Less: Market Pulp business Net Sales				40			
Net Sales after Exclusions	2,048	275	705	310	290	185	425
EBITDA Margin	20%	6%	25%	22%	26%	22%	24%

$ Millions	Q3 2010 North American Industrial Packaging	Q2 2011 North American Industrial Packaging	Q3 2011 North American Industrial Packaging	Q3 2010 Brazilian Printing Papers	Q2 2011 Brazilian Printing Papers
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	320	253	283	46	39
Depreciation, amortization and cost of timber harvested	138	120	121	33	38
Special Items:					
Restructuring and Other Charges			8		
EBITDA before Special Items	458	373	412	79	77
Net Sales	2,212	2,220	2,210	275	295
Less: Trade Sales	121	105	103		
Adjusted Net Sales	2,091	2,115	2,107	275	295
EBITDA Margin	22%	18%	20%	29%	26%