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, 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 4th 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	554	1,999
Depreciation, amortization and cost of timber harvested	1,456	340	336	335	321	1,332
Special Items:						
Restructuring and other charges	412	45	17	49	21	132
Net (gains) losses on sales and impairments of business held for sale	(23)	8	129	82	(1)	218
EBITDA before Special Items	3,275	897	912	977	895	3,681
Annualized EBITDA before Special Items	3,275	3,588	3,648	3,908	3,580	3,681
Annualized Net Sales	25,179	25,548	26,592	26,528	25468	26,034
EBITDA Margin	13.0%	14.0%	13.7%	14.7%	14.1%	14.1%

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	$ 288	$ 1,355
Restructuring and other charges	(28)	(10)	(32)	(15)	(85)
Net losses on sales/impairments of business	(8)	(104)	148	-	36
Interest income	-	-	-	6	6
Income tax adjustments		(5)		(22)	(27)
Bargain purchase price adjustment recorded in equity earnings	7	-	-	-	7
Earnings from Continuing Operations	293	224	518	257	1,292
Discontinued Operations	49	-	-	-	$ 49
Net Earnings as Reported	$ 342	$ 224	$ 518	$ 257	$ 1,341

	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	$ 0.66	3.10
Restructuring and other charges	(0.07)	(0.03)	(0.07)	(0.03)	(0.19)
Net losses on sales/impairments of business	(0.02)	(0.24)	0.34	-	0.08
Interest income	-	-	-	0.01	0.01
Income tax adjustments	-	(0.01)	-	(0.05)	(0.06)
Bargain purchase price adjustment recorded in equity earnings	0.02	-	-	-	0.02
Earnings from Continuing Operations	0.67	0.52	1.19	0.59	2.96
Discontinued Operations	0.11	-	-	-	0.11
Earnings Per Common Share as Reported	$ 0.78	$ 0.52	$ 1.19	$ 0.59	$ 3.07

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 December 31, 2011				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 316	$ 190	$ 62	$ 33	$ 601
Restructuring and other charges	(10)	2	-	(17)	(25)
Net losses on sales and impairments of businesses	-	(3)	4	-	1
Operating Profit as Reported	$ 306	$ 189	$ 66	$ 16	$ 577

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

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

	Twelve Months Ended December 31, 2011				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 1,160	$ 859	$ 364	$ 86	$ 2,469
Restructuring and other charges	(20)	24	(2)	(52)	(50)
Net losses on sales and impairments of businesses	-	(11)	(199)	-	(210)
Bargain purchase price adjustment recorded in equity earnings	7	-	-	-	7
Operating Profit as Reported	$ 1,147	$ 872	$ 163	$ 34	$ 2,216

	Twelve Months Ended December 31, 2010					
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Forest Products	Total
Operating Profit Before Special Items	$ 845	$ 798	$ 215	$ 78	$ 94	$ 2,030
Restructuring and other charges	(19)	(315)	(8)	-	-	(342)
Net losses on sales and impairments of businesses		(2)				(2)
Operating Profit as Reported	$ 826	$ 481	$ 207	$ 78	$ 94	$ 1,686

(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	FY 2011 North American Industrial Packaging	FY 2010 North American Industrial Packaging	FY 2011 North American Coated Paperboard	FY 2010 North American Coated Paperboard
Earnings from Continuing Operations Before Interest, Income Taxes, Noncontrolling Interest, Equity Earnings and Cumulative Effect of Accounting Changes	1,076	763	217	109
Depreciation, amortization and cost of timber harvested	470	556	141	142
Special Items: Restructuring and Other Charges	18	13	-	-
Other Special Items				
EBITDA before Special Items	1,564	1,332	358	251
Less: Recycling business EBITDA	7	8	-	
EBITDA before Special Items after Exclusions	1,557	1,324	358	251
Net Sales	8,605	8,352	1,665	1,574
Less: Trade Sales	414	454	-	
Less: Recycling business Net Sales	527	462	-	
Adjusted Net Sales	7,664	7,436	1,665	1,574
EBITDA Margin	20.3%	17.8%	21.5%	15.9%

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

$ Millions	Q4 2011 North America Industrial Packaging	Europe Industrial Packaging	North America Printing Papers	Total Europe Printing Papers	Brazil Printing Papers	U.S. Market Pulp	U.S. Coated Paperboard
Earnings from Continuing Operations Before Interest, Income Taxes, Noncontrolling Interest, Equity Earnings and Cumulative Effect of Accounting Changes	284	19	85	52	45	10	26
Depreciation, amortization and cost of timber harvested	113	7	48	18	39	13	33
Special Items:							
Restructuring and Other Charges	10	-	(2)				
Gains/Losses on Sales and Impairments of Businesses		-		3			
EBITDA before Special Items	407	26	131	73	84	23	59
Less: Recycling business EBITDA	1						
Less: Market Pulp business EBITDA				(1)			
EBITDA before Special Items after Exclusions	406	26	131	74	84	23	59
Net Sales	2,060	280	670	340	320	170	365
Less: Recycling business Net Sales	126						
Less: Market Pulp business Net Sales				35			
Net Sales after Exclusions	1,934	280	670	305	320	170	365
EBITDA Margin	21%	9%	20%	24%	26%	14%	16%

$ Millions	Q4 2010 Brazilian Printing Papers	Q3 2011 Brazilian Printing Papers
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	63	37
Depreciation, amortization and cost of timber harvested	36	38
Special Items:		
Restructuring and Other Charges	-	-
EBITDA before Special Items	99	75
Net Sales	313	290
Less: Trade Sales	-	-
Adjusted Net Sales	313	290
EBITDA Margin	32%	26%