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-Q for the quarter ended March 31, 2012 and subsequently publicly filed financial reports.

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2011 Year to Date	2012 1st Quarter	2012 Year to Date
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,999	381	381
Depreciation, amortization and cost of timber harvested	1,332	362	362
Special Items:			
Restructuring and other charges	132	99	99
Net (gains) losses on sales and impairments of business held for sale	218	(7)	(7)
EBITDA before Special Items	3,681	835	835
Annualized EBITDA before Special Items	3,681	3,340	3,340
Annualized Net Sales	26,034	26,620	26,620
EBITDA Margin	14.1%	12.5%	12.5%

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

	2012				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
Earnings Before Special Items	$ 247	$ -	$ -	$ -	$ 247
		-	-		
Restructuring and other charges	(70)	-	-	-	(70)
Net losses on sales/impairments of business	6	-	-	-	6
Earnings from Continuing Operations	183	-	-	-	183
Discontinued Operations	5	-	-	-	$ 5
Net gains/(losses)on sales/impairments of business	$ 188	$ -	$ -	$ -	$ 188

	2012				
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	$ 0.57	$ -	$ -	$ -	0.57
		-	-	-	
Restructuring and other charges	(0.16)	-	-	-	(0.16)
Net losses on sales/impairments of business	0.01	-	-	-	0.01
Earnings from Continuing Operations	0.42	-	-	-	0.42
Discontinued Operations	0.01	-	-	-	0.01
Earnings Per Common Share as Reported	$ 0.43	$ -	$ -	$ -	$ 0.43

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	$ 334	$ 338	$ 352	$ 312	$ 1,336
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	305	219	468	281	1,273
Discontinued Operations	49	-	-	-	$ 49
Net Earnings as Reported	$ 354	$ 219	$ 468	$ 281	$ 1,322

	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	$ 0.77	$ 0.79	$ 0.81	$ 0.72	3.06
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	0.70	0.51	1.08	0.65	2.92
Discontinued Operations	0.11	-	-	-	0.11
Earnings Per Common Share as Reported	$ 0.81	$ 0.51	$ 1.08	$ 0.65	$ 3.03

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

	Three Months Ended March 31, 2012				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 278	$ 145	$ 96	$ 19	$ 538
Restructuring and other charges	(63)	1		(21)	(83)
Net gains (losses) on sales and impairments of businesses			7		7
Operating Profit as Reported	$ 215	$ 146	$ 103	$ (2)	$ 462

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

	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 gains (losses) on sales and impairments of businesses	-	(3)	4	-	1
Operating Profit as Reported	$ 306	$ 189	$ 66	$ 16	$ 577

(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.

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

	Q1 2012							
$ Millions	North American Industrial Packaging	European Industrial Packaging	North American Printing Papers	Total Europe Printing Papers	Brazilian Printing Papers	Indian 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	195	19	100	44	23	2	(23)	51
Depreciation, amortization and cost of timber harvested	160	7	42	19	36	8	13	35
Special Items:								
Restructuring and Other Charges	63	-	-	-	-	(1)	-	-
EBITDA before Special Items	418	26	142	63	59	9	(10)	86
Less: Recycling and Bag businesses EBITDA	1							
Less: Market Pulp business EBITDA				(4)				
EBITDA before Special Items after Exclusions	417	26	142	67	59	9	(10)	86
Net Sales	2,690	270	700	335	270	58	175	385
Less: Recycling and Bag businesses Net Sales	113							
Less: Market Pulp business Net Sales				30				
Net Sales after Exclusions	2,577	270	700	305	270	58	175	385
EBITDA Margin	16.2%	9.6%	20.3%	22.0%	21.9%	15.5%	-5.7%	22.3%

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

$ Millions	Q1 2011 North American Industrial Packaging	Q4 2011 North American Industrial Packaging	Q1 2012 North American Industrial Packaging	Q1 2011 Brazilian Printing Papers	Q4 2011 Brazilian Printing Papers
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	256	284	195	48	45
Depreciation, amortization and cost of timber harvested	117	113	160	37	39
Special Items: Restructuring and Other Charges	-	10	63	-	-
EBITDA before Special Items	373	407	418	85	84
Less: Recycling business EBITDA	2	-	1		
EBITDA before Special Items after Exclusions	371	407	417	85	84
Net Sales	2,115	2,060	2,690	285	320
Less: Trade Sales	100	105	184	-	-
Less: Recycling Business Net Sales	139	108	96		
Net Sales after Exclusions	1,876	1,847	2,410	285	320
EBITDA Margin	19.9%	22.0%	17.3%	29.8%	26.3%

$ Millions	Q1 2011 North American Consumer Packaging	Q4 2011 North American Consumer Packaging	Q1 2012 North American Consumer Packaging	Q1 2011 North American Printing Paper & Pulp	Q4 2011 North American Printing Paper & Pulp	Q1 2012 North American Printing Paper & Pulp
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	64	37	70	104	95	77
Depreciation, amortization and cost of timber harvested	49	41	41	63	61	55
Special Items: Restructuring and Other Charges	1				(2)	
(Gain) Loss on Sales and Impairments		(4)	(7)			
EBITDA before Special Items	114	74	104	167	154	132
Net Sales	620	595	520	865	840	875
EBITDA Margin	18.4%	12.4%	20.0%	19.3%	18.3%	15.1%