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, 2013 and subsequently publicly filed financial reports.

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2012 Full Year	2013 1st Quarter	2013 Year to Date
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,696	394	394
Depreciation, amortization and cost of timber harvested	1,486	379	379
Special Items:			
Restructuring and other charges	298	71	71
Net (gains) losses on sales and impairments of business held for sale	86	-	-
Non-operating pension expense	159	84	84
EBITDA before Special Items	3,725	928	928
Annualized EBITDA before Special Items	3,725	3,712	3,712
Annualized Net Sales	27,833	28,360	28,360
EBITDA Margin	13.4%	13.1%	13.1%

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2011 Full Year	2012 1st Quarter	2012 2nd Quarter	2012 3rd Quarter	2012 4th Quarter	2012 Year to Date
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,999	381	376	483	456	1,696
Depreciation, amortization and cost of timber harvested	1,332	362	366	383	375	1,486
Special Items:						
Restructuring and other charges	132	99	58	92	49	298
Net (gains) losses on sales and impairments of business held for sale	218	(7)	78	18	(3)	86
Non-operating pension expense	43	37	42	40	40	159
EBITDA before Special Items	3,724	872	920	1,016	917	3,725
Annualized EBITDA before Special Items	3,724	3,488	3,680	4,064	3,668	3,725
Annualized Net Sales	26,034	26,620	28,308	28,104	28,300	27,833
EBITDA Margin	14.3%	13.1%	13.0%	14.5%	13.0%	13.4%

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

	2013				
	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**	**Year to Date**
Operating Earnings	$ 292				$ 292
Non-operating pension expense	(51)	-	-		(51)
Restructuring and other charges	(44)				(44)
Net losses on sales/impairments of businesses	-				-
Interest income	4				4
Income tax adjustments	91				91
Earnings from Continuing Operations	292	-	-	-	292
Discontinued Operations	26				26
Net Earnings as Reported	$ 318	$ -	$ -	$ -	$ 318

Diluted Earnings per Common Share	2013				
	First Quarter	**Second Quarter**	**Third Quarter**	**Fourth Quarter**	**Year to Date**
Operating Earnings per Share	$ 0.65				0.65
Non-operating pension expense	(0.11)				(0.11)
Restructuring and other charges	(0.10)				(0.10)
Net losses on sales/impairments of business	-				-
Interest income	0.01				0.01
Income tax adjustments	0.20				0.20
Diluted Earnings per Common Share from Continuing Operations	0.65	-	-	-	0.65
Discontinued Operations	0.06				0.06
Diluted Earnings Per Common Share as Reported	$ 0.71	$ -	$ -	$ -	$ 0.71

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**
Operating Earnings	$ 272	$ 232	$ 358	$ 305	$ 1,167
Non-operating pension expense	(25)	-	-		
Restructuring and other charges	(70)	(29)	(28)	(31)	(113)
Net losses on sales/impairments of businesses	6	(37)	(59)	(33)	(199)
Income tax adjustments	-	(48)	(48)	3	(87)
		-	-	(19)	(19)
Earnings from Continuing Operations	183	118	223	225	749
Discontinued Operations	5	16	14	10	$ 45
Net Earnings as Reported	$ 188	$ 134	$ 237	$ 235	$ 794

	2012				
Diluted Earnings per Common Share	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**	**Year to Date**
Operating Earnings per Share	$ 0.63	$ 0.53	$ 0.81	$ 0.69	2.65
Non-operating pension expense	(0.06)	-	-	-	
Restructuring and other charges	(0.16)	(0.07)	(0.06)	(0.07)	(0.26)
Net losses on sales/impairments of business	0.01	(0.08)	(0.13)	(0.08)	(0.45)
Income tax adjustments	-	(0.11)	(0.11)	0.01	(0.20)
		-	-	(0.04)	(0.04)
Diluted Earnings per Common Share from Continuing Operations	0.42	0.27	0.51	0.51	1.70
Discontinued Operations	0.01	0.04	0.03	0.02	0.10
Diluted Earnings Per Common Share as Reported	$ 0.43	$ 0.31	$ 0.54	$ 0.53	$ 1.80

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

	Three Months Ended March 31, 2013				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 369	$ 149	$ 51	$ 2	$ 571
Restructuring and other charges	(14)	-	(44)	(7)	(65)
Operating Profit as Reported	$ 355	$ 149	$ 7	$ (5)	$ 506

	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 December 31, 2012				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 368	$ 147	$ 39	$ 11	$ 565
Restructuring and other charges	(31)	-	-	(7)	(38)
Net gains (losses) on sales and impairments of businesses	(1)	-	2	-	1
Operating Profit as Reported	$ 336	$ 147	$ 41	$ 4	$ 528

(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

$ Millions	North American Industrial Packaging	Brazilian Industrial Packaging	North American Printing Papers	Total European Printing Papers	Brazilian Printing Papers	Indian Printing Papers	U.S. Market Pulp	North American Consumer Packaging	European Consumer Packaging
	Q1 2013								
Earnings from Continuing Operations Before Interest, Income Taxes, Noncontrolling Interest, Equity Earnings and Cumulative Effect of Accounting Changes	337	1	63	54	45	(4)	(9)	(22)	32
Depreciation, amortization and cost of timber harvested	180	4	40	17	33	7	17	38	5
Special Items:									
Restructuring and Other Charges	12	-	-	-	-	-	-	44	-
(Gains) Losses on Sales and Impairments of Businesses	1	-	-	-	-	-	-	-	-
EBITDA before Special Items	530	5	103	71	78	3	8	60	37
Less: Recycling Business EBITDA	1	-	-	-	-	-	-	-	-
Less: Market Pulp Business EBITDA	-	-	-	-	-	-	-	-	-
EBITDA before Special Items after Exclusions	529	5	103	71	78	3	8	60	37
Net Sales	3,023	45	645	365	260	48	195	460	95
Less: Trade Sales	178	-	-	-	-	-	-	-	-
Less: Recycling Business Net Sales	94	-	-	-	-	-	-	-	-
Less: Adjustment for Minority Ownership Share of Sales		11							
Less: Market Pulp Business Net Sales	-	-	-	35	-	-	-	-	-
Net Sales after Exclusions	2,751	34	645	330	260	48	195	460	95
EBITDA Margin	19.2%	14.7%	16.0%	21.5%	30.0%	6.8%	4.1%	13.0%	38.9%

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

$ Millions	Q1 2012 North American Industrial Packaging	Q4 2012 North American Industrial Packaging	Q1 2012 Brazilian Printing Papers	Q4 2012 Brazilian Printing Papers	Q1 2012 North American Consumer Packaging	Q4 2012 North American Consumer Packaging	Q1 2012 North American Printing Papers	Q4 2012 North American Printing Papers
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	195	309	23	44	70	19	100	52
Depreciation, amortization and cost of timber harvested	160	186	36	31	41	39	42	41
Special Items:								
Restructuring and Other Charges	63	28	-	-	-	-	-	-
(Gains) Losses on Sales and Impairments of Businesses	-	1	-	-	(7)	(2)	-	-
EBITDA before Special Items	418	524	59	75	104	56	142	93
Less: Recycling business EBITDA	1	-	-	-	-	-	-	-
EBITDA before Special Items after Exclusions	417	524	59	75	104	56	142	93
Net Sales	2,690	2,950	270	295	484	470	700	650
Less: Trade Sales	184	193	-	-	-	-	-	-
Less: Recycling Business Net Sales	96	88	-	-	-	-	-	-
Net Sales after Exclusions	2,410	2,669	270	295	484	470	700	650
EBITDA Margin	17.3%	19.6%	21.9%	25.4%	21.5%	11.9%	20.3%	14.3%