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 June 30, 2013 and subsequently publicly filed financial reports.

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2012 Full Year	2013 1st Quarter	2013 2nd Quarter	2013 Year to Date
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,696	394	531	925
Depreciation, amortization and cost of timber harvested	1,486	379	396	775
Special Items:				
Restructuring and other charges	298	71	16	87
Net (gains) losses on sales and impairments of business held for sale	86	-	(13)	(13)
Non-operating pension expense	159	84	83	167
EBITDA before Special Items	3,725	928	1,013	1,941
Annualized EBITDA before Special Items	3,725	3,712	4,052	3,882
Annualized Net Sales	27,833	28,360	29,340	28,850
EBITDA Margin	13.4%	13.1%	13.8%	13.5%

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 Operating Earnings to Net Earnings
Attributable to International Paper Company
Preliminary and Unaudited
(In millions except for per share amounts)

	Three Months Ended June 30,		Three Months Ended March 31,	Six Months Ended June 30,	
	2013	**2012**	**2013**	**2013**	**2012**
Operating Earnings	$ 288	$ 232	$ 292	$ 580	$ 504
Non-Operating Pension	(51)	(29)	(51)	(102)	(54)
Special Items	(2) (a)	(85) (b)	51 (c)	49 (d)	(149) (e)
Earnings from Continuing Operations	235	118	292	527	301
Discontinued operations	24	16	26	50	21
Net Earnings as Reported	$ 259	$ 134	$ 318	$ 577	$ 322

Diluted Earnings per Common Share	Three Months Ended June 30,		Three Months Ended March 31,	Six Months Ended June 30,	
	2013	**2012**	**2013**	**2013**	**2012**
Operating Earnings Per Share	$ 0.64	$ 0.53	$ 0.65	$ 1.30	$ 1.14
Non-Operating Pension	(0.11)	(0.07)	(0.11)	(0.23)	(0.12)
Special Items	(0.01)	(0.19)	0.11	0.11	(0.34)
Continuing Operations	0.52	0.27	0.65	1.18	0.68
Discontinued operations	0.05	0.04	0.06	0.11	0.05
Diluted Earnings per Common Share as Reported	$ 0.57	$ 0.31	$ 0.71	$ 1.29	$ 0.73

Notes:

(a) See footnotes (a) - (e) on the Consolidated Statement of Operations
(b) See footnotes (f) - (i) on the Consolidated Statement of Operations
(c) See footnotes (i) - (m) on the Consolidated Statement of Operations
(d) See footnotes (a), (c), (e), and (l) - (o) on the Consolidated Statement of Operations
(e) See footnotes (p) - (s) on the Consolidated Statement of Operations

(1) The Company calculates Operating Earnings by excluding the after-tax effect of non-operating pension expense and 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) Since diluted earnings per share are computed independently for each period, six-month per share amounts may not equal the sum of the respective quarters.

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

	Three Months Ended June 30, 2013				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 477	$ 76	$ 52	$ 17	$ 622
Special Items (a)	(3)	-	(1)	(17)	(21)
Operating Profit as Reported	$ 474	$ 76	$ 51	$ -	$ 601

	Three Months Ended June 30, 2012				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 367	$ 106	$ 63	$ 17	$ 553
Special Items (b)	(107)	(2)	(6)	(12)	(127)
Operating Profit as Reported	$ 260	$ 104	$ 57	$ 5	$ 426

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

	Six Months Ended June 30, 2013				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 846	$ 225	$ 103	$ 19	$ 1,193
Special Items (a)	$ (17)	$ -	$ (45)	$ (24)	$ (86)
Operating Profit as Reported	$ 829	$ 225	$ 58	$ (5)	$ 1,107

	Six Months Ended June 30, 2012				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 645	$ 251	$ 159	$ 36	$ 1,091
Special Items (b)	(170)	(1)	1	(33)	(203)
Operating Profit as Reported	$ 475	$ 250	$ 160	$ 3	$ 888

(a) See footnotes (1) - (3) on Sales and Earnings by Industry Segment
(b) See footnotes (4) - (7) on Sales and Earnings by Industry Segment

(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

	Q2 2013								
$ 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
Earnings from Continuing Operations Before Interest, Income Taxes, Noncontrolling Interest, Equity Earnings and Cumulative Effect of Accounting Changes	454	-	(8)	31	59	(3)	(3)	32	18
Depreciation, amortization and cost of timber harvested [1]	188	6	38	17	32	5	17	38	4
Special Items:									
Restructuring and Other Charges	14	1	-	-	-	-	-	1	-
EBITDA before Special Items	656	7	30	48	91	2	14	71	22
Less: Recycling Business EBITDA	-	-	-	-	-	-	-	-	-
Less: Market Pulp Business EBITDA	-	-	-	1	-	-	-	-	-
EBITDA before Special Items after Exclusions	656	7	30	47	91	2	14	71	22
Net Sales	3,194	100	645	360	270	45	205	505	95
Less: Trade Sales	196	-	-	-	-	-	-	-	-
Less: Recycling Business Net Sales	95	-	-	-	-	-	-	-	-
Less: Adjustment for Minority Ownership Share of Sales	-	25	-	-	-	11	-	-	-
Less: Market Pulp Business Net Sales	-	-	-	40	-	-	-	-	-
Net Sales after Exclusions	2,903	75	645	320	270	34	205	505	95
EBITDA Margin	22.6%	9.3%	4.7%	14.7%	33.7%	5.9%	6.8%	14.1%	23.2%

[1] Reflects IP's ownership share for Brazil Industrial Packaging and Indian Printing Papers

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

$ Millions	Q2 2012 North American Industrial Packaging	Q1 2013 North American Industrial Packaging	Q2 2012 Brazilian Printing Papers	Q1 2013 Brazilian Printing Papers	Q2 2012 North American Consumer Packaging	Q1 2013 North American Consumer Packaging	Q2 2012 North American Printing Papers	Q1 2013 North American Printing Papers
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	248	337	51	45	31	-22	69	63
Depreciation, amortization and cost of timber harvested	180	180	32	33	38	38	40	40
Special Items:								
Restructuring and Other Charges	35	12	-	-	-	44	-	-
(Gains) Losses on Sales and Impairments of Businesses	71	1	-	-	6	-	-	-
EBITDA before Special Items	534	530	83	78	75	60	109	103
Less: Recycling business EBITDA	1	1	-	-	-	-	-	-
EBITDA before Special Items after Exclusions	533	529	83	78	75	60	109	103
Net Sales	3,035	3,023	285	260	495	460	670	645
Less: Trade Sales	189	178	-	-	-	-	-	-
Less: Recycling Business Net Sales	104	94	-	-	-	-	-	-
Net Sales after Exclusions	2,742	2,751	285	260	495	460	670	645
EBITDA Margin	19.4%	19.2%	29.1%	30.0%	15.2%	13.0%	16.3%	16.0%