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, 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 3rd 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	558	1,483
Depreciation, amortization and cost of timber harvested	1,486	379	396	401	1,176
Special Items:					
Restructuring and other charges	298	71	16	100	187
Net (gains) losses on sales and impairments of business held for sale	86	-	(13)	1	(12)
Non-operating pension expense	159	84	83	78	245
EBITDA before Special Items	3,725	928	1,013	1,138	3,079
Annualized EBITDA before Special Items	3,725	3,712	4,052	4,552	4,105
Annualized Net Sales	27,833	28,360	29,340	29,624	29,108
EBITDA Margin	13.4%	13.1%	13.8%	15.4%	14.1%

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

	Three Months Ended September 30,		Three Months Ended June 30,	Nine Months Ended September 30,	
	2013	**2012**	**2013**	**2013**	**2012**
Operating Earnings	$ 471	$ 358	$ 288	$ 1,051	$ 862
Non-Operating Pension	(48)	(28)	(51)	(150)	(82)
Special Items	(31) (a)	(107) (b)	(2) (c)	18 (d)	(256) (e)
Earnings from Continuing Operations	392	223	235	919	524
Discontinued operations	(10)	14	24	40	35
Net Earnings as Reported	$ 382	$ 237	$ 259	$ 959	$ 559

Diluted Earnings per Common Share	Three Months Ended September 30,		Three Months Ended June 30,	Nine Months Ended September 30,	
	2013	**2012**	**2013**	**2013**	**2012**
Operating Earnings Per Share	$ 1.05	$ 0.81	$ 0.64	$ 2.34	$ 1.96
Non-Operating Pension	(0.11)	(0.06)	(0.11)	(0.33)	(0.19)
Special Items	(0.07)	(0.24)	(0.01)	0.04	(0.58)
Continuing Operations	0.87	0.51	0.52	2.05	1.19
Discontinued operations	(0.02)	0.03	0.05	0.09	0.08
Diluted Earnings per Common Share as Reported	$ 0.85	$ 0.54	$ 0.57	$ 2.14	$ 1.27

Notes:

(a) See footnotes (a) - (d) on the Consolidated Statement of Operations
(b) See footnotes (e) - (h) on the Consolidated Statement of Operations
(c) See footnotes (i) - (m) on the Consolidated Statement of Operations
(d) See footnotes (c), (i), (k) and (m) - (q) on the Consolidated Statement of Operations
(e) See footnotes (r) - (u) 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, nine-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 September 30, 2013				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 517	$ 144	$ 73	$ 19	$ 753
Special Items (a)	(18)	(51)	-	(6)	(75)
Operating Profit as Reported	$ 499	$ 93	$ 73	$ 13	$ 678

	Three Months Ended September 30, 2012				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 342	$ 201	$ 67	$ 24	$ 634
Special Items (b)	(87)	1	-	(9)	(95)
Operating Profit as Reported	$ 255	$ 202	$ 67	$ 15	$ 539

	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

	Nine Months Ended September 30, 2013				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 1,363	$ 369	$ 176	$ 38	$ 1,946
Special Items (a)	(35)	(51)	(45)	(30)	(161)
Operating Profit as Reported	$ 1,328	$ 318	$ 131	$ 8	$ 1,785

	Nine Months Ended September 30, 2012				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 987	$ 452	$ 226	$ 60	$ 1,725
Special Items (b)	(257)		1	(42)	(298)
Operating Profit as Reported	$ 730	$ 452	$ 227	$ 18	$ 1,427

(a) See footnotes (1) - (4) on Sales and Earnings by Industry Segment
(b) See footnotes (5) - (8) 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

	Q3 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	499	-	11	46	45	(12)	3	51	25
Depreciation, amortization and cost of timber harvested [1]	192	4	40	17	29	5	18	40	5
Special Items	17	1	51	-	-	-	-	-	-
EBITDA before Special Items	708	5	102	63	74	(7)	21	91	30
Less: Recycling Business EBITDA	-	-	-	-	-	-	-	-	-
Less: Market Pulp Business EBITDA	-	-	-	-	-	-	-	-	-
EBITDA before Special Items after Exclusions	708	5	102	63	74	(7)	21	91	30
Net Sales	3,191	92	660	355	265	40	205	505	95
Less: Trade Sales	192	-	-	-	-	-	-	-	-
Less: Recycling Business Net Sales	97	-	-	-	-	-	-	-	-
Less: Adjustment for Minority Ownership Share of Sales	-	23	-	-	-	10	-	-	-
Less: Market Pulp Business Net Sales	-	-	-	30	-	-	-	-	-
Net Sales after Exclusions	2,902	69	660	325	265	30	205	505	95
EBITDA Margin	24.4%	7.2%	15.5%	19.4%	27.9%	-23.3%	10.2%	18.0%	31.6%

[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	Q3 2012 North American Industrial Packaging	Q2 2013 North American Industrial Packaging	Q3 2012 Brazilian Printing Papers	Q2 2013 Brazilian Printing Papers	Q3 2012 North American Consumer Packaging	Q2 2013 North American Consumer Packaging	Q3 2012 North American Printing Papers	Q2 2013 North American Printing Papers
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	256	454	45	59	45	32	110	(8)
Depreciation, amortization and cost of timber harvested	188	188	31	32	39	38	45	38
Special Items	72	14	-	-	-	1	-	-
EBITDA before Special Items	516	656	76	91	84	71	155	30
Less: Recycling business EBITDA	-	1	-	-	-	-	-	-
EBITDA before Special Items after Exclusions	516	655	76	91	84	71	155	30
Net Sales	2,935	3,194	280	270	475	505	695	645
Less: Trade Sales	163	196	-	-	-	-	-	-
Less: Recycling Business Net Sales	95	95	-	-	-	-	-	-
Net Sales after Exclusions	2,677	2,903	280	270	475	505	695	645
EBITDA Margin	19.3%	22.6%	27.1%	33.7%	17.7%	14.1%	22.3%	4.7%