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, 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 4th 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	(22)	1,461
Depreciation, amortization and cost of timber harvested	1,486	379	396	401	371	1,547
Special Items:						
Restructuring and other charges	298	71	16	100	91	278
Net (gains) losses on sales and impairments of business held for sale	86	-	(13)	1	2	(10)
Impairment of Goodwill and other intangibles	-	-	-	-	527	527
Non-operating pension expense	159	84	83	78	78	323
EBITDA before Special Items	3,725	928	1,013	1,138	1,047	4,126
Annualized EBITDA before Special Items	3,725	3,712	4,052	4,552	4,188	4,126
Annualized Net Sales	27,833	28,360	29,340	29,624	28,996	29,080
EBITDA Margin	13.4%	13.1%	13.8%	15.4%	14.4%	14.2%

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 December 31,		Three Months Ended September 30,	Twelve Months Ended December 31,	
	2013	**2012**	**2013**	**2013**	**2012**
Operating Earnings	$ 367	$ 305	$ 471	$ 1,418	$ 1,167
Non-Operating Pension	(47)	(31)	(48)	(197)	(113)
Special Items	111 (a)	(49) (b)	(31) (c)	129 (d)	(305) (e)
Earnings from Continuing Operations	431	225	392	1,350	749
Discontinued operations	5	10	(10)	45	45
Net Earnings as Reported	$ 436	$ 235	$ 382	$ 1,395	$ 794

Diluted Earnings per Common Share	Three Months Ended December 31,		Three Months Ended September 30,	Twelve Months Ended December 31,	
	2013	**2012**	**2013**	**2013**	**2012**
Operating Earnings Per Share	$ 0.83	$ 0.69	$ 1.05	$ 3.16	$ 2.65
Non-Operating Pension	(0.11)	(0.07)	(0.11)	(0.44)	(0.26)
Special Items	0.25	(0.11)	(0.07)	0.29	(0.69)
Continuing Operations	0.97	0.51	0.87	3.01	1.70
Discontinued operations	0.01	0.02	(0.02)	0.10	0.10
Diluted Earnings per Common Share as Reported	$ 0.98	$ 0.53	$ 0.85	$ 3.11	$ 1.80

Notes:

(a) See footnotes (a) - (f) on the Consolidated Statement of Operations
(b) See footnotes (g) - (j) on the Consolidated Statement of Operations
(c) See footnotes (k) - (n) on the Consolidated Statement of Operations
(d) See footnotes (c),(f), and (o) - (v) on the Consolidated Statement of Operations
(e) See footnotes (j), and (w) - (z) 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, twelve-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 December 31, 2013				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 486	$ 143	$ 32	$ 5	$ 666
Special Items (a)	(13)	(190)	(2)	(402)	(607)
Operating Profit as Reported	$ 473	$ (47)	$ 30	$ (397)	$ 59

	Three Months Ended December 31, 2012				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 368	$ 147	$ 39	$ 11	$ 565
Special Items (b)	(32)	-	2	(7)	(37)
Operating Profit as Reported	$ 336	$ 147	$ 41	$ 4	$ 528

	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

	Twelve Months Ended December 31, 2013				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 1,849	$ 512	$ 208	$ 43	$ 2,612
Special Items (a)	(48)	(241)	(47)	(432)	(768)
Operating Profit as Reported	$ 1,801	$ 271	$ 161	$ (389)	$ 1,844

	Twelve Months Ended December 31, 2012				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 1,355	$ 599	$ 265	$ 71	$ 2,290
Special Items (b)	(289)	-	3	(49)	(335)
Operating Profit as Reported	$ 1,066	$ 599	$ 268	$ 22	$ 1,955

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

(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

	Q4 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	472	(3)	(30)	36	61	(126)	11	2	25
Depreciation, amortization and cost of timber harvested [1]	172	7	38	18	30	5	18	38	6
Special Items	7	2	67	-	-	123	-	2	-
EBITDA before Special Items	651	6	75	54	91	2	29	42	31
Less: Recycling Business EBITDA	(1)	-	-	-	-	-	-	-	-
Less: Market Pulp Business EBITDA	-	-	-	(3)	-	-	-	-	-
EBITDA before Special Items after Exclusions	652	6	75	57	91	2	29	42	31
Net Sales	3,115	95	600	395	295	50	210	480	95
Less: Trade Sales	182	-	-	-	-	-	-	-	-
Less: Recycling Business Net Sales	98	-	-	-	-	-	-	-	-
Less: Adjustment for Minority Ownership Share of Sales	-	24	-	-	-	13	-	-	-
Less: Market Pulp Business Net Sales	-	-	-	40	-	-	-	-	-
Net Sales after Exclusions	2,835	71	600	355	295	37	210	480	95
EBITDA Margin	23.0%	8.5%	12.5%	16.1%	30.8%	5.4%	13.8%	8.8%	32.6%

[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	Q4 2012 North American Industrial Packaging	Q3 2013 North American Industrial Packaging	FY 2013 North American Industrial Packaging	Q4 2012 Brazilian Printing Papers	Q3 2013 Brazilian Printing Papers	Q4 2012 North American Consumer Packaging	Q3 2013 North American Consumer Packaging	FY 2013 North American Consumer Packaging	Q4 2012 North American Printing Papers	Q3 2013 North American Printing Papers
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	309	499	1,762	44	45	19	51	63	52	11
Depreciation, amortization and cost of timber harvested	186	192	731	31	29	39	40	153	41	40
Special Items	29	17	51	-	-	(2)	-	47	-	51
EBITDA before Special Items	524	708	2,544	75	74	56	91	263	93	102
Less: Recycling business EBITDA	-	-	-	-	-	-	-	-	-	-
EBITDA before Special Items after Exclusions	524	708	2,544	75	74	56	91	263	93	102
Net Sales	2,950	3,191	12,522	295	265	470	505	1,950	650	660
Less: Trade Sales	193	192	745	-	-	-	-	-	-	-
Less: Recycling Business Net Sales	88	97	383	-	-	-	-	-	-	-
Net Sales after Exclusions	2,669	2,902	11,394	295	265	470	505	1,950	650	660
EBITDA Margin	19.6%	24.4%	22.3%	25.4%	27.9%	11.9%	18.0%	13.5%	14.3%	15.5%

$ Millions	Q4 2012 N.A. Printing Papers & Pulp	Q3 2013 N.A. Printing Papers & Pulp	Q4 2013 N.A. Printing Papers & Pulp	FY 2013 N.A. Printing Papers & Pulp	FY 2013 Distribution
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	45	14	(19)	38	(389)
Depreciation, amortization and cost of timber harvested	53	58	56	227	16
Special Items	-	51	67	118	432
EBITDA before Special Items	98	123	104	383	59
Net Sales after Exclusions	850	865	810	3,365	
EBITDA Margin	11.5%	14.2%	12.8%	11.4%	