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, 2014 and subsequently publicly filed financial reports.

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2013 Full Year	2014 1st Quarter	2014 Year to Date
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,461	(5)	(5)
Depreciation, amortization and cost of timber harvested	1,547	352	352
Special Items	268	529	529
Impairment of Goodwill and other intangibles	527	-	-
Non-operating pension expense	323	44	44
EBITDA before Special Items	4,126	920	920
Annualized EBITDA before Special Items	4,126	3,680	3,680
Annualized Net Sales	29,080	28,056	28,056
EBITDA Margin	14.2%	13.1%	13.1%

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
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 March 31,		Three Months Ended December 31,
	2014	**2013**	**2013**
Operating Earnings	$ 265	$ 292	$ 367
Non-Operating Pension	(27)	(51)	(47)
Special Items	(331) (a)	51 (b)	111 (c)
Earnings (Loss) from Continuing Operations	(93)	292	431
Discontinued operations	(2)	26	5
Net Earnings (Loss) as Reported	$ (95)	$ 318	$ 436

Diluted Earnings per Common Share	Three Months Ended March 31,		Three Months Ended December 31,
	2014	**2013**	**2013**
Operating Earnings Per Share	$ 0.61	$ 0.65	$ 0.83
Non-Operating Pension	(0.06)	(0.11)	(0.11)
Special Items	(0.76)	0.11	0.25
Continuing Operations	(0.21)	0.65	0.97
Discontinued operations	-	0.06	0.01
Diluted Earnings per Common Share as Reported	$ (0.21)	$ 0.71	$ 0.98

Notes:

(a) See footnotes (a) - (c) on the Consolidated Statement of Operations
(b) See footnotes (d) - (g) on the Consolidated Statement of Operations
(c) See footnotes (h) - (m) 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.

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

	Three Months Ended March 31, 2014				
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Total
Operating Profit Before Special Items	$ 467	$ 85	$ 18	$ 7	$ 577
Special Items	(14)	(495)	(1)	(2)	(512)
Operating Profit as Reported	$ 453	$ (410)	$ 17	$ 5	$ 65

	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	(14)	-	(44)	(7)	(65)
Operating Profit as Reported	$ 355	$ 149	$ 7	$ (5)	$ 506

	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	(13)	(190)	(2)	(402)	(607)
Operating Profit as Reported	$ 473	$ (47)	$ 30	$ (397)	$ 59

(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 2014

$ Millions	North American Industrial Packaging	Brazilian Industrial Packaging	North American Printing Papers & Pulp	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	449	(4)	(491)	(484)	38	45	(2)	(7)	(7)	26
Depreciation, amortization and cost of timber harvested [1]	173	5	44	28	15	29	5	16	40	4
Special Items	11	2	495	495	-	-	-	-	1	-
EBITDA before Special Items	633	3	48	39	53	74	3	9	34	30
Less: Recycling Business EBITDA	1	-	-	-	-	-	-	-	-	-
Less: Market Pulp Business EBITDA	-	-	-	-	1	-	-	-	-	-
EBITDA before Special Items after Exclusions	632	3	48	39	52	74	3	9	34	30
Net Sales	3,084	85	722	515	375	245	45	207	464	91
Less: Trade Sales	178	-	-	-	-	-	-	-	-	-
Less: Recycling Business Net Sales	98	-	-	-	-	-	-	-	-	-
Less: Adjustment for Minority Ownership Share of Sales	-	21	-	-	-	-	11	-	-	-
Less: Market Pulp Business Net Sales	-	-	-	-	37	-	-	-	-	-
Net Sales after Exclusions	2,808	64	722	515	338	245	34	207	464	91
EBITDA Margin	22.5%	4.7%	6.6%	7.6%	15.4%	30.2%	8.8%	4.3%	7.3%	33.0%

[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	Q1 2013 North American Industrial Packaging	Q4 2013 North American Industrial Packaging	FY 2013 North American Industrial Packaging	Q1 2013 North American Printing Papers & Pulp	Q4 2013 North American Printing Papers & Pulp	FY 2013 North American Printing Papers & Pulp
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	337	472	1,762	54	(19)	38
Depreciation, amortization and cost of timber harvested	180	172	731	57	56	227
Special Items	13	7	51	-	67	118
EBITDA before Special Items	530	651	2,544	111	104	383
Less: Recycling business EBITDA	1	(1)	-	-	-	-
EBITDA before Special Items after Exclusions	529	652	2,544	111	104	383
Net Sales	3,023	3,115	12,522	840	810	3,365
Less: Trade Sales	178	182	745	-	-	-
Less: Recycling Business Net Sales	94	98	383	-	-	-
Net Sales after Exclusions	2,751	2,835	11,394	840	810	3,365
EBITDA Margin	19.2%	23.0%	22.3%	13.2%	12.8%	11.4%

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

$ Millions	Q1 2013 Brazilian Printing Papers	Q4 2013 Brazilian Printing Papers	Q1 2013 North American Consumer Packaging	Q4 2013 North American Consumer Packaging	FY 2013 North American Consumer Packaging
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	45	61	(22)	2	63
Depreciation, amortization and cost of timber harvested	33	30	38	38	153
Special Items	-	-	44	2	47
EBITDA before Special Items	78	91	60	42	263
Less: Recycling business EBITDA	-	-	-	-	-
EBITDA before Special Items after Exclusions	78	91	60	42	263
Net Sales	260	295	460	480	1,950
Less: Trade Sales	-	-	-	-	-
Less: Recycling Business Net Sales	-	-	-	-	-
Net Sales after Exclusions	260	295	460	480	1,950
EBITDA Margin	30.0%	30.8%	13.0%	8.8%	13.5%