International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2004 Full Year	2005 1st Quarter	2005 2nd Quarter	2005 3rd Quarter	2005 4th Quarter	2005 Year to Date	
Earnings From Continuing Operations Before Interest, Income Taxes, Minority Interest and Cumulative Effect of Accounting Charges	$ 1,434	$ 287	$ 414	$ 492	$ (14)	$ 1,179	
Depreciation, amortization and cost of timber harvested	1,357	340	333	342	361	1,376	
Special Items:							
Restructuring and other charges	166	24	31	(2) 70	(3) 233	358	(2,3)
Insurance recoveries	(123)	-	(35)	(188)	(35)	(258)	
Net (gains) losses on sales and impairments of business held for sale	139	(1) 79	(19)	5	46	111	
Reversals of reserves no longer needed	(36)	-	-	(3)	(1)	(4)	
EBITDA before Special Items	$ 2,937	$ 730	$ 724	$ 718	$ 590	2,762	
Annualized EBITDA before Special Items	$ 2,937	$ 2,920	2,896	$ 2,872	$ 2,360	2,762	

Note (1): Includes a $4 million pre-tax loss on the sale of Food Pack S.A. in the Consumer Packaging segment.

Note (2): Includes a $17 million pre-tax charge in the Printing Papers segment and a $14 million pre-tax charge in the Forest Products segment.

Note (3): Includes a $9 million pre-tax charge in the Printing Papers segment, a $1million pre-tax charge in the Consumer Packaging segment, a $4 million pre-tax charge in the Industrial Packaging segment, a $2 million pre-tax charge in the Forest Products segment and a $13 million pre-tax charge in the Other Businesses segment.