International Paper Company

Reconciliation of Non-GAAP Financial Measures

Investor Day Presentation

June 9, 2009

The Company's June 9, 2009 Investor Day 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, 2008, as updated, and subsequently publicly filed financial reports.

June 9, 2009 Investor Day Presentation
Reconciliation of Non-GAAP Information to U.S. GAAP

Capital Employed

$ Millions	2005	2008
Total Assets	34,217	26,913
Accounts Payable	2,279	2,119
Accrued Payroll and Benefits	492	445
Other Accrued Liabilities	1,513	1,363
Capital Employed	29,933	22,986

June 9, 2009 Investor Day Presentation
Reconciliation of Non-GAAP Information to U.S. GAAP

Calculation of EBITDA before Special Items

$ Millions	International Paper Company 2005 Full Year	2006 Full Year	2007 Full Year	2008 Full Year	2009 Q1	Forest Resources 2005 Full Year	2006 Full Year	2007 Full Year	2008 Full Year	2009 Q1
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	1,179	3,709	1,951	(661)	682	674	604	454	406	2
Depreciation, amortization and cost of timber harvested	1,376	1,158	1,086	1,347	343	51	45	10	7	4
Special Items:										
Restructuring and other charges	358	300	95	454	(421)	11	-	-	-	-
Insurance Recoveries	(258)	(19)	-	-	-	-	-	-	-	-
Net (gains) losses on sales and impairments of business held for sale	111	1,496	(327)	106	-	-	-	-	-	-
Forestland Sales	-	(4,788)	(9)	(6)	-	-	-	-	-	-
Impairment of Goodwill	-	759	-	1,777	-	-	-	-	-	-
Reversals of reserves no longer needed	(4)	(6)	-	-	-	-	-	-	-	-
EBITDA before Special Items	2,762	2,609	2,796	3,017	604	736	649	464	413	6
Annualized	2,762	2,609	2,796	3,017	2,416	736	649	464	413	24

$ Millions	North American Printing Papers (1) 2008 Q1	2008 Q4	2009 Q1	North American Coated Paperboard (2) 2008 Q1	2008 Q4	2009 Q1	North American Industrial Packaging 2008 Q1	2008 Q4	2009 Q1	Brazil 2005	2008
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	110	(120)	290	11	17	98	79	96	347	163	186
Depreciation, amortization and cost of timber harvested	73	65	57	34	33	28	55	174	156	54	131
Special Items:											
Restructuring and other charges	-	153	6	-	-	-	-	34	36	-	-
Alternative Fuel Mixture credits	-	-	(240)	-	-	(92)	-	-	(208)	-	-
EBITDA before Special Items	183	98	113	45	50	34	134	304	331	217	317
Net Sales	1,048	934	827	395	412	322	1,050	2,125	1,885	684	950
EBITDA Margin	17.5%	10.5%	13.7%	11.3%	12.1%	10.5%	12.8%	14.3%	17.6%	31.7%	33.3%

(1) includes North American Pulp
(2) excludes FoodService and Shorewood

$ Millions	North American Printing Papers (1) 2006 Full Year	2007 Full Year	2008 Full Year	2009 Q1	North American Industrial Packaging 2005 Full Year	2006 Full Year	2007 Full Year	2008 Full Year	2009 Q1
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	290	493	249	290	42	217	354	315	341
Depreciation, amortization and cost of timber harvested	348	289	286	57	184	197	214	412	156
Special Items:									
Restructuring and other charges			153	6	4			92	36
Alternative Fuel Mixture credits				(240)					(208)
EBITDA before Special Items	638	782	688	113	230	414	568	819	325
Annualized	638	782	688	452	230	414	568	819	1,300
Net Sales					3,430	3,726	3,882	6,169	7,425
EBITDA Margin					6.7%	11.1%	14.6%	13.3%	17.5%

June 9, 2009 Investor Day Presentation
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Free Cash Flow

$ Millions		2005	2006	2007	2008	Q1 2009
	Cash Provided by Operations	1,510	1,223	1,887	2,669	794
Less:	Voluntary Pension Plan Contribution		1,000			
Less:	Alternative Fuel Mixture Credit Received					(145)
	Adjusted Cash Provided by Operations	1,510	2,223	1,887	2,669	649
Less:	Cash Invested in Capital Projects	(1,155)	(1,009)	(1,288)	(1,002)	(128)
	Free Cash Flow	355	1,214	599	1,667	521
	Annualized					2,084

June 9, 2009 Investor Day Presentation
Reconciliation of Non-GAAP Information to U.S. GAAP

Definitions

Capital Employed = Total Assets - Accounts Payable - Accrued Payroll and Benefits - Other Accrued Liabilities

EBITDA = Earnings before Interest, Taxes and Depreciation and Amortization

Free Cash Flow = [Cash Provided by Operations - Voluntary Pension Plan Contribution - Cash Received for Alternative Fuel Mixture Credit] - Cash Invested in Capital Projects

Total Debt = Notes Payable and Current Maturities of Long-Term Debt + Long-Term Debt