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 June 30, 2009 and subsequently publicly filed financial reports.

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2008 Full Year	2009 1st Quarter	2009 2nd Quarter	2009 Year to Date
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	(661)	682	693	1,375
Depreciation, amortization and cost of timber harvested	1,347	343	367	710
Special Items:				
Restructuring and other charges	409	83	79	162
CBPR business integration costs	45	36	18	54
Alternative fuel mixture credit	-	(540)	(482)	(1,022)
Net losses on sales and impairments of business held for sale	106	-	48	48
Forestland Sales	(6)	-	-	-
Impairment of Goodwill	1,777	-	-	-
EBITDA before Special Items	3,017	604	723	1,327
Annualized EBITDA before Special Items	3,017	2,416	2,892	2,654

International Paper Company
Reconciliation of Earnings Before
Special Items to Net Earnings
(In millions except for per share amounts)

	2009				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
Earnings Before Special Items	$ 34	$ 86	$ -	$ -	$ 120
Restructuring and other charges	(65)	(55)	-	-	(120)
CBPR business integration costs	(22)	(11)			(33)
Alternative fuel mixture credits	330	294			624
Impairments of goodwill	-	-	-	-	-
Net gains (losses) on sales and impairments of businesses	-	(48)	-	-	(48)
Income tax adjustments	(20)	(130)	-	-	(150)
Earnings from Continuing Operations	257	136	-	-	393
Discontinued Operations	-	-	-	-	-
Net Earnings (Loss) as Reported	$ 257	$ 136	$ -	$ -	$ 393

	2009				
Diluted Earnings per Common Share Attributable to International Paper Co. Common Shareholders	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
Earnings Per Common Share Before Special Items	$ 0.08	$ 0.20	$ -	$ -	$ 0.28
Restructuring and other charges	(0.15)	(0.13)	-	-	(0.28)
CBPR business integration costs	(0.05)	(0.03)			(0.08)
Alternative fuel mixture credits	0.78	0.69			1.47
Net gains (losses) on sales and impairments of businesses	-	(0.11)	-	-	(0.11)
Income tax adjustments	(0.05)	(0.30)	-	-	(0.35)
Earnings from Continuing Operations	0.61	0.32	-	-	0.93
Discontinued Operation	-	-	-	-	$ -
Earnings (Loss) Per Common Share as Reported	$ 0.61	$ 0.32	$ -	$ -	$ 0.93

International Paper Company
Reconciliation of Earnings Before
Special Items to Net Earnings
(In millions except for per share amounts)

	2008				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
Earnings Before Special Items	$ 175	$ 235	$ 356	$ 89	$ 855
Restructuring and other charges	(26)	(9)	(96)	(132)	(263)
CBPR business integration costs	-	-	-	(16)	(16)
Alternative fuel mixture credits	-	-	-		-
Net gains (losses) on sales and impairments of businesses	1		(84)	-	(83)
Forestland sales	-	2	2	-	4
Impairment of goodwill	-	-	-	(1,777)	(1,777)
Income tax adjustments	-	-	(29)	40	11
Earnings from Continuing Operations	150	228	149	(1,796)	(1,269)
Discontinued Operations	(17)	(1)	-	5	(13)
Net Earnings (Loss) as Reported	$ 133	$ 227	$ 149	$ (1,791)	$ (1,282)

	2008				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
Diluted Earnings per Common Share					
Earnings Per Common Share Before Special Items	$ 0.41	$ 0.56	$ 0.84	$ 0.21	$ 2.01
Restructuring and other charges	(0.06)	(0.02)	(0.23)	(0.31)	$ (0.62)
CBPR business integration costs	-	-	-	(0.04)	$ (0.04)
Alternative fuel mixture credits	-	-	-	-	
Insurance Recoveries	-	-	-	-	-
Reversal of reserves no longer required	-	-	-	-	-
Net gains (losses) on sales and impairments of businesses	-	-	-	-	$ -
Forestland sales		-	-	-	-
Impairment of goodwill		-	-	-	-
Interest income	-	-	-	-	-
Income tax adjustments	-	-	-	-	-
Net gains (losses) on sales and impairments of businesses			(0.20)		(0.19)
Forestland sales					0.01
Impairment of goodwill				(4.22)	(4.22)
Income tax adjustments			(0.06)	0.10	0.03
Earnings from Continuing Operations	0.35	0.54	0.35	(4.26)	(3.02)
Discontinued Operation	(0.04)	-	-	0.01	$ (0.03)
Earnings (Loss) Per Common Share as Reported	$ 0.31	$ 0.54	$ 0.35	$ (4.25)	$ (3.05)

Reconciliation of Non-GAAP Information to U.S. GAAP

Calculation of EBITDA Margin before Special Items

$ Millions	North American Industrial Packaging	European Industrial Packaging	North American Printing Papers	European & Russian Printing Papers	Brazilian Printing Papers	U.S. Market Pulp	U.S. Coated Paperboard
	Q2 2009						
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	431	(49)	205	16	23	35	88
Depreciation, amortization and cost of timber harvested	164	9	53	19	29	9	30
Special Items:							
Restructuring and other charges	18	63	2	-	-	2	-
Alternative Fuel Mixture credits	(208)	-	(146)	-	-	(51)	(77)
EBITDA before Special Items	405	23	114	35	52	(5)	41
Net Sales	1,955	239	689	314	216	134	350
EBITDA Margin	20.7%	9.6%	16.5%	11.3%	23.9%	-3.5%	11.7%