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, 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 3rd Quarter	2009 4th Quarter	2009 Year to Date
Earnings from Continuing Operations Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	(661)	682	693	758	(265)	1,868
Depreciation, amortization and cost of timber harvested	1,347	343	367	378	384	1,472
Special Items:						
Restructuring and other charges	409	83	79	151	1,040	1,353
CBPR business integration costs	45	36	18	18	15	87
Alternative fuel mixture credit	-	(540)	(482)	(525)	(516)	(2,063)
Net losses on sales and impairments of business held for sale	106	-	48	-	11	59
Forestland Sales	(6)	-	-	-	-	-
Impairment of Goodwill	1,777	-	-	-	-	-
EBITDA before Special Items	3,017	604	723	780	669	2,776
Annualized EBITDA before Special Items	3,017	2,416	2,892	3,120	2,676	2,776

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	$ 157	$ 101	$ 378
Restructuring and other charges	(65)	(55)	(95)	(638)	(853)
CBPR business integration costs	(22)	(11)	(11)	(10)	(54)
Alternative fuel mixture credits	330	294	320	469	1,413
Net losses on sales and impairments of businesses	-	(48)	-	(8)	(56)
Income tax adjustments	(20)	(130)	-	(15)	(165)
Earnings (Loss) from Continuing Operations	257	136	371	(101)	663
Discontinued Operations	-	-	-	-	-
Net Earnings (Loss) as Reported	$ 257	$ 136	$ 371	$ (101)	$ 663

	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	$ 0.37	$ 0.24	$ 0.88
Restructuring and other charges	(0.15)	(0.13)	(0.22)	(1.52)	(2.00)
CBPR business integration costs	(0.05)	(0.03)	(0.03)	(0.02)	(0.13)
Alternative fuel mixture credits	0.78	0.69	0.75	1.11	3.32
Net losses on sales and impairments of businesses	-	(0.11)	-	(0.02)	(0.13)
Income tax adjustments	(0.05)	(0.30)	-	(0.03)	(0.39)
Earnings (Loss) from Continuing Operations	0.61	0.32	0.87	(0.24)	1.55
Discontinued Operation	-	-	-	-	$ -
Earnings (Loss) Per Common Share as Reported	$ 0.61	$ 0.32	$ 0.87	$ (0.24)	$ 1.55

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)	(60)	(132)	(227)
CBPR business integration costs	-	-	(36)	(16)	(52)
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)	(0.14)	(0.31)	(0.54)
CBPR business integration costs	-	-	(0.09)	(0.04)	(0.12)
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)

International Paper Company
Reconciliation of Segment Earnings to Segment Earnings Before Special Items
(In millions)

	Three Months Ended December 31, 2009					
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Forest Products	Total
Segment Earnings as Reported	(391)	137	63	26	18	(147)
Restructuring and other charges	662	223	69	5		959
CBPR business integration costs	15					15
Alternative fuel mixture credits	(212)	(221)	(83)			(516)
Net losses on sales and impairments of businesses	10					10
Segment Earnings Before Special Items	84	139	49	31	18	321

	Twelve Months Ended December 31, 2009					
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Forest Products	Total
Segment Earnings as Reported	761	1,091	433	50	25	2,360
Restructuring and other charges	684	257	74	5		1,020
CBPR business integration costs	87					87
Alternative fuel mixture credits	(849)	(884)	(330)			(2,063)
Net losses on sales and impairments of businesses	58					58
Segment Earnings Before Special Items	741	464	177	55	25	1,462

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

Calculation of EBITDA Margin before Special Items

	Q4 2009							
$ Millions	North American Industrial Packaging	European Industrial Packaging	North American Printing Papers	Western Europe Printing Papers	Eastern Europe & Russian Printing Papers	Brazilian Printing Papers	U.S. Market Pulp	U.S. Coated Paperboard
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	(388)	-	11	-	46	33	46	38
Depreciation, amortization and cost of timber harvested	162	9	58	2	16	35	9	33
Special Items:								
Restructuring and Other Charges	668	9	223					67
Loss on Sales and Impairments of Businesses		8						
Alternative Fuel Mixture credits	(212)		(164)				(57)	(83)
EBITDA before Special Items	230	26	128	2	62	68	(2)	55
Less: Recycling and Bag businesses EBITDA	-							
Less: Market Pulp business EBITDA				1	(6)			
EBITDA before Special Items after Exclusions	230	26	128	1	68	68	(2)	55
Net Sales	1,856	263	697	98	243	301	161	334
Less: Recycling and Bag businesses Net Sales	94							
Less: Market Pulp business Net Sales				17	17			
Net Sales after Exclusions	1,762	263	697	81	226	301	161	334
EBITDA Margin	13.1%	9.9%	18.4%	1.2%	30.0%	22.6%	-1.2%	16.5%

* Excluding Forest Products