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, 2010 and subsequently publicly filed financial reports.

International Paper Company
Calculation of EBITDA before Special Items

$ Millions	2009 Full Year	2010 1st Quarter	2010 2nd Quarter	2010 Year to Date
Earnings Before Interest, Income Taxes, Equity Earnings and Cumulative Effect of Accounting Changes	1,868	(26)	275	249
Depreciation, amortization and cost of timber harvested	1,472	371	363	734
Special Items:				
Restructuring and other charges	1,353	215	144	359
CBPR business integration costs	87	-	-	-
Alternative fuel mixture credit	(2,063)	-	-	-
Net (gains) losses on sales and impairments of business held for sale	59	-	-	-
EBITDA before Special Items	2,776	560	782	1,342
Annualized EBITDA before Special Items	2,776	2,240	3,128	2,684
Adjustment to Normalize Maintenance Expenses		16	33	
Adjusted Annualized EBITDA before Special Items		2,304	3,260	
Annualized Net Sales	23,366	23,228	24,484	
EBITDA Margin	11.9%	9.6%	12.8%	

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

	2010				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date
Earnings Before Special Items	$ 16	$ 181			
Restructuring and other charges	(132)	(88)			
Income tax adjustments	(46)				
Net Earnings (Loss) as Reported	$ (162)	$ 93	$ -	$ -	$ -

	2010				
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	$ 0.04	$ 0.42			
Restructuring and other charges	(0.31)	(0.21)			
Income tax adjustments	(0.11)				
Earnings (Loss) Per Common Share as Reported	$ (0.38)	$ 0.21	$ -	$ -	$ -

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 Operating Profit to Operating Profit Before Special Items
(In millions)

	Three Months Ended June 30, 2010					
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Forest Products	Total
Operating Profit as Reported	192	47	48	26	40	353
Restructuring and other charges	1	111	1	-	-	113
Operating Profit Before Special Items	193	158	49	26	40	466

	Three Months Ended March 31, 2010					
	Industrial Packaging	Printing Papers	Consumer Packaging	Distribution	Forest Products	Total
Operating Profit as Reported	41	(78)	28	21	8	20
Restructuring and other charges	5	204	3			212
Operating Profit Before Special Items	46	126	31	21	8	232

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	Western Europe Printing Papers	Eastern Europe & Russian Printing Papers	Brazilian Printing Papers	U.S. Market Pulp	U.S. Coated Paperboard
	Q2 2010							
Earnings from Continuing Operations Before Interest, Income Taxes, Noncontrolling Interest, Equity Earnings and Cumulative Effect of Accounting Changes	172	18	(65)	15	40	39	18	14
Depreciation, amortization and cost of timber harvested	145	7	51	5	13	34	13	35
Special Items:								
Restructuring and Other Charges	-	1	111	-	-	-	-	-
EBITDA before Special Items	317	26	97	20	53	73	31	49
Less: Recycling and Bag businesses EBITDA	4							
Less: Market Pulp business EBITDA				8	1			
EBITDA before Special Items after Exclusions	313	26	97	12	52	73	31	49
Net Sales	2,120	233	678	95	222	274	159	392
Less: Recycling and Bag businesses Net Sales	135							
Less: Market Pulp business Net Sales				21	24			
Net Sales after Exclusions	1,985	233	678	74	198	274	159	392
EBITDA Margin	15.8%	11.2%	14.3%	16.2%	26.3%	26.6%	19.5%	12.5%

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

$ Millions	Q2 2009 North American Industrial Packaging	Q1 2010 North American Industrial Packaging	Q2 2010 North American Industrial Packaging	Q2 2009 Brazilian Printing Papers	FY 2007 North American Industrial Packaging	FY 2008 North American Industrial Packaging	FY 2009 North American Industrial Packaging	1H 2010 Run Rate North American Industrial Packaging	June 2010 Run Rate North American Industrial Packaging
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	431	20	172	23	305	322	791	192	87
Depreciation, amortization and cost of timber harvested	164	143	145	29	201	411	640	288	48
Adjustment to normalize maintenance expenses								41	(12)
Special Items:									
Restructuring and Other Charges	18	3	-	-	-	92	740	3	-
Alternative Fuel Mixture credits	(208)	-	-	-	-	-	(849)	-	-
EBITDA before Special Items	405	166	317	52	506	825	1,322	524	123
Annualized								1,048	1,476
Net Sales	1,955	1,889	2,120	216					
EBITDA Margin	20.7%	8.8%	15.0%	24.1%					

$ Millions	1H09 European Printing Papers	1H 09 European Industrial Packaging	1H09 European Coated Paperboard	1H09 IP Europe, Middle East & Africa	2H09 European Printing Papers	2H 09 European Industrial Packaging	2H09 European Coated Paperboard	2H09 IP Europe, Middle East & Africa
Earnings from Continuing Operations Before Interest, Income Taxes, Minority Interest, Equity Earnings and Cumulative Effect of Accounting Changes	18	(36)	28	10	103	40	39	182
Depreciation, amortization and cost of timber harvested	36	17	9	62	37	14	9	60
Special Items:								
Restructuring and Other Charges	23	63	-	86	-	3	-	3
EBITDA before Special Items	77	44	37	158	140	57	48	245
Net Sales	640	480	149	1,269	633	479	166	1,278
EBITDA Margin	12.0%	9.2%	24.8%	12.5%	22.1%	11.9%	28.9%	19.2%