INTERNATIONAL PAPER

INTERNATIONAL PAPER PLAZA
400 ATLANTIC STREET
STAMFORD, CT 06921

News Release

Media Contacts: Jennifer Boardman, 203-541-8407
Kathleen Bark, 203-541-8418

Investor Contacts: Darial Sneed, 203-541-8541
Brian Turcotte, 203-541-8632

International Paper Reports Higher Third-Quarter Earnings from Continuing Operations

- **Earnings from continuing operations of $208 million up 84 percent from $113 million in the 2003 third quarter.**
- **Net sales increased 8 percent to $6.6 billion from 2003 third-quarter net sales of $6.1 billion.**

Earnings Per Share Summary

	Third Quarter 2004	Third Quarter 2003	Second Quarter 2004
Net Earnings (Loss)	$ (1.13)	$ 0.25	$ 0.40
Add Back - Loss (Income) from Discontinued Operations:			
Loss (gain) on sale or impairment	1.64	-	(0.19)
Earnings from operations	(0.08)	(0.02)	(0.08)
	1.56	(0.02)	(0.27)
Earnings from Continuing Operations	0.43	0.23	0.13
Add back - Net Special Items Expense (Income)	-	(0.01)	0.20
Earnings from Continuing Operations And Before Special Items	**$ 0.43**	**$ 0.22**	**$ 0.33**

STAMFORD, Conn. - October 26, 2004 - International Paper (NYSE: IP) today reported third-quarter 2004 earnings from continuing operations of $208 million ($0.43 per share) compared with $113 million ($0.23 per share) in the third quarter of 2003 and $62 million ($0.13 per share) in the second quarter of 2004.

Additionally, a net discontinued operation charge of $757 million was recorded in the 2004 third quarter to reflect a $795 million write-down of the net assets of the Weldwood of Canada, Ltd. subsidiary to their expected net realizable value, net of Weldwood's operating earnings of $38 million for the quarter. The write down is due to the previously announced sale of the Weldwood subsidiary, which is expected to be completed in the fourth quarter. This charge resulted in a net loss of $549 million ($1.13 per share) for the 2004 third quarter, compared with net earnings of $122 million ($0.25 per share) in the third quarter of 2003 and $193 million ($0.40 per share) in the second quarter of 2004.

The above amounts include the effects of special items in all periods. Earnings from continuing operations and before special items in the 2004 third quarter were $209 million ($0.43 per share), compared with $108 million ($0.22 per share) in the third quarter of 2003 and $159 million ($0.33 per share) in the second quarter of 2004.

Third-quarter 2004 net sales were $6.6 billion, compared with third-quarter 2003 net sales of $6.1 billion and 2004 second-quarter sales of $6.2 billion.

"Our volumes remained strong during the quarter, and price increases continued to be implemented across most grades of paper and packaging," said John Faraci, International Paper chairman and chief executive officer. "However this was somewhat offset by lower wood products pricing, rising raw material costs and the effect of the hurricanes that hit Florida and the gulf coast region impacting sixteen of our facilities."

In the fourth quarter, the company expects demand and pricing will continue to be solid in packaging and paper, but expects that will be offset by lower average pricing for wood products, sharply rising raw material costs and higher corporate expenses.

Segment Information

Operating profits of $585 million for the third quarter were up from the second-quarter 2004 operating profits of $516 million due to higher average price realizations and higher volumes.

Third-quarter segment operating profits and business trends compared with the second quarter of 2004 are as follows:

Third-quarter operating profits for Printing Papers were $160 million compared with second-quarter operating profits of $141 million as a result of higher average pricing for uncoated free sheet and coated paper. Pulp prices were up on average for the quarter but started to trend down as the quarter ended. Coated paper sales volumes were seasonally higher. These improving business conditions were somewhat offset by seasonally lower sales volumes for European papers as well as by the impact of the hurricanes.

Industrial and Consumer Packaging operating profits were $183 million in the third quarter, compared with $111 million in the second quarter, as a result of higher average pricing and volumes across containerboard, corrugated boxes and bleached board.

The company's distribution business, xpedx, reported operating profits of $27 million for the third quarter compared with operating profits in the second quarter of $21 million, due to improved sales and reduced operating costs.

Third-quarter Forest Products operating profits were $191 million, compared with earnings of $222 million in the second quarter primarily as a result of lower average pricing for lumber and plywood. Gains from land sales were flat with second quarter.

Operating profits at Carter Holt Harvey, International Paper's 50.5 percent owned subsidiary in New Zealand, were $17 million in the third quarter, compared with second-quarter operating profits of $7 million as a result of improved operations and the absence of a special charge for the sale of a Chilean packaging operation that was recorded in the second quarter.

Net corporate expenses of $101 million in the 2004 third quarter were essentially unchanged from $102 million in the 2004 second-quarter, but were lower than net expenses of $138 million in the third quarter of 2003 reflecting lower overhead and benefit related costs.

Discontinued Operations

During the 2004 third quarter, the company reached agreement to sell its Weldwood of Canada, Ltd. (Weldwood) business for approximately C$1.26 billion in cash, subject to certain adjustments at closing, expected to be completed in the 2004 fourth quarter. Accordingly, a $795 million after tax discontinued operations charge was recorded in the third quarter to write down the assets of Weldwood to their estimated net realizable value upon sale. Discontinued operations for the 2004 second quarter includes a net gain of $90 million after taxes and minority interest relating to the sale of the Carter Holt Harvey tissue business. Furthermore, all periods presented have been restated to present the operating results of Weldwood and the tissue business as discontinued operations.

Effects of Special Items

Special items in the 2004 third quarter included a charge of $55 million before taxes and minority interest ($31 million after taxes and minority interest) for restructuring and other costs, a pre-tax credit of $103 million ($64 million after taxes) for insurance recoveries related to the hardboard siding and roofing litigation, a charge of $38 million for estimated losses on sales and impairments of businesses held for sale and a $6 million credit ($4 million after taxes) for the net reversal of restructuring and realignment reserves no longer required. The $55 million charge for restructuring and other costs included $18 million ($11 million after taxes and minority interest) for organizational restructuring programs, a $29 million goodwill impairment charge ($15 million after minority interest), and $8 million charge ($5 million after taxes) for losses on early extinguishment of debt. The net after-tax effect of all of these special items was $0.00 per share.

Special items in the 2004 second quarter included a charge of $107 million before taxes and minority interest ($63 million after taxes and minority interest) for restructuring and other costs, a charge of $36 million before taxes and minority interest ($32 million after taxes and minority interest) for estimated losses on sales and impairments of businesses held for sale and a $5 million credit ($3 million after taxes and minority interest) for the net reversal of restructuring and realignment reserves no longer required. In addition, a $5 million net increase in the tax provision, after minority interest, was recorded in the quarter reflecting a charge for an adjustment of deferred tax balances and a credit from the reduction of valuation reserves for capital loss carryovers. The $107 million charge for restructuring and other costs included $42 million ($23 million after taxes and minority interest) for organizational restructuring programs and $65 million ($40 million after taxes) for losses on early extinguishment of debt. The $36 million charge for estimated losses on sales and impairments of businesses held for sale included $4 million before taxes recorded in the Packaging segment and $3 million before taxes recorded in the Carter Holt Harvey segment for the estimated loss on the sale of Food Pack S.A. in Chile. The net after-tax effect of all of these special items was an expense of $0.20 per share.

Special items in the 2003 third quarter included a pre-tax charge of $93 million ($59 million after taxes), including $33 million for facility closure costs, $38 million for severance costs associated with organizational restructuring programs, $8 million for early debt retirement costs, and $14 million for additional legal reserves; a pre-tax charge of $1 million ($1 million after taxes) to adjust costs of businesses previously sold; and a pre-tax credit of $8 million ($5 million after taxes) for the reversal of restructuring and realignment reserves no longer required. In addition, a decrease in the income tax provision of $60 million was recorded reflecting a favorable revision of estimated tax reserves upon filing of the 2002 Federal income tax return and increased research and development credits. The net after-tax effect of these special items was an increase of $0.01 per share.

The company will hold a webcast to discuss earnings and current market conditions at 10 a.m. (EDT) today. All interested parties are invited to listen to the webcast live via the company's Internet site at http://www.internationalpaper.com by clicking on the Investor Information button. A replay of the webcast will also be available on the Web site beginning at noon today.

International Paper (http://www.internationalpaper.com) is the world's largest paper and forest products company. Businesses include paper, packaging, and forest products. As one of the largest private forest landowners in the world, the company manages its forests under the principles of the Sustainable Forestry Initiative® program, a system that ensures the continual planting, growing and harvesting of trees while protecting wildlife, plants, soil, air and water quality. Headquartered in the United States, International Paper has operations in over 40 countries and sells its products in more than 120 nations.

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Statements in this press release that are not historical are forward-looking. These statements are subject to risks and uncertainties that could cause actual results to differ materially, including but not limited to, the strength of demand for the company's products and changes in overall demand, the effects of competition from foreign and domestic producers, the level of housing starts, changes in the cost or availability of raw materials, unanticipated expenditures related to the cost of compliance with environmental and other governmental regulations, the ability of the

company to continue to realize anticipated cost savings, performance of the company's manufacturing operations, results of legal proceedings, changes related to international economic conditions, changes in currency exchange rates, particularly the relative value of the U.S. dollar to the Euro, economic conditions in developing countries, specifically Brazil and Russia, the current military action in Iraq and the war on terrorism. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. These and other factors that could cause or contribute to actual results differing materially from such forward looking statements are discussed in greater detail in the company's Securities and Exchange Commission filings.

International Paper
Summary of Consolidated Earnings
Preliminary and Unaudited
(In millions except for net sales and per share amounts)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2004		2003		2004		2003	
Net Sales (In billions)	$6.6		$6.1		$18.9		$17.8	
Earnings From Continuing Operations Before Interest, Income Taxes, and Minority Interest	520	(a)	269	(f)	1,106	(d)	870	(i)
Interest expense, net	188		204	(g)	568		585	(g)
Earnings From Continuing Operations Before Income Taxes and Minority Interest	332	(a)	65	(f)	538	(d)	285	(i)
Income tax provision (benefit)	122	(a)	(66)	(f,h)	168	(d)	(64)	(i,j)
Minority interest expense, net of taxes	2	(a)	18	(f,g)	49	(d)	90	(g,i)
Earnings From Continuing Operations	208	(a)	113	(f,h)	321	(c,d)	259	(i,j)
Discontinued Operation, net of taxes and minority interest	(757)	(b)	9		(604)	(b,e)	5	
Cumulative Effect of Accounting Change - Asset Retirement Obligations (SFAS 143), net of taxes	-		-		-		(10)	(k)
Net Earnings	**$(549)**	(a,b)	**$122**	(f,h)	**$(283)**	(b,c,d,e)	**$254**	(i,j,k)
Earnings Per Common Share From Continuing Operations	**$0.43**	(a)	**$0.23**	(f,h)	**$0.66**	(c,d)	**$0.54**	(i,j)
Discontinued Operation, net of taxes and minority interest	(1.56)	(b)	0.02		(1.24)	(b,e)	0.01	
Cumulative Effect of Accounting Change - Asset Retirement Obligations (SFAS 143), net of taxes	-		-		-		(0.02)	(k)
Earnings Per Common Share	**$(1.13)**	(a,b)	**$0.25**	(f,h)	**$(0.58)**	(b,c,d,e)	**$0.53**	(i,j,k)
Earnings Per Common Share - Assuming Dilution	**$(1.13)**	(a,b)	**$0.25**	(f,h)	**($0.58)**	(b,c,d,e)	**$0.53**	(i,j,k)
Average Shares of Common Stock Outstanding	486.4		479.8		485.5		479.3	

(a) Includes a $55 million charge before taxes and minority interest ($31 million after taxes and minority interest) for organizational restructuring programs and losses on early debt extinguishment; a credit of $103 million ($64 million after taxes) for insurance recoveries related to the hardboard siding and roofing litigation; a $38 million before and after tax charge for estimated losses on sales of businesses; and a credit of $6 million before taxes and minority interest ($4 million after taxes and minority interest) for the reversal of restructuring and realignment reserves no longer required

(b) Includes a $795 million after-tax charge ($1.64 per share) to write down the net assets of Weldwood of Canada, Ltd. to their estimated net realizable value, less $38 million ($0.08 per share) of net earnings of Weldwood for the quarter.

(c) Includes a $5 million net increase, net of minority interest, in the income tax provision reflecting an adjustment of deferred tax balances and a reduction of valuation reserves for capital loss carryovers.

(d) Includes a $192 million charge before taxes and minority interest ($113 million after taxes and minority interest) for organizational restructuring programs and losses on early debt extinguishment; a pretax credit of $103 million ($64 million after taxes) for insurance recoveries related to the hardboard siding and roofing litigation; a charge of $65 million before taxes and minority interest ($64 million after taxes and minority interest) for estimated gains/losses of businesses sold or held for sale; and a credit of $18 million before taxes and minority interest ($11 million after taxes and minority interest) for the net reversal of restructuring and realignment reserves no longer required.

(e) Includes the net income of the Carter Holt Harvey tissue business prior to the sale and the gain on the sale of $267 million ($90 million after taxes and minority interest) in the second quarter of 2004.

(f) Includes a $93 million charge before taxes and minority interest ($59 million after taxes and minority interest) for facility closures and organizational restructuring programs, net losses on early debt extinguishment, and additional legal reserves; a pre-tax charge of $1 million ($1 million after taxes) to adjust accrued costs of businesses sold; and a credit of $8 million before taxes and minority interest ($5 million after taxes and minority interest) for the net reversal of restructuring and realignment reserves no longer required.

(g) Includes the effect of $22 million of interest on mandatorily redeemable preferred securities reclassified from minority interest expense as required under SFAS No. 150.

(h) Includes a decrease of $60 million in the income tax provision reflecting a favorable revision of estimated tax reserves upon filing of the 2002 Federal income tax return, and a $15 million adjustment to reduce the estimated full year effective tax rate, excluding special and unusual items, to 25% from the second quarter estimate of 28%.

(i) Includes a $197 million charge before taxes and minority interest ($123 million after taxes and minority interest) for facility closures and organizational restructuring programs, early debt extinguishment losses, and additional legal reserves; a pre-tax charge of $11 million ($7 million after taxes) to adjust accrued costs of businesses sold; and a credit of $17 million before taxes and minority interest ($10 million after taxes and minority interest) for the net reversal of restructuring and realignment reserves no longer required.

(j) Includes decreases of $110 million in the income tax provision reflecting a revision of estimated tax reserves upon filing of the 2002 Federal income tax return and settlements of prior period tax issues.

(k) Includes a $15 million charge before taxes ($10 million after taxes) for the adoption of SFAS No. 143, "Asset Retirement Obligations".

International Paper
Reconciliation of Earnings Before Special Items to Net Earnings (Loss)
Preliminary and Unaudited
(In millions except for per share amounts)

	Three Months Ended Sept 30,		Nine Months Ended Sept 30,	
	2004	**2003**	**2004**	**2003**
Earnings Before Special Items (1)	$ 209	$ 108	$ 428	$ 269
Restructuring and other charges	(31)	(59)	(113)	(123)
Insurance recoveries	64		64	
Reversal of reserves no longer required	4	5	11	10
Net gains (losses) on sales and impairments of businesses held for sale	(38)	(1)	(64)	(7)
Income tax adjustment	-	60	(5)	110
Discontinued Operation	(757)	9	(604)	5
Cumulative effect of change in accounting	-	-	-	(10)
Net Earnings (Loss) as Reported	$ (549)	$ 122	$ (283)	$ 254

	Three Months Ended Sept 30,		Nine Months Ended Sept 30,	
	2004	**2003**	**2004**	**2003**
Earnings Per Common Share Before Special Items (1)	$ 0.43	$ 0.22	$ 0.88	$ 0.56
Restructuring and other charges	(0.06)	(0.13)	(0.23)	(0.26)
Insurance recoveries	0.13	-	0.13	-
Reversal of reserves no longer required	0.01	0.01	0.02	0.02
Net gains (losses) on sales and impairments of businesses held for sale	(0.08)	-	(0.13)	(0.01)
Income tax adjustment	-	0.13	(0.01)	0.23
Discontinued Operation	(1.56)	0.02	(1.24)	0.01
Cumulative effect of change in accounting	-	-	-	(0.02)
Earnings (Loss) Per Common Share as Reported	$ (1.13)	$ 0.25	$ (0.58)	$ 0.53

(1) The company calculates Earnings Before Special Items by excluding the after-tax effect of the adoption of new accounting standards and items considered by management to be unusual from the net earnings (loss) reported under generally accepted accounting principles ("GAAP"). Management uses this measure to focus on on-going operations, and believes that it is useful to investors because it enables them to perform meaningful comparisons of past and present operating results. International Paper believes that using this information along with net earnings (loss) provides for a more complete analysis of the results of operations by quarter. Net earnings (loss) is the most directly comparable GAAP measure.

International Paper
Sales and Earnings by Industry Segment
Preliminary and Unaudited
(In Millions)

Sales by Industry Segment

	Three Months Ended March 31,		Three Months Ended June 30,		Three Months Ended Sept 30,		Nine Months Ended Sept 30,	
	2004	2003(1)	2004	2003(1)	2004	2003(1)	2004	2003(1)
Printing Papers	$ 1,890	$ 1,810	$ 1,850	$ 1,795	$ 1,920	$ 1,840	$ 5,660	$ 5,445
Industrial and Consumer Packaging	1,700	1,620	1,775	1,680	2,005	1,655	5,480	4,955
Distribution	1,465	1,430	1,485	1,475	1,565	1,485	4,515	4,390
Forest Products	600	540	625	580	600	630	1,825	1,750
Carter Holt Harvey	515	405	525	420	565	480	1,605	1,305
Other Businesses (2)	295	345	290	335	275	280	860	960
Less: Intersegment Sales	(327)	(347)	(321)	(320)	(352)	(317)	(1,000)	(984)
	$ 6,138	$ 5,803	$ 6,229	$ 5,965	$ 6,578	$ 6,053	$ 18,945	$ 17,821

Earnings by Industry Segment

	Three Months Ended March 31,		Three Months Ended June 30,		Three Months Ended Sept 30,		Nine Months Ended Sept 30,	
	2004	2003(1)	2004	2003(1)	2004	2003(1)	2004	2003(1)
Printing Papers	$ 82	$ 127	$ 141	$ 150	$ 160	$ 118	$ 383	$ 395
Industrial and Consumer Packaging	79	98	111 (3)	126	183	116	373 (3)	340
Distribution	17	15	21	23	27	24	65	62
Forest Products	204	159	222	149	191	194	617	502
Carter Holt Harvey	11	12	7 (3)	4	17	14	35 (3)	30
Other Businesses (2)	10	(1)	14	5	7	10	31	14
Operating Profit	403	410	516	457	585	476	1,504	1,343
Interest expense, net	(196)	(185)	(184)	(196)	(188)	(204)	(568)	(585)
Minority interest (4)	13	14	9 (3)	9	20	17	42 (3)	40
Corporate items, net	(110)	(88)	(102)	(96)	(101)	(138)	(313)	(322)
Restructuring and other charges	(30)	(23)	(107)	(81)	(55)	(93)	(192)	(197)
Insurance Recoveries	-	-	-	-	103	-	103	-
Net gains (losses) on sales and impairments of businesses held for sale	9	-	(27)	(10)	(38)	(1)	(56)	(11)
Reversal of reserves no longer required	7	-	5	9	6	8	18	17
Earnings from continuing operations before income taxes and minority interest	$ 96	$ 128	$ 110	$ 92	$ 332	$ 65	$ 538	$ 285

(1) Prior-year industry segment information has been restated to conform to the 2004 management structure and to reflect Weldwood of Canada, Ltd. and the Carter Holt Harvey tissue business as discontinued operations.

(2) Included Arizona Chemical, Chemical Cellulose Pulp (closed in 2003) and businesses identified in our divestiture program.

(3) Includes a 2004 second quarter estimated loss on the sale of Food Pack S.A. of $9 million before taxes, of which $4 million is in the Packaging segment, $3 million is in the Carter Holt Harvey segment and $2 million is in Minority interest.

(4) Operating profits for industry segments include each segment's percentage share of the profits of subsidiaries included in that segment that are less than wholly owned. The pre-tax minority interest for these subsidiaries is added here to present consolidated earnings before income taxes, minority interest, extraordinary items, and cumulative effect of accounting changes.

International Paper
Supplemental Financial Data
Preliminary and Unaudited

Financial Data (In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	**2003**	**2004**	**2003**
Depreciation, amortization and cost of timber harvested	$ 401	$ 388	$ 1,154	$ 1,148
Investment in capital projects (1)	$ 250	$ 276	$ 812	$ 703

(1) Includes $6 million and $20 million of spending for businesses held for sale for the three months and nine months ended September 30, 2004, respectively. Includes $9 million and $28 million of spending for businesses held for sale for the three months and nine months ended September 30, 2003, respectively.

International Paper
Sales Volumes by Product (1) (2)
Preliminary and Unaudited

International Paper Consolidated (excluding Carter Holt Harvey)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	**2003**	**2004**	**2003**
Printing Papers (In thousands of short tons)				
Uncoated Papers and Bristols	1,585	1,572	4,836	4,675
Coated Papers	574	575	1,641	1,581
Market Pulp	309	337	1,048	998
Packaging (In thousands of short tons)				
Containerboard	556	460	1,629	1,442
Bleached Packaging Board	378	340	1,128	997
Kraft	170	148	468	455
Industrial and Consumer Packaging	1,322	1,103	3,628	3,271
Forest Products (In millions)				
Panels (sq. ft. 3/8" – basis)	411	427	1,201	1,205
Lumber (board feet)	644	616	1,850	1,756
Particleboard (sq. ft. 3/4" – basis)	-	-	-	-

Carter Holt Harvey (3)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	**2003**	**2004**	**2003**
Printing Papers (In thousands of short tons)				
Market Pulp	134	130	411	344
Packaging (In thousands of short tons)				
Containerboard	102	100	336	254
Bleached Packaging Board	21	21	59	65
Industrial and Consumer Packaging	32	34	113	115
Forest Products (In millions)				
Panels (sq. ft. 3/8" – basis)	49	47	140	135
Lumber (board feet)	126	132	378	375
MDF and Particleboard (sq. ft. 3/4" – basis)	156	155	438	441

(1) Includes third party and inter-segment sales.
(2) Sales volumes for divested businesses are included through the date of sale except for discontinued operations.
(3) Includes 100 percent of volumes sold.

INTERNATIONAL PAPER COMPANY
Consolidated Balance Sheet
Preliminary and Unaudited
(In Millions)

	September 30, 2004	December 31, 2003
Assets		
Current Assets		
Cash and temporary investments	$ 1,828	$ 2,363
Accounts and notes receivable, net	3,239	2,765
Inventories	2,730	2,767
Assets of businesses held for sale	881	2,104
Other current assets	867	1,097
Total Current Assets	9,545	11,096
Plants, Properties and Equipment, net	13,182	13,260
Forestlands	3,906	3,979
Investments	671	678
Goodwill	5,030	4,793
Deferred Charges and Other Assets	1,820	1,719
Total Assets	$ 34,154	$ 35,525
Liabilities and Common Shareholders' Equity		
Current Liabilities		
Notes payable and current maturities of long-term debt	$ 615	$ 2,087
Liabilities of businesses held for sale	428	645
Accounts payable and accrued liabilities	4,500	4,538
Total Current Liabilities	5,543	7,270
Long-Term Debt	14,434	13,450
Deferred Income Taxes	1,251	1,387
Other Liabilities	3,553	3,559
Minority Interest	1,599	1,622
Common Shareholders' Equity		
Invested capital	5,339	5,155
Retained earnings	2,435	3,082
Total Common Shareholders' Equity	7,774	8,237
Total Liabilities and Common Shareholders' Equity	$ 34,154	$ 35,525

Note: December 31, 2003 balances have been restated to reflect the assets and liabilities of the Carter Holt Harvey tissue business and Weldwood of Canada as businesses held for sale.