

INTERNATIONAL PAPER

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Forward Looking Statements

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Statements on these slides or in this presentation 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.

Statements Relating to Non-GAAP Financial Measures

During the course of this presentation, certain non-U.S. GAAP financial information will be presented. A reconciliation of those numbers to U.S. GAAP financial measures is available on the company's website at www.internationalpaper.com under Investors.

Agenda

- Who We Are
- Focus on Three Core Businesses
- Industry Market Conditions
- Strategic Initiatives
- IP into the Future

Who We Are

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Global paper and forest products company



$26 billion in revenues

80,000 employees worldwide

Focused on three core businesses



Operations in over 40 countries and selling products in more than 120 nations

Focus on Three Core Businesses

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51% of Revenue	28% of Revenue	17% of Revenue

Paper

Uncoated Papers
- Copiers, Printers
- Commercial Printing

Coated Papers
- Magazine and Catalog Papers

xpedx
- Merchant Distribution

Packaging

Industrial Packaging
- Containerboard
- Corrugated Boxes

Consumer Packaging
- Bleached Board
- Cups
- Beverage Cartons
- Folding Cartons

Forest Products

Forest Resources
- Tree Farming

Wood Products
- Lumber
- Plywood

Carter Holt Harvey
- Pulp & Paper
- Forest Products

Leading Position in Key Grades

	Rank
Uncoated Papers (Global)	#1
Coated Papers (N. America)	#1
Bleached Board (Global)	#1
Land Ownership (Private-U.S.)	#2
Containerboard (Global)	#3

Market Conditions
U.S. demand mixed

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U.S.

- Industrial Packaging
  - Industry box shipments -0.6% March YTD
  - Containerboard consumption +0.3% March YTD
- Consumer Packaging
  - Solid bleached board production +4.6% March YTD
- Uncoated Papers
  - Industry UFS shipments -3.3% March YTD
- Coated Papers
  - Industry CGW shipments -3.1% March YTD
  - Industry CFS shipments -0.6% March YTD
  - Ad pages +0.8% April YTD

Sources: AF&PA, FBA and PIB

Market Conditions

Global demand mixed

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Europe

- Uncoated Papers
  - Industry UFS shipments -1% March YTD
  - E. European demand remains very strong, i.e. Russia +15-20%

Latin America

- Uncoated Papers
  - Industry UFS shipments +1% March YTD
- Coated Papers
  - Industry CGW shipments -5% March YTD

Asia

- Pulp
  - China's pulp imports +3.3 March YTD

Sources: CEPIFINE, Bracelpa and Forestweb

Strategic Initiatives

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TARGET: Increase ROI from current 5% to 9% at trend line prices

- **Deliver non-price improvement**
- **Make portfolio choices**
  - Divest non-strategic assets
  - Invest in best performing strategic businesses
  - Expand in fast growing, low cost markets
- **Maintain financial discipline**

Strategic Initiatives

Deliver non-price improvement

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Lower Costs & Create Efficiencies

- Manufacturing Excellence
- Supply Chain
- Lower S&A/Other

Improve Mix

- Segmenting
- Solutions
- New Products

Grow Volumes

- Targeted Segments
- Market Recovery

Strategic Initiatives

Make portfolio choices

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Divest

Completed

- CHH Tissue
- Minor European assets
- Weldwood Canada
- Maine/NH Timberlands
- Fine Papers

Pending

- Industrial Papers
- CHH Forests (25%)

Invest

Completed/Ongoing

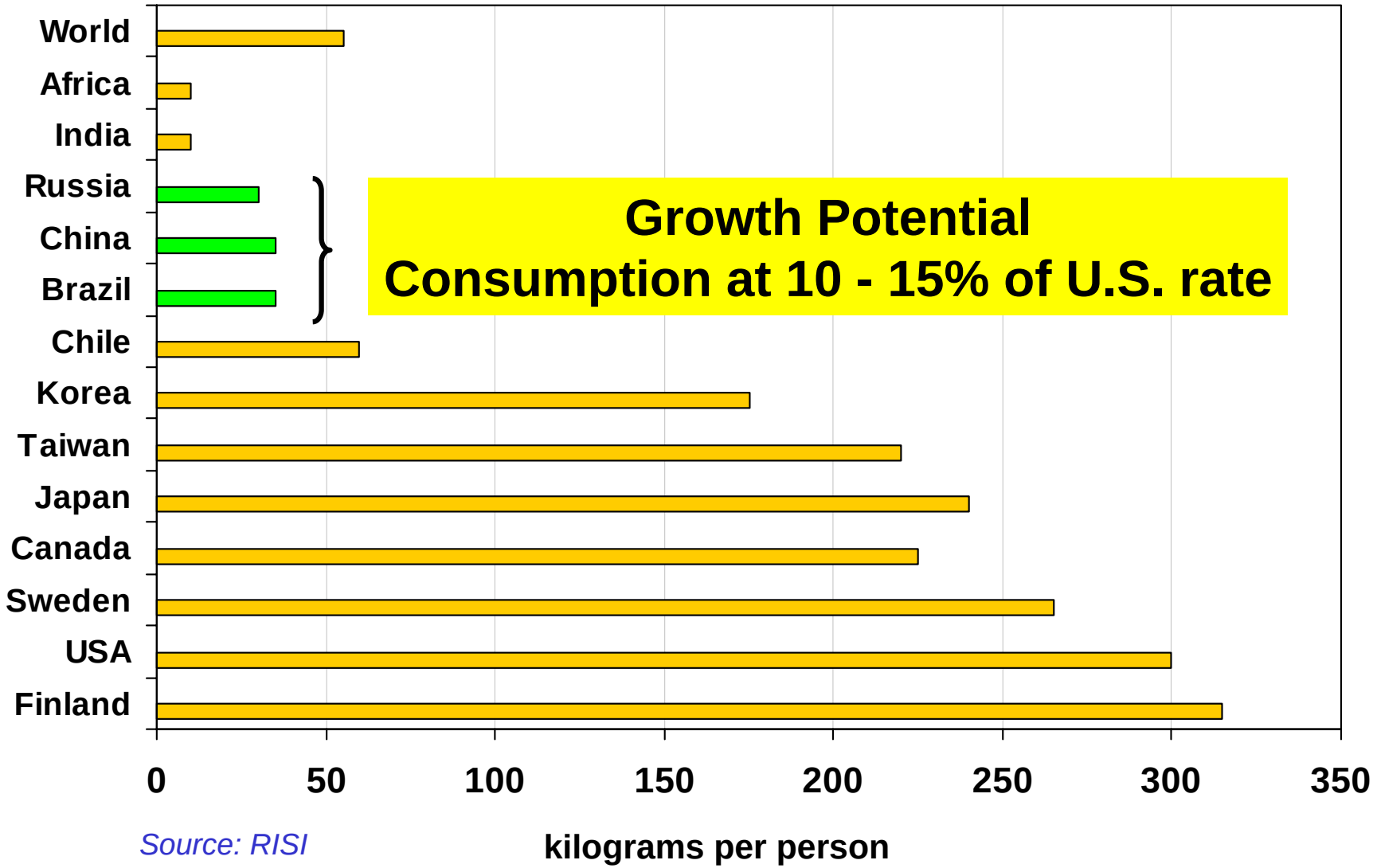
- Box USA
- E. Europe capacity
- Uncoated paper machine rebuild at Eastover

Pending

- Brazil pulp/paper mill

Expand in High Return, Growth Markets

Per capita paper & board consumption



Source: RISI

Make Portfolio Choices

Expand in fast growing, low cost markets

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- **Major Brazilian player**
- Focus on uncoated paper & packaging via organic growth & acquisitions
- Integrate strategy with N. American/European uncoated paper



- **Strong in Russia & Poland**
- Expand capacity in uncoated free sheet and coated board
- Focus on organic growth



- **Focus on China**
  - Invest in our packaging business
  - Evaluate pulp, paper and board options
  - Ship to China from low cost IP regions

Strategic Initiatives

Maintain financial discipline

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Optimize Capital

- Maintain capex within range of 75-85% of depreciation over a cycle
- Allocate capital to those businesses with best returns in North America & globally

Reduce Debt

- Maintain investment grade ratings
- Paid down $1 billion since 3Q04
- Reduce gross debt by an additional $2 billion to $12 billion by year-end 2006

IP into the Future



Improving Business Profitability

Making Portfolio Choices

Maintaining Financial Discipline

Committed to Increasing Shareowner Value


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