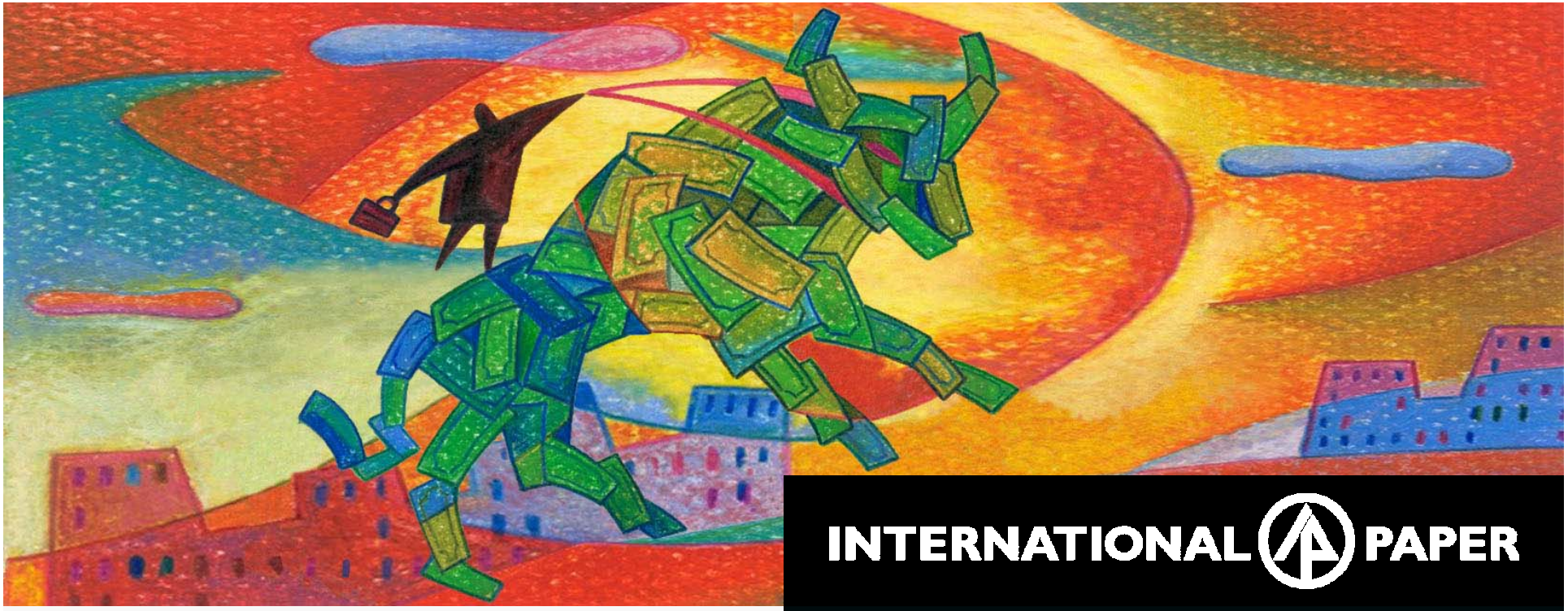


INTERNATIONAL PAPER

Consumer Packaging

Mike Balduino

Converting Businesses Integrated to IP's Coated Paperboard Division

Consumer Packaging

INTERNATIONAL PAPER

Shorewood Packaging

- High end packaging manufacturer → $700MM in sales
- Innovative packaging for Home Entertainment, Tobacco and Consumer Products markets
- Creative talent, advanced manufacturing techniques









Foodservice Business

- Leading producer of foodservice disposable products with over $400MM in sales
  - Quick-serve restaurants
  - Theaters
  - Convenience stores
  - Specialty coffee chains
- World class graphics capability, global engineering support and equipment manufacture



Global Customers Are Looking for Global Partners

Consumer Packaging

INTERNATIONAL PAPER



Foodservice Strength: Providing Value-Added Packaging to Major Chains in Fastest Growing Segments

Foodservice Business

INTERNATIONAL PAPER

"Focus on Core Products Line to Key Customers" Strategy

Focus:

- QSR's: outstanding quality, service and innovation
- Theaters / convenience stores: drive food / beverage purchases through graphics and production design
- Specialty coffee: Selectively grow with industry leaders with product performance

Challenges:

- Higher input costs, contract management, capacity utilization / seasonality

Our Customers

Foodservice Business

INTERNATIONAL PAPER



Foodservice – Path Forward

Foodservice Business

INTERNATIONAL PAPER



* Component symbols used for illustrative purposes only, proportions not indicative of actual EBIT impact

Shorewood Strength: Innovative Solutions to Major Multinational Customers

Shorewood Packaging

INTERNATIONAL PAPER

"Position Assets to Serve Key Customers" Strategy

Focus:

- Home entertainment: specialty & collectible items, new substrates technologies
- Tobacco: migration from soft to hard pack, privatization of tobacco industry in Asia
- Consumer products: selective target segments, integrated packaging solutions

Challenges:

- Customer consolidation, higher input costs, Asian migration

We Are Proud to Support Leading Global Brands

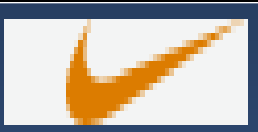
Shorewood Packaging

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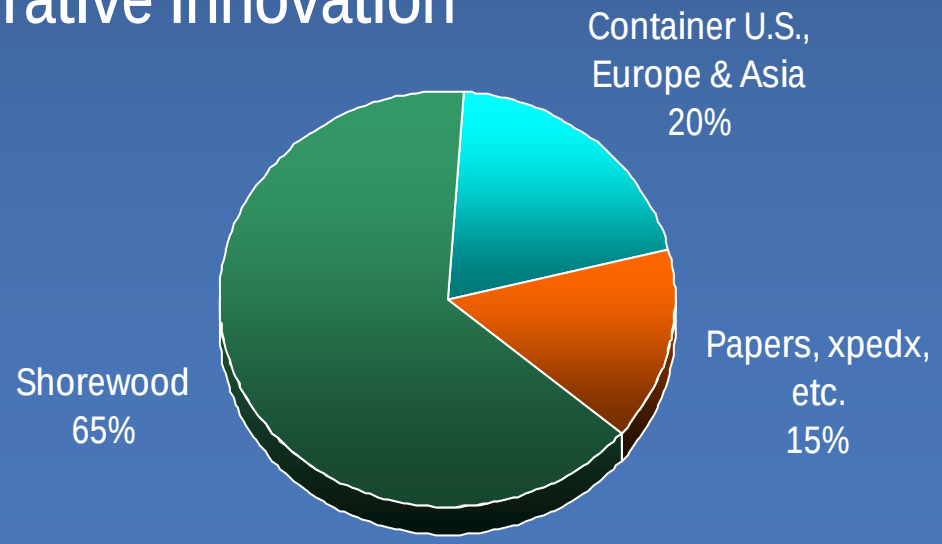


Strategic Fit Within IP: Providing Integrated Solutions to Customers

Shorewood Packaging

INTERNATIONAL PAPER

- Unilever – one of Shorewood's top 5 accounts
- Supplying integrate value added solution from folding cartons and POP displays to container, papers and distribution
- One voice to the customer, collaborative innovation

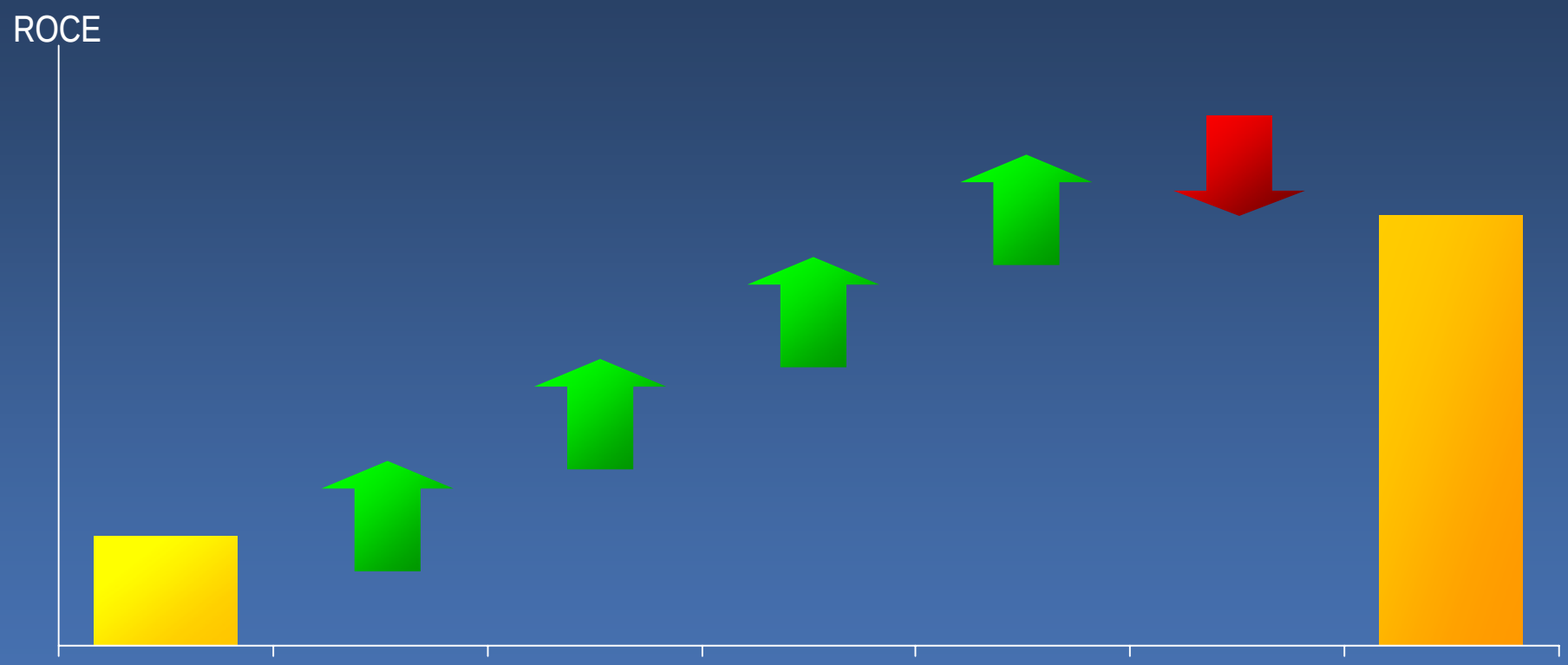




Shorewood – Path Forward

Shorewood Packaging

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Sales	$690MM						$1,040MM
ROCE	0%						6%

* Component symbols used for illustrative purposes only, proportions not indicative of actual EBIT impact

Consumer Packaging Moving Forward

Shorewood Packaging

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2007 Priorities

Foodservice:

- Profitable share growth
- Contract redesign / margin improvement
- Planning for Starbucks business

Shorewood:

- Top line growth outside NA
- Restructuring plans / cost reduction
- Process improvement / business simplification

A Stronger, More Valuable IP

