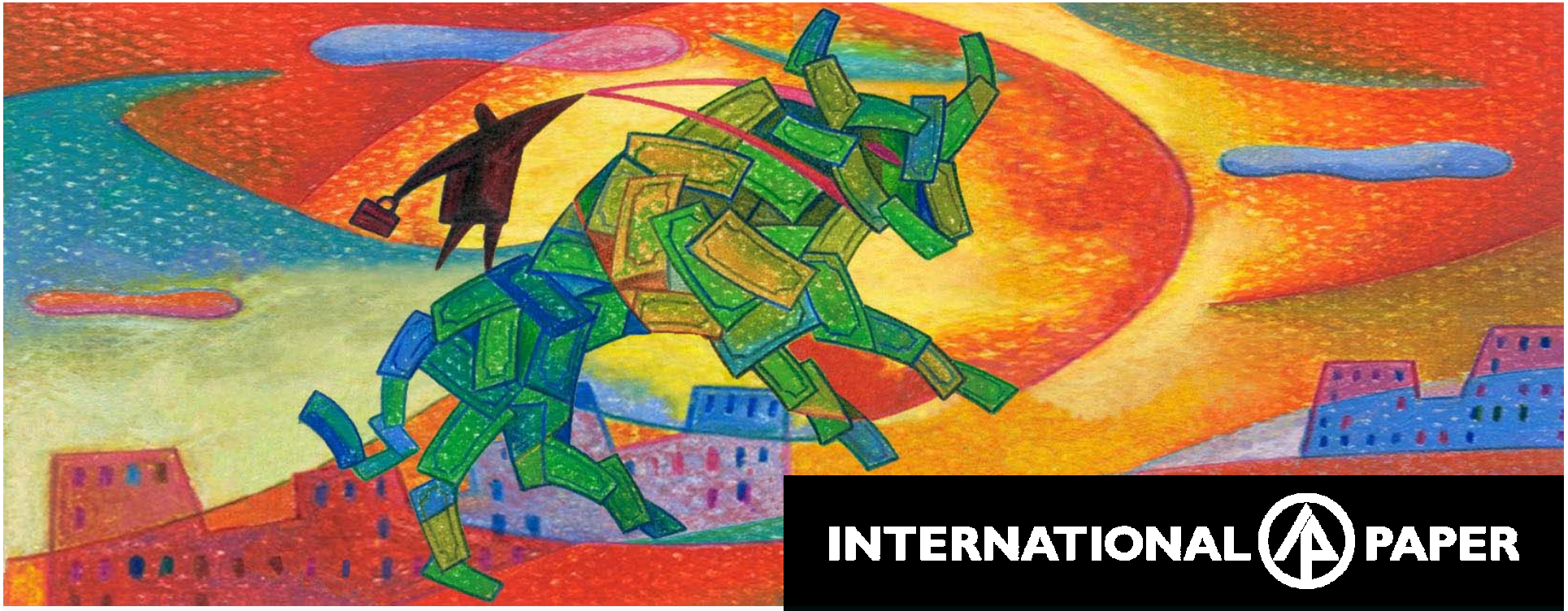


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Printing Papers

Wayne Brafford

Printing & Communications Papers
Overview

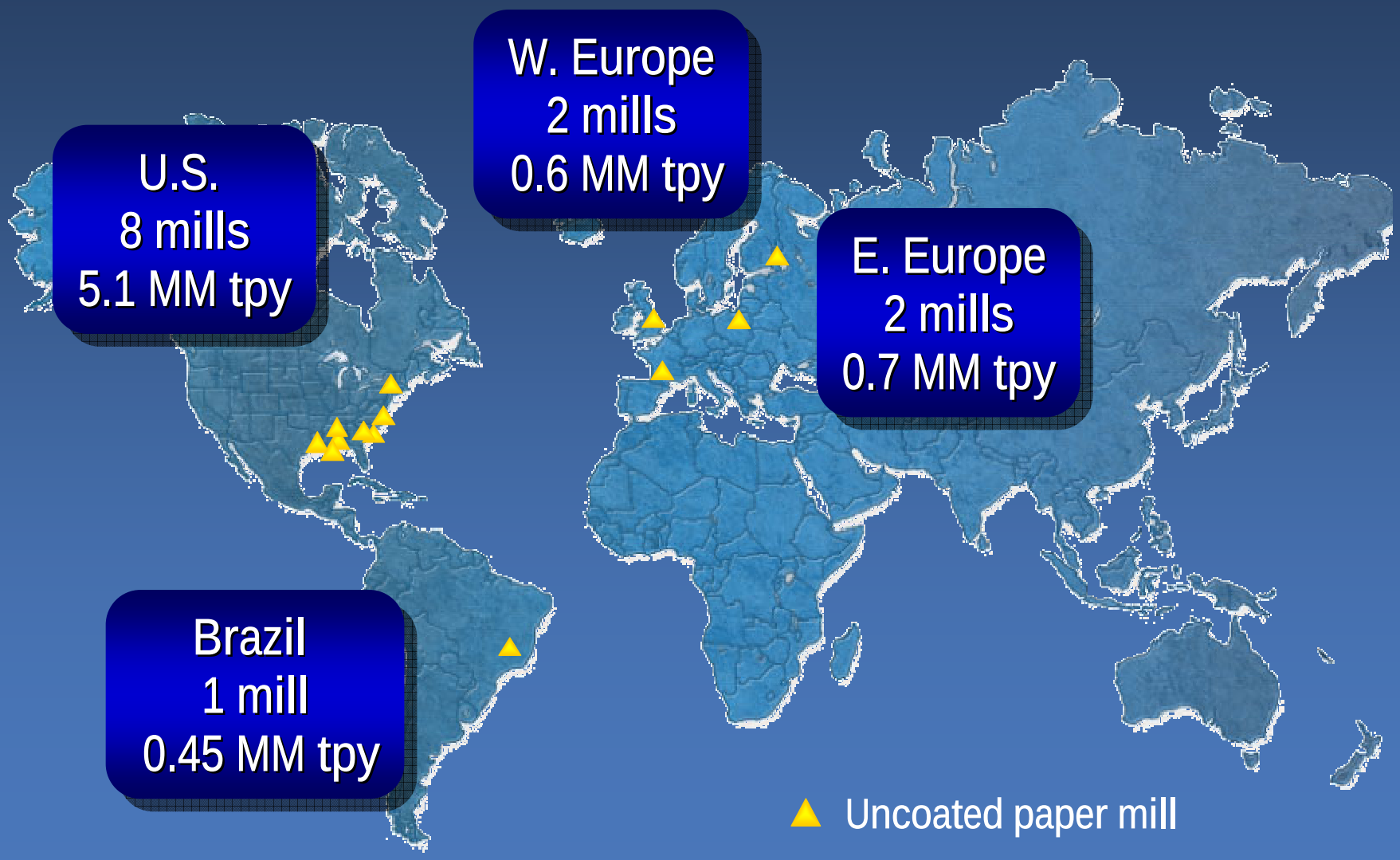
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- Employees 6,900
- Paper mills in North America 8
- Paper machines 21
- Pulp 1.0MM tons
- Paper 4.1MM tons
- Annual sales $4 billion

World Leader in Uncoated Papers

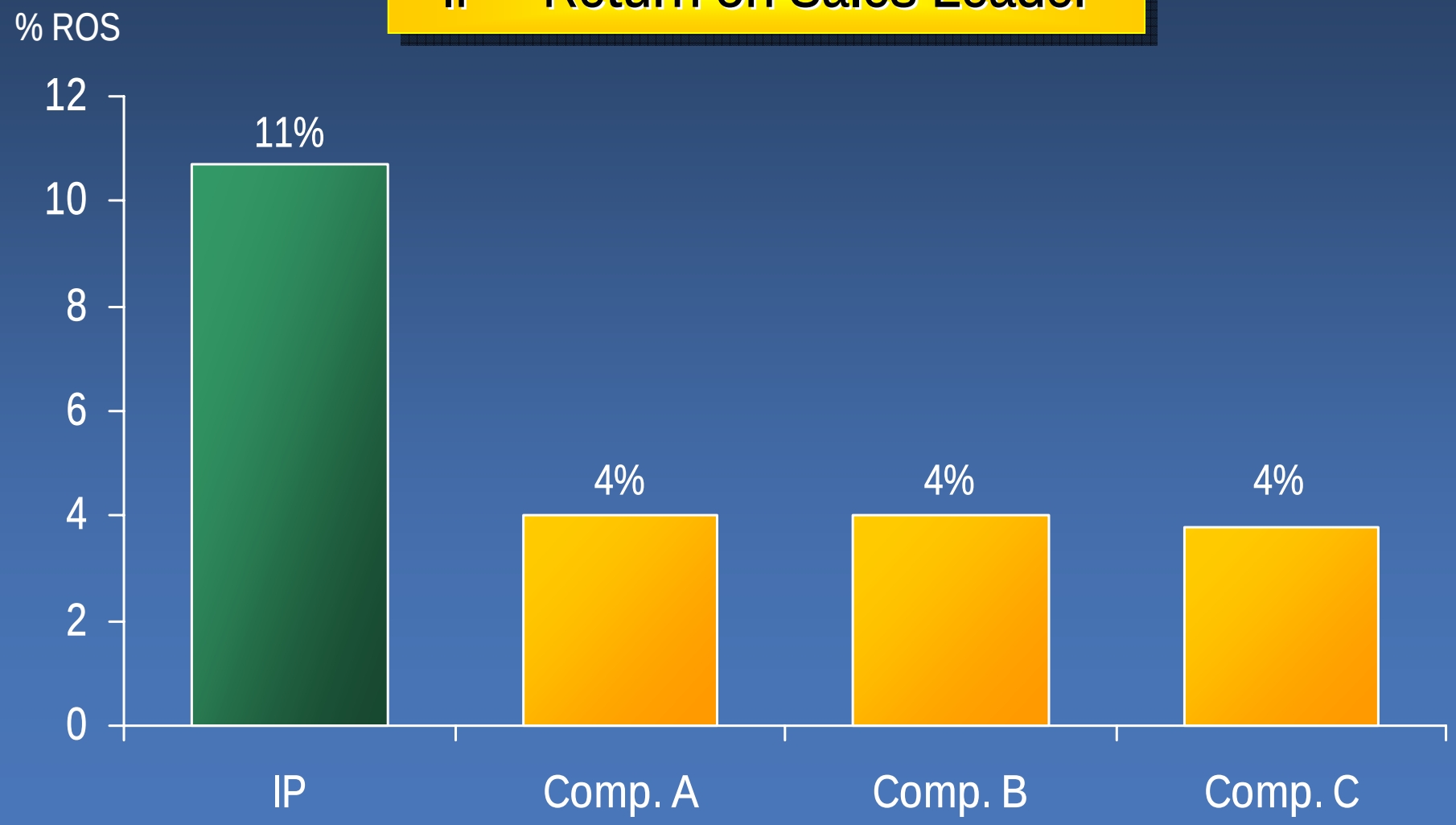
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Q3 2006 YTD Returns vs. Competition

INTERNATIONAL PAPER

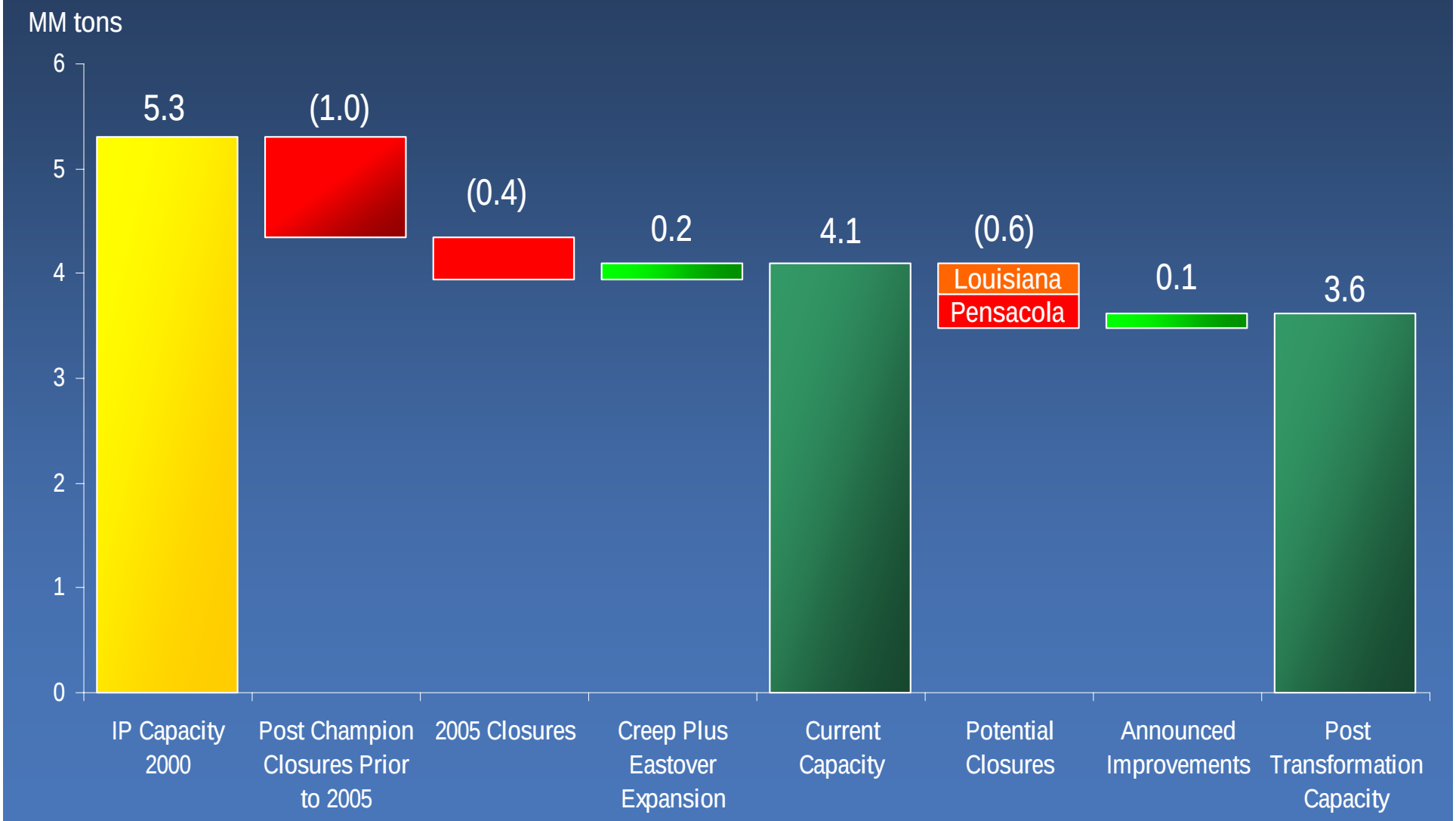
IP – Return on Sales Leader



Source: Industry news releases and SEC segment reporting (excluding specified items)

High Cost Capacity Removed from System

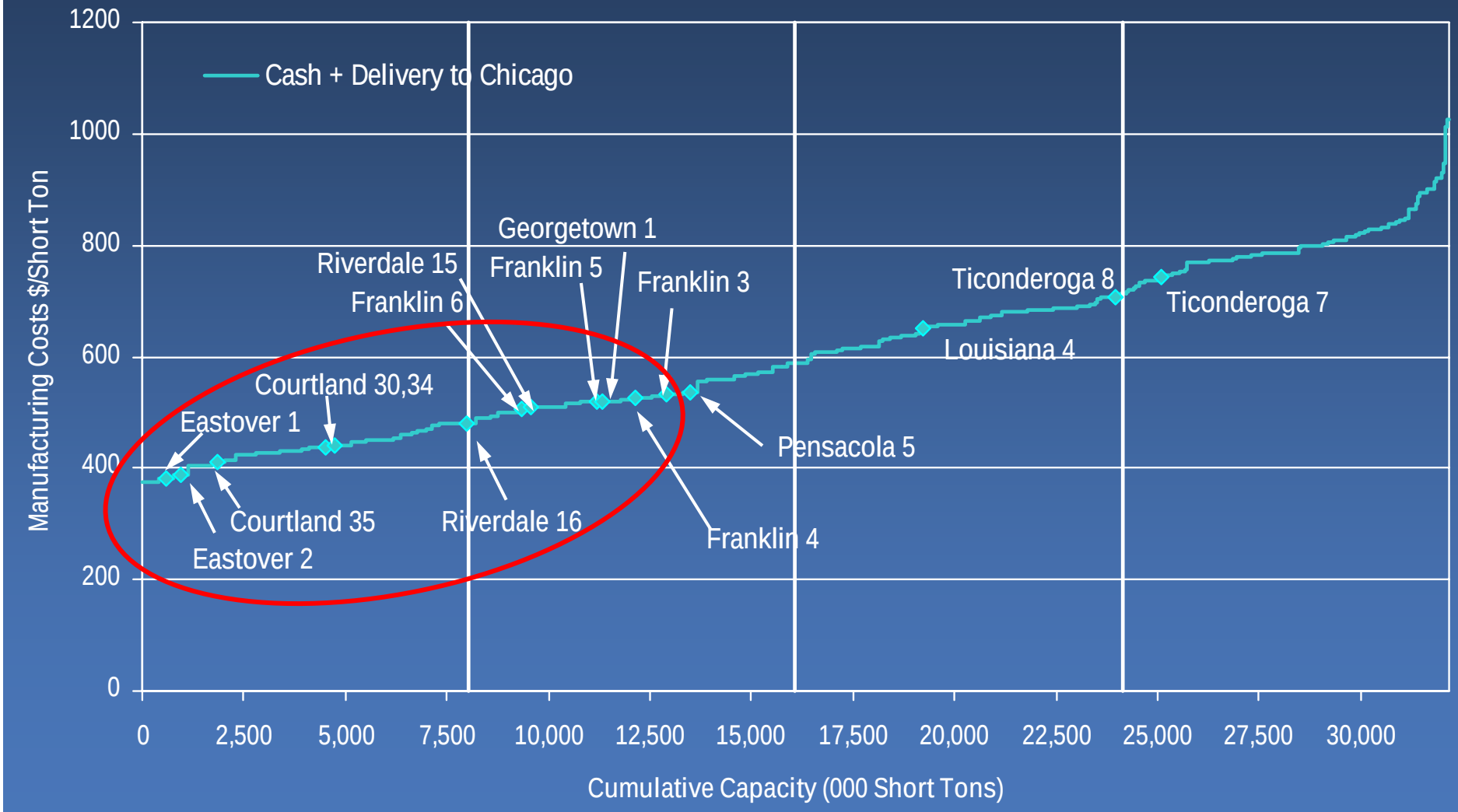
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Source: P&C Papers Strategic Planning

IP Capacity Lowest Cost to Serve North American Marketplace

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Based on Jaakko Poyry 2005 CostTrac at 2nd quarter, 2006, prices and exchange rates

Mill Scale vs. Competitors is a Structural Advantage

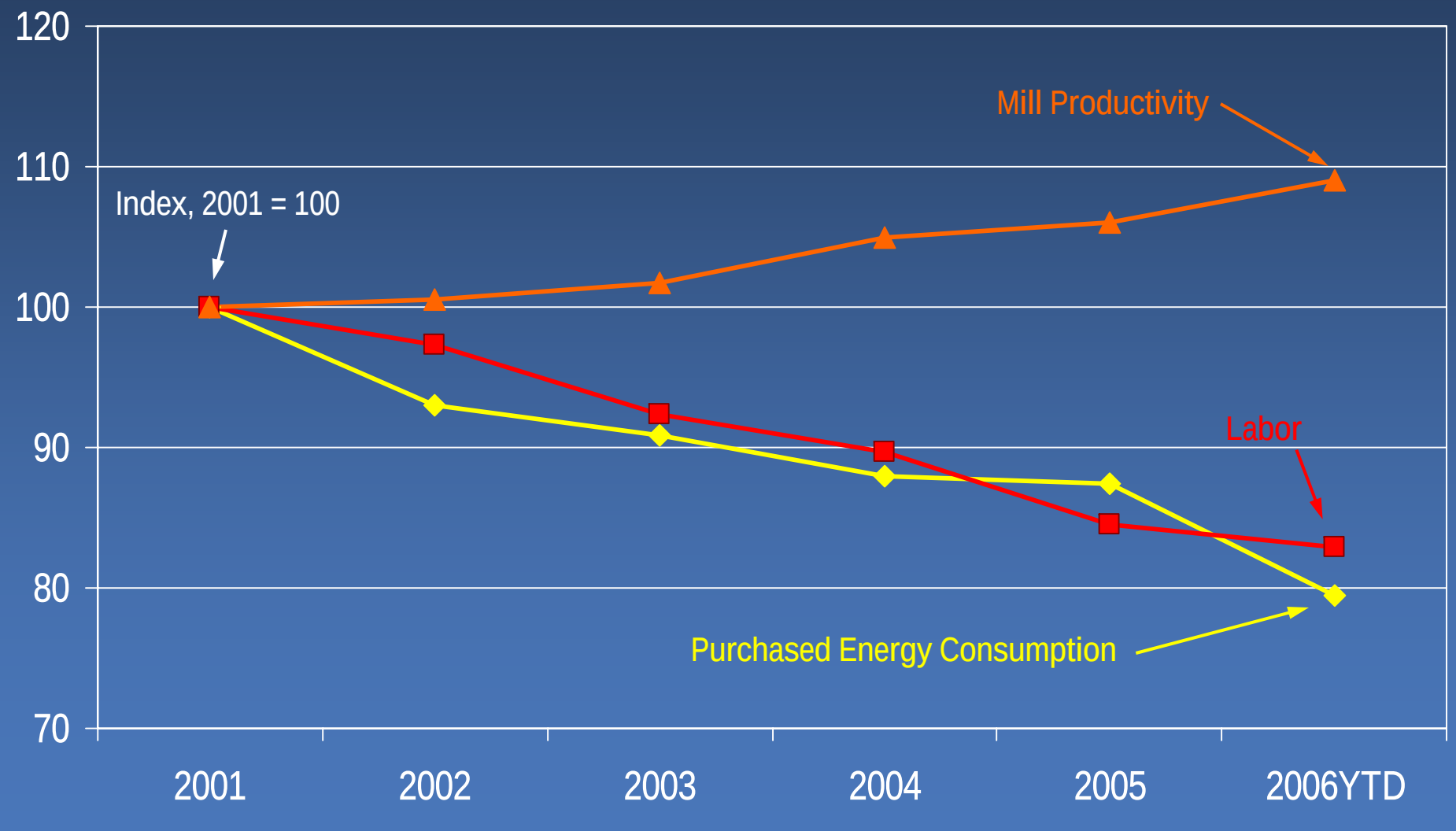
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Source: Fisher, P&C Strategic Planning

Manufacturing Cost
Closing Gaps Against Best in Class

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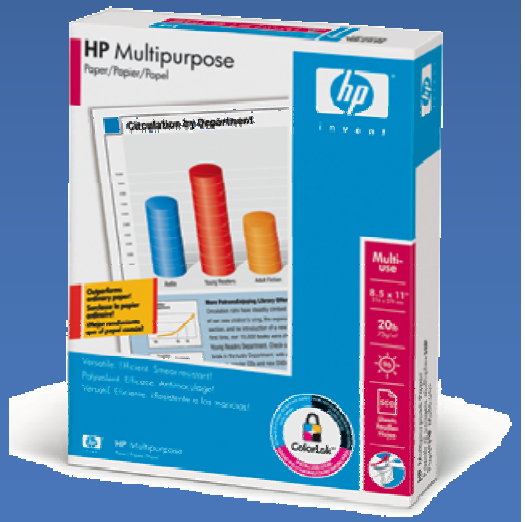


Source: P&C Papers Manufacturing

Product Innovation

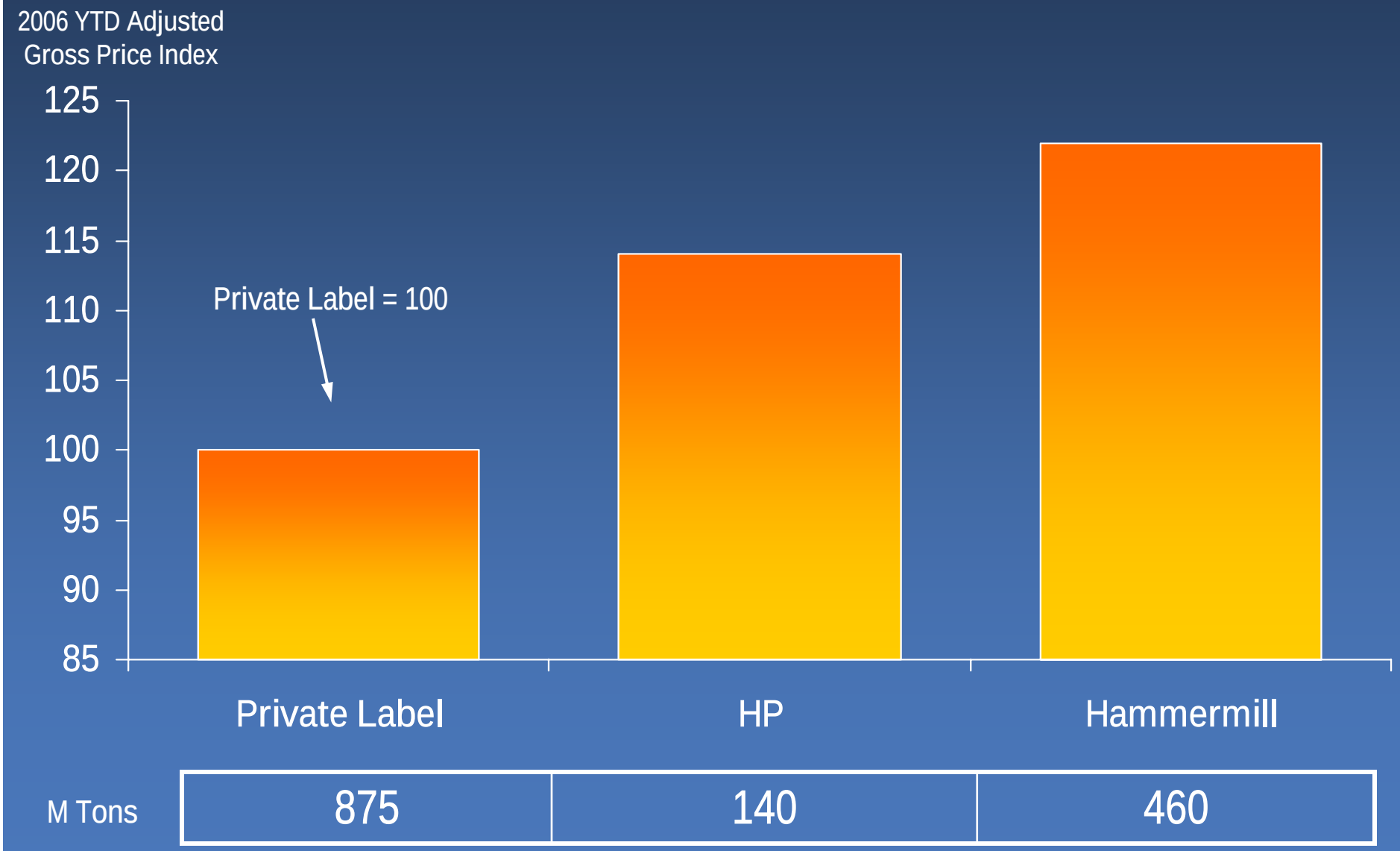
- VIP 1 – improved product appearance
- VIP 2 – improvement in product performance
- VIP 3 – improvement in performance / weight ratio
- VIP 4 – improvement in color printing surface
- Continue improving value of brands





Copy Paper Pricing
Private Label vs. Brands

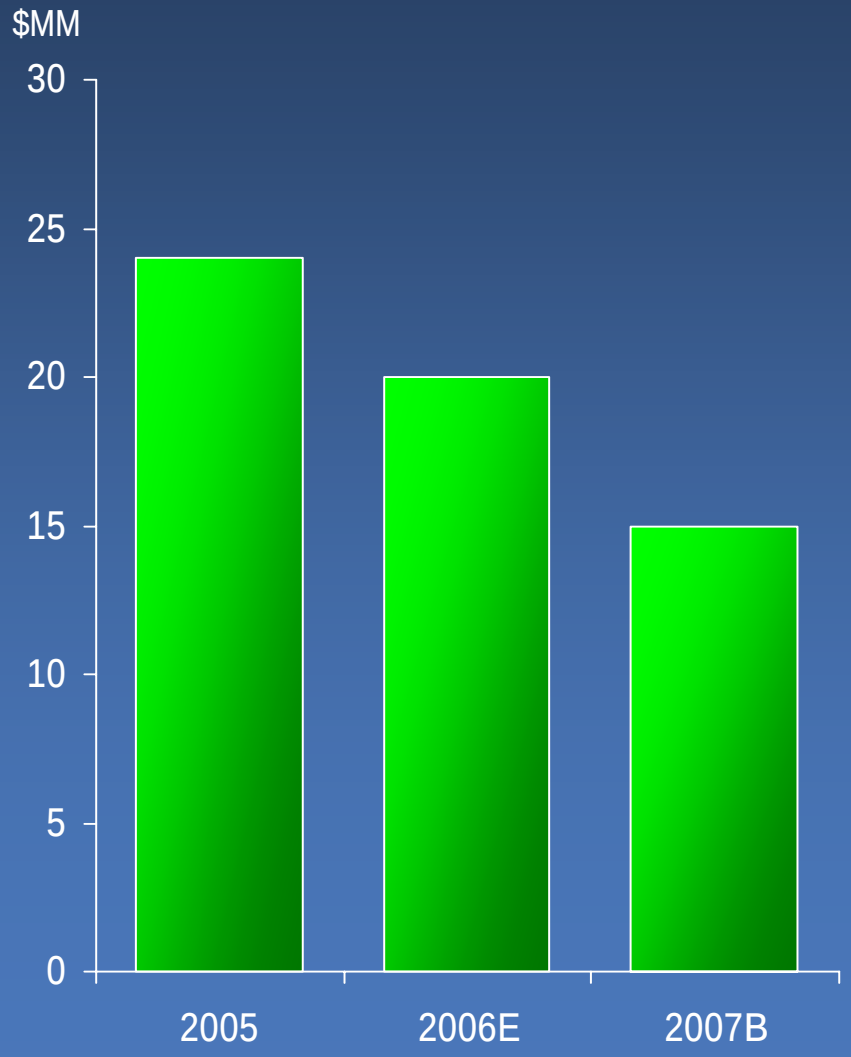
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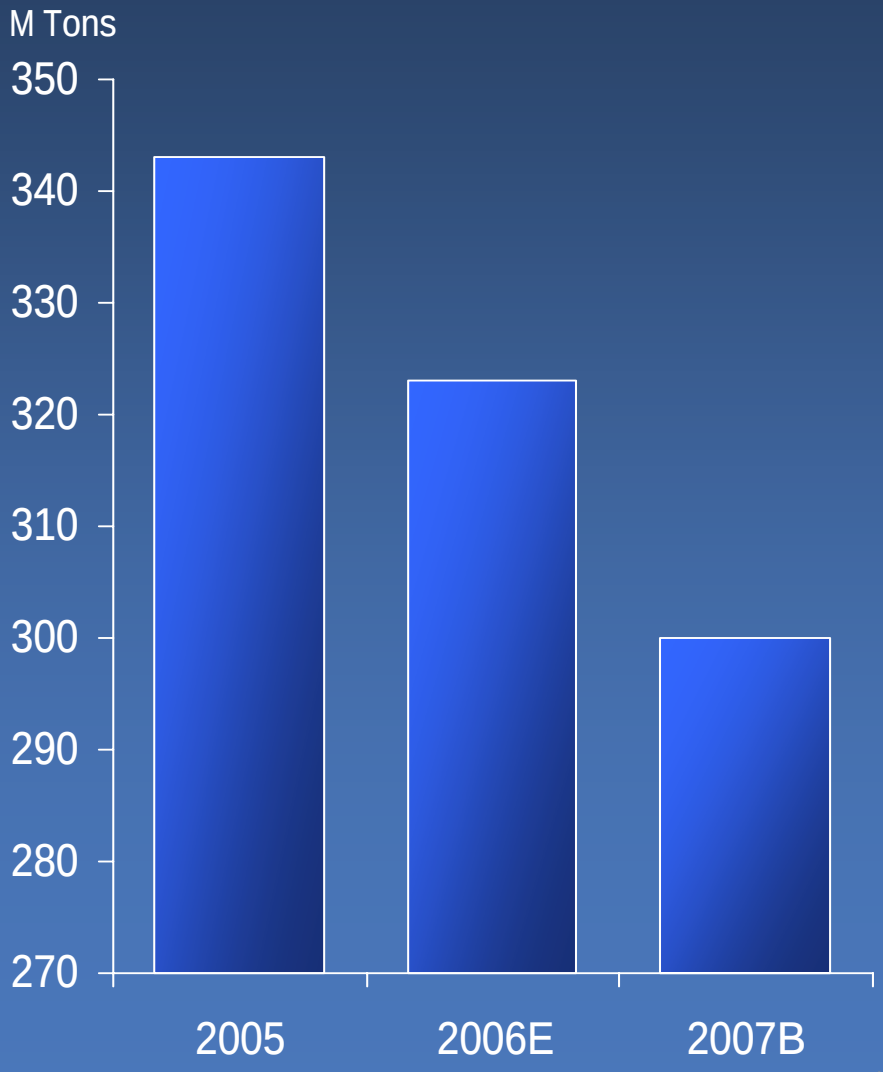
Supply Chain Success on Many Fronts

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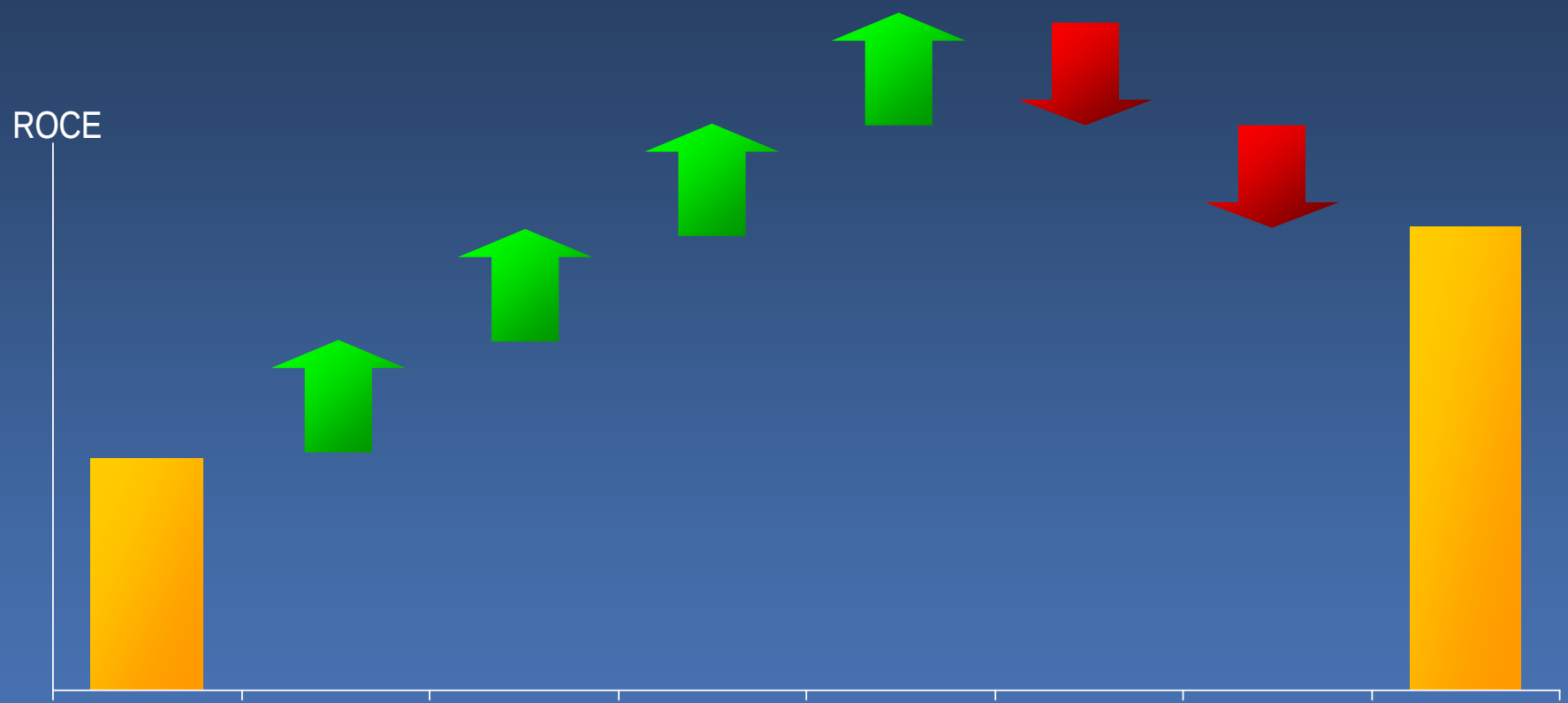
Aggressively Managing S&A



Enabling Lower Inventory



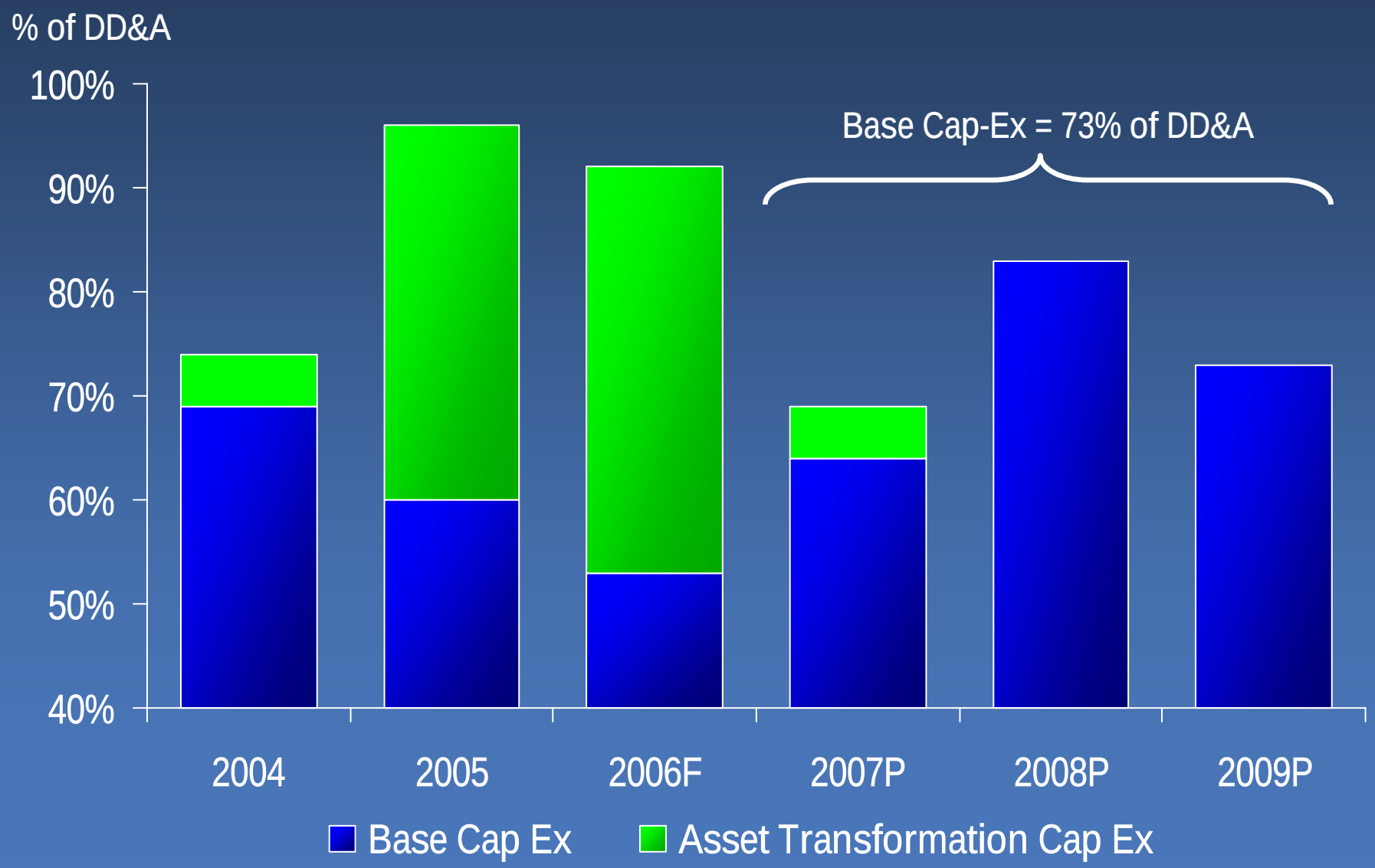
Path Forward



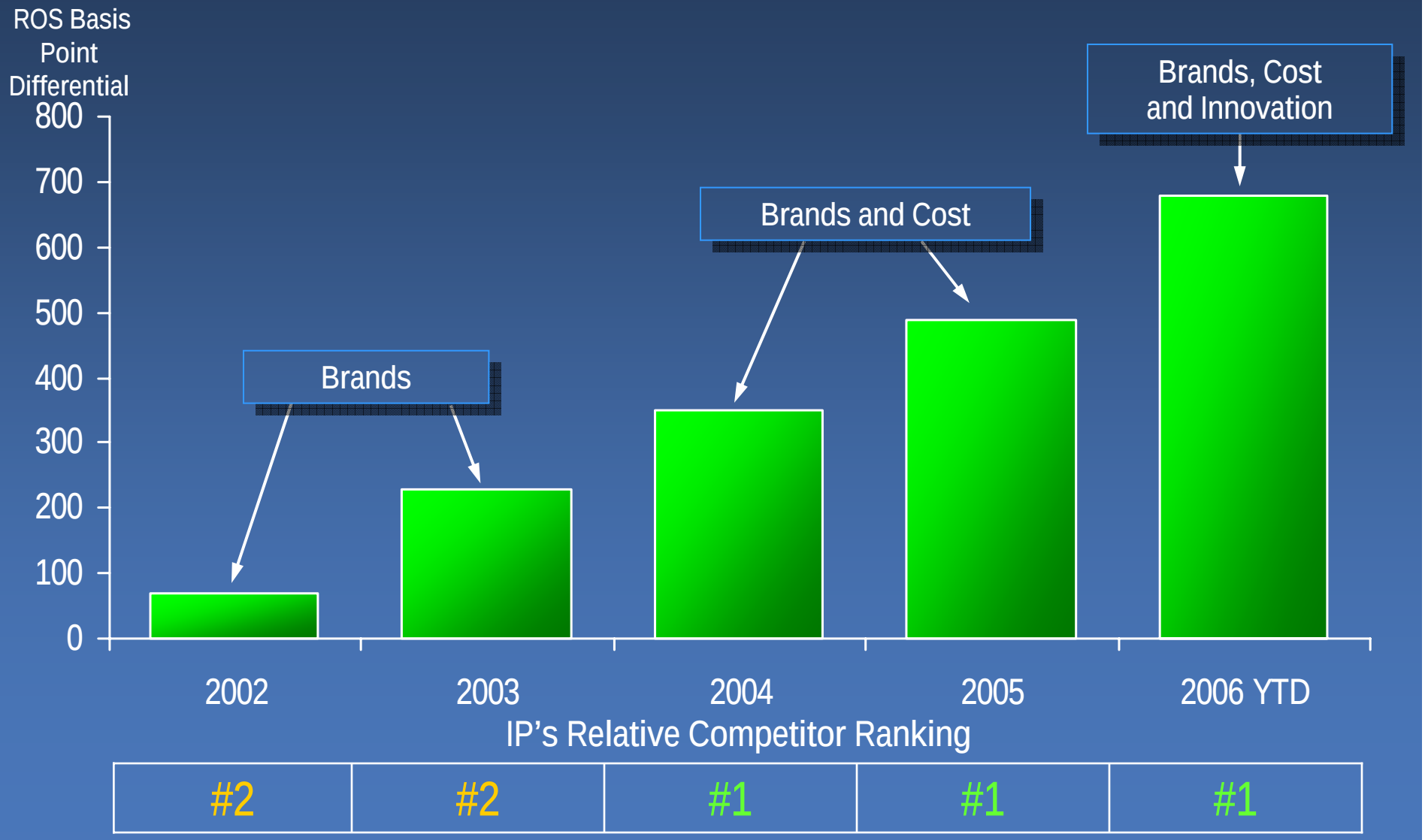
Sales	$4.1							$3.7B
ROCE	6%							9%

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

The Future is Not Dependent on Cap-Ex



IP Margins vs. Competitor Composite Returns



Source: Industry news releases and SEC segment reporting (excluding specified items)

Printing & Communications Papers Moving Forward

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2007 Priorities

- Manage our capacity
- Achieve $120MM in cost reduction
- Maintain inventory turns at 14

A Stronger, More Valuable IP

