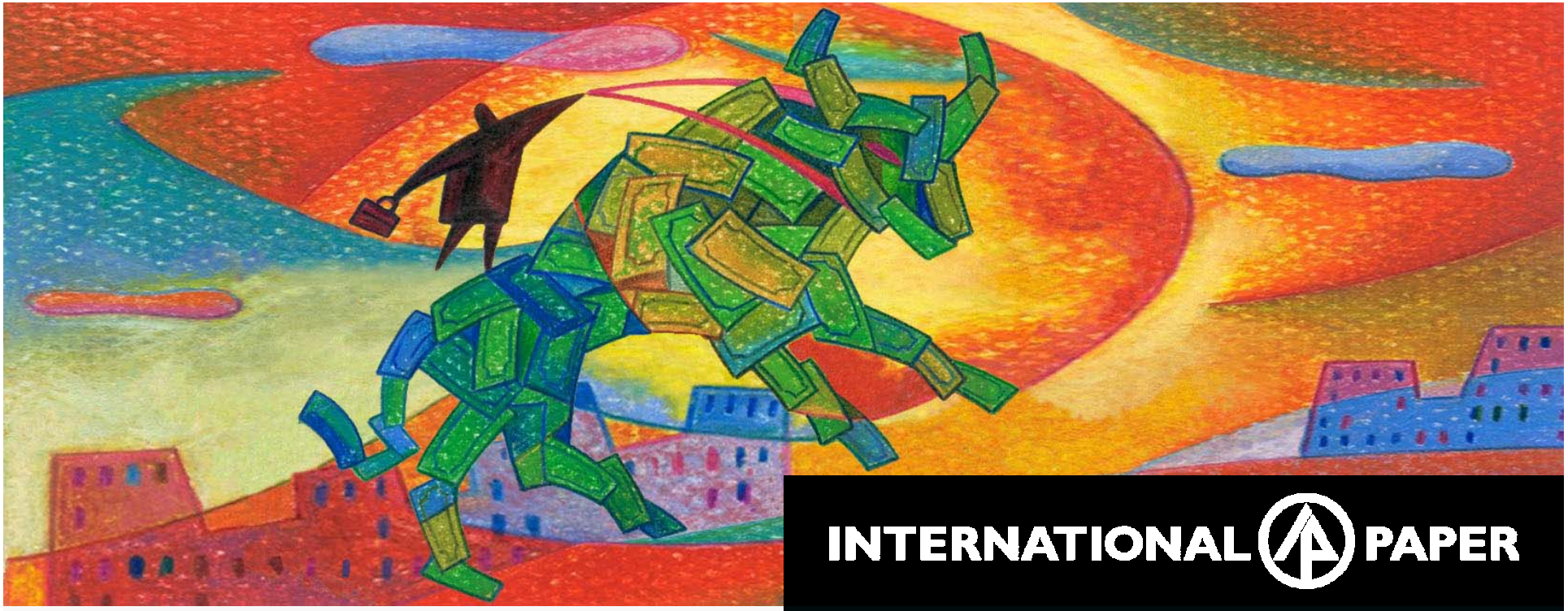


INTERNATIONAL PAPER

Latin America

Maximo Pacheco

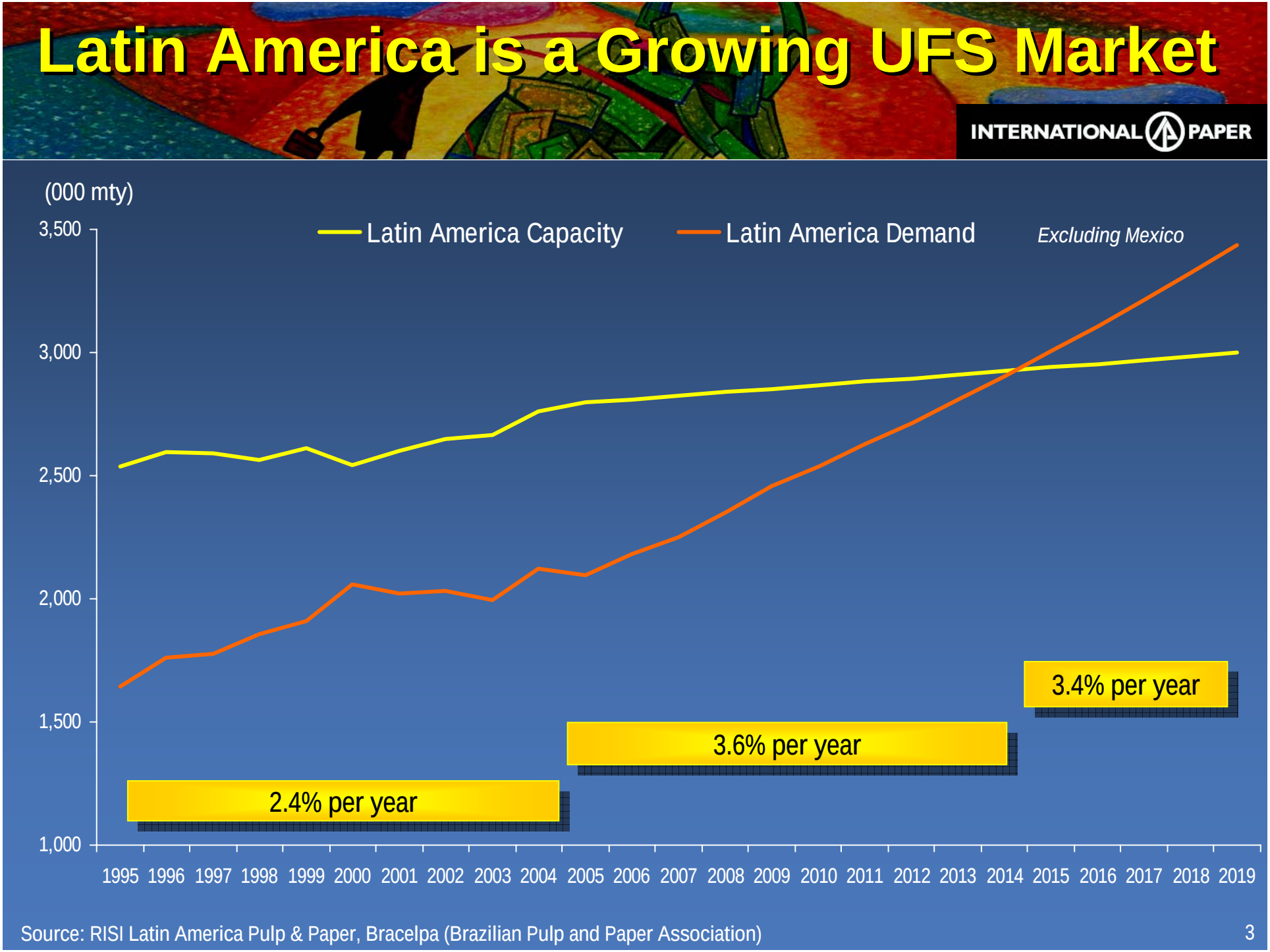
Brazil's Competitiveness is Based On . . .

INTERNATIONAL PAPER

- People
- Natural Resources
- Technology



Latin America is a Growing UFS Market



Source: RISI Latin America Pulp & Paper, Bracelpa (Brazilian Pulp and Paper Association)

Transforming IP Brazil

INTERNATIONAL PAPER

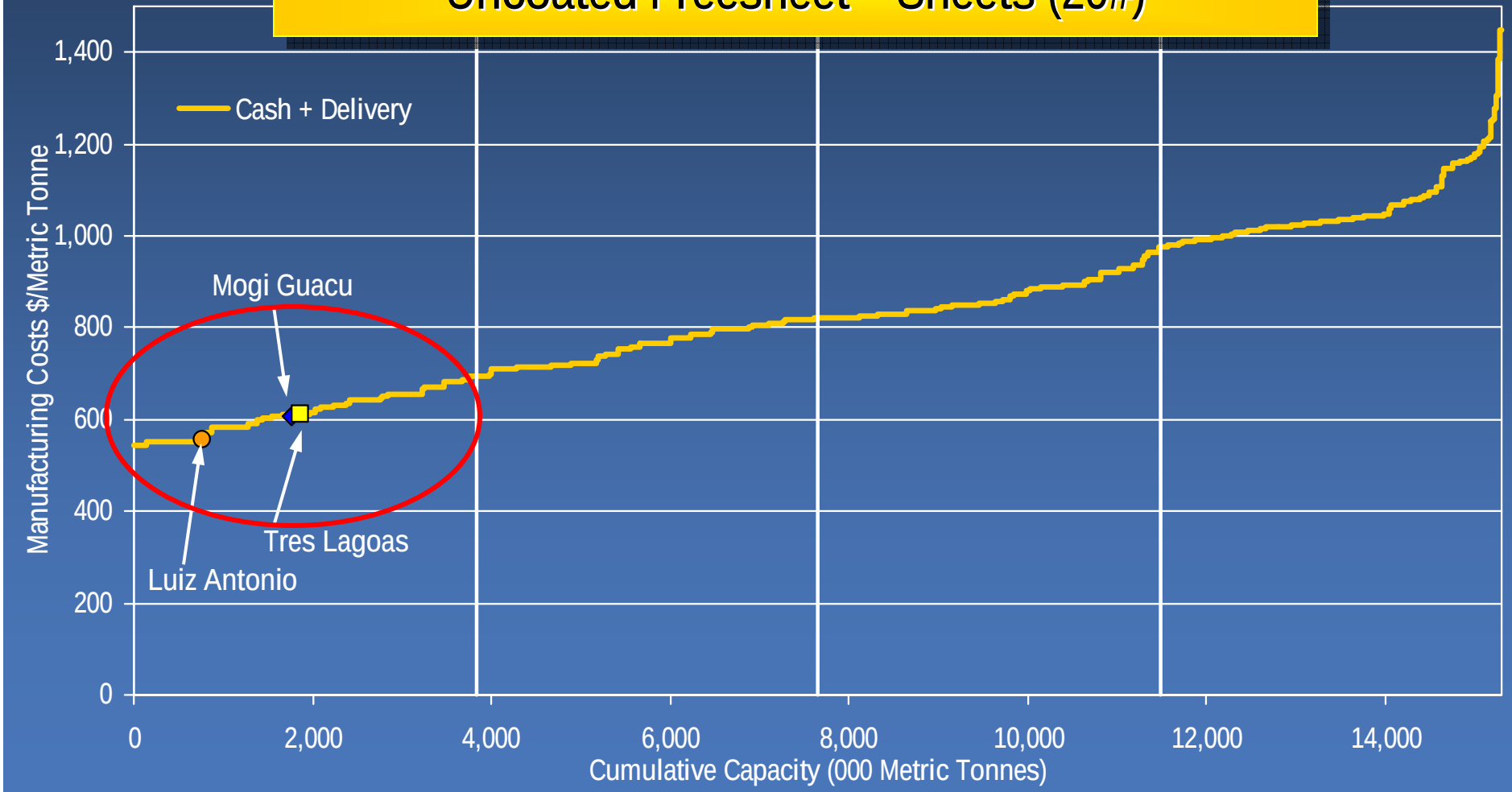
From	To
Diversified	Focused
4 businesses	1 business
420 K ton	1 MM tons
4 paper machines	7 paper machines



All IPB Mills in the 1st Cost Quartile

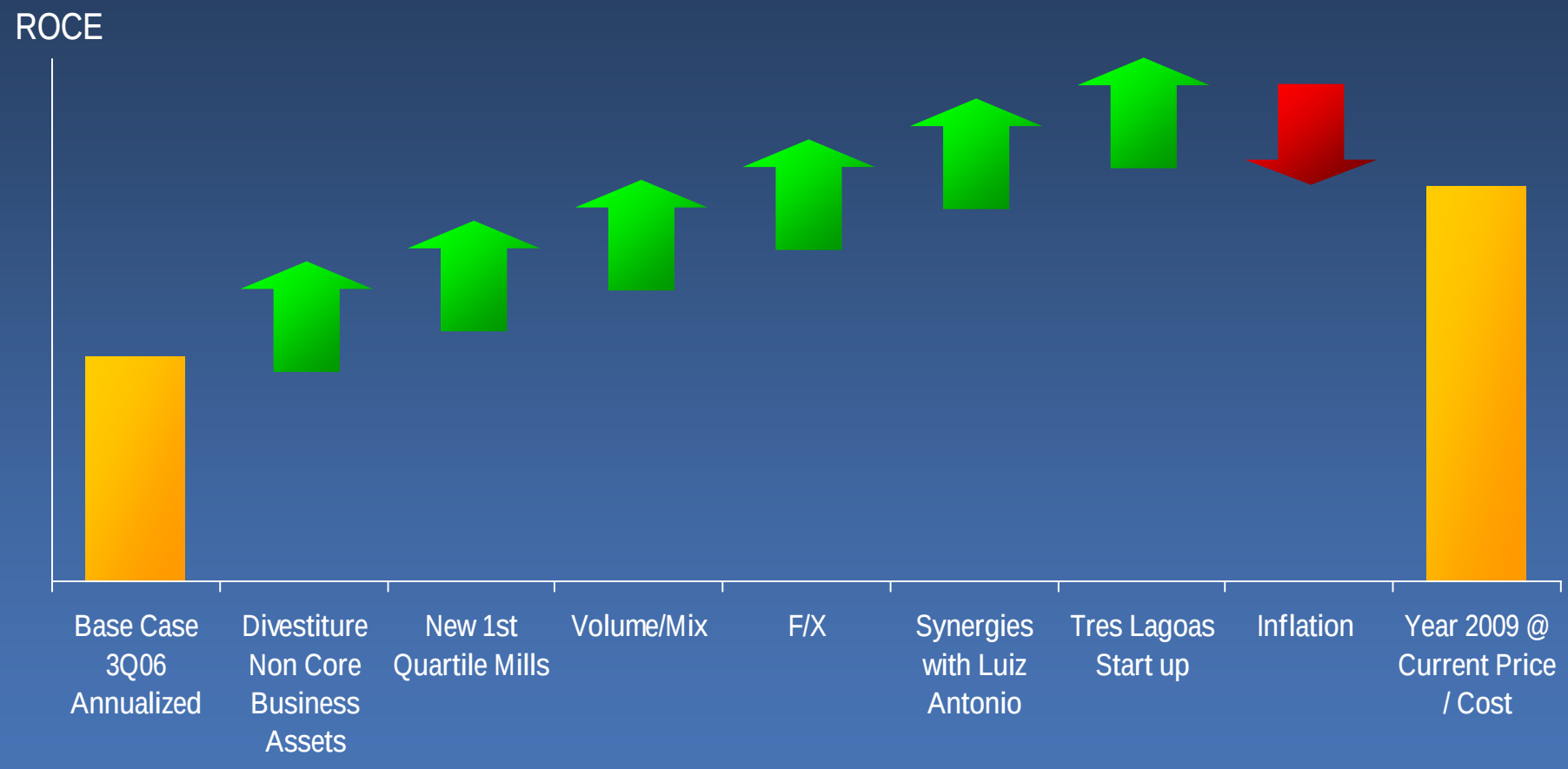
INTERNATIONAL PAPER

Global Cost Curve Delivered to Buenos Aires
Uncoated Freesheet – Sheets (20#)



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

IP Brazil is Becoming Even More Profitable



Sales	$700MM	$1.0B
ROCE	9%	11%

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

IP Moving Forward

2007 Priorities

- Integrate Luiz Antonio
- Start Três Lagoas paper mill construction
- Realize synergies
- Selectively seek for new opportunities

A Stronger, More Valuable IP

