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Third Quarter 2007 Review November 2, 2007

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Forward-Looking Statements

These slides and statements made during this presentation contain forward-looking statements. These statements reflect management's current views and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these statements. Factors which could cause actual results to differ relate to: (i) industry conditions, including but not limited to changes in the cost or availability of raw materials and energy, transportation costs, the company's product mix, demand and pricing for its products; (ii) global economic conditions and political changes, particularly in Latin America, Russia, Europe and Asia, including but not limited to changes in currency exchange rates, credit availability, and the company's credit ratings issued by recognized credit rating organizations; (iii) natural disasters, such as hurricanes and earthquakes; (iv) the company's ability to realize anticipated profit improvement from its transformation plan, and (v) unanticipated expenditures related to the cost of compliance with environmental and other governmental regulations and to actual or potential litigation. 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.

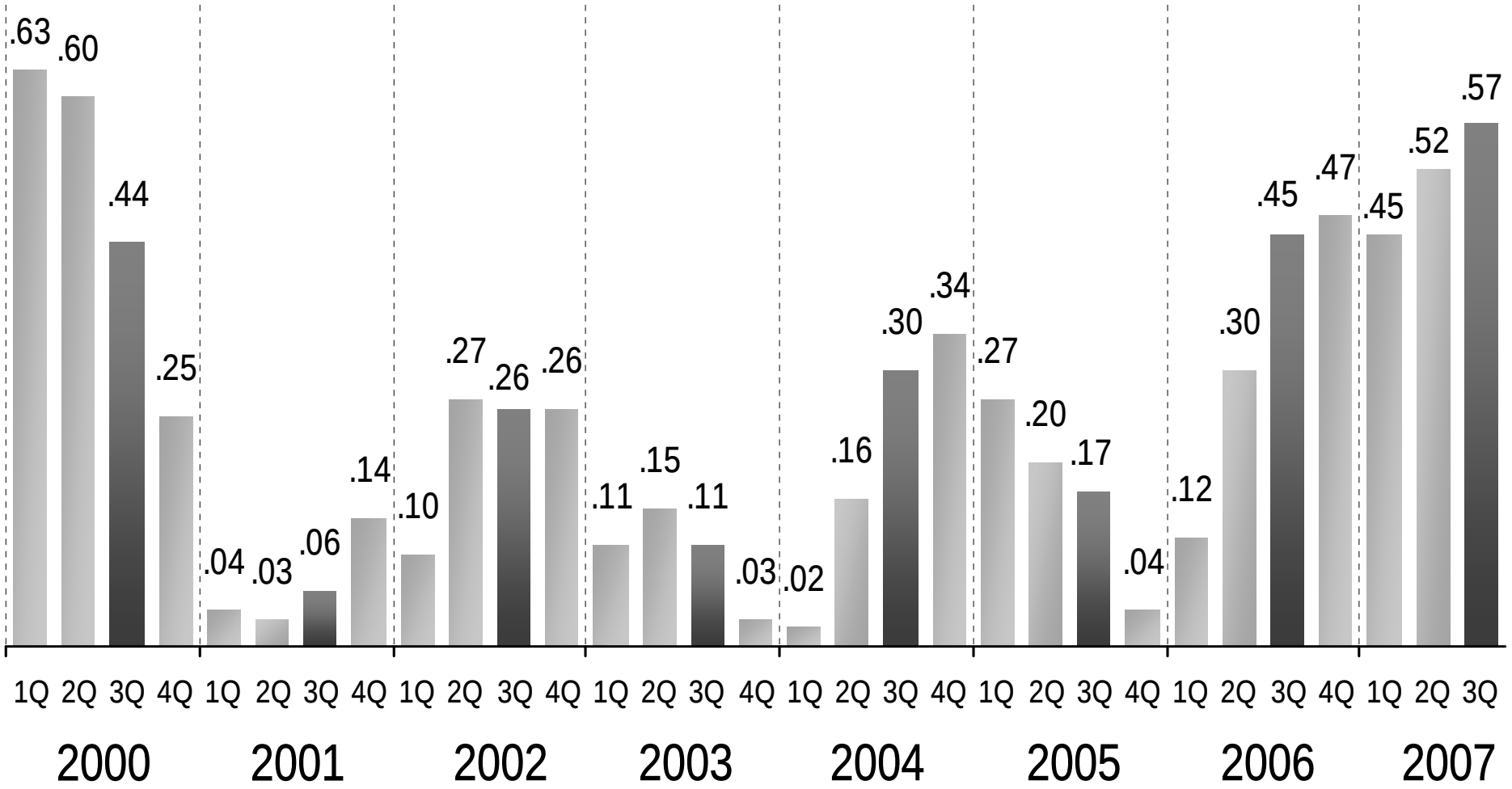
Statements Relating to Non-GAAP Financial Measures

- 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.

Third Quarter 2007 Summary
Best Absolute Quarter in 7 Years

- **Solid third quarter**
- **Strong EBIT performances in:**
  - **NA Printing Papers**
  - **Brazil**
  - **xpedx**
- **Improving price realizations**
- **Improved mill operations**
- **Successful Pensacola linerboard start-up**
- **Increasing raw material costs**
- **Flat volumes, land sales, tax rate**

Diluted EPS from Continuing Operations and Before Special Items

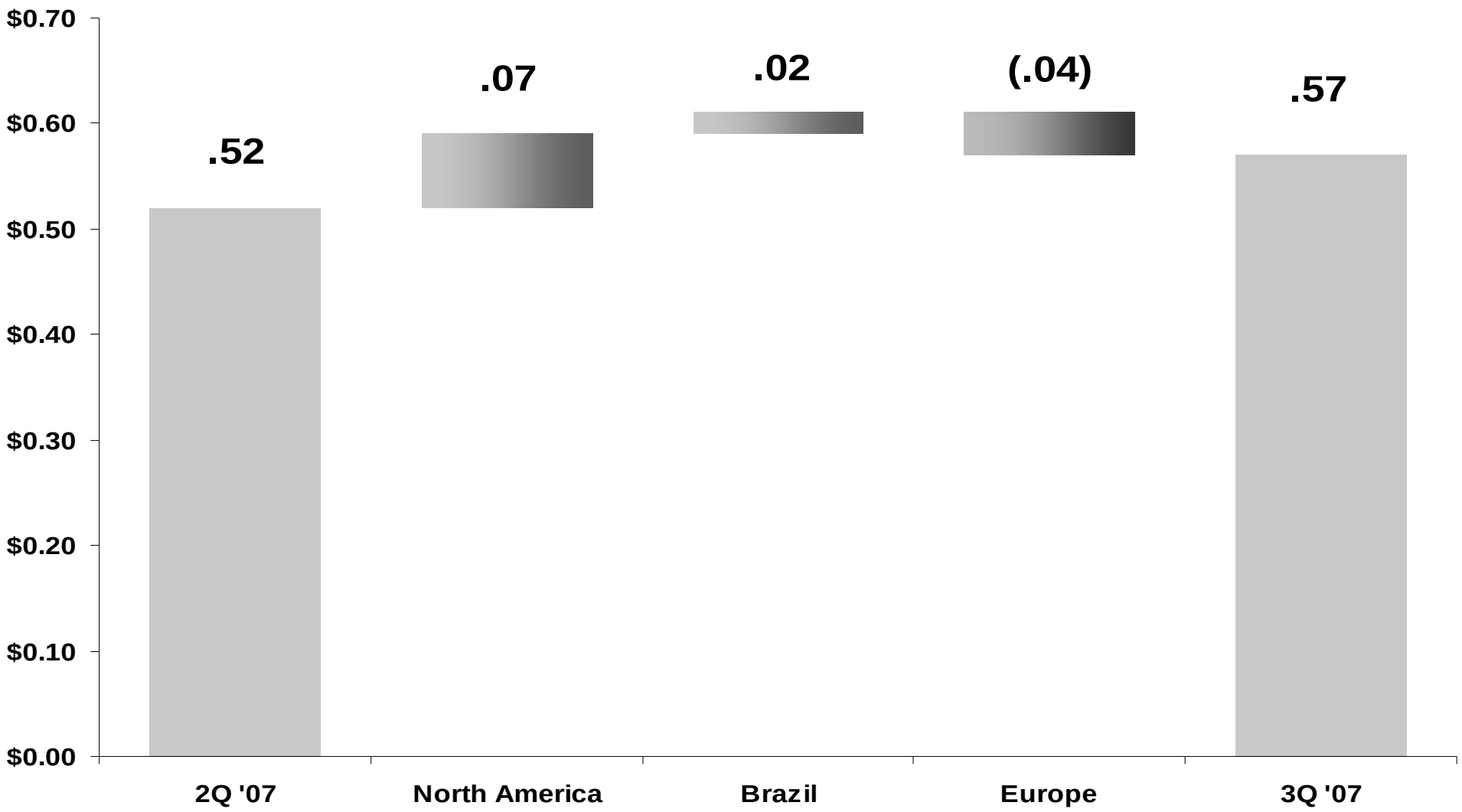


** A reconciliation to GAAP EPS is available at www.internationalpaper.com under the Investors tab at presentations*

** 2006 EPS restated to reflect new accounting guidelines for planned maintenance outages*

3Q '07 vs. 2Q '07

EPS from continuing operations before special items



9M'07 vs. 9M'06

EPS from continuing operations before special items

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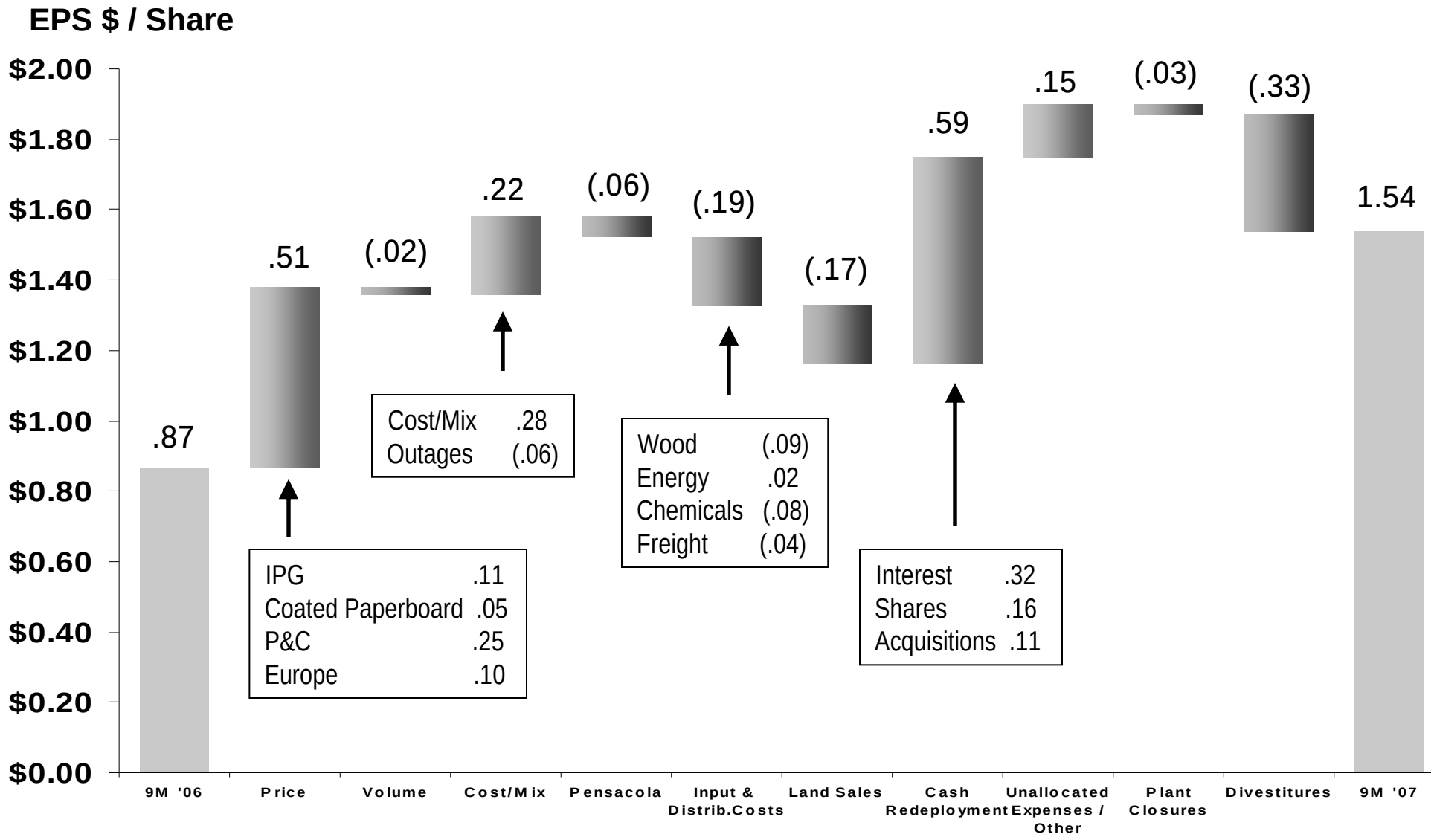

3Q '07 vs. 2Q '07

EPS from continuing operations before special items

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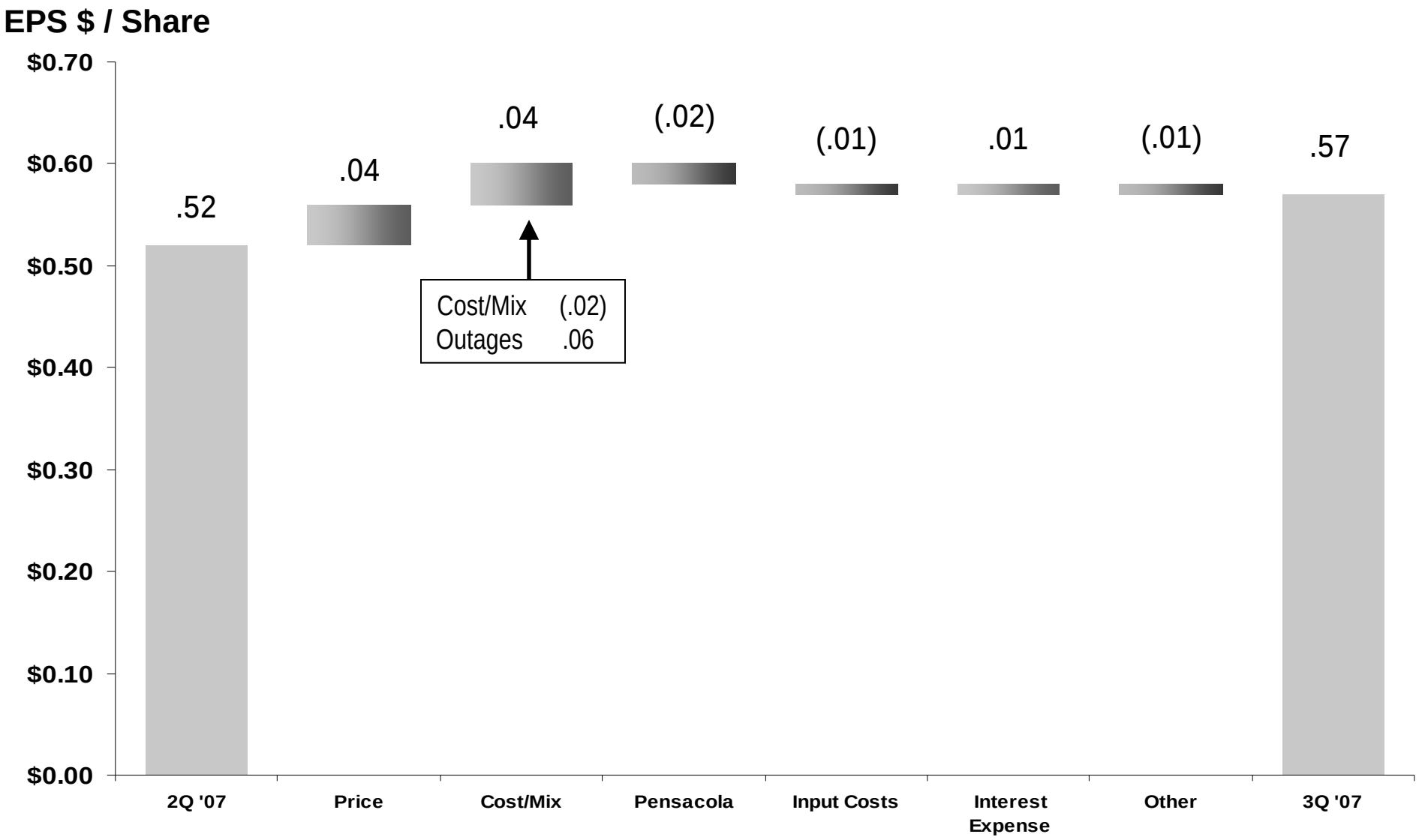
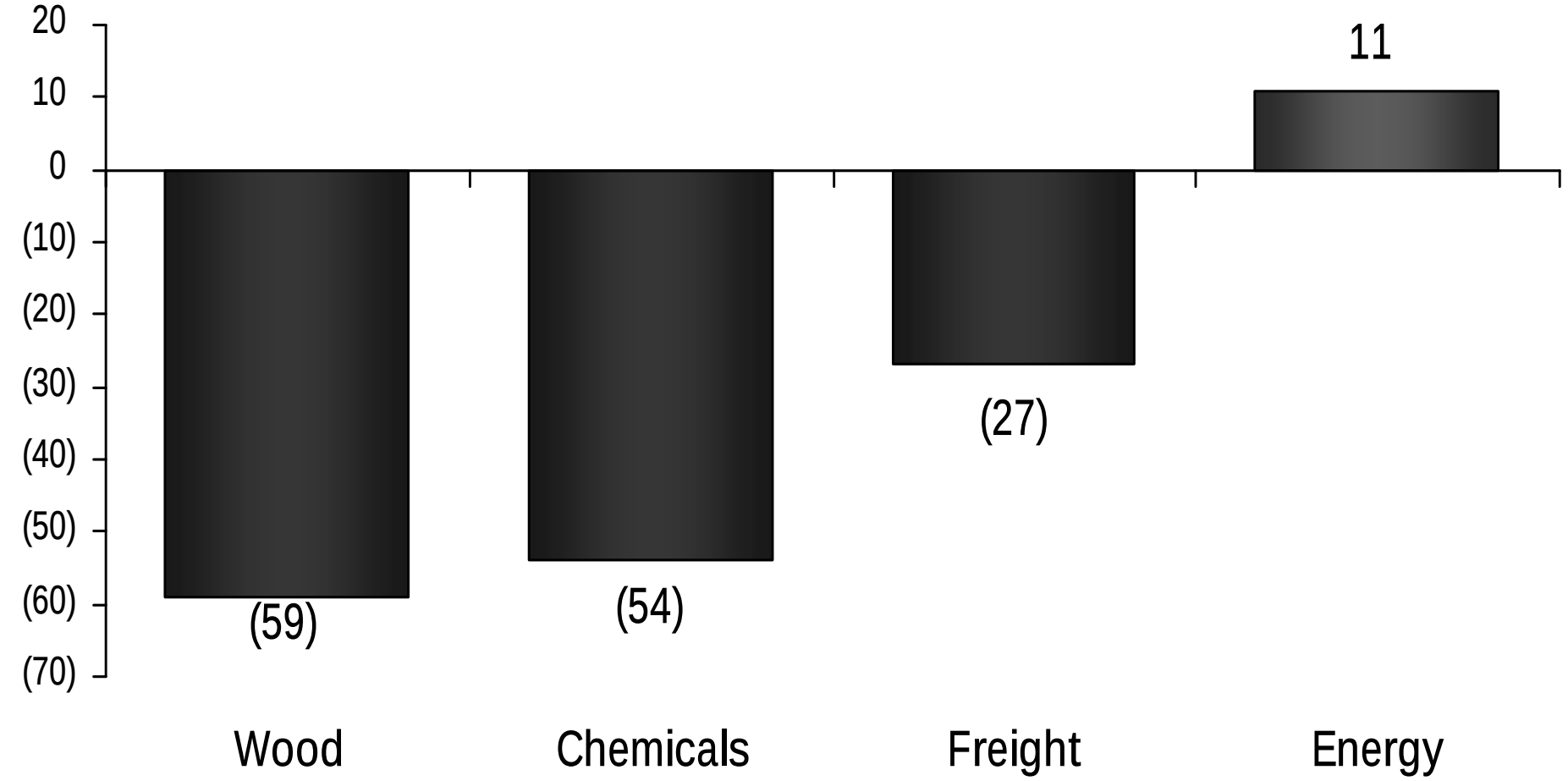


Higher Input & Distribution Costs
EBIT Impact 9M'07 vs. 9M'06

Total of $129 million or $0.19 per share negative impact in 9M'07 versus 9M'06



All costs include ongoing businesses

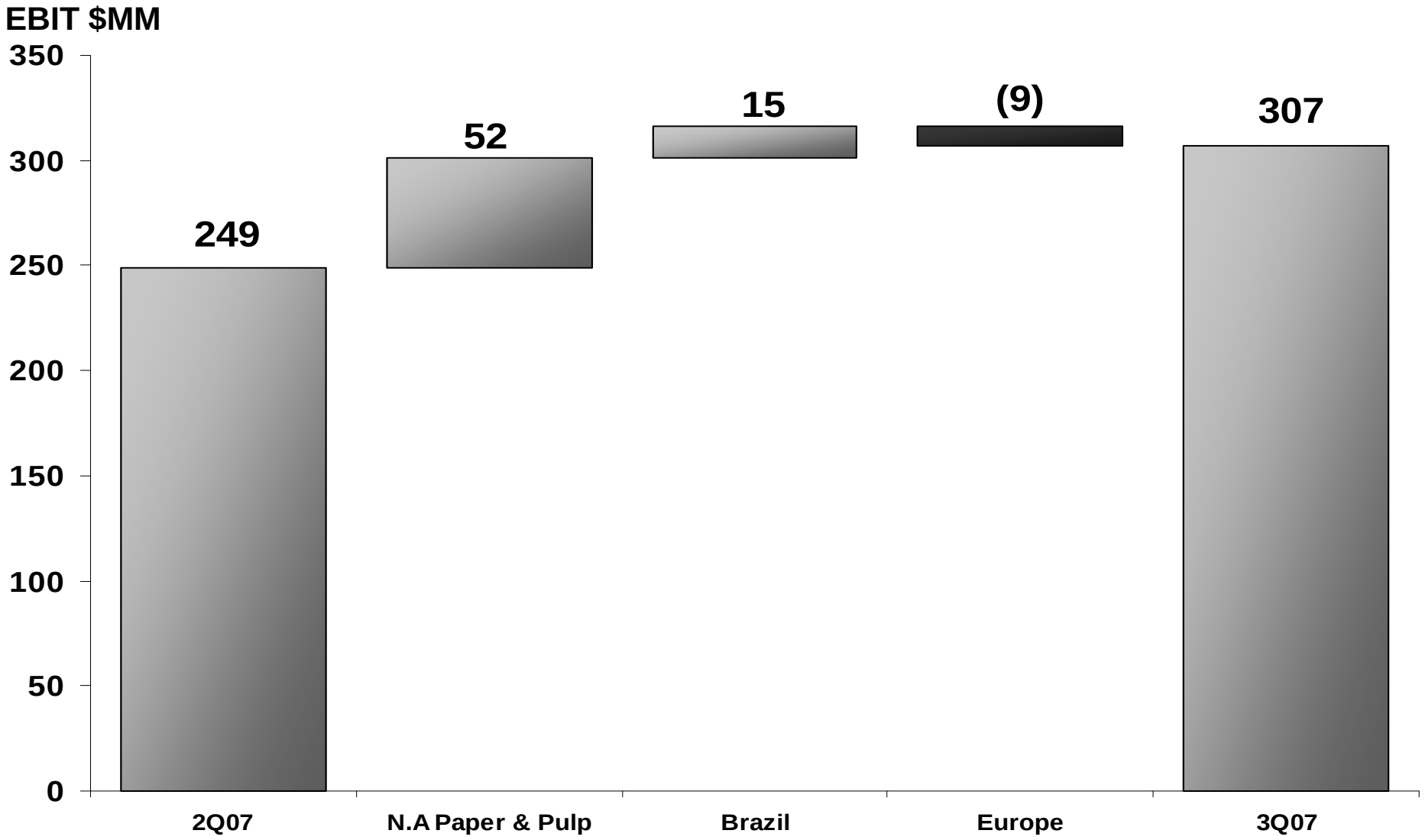
Printing Papers

$ Million	3Q'07	2Q'07
Sales	$1,660	$1,610
Earnings	$307	$249

3Q'07 vs. 2Q'07		
Business	Volume	Price Realization per Ton
N.A. Uncoated Papers	(1%)	$8
U.S. Pulp	1%	$19
European Uncoated Papers	(1%)	€15
Brazilian Uncoated Papers	7%	$25

Average IP price realization (includes the impact of mix across all grades)

Global Paper Earnings
3Q'07 vs. 2Q'07



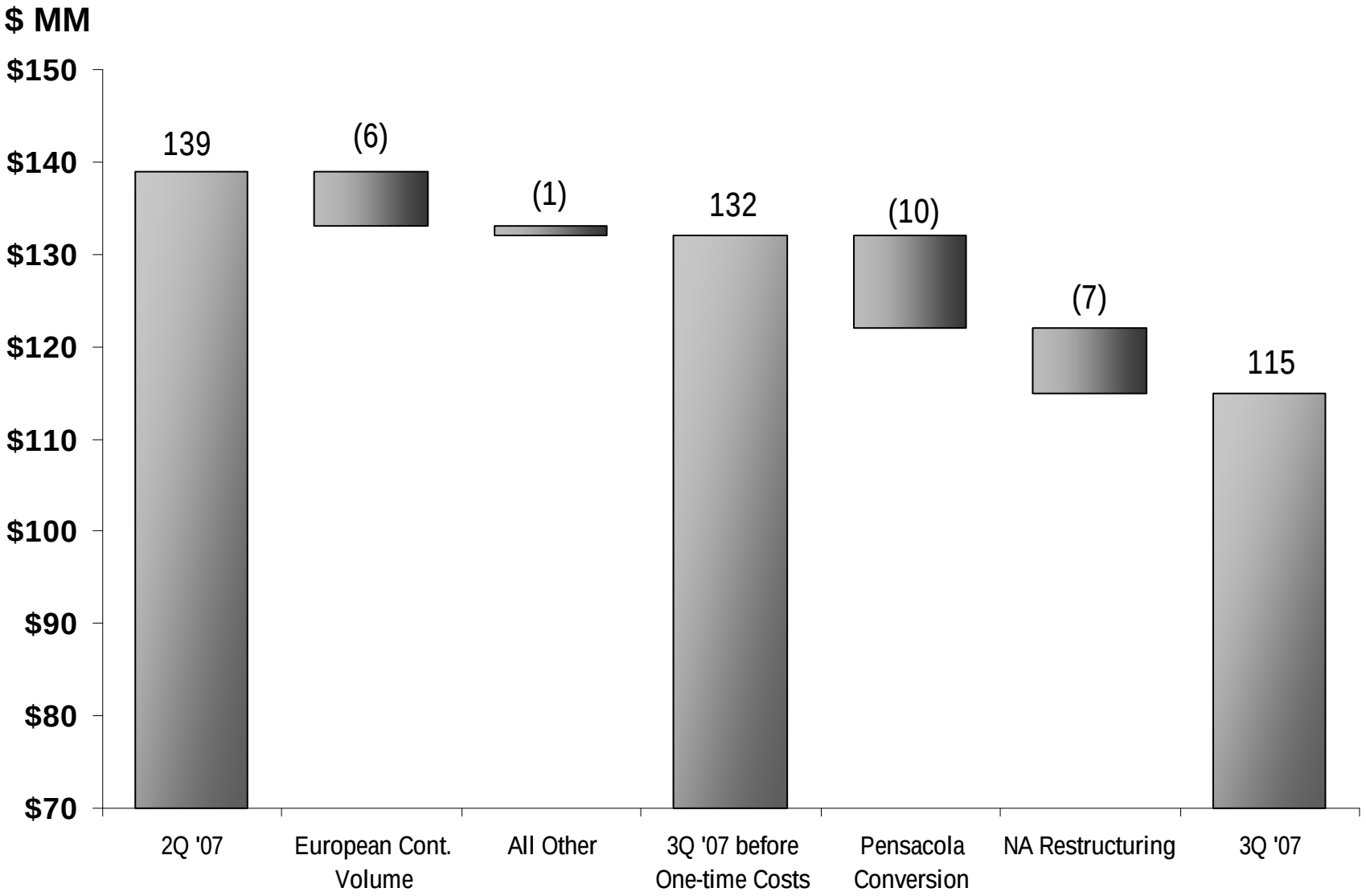
Industrial Packaging

$ Million	3Q'07	2Q'07
Sales	$1,305	$1,315
Earnings	$115	$139

3Q'07 vs. 2Q'07		
Business	Volume	Price Realization
N.A. Containerboard	2%	$8/ton
N.A. Container	(1%)	Flat

Average IP price realization (includes the impact of mix across all grades)

Industrial Packaging Earnings
3Q'07 vs. 2Q'07



Consumer Packaging

$ Million	3Q'07	2Q'07
Sales	$775	$790
Earnings	$49	$48

3Q'07 vs. 2Q'07		
Business	Volume	Price Realization
U.S. Coated Paperboard	1%	$6/ton
Converting Businesses	2%	

Average IP price realization (includes the impact of mix across all grades)

Distribution

$ Million	3Q'07	2Q'07
Sales	$1,880	$1,720
Earnings	$40	$38

- Record 3Q sales, earnings & ROI
- 3Q earnings up 4% vs. 2Q'07 and 16% vs. 3Q'06
- Volume and margins up

Forest Products

$ Million	3Q'07	2Q'07
Sales	$120	$90
Earnings	$99	$98

Free Cash Flow

3Q'07 Free Cash Flow $ Million	3Q'07	3Q'07 YTD
Cash Provided by Continuing Operations	$708	$1,396
Less Capital Investment	($327)	($804)
Free Cash Flow	$381	$592
Less Dividends Paid	($107)	($330)
Net	$274	$262

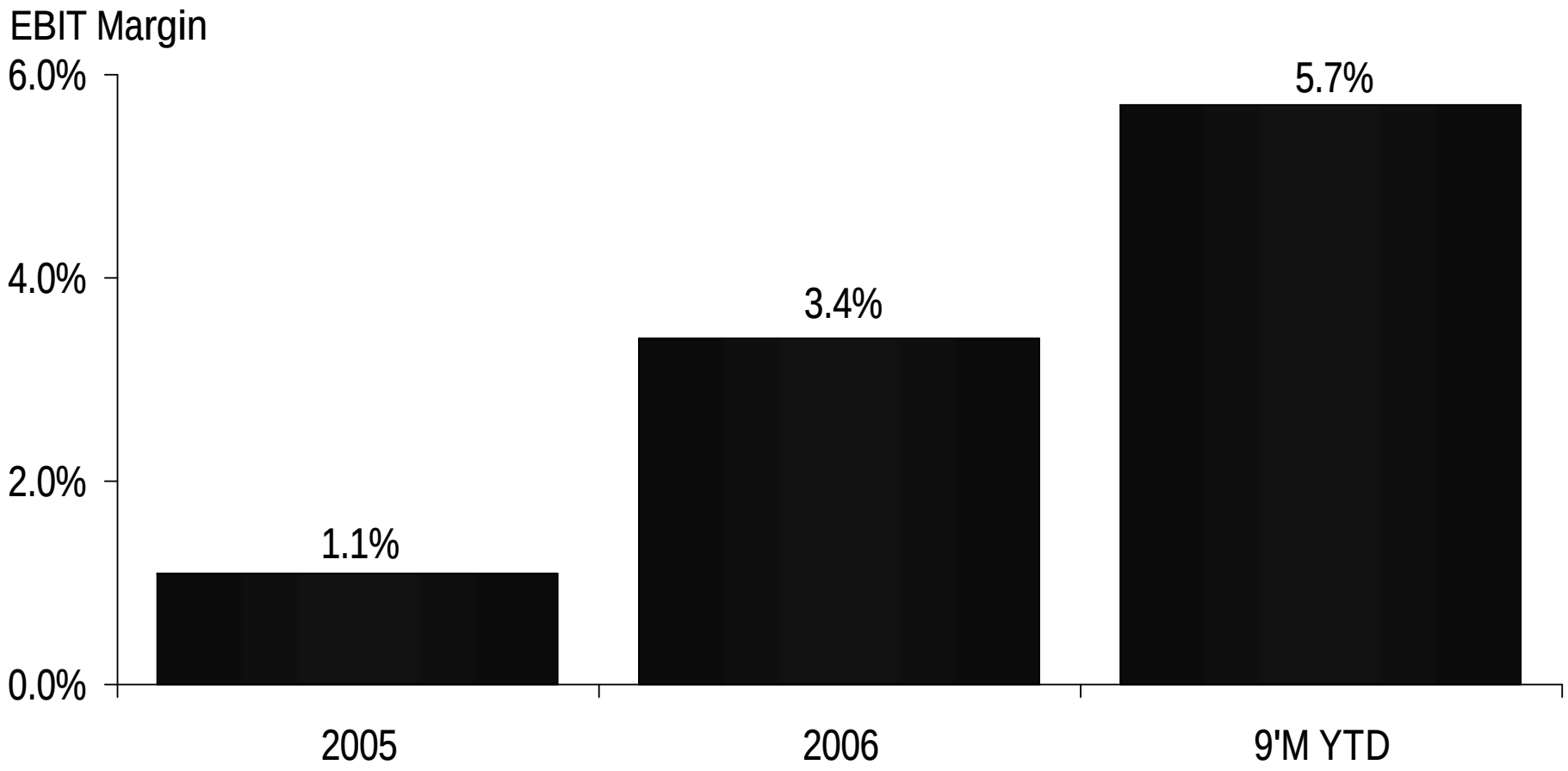
Special Items & Discontinued Operations

3Q'07	$ Million	$/Share
Special Items (Net of minority interest & tax)		
Divestitures	**$6**	
Restructuring & Corporate	**($29)**	
Total Special Items	**($23)**	**($0.05)**
Discontinued Operations (Net of tax)		
Beverage Packaging	**($1)**	
Wood Products	**($2)**	
Total Discontinued Operations	**($3)**	**($0.01)**

Special Items & Discontinued Operations

3Q'07	Diluted Earnings per Share
Earnings from Continuing Operations & Before Special Items	$0.57
Special Items	($0.05)
Earnings from Continuing Operations	$0.52
Discontinued Operations	($0.01)
Net Earnings	$0.51

EBIT Margin Expansion in Operating Businesses



**Excludes special items, Forest Products and divested businesses*

Earnings Growth Outside North America
Diversifying Our Earnings Capacity

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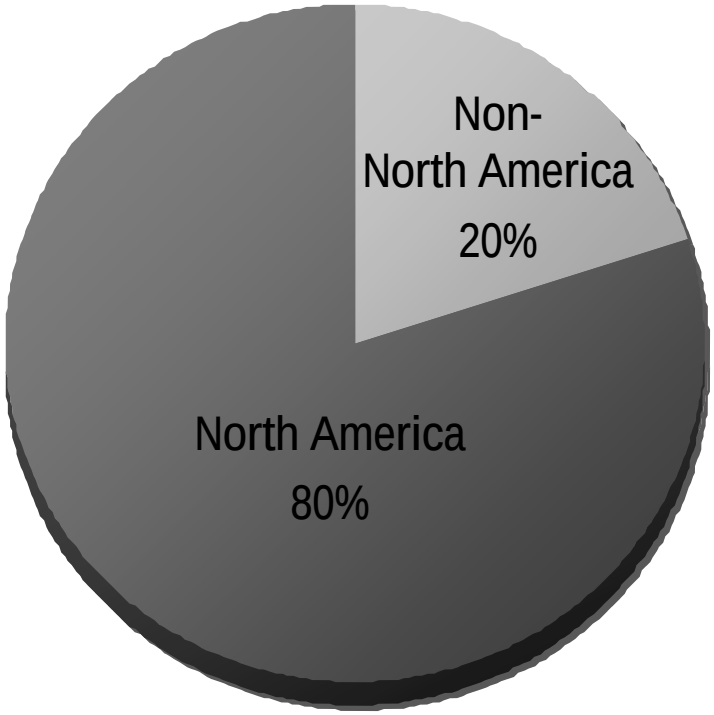
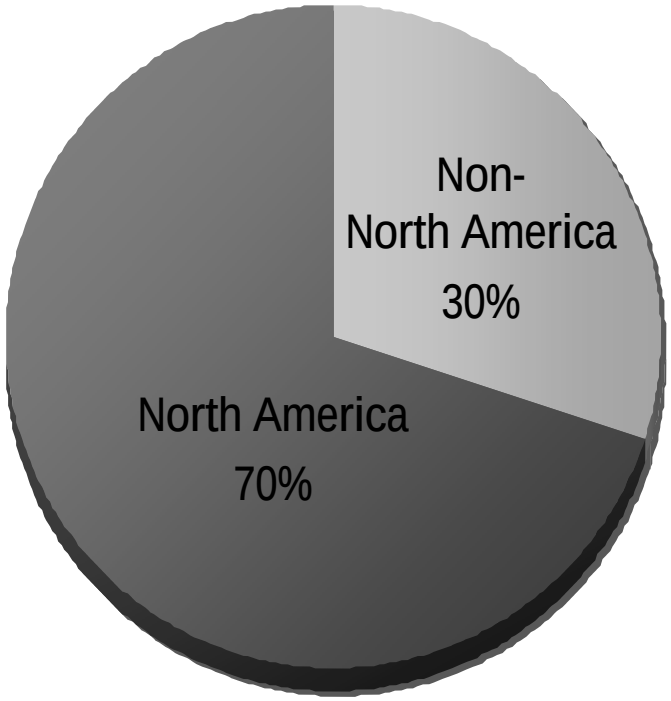
2002 Actual

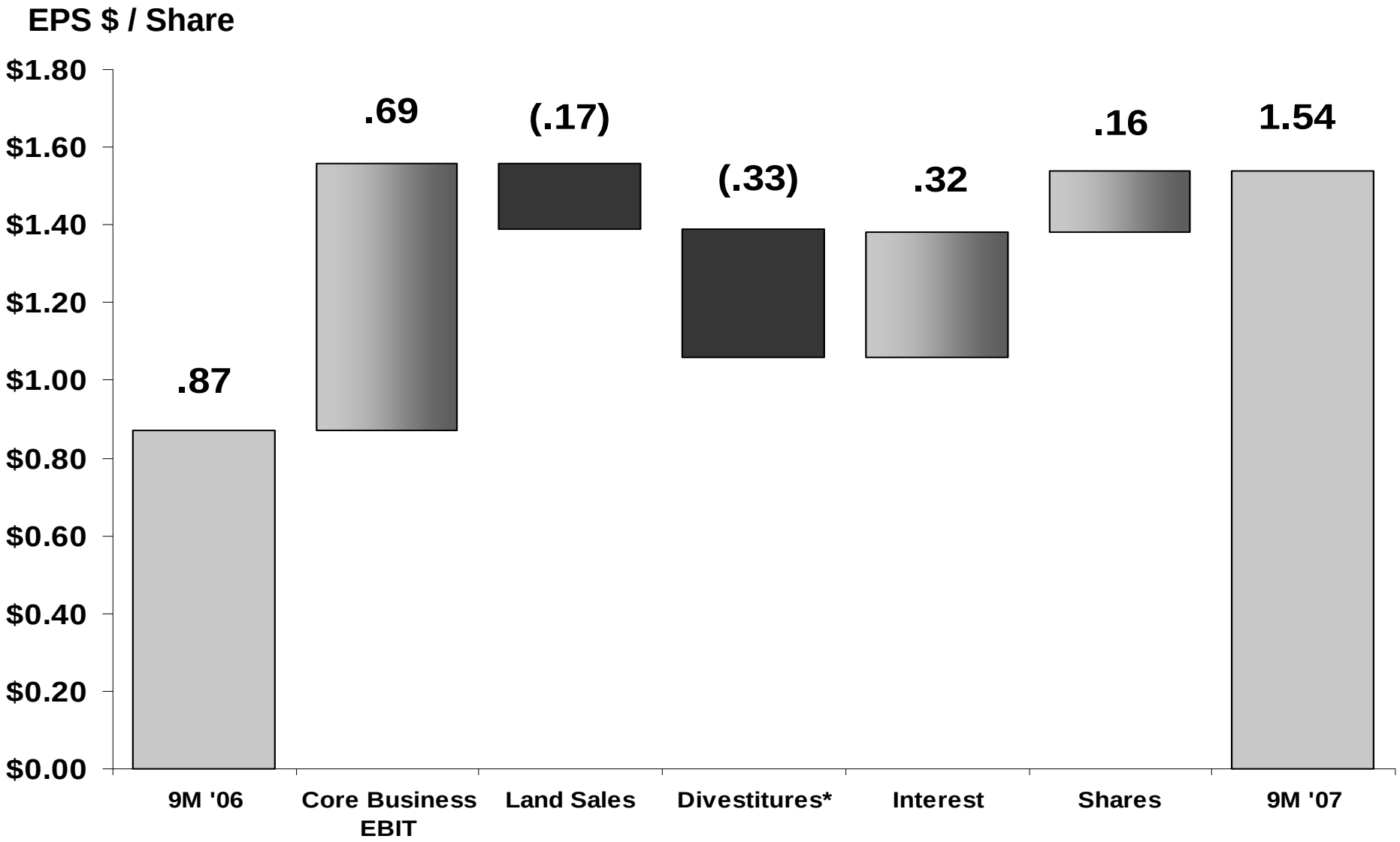


2007 Estimated



Business level EBITDA excluding Forest Products earnings and before unallocated expenses

Transformation Plan Yielding Results



* Includes Harvest and Recreation income, Coated Papers and Arizona Chemical

Fourth Quarter 2007 Outlook

- Volume
  - N. A. Containerboard benefiting from Pensacola capacity
  - Seasonal pick-ups for European paper & packaging
  - Other segments seasonally slower at year-end
- Price
  - Implementing IP's previously announced North American price increases in:
    - Printing Paper & Pulp
    - Containerboard & Corrugated Boxes
- Increased wood, energy & transportation costs
- Pensacola conversion expenses lower than 3Q'07
- Forest Products earnings higher than 3Q'07
- Higher interest expense and taxes

Building Our Earnings Capabilities

- Luiz Antonio Mill
- Pensacola Lightweight Linerboard
- Riegelwood Fluff Pulp
- Svetogorsk BCTMP
- Ilim Joint Venture
- Sun Joint Venture Paper Machine
- Tres Lagoas Paper Machine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Questions & Answers

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Appendix

Key Financial Statistics
Updated as of November 2, 2007

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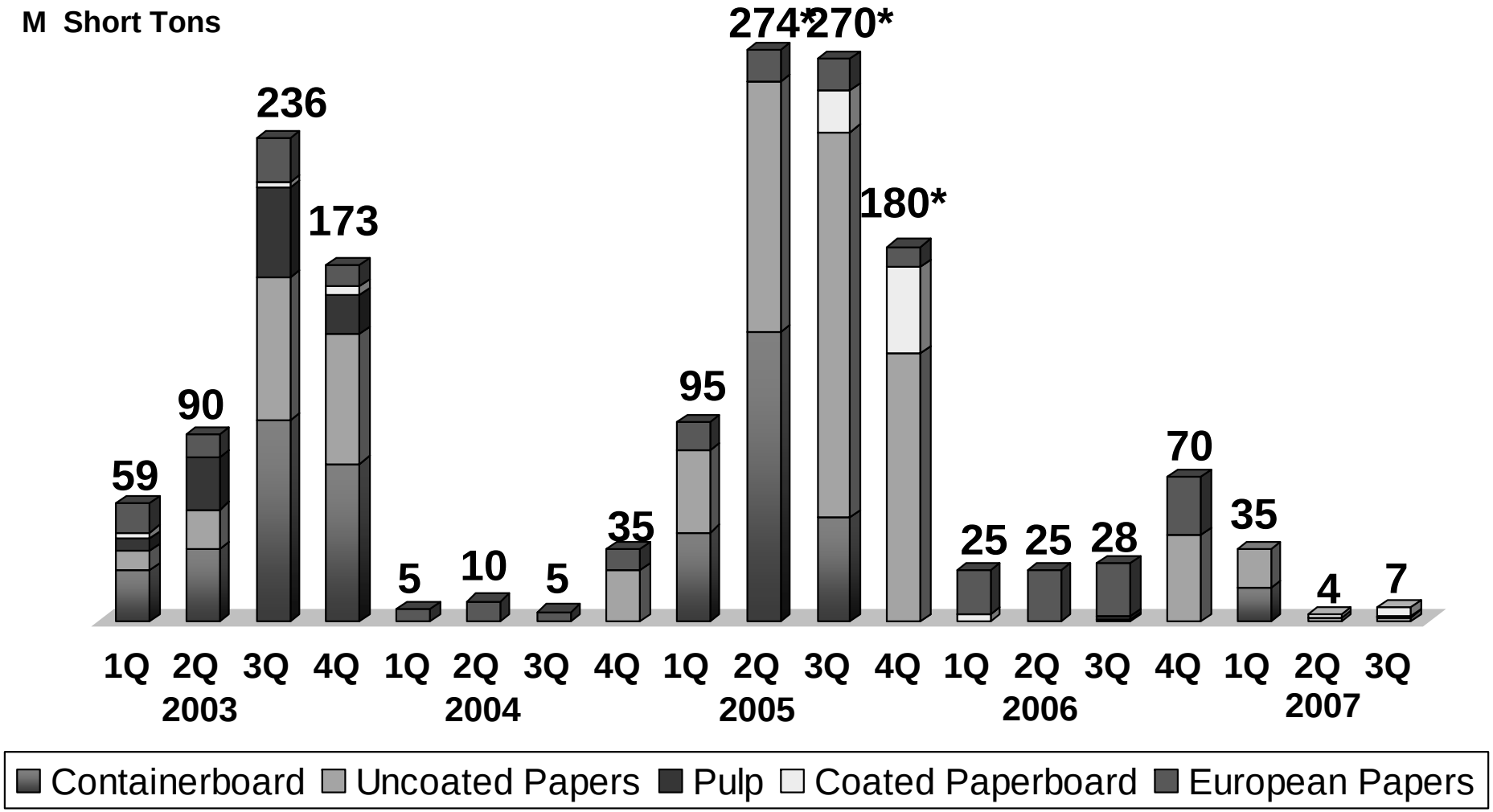
	2005 [1]	2006 [1]	2007 Estimate
Capital Spending	$1.1 B	$1.1 B	$1.3 B
Depreciation & Amortization	$1.2 B	$1.1 B	$1.1 B
Net Interest Expense	$595 MM	$521 MM	$310 MM
Supply Chain Expense	$135 MM	$156 MM	$200 MM
Unallocated Expenses	$607 MM	$746 MM	$710-$730 MM
Effective Tax Rate [2]	20%	29%	30-31%

1 Excludes discontinued operations results and Coated Papers
2 Before special items

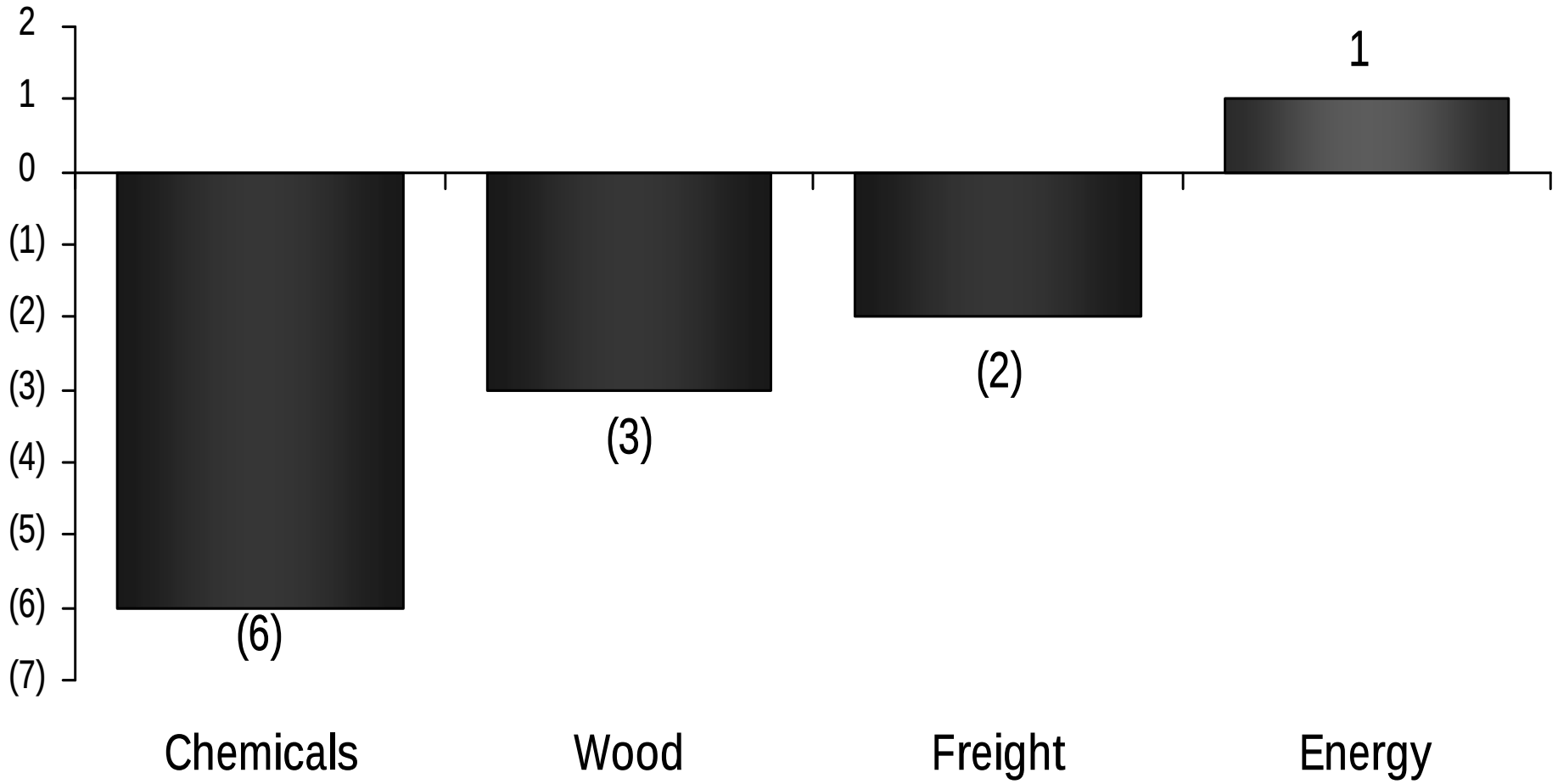
Lack of Order Downtime



*Includes indefinitely closed uncoated papers capacity at Pensacola, FL, Bastrop, LA and Jay, ME in 2Q05 (72,000 tons), 3Q05 (108,000 tons) and 4Q'05 (108,000 tons) which we permanently closed at end of 4Q'05.

Raw Material & Distribution Costs
EBIT Impact 3Q'07 vs. 2Q'07

Total of $10 million or $0.01 per share negative impact in 3Q'07 versus 2Q'07



All costs include ongoing businesses

Incremental Maintenance Outages

4Q'07 Forecast vs. 3Q'07		
	Maintenance Outages (Tons)	Impact ($ Million)
Printing Papers	(25,000)	$20
Industrial Packaging	8,000	($5)
Consumer Packaging	15,000	($10)
Total Impact	**(2,000)**	**$5**

Maintenance outages and dollar impacts are estimated and are subject to change

Earnings by Industry Segment
Before Special Items

Earnings by Industry Segment ($ Million)	3Q'07	2Q'07	3Q'06
Printing Papers	$307	$249	$234[1]
Industrial Packaging	$115	$139	$139
Consumer Packaging	$49	$48	$62
Distribution	$40	$38	$34
Forest Products	$99	$98	$166
Other Businesses	-	-	$21
Operating Profit	**$610**	**$572**	**$656**
Interest Expense, net	($77)	($80)	($144)
Minority Interest	$4	$6	-
Unallocated Expenses, net	($188)	($179)	($221)
Earnings from continuing operations before income taxes, minority interest & special items	**$349**	**$319**	**$291**

*Industry segment information has been reclassified to conform with minor changes in 2006 organizational structure

[1] Excludes amounts for coated paper sales

Business Segment Operating Results
Before Special Items

$ Million	Operating Profit			Sales		
	3Q'07	2Q'07	3Q'06	3Q'07	2Q'07	3Q'06
Printing Papers						
North American	$165	$113	$152[1]	$870	$875	$910[1]
European	$45	$55	$28	$370	$370	$310
Brazilian	$72	$57	$33	$250	$205	$120
U.S. Market Pulp	$25	$24	$21	$170	$160	$130
Industrial Packaging						
North American	$99	$109	$128	$975	$975	$955
European	$15	$28	$10	$265	$270	$250
Asian	$1	$2	$1	$65	$70	$45
Consumer Packaging						
North American	$39	$37	$52	$620	$640	$645
European	$5	$7	$10	$70	$65	$60
Asian	$5	$4	N/A	$85	$85	N/A

[1] Excludes amounts for coated papers

2007 Earnings from Continuing Operations

	Pre-Tax $MM	Tax $MM	Minority Interest $MM	Net Income $MM	Estimated Tax Rate	Average Shares[1] MM	Diluted EPS[2]
Before Special Items							
1Q07	$308	($99)	($6)	$203	32%	448	$0.45
2Q07	$319	($91)	($5)	$223	29%	431	$0.52
3Q07	$349	($100)	($6)	$243	29%	426	$0.57
Special Items							
1Q07	$298	($44)	$0	$254	15%	448	$0.57
2Q07	($25)	$2	$0	($23)	8%	431	($0.06)
3Q07	($34)	$11	$0	($23)	32%	426	($0.05)
Earnings from Continuing Operations							
1Q07	$606	($143)	($6)	$457	24%	448	$1.02
2Q07	$294	($89)	($5)	$200	30%	431	$0.46
3Q07	$315	($89)	($6)	$220	28%	426	$0.52

1 Assuming dilution

2 A reconciliation to GAAP EPS is available at www.internationalpaper.com under the Investors tab at presentations

Business Segment Price Realization

U. S. Business Segment	Average Selling Price Realizations				
	SEP '07	SEP '06	3Q'07	2Q'07	3Q'06
Printing Papers					
Uncoated ($/ton)	$916	$888	$912	$904	$888
Pulp ($/ton)	$605	$551	$605	$586	$546
Industrial Packaging					
Containerboard ($/ton)	$527	$500	$521	$513	$502
Corrugated boxes ($/MSF)	$61.2	$62.2	$61.2	$61.4	$61.9

Average IP U.S. selling price realizations (includes the impact of mix across all grades)

2007 Capital Spending

$1.3 B of Projected Spending by Business

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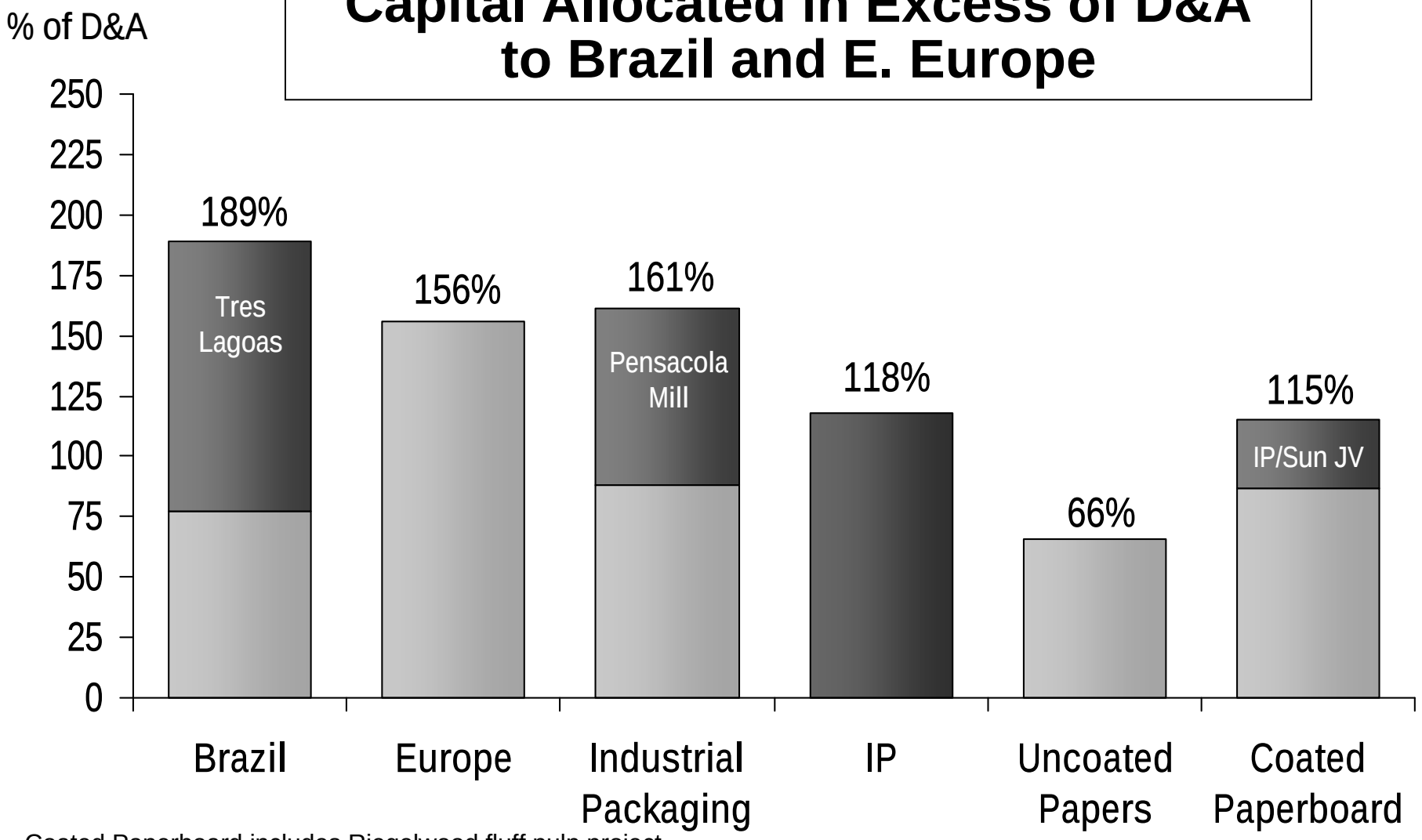
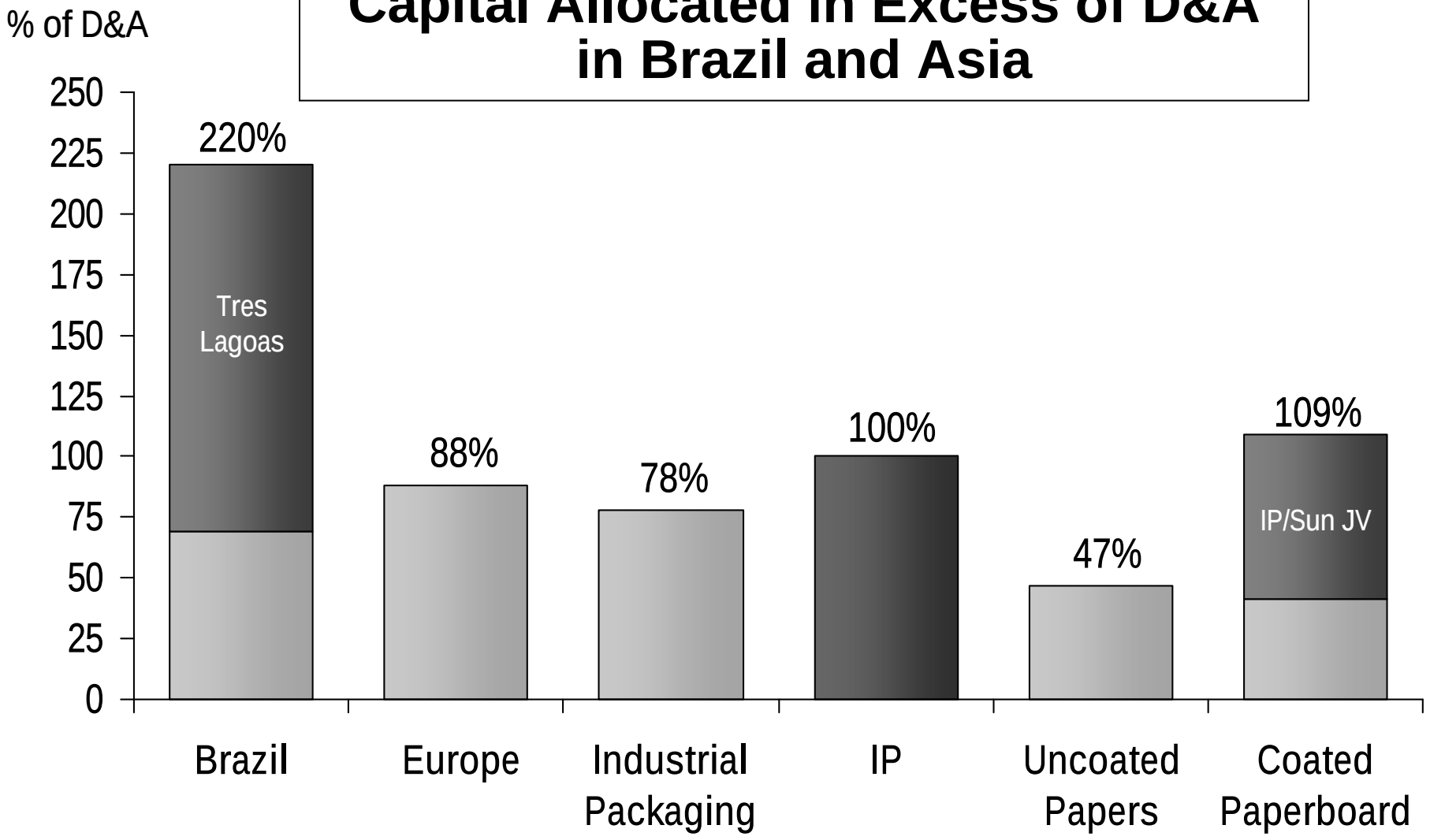
Capital Allocated in Excess of D&A to Brazil and E. Europe



Coated Paperboard includes Riegelwood fluff pulp project

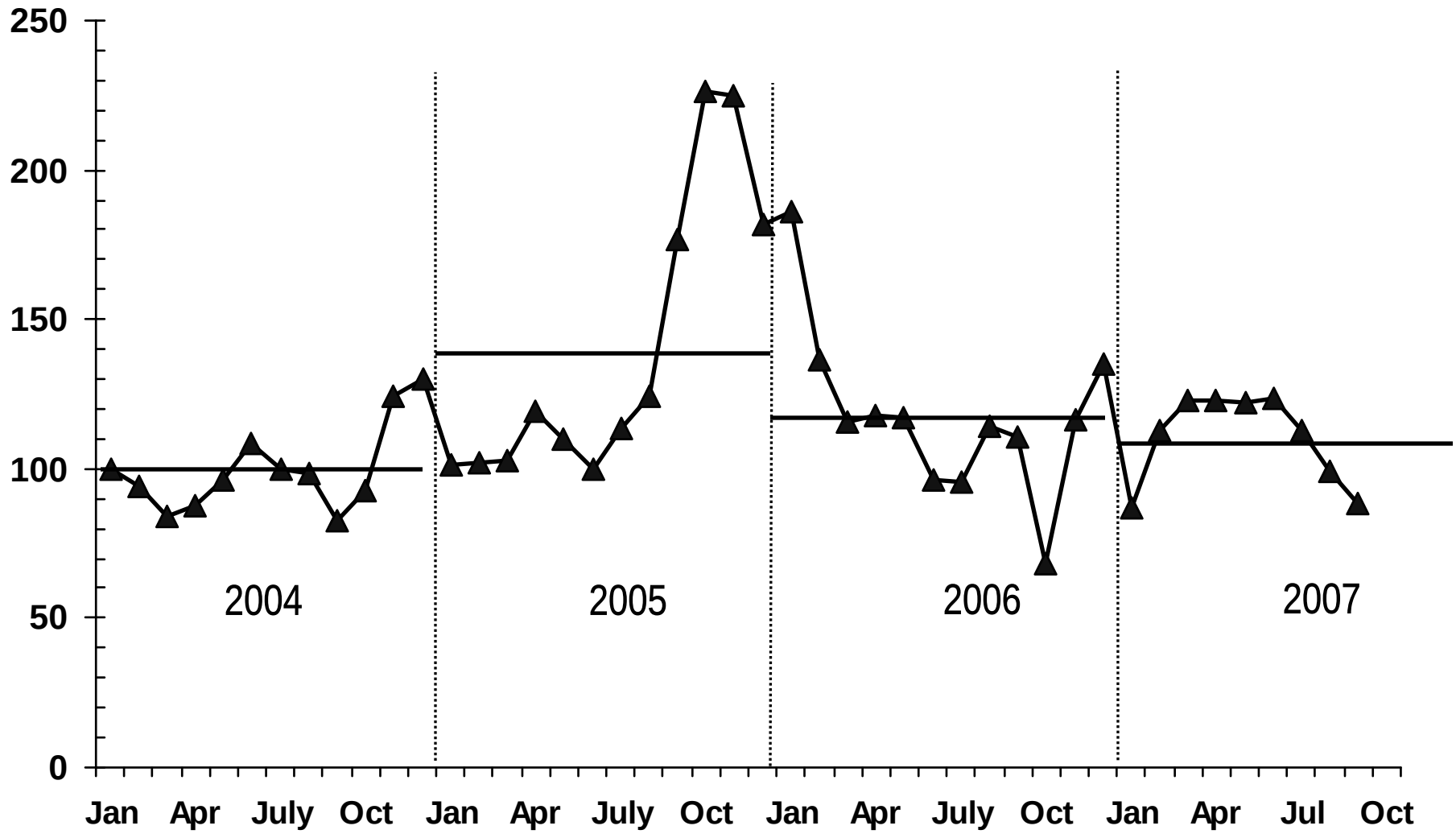
2008 Estimated Capital Spending

Capital Allocated in Excess of D&A in Brazil and Asia



Natural Gas Costs

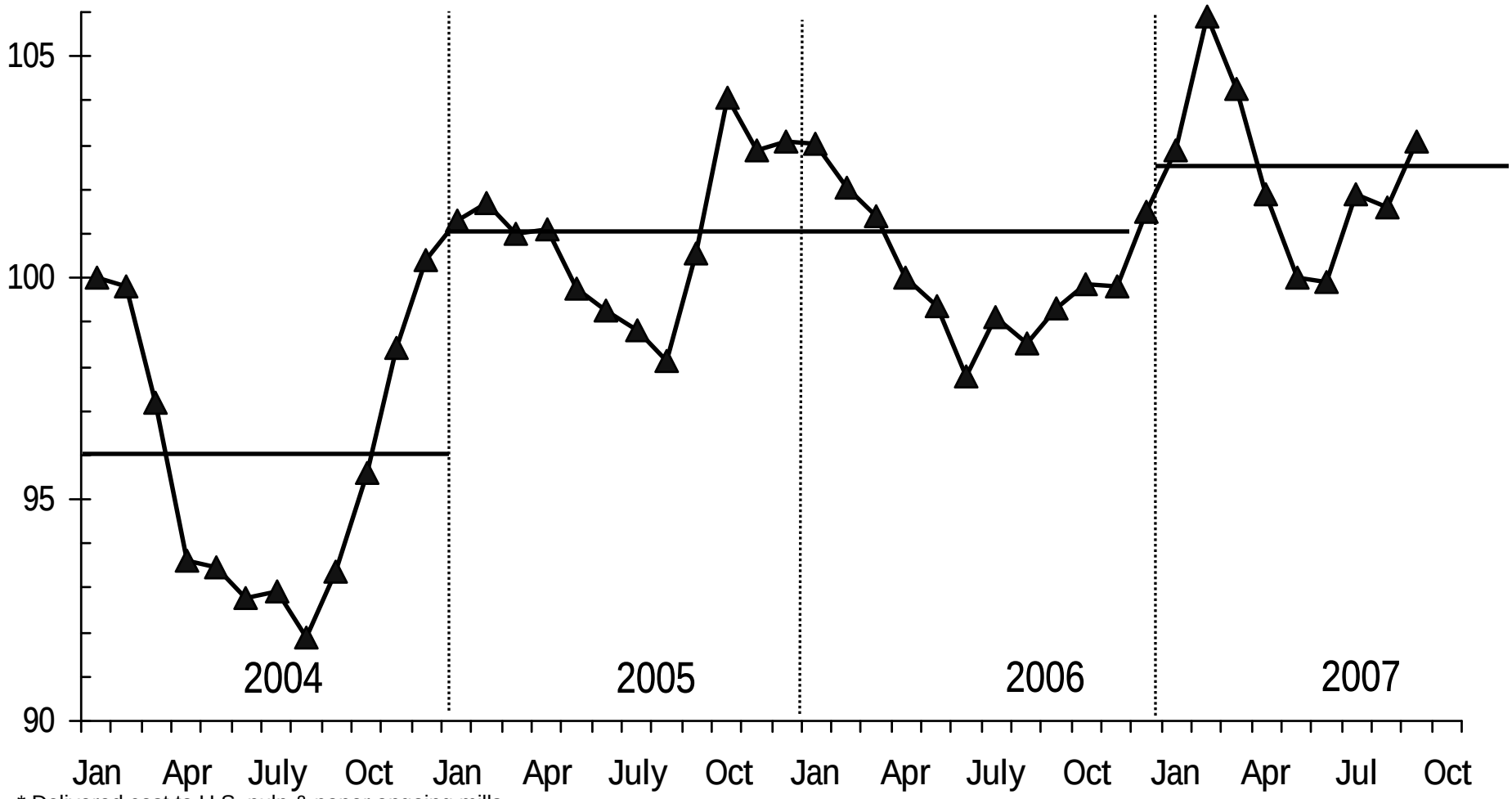
Index: Jan 2004 Natural Gas Costs = 100



* NYMEX Natural Gas closing prices

U.S. Mill Wood Costs

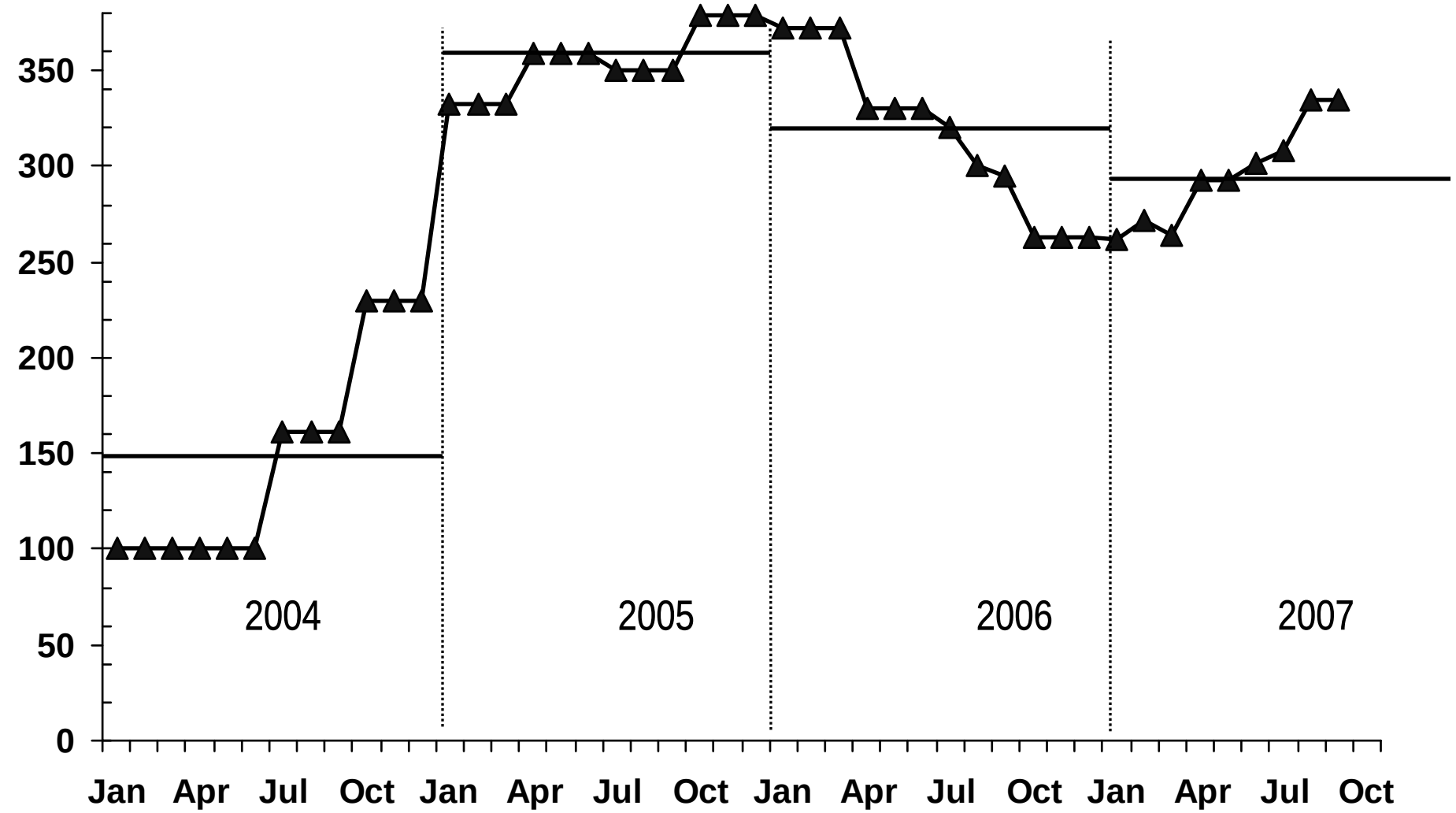
Index: Jan 2004 Wood Costs = 100



* Delivered cost to U.S. pulp & paper ongoing mills

Caustic Soda Costs

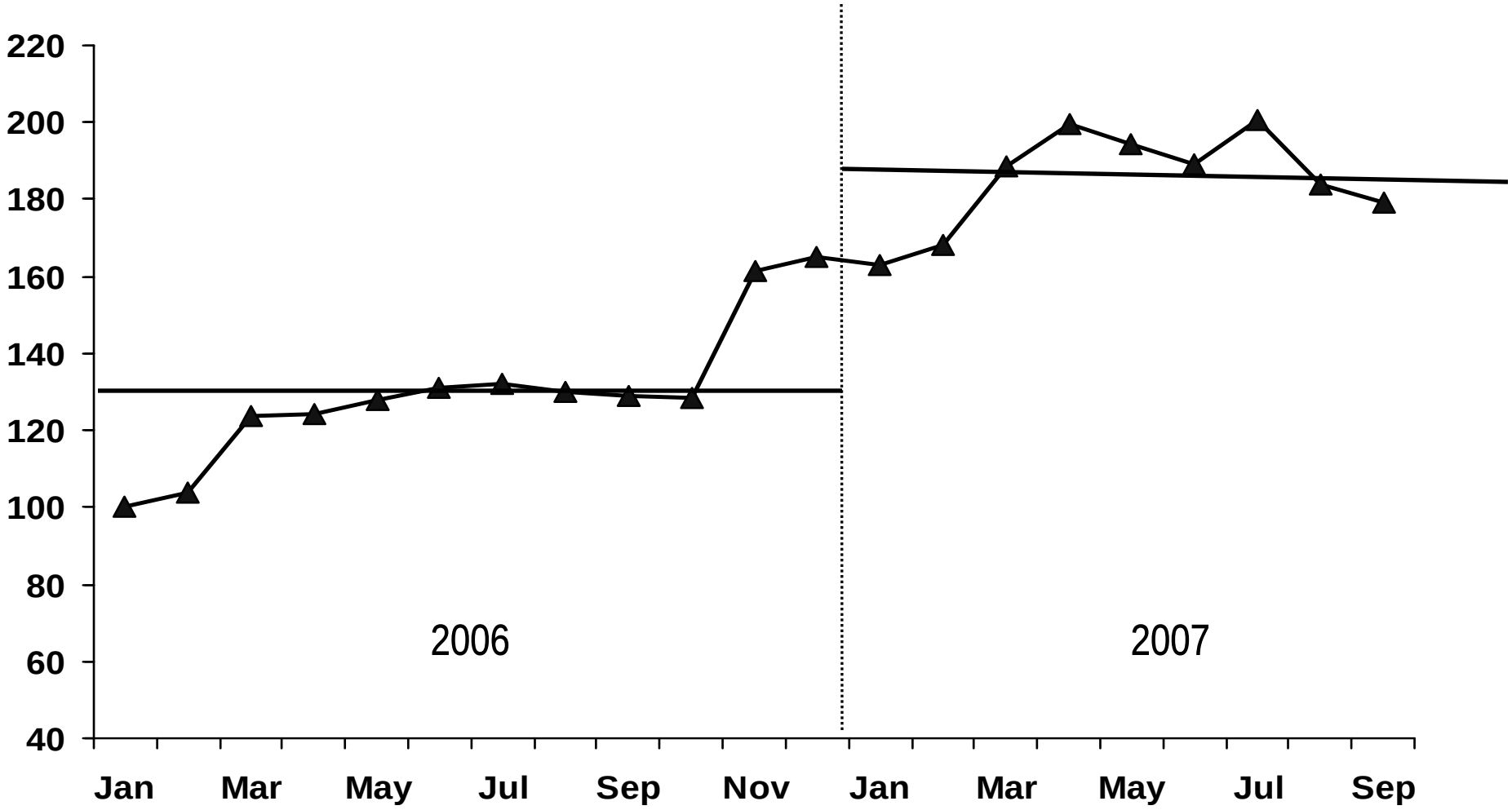
Index: Jan 2004 Caustic Soda Costs = 100



* Delivered cost to U.S. facilities

Corn Starch Costs

Index: Jan 2006 Corn Starch Costs = 100



* Delivered cost to U.S. facilities

Global Consumption
Annual Purchase Estimates for Key Inputs

	Commodity	U. S.	Non – U. S.
Energy	Natural Gas (MM BTU)	28,000,000	15,000,000
	#6 Fuel Oil (Barrel)	4,100,000	500,000
	Coal (Ton)	1,300,000	230,000
Fiber	Wood (Ton)	40,000,000	8,000,000
	Old Corrugated Containers (Ton)	600,000	310,000
Chemicals	Caustic Soda (Ton)	340,000	60,000
	Sodium Chlorate (Ton)	215,000	50,000
	LD Polyethylene (Ton)	40,000	-
	Latex (Ton)	24,000	4,000

2007 Run Rate Estimates
Includes only ongoing businesses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