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Strengthening Our North American Industrial Packaging Business

March 17, 2008

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) the ability of the parties to successfully consummate the transactions contemplated by the purchase agreement without a purchase price adjustment; (ii) the successful fulfillment (or waiver) of all conditions set forth in the purchase agreement; (iii) the successful closing of the transaction within the estimated timeframes; (iv) the failure to realize synergies and cost-savings from the transaction or delay in realization thereof; (v) the successful financing of the transaction pursuant to the financing commitments received; (vi) 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; (vii) 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; and (viii) 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.

Strategic Fit

Creating the Premier Packaging Company

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- **IP has agreed to acquire the assets of Weyerhaeuser's Containerboard, Packaging and Recycling business**
- **IP will be the premier global producer of containerboard and corrugated packaging**
- **The combined business will generate:**
  - **Higher EBITDA(1) margins**
  - **Stronger cash flows**
  - **Solid double-digit returns**
- **Significant synergy opportunities**
- **Low integration risks**
- **Consistent with transformation strategy**

(1) Operating profit plus depreciation and amortization less special items

Weyerhaeuser's Packaging Business

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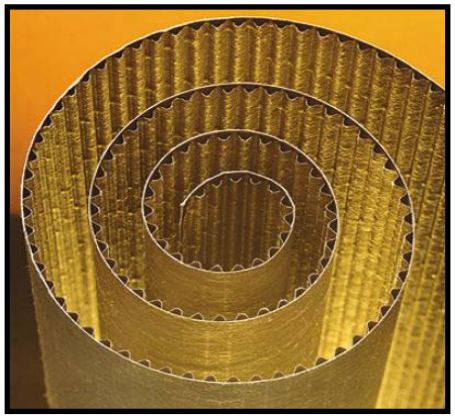
- 2007 sales of $5.2 billion
- 2007 EBITDA of $670 million(1)
- 6.3 million tons of mill capacity
- 9 containerboard mills
- 72 box plants
- 19 recycling plants
- 10 specialty facilities
- 4 bag plants



(1) Excludes special items

Asset Purchase Overview

Purchase Price	**$6.0B**
Net Present Value of Tax Step Up[(1)]	**$1.4B**
Net	**$4.6B**
EBITDA Multiple *(Net of Tax Benefit)*	**6.9X**
Synergies at Full Run Rate	**$400M**
EBITDA Multiple *(Net of Tax Benefit & with Synergies)*	**4.3X**

(1) Estimate

Strengthening International Paper
Higher Earnings on Reduced Capital

	Pre-Transformation IP 2005[1]	IP 2007	2007 IP + WY with Run Rate Synergies
Sales *($ Billion)*	**$24.1**	**$21.9**	**$27.1**
EBITDA[2] *($ Billion)*	**$2.8**	**$2.8**	**$3.9[3]**
Capital Employed *($ Billion)*	**$27.5**	**$20.2**	**$26.2**
EBITDA[2] *Margin*	**11.6%**	**12.8%**	**14.4%[3]**

(1) Before Transformation Plan discontinued operations
(2) Excludes special items
(3) Includes $400 million in run rate synergies

Transformation Plan Progress
Improving the Quality of our Earnings

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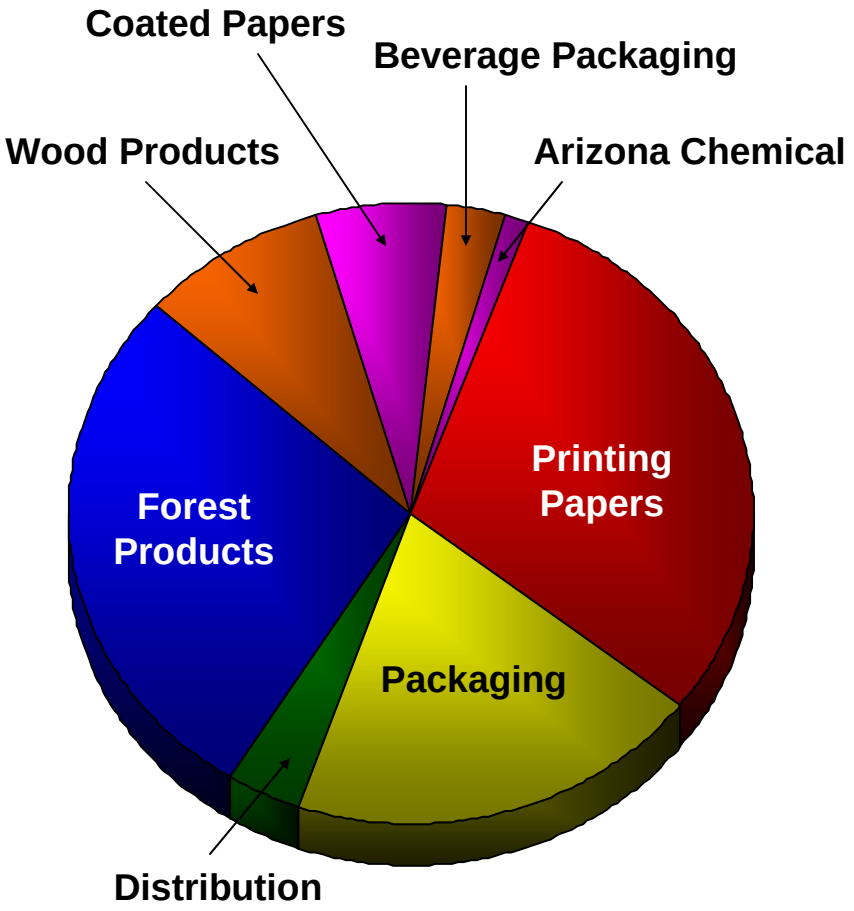
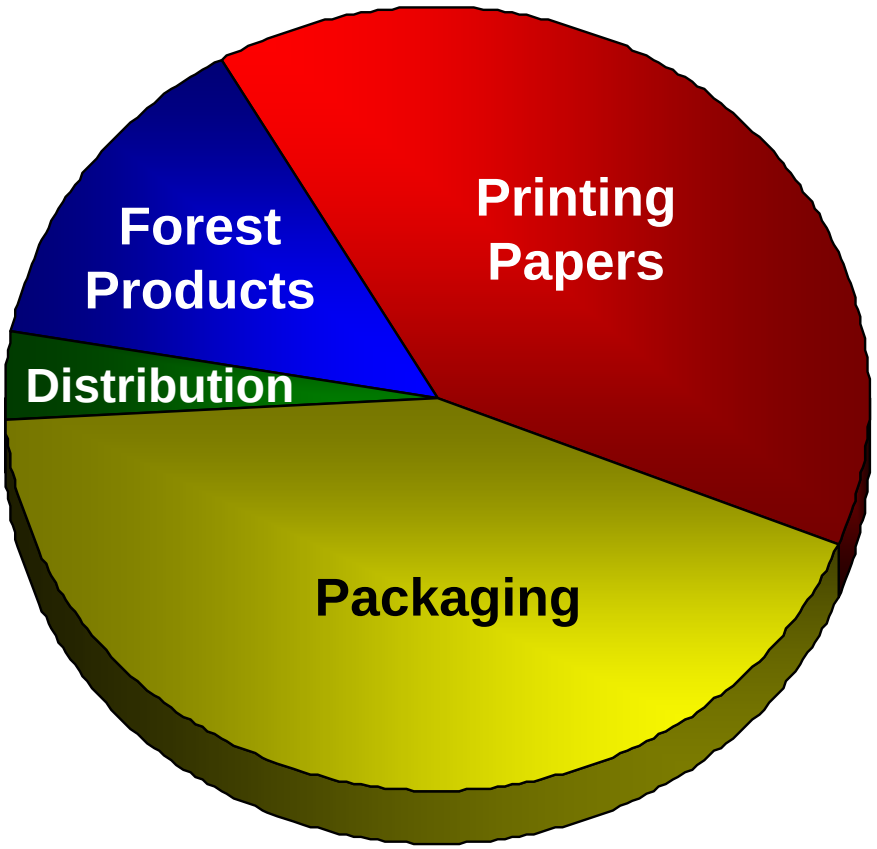
Pre-Transformation
EBITDA - $2.8B



Transformation with Weyerhaeuser Assets
EBITDA - $3.9B(1)



(1) Includes $400 million in run rate synergies

Strategic Rationale

Strengthening Our Packaging Business

	IP North American Industrial Packaging	WY Packaging Business	Run Rate Synergies	2007 IP NA PKG + WY with Run Rate Synergies
2007 Sales ***($ Million)***	**$3,900**	**$5,200**		**$9,100**
2007 EBITDA[(1)] ***($Million)***	**$610**	**$670**	**$400**	**$1,680**
2007 EBITDA[(1)] ***Margin***	**16%**	**13%**		**19%**
Capacity ***(000 TPY)***	**5,100**	**6,300**		**11,400**

(1) Excludes special items

Credit Metrics

	IP Standalone 2007	2007 IP + WY with Run Rate Synergies
Transaction Net Debt	–	$6.0 Billion
IP Net Debt	$5.7 Billion	$11.7 Billion
Net Debt / EBITDA	2.0X	3.0X
Debt / Total Capital	43%	59%
EBITDA / Interest	9.4X	6X[(1)]

(1) Estimate

Key Observations
Weyerhaeuser Mills & Box Plants

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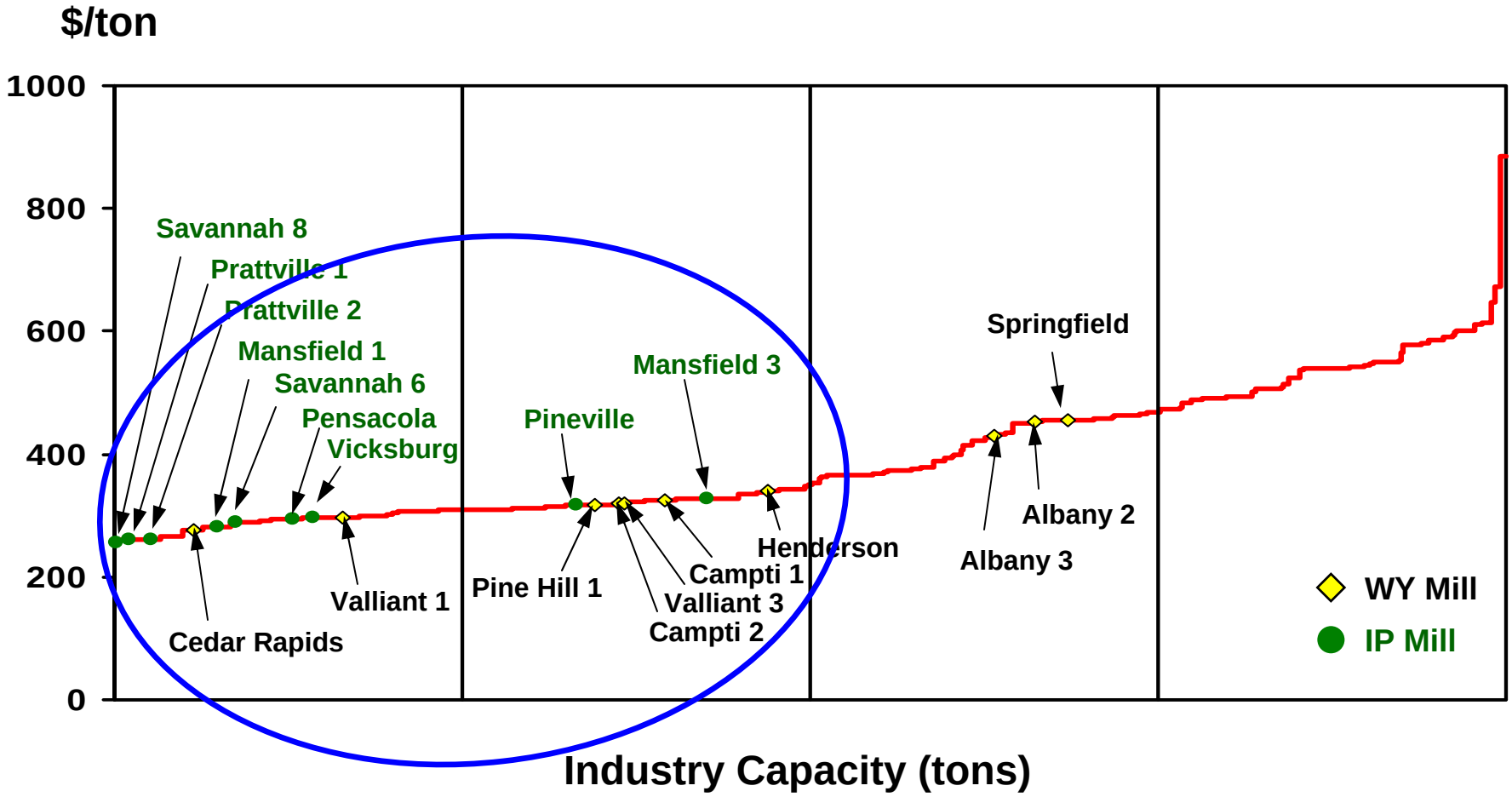
- **Quality Assets**
- **Good Scale**
- **Well Maintained**
- **Supply Chain Integration Opportunities**
- **Complementary to IP Facilities**
- **Adds Capacity in Geographic/End-Use Segments**

Combined Containerboard System
85% of Capacity in 1st & 2nd Quartiles



Source: Pöyry CostTrac – 4th Quarter, 2007
42# and 26# Global Kraft Linerboard cash cost per ton delivered to Chicago
Henderson, Savannah 8, Mansfield 3 and Pensacola based on 26#

North American Containerboard

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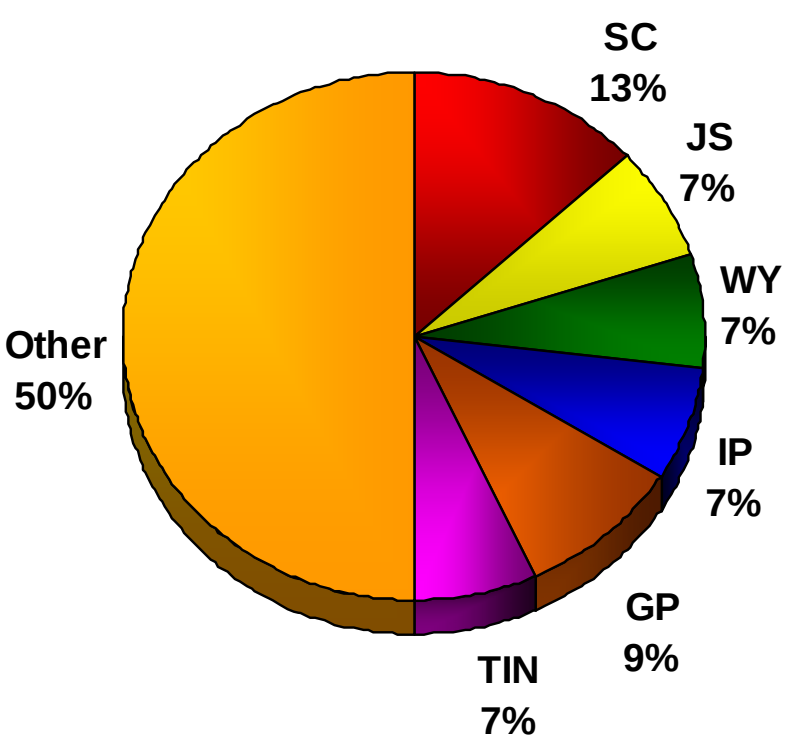
1995 Producer Position

Top 3 = 29%

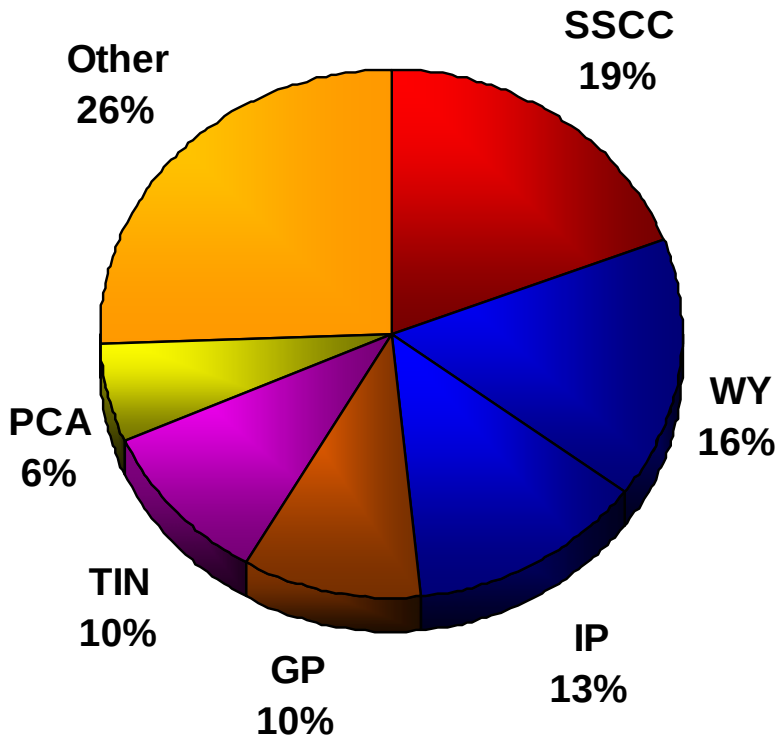
Top 6 = 50%



2007 Producer Position

Top 3 = 48%

Top 6 = 74%



1995 Source: AF&PA, Company Reports, IP Analysis

2007 Source: RISI

Synergy Opportunities
$400 Million Run Rate

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S G & A	▪ Business Overhead Reduction ▪ Corporate Overhead Reduction
Mills	▪ Machine / Product Optimization ▪ Freight Optimization ▪ Efficiency Improvements
Mix	▪ Customer Mix Improvement
Box Plants	▪ System Streamlining

Key Terms of Proposed Transaction

Purchase Price & Consideration	$6 billion in cash
Timing	IP expects to close the transaction in the 3rd quarter of 2008
Regulatory	Obtain pre-merger clearances
Financing	Leading financial institutions

Acquisition Assessment

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- Good Strategic Fit ☑
- Improves Core Business ☑
- Double-Digit Returns ☑
- Significant Synergies ☑
- Low Integration Risk ☑
- Quality Assets ☑

Appendix

Box Plants
Strengthens Existing IP System

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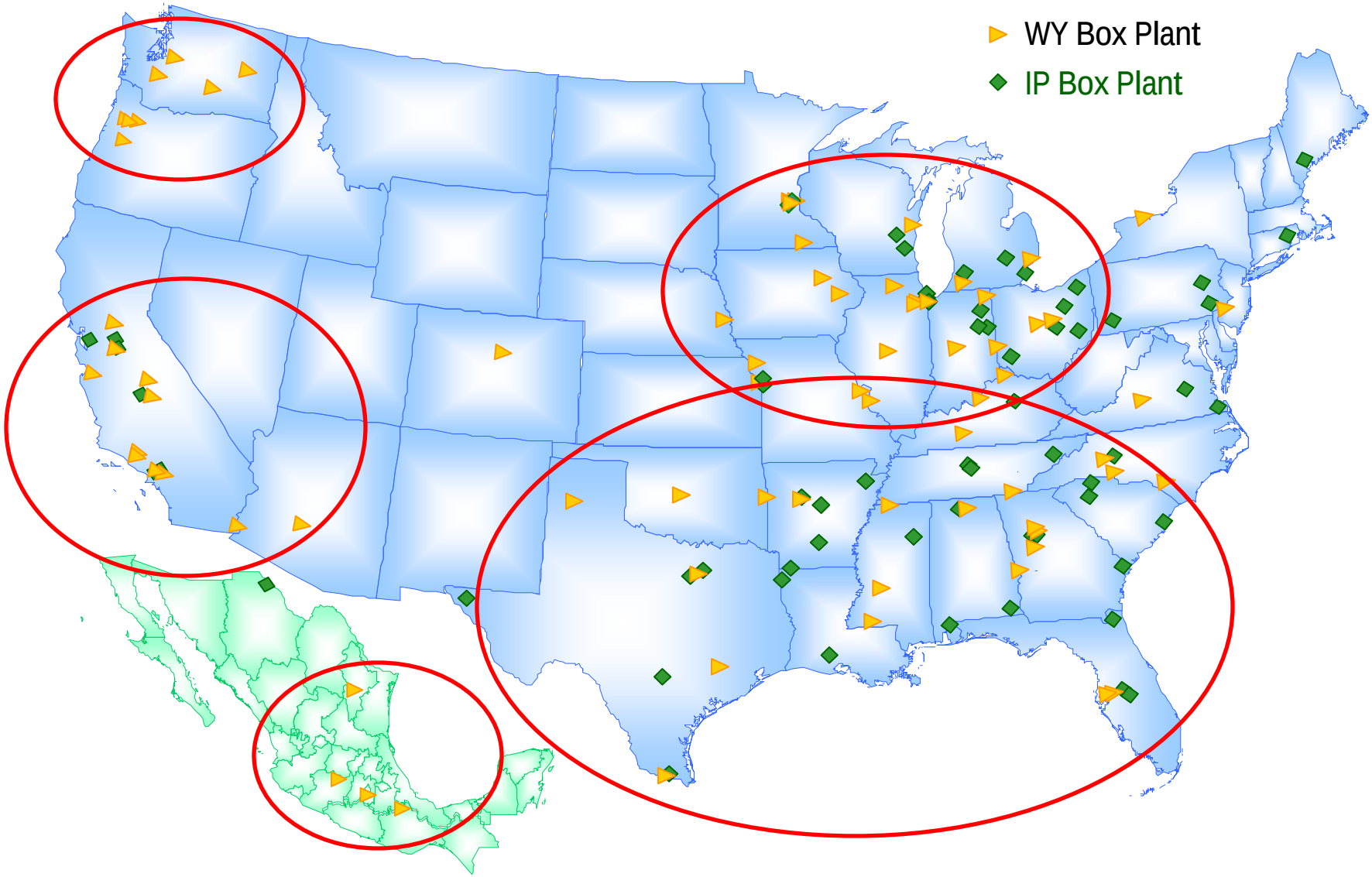

Combined Mill & Converting Assets
Complements Existing IP Facilities

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