

INTERNATIONAL PAPER

Tim S. Nicholls
Senior Vice President & Chief Financial Officer

JPMorgan
Basics and Industrials Conference

June 2008

Forward-Looking Statements

INTERNATIONAL PAPER

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) our ability to realize the expected benefits of our proposed acquisition of the containerboard, packaging and recycling business of Weyerhaeuser Company in light of integration difficulties and other challenges; (ii) increases in interest rates and our ability to meet our debt service obligations; (iii) industry conditions, including but not limited to changes in the cost or availability of raw materials and energy, transportation costs, competition we face, the company's product mix, demand and pricing for its products; (iv) 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, pension and health care costs and the company's credit ratings issued by recognized credit rating organizations; (v) unanticipated expenditures related to the cost of compliance with environmental and other governmental regulations and to actual or potential litigation; (vi) whether we experience a material disruption at one of our manufacturing facilities; and (vii) the company's ability to realize anticipated profit improvement from its transformation plan. 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.

2

Non-GAAP Statements

- During the course of this presentation, certain non-U.S. GAAP financial information will be presented.
- A reconciliation of those figures to U.S. GAAP financial measures is available on the company's website at "www.internationalpaper.com" under Investors.

3

Agenda

- Transformation Update
- Industrial Packaging
- Uncoated Freesheet
- International Operations

4

International Paper Overview

- Leading global paper & packaging company
- $22 Billion in 2007 revenues
- 50,000+ employees
- Operations in 20 countries
- Executing major transformation







5

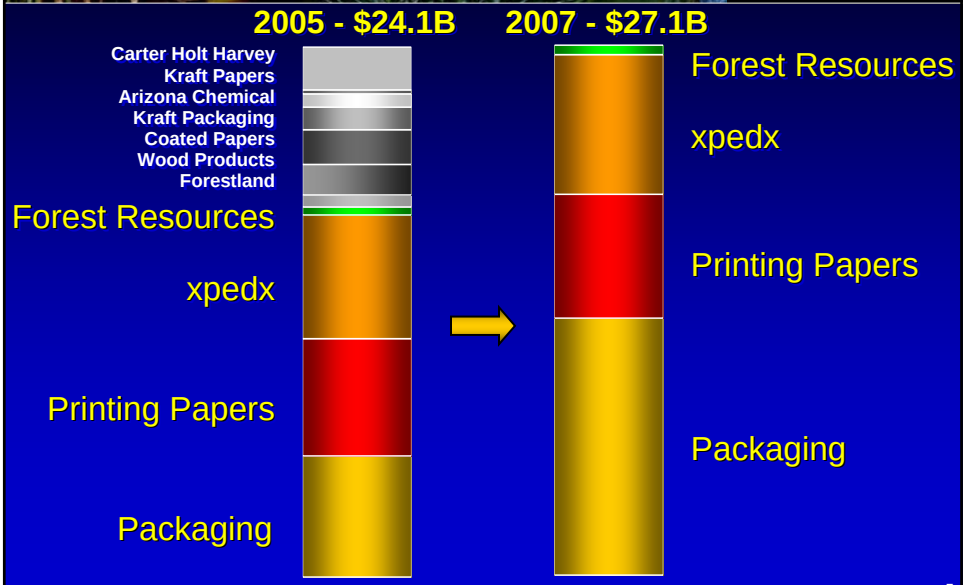
Transformation Plan
Focus on Execution



6

Focused Business Portfolio
Pro Forma Sales Revenue

INTERNATIONAL PAPER

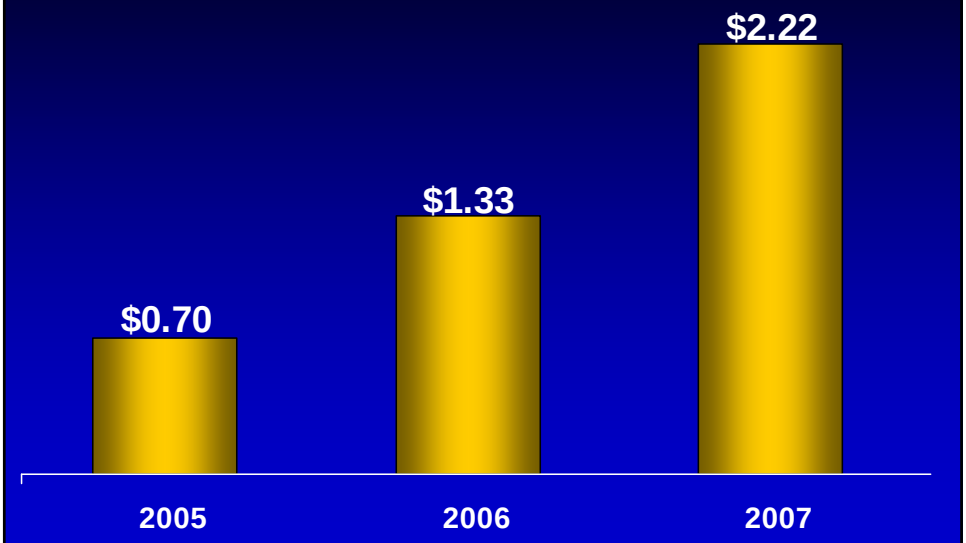


2007 revenue figures include Weyerhaeuser CBPR revenues

7

Transformation Plan Scorecard
Earnings Per Share

INTERNATIONAL PAPER

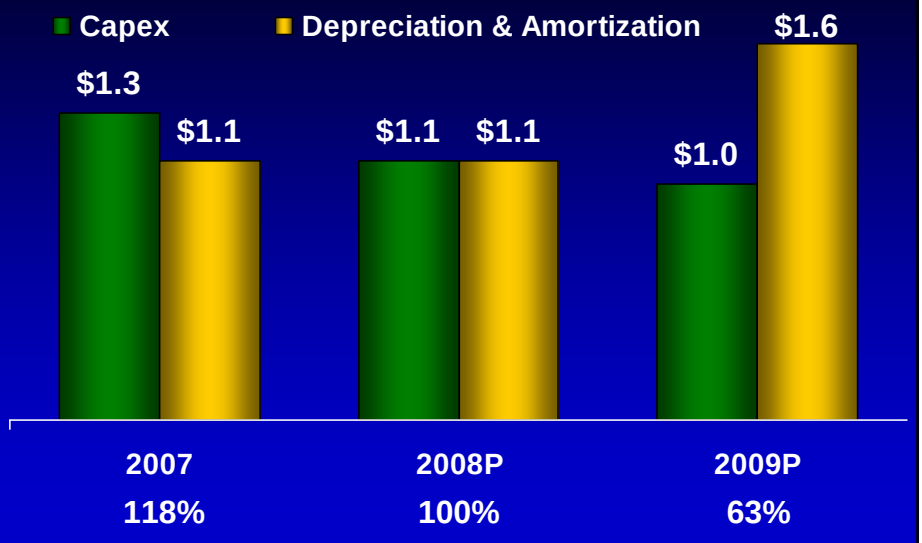


Earnings from continuing operations before special items

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

8

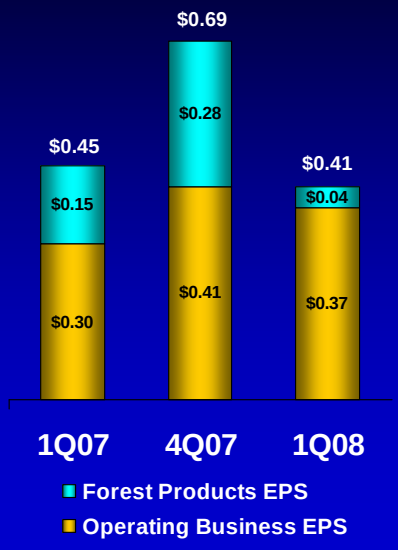
Transformation Plan Scorecard
Capex % of Depreciation



2009P depreciation includes $200 million in capex for the Weyerhaeuser assets and $500 million in incremental depreciation for the Weyerhaeuser assets

9

First Quarter 2008 Highlights



- Volumes
  - Weakened in North America
  - Held up outside NA
- Prices
  - Improved globally
- Input Costs
  - Escalated globally
- Improved free cash flow
- Lower Forest Products earnings
- Ilim's 4Q07 earnings on track

Earnings from continuing operations before special items

10



INTERNATIONAL PAPER

Industrial Packaging

Weyerhaeuser CBPR Acquisition
Status Update

INTERNATIONAL PAPER

3rd-Quarter Closing	On Track
Hart-Scott-Rodino Approval	☑
Financing	☑
Integration Planning	☑
Transitional Services	In Process
Foreign Regulatory Approvals	In Process

12

Weyerhaeuser Acquisition Financing

INTERNATIONAL PAPER

Original Financing Plan

5-Year Term Loan	$2 Billion
18-Month Bridge Loan	$4 Billion

Current Financing Plan

5-Year Term Loan	$2.5 Billion
Bond Offering	$3.0 Billion
Cash	$0.5 Billion

13

Weyerhaeuser CBPR Acquisition

Creating the Leading Global Supplier

INTERNATIONAL PAPER

- Increases Cash Flow ☑
- Compelling Valuation ☑
- Consistent with Transformation Plan ☑
- Improves Core Business ☑
- Well-Maintained, Quality Assets ☑
- Significant Synergies ☑
- Low Integration Risk ☑

14

Strengthening International Paper
Higher Earnings on Reduced Capital

INTERNATIONAL PAPER

	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)

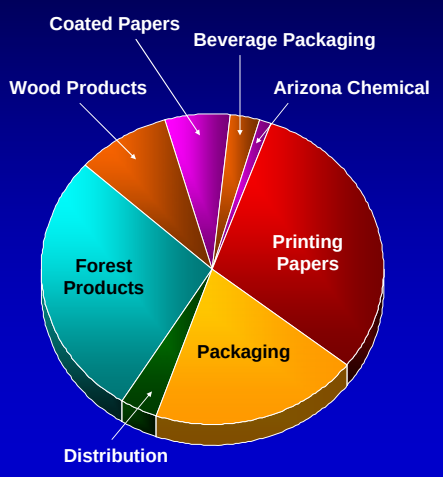
(1) Before Transformation Plan discontinued operations
(2) Excludes special items
(3) Calculated as IP 2007 EBITDA of $2.8 billion plus CBPR 2007 EBITDA of $0.7 billion plus $0.4 billion in run-rate synergies

15

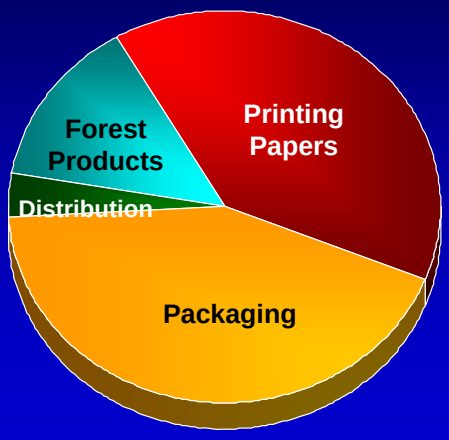
Weyerhaeuser CBPR Acquisition
Improving Earnings Quality

INTERNATIONAL PAPER

2005
EBITDA - $2.8B



2007 Pro Forma with Weyerhaeuser Assets
EBITDA - $3.9B(1)



(1) Calculated as IP 2007 EBITDA of $2.8 billion plus CBPR 2007 EBITDA of $0.7 billion plus $0.4 billion in run-rate synergies

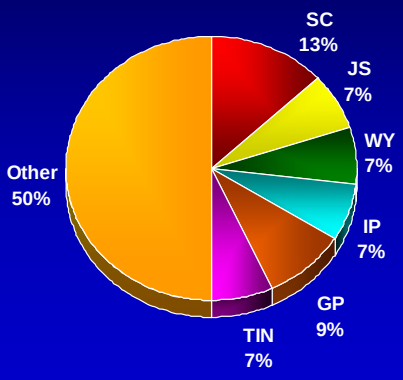
16

North American Containerboard

INTERNATIONAL PAPER

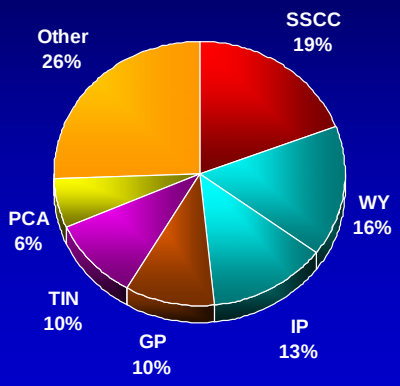
1995 Producer Position

Top 3 = 29%
Top 6 = 50%



2007 Producer Position

Top 3 = 48%
Top 6 = 74%



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

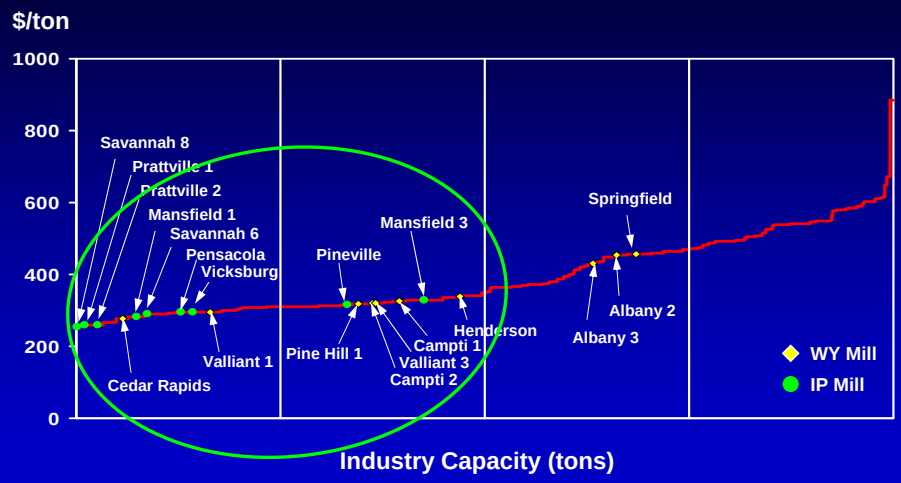
2007 Source: RISI

17

Combined Containerboard System

85% of Capacity in 1st & 2nd Quartiles

INTERNATIONAL PAPER



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#

18

North American Industry Selling Prices

42 lb. Kraft Linerboard

INTERNATIONAL PAPER



Sources: Selling Prices - RISI U.S. data, Margins – International Paper Industrial Packaging

19

IP Cost Inflation vs. Price Realization

North American Industrial Packaging

INTERNATIONAL PAPER

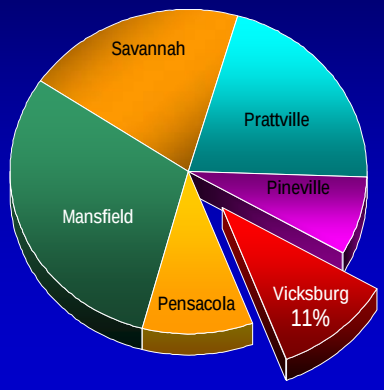


20

Vicksburg Mill
Repairing Recovery Boiler

INTERNATIONAL PAPER

IP Containerboard System
5.1 million tons



21



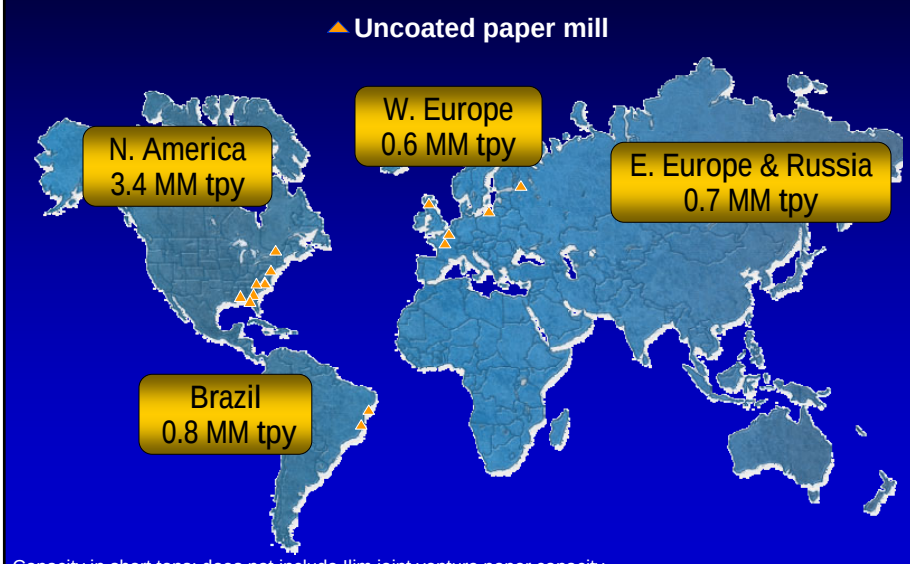
INTERNATIONAL PAPER

Uncoated Freesheet

Global Leader in Uncoated Papers

Leading Positions Across the Globe

INTERNATIONAL PAPER



Capacity in short tons; does not include Ilim joint venture paper capacity

23

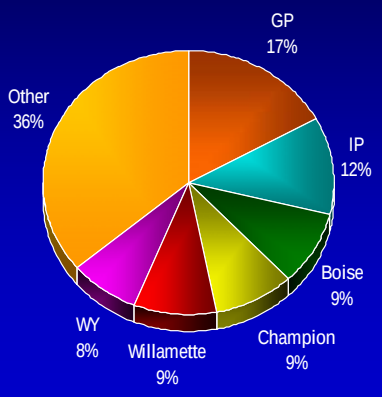
North American Uncoated Freesheet

Structural Changes

INTERNATIONAL PAPER

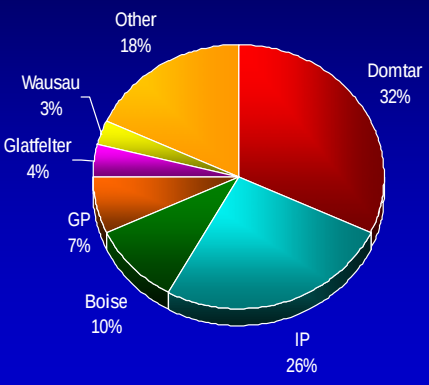
1998 Producer Position

Top 3 = 38%
Top 6 = 64%



2007 Producer Position

Top 3 = 68%
Top 6 = 82%



1998 Source: Company Reports, IP Analysis

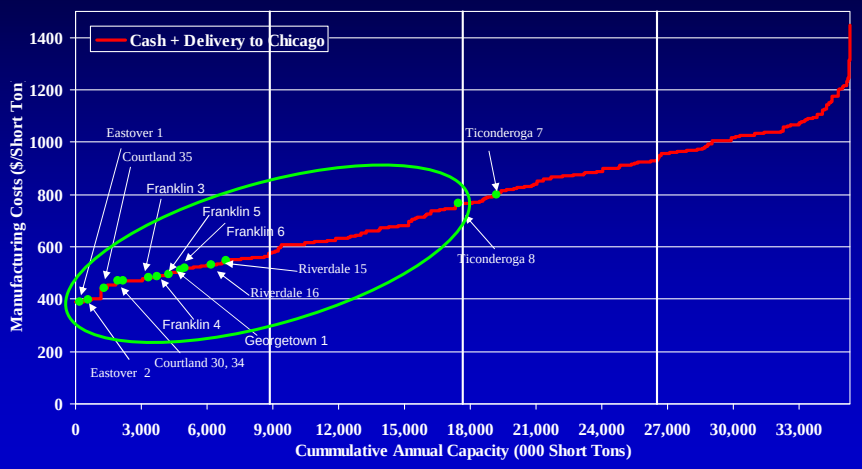
2007 Source: RISI

24

Uncoated Freesheet Cost Curve

94% of Capacity in 1st & 2nd Quartiles

INTERNATIONAL PAPER



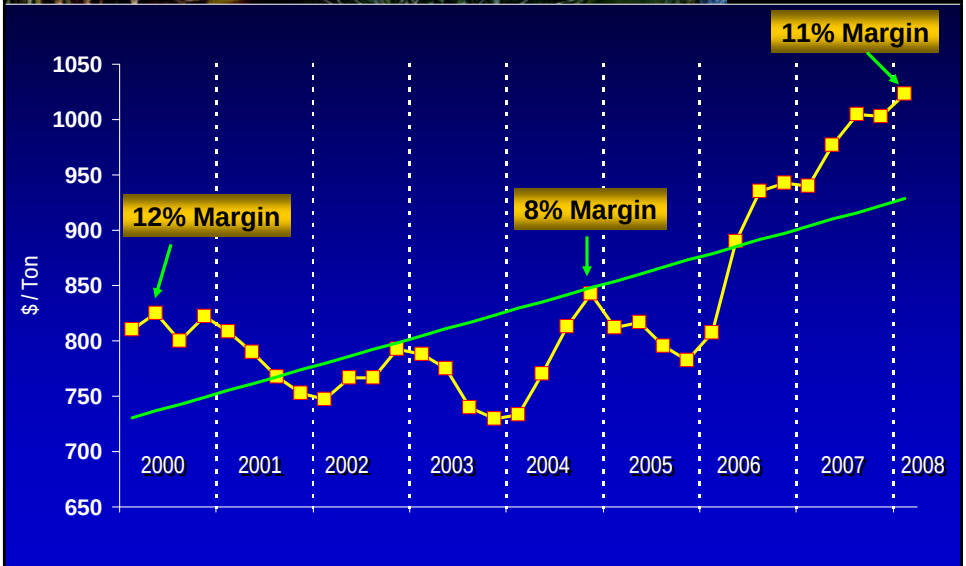
Based on Poyry's 2007 CostTrac model at 1st Quarter, 2008, Prices and Exchange Rates.

25

North American Industry Selling Prices

20 lb. Copy Paper

INTERNATIONAL PAPER

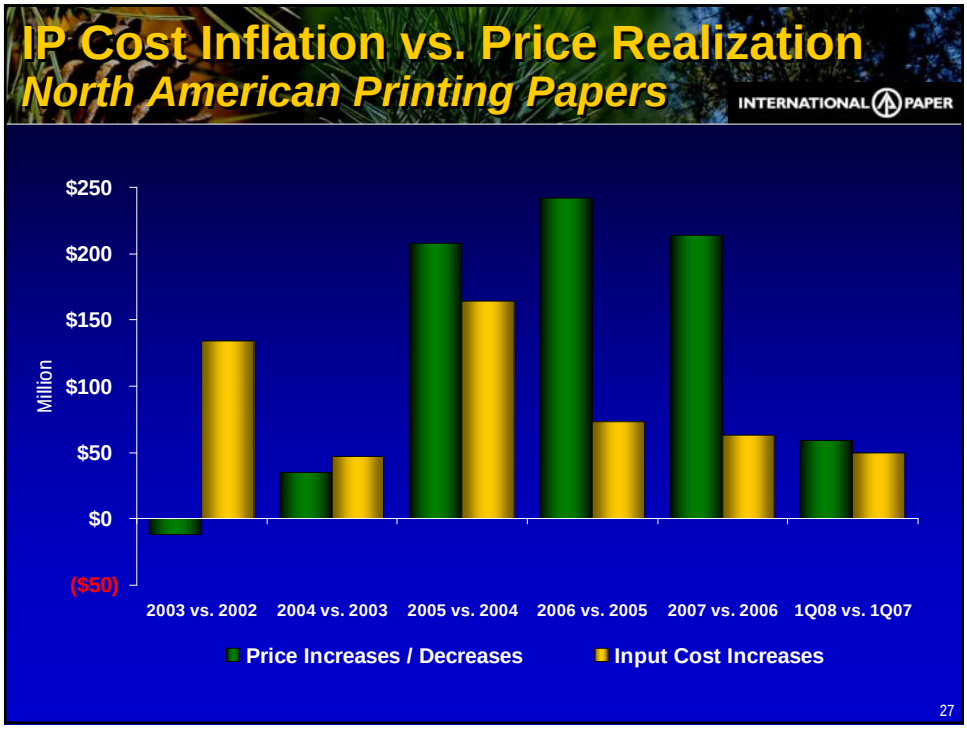


Source: RISI U.S. data

Quarterly average sales price

Trendline price

26


IP Cost Inflation vs. Price Realization
North American Printing Papers
INTERNATIONAL PAPER
$250
$200
$150
$100
$50
$0
($50)
Million
2003 vs. 2002
2004 vs. 2003
2005 vs. 2004
2006 vs. 2005
2007 vs. 2006
1Q08 vs. 1Q07
Price Increases / Decreases
Input Cost Increases
27


INTERNATIONAL PAPER
International Operations

Sun Paper Joint Venture

INTERNATIONAL PAPER





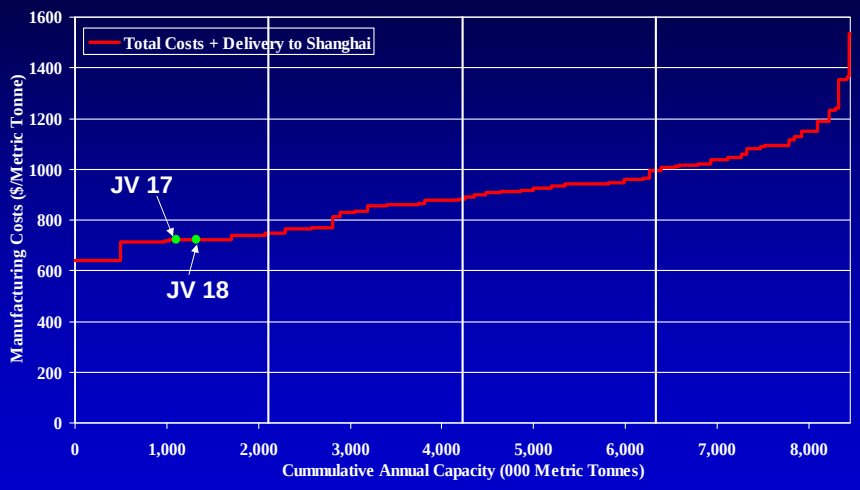
New Sun Coated Paperboard Machine

- 2 machines - 470,000 TPY
- 3rd machine - 355,000 TPY
- High demand growth region
- Low-cost manufacturing

29

Coated Paperboard Global Cost Curve
Folding Carton

INTERNATIONAL PAPER



Based on Poyry's 2007 CostTrac model at 1st Quarter, 2008, Prices and Exchange Rates.
Sun JV costs are from IP estimates. Delivery includes $44 per metric ton for imports into China.

30

IP Brazil
Transforming Earnings and Margins

INTERNATIONAL PAPER

	2005	2006	2007
Sales Revenue	$684	$495	$850
EBITDA	$217	$135	$272
EBITDA Margin	32%	27%	32%

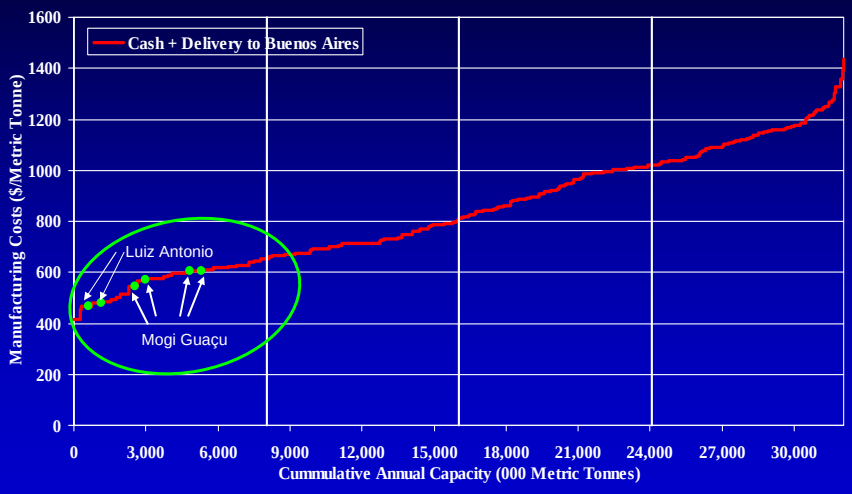
- High demand growth
- Low-cost manufacturing
- Leading market position

Note: 2005 results include sales and earnings from divested business

31

Global Uncoated Freesheet Cost Curve
50 lb. Rolls

INTERNATIONAL PAPER



Based on Poyry's 2007 CostTrac model at 1st Quarter, 2008, Prices and Exchange Rates.

32

Ilim Joint Venture
Low-Cost, Well-Positioned

INTERNATIONAL PAPER

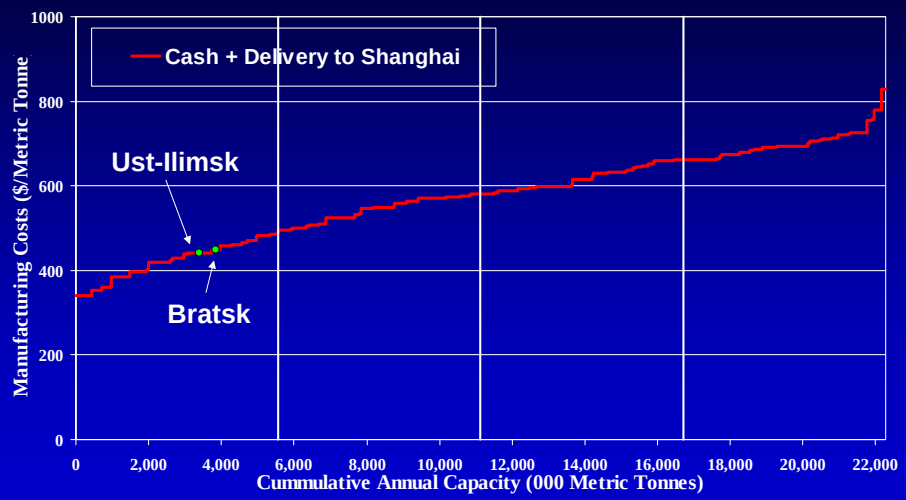
- 50% of Ilim for ~$620MM
- Enterprise value ~ $1.6B
- EBITDA multiple < 4.0
- Strong market presence in Russia and China



33

Global Cost Curve
Bleached Softwood Kraft Market Pulp

INTERNATIONAL PAPER



Based on Poyry's 2007 CostTrac model at 3rd Quarter, 2007, Prices and Exchange Rates.

34

Ilim Joint Venture

- Strong end-use markets in Russia & China
  - Solid economic growth
  - High demand growth
- Low-Cost Manufacturing
- Business performing ahead of plan
  - Producing at full capacity
  - 20%+ EBITDA margins
- Ilim board of directors has approved $350 million 2008 capital plan

Ilim EBITDA margin is on a 100% basis before IP adjustments and IP NA margins excludes Forest Products and xpedx

International Operations Summary
Ingredients for Success

- High Demand Growth
- Low-Cost Manufacturing
- Market-Leading Positions
- Attractive Margins and Increasing Earnings

Ex-North America EBITDA Growth

Management Priorities
Execution

- Continue to strengthen core businesses' earnings and cash flows
- Integrate Weyerhaeuser CBPR assets to drive increased earnings and cash flow
- Execute global operations plans
- Strengthen balance sheet via debt reduction

37

INTERNATIONAL PAPER

38