

INTERNATIONAL  PAPER

Introduces a

Direct Purchase Program



Mellon

Investor Services Program

Program sponsored and administered by

The Mellon Bank, N.A.

not by International Paper Company

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INVESTOR SERVICES PROGRAM OVERVIEW

The Mellon Investor Services Program (the “Program”) offers you a variety of convenient, low-cost services to make it easier for you to invest in the common stock of the International Paper Company (“IP”). The Program has various features and you can choose the Program features that meet your investment needs. The principal terms and conditions of the Program are summarized in this brochure. The Mellon Bank, N.A. (the “Administrator”) administers the Program, and certain administrative support will be provided to the Administrator by Mellon Investor Services LLC, a registered transfer agent. A copy of the full terms and conditions of the Program is available from the Administrator upon request at no charge.

The Mellon Bank, N.A. (the “Administrator”) administers the program. Certain administrative support will be provided to the Administrator by Mellon Investor Services LLC, a registered transfer agent. The Program is designed for long-term investors who wish to invest and build their share ownership over time.

The Program offers a convenient and economical means to own shares. **Unlike an individual stock brokerage account, the timing of purchases and sales is subject to the provisions of the Program, as discussed on pages 3 through 6.**

You can participate in the program if you are a registered holder of IP common stock. If you do not own IP common stock, you can become a participant by making your initial purchase directly through the Program. The Program provides you with the opportunity to reinvest dividends and an alternative to traditional methods of buying, holding and selling IP common stock.

Read on for a more detailed description of the features of the Mellon Investor Services Program as offered for IP. If you would like to participate in the Program, complete the enclosed Enrollment Form and mail it to the Administrator in the postage-paid envelope provided for your convenience.

KEY FEATURES OF PROGRAM

ANYONE CAN PARTICIPATE

You may participate in the Program if you currently own IP common stock that is registered in your name or you can participate by making your initial investment in common stock through the Program with a minimum initial investment of \$500. Alternatively, you may authorize the automatic monthly investment feature and initiate your investment with only \$100.

OPTIONAL CASH PURCHASES

AUTOMATIC DIVIDEND REINVESTMENT

You can reinvest all or a portion of your dividends in additional shares of IP common stock, or the Administrator will remit any dividends to you either by check or by automatic deposit to a bank account you designate.

SHARE SAFEKEEPING

If you have certificates, you can deposit your IP common stock certificates with the Administrator for safekeeping, at no cost to you. You can request withdrawal of any or all of your

Once you are a registered shareholder, you can buy IP common stock and pay fees and commissions lower than those typically charged by stockbrokers for small transactions. You can purchase as little as \$50, up to \$20,000 annually, and either pay by check or have your payment automatically deducted from your bank account.

CONVENIENT SHARE SALES

You can sell IP common stock and pay fees lower than those typically charged by stockbrokers for small transactions.

FULL INVESTMENT

Full investment of your funds, less fees, is possible because you will be credited with both whole shares and fractional shares. Dividends will be paid not only on whole shares but also proportionately on fractional shares.

whole shares of IP common stock. A certificate for those shares will be sent to you, free of charge.

GIFTS AND OTHER SHARE TRANSFERS

You can make gifts or other transfers of IP common stock you hold in your Program account.

TRANSACTION REPORTING

You will receive a notice after each transaction showing the details and your share balance in your Program account.

SUMMARY OF TERMS & CONDITIONS

1. How can I participate in the Program?

If you already own IP common stock and the shares are registered in your name, you may participate immediately. If your shares are held for you in a brokerage account, you may make arrangements with your stockbroker to have some or all of the shares of IP common stock registered directly in your name. If you do not currently own any IP common stock, you can participate by making an initial investment in IP common stock through the Program. Please see question number five for details regarding an initial investment.

2. How do I get started?

You can get started in the Program by completing the enclosed Enrollment Form along with the items required and mailing them to the Administrator in the prepaid envelope. Your participation will begin promptly after the Enrollment Form is received. Once you have enrolled, your participation continues automatically, as long as you wish.

3. How do I reinvest dividends?

You may choose to reinvest all or a portion of the dividends paid on shares of IP common stock you own in additional shares of IP common stock. To be eligible for reinvestment, you must elect to reinvest the dividend on a minimum of 25 shares. Dividends on holdings of fewer than 25 shares will be paid by check. You may change your election at any time by writing to the Administrator. To be effective with respect to a particular dividend, any such change must be received by the Administrator on or before the record date for that dividend.

You may, of course, choose not to reinvest any of your dividends, in which case the Administrator will remit any dividends to you by check or automatic deposit to a bank account you designate.

4. When are dividends reinvested?

If you have chosen the dividend reinvestment feature, the Administrator will invest dividends in additional shares of IP common stock purchased on the open market as promptly practicable, on or after the payable date, normally within one week. In the unlikely event that, due to unusual market conditions, the Administrator is unable to invest the funds within 30 days, the Administrator will remit the funds to you by check. No interest will be paid on funds held by the Administrator pending investment.

5. How do I make an initial investment?

If you do not own IP common stock in a Program account, you can make an initial cash investment for as little as \$500, but not more than \$20,000, by completing an Enrollment Form and submitting it with your check. Only checks made payable to Mellon Bank, N.A. will be accepted. No third party checks will be accepted.

6. How do I make additional investments?

If you already own IP common stock and are enrolled in the Program and want to make additional purchases, you can send a check to the Administrator for each purchase. Attach your check to the contribution form on your Program statement and mail it to the Administrator at the address specified on the statement. Or, if you wish to make regular monthly purchases, you may authorize automatic monthly deductions from your bank account. This feature enables you to make ongoing investments in an amount that is comfortable for you, without having to write a check. Additional cash purchases are subject to a minimum purchase requirement of \$50 per investment and a maximum of \$20,000 per year.

7. When will shares be purchased?

Upon receipt of the funds, the Administrator will invest initial and additional cash investments, less applicable fees, in whole and fractional shares purchased on the open market as promptly as practicable, at least once each week. In the unlikely event that, due to unusual market conditions, the Administrator is unable to invest the funds within 35 days, the Administrator will return the funds to you by check. No interest will be paid on funds held by the Administrator pending investment.

8. Will I receive certificates for shares purchased?

No, because the Program provides for share safekeeping. For your convenience, shares purchased under the Program will be maintained by the Administrator in your name in non-certificated form. You may, however, request a stock certificate from the Administrator at any time, free of charge.

9. What is safekeeping?

Shares of IP common stock that you buy under the Program will be maintained in your Program account in non-certificated form for safekeeping.

If you own IP common stock in certificated form, you may deposit your certificates for those shares with the Administrator, free of charge. Certificates forwarded to the Administrator by registered mail will be automatically covered by an Administrator blanket bond up to the first \$100,000 of value. Safekeeping protects your shares against loss, theft or accidental destruction. Safekeeping also provides a convenient way for you to keep track of your shares. Only shares held in safekeeping may be sold through the Program.

10. Can I get certificates if I want them?

Yes. If, you should ever want a stock certificate for all or a portion of the whole shares of IP common stock in your Program account, the Administrator will send one to you, upon your telephonic or written request. The Administrator will mail a certificate to you within four business days of your request. Please allow an additional five to seven business days for the Post Office to deliver your certificate.

11. How can I transfer or give gifts of shares?

You may transfer or give gifts of IP common stock to anyone you choose by contacting the Administrator and requesting a Gift/Transfer Form. After the transfer or gift purchase is completed, upon your request, the Administrator will send you a non-negotiable gift announcement, which you can present to the recipient. A notice indicating the deposit of IP common stock will also be forwarded to the recipient.

12. How do I sell shares?

You can sell shares in your Program account, or any other eligible book entry shares, at any time by contacting the Administrator by phone or in writing. A sale request that is received before 1:00 p.m. Eastern Time, will, subject to market conditions and other factors, generally be sold the same day. A sale request that is received after 1:00 p.m. Eastern Time, will, subject to market conditions and other factors, generally be sold the following business day. Please note that the Administrator cannot and does not guarantee the actual sale date or price, nor can it stop or cancel any outstanding sales or issuance requests. All requests are final. The Administrator will mail a check to you (less applicable sales fees) on settlement date, which is three business days after your shares have been sold. Please allow an additional five to seven business days from settlement date for the Post Office to deliver your check.

Alternatively, you may choose to sell your shares through a stockbroker of your choice, in which case you would have to request that the Administrator electronically transfer your shares to your stockbroker or request a certificate for your shares from the Administrator prior to such sale. See question number 10 for instructions on how to obtain a certificate.

13. What are the costs?

There is no fee for enrolling in the Program. Participation is voluntary and you may discontinue your participation at any time. However, there are fees associated with some of the Program's services. Please refer to the separate Investor Services Program Fee Schedule for more information on transaction and trading fees.

14. What about taxes?

The Administrator will send a Form 1099-DIV to you and the Internal Revenue Service after each year end reporting all dividend income you received during the year on your IP common stock (consisting of dividends and transaction or trading fees paid on your behalf by IP). If you sell shares through the Program, the Administrator will send a Form 1099-B to you and the Internal Revenue Service after year end, showing the total proceeds of the transactions. We recommend that you keep your transaction statements, which are helpful for record keeping and tax purposes.

15. How can I vote my shares?

You will receive proxy material for all of your shares, and your shares will be voted in accordance with your direction. If you wish, you may vote your shares in person at shareholder meetings.

16. What provisions are made for non-U.S. residents?

Cash investments from non-U.S. residents must be in United States currency and will be invested in the same manner as investments from other participants. Each participant is responsible for reviewing the applicable laws of his or her country of residence prior to investing in IP common stock. All dividends will be subject to withholding under the terms of any applicable tax treaty provisions.

17. How will I keep track of my investments?

The Administrator will send a transaction notice confirming the details of each transaction you make. If you continue to participate in the Program, but have no transactions, the Administrator will send you an annual statement detailing the status of your holdings of IP common stock in your Program account.

18. How would I terminate my participation?

You may withdraw entirely from the Program merely by giving telephonic or written notice of termination to the Administrator. Upon termination, you will receive a certificate for the whole shares held for you under the Program and a check for any fractional shares based on the current market value, net of any applicable fees. Thereafter, future dividends will be sent directly to you by check or to a bank account you designate. Alternatively, if you so direct, the Administrator will sell all whole and fractional shares in your Program account and send you a check for the proceeds, net of any applicable fees. Termination notices should be received by the Administrator four days prior to a dividend record date to avoid the reinvestment of the current dividend or any possible delay in receipt of your shares and/or cash. If your Program account balance falls below one full share, the Administrator reserves the right to liquidate the fraction and remit the proceeds, less any applicable fees, to you at your address of record.

19. What if I have questions about the Program?

Any questions you have about buying or selling or any other services offered by the Program, should be made directly to the Administrator at its toll-free number:

1-800-678-8715

A customer service representative will assist you. Once enrolled, you may also use the Administrator's automated voice

response system, which will furnish information regarding your account — for example, number of shares held in the Program, amount of last dividend check or the closing stock price. Employees of the Administrator are not permitted to give any opinions on the merits of any security or class of securities.

You may also write to the Administrator at the following address:

**Mellon Bank, N.A.
c/o Mellon Investor Services
P.O. Box 3338
South Hackensack, NJ 07606-1938**

Be sure to include your name, address, account key and daytime phone number on all correspondence.

Note: The Mellon Investor Services Program is designed for the long-term investor and does not afford the same flexibility as a stockbroker's account.

IP has appointed The Mellon Bank, N.A. as Administrator for the Program. The Program is not sponsored or administered by IP. Securities held by the Administrator in your Program account are not subject to protection under the Securities Investor Protection Act of 1970. The Administrator may use, and commissions may be paid to a broker-dealer which is affiliated with the Administrator. Investors must make independent investment decisions based upon their own judgment and research.

**International Paper Company is listed on the New York Stock Exchange
and trades under the ticker symbol "IP".**

**A COPY OF THE TERMS AND CONDITIONS IS AVAILABLE FROM THE
ADMINISTRATOR UPON REQUEST AT NO CHARGE.**