

**Ethical
Behavior
and Personal
Integrity
are the Core
of Our
Culture**

INTERNATIONAL  PAPER

**Code of
Business Ethics**

Third Edition

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OUR ETHICAL FOUNDATION, OUR CORE VALUES AND OUR KEY DRIVERS

International Paper is a global community of aligned, dedicated, highly motivated people delivering superior value to customers through operational excellence. At the foundation of our community is our ethical culture.

<p>OUR ETHICAL FOUNDATION</p>	<p>OUR CORE VALUES ARE OUR PRINCIPLES OF EXCELLENCE</p>	
<p>Ethical Behavior and Personal Integrity are the Core of Our Culture</p>	<p>We uphold the highest ethical standards and are accountable for all we do.</p>	<p>We are good citizens, protect employee health and safety, and manage natural resources responsibly.</p>
	<p>We consider what is best for the entire Company when making decisions. Everyone — teams and individuals — is responsible for meeting customer and business promises.</p>	<p>We are passionately focused on business results and customer success.</p>
	<p>We treat each other with dignity and respect, and believe in diversity of thought, culture and background.</p>	<p>We believe helping people grow is everyone’s responsibility.</p>
	<p>We set stretch objectives and embrace change.</p>	<p>We insist on excellence and being the best. We win with great leadership, innovation and being brilliant at the basics.</p>

We live in times that are characterized by new relationships, new realities and new pressures on us as individuals and as members of a global community. To maintain our ethical compass, we rely on our *core values* — our Principles of Excellence from the IP Way — which are solid, enduring and time-tested.

OUR KEY DRIVERS

From our ethical foundation, and acting according to our core values, we manage International Paper through our three key drivers — *People, Customers* and *Operational Excellence*.

Our core values grow out of our ethical foundation.



Our Code of Business Ethics

In our Code of Business Ethics, we have defined what is appropriate behavior and what is not — in other words, we have defined what we aspire to be collectively as a Company and what we expect of ourselves as individuals.

Our Code of Business Ethics is based on our core values that guide us in our daily activities. It helps us make ethical business decisions. While our Code of Business Ethics says that we will comply with applicable laws and regulations where we do business, it is not only about compliance. Rather, our Code of Business Ethics describes how we, as a Company, relate to others as we conduct business around the world. It describes our core values, our principles, how we work together as employees, and how we respect diverse points of view, cultures and norms. It is also a reference guide that will help you locate relevant Company policies, and it provides information about how to seek help if you have an ethical concern.

WHO STANDS BEHIND OUR CODE OF BUSINESS ETHICS?

Our Code of Business Ethics was approved and adopted by our board of directors. The board of directors, together with the chief executive officer and all of the Company's other leaders and employees, stand behind it.

It is the expectation and intention of the Company that no waivers from any of the provisions of our Code of Business Ethics shall be sought or granted. A decision to grant such a waiver may be made only by the board of directors and any such decision shall be disclosed promptly and publicly as required by the United States Securities and Exchange Commission.

WHO MUST COMPLY WITH OUR CODE OF BUSINESS ETHICS?

All employees, officers and directors of International Paper and of the businesses we operate are expected to comply with our Code of Business Ethics.

WHAT HAPPENS IF SOMEONE VIOLATES OUR CODE OF BUSINESS ETHICS?

We are all responsible for living up to the high standards of ethical behavior set out in our Code of Business Ethics, and for being accountable in all we do. When one person fails to adhere to our Code of Business Ethics, it has the potential to reflect negatively on the entire Company, and that is why ethical behavior and personal integrity are the core of our culture.

The Company investigates all reported violations of our Code of Business Ethics. Following the investigation, the Company takes appropriate remedial action, if necessary.

WHAT ARE OUR STANDARDS, POLICIES AND PROCEDURES?

International Paper has developed standards of behavior, policies and procedures that set out the manner in which we conduct the Company's business. You will see that many of these policies are referred to in our Code of Business Ethics, along with statements summarizing our standards of business behavior. When taken together, they help us translate our ethical foundation and our core values into action, results and operational excellence.

All International Paper employees are subject to the laws and regulations of the country or countries in which they reside and work. Our Code of Business Ethics and Company policies supplement national and local laws. Any questions concerning the relationship between our Code of Business Ethics, Company policies and national or local laws should be referred to the Legal department or to the HelpLine (see page 22).

Ultimately, the Company's ethics represent more than compliance with the law, regulations or policies. Our Code of Business Ethics is about the integrity we bring to our business practices, the way we develop our people, our focus on our customers and our commitment to operational excellence. Our ethics bind us together, just as they define us as a culture, as a Company and as a community of individuals.

Ethical Behavior

We uphold the highest ethical standards and are accountable for all we do.

We are good citizens, protect employee health and safety, and manage natural resources responsibly.

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ANTITRUST AND COMPETITION

We believe in free and open competition. In addition, in most of the countries where we operate, strict laws are in force—similar to antitrust laws in the United States and competition laws in the European Union—prohibiting collusive or unfair business behavior that restricts free competition.

United States antitrust and other countries' competition laws are quite complicated, and failure to adhere to these laws could result in significant penalties imposed on both the Company and the employees who violated the law.

There are almost no circumstances under which agreements with competitors to fix prices, terms of sale, production output, or to divide markets or customers are allowed by law. In addition, attempts to discriminate in prices or terms of sale among our customers, or to otherwise restrict the freedom of our customers to compete, may sometimes be illegal. Legal issues may also arise if we refuse to deal with certain customers or competitors.

Contact Points – The Company's Legal department or the HelpLine (see page 22). These are the contacts you need for guidance and answers to questions about antitrust and competition issues.

Policy Reference – Corporate Policy 202 and the International Paper Antitrust and Competition Law Compliance Manuals at My-Policies on the IPNet. Here you will find guidance on compliance with antitrust and competition laws.

ETHICAL DILEMMA

I have received several calls from a company that wants to become a distributor of our products but is not currently qualified to do so. They have threatened to sue if we don't sell them our products. Do I need to make them a distributor? Can I make them a distributor, but charge them a higher price for the products than we charge other distributors?

Absent some unique circumstance, you do not need to make them a distributor. As a general rule, a company can choose with whom it will or won't deal commercially. There are some unique exceptions where we might be legally required to deal with others, such as when there may have been a history of commercial dealings and a refusal might force the other party out of business or when we have a unique product unobtainable elsewhere. These types of circumstances seldom arise, and we can select distributors or other customers based on what benefits our business.

If we do make them a distributor, we will have to treat them substantially the same as other distributors, unless we have an objective basis for different treatment. That means that we will likely have to sell them products for resale at substantially the same price as we charge their competing distributors. Treating multiple distributors or other customers differently is a complex issue, and you should consult the Legal department or the HelpLine (see page 22) in such situations.

ANTI-CORRUPTION AND BRIBERY

International Paper does business globally, and we honor the treaties and laws of the countries where we operate. Certain laws, such as the United States Foreign Corrupt Practices Act (FCPA), apply to the Company's global operations. The FCPA prohibits the Company, its employees, and third parties working on the Company's behalf from paying bribes, offering or promising to pay bribes, or authorizing the payment of money or anything else of value to government officials, employees of government controlled businesses, political parties or candidates in order to obtain an improper business advantage. In addition, we do not exchange illegal payments or bribes with any commercial party or individual. The FCPA contains very few exceptions to the prohibition against bribes, and other countries' laws may be even more stringent. Understanding when you are dealing with a government official or when a payment may be a legitimate payment rather than a bribe is critical to following the law, and you must always seek advice from the Legal department on these issues. If you are ever in a circumstance where you believe you are being asked to violate this provision of the Code, you must notify the Legal department or contact the HelpLine (see page 22).

Policy Reference – Corporate Policy 203 at My-Policies on the IPNet. Here you will find specific guidance on the provisions of the FCPA and other anti-corruption laws that apply to us. Understanding our policy is important because these matters are complex.

ETHICAL DILEMMA

A vendor has asked me to send his payment through a wire transfer to the Cayman Islands to the attention of a partnership that has no apparent relationship with the vendor. We have a long standing relationship with this vendor and have always sent our payments to his company in Bloomfield, New Jersey. Should I be suspicious?

Yes, you should be suspicious because the vendor is asking you to transfer funds to a country that is unrelated to the vendor and to an entity unrelated to the transaction. This transaction may be used to disguise financing for criminal activity such as terrorism, illegal narcotics trade, bribery or fraud. Moreover, requests to transfer money to third parties also raise red flags that need to be investigated to ensure the legitimacy of the transaction. Consult with your manager and the director of Ethics and Business Practice, who will review the situation.

GIFTS

We believe that no gift, favor or entertainment should be accepted or provided if it will obligate, or appear to obligate, the receiver. The giving or accepting of bribes, inappropriate, lavish or repeated gifts or other benefits is always prohibited, even if acceptable by local custom. Similarly, requesting or soliciting gifts or services, or requesting contributions from vendors, suppliers or other business partners for yourself or for the Company, is prohibited, except with regard to charitable organizations specifically sanctioned or supported by the Company. In general, providing or accepting normal sales promotion items, occasional meals or other non-cash items of minimal commercial value is permitted.

Policy Reference – Corporate Policies 203 and 211 at My-Policies on the IPNet. Here you will find guidance on the Company’s global gift standards, including procedures for specific policies that apply in the country or the business in which you work.

INTEGRITY OF COMMERCIAL TRANSACTIONS

We take affirmative steps to detect and prevent unacceptable or illegal forms of payment and financial transactions. Complex commercial transactions may hide financing for criminal activity such as terrorism, illegal narcotics trade, bribery and fraud. Anti-money laundering laws of the United States and other countries and international organizations require transparency of payments and the identity of all parties to transactions. International Paper is committed to full compliance with anti-money laundering laws throughout the world and will conduct business only with reputable customers involved in legitimate business activities and transactions.

Policy Reference – Corporate Policy 221 at My-Policies on the IPNet. Here you will find guidance on detecting improper transactions, preparing proper business documentation and complying with requirements for appropriate forms of payment.

INTERNATIONAL TRADE LAWS

International Paper follows the trade laws of the United States and applicable laws of the countries in which we operate. We must follow United States trade law when international or local laws conflict with United States law.

The United States has strict export control laws prohibiting export sales to certain people, companies and countries from the United States and, in some cases, from our operations outside the United States. An “export” includes tangible exports, such as paper and packaging products, as well as intangible exports, such as electronic data and information that moves across international borders.

The Company is prohibited by law from participating in restrictive trade practices or boycotts imposed by foreign governments against certain other countries or against any United States citizens or companies. These “anti-boycott” laws prohibit us from complying with any boycott not sanctioned by the United States government, or even furnishing information in furtherance of, or in support of, such a boycott.

Requests to violate export restrictions or engage in boycotts, even if rejected, should be reported immediately to the Legal department or to the HelpLine (see page 22).

Information Reference – International Trade & Customs Web site on the IPNet. Here you will find a listing of countries subject to United States trade restrictions as well as required export compliance screening procedures.

We are good citizens, protect employee health and safety, and manage natural resources responsibly.

POLITICAL ACTIVITIES

As a Company, we take positions on political issues and lobby on behalf of our interests and goals, but always in strict conformance with applicable laws. Employees who communicate with government officials on behalf of the Company should fully understand the laws and regulations that apply to them and the Company.

Many International Paper employees participate actively in the political life of their respective communities, and the Company encourages that participation. However, employees may not use Company resources and assets for personal activities in support of their choice of political party, candidate or cause.

CHARITABLE ACTIVITIES

Similarly, International Paper supports community development throughout the world, funded in part by the International Paper Foundation which has its own charter as a non-profit organization and a board of directors. International Paper employees may contribute to these efforts, or may choose to contribute to organizations of their own choice. However, as with political activities, employees may not use Company resources to personally support charitable or other non-profit institutions not specifically sanctioned or supported by the Company. You should consult the Legal department or the Helpline (see page 22) if you have questions about permissible use of Company resources.

Policy Reference – Corporate Policies 307 and 407 at My-Policies on the IPNet. Here you will find guidance regarding government relations, as well as political and charitable contributions.

SUSTAINABILITY AND STEWARDSHIP

Health and Safety

We are committed to providing a safe and healthy work environment. This means we operate our facilities in compliance with applicable health and safety regulations and laws, and our own standards, which may be more stringent. This includes the accurate and timely reporting of any incident required to be reported. Each Company facility is required to have a safety program in place.

We do not tolerate any acts of verbal or physical behavior that could lead to or cause workplace violence. The health and safety of our employees, as well as the expectation of quality by our customers and shareowners, require that each employee works free from the influence of any substance or activity that could prevent or impede safe and effective work activities. We are each responsible for our own safety and that of our co-workers.

Policy Reference – Corporate Policies 207 and 219 at My-Policies on the IPNet. Here you will find the Company's health and safety policies, links to other relevant policies and information you need to identify, report and help prevent violence in our workplaces.

ETHICAL DILEMMA

I have seen some behaviors repeated day after day at my work site that I think are unsafe, but they're not taking place in my department. What should I do?

At International Paper, we believe that each employee is responsible for his or her own safety, as well as the safety of all co-workers. This type of concern should be reported immediately to your manager, to a safety leader or to the HelpLine (see page 22).

Environment, Natural Resources and Energy Use

International Paper believes that being accountable means conducting our business in a manner that respects, protects and improves the environment. We conduct our business in an environmentally responsible and sustainable manner, we use energy wisely and efficiently, and we employ technology to minimize any risk of environmental impact. Employees whose work affects environmental compliance must be completely familiar with the permits, laws and regulations that apply to their work. These beliefs, along with our steadfast commitment to comply with all applicable environmental laws and regulations, comprise our environmental ethics.

Independent, third-party certification of our global forestry practices is another important way we demonstrate our commitment to the environment. Third-party certification is a system to ensure the perpetual growing and harvesting of trees is successfully integrated with the protection of biodiversity, wildlife, plants, soil and water quality. All of our United States paper mills are chain-of-custody certified to the Sustainable Forestry Initiative® (SFI) and the Programme for the Endorsement of

the Forest Certification (PEFC) standards. All of the wood fiber in our products has been obtained through our SFI certified fiber procurement system. Outside the United States, we support third-party certification to globally recognized certification standards in the countries where we operate, such as PEFC and CERFLOR (Certificação Florestal – the Brazilian Forestry Certification System). By encouraging responsible, sustainable management of forestlands, we ensure we have the products that customers and consumers need and want, and that forests continue to be healthy and abundant for generations to come.

Policy Reference – Corporate Policy 207 at My-Policies on the IPNet. Here you will read about the Company’s commitment to manage natural resources wisely and you will find the Company’s policy with respect to forestland management at Corporate Policy 208.

Information Reference – International Paper Sustainability Update on the Internet at www.internationalpaper.com. Here you will find International Paper’s commitment to sustainable practices in the environmental, social and economic fields.

Personal Integrity

We consider what is best for the entire Company when making decisions. Everyone — teams and individuals — is responsible for meeting customer and business promises.

We are passionately focused on business results and customer success.

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We consider what is best for the entire Company when making decisions. Everyone — teams and individuals — is responsible for meeting customer and business promises.

ADVANCING THE COMPANY'S INTERESTS

International Paper's assets—both physical and intellectual—are very valuable. Employees have an obligation to protect these assets for the benefit of the entire Company and its shareowners. When using Company assets, employees must put the interests of the Company ahead of other or competing interests.

CONFLICTS OF INTEREST

Our shareowners have a right to expect that our business decisions are made ethically and in the best interests of the Company. Any situation that creates, or appears to create, a conflict of interest between personal interests and the interests of the Company must be avoided, eliminated, resolved or appropriately disclosed. These types of conflicts may arise when employees or their family members own, directly or indirectly, an interest in any entity that does, or seeks to do, business with International Paper. An employee's outside employment or employment relationship of a family member may also give rise to a potential or actual conflict.

Employees are prohibited from using their positions or the Company's property or information for personal gain, and from competing with the Company. Employees are also prohibited from taking for themselves opportunities that are discovered through the use of Company information, and property or their position. If an employee discloses a potential conflict of interest, and obtains appropriate prior approvals, exceptions may be granted.

When you are not sure whether a conflict exists, seek guidance and assistance from the director of Ethics and Business Practice (see page 22 for contact information) who will work with you and others in the Company to resolve the issue.

Policy Reference – Corporate Policy 209 at My-Policies on the IPNet and the International Paper Related Persons Transactions Policy on the IPNet. Here you will find guidance on how these standards are implemented.

ETHICAL DILEMMA

I am thinking about accepting an offer for a second job with a firm that provides technical support to some of the Company's customers similar to that provided by the Company. I don't think the other firm competes directly though. How should I proceed?

The proposed second job could present two potential conflicts. First, the firm offering you employment may in fact compete with our Company. Therefore, working for that firm could be a conflict for you. Second, the time you spend working for the second firm could conflict with your duties at International Paper. In matters such as these, you should either decline the offer or, before you accept it, consult with your manager or the director of Ethics and Business Practice, who will review the situation.

PROTECTING THE COMPANY'S INFORMATION RESOURCES AND RECORDS

Protecting the Company's information is critical to our success. Many tools are available to help us manage the Company's information resources and records, including computers, e-mail, IPNet, the Internet, mobile communication devices, and telephones. International Paper has developed a comprehensive set of standards that address this important issue.

Intellectual Property and Confidential Information

International Paper's intellectual property and confidential information are some of its most valuable assets. Employees are responsible for protecting the Company's inventions, patents, trademarks, copyrights and trade secrets. Employees are also responsible for safeguarding the Company's confidential information which includes, among other things, new product and marketing plans, manufacturing processes, research and development ideas, and information about potential investments. The Company also takes steps to safeguard the personal information of its employees.

You must protect the Company's intellectual property and confidential information by avoiding any unauthorized disclosures to persons outside of the Company or others within the Company who do not have a need to know the information.

These responsibilities continue even after you retire or leave the Company, as you have a continuing obligation to protect International Paper's intellectual property and confidential information.

Employees also have an obligation to protect the confidential information of others. The unauthorized use of other companies' intellectual property can subject individuals and the Company to significant fines, criminal penalties, civil lawsuits and damages. This obligation extends to confidential

information that new employees bring with them from other sources, and to information a consultant may share about another company, including the confidential information of third parties, such as our customers, when there is an expectation that this information will remain confidential. Employees must ensure that they do not solicit or use confidential information belonging to another company or person. If you inadvertently receive or disclose confidential information, you should seek advice from the Legal department or the HelpLine (see page 22).

Policy Reference – Corporate Policies 213, 216 and 220 at My-Policies on the IPNet. Here you will find the policies and procedures governing our use of confidential information in the regions of the world where we operate.

ETHICAL DILEMMA

My spouse works for a competitor and we sometimes talk about our companies' plans. Is this okay?

Probably not. Discussing publicly available information is permissible, but you should not discuss or exchange the Company's plans, your spouse's company's plans, or any other information about either company that may be confidential. By sharing information with your spouse, you might violate your obligation to safeguard the Company's confidential and proprietary information—even unknowingly—and you may also be violating anti-trust or competition laws that prohibit certain types of discussions. If you find yourself in this type of situation, you should end the discussion immediately and inform your manager, the Legal department or the HelpLine (see page 22). In this case, you should also disclose your spouse's employment with a competitor on your Conflict-of-Interest questionnaire.

Insider Trading Prohibition

International Paper is listed on the New York Stock Exchange and its stock is publicly traded. By virtue of working for International Paper, you may become aware of certain important information about the Company that has not been disclosed to the general public. United States federal and state securities laws refer to this type of information as “material non-public information.” The law in this area is complex, but generally prohibits a person who is in possession of material non-public information about a company to trade in that company’s stock. Please consult the Legal department or the HelpLine (see page 22), if you have questions about whether you possess such material non-public information and are therefore prohibited from buying or selling the Company’s stock, including, under some circumstances, making transactions in Company stock through your Company Savings Plan.

Policy Reference – Corporate Policy 217 at My-Policies on the IPNet. Here you will find guidance and definitions relating specifically to the use and misuse of material non-public information, including an explanation of the prohibitions imposed by the United States securities laws on transactions in the Company’s stock.

Records Management

Business records and documents should be retained or destroyed only according to the Company’s records management policy and applicable law. In the United States, this policy provides that each Company location has retention and destruction schedules that apply to all records, including those maintained electronically. Strict compliance with these policies is very important for the protection of the Company and individual employees.

Policy Reference – Corporate Policy 205 at My-Policies on the IPNet. Here you will find the specific procedures we use to manage Company records properly.

ACCURATE RECORDS

Accurate and honest recording and disclosure of information is extremely important, especially because so many people depend on this information to make responsible business decisions. Furthermore, various laws and regulations require the Company to maintain accurate books and records that reflect the true nature of all transactions. The Company requires all records involving its businesses to be complete and accurate, and all required disclosures to be full, fair, timely, accurate and understandable. Any employee who is directed to do otherwise should seek guidance and report the matter to the HelpLine (see page 22), the director of Ethics and Business Practice or the Internal Audit department.

Policy Reference – Corporate Policies 203 and 204 at My-Policies on the IPNet. Here you will find the specific procedures we use to maintain accurate records.

We are passionately focused on business results and customer success.

FAIR DEALING

Common sense and good judgment, as well as the law, prohibit each of us from engaging in any activities that defraud any person, customer, supplier or business partner. Further, good judgment dictates that we shall not initiate or participate in false or misleading advertising or unfair or deceptive trade practices. Abiding by the prevailing laws of the areas where the Company operates will help ensure that the Company's business is being conducted ethically.

OUR EXPECTATIONS IN DOING BUSINESS

International Paper seeks to do business with suppliers, vendors, contractors, joint venture partners and other independent businesses who demonstrate high standards of ethical business behavior. International Paper will not knowingly do business with any persons or businesses that operate in violation of applicable laws and regulations, including employment, health, safety and environmental laws. We take steps to assure that our suppliers, vendors and contractors understand the standards we apply to ourselves, and expect of them.

International Paper's global business strategy entails entering into joint ventures or other business combinations. In these arrangements, International Paper will use its influence and leadership to assist these businesses in maintaining high standards of ethical behavior. We expect that these businesses will comply with applicable laws and regulations, including employment, health, safety and environmental laws.

COMPETITIVE INFORMATION

We compete in a global marketplace and gather information about our competitors and competing products and services only by legal means. We never use any illegal or unethical means to gather information from any source. We do not steal or improperly use trade secret information, or ask others to disclose trade secrets.

Policy Reference – Corporate Policy 223 at My-Policies on the IPNet. Here you will find the specific procedures we use to gather competitive information properly.

ETHICAL DILEMMA

My job responsibilities require me to watch over the performance of several contractors who provide services to International Paper. One of these contractors consistently outperforms the others and always exceeds expectations, but I have heard that it may be engaging in illegal acts in some of its own manufacturing facilities. This contractor makes an important contribution to meeting our objectives. Should I be concerned?

Yes, you should be concerned. International Paper seeks to do business with partners, including contractors, who demonstrate high standards of ethical business behavior and who act in compliance with applicable laws and regulations. Our reputation as an ethical leader can be damaged by a relationship with an unethical partner. You should report your concerns to the HelpLine (see page 22) so that the information you have heard about illegal acts can be investigated and International Paper can determine the right course of action.

Our Culture

**Ethical
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We treat each other with dignity and respect, and believe in diversity of thought, culture and background.

We believe helping people grow is everyone's responsibility.

We set stretch objectives and embrace change.

We insist on excellence and being the best.
We win with great leadership, innovation and being brilliant at the basics.

We treat each other with dignity and respect, and believe in diversity of thought, culture and background.

OUR RESPONSIBILITIES TO EACH OTHER

International Paper, in the conduct of its business, is committed to protecting and advancing human rights globally. This means we will not tolerate child labor, forced labor, physical punishment or abuse. We comply with the employment laws of every country in which we operate, and we recognize lawful employee rights of free association and collective bargaining.

We have a diverse workforce at International Paper— it is as diverse as the markets that we serve. We believe that differences among us should be valued, so that we all can work in an environment that supports our business objectives. We believe that we will all benefit from the creativity, varied perspective, innovation and energy that arise out of our diverse workforce. At International Paper, diversity is embraced, managed and led at every level of the Company as a business imperative.

Treating each other and all of the Company stakeholders with dignity and respect is how we demonstrate our commitment to an engaged workforce. Expecting fellow workers to perform their jobs with integrity and expertise is the Company norm. Abusive, deceitful or violent behavior will not be tolerated, nor will any violation of Company standards for equal employment opportunity.

ETHICAL DILEMMA

Several of my teammates and I get uncomfortable when our team leader tells ethnic and nationality jokes. Is this okay? What should we do?

Dealing directly with the situation is usually the best way to resolve it. You should tell your team leader that the behavior makes you uncomfortable and that you would like it stopped. If you feel that you cannot talk directly to the person in question, talk to your supervisor's manager or to Human Resources. You can also call the HelpLine (see page 22). International Paper does not tolerate harassment or other inappropriate behaviors in our workplaces.



We believe helping people grow is everyone's responsibility.

At International Paper, we ask our employees to contribute their best and to never miss an opportunity for improvement and growth. We encourage self-development and provide employees with tools, techniques, and training to master their current jobs, broaden their skills, and advance their careers in the Company.

We place our employees in positions in which they can contribute to the Company and achieve personal growth. Our employees are encouraged to express their opinions and innovative ideas about how to improve the Company's performance. We believe that highly engaged employees are the key ingredient in professional development and business success.

Policy Reference – Corporate Policy 103 at My-Policies on the IPNet. International Paper is committed to the philosophy that its employees are responsible for its past accomplishments and provide the foundation for continued future growth.

ETHICAL DILEMMA

What if some of my personal beliefs are in conflict with International Paper's goals or programs? Which one wins?

International Paper does not seek to change the personal beliefs of its employees. However, the Company does define how we should behave in the workplace in its goals, programs, policies and standards. These, in turn, are based on our core values and business ethics. You can seek further advice on these types of questions from your manager, from the director of Ethics and Business Practice or from the HelpLine (see page 22).



We set stretch objectives and embrace change.

At International Paper, we understand that the way we conduct our business is as important as the business results we achieve. We know that our employees, customers and business partners have choices, and that our performance and reliability as an employer, supplier and a business partner determine whether we are chosen. Thus, we aim for the best every time, we set stretch goals for the results we deliver, and we use employee, customer and business partner feedback to help us continuously improve. Our decisions are ethical, fact-based and timely, and our promises are kept.

Policy Reference – Corporate Policies 101 and 201 at My-Policies on the IPNet. Here you will see a statement of our corporate goals and learn about the principles of ethical leadership and management that we practice at International Paper.

ETHICAL DILEMMA

We seem to be setting higher and higher goals every year. My teammates and I are under pressure to get results—maybe even by doing whatever we need to do. Is this the right way to run the business?

Our Principles of Excellence say that we set stretch goals and are passionately focused on business results. And they also say that we uphold the highest ethical standards. We do set high goals and we work hard to achieve them. However, we can never violate our ethical standards in order to meet or beat our targets or our stretch goals.

We insist on excellence and being the best. We win with great leadership, innovation and being brilliant at the basics.

We are a large and diverse Company with employees engaged in many and varied job responsibilities. Adherence to work-specific policies is an important component of our business ethics for the employees to whom these policies apply.

MANUFACTURING

Many of International Paper's employees work in direct manufacturing. These employees and their operating units have the responsibility to design, manufacture and deliver quality products and to ensure that all legally required inspection and testing operations are properly completed. They follow very specific policies dealing with environmental, health and safety procedures, raw material and inventory control procedures, site physical security, product quality requirements and regulations applicable to sites due to their location or purpose.

Information Contact – The Manufacturing Excellence Web site on the IPNet. Here you will learn how our Manufacturing Excellence Group serves all parts of International Paper with resources devoted to benchmarking, problem solving, continuous improvement and best practice sharing.

GLOBAL SUPPLY CHAIN

All employees who make purchases on behalf of International Paper, or who are involved in the purchasing process, no matter where in the Company they work, must adhere to specific policy guidelines that are set forth in the Purchasing Policy and Procedure Manual of the Global Sourcing department. This manual contains a compilation of business ethics standards that apply to all Company purchasing and procurement transactions.

Policy Reference – The Global Sourcing Policy Manual can be found on the IPNet. Here you will find the specific procedures and sourcing objectives that apply to the employees who are involved in the Company's global supply chain.

FINANCE

Employees who work in a finance function prepare and publish full, fair, accurate, timely and understandable disclosures in the periodic reports that the Company is required to file with, among others, the United States Securities and Exchange Commission. In addition, our principal executive officer and senior financial officers have specific, legally mandated disclosure and filing requirements. The specific financial record keeping and reporting policies and procedures that we have adopted in compliance with applicable law and regulations are included in our Financial Policy Manual and the other manuals and handbooks of International Paper's Finance department.

Policy Reference – Corporate Policy 204 at My-Policies and the Finance Policy Manual, both on the IPNet. Here you will find the specific procedures that apply to the Company's maintenance of accurate books and records, internal controls and disclosure requirements.

INFORMATION TECHNOLOGY

Information Technology employees support their department's vision of *IT Alignment* by helping the Company's employees and businesses succeed with innovative products and services. By providing common infrastructure, applications, information security and easy access to information, they help International Paper win in the marketplace.

Information Contact – The Information Technology and Information Security Web sites on the IPNet. Here you will find the procedures, practices, tools and guidance you need regarding management of the Company's information assets.

HUMAN RESOURCES

Our Human Resources employees partner with our business and staff groups to recruit, develop and advance the people of International Paper, our most important resource. Human Resources is often the first and most continuous point of contact for our employees regarding company policies, procedures, benefits and expectations and our Human Resources employees must maintain expertise relating to the Company's work requirements, products and strategies. The Human Resource vision is to make a difference through strategic initiatives, change leadership, diversity, leadership development and service delivery.

Policy Reference – The Human Resources Web site and the Human Resources Guide on the Side, both on the IPNet. Here you will find the specific products, processes and services to help you better meet your business objectives through people.

SALES AND MARKETING

Our sales and marketing employees work with customers on a daily business. In their role, they support the business strategies through their selling efforts. They must be familiar with the laws and regulations that apply to their activities, including basic contract law provisions, antitrust and competition laws, and policies and laws applicable to advertising.

Information Contact – The Sales and Marketing and Legal department Web sites on the IPNet. The Sales and Marketing Web site provides guidance on customer contracts. The Legal department Web site has a variety of topics including antitrust and compliance information. In addition, if there are general or specific situations contact your business or sector legal counsel.

LEGAL

International Paper's Legal department provides counsel to the Company. Employees are encouraged to seek advice from the Legal department if they have questions concerning the Company's activities in compliance with laws and regulations around the world. Attorneys who are employees of the Company, or attorneys who are engaged by the Legal department to give advice to the Company, have special "up the ladder" reporting requirements imposed by the United States Securities and Exchange Commission that are designed to ensure that violations of law are reported to the Company's board of directors.

Policy Reference – "Up the Ladder Reporting" at Legal department policies at My-Policies on the IPNet. Here you will find the specific procedures and requirements that govern an attorney's duty to report potential violations of law.

Finding Assistance

Education
and Counseling

Ethical
Behavior
and Personal
Integrity
are the Core of Our
Culture

Violation Reporting
and Whistleblowing
Procedures

EDUCATION AND COUNSELING

The Company provides resources for assisting employees who need information or advice concerning all of the topics covered in our Code of Business Ethics.

Education programs regarding business ethics and compliance with laws and Company policies are available through the following departments and resources:

- The Office of Ethics and Business Practice – (*Ethics at IP* and *My-Policies* on the IPNet)
- Corporate Environment, Health and Safety department – (*Environment, Health and Safety* on the IPNet)
- Human Resources department – (*Human Resources* on the IPNet)
- Legal department – (*Legal* and *Records Management* on the IPNet)

Periodically, each of these departments conducts training programs regarding compliance with Company policies. These seminars include “Respect, Dignity and Diversity in the Workplace” and the Ethics and Compliance series. All training programs are important and employees should participate through arrangements made with their supervisors.

In addition to general education and awareness, counseling in the area of business ethics and compliance is available to employees from the director of Ethics and Business Practice (1-901-419-4879) or e-mail: ethics@ipaper.com. There is also written information available to employees on the Ethics Web site (*Ethics at IP* on the IPNet).

VIOLATION REPORTING AND WHISTLEBLOWING PROCEDURES

Employees who become aware that our Code of Business Ethics, Company policy or applicable law may have been violated, or of any illegal or unethical behaviors affecting the Company, unless prohibited by law, have a duty and are required to report such incidents to one of the following:

- Immediate supervisor or supervisor’s manager
- Human Resources, Internal Audit or Legal departments
- **The International Paper HelpLine**
1-800-443-6308 in North America (toll-free)
1-877-319-0263 via AT&T USADirect outside North America (toll-free)
 E-mail: ethics@ipaper.com
- Director of Ethics and Business Practice
 6400 Poplar Ave.
 Memphis, TN 38197 USA

1-901-419-4879

This number is located in the United States. Company employees calling from outside the United States may use Company telephones or call collect.

WHAT HAPPENS IF I CALL THE HELPLINE?

Many employees around the world have used the HelpLine to report violations or to seek advice. The HelpLine is available 24 hours a day, every day of the year. All calls to the HelpLine are answered by trained professionals and callers are given the option of speaking in their national language. Callers may provide their identity or remain anonymous—it is their choice. When appropriate, callers are given a call-back date so they can receive a response to their concern. Investigations are thorough and protect confidential information to the maximum degree possible.

There is no requirement that employees making reports under these procedures follow any particular chain-of-command or sequence. Supervisors and managers receiving reports of illegal or unethical behavior are required, as a general matter, to forward these reports to the director of Ethics and Business Practice or, in the case of reports emanating from outside the United States, to the Company's senior Human Resources or Legal department representative in the affected region.

Policy Reference – Corporate Policy 222 at My-Policies on the IPNet. Consult this policy for guidance on what matters need to be reported and how to report them.

All complaints or concerns regarding the Company's accounting, internal accounting controls or auditing matters, irrespective of their source or materiality, should be made directly to the HelpLine or to either the director of Ethics and Business Practice or the director of Internal Audit. Such reports will be forwarded unfiltered to the audit and finance committee of the board of directors.

The reporting of behavior in the Company which employees reasonably believe is illegal or unethical is an important component of our business ethics. Employees making such reports will be free from any retribution, retaliation or adverse effect in their employment for making such reports. International Paper does not tolerate retaliation—this is the Company's promise in return for our employees making such reports. Employees should also report any incident of retaliation.

Any employee who discourages or prevents other employees from making such reports or from seeking the help or assistance they need will be subject to disciplinary action. Reports made to the HelpLine may be anonymous, at the choice of the individual making the report.

All reports made under these procedures will be treated as confidentially as possible consistent with the need to conduct an appropriate investigation. The results of the investigation report will be shared with the person making the report to the extent it is appropriate to do under applicable laws.

Living Our Core Values

RESPECT RESPONSIBILITY
ACCOUNTABILITY
DIVERSITY GOOD CITIZENSHIP
EXCELLENCE DIGNITY

These words are taken from our Principles of Excellence, which are our core values. But they are only words unless given life through actions. International Paper's success depends on our core values being embraced and practiced by each of us.


Living our core values is a matter of good behavior and of good business. Our customers and business partners want to know that they are doing business with a company that is ethical and trustworthy, and more to the point, that they are working with individuals they trust. Honest, ethical people create and maintain the trust on which business relationships are ultimately based. We each can take pride in our core values and our ethics. When practiced every day, they will help International Paper achieve its vision of being one of the best and most respected companies in the world — as measured by our employees, our customers, our communities and our shareowners.

The message in our Code of Business Ethics is simple. We should treat each other as each of us want to be treated—that is, with honesty and respect for each other's ideas, contributions and dignity. If we achieve this, we will be aligned, dedicated and highly motivated people, delivering superior value to customers through operational excellence.

MAKING ETHICAL DECISIONS

We can make better business decisions when our decisions are based on our Core Values—our Principles of Excellence—and our business ethics. Business decisions are complicated and may raise ethical concerns. Here are some points to consider before you decide.

- Think about why you might have an ethical concern about the situation.
- Gather all the information you can so you can base your decision on facts.
- Identify who is affected by the situation and by your decision.
- Review The IP Way, our Code of Business Ethics and any Company policies relevant to the situation.
- Consider your decision alternatives, and think about the consequences of each different course of action.
- Evaluate the impact of doing nothing.
- Find out if and how a similar situation has been successfully dealt with before.
- Seek advice. Page 22 of this publication identifies offices and persons who may be able to help.
- Determine when you must act to produce the best result for everyone involved.
- Think about how your action and decision will affect our key drivers—people, customers and operational excellence.
- Think through how you would explain your decision to the person you admire most.



**Ethical
Behavior
and Personal
Integrity
are the Core
of Our
Culture**

Where to find assistance (toll-free)

North America – **1-800-443-6308**

Outside North America –

1-877-319-0263

via AT&T USADirect

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INTERNATIONAL  PAPER

6400 Poplar Avenue
Memphis, TN 38197 USA

**International Paper HelpLine
1-800-443-6308**

International Paper is an equal opportunity employer. M/F/D/V

MAKING ETHICAL DECISIONS

When in doubt, ask yourself ...

- Are my actions legal?
- Am I being fair and honest?
- Will my action stand the test of time?
- How will I feel about myself afterward?
- How will it look in the newspaper?
- Will I sleep soundly tonight?
- Can I explain my action to the person I admire most?

If you are still not sure what to do, ask ... and keep asking until you are doing the right thing.

INTERNATIONAL  PAPER

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