



FOR IMMEDIATE RELEASE
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**XPEDX ENTERS CANADA;
COMPANY IS ONE OF LARGEST U.S. DISTRIBUTORS
AND TOP SUPPLIER TO PRINTERS**

Highlights:

- **New xpedx Canadian national headquarters, 150,000 square foot distribution facility, and two new paper and graphics stores to open August 2007 in Toronto.**
- **Additional xpedx locations serving printers in Toronto and across Canada expected in 2008.**
- **Company also to enter Canada markets for packaging and janitorial-sanitary supplies and equipment in 2008.**

TORONTO and LOVELAND, Ohio, June 25, 2007—xpedx, a supplier to the majority of U.S. commercial printers, today announced the start of operations in Canada this August with a new Canadian national headquarters, a 150,000 square foot distribution center and two new xpedx Paper & Graphics stores serving the Greater Toronto Area and surrounding cities.

Company officials said they expected to open additional facilities across Canada starting in 2008, including a third store in the metro Toronto area. The company also plans to begin marketing and distributing packaging and janitorial-sanitary supplies and equipment in Canada in 2008.

xpedx, a business of International Paper (NYSE: IP), is one of the largest business-to-business distribution companies in the U.S. with more than C\$7.2 billion (US\$6.8 billion) in 2006 revenues. xpedx Canada, Inc. is a newly formed Canadian federal corporation and a subsidiary of International Paper.

The new combined headquarters, distribution center and one of the two xpedx Paper & Graphics stores are located in Brampton, Ontario, northwest of downtown Toronto. xpedx said its second area store, a 10,000-square foot standalone facility, will open in Markham, Ontario. The third xpedx Paper & Graphics store slated for 2008 will locate west of Toronto.

xpedx distributes a wide range of paper and graphics, packaging and janitorial-sanitary supplies and equipment from many manufacturers worldwide to printers and publishers, manufacturers, retailers and many other customers. xpedx is the largest supplier of environmentally responsible printing papers in North America, including third-party certified papers, recycled papers and papers with post-consumer waste content.

**Printers will gain new supply source for paper, graphics products—
and new ways to reduce total procurement costs**

The Greater Toronto Area is North America's fourth largest printing market and largest metropolitan region in Canada. A growing number of printers in Toronto and across North America are looking to consolidate their consumables purchases among fewer core suppliers to reduce total costs, improve efficiencies and increase profitability. Having access to a new, full-line supplier gives printers additional choice in determining which vendors offer them the best long-term value propositions.

The xpedx entry into Toronto will increase supply and service options to the 2,500 commercial and in-plant printers from Kitchener-Waterloo, through the Toronto metro area and east to Markham and Pickering, Ontario. xpedx will also serve its U.S. customers doing business in Canada as well as customers of its global alliance partner, Antalis, a large supplier of paper and packaging supplies based in Paris.

"Large, mid-size and small printers in Toronto tell us they can benefit from a new supply source of printing papers and graphics products," said Art Douville, executive vice president of xpedx. "We bring printers deep inventories of branded papers, competitive pricing, rapid delivery and local sales and customer service personnel who are experts in paper and printing."

"xpedx specializes in working with printers of all sizes to improve inventory management and gain efficiencies in the pressroom to increase productivity and profitability," Douville added. "We can offer printers comprehensive online business support that greatly simplifies purchasing, provides unmatched, real-time visibility on their total spend, and eliminates unnecessary costs."

xpedx has an extensive e-commerce system via xpedx.com and xpedx.ca.

Details on the new xpedx Toronto center and two area stores

xpedx Canada headquarters, which includes the large Class A logistics/distribution center, offices and one of the xpedx Paper & Graphics stores, is located at 156 Parkshore Drive, Brampton, Ontario, near the intersection of Highway 427 and 407, just north of Toronto's Lester B. Pearson International Airport.

The new xpedx center will be staffed by paper and graphics professionals who know the Toronto print market and understand the needs of the region's printing customers.

The Brampton facility offers quick access to printers, manufacturers and other companies throughout the Greater Toronto Area, plus area cities including Hamilton,

Niagara, Guelph and Kitchener-Waterloo. xpedx also has a major presence on the U.S. side of the border, with significant operations in the nearby cities of Detroit, MI, Erie, PA, Buffalo, Rochester and Syracuse, NY.

The two xpedx Paper & Graphics stores in Brampton and Markham will serve the estimated 1,200 small and quick printers in the metro Toronto area, as well other printers and businesses that want paper and graphics supplies on demand. xpedx has a growing network of 135 paper and graphics stores across North America.

Largest offering of environmentally responsible printing papers

In Toronto, xpedx will offer extensive inventories of coated and uncoated papers from many major paper manufacturers worldwide. It will also offer papers from its private label brands including Vector and the xpedx House Collection.

Because it represents the majority of top papermakers in North America, Europe and Asia, xpedx offers the largest selection of printing papers as well as the largest selection of papers with recycled content, post-consumer waste content and top third-party certifications. xpedx in 2006 became the first U.S. paper distributor to receive both Sustainable Forestry Initiative (SFI) and Forest Stewardship Council (FSC) chain-of-custody certifications. xpedx has applied for FSC certification in Canada and will pursue additional third-party certifications that are meaningful to printers and print buyers in this market.

Details about xpedx and its businesses

xpedx is the world's largest distributor of printing papers and graphic supplies and equipment by revenue and volume. It is a fast-growing provider of packaging and janitorial-sanitary supplies and equipment and has a third-party logistics business serving large and mid-size retailers and manufacturers worldwide. xpedx customers include commercial printers, publishers, manufacturers, retailers, facility managers and companies across many industry segments.

The company is based in Loveland, Ohio, just north of Cincinnati, operates 250 locations across North America and has more than 7,000 employees. International Paper is headquartered in Memphis, Tenn., employs approximately 54,000 people in more than 20 countries, and serves customers worldwide. International Paper's 2006 sales were about US\$22 billion (C\$23.5 billion).

In addition to printing papers, xpedx provides graphics professionals with advanced digital prepress equipment, hardware and graphics software, Ryobi presses and digital workflows, color management tools, finishing, bindery and packaging systems. xpedx also offers detailed operations analysis, advice and financing to help make a customer's printing operations more efficient and profitable.

Other xpedx owned-and-operated businesses include New York-based publishing papers supplier Bulkley Dunton; Lenexa, KS-based xpedx Printing Technologies/Ryobi; Loveland, OH-based Saalfeld Redistribution; the xpedx National Technology Center (NTC), a pre-press laboratory and demonstration center based in

metropolitan Cleveland, Ohio, as well as a network of 135 paper stores in 33 states and Canada that operate under the names xpedx Paper & Graphics, xpedx Paper Store, If It's Paper and Arvey Paper & Office Products. In Mexico, xpedx owns and operates 20 distribution centers and stores.

xpedx e-Business operations recorded more than C\$1.3 billion (US\$1.2 billion) in 2006 sales worldwide. xpedx e-Business includes one of the largest business-to-business e-commerce sites in North America, <http://www.xpedx.com>, as well as suiteshoponline.com for graphics professionals. Information about xpedx stores is at www.xpedxstores.com.

In Canada, the company is online at <http://www.xpedx.ca>. Individuals interested in employment opportunities with xpedx in Canada should inquire at infocanada@xpedx.ca or call (416) 294-2146 for further information.

Forward-Looking Statements:

This release contains 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, including a change in the timing of opening facilities and entering new markets, relate to: (i) industry conditions; (ii) market and economic factors, including changes in international conditions; and (iii) results of legal proceedings and compliance costs. 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 Securities and Exchange Commission filings made by International Paper Company.

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Editor's Note: xpedx is always spelled all lower case. All U.S.-Canadian dollar conversions are based on the official exchange rate as of June 22, 2007.

Contacts: Jeff Higgins, Director of Marketing Services, xpedx, Loveland, Ohio, +1 513-965-2938; Press/Analysts: Erik Godchaux, Madison, Wisconsin, +1 608-256-4540