

For Immediate Release
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Governor McDonnell Announces More Than 200 New Jobs in Isle of Wight County
– International Paper to invest \$83 million to repurpose a portion of its closed mill –

RICHMOND – Governor Bob McDonnell today announced that International Paper (NYSE: IP) will invest \$83 million to repurpose a portion of its closed mill in Isle of Wight County as a fluff pulp mill capable of annually producing up to 270,000 metric tons of high quality fluff pulp for the global market. The project will create 213 new jobs.

Speaking about today's announcement, Governor McDonnell said, "This project is tremendous news for Isle of Wight County and the entire region. After International Paper's closure that resulted in a devastating job loss, it is hugely significant that the company has decided to make this \$83 million investment in a fluff pulp operation at its former mill. This project is a great sign of the Commonwealth's ongoing economic rebound. It will help offset the economic ripple effect caused by the company's 2009 announcement and it is further evidence that Virginia is wide open for business."

"Isle of Wight County and the surrounding region have the available, trained workforce that is ready to fill these 213 new positions," said Jim Cheng, Virginia Secretary of Commerce and Trade. "The mill's current assets, transportation options and proximity to the Port of Virginia for product export all were factors that contributed to the company's decision to re-invest in the repurposing of the property. In addition, the availability of U.S. Southern Pine in the area is ideal for the production of high-quality fluff pulp."

International Paper (NYSE: IP) is a global paper and packaging company with manufacturing operations in North America, Europe, Latin America, Russia, Asia and North Africa. Its businesses include uncoated papers and industrial and consumer packaging, complemented by xpedx, the company's North American distribution company. Headquartered in Memphis, Tennessee, the company employs about 59,500 people in more than 24 countries and serves customers worldwide. 2010 net sales were more than \$25 billion.

"IP is currently the third largest global supplier of fluff pulp and this investment gives us greater participation in a growing market," said Mark Sutton, International Paper Senior Vice-President

Printing and Communications Papers the Americas. "IP is a leader in the use of renewable energy. The Franklin fluff pulp facility will be 89% energy self-sufficient, utilizing power generated from carbon-neutral biomass on-site. The capability of producing energy from renewable biomass resources makes the remaining portions of the Franklin Mill site an ideal location for other partners looking for on-site green energy options."

The Virginia Economic Development Partnership worked with Isle of Wight County to secure the project for Virginia. The Virginia Department of Environmental Quality also assisted with the project. Governor McDonnell approved a \$350,000 grant from the Governor's Opportunity Fund to assist Isle of Wight County. Through its Virginia Jobs Investment Program, the Virginia Department of Business Assistance will provide funding and services to support the company's recruitment and training activities.

"We would like to thank International Paper for its unprecedented efforts in repurposing the mill," said Thomas J. Wright, III, Chairman, Isle of Wight County Board of Supervisors. "We appreciate the efforts of the Governor and VEDP in assisting the County with this deal. This announcement comes at a critical time for Isle of Wight County as we strive to maintain excellent schools and services in a difficult economic environment. Additionally, we would like to thank the displaced workers and our citizens for their confidence in our ability to attract desirable industrial partners."

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