

International Paper in Russia

International Paper began its activity in Russia in 1998 with the acquisition of the Svetogorsk mill, located on the Karelian Isthmus. Since then, International Paper has invested significantly in mill upgrading projects, resulting in an enlarged range of products as well as increasing levels of productivity and quality. International Paper is one of the leaders in the Russian cut-size market with its well-known office paper brands Ballet(R) and Svetocopy(R), manufactured at the Svetogorsk mill. The mill is also an important producer of liquid packaging board.

In October 2007, International Paper formed a joint venture with Ilim Holding: Ilim Group, the largest foreign-domestic alliance in the Russian forest sector. A key element of the joint venture strategy is a long-term investment program in which the joint venture will finance and invest in Ilim Group's four mills over the next several years. This investment in the Russian pulp and paper industry will be used to upgrade equipment, increase production capacity, and allow for producing new high-value uncoated paper, pulp and corrugated packaging products.

Ilim Group was registered in St. Petersburg on September 27, 2006. In 2007, the Group was joined by Kotlas Pulp and Paper Mill, Bratsk Pulp and Containerboard Mill and Ust-Ilimsk Pulp and Paper Mill as the mills were converted to a single share. On July 2 Ilim Group started its activities as a unified company. Production assets of the Group are structured on the production and geographical basis and include the following business units: "Ilim West" (North-Western Pulp and Paper Production), "Ilim East" (Siberian Pulp and Paper Production) and Corrugated Packaging. Business unit Ilim West includes Koryazhma Branch of Ilim Group (Arkhangelsk region), as well as timber suppliers, regional service companies in Arkhangelsk region and St. Petersburg Cartonboard and Printing Mill (Leningrad region), its distributor PetroBoardTrading and Alt Papier. Business unit Ilim East includes Bratsk and Ust-Ilimsk Branches of Ilim Group, as well as regional logging companies and service companies. Corrugated Packaging business unit includes corrugated plant Ilim Gofropak and Ilim Gofra, whose aim is to implement the Group's projects to establish new corrugated board plants. The company also includes centralized service providers to the Group's branches and subsidiaries. To learn more, visit

<http://www.ilimgroup.com>.