

to the Hardboard Lawsuit, \$4 million for claims related to the Omniwood Lawsuit and \$1 million for claims related to the Woodruf Lawsuit). In addition, there were approximately \$11 million of costs associated with administrative and legal fees incurred but not paid prior to year-end. The estimated claims reserve includes \$187 million for unasserted claims that are probable of assertion.

While additional reserve balances may be required for future payments under the Woodruf Lawsuit, International Paper believes that the aggregate reserve balance for claims arising in connection with exterior siding and roofing products, described above, are adequate, and that additional amounts will be recovered from its insurance carriers in the future relating to these claims (described below). International Paper is unable to estimate at this time the amount of additional charges, if any, which may be required for these matters in the future.

Claims Statistics

The average settlement cost per claim for the years ended December 31, 2004, 2003, and 2002 for the Hardboard, Omniwood and Woodruf Lawsuits is set forth in the table below:

Average Settlement Cost Per Claim

<i>In thousands</i>	Hardboard		Omniwood		Woodruf	
	Single Family	Multi-Family	Single Family	Multi-Family	Single Family	Multi-Family
December 31, 2004	\$2.3	\$3.1	\$4.3	\$4.2	\$4.2	\$4.0
December 31, 2003	\$ 2.2	\$ 3.0	\$ 3.8	\$ 5.4	\$ 3.9	\$ 1.2
December 31, 2002	\$ 2.4	\$ 4.3	\$ 4.4	\$ 7.7	\$ 4.7	\$ 9.3

The above information is calculated by dividing the amount of claims paid by the number of claims paid.

Through December 31, 2004, net settlement payments totaled \$866 million (\$713 million for claims relating to the Hardboard Lawsuit, \$105 million for claims relating to the Omniwood Lawsuit and \$48 million for claims relating to the Woodruf Lawsuit), including \$51 million of non-refundable attorneys' advances discussed above (\$47.5 million for the Hardboard Lawsuit and \$1.7 million for each of the Omniwood Lawsuit and Woodruf Lawsuit). Also, payments of \$50 million have been made to the attorneys for the plaintiffs in the Hardboard, Omniwood and Woodruf Lawsuits. In addition, through December 31, 2004, International Paper had received \$223 million related to the Hardboard Lawsuit from our insurance carriers.

The following table shows an analysis of claims statistics related to the Hardboard, Omniwood and Woodruf Lawsuits for the years ended December 31, 2004, 2003 and 2002. The table reflects an increase in the number of claims filed in December 2004 on the eve of the January 2005 deadline for filing certain claims under the Hardboard Lawsuit settlement agreement. These increases were anticipated in prior claim projections and did not adversely affect the evaluation of the adequacy of reserve balances at December 31, 2004.

Claims Activity

<i>In thousands</i>	Hardboard		Omniwood		Woodruf		Total		Total
No. of Claims Pending	Single Family	Multi-Family	Single Family	Multi-Family	Single Family	Multi-Family	Single Family	Multi-Family	
December 31, 2001	30.0	5.4	1.4	0.3	1.5	0.2	32.9	5.9	38.8
No. of Claims Filed	48.3	10.9	3.5	0.5	1.4	0.1	53.2	11.5	64.7
No. of Claims Paid	(36.0)	(9.2)	(2.6)	(0.4)	(1.3)	-	(39.9)	(9.6)	(49.5)
No. of Claims Dismissed	(13.7)	(3.1)	(0.4)	-	(0.5)	-	(14.6)	(3.1)	(17.7)
December 31, 2002	28.6	4.0	1.9	0.4	1.1	0.3	31.6	4.7	36.3
No. of Claims Filed	45.0	9.2	4.9	0.3	1.0	-	50.9	9.5	60.4
No. of Claims Paid	(30.9)	(7.1)	(4.1)	(0.2)	(0.9)	-	(35.9)	(7.3)	(43.2)
No. of Claims Dismissed	(16.3)	(3.3)	(0.9)	-	(0.4)	-	(17.6)	(3.3)	(20.9)
December 31, 2003	26.4	2.8	1.8	0.5	0.8	0.3	29.0	3.6	32.6
No. of Claims Filed	56.0	8.0	5.2	-	0.6	-	61.8	8.0	69.8
No. of Claims Paid	(28.6)	(3.7)	(4.0)	(0.1)	(0.4)	-	(33.0)	(3.8)	(36.8)
No. of Claims Dismissed	(14.9)	(2.1)	(0.6)	-	(0.1)	-	(15.6)	(2.1)	(17.7)
December 31, 2004	38.9	5.0	2.4	0.4	0.9	0.3	42.2	5.7	47.9