Sickness and Accident Plan

Courtland

Hourly Union Employees – PACE Locals 3-193, 3-1137 and 3-1161

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Sickness and Accident Plan

Sickness and Accident benefits will be payable if you become totally disabled, which means that you are unable to perform your job as a result of a nonoccupational sickness or injury and are under the regular care of a physician licensed to practice medicine. For the amount of benefits you would be eligible to receive, refer to the Appendix.

Who Is Eligible

If you are an eligible employee of International Paper as shown in the Appendix, you will be enrolled automatically for Sickness and Accident benefits on your effective date of coverage. Coverage is provided by the company at no cost to you.

How the Plan Works

Benefits will be payable as follows:

Cause of Total Disability	Payments Begin	Maximum Benefit Period
Injury	First day of disability	26 weeks
Sickness	Fourth day of disability	26 weeks

The maximum benefit period applies for any one continuous period of total disability, whether from one or more causes, or for successive periods of total disability due to the same or related cause or causes. Determinations of total disability under the Plan are made by the Plan's claims administrator.

Should you remain disabled for more than 21 consecutive days as the result of the same continuing illness, you will be paid retroactively for the first 3 days for which you were not previously paid. In no case will disability benefits be paid for more than 26 weeks.

Coordination With Other Benefits

Any disability benefits paid under state-mandated disability programs, state unemployment benefits and/or Social Security are coordinated with your Sickness and Accident benefits. The total benefit amount you receive from all sources will be equal to the amount payable under the Sickness and Accident benefits or the mandatory benefit established by the state, whichever is the greater amount.

Successive Periods of Disability

For the Same or Related Cause

If you have returned to work after a period of disability and within three months are disabled due to the same or a related cause, your subsequent disability will be considered a continuation of your original period of disability. The maximum amount of Sickness and Accident benefits will be applied to the combined periods of disability.

For a Different Cause

If you have returned to work after a period of disability and subsequently are disabled due to an unrelated cause, the second period will be considered unrelated to the first period of disability, and you will be eligible for a separate benefit period of disability benefits as outlined in the section entitled How the Plan Works.

Benefit or Pay Increase

If your pay is scheduled to change or if benefits for active employees increase as a result of a plan change during your disability and while you are receiving payments from the Plan, these changes will not be reflected until you return to active employment.

Subrogation and Reimbursement of Claims

If the Plan pays benefits which are the legal responsibility of another person or organization because of an accident or because of other circumstances, the Plan is entitled to reimbursement and recovery of the total amount of the benefit payments which the Plan makes to you. This is called subrogation.

Therefore, before any payment of benefits is made by the Plan, the Plan requires that you sign and submit to the Plan's claims administrator the assignment of claims and reimbursement agreement form which provides that:

- You agree to reimburse the Plan immediately out of any moneys which you receive from another person or organization (whether or not the moneys are designated as payment for health care expenses or for pain or suffering or otherwise) and authorize the Plan to suspend further benefit payments until the reimbursement is completed. The Plan's right to reimbursement will apply even if you have not been made whole for the loss. The Plan's right of recovery shall be in first priority to the extent of any and all benefits paid; and
- You assign to the Plan (and understand and agree that the Plan is subrogated to) a portion of your claim against the other person or organization which is equal to the total amount paid by the Plan, and you agree to cooperate in good faith with the Plan in bringing suit in your name or otherwise pursuing the collection of the claim. The Plan will not pay fees or costs associated with any claim or lawsuit without the express written consent of the plan administrator. The Plan reserves the right to independently pursue and recover paid benefits.

This provision also applies to no-fault and uninsured or underinsured motorist automobile insurance required by law, but does not apply to any other personal insurance coverage purchased by you.

Coverage During Leaves of Absence

Temporary Layoff

If you are temporarily laid off, Sickness and Accident benefit coverage will not be continued.

> **Important Note –** For the purpose of administering the Plan, the term "temporarily laid off" will apply only in instances where the occupation or operation has been temporarily suspended or curtailed due to lack of market, power or other conditions. Such suspension or curtailment is intended to be temporary and both the employees concerned and the company are in agreement that employment will be resumed when the occupation resumes normal operation. This rule will not apply to employees who are laid off because the occupation or operation in which they were employed has been discontinued or completed.

However, if you are receiving Sickness and Accident benefits at the time you are laid off, benefits will continue until the end of your disability or the maximum benefit period, whichever occurs first.

Other Leaves of Absence

If you are granted a leave of absence from the company for reasons other than layoff, Sickness and Accident benefit coverage will not be continued.

However, if you are receiving Sickness and Accident benefits due to a disability at the time you are granted leave, benefits will continue until the end of your disability or the maximum benefit period, whichever occurs first.

Termination of Coverage

Coverage under the Plan will end for any of the following reasons.

- ❖ If your active employment ceases, your coverage will end the last day of active employment.
- ❖ If you are compelled to serve in the Armed Forces of any country, your coverage will be canceled as of the last day of active work, but subject to your rights as determined by the applicable federal and state laws then in effect.
- ❖ The company terminates the Plan.

Except as provided in the section entitled Coverage During Leaves of Absence, if your active employment ends while you are receiving disability payments, your benefit payments will cease at the end of the maximum benefit period or the date you are no longer totally disabled, whichever occurs first.

Reinstatement of Coverage

If your employment terminates and you are rehired within one year, your coverage will be reinstated without serving the eligibility waiting period. Reinstatement of coverage will be effective on the day you return to work.

If your employment terminates and you are rehired after one year, you will be considered a new employee and will be required to serve the waiting period before you are eligible for coverage.

If you are eligible for recall rights as outlined in the applicable collective bargaining agreement and you return to regular full-time employment, your coverage will be reinstated on the day you return to work.

Converting to an Individual Policy

There are no conversion rights available for Sickness and Accident benefits.

How to File a Claim

To apply for Sickness and Accident benefits, you must notify your supervisor as soon as a disability occurs. You are required to submit a claim form. The claim form must be completed by you and your physician and must be submitted to the Plan's claims administrator in order for Sickness and Accident payments to be made. Your claim must be submitted and received by the Plan's claims administrator within 15 months of the date a disability occurs.

If your disability continues beyond the date the physician originally estimated you would return to work or your disability lasts longer than the typical duration for that condition, your physician must complete a supplemental claim form.

At any time during your period of disability, the company reserves the right to require you to be examined by a physician of its choice for the purpose of verifying your continued disability. The company will deny benefit payments if this physician's exam fails to verify your disability.

> **Physician –** any legally qualified medical doctor, osteopath, podiatrist, chiropractor, psychiatrist, psychologist or certified social worker from whom you receive treatment, provided such person is properly licensed in the state in which he or she performs services. The physician cannot be a member of the immediate family of the employee or of the employee's spouse.

General Administration of the Plan

This booklet is the summary plan description as required by the Employee Retirement Income Security Act of 1974, as amended (ERISA) and pertains to the applicable employees as defined in the section entitled Who Is Eligible. It is also the portion of the official plan document describing covered benefits.

If there is any conflict between the information in this summary and the provisions of the plan document, the plan document always will apply. If you have questions about any of the information in this booklet, contact your human resources service center.

This section explains more about how the Plan is administered and your legal rights under ERISA.

Plan Sponsor

The benefit plan described in this booklet is sponsored by:

International Paper Company
400 Atlantic Street
Stamford, CT 06921
(203) 541-8000

Plan Administrator

The administration of the Plan is the responsibility of the plan administrator, who is:

Senior Vice President – Human Resources
c/o Employee Benefits Department
International Paper
6400 Poplar Avenue
Memphis, TN 38197
(901) 419-9000

Administrative Information

This Plan is a welfare plan that provides sickness and accident benefits. The Plan has been assigned the number 752 and is called officially the International Paper Company Group Health and Welfare Plan, Union Employees. The plan year ends on December 31 of each year.

The Sickness and Accident Plan is self-funded. All benefits are provided directly by International Paper and are administered by Wausau Benefits, Inc. Wausau Benefits reviews claims for benefits and authorizes payment in accordance with the terms of the Sickness and Accident Plan.

Employer Identification Number

In addition to the plan number assigned to the Plan, the Internal Revenue Service (IRS) has assigned the employer identification number **13-0872805** to International Paper. If you need to correspond with a governmental agency about the Plan, use this number along with the plan name and the company name.

Administration of Health and Welfare Plans

International Paper's Sickness and Accident Plan is managed by the benefits department at the operational headquarters in Memphis, Tennessee, under the supervision of the plan administrator. Benefits are subject to the provisions of the Plan.

The plan administrator has discretion to interpret and administer the provisions of the Plan and to decide any claims or disputes that may arise under the Plan. The decision of the plan administrator with respect to any such matters shall be final and binding on both the company and the members of the Plan. The plan administrator is responsible for ensuring that accurate records are maintained, that all reports and disclosures are made as required by law and that benefits are paid as authorized.

Amendment and Termination

The company reserves the right to amend, suspend or terminate any welfare benefit plan at any time, subject to collective bargaining, including, but not limited to, the right to make changes in the terms of the Plan and the amount of employee contributions. You will be notified of any important changes.

Collective Bargaining Agreements

The Plan is maintained under a collective bargaining agreement. A copy of such agreement may be obtained by participants upon written request to the plan administrator and is available for examination by participants.

Claim Review

Every International Paper employee is expected to make full use of the available benefit plans. The purpose of this Plan is to temporarily replace a portion of your income during your recovery from an injury or sickness. Employees are expected to submit any claims which are covered under this Plan.

If your claim for benefits is denied in whole or in part, the Plan's claims administrator will send you an explanation of the benefit denial within 90 days of receiving the claim. If special circumstances require an extension of time, you will be notified before the 90-day period expires and the extension will not exceed an additional 90 days (for a total of 180 days).

This written explanation of the denial will include:

- The specific reason or reasons for the denial;
- The specific references to the plan or contract provision on which the denial is based;
- A description of any additional material or information required before the claim can be processed and an explanation of why such information is required; and
- A list of the steps to be taken if you want the denial of the claim reviewed.

If you are not satisfied with the explanation of the reasons for denial, you can submit a written request for review to the Plan's claims administrator within 60 days from your receipt of the claim denial. You have the right to review any pertinent documents and to submit issues and comments in writing.

Upon receipt of the request for review, the Plan's claims administrator will make a decision within 60 days unless special circumstances require an extension of time. In all cases, you will be notified of the decision in writing no later than 120 days from the receipt of the request for review. If, after reviewing the original claim, your request for review and any additional documentation, the Plan's claims administrator determines that the claim was correctly denied, you will receive in writing the specific reasons for the denial as well as a reference to the plan or contract provision upon which the decision is based.

If you are not satisfied with the reasons given in support of the denial, send a written request for review to the plan administrator at the operational headquarters in Memphis, Tennessee, within 30 days from the date of claim denial. Your written request should state the reasons why you believe the claim should not have been denied. The plan administrator will review your written request and the administrative record previously reviewed by the Plan's claims administrator. You will be notified of the plan administrator's decision in writing within 60 days from the receipt of the request for review.

If your claim continues to be denied, you have certain rights under the law. For more information, see the section entitled Your ERISA Rights.

Agent for Service of Legal Process

Any legal process against the Plan, in the event of an unresolved dispute over benefit plan provisions, should be served on the plan administrator.

Your ERISA Rights

As a participant in International Paper's benefits plans, you are entitled to certain rights and protections under ERISA. Under this law you are guaranteed the following rights.

- ❖ You may examine, without charge, all official plan documents during normal business hours at the plan administrator's office and at other company work locations. These documents include insurance contracts, trust agreements, annual reports and plan descriptions filed by the plan administrator with the U.S. Department of Labor.

- ❖ For a reasonable charge, you may obtain copies of all plan documents and other plan information upon written request to the plan administrator. In addition, each year you will receive a report entitled Summary Annual Report that summarizes the financial status of the welfare plans in which you participate.

Duties of Plan Administrators Under ERISA

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plans. The people who administer your plans — called the fiduciaries of the plans — have a duty to carry out their responsibilities prudently and in the interest of you and other participants and beneficiaries.

Assurance of Your ERISA Rights

No one, including your employer, your union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA. If your claim for a benefit is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan review and reconsider your claim.

Legal Remedies

Under ERISA you can take steps to enforce your rights. For example, if you request materials from the plan administrator and do not receive them within 30 days, you may file suit in a federal court. In such case, the court may require the plan administrator to provide the materials and pay you up to $110 for each day's delay unless the materials were not sent due to reasons beyond the control of the plan administrator.

If your claim for benefits is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should ever happen that plan fiduciaries misuse the Plan's money or if you believe you have been discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court.

In case of court action, the court will decide who should pay court costs and legal fees. If you are successful, the court may order the party you sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees — for example, if it finds your claim is frivolous.

Company Support for Your ERISA Rights

International Paper supports both the spirit and the letter of ERISA objectives and requirements and is committed to assuring proper treatment of all plan participants and full disclosure of all pertinent information.

Please contact the plan administrator if you have questions about the plans or your legal rights. The plan administrator also can assist you in obtaining copies of plan documents or pursuing claims.

You also should contact the plan administrator if you fail to receive information you have requested.

If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, Washington, D.C. 20210.

In any correspondence with a governmental agency about the Plan, it is helpful to include the plan number, employer identification number and official plan name, all of which are in this booklet.

August 2002

International Paper is an equal opportunity employer.

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Sickness and Accident Plan Appendix

Courtland

Who Is Eligible

All regular, active full-time employees who are represented in collective bargaining by PACE Locals 3-193, 3-1137 and 3-1161

This Appendix is effective June 15, 2002.

Effective Date of Coverage

Day following 60 working days or the equivalent of 60 working days if you work 12-hour shifts

Effective January 1, 2003

First day of the month following one month of continuous employment

Benefit

50% of your base pay

> **Base Pay –** Your regular basic monthly rate of compensation excluding overtime, shift differential and other forms of incentive compensation

This appendix accompanies the SPD coded COURTLANDSAHU with the print date August 2002.