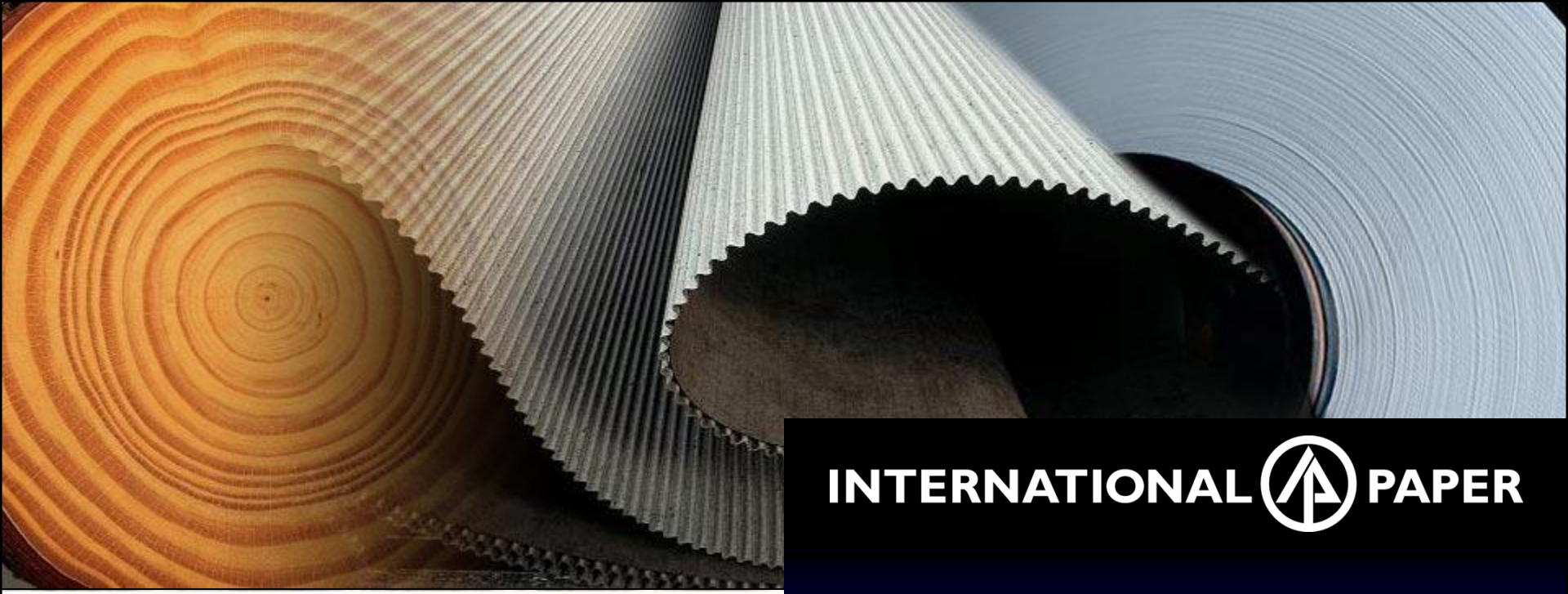

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Building on the Future

June 6, 2011

Forward-Looking Statements

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All statements included or incorporated by reference in these slides other than statements or characterizations of historical fact, are 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 relate to: (i) The failure to realize synergies and cost savings from the transaction or delay in realization thereof; (ii) increases in interest rates; (iii) industry conditions, including but not limited to changes in the cost or availability of raw materials, energy and transportation costs, competition we face, cyclicality and changes in consumer preferences, demand and pricing for our products; (iv) global economic conditions and political changes, including but not limited to the impairment of financial institutions, changes in currency exchange rates, credit ratings issued by recognized credit rating organizations, the amount of our future pension funding obligation, changes in tax laws and pension and health care costs; (v) unanticipated expenditures related to the cost of compliance with existing and new environmental and other governmental regulations and to actual or potential litigation; and (vi) whether we experience a material disruption at one of our manufacturing facilities and risks inherent in conducting business through a joint venture. We undertake no obligation to publicly update any statements or information relating to these slides or the potential offer, 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 the company's SEC filings.

Statements Relating to Non-GAAP Financial Measures

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During the course of this presentation, certain non-U.S. GAAP financial information will be presented.

A reconciliation of those numbers to U.S. GAAP financial measures is available on the company's website at internationalpaper.com under Investors.

Building on the Future
The Temple-Inland Opportunity

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- **Consistent with IP's transformation plan and focus on achieving and sustaining cost of capital returns**
- **Makes a very good business an excellent one**
  - Compelling strategic and industrial logic
  - Shared focus on low-cost mills; complementary converting systems; high level of box integration
  - Powerful cash flow engine
- **Delivers near and long term value for both IP and TIN shareholders driven by significant synergies**
  - Substantial and immediate premium for TIN shareholders represents unique opportunity to realize compelling and certain value, in cash today
  - By end of year one, strongly earnings accretive to IP, continues to drive FCF and ROI improvement while maintaining Debt / EBITDA below 3x
- **IP is a proven outstanding operator with demonstrated track record of success integrating acquisitions**

Transformation to the "New IP"

2006-2011

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What We've Done

- Exited non-strategic businesses
- Reduced structural capacity & fixed costs
- Significant reduction of overhead costs
- Industry-leading margins
- Increased dividend to a sustainable level

What We're Doing

- Recovering from industry demand declines
- Managing our supply to meet customer demand
- Improving liquidity
- Capitalizing on global demand growth

What We'll Do

- Generate strong, sustainable FCF
- Expand margins & earnings in all businesses
- Achieve cycle-average ROI above cost-of-capital
- Balance cash allocation

Transformation Accomplishments

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- **Significant improvement in margins**
- **Replaced land sales earnings by strengthening core businesses**
- **Achieved Cost of Capital returns**
- **Balanced Use of Cash**
  - Cash to Shareholders - $1.05 dividend, $460MM (~30% FCF)
  - Reinvestment in Base Business - CAPEX $1B/year
  - Debt Repayment
    - EBITDA coverage from 5.1x to <3.0x
  - Investment in Core North America Businesses to enhance FCF
    - WY PKG
  - Investment Internationally for Profitable Growth and Future Cash Generation
    - ILIM JV
    - Sun JV coated paperboard
    - SCA Packaging Asia
    - APPM India (pending)

Streamlined Business Portfolio

Improved Positions in more Profitable Segments

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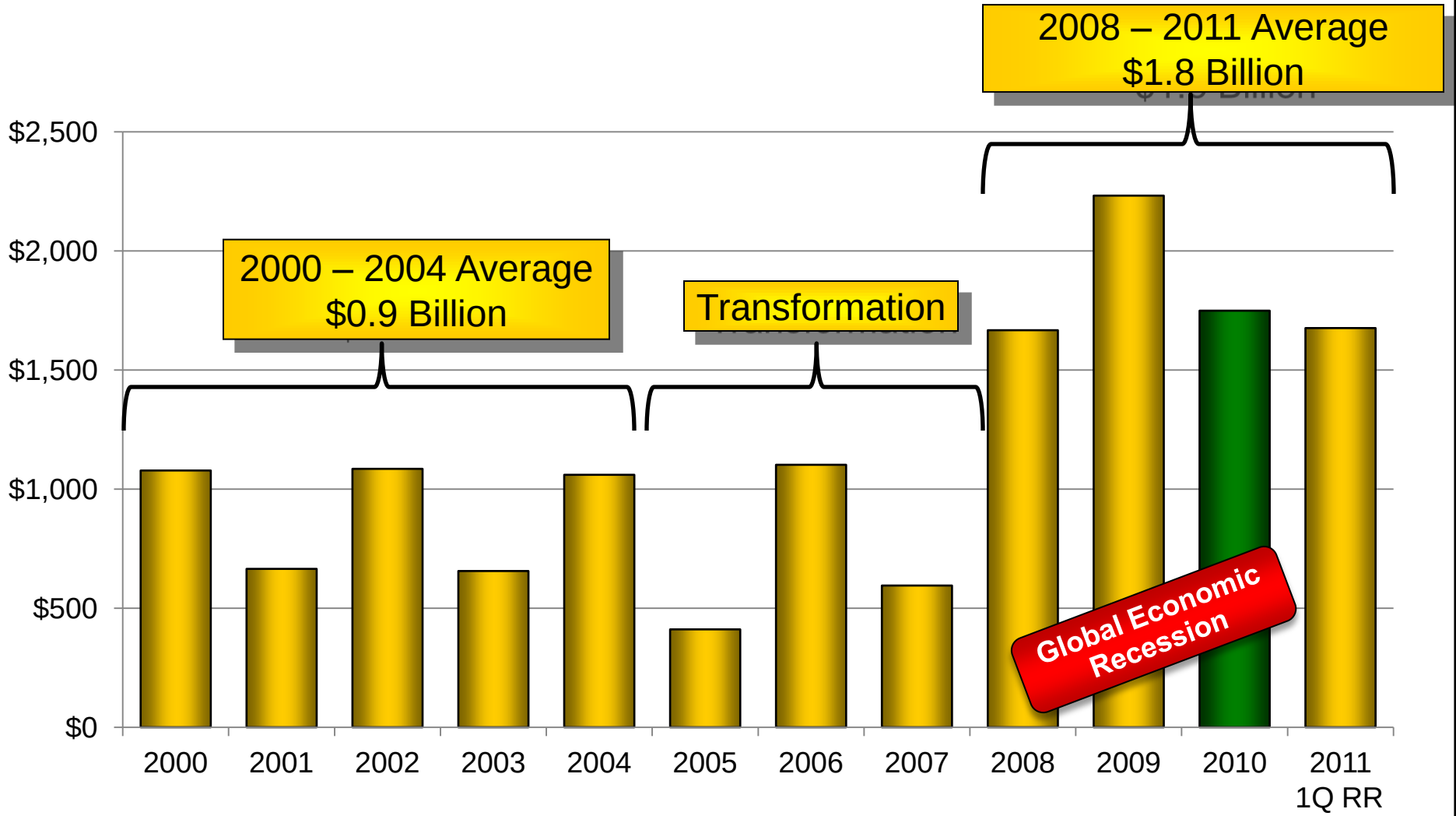
	Segment Position	
Market Segment	2004	2010
U.S. Industrial Packaging	#3	#1
U.S. Uncoated Papers	#1	#2
U.S. Coated Paperboard	#1	#1
Global Market Pulp	Secondary	#4
U.S. Coated Papers	Secondary	Exited
U.S. Wood Products	Secondary	Exited
U.S. Forestland	#2	Exited
U.S. Kraft Paper	Secondary	Exited
U.S. Chemicals	Secondary	Exited
U.S. Beverage Packaging	Secondary	Exited

Step-Change Improvement in Free Cash Flow



Free cash flow, based on data in the 10-K for each year at the time of filing.

Excludes net cash pension contributions impacting 2006, 2010 & 2011 cash flows under European accounts receivable securitization beginning in 2009 and ending in 1Q 2011, and cash received from AFMTC & CBTC in 2009 and 2010.

Improving Returns on Invested Capital

Transformation Driving ROI

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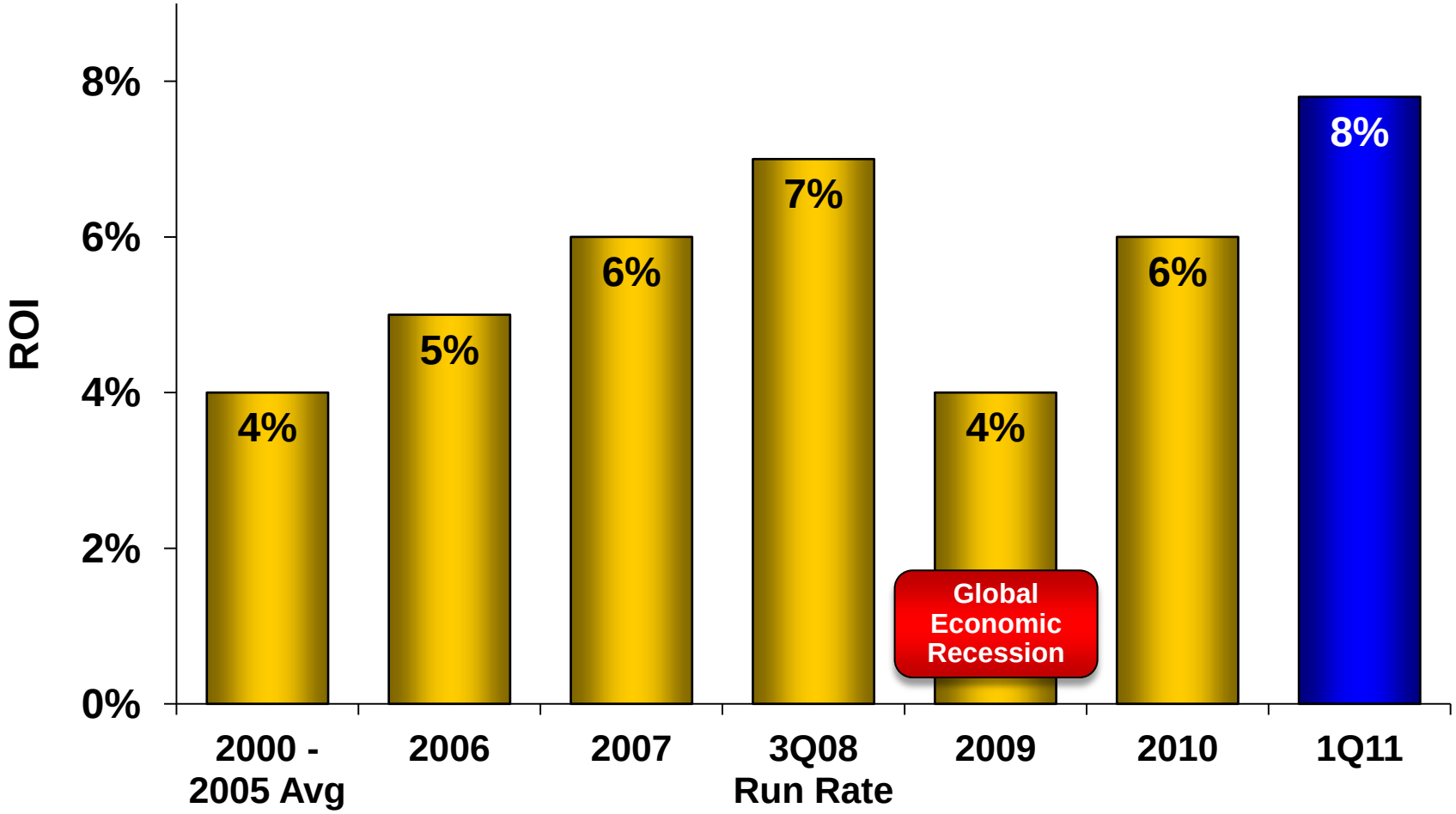

Significantly Improved EBITDA Margins

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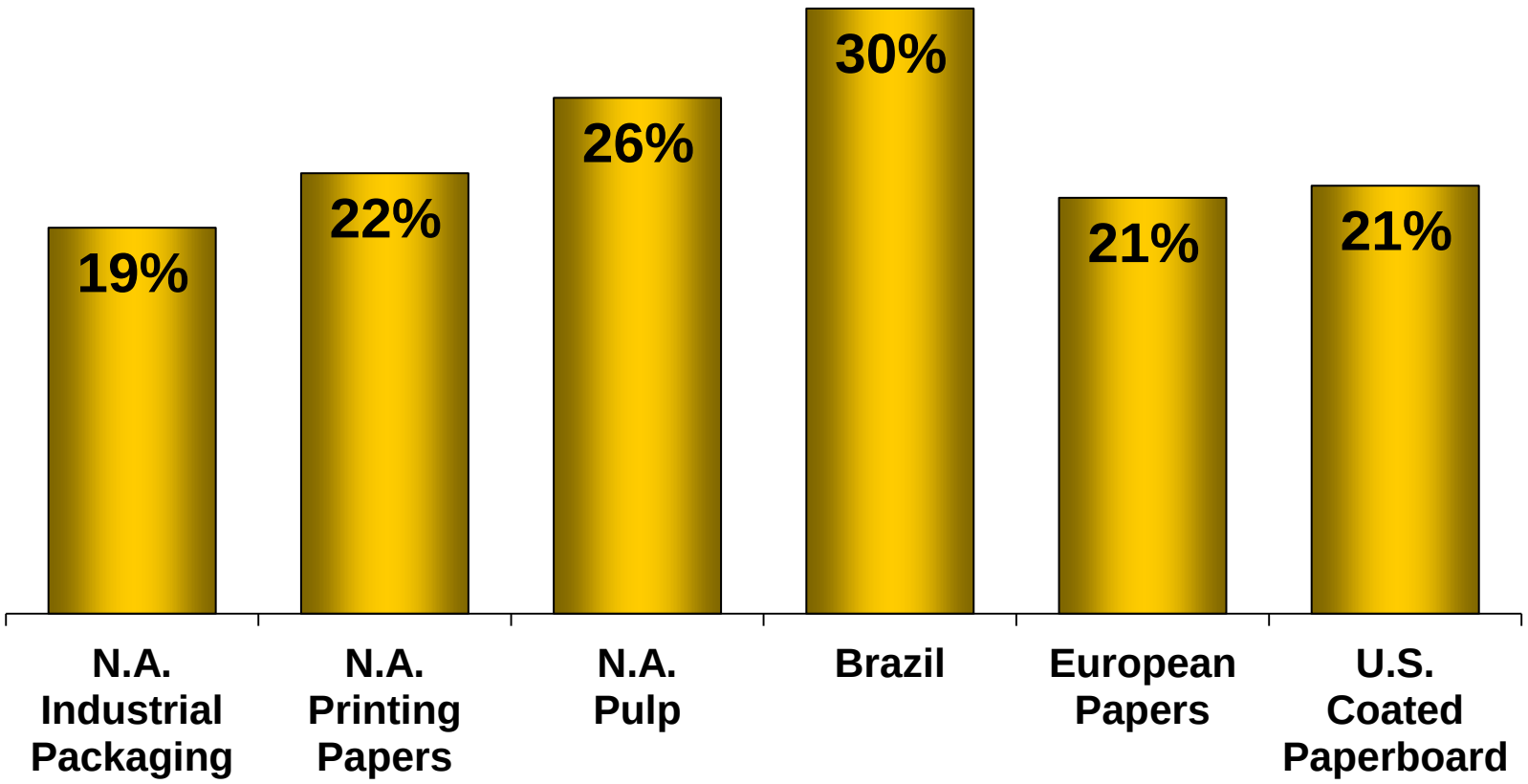
Margins since Recovery (3Q10 – 1Q11)



1H10 Margin	12%	17%	14%	24%	22%	11%

Step Change in Level of Performance
Post-WY PKG Acquisition

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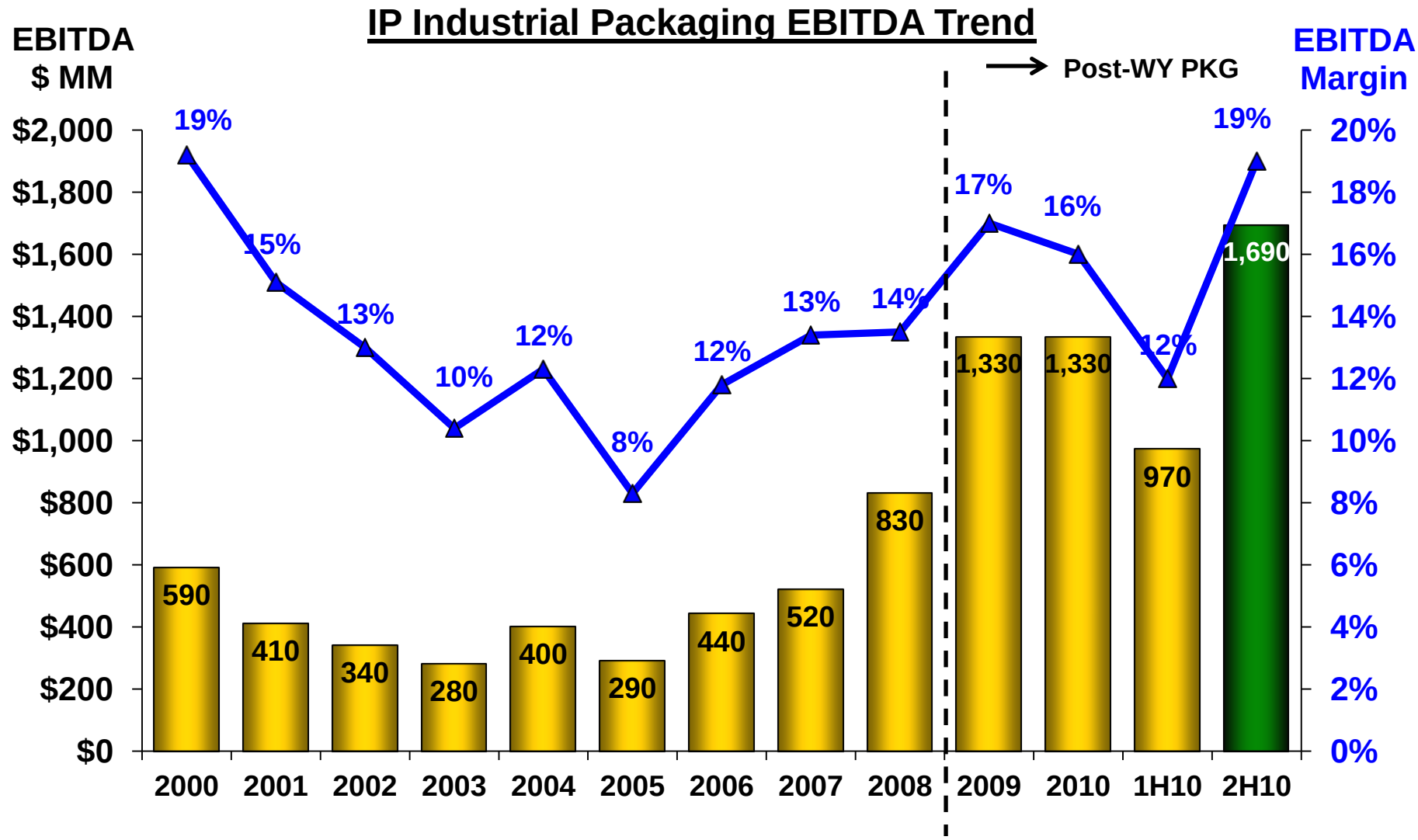

Note: Corporate allocations for 2000 – 2004 held constant at 2005 allocation level, EBITDA % margins calculated per external reporting with trades included in revenue. 2000 – 2006 also excludes discontinued operations – Kraft and Specialty.

Demonstrated Ability to Deliver Synergies

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Synergies generated from the WY PKG acquisition have exceeded expectations

- **Targeted $400MM of synergies on a sales base of $5.2B**
- **Generated over $500MM of run rate synergies ahead of plan**
- **Synergies strongly contributed to the better than cost of capital returns generated within 18 months of the acquisition**

Strengthening North American Industrial Packaging

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($ Billion)	North American Industrial Packaging	
	Pre-WY PKG 2007	3Q'10-1Q'11 Annualized
Sales	**$3.9**	**$8.6**
EBITDA (before special items)	**$0.5**	**$1.6**
EBITDA Margin	IPG = 13% Comp. A = 20% Comp. B = 11% Comp. C = 9%	IPG = 19% Comp. A = 20% Comp. B = 15% Comp. C = 13%
ROI (before special items)	**7%**	**10%**
Industry Box Volume (BSF)	**390**	**357**

Strengthening International Paper

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($ Billion, except per share)	IP Total Excl. Forest Products	
	Pre-WY PKG 2007	3Q'10-1Q'11 Annualized
Sales	$21.4	$25.9
EBITDA (before special items)	$2.3	$3.7
EBITDA Margin	11%	14%
Free Cash Flow (Includes special items; excludes pension contribution & AFMTC)	$0.3	$2.2
ROI (before special items)	4%	8%
EPS (before special items)	$1.48	$3.00

Current State Summary

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- Focused Business Portfolio
- Higher, More Sustainable Earnings
- Reduced Costs
- Reduced Debt
- Increased Earnings, Free Cash Flow & Returns
- Commitment to Balanced use of Cash to Generate Increased Shareholder Value

Offer to Acquire Temple-Inland

Transaction Highlights

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Consideration	All-cash offer for all TIN shares at $30.60 per share
Premium	Premium of 44% to TIN price as of noon, 6 June 2011 ($21.21)
Accretion	Substantially accretive to IP EPS in first year
Synergies	Expect to generate significant synergies
Financing	IP has obtained committed financing in an amount sufficient to consummate this transaction IP is committed to remaining investment grade and expects the acquisition would not result in a rating or outlook change
Regulatory Approval	IP has thoroughly considered potential regulatory issues of this combination and believes all approvals can be obtained

Financing Overview

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- **Financing**

Cash	**$1.5B**
New Debt	**~$2.0B**

- **Committed financing**
- **Rapid repayment of debt**
- **Debt / EBITDA <3.0x**

Synergy Opportunities

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S G & A	▪ Business Overhead Reduction ▪ Corporate Overhead Reduction
Mills	▪ Machine / Product Optimization ▪ Efficiency Improvements
Market Access	▪ Mix Improvement
Supply Chain	▪ Freight Optimization ▪ Purchasing
Box Plants	▪ System Streamlining

Temple-Inland at a Glance

Predominately a Corrugated Packaging Company

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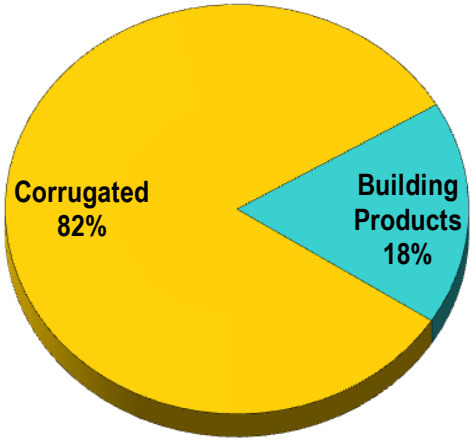
- **2011 Sales[1] of $4 Billion**
- **2011 EBITDA[1] of $510 Million**
- **4 Million Tons of Containerboard Capacity**
- **7 Containerboard Mills**
- **59 Box Plants**
- **14 Building Products Plants**

2010 Segment Assets



[1] First Call TIN estimates (without synergies)

N. A. Industrial Packaging

Producer Positions

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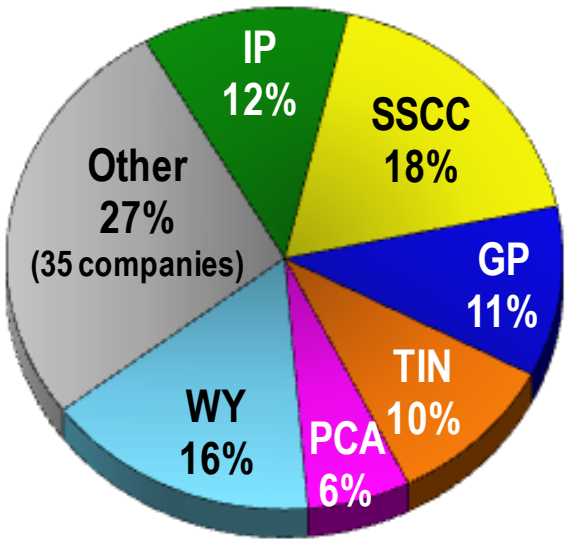
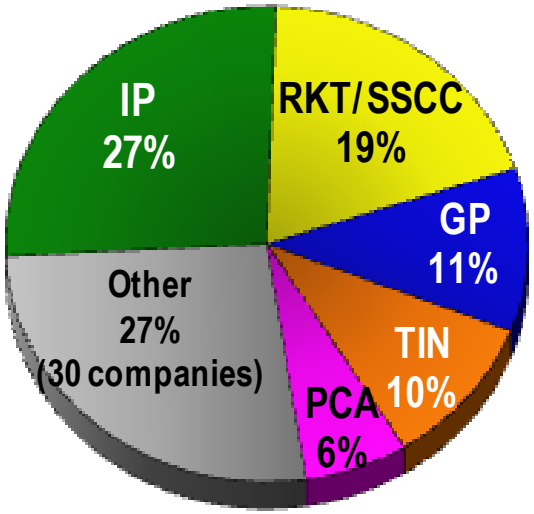
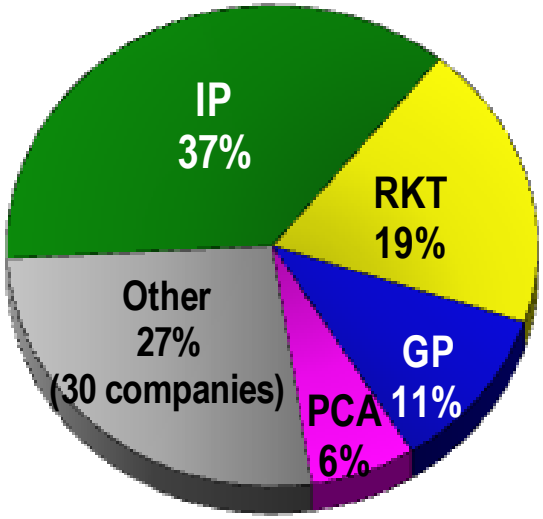
2007
Prior to IP / WY PKG Acquisition



2010
Post RKT / SSCC Acquisition



2010
With IP + TIN



Source: RISI N.A. Paper Packaging Capacity Reports, SEC filings, IP analysis, RKT/ SSCC announcements to public in 2011

External Environment

- U.S. economy is recovering
- U.S. box demand grew 3% in 2010 and is expected to grow with the economy
- Strong demand for containerboard exports
- U.S. supply and demand balanced

2011 - Demand Still Recovering

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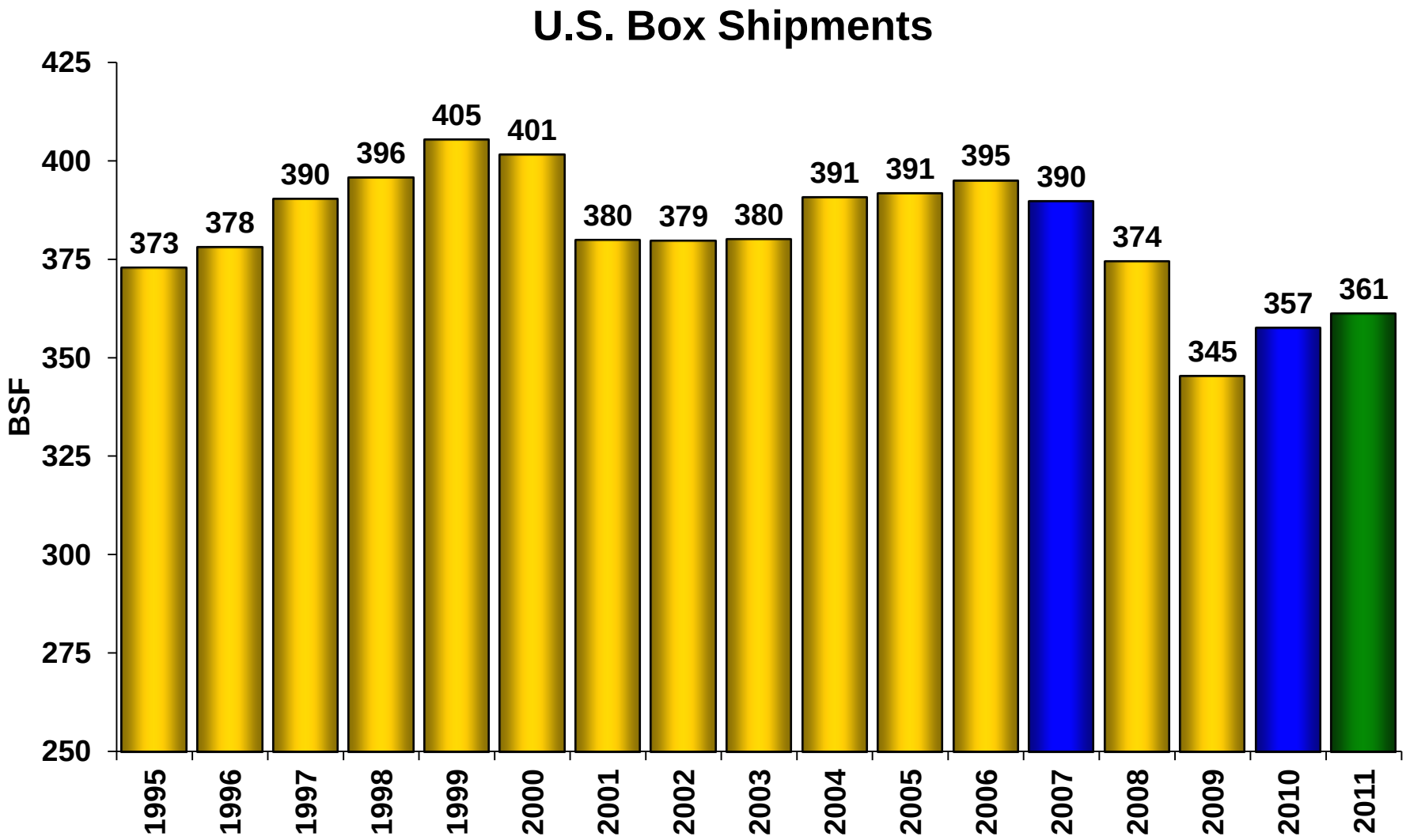

Source: Fibre Box Association
2011 Q1 Run Rate

Acquisition Assessment

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- Creates Shareholder Value ☑
- Consistent with Strategy ☑
- Improves Core Business ☑
- Cost of Capital Returns ☑
- Significant Synergies ☑
- Greater Cash Flow Generation ☑
- Low Integration Risk ☑

The 'New IP'

Repositioned and well positioned

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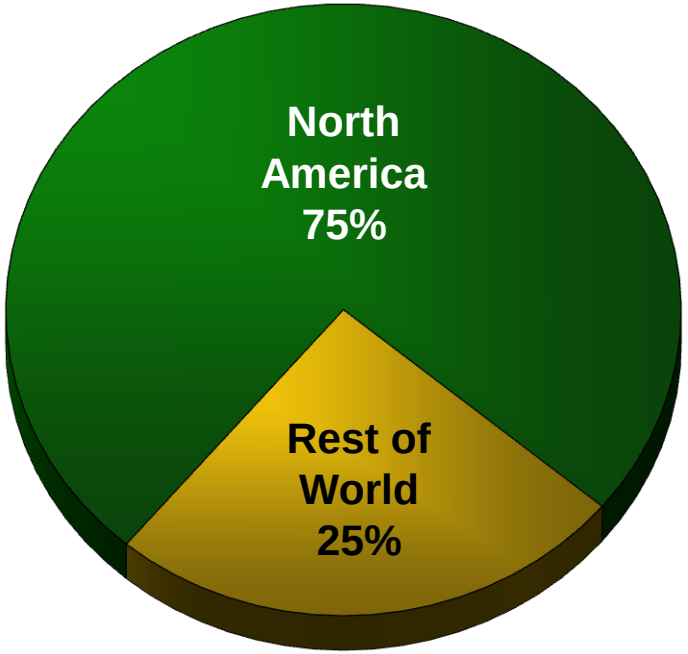
North America

- Stronger free cash flow
- Leading core segment positions
- ROI greater than cost of capital

EMEA, Brazil, Asia, Russia JV, India

- Growing margins
- Revenue + profit growth runway
- Leading emerging market positions

IP + TIN
***EBITDA*[1]**



[1]Combined (IP + TIN) 2010 EBITDA excluding special items

Earnings Growth Horizon

Temple-Inland "an investment for today"

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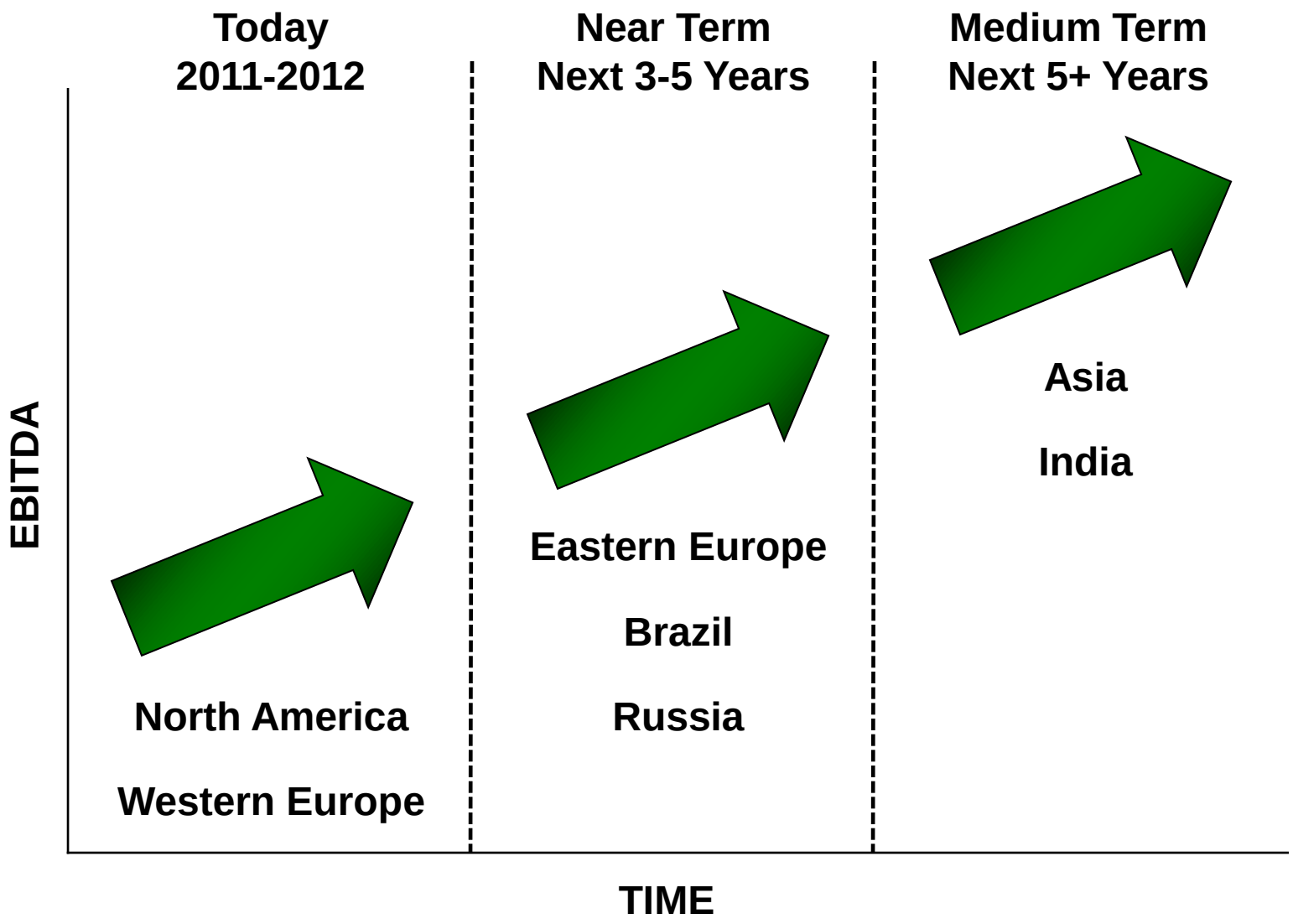

Path Forward

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- IP Board of Directors is serious and committed
- Given TIN's Board outright rejection and lack of interest to engage, IP has decided to take the offer directly to shareholders
- A negotiated transaction represents the best path forward for all shareholders
- All reasonable options are on the table with respect to next steps

Acquisition Summary

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- Consistent with strategy
- Financially attractive
  - Accretive in year one
  - Returns exceed cost of capital
- Strengthens IP's portfolio
- Makes a good Industrial Packaging business an excellent one
- Significant synergy opportunities
- Creates shareholder value

Other Information
Additional Information

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This communication does not constitute an offer to buy or solicitation of an offer to sell any securities. No tender offer for the shares of Temple-Inland Inc. ("Temple-Inland") has commenced at this time. In connection with the proposed transaction, International Paper Company (the "Company") may file tender offer documents with the U.S. Securities and Exchange Commission ("SEC"). Any definitive tender offer documents will be mailed to stockholders of Temple-Inland. INVESTORS AND SECURITY HOLDERS OF TEMPLE-INLAND ARE URGED TO READ THESE AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain free copies of these documents (if and when available) and other documents filed with the SEC by the Company through the web site maintained by the SEC at http://www.sec.gov. In connection with the proposed transaction, the Company may file a proxy statement with the SEC. Any definitive proxy statement will be mailed to stockholders of Temple-Inland. INVESTORS AND SECURITY HOLDERS OF TEMPLE-INLAND ARE URGED TO READ THESE AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain free copies of these documents (if and when available) and other documents filed with the SEC by the Company through the web site maintained by the SEC at http://www.sec.gov.

Other Information

Certain Information Regarding Participants

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The Company and certain of its respective directors and executive officers may be deemed to be participants in the proposed transaction under the rules of the SEC. Security holders may obtain information regarding the names, affiliations and interests of the Company's directors and executive officers in the Company's Annual Report on Form 10−K for the year ended December 31, 2010 which was filed with the SEC on February 25, 2011, and its proxy statement for the 2011 Annual Meeting, which was filed with the SEC on April 8, 2011. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the interests of these participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will also be included in any proxy statement and other relevant materials to be filed with the SEC when they become available.

Contacts

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