John V. Faraci
Chairman and Chief Executive Officer

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May 19, 2011

CONFIDENTIAL

Mr. Doyle R. Simons
Chairman & CEO
Temple-Inland Inc.
1300 South Mopac Expressway
Austin, TX 78746

Dear Doyle:

Thank you for returning my call yesterday. I look forward to meeting with you next Thursday in Austin. As I said on the phone, I'm sending this letter to summarize International Paper's offer to acquire Temple-Inland and the strong rationale behind it. As discussed, IP is prepared to acquire all of the outstanding common stock of Temple-Inland for $30.60 per share in cash, or a total of $4.2 billion, including the assumption of Temple-Inland's debt. Our strong preference is to reach a mutually beneficial, negotiated transaction promptly.

Our offer represents a 30% premium to Temple-Inland's closing share price yesterday, which is also very close to the average closing price of $23.40 for the past 30 days, and almost a 20% premium to its 52-week high.

We believe the combination of IP and Temple-Inland creates an exceptionally compelling opportunity to create value for both of our companies' stockholders. Temple-Inland's stockholders will benefit from immediate liquidity at a price and premium fully reflecting Temple-Inland's value. Furthermore, the significant premium we have proposed reflects our view that we can realize substantial cost savings from combining our businesses, particularly in operations, freight, logistics, selling expense and overhead. Our proposed price shares a meaningful amount of these synergies with Temple-Inland stockholders, while ensuring a fair return for our own stockholders.

Our offer price is based solely on publicly available information. As part of a private negotiation, we would conduct limited due diligence that we expect would take about five days. Our areas of focus would be segment P&L's so we can confirm potential cost savings and capital expenditure requirements.

As I mentioned, we have carefully reviewed the regulatory implications of this combination and are confident that we will receive all required approvals. We are willing to discuss appropriate contractual provisions that will reflect our commitment to completing the transaction.

We have obtained financing commitments in an amount sufficient to consummate this transaction. In addition, we have met with the rating agencies and believe we would remain investment grade with no change in outlook.

International Paper's board of directors fully supports and is committed to this proposal. In addition, we believe your stockholders will embrace this acquisition as a unique opportunity to realize certainty of value today and a premium price that your stock might otherwise take years to reach, if ever, as a stand-alone company.

I look forward to our meeting next week to discuss IP's proposal and next steps.

Sincerely yours,



John V. Faraci

INTERNATIONAL PAPER

John V. Faraci
Chairman and Chief Executive Officer

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May 27, 2011

PERSONAL & CONFIDENTIAL

Mr. Doyle R. Simons
Chairman & CEO
Temple-Inland Inc.
1300 South Mopac Expressway
Austin, TX 78746

Dear Doyle:

Thanks for meeting me yesterday and reviewing our materials. As you can see, we believe our $30.60 all-cash proposal provides compelling value for Nickel's shareholders. I hope that your Board of Directors sees it the same way and I look forward to hearing back from you no later than Saturday, June 4th, which is the 10 days we discussed. Timing and speed are important. If the situation changes and we conclude that we are unable to wait for your response on June 4th, we'll let you know.

The critical issue here is the certainty of receiving a significant immediate cash premium for Nickel shareholders versus waiting years for a recovery in building products, and hoping that the industrial packaging business will maintain or improve during that same period of time. Your stock price would have to reach almost $43 per share in three years to equal the present value of our offer today, as shown on page 5 of our Discussion Materials. That is not likely.

Our proposal represents almost a 20% premium to the highest share price Nickel has seen since it became an independent company as shown on page 4 of the Discussion Materials (which happens to be the current 52-week high), more than a 33% premium to the current price, and a price well above other relevant data points. More specifically, the premium we are offering is in excess of the 27% premium paid by Rock-Tenn to Smurfit Stone and above the 29% average premium of all cash transactions in the sector. Furthermore, the implied multiple of 2011E EBITDA of 9.2x (including $385 million timber monetization liability, or 8.5x excluding) is well above that paid by us to Weyerhaeuser of 6.3x (which was an asset deal and had significant tax advantages which are not available here) and also well above that paid by Rock-Tenn to Smurfit Stone of 6.1x, giving full credit for the quality of Nickel's assets compared to those of SSCC. All of these comparable transactions are outlined on page 6 of the Discussion Materials.

You have done a good job of developing Nickel over the past 4 years. However, not only does our proposal provide your shareholders the certainty of realizing the future benefits that you may or may not be able to deliver to them through a cyclical housing recovery and operational improvements, it more importantly pays them for much of the very significant synergies of a combination that are not achievable on a standalone basis - and it gives it to them immediately in cash. We hope that your Board will evaluate all of these considerations when it meets next week.

In closing, we prefer to effect this transaction on a friendly basis and look forward to your response within the timeframe we discussed. But my Board has thoroughly reviewed this matter and we are resolute in our interest. If a friendly agreement is not possible, we intend to take our proposal directly to your shareholders. I look forward to hearing back from you soon about next steps in making this combination happen quickly and on a friendly basis.

Very truly yours,



Temple-Inland

Doyle R. Simons
Chairman and Chief Executive Officer

June 4, 2011

Mr. John V. Faraci
Chairman and CEO
International Paper
6400 Poplar Avenue
Memphis, TN 38197

Dear John:

The Board of Directors of Temple-Inland has received your letters dated May 19 and May 27, 2011 containing IP's proposal to acquire all of the outstanding shares of Temple-Inland for $30.60 per share in cash. The Board has also considered the additional information you provided me at our meeting held at your request on May 26. Earlier today, the Temple-Inland Board of Directors convened and carefully reviewed your company's proposal with the assistance of its financial advisor, Goldman, Sachs & Co., and its legal counsel, Wachtell, Lipton, Rosen & Katz. After thorough consideration, it is the unanimous view of the Temple-Inland Board of Directors that your unsolicited proposal grossly undervalues Temple-Inland and its future prospects. Accordingly, the Temple-Inland Board unanimously rejects IP's proposal of $30.60 per share.

Since we launched the "new" Temple-Inland in January 2008, we have delivered superior results to our stockholders compared with our corrugated packaging peers (including IP), building products peers, and the S&P 500. Since that time, our total returns to stockholders of 22% greatly exceed the 5% total return that IP has achieved. Through our proven ability to execute our strategy focused on maximizing return on investment (ROI) and profitably growing our business, the Board believes the Company will continue to provide superior results for our stockholders.

A key part of our strategy is to maximize ROI, because we believe ROI is fundamental to driving stockholder value. In corrugated packaging, we generated record ROI of 16.5% in 2009 and 2010 and are positioned to generate significantly higher levels of ROI in 2011 and beyond due to fundamental changes in the industry and benefits from our box plant transformation. Indeed, we are now achieving the highest returns on assets in the corrugated packaging industry. Despite the worst housing markets since the Great Depression, our low-cost building products operation has continued to generate positive cash flow throughout the downturn and is positioned to generate very high levels of return for our stockholders when housing markets recover. As the economic recovery continues and the benefits from our strategy continue to be realized, it is the stockholders of Temple-Inland who should benefit from our company's very strong prospects, not the stockholders of IP.

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We take issue with a number of claims in the materials you have provided to us. You have overstated our net debt by $91 million (which was $737 million as of March 31, 2011, rather than the $828 million stated in your proposal) and the net present value of our timber finance liability by at least $200 million. More significantly, the "comparable" transactions you cite are simply not comparable -- those transactions involved troubled or struggling companies or operations rather than a company such as Temple-Inland with its industry-leading returns, high-quality assets and low-cost structure. Further, the retrospective focus of these "comparables" does not take account of the profound changes that are occurring in the corrugated packaging industry, which have led to reduced pricing volatility, higher average prices and widely-held expectations that these positive industry trends will continue.

Your own public statements acknowledge the changes in the industry and make clear that "looking back at history" is not the correct way to understand the corrugated packaging industry's future. If, as you so clearly state, the past is not prologue for your company, neither is it for ours. We believe that it is for this reason that your letter of May 27 insistently says "Timing and speed are important," and you have threatened us with a hostile bid if we do not respond by your deadline. The speed that is "important" to you underscores an opportunistic attempt to deprive our stockholders of the value in their company that we believe will become increasingly evident as the benefits of profound change in the corrugated packaging industry, Box Plant Transformation II and our extremely low-cost building products business accrue to the benefit of our stockholders. Finally, the "certain" value you refer to overlooks the serious regulatory issues of your proposal, an attempt to forcibly combine the #1 and #3 participants in the corrugated packaging industry with the result that your company would have an approximate 40% share of industry capacity, nearly double the next largest competitor.

Our Board of Directors, our management team and our employees are dedicated to creating value for all of our stockholders, which we expect to do by continuing to effectively execute on our strategic plan.

Sincerely,

Doyle R. Simons

Discussion Materials

May 26, 2011

Overview

- $30.60 offer price
  - 37% premium to closing price of $22.33 as of May 23, 2011
  - 30% premium to 30 day average of $23.45
  - 18% premium to 52 week closing high of $25.90
- Obtained committed financing from UBS in an amount sufficient to consummate this transaction
  - Hired Evercore and UBS as financial advisors
- Carefully reviewed regulatory implications of this combination and are confident that we will receive all required approvals
- Ability to move quickly to complete confirmatory diligence and announce a transaction
- Our board of directors fully supports the transaction and is committed to this proposal

Compelling Value

- Very attractive premium and very compelling multiple relative to relevant data points
  - Premium on top of substantial stock price run up over last 2.5 years
- 37% premium is above most recent relevant precedent
  - 27% premium in Smurfit-Stone transaction
- Premium above historical precedent paper and packaging transactions
  - Over the last 10 years for all cash transactions, average premium of 29%
- 9.2x 2011 EBITDA offer multiple compares very favorably to sector multiples (includes $828mm of net debt plus timber liability of $385mm, 8.5x excluding timber liability)
  - Iron at 5.5x 2011 EBITDA and average in the sector of 6.3x
  - IP / WY effective precedent transaction multiple of 6.3x
  - RKT / SSCC precedent transaction multiple of 4.8x – 6.1x (depending on pension treatment)
- Well in excess of the 1 year analyst price target average of $26.57 and above the highest price target of $29.00
  - 29% premium to the average price target discounted to today of $23.72

Positives

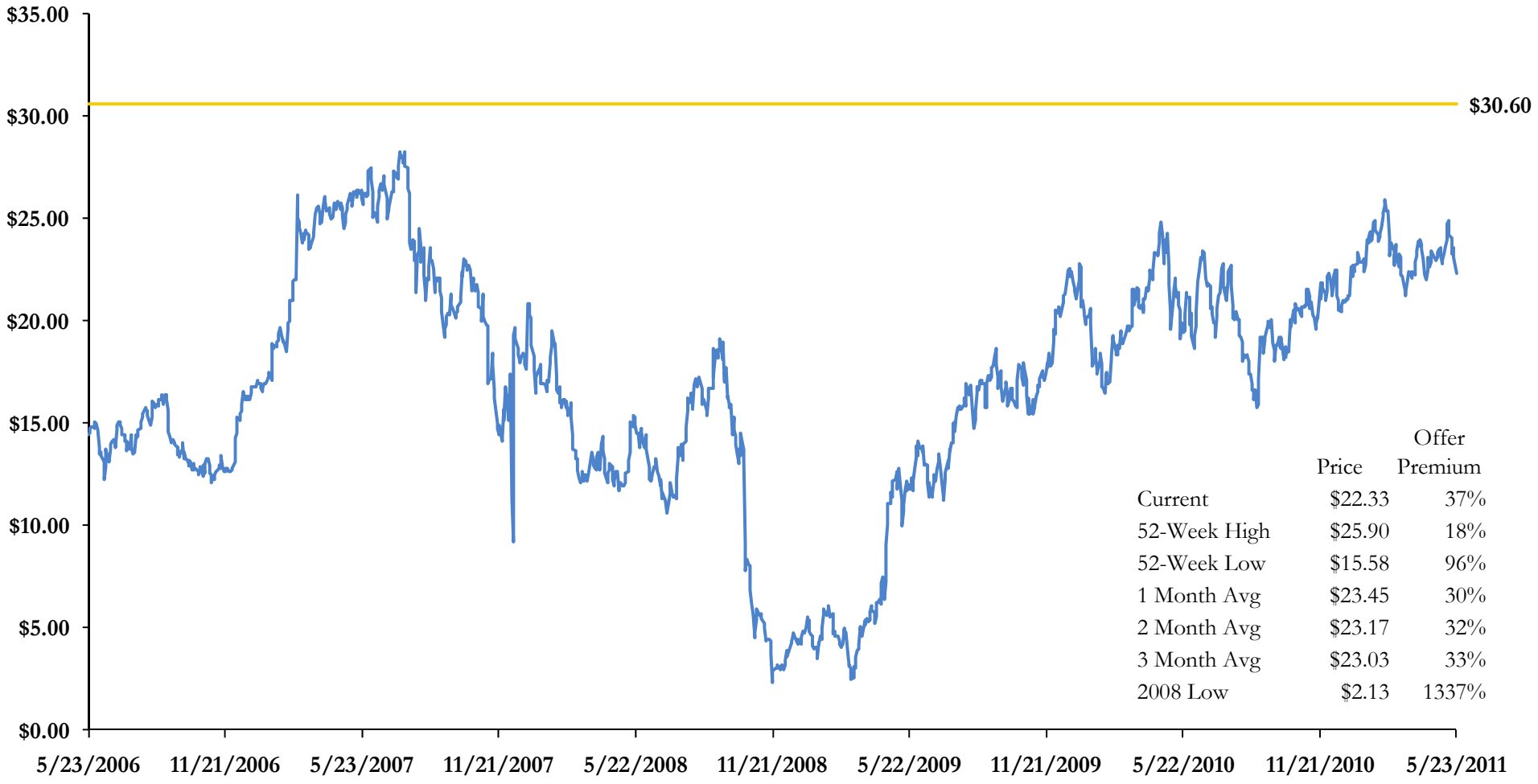
- Good assets / lower cost mills
- Complementary converting facilities
- Broad presence in North America
- Substantial cost savings in a combination
- Financing is committed

Issues

- Low growth industry remains cyclical
- Most of cost / production improvement already underway and reflected in current price
- Recovery of building products is highly uncertain
- Timber finance facility represents an NPV liability of ~$385mm

Nickel 5-Year Stock Price Performance

- Offer price represents a substantial premium to historical trading price

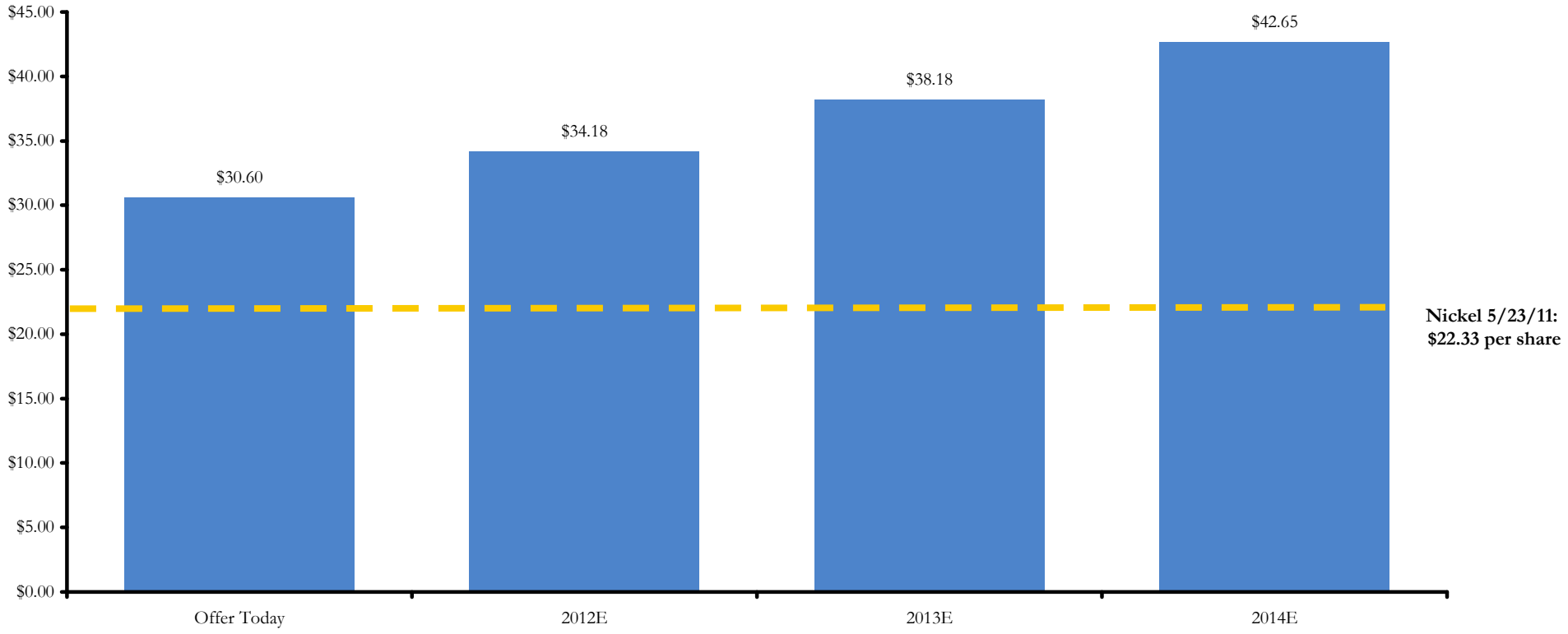


	Price	Offer Premium
Current	$22.33	37%
52-Week High	$25.90	18%
52-Week Low	$15.58	96%
1 Month Avg	$23.45	30%
2 Month Avg	$23.17	32%
3 Month Avg	$23.03	33%
2008 Low	$2.13	1337%

Source: Factset
Note: Prices adjusted by Factset for splits, spin-offs and one-time cash dividend in Dec 2007

Implied Future Value of Offer Price

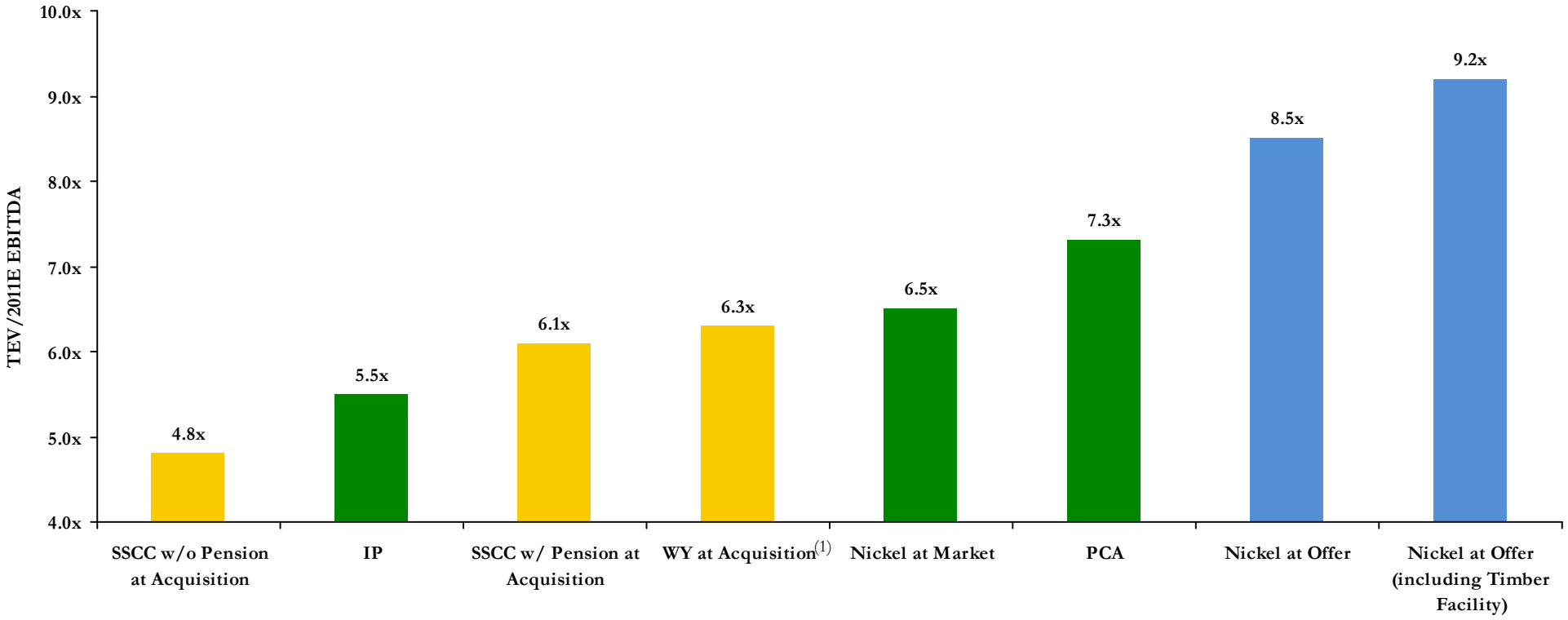
($) / Share



	Implied Future Value of Offer Price [1]		
IRR of Future Value of Offer Price [2]	30.2%	22.8%	19.6%

Notes:
(1) ROE of 11.7% calculated as cost of equity (14.0%) less dividend yield (2.3%). Assumes closing date of 12/31/11
(2) Based on 5/23/11 share price of $22.33

EBITDA Multiples Comparison



Source: Company filings and IBES consensus
Note: WY and Nickel at Offer (corrugated only) P/E multiples not shown as segment interest and tax information not available
Note: Except where noted, Nickel multiples not impacted by ~$385 million timber finance facility
(1) Represents 2008E multiple; assumes $1.4 billion PV from transaction tax savings

Nickel Analyst Estimates and Recommendations

Broker	Analyst	Recommendation	Price Target	Date
Longbow Research	Zaret	Buy	$29.00	4/21/2011
Goldman Sachs	Skidmore	Hold	28.00	4/21/2011
JPMorgan	Gresh	Hold	27.00	4/20/2011
The Buckingham Research Group	Weintraub	Buy	27.00	4/20/2011
Citi	Pettinari	Hold	26.00	4/20/2011
Credit Agricole Securities (USA)	Connelly	Sell	25.00	4/20/2011
Barclays Capital	Team Coverage	Sell	25.00	3/12/2011
Deutsche Bank	Wilde	Buy	28.00	3/11/2011
EVA Dimensions	Ruschmeier	Hold	NA	4/25/2011

Average	**$26.57**
Current Price (as of 5/23/11)	**22.33**
% Premium to Current	***19.0%***

PV of Average Estimate (12%)	**23.72**
% Premium to Current	***6.2%***

	IP	PCA	Nickel
#Buys	11	8	3
# Holds	2	3	4
# Sells	2	0	2

Source: Bloomberg, Factset

Analyst Summary

- North American containerboard supply/demand has been tight in 2010-11, which could attract greenfield and converted tonnage to the market. If this tonnage is greater than our forecast, it could result in a weaker pricing environment and lower earnings for Nickel and other containerboard producers.

  – Citi, April 2011

- We rate [Nickel] shares as Neutral, but are positive about the fundamentals of the company given [Nickel's] leverage to containerboard and its strong execution and potential for free cash flow to accelerate in 2012 as capex declines post the completion of BPT II. However, we prefer exposure to International Paper (IP) and Domtar (UFS) – rated Buy – where we see more compelling FCF generation and capital allocation in 2011.

  – GS, February 2011

- We remain cautious on the timing of a housing recovery, which is an important element to the relative Nickel story; and, with valuation at a premium to peers, we think that our expected pace of recovery is appropriately priced in.

  – JPMorgan, April 2011