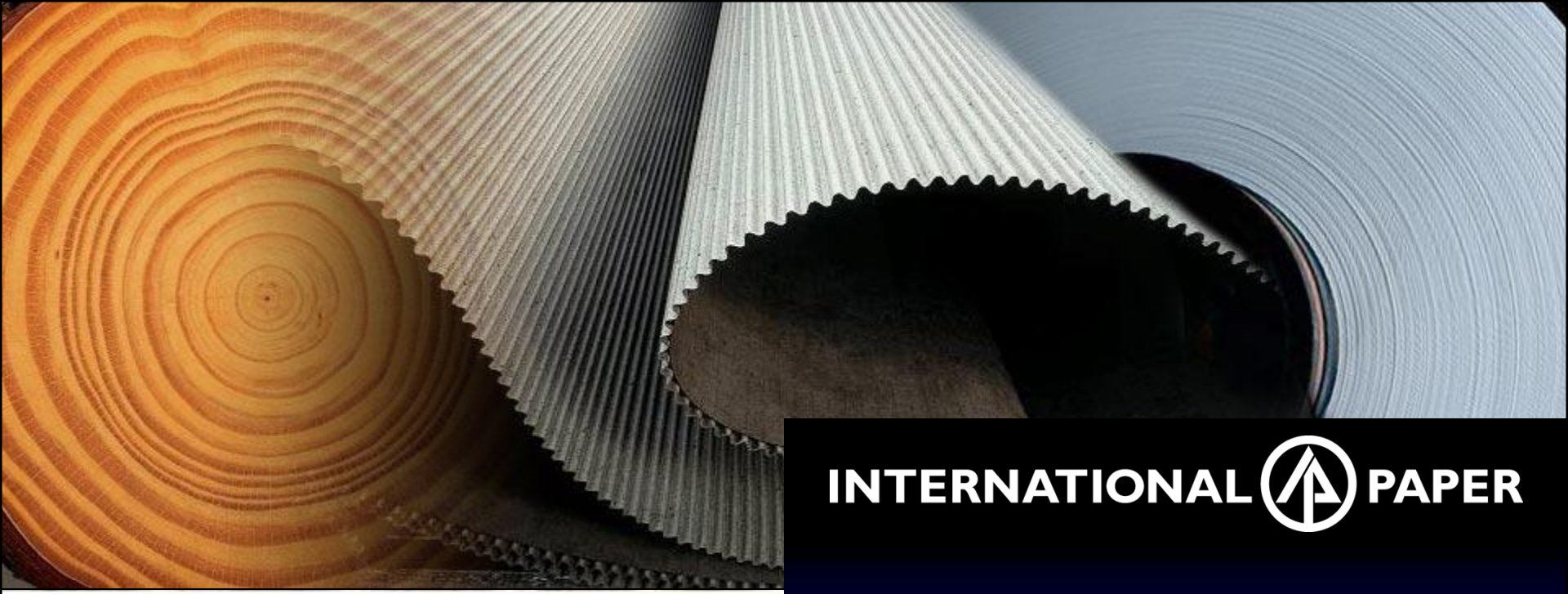


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Response to Temple-Inland

June 9, 2011

Forward-Looking Statements

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All statements included or incorporated by reference in this communication 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 this release or the offer described above, 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.

What Shareholders Should Really Consider

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Temple-Inland Statements Regarding Future Performance	IP Response
▪ Accelerating growth in earnings and ROI	▪ There is nothing new in TIN's statements
▪ Box Plant Transformation II benefits	▪ All of these items have been reflected in the public domain and analyst estimates

TIN statements regarding future performance are currently fully reflected in TIN's pre-announcement share price

What Shareholders Should Really Consider

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Temple-Inland Statements Regarding the Corrugated Packaging Industry	IP Response
▪ Favorable industry dynamics—fundamental changes in the corrugated packaging industry	▪ The current corrugated packaging industry dynamics have been well documented and analyzed and are reflected in analyst estimates ▪ Corrugated packaging remains a highly competitive industry. It is unrealistic to extrapolate two years of a cyclical upswing into perpetuity

The current corrugated packaging industry dynamic is fully reflected in TIN's pre-announcement share price

What Shareholders Should Really Consider

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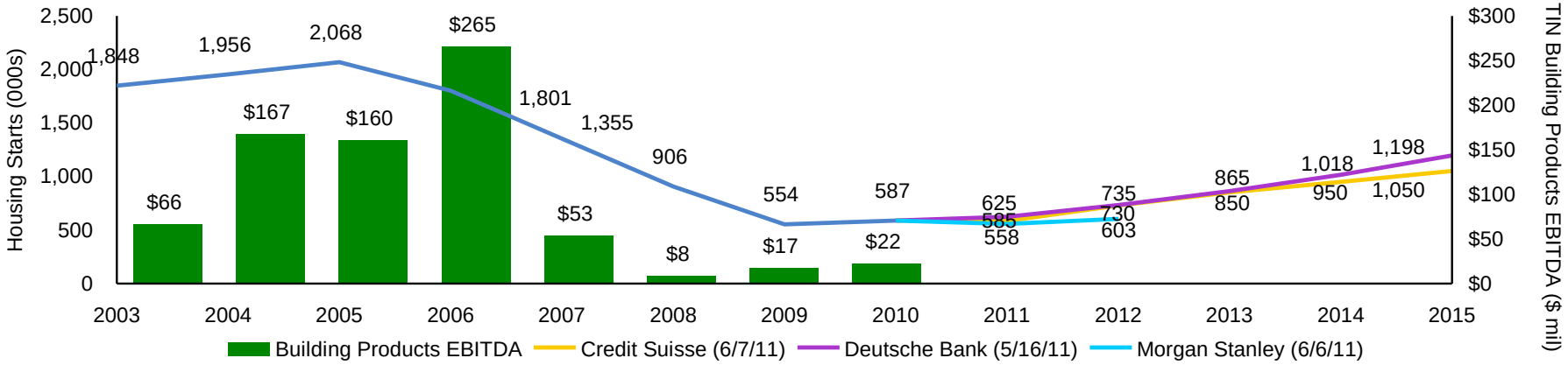
Temple-Inland Statements Regarding Housing Recovery

- Building products business is "positioned to generate very high levels of return…when housing markets recover"
- Little or no market value is being ascribed to building products

IP Response

- TIN's share price prior to the IP proposal reflected the value of the building products business and its uncertain outlook
- Credible sources project housing starts won't be back to 2007 levels until at least 2015
- Present value of a building products recovery is fully reflected in IP's proposal

Housing Starts & Building Products EBITDA ($ in millions)



Source: Wall Street research, Bloomberg, Energy Information Administration

Highly unlikely that building products will be able to deliver significant earnings improvement, for at least the next four years—in any case, recovery and appropriate value are reflected in TIN's pre-announcement share price and IP's proposal

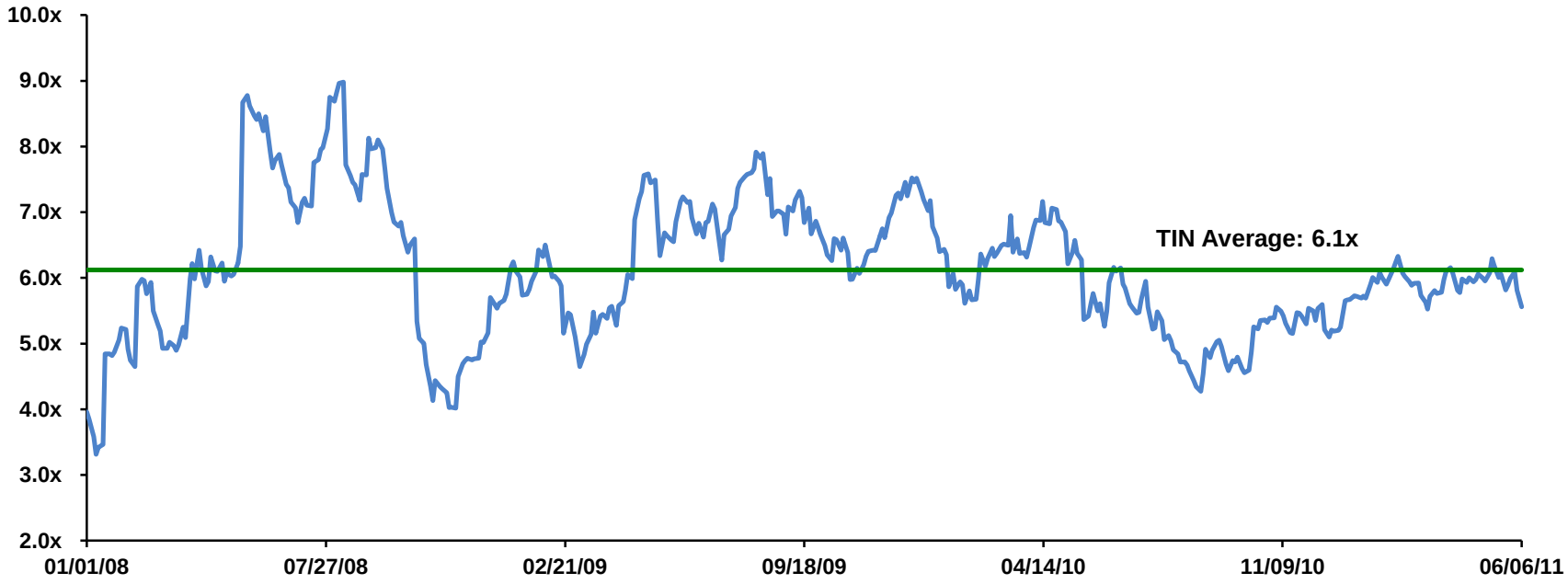
What Shareholders Should Really Consider

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IP Views

- **Since 1/1/08, the "new" Temple-Inland has traded at an average forward EBITDA multiple of 6.1x, not approximately 7x as Temple-Inland has stated**
- **TIN's 2011E EBITDA of $509 million and 2012E EBITDA of $629 million are well above 5-year historical average of $434 million**
- **In a cyclical industry, investors typically do not apply average multiples to above average EBITDA**
- **Hence, TIN is trading at 5.1x 2012E EBITDA and analyst price targets range from $25-$29 per share (with an average of $26.88, PV of $23.57)**

TIN TEV / NTM Forward EBITDA



Source: Factset

What Shareholders Should Really Consider

INTERNATIONAL PAPER

Temple-Inland Statements Regarding Debt Balance and Timber Liability	IP Response
▪ Overstated net debt by $91 million	▪ Our calculations are based on public information filed with the SEC by TIN ▪ Our net debt figure includes $91 million minority interest which is conventional when calculating enterprise value
▪ Overstated timber liability by $200 million	▪ IP has significant experience with timber finance liabilities and based on disclosed figures we stand by our calculation of the timber finance liabilities ▪ We are likely understating liabilities as our net debt does not include the $441 million of underfunded pension and postretirement benefit obligation ▪ As we have stated in our letters and discussions with TIN, a short confirmatory due diligence process would allow us to make our best offer

In the absence of such confirmatory due diligence, or updated SEC filings by TIN, we believe that our calculations appropriately reflect the liabilities owed by TIN

What Shareholders Should Really Consider

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Temple-Inland Statements Regarding Precedent Transactions

- **Precedents transactions are not comparable**

IP Response

- **The acquisition of SSCC and Weyerhauser's corrugated packaging operations are the two most recent transactions in the industry and are highly relevant data points**
- **The multiples TIN shows for SSCC are trailing multiples (2010) and are therefore overstated when comparing to the forward multiples (2011) IP has calculated for TIN**
- **Forward EBITDA multiples at announcement (standard convention):**

TIN – incl. Timber Liability	9.2x
TIN – excl. Timber Liability	8.5x
SSCC incl. Pension	6.1x (34%/28% discount to TIN)
WYCBPR (Net of Tax Step-up)	6.3x (32%/26% discount to TIN)

TIN's strong operations are reflected in the pre-announcement trading multiple for TIN, and in the very significant premium multiple over precedents IP is offering

What Shareholders Should Really Consider

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Temple-Inland Statements Regarding Regulatory Approval	IP Response
▪ The transaction will face a prolonged regulatory investigation with an uncertain outcome	▪ We have carefully reviewed the regulatory implications of this transaction with a highly experienced team of lawyers, economists and consultants and we are confident we will receive all regulatory approvals ▪ IP is prepared for a timely and thorough regulatory review, consistent with other transactions of this type

IP is confident it will obtain regulatory approval

Appendix - Multiples Calculation Overview

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IP / WY	
($mm)	
Enterprise Value	**$6,000**
Less: Tax Step Up	(1,400)
EV After Tax Step Up	4,600
2008 EBITDA	731
EV / 2008 EBITDA	**6.3x**

RKT / SSCC	
($mm)	
Enterprise Value	**$5,028**
Less: Unfunded Pension (12/31/10)	(1,132)
EV, Net of Unfunded Pension	**3,896**
Q4 10 EBITDA	205
Q4 10 Annualized EBITDA	820
EV / Q4 10 Annualized EBITDA Including Pension	**6.1x**

Source: Company filings

Appendix - Multiples Calculation Overview

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($mm)	At Offer	
Offer Price	**$30.60**	**$30.60**
Diluted Shares	114.8	114.8
Equity Value	**3,514**	**3,514**
Less: Cash	(24)	(24)
Plus: Total Debt	761	761
Plus: Minority Interest	91	91
Enterprise Value	**4,342**	**4,342**
Plus: Timber Liability	0	385
Adjusted Enterprise Value	**4,342**	**4,727**
2011E EBITDA (as of 5/23/11)	514	514
EV / 2011E EBITDA	**8.5x**	**9.2x**

Source: Company filings and IBES Estimates

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.