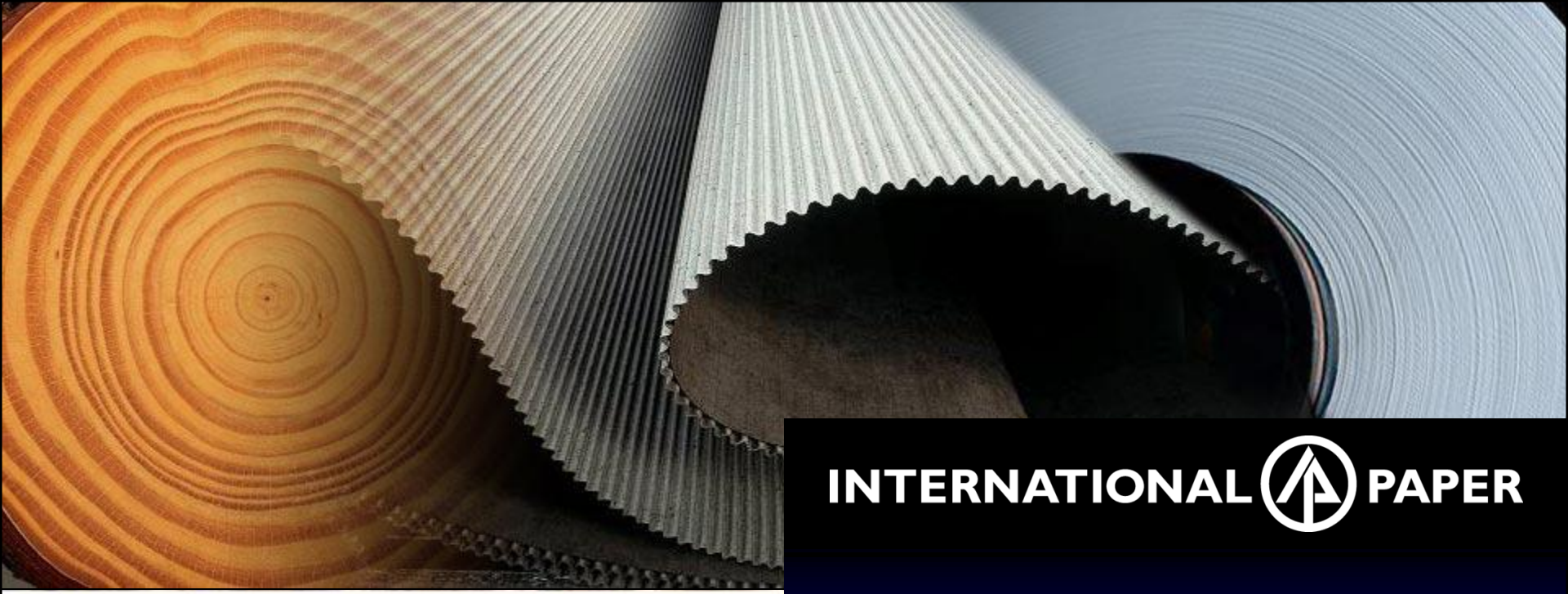


INTERNATIONAL PAPER

Acquisition of Temple-Inland

September 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 slides and statements made during this presentation contain 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 receipt of Temple-Inland shareholder and regulatory approvals for the transaction and the successful fulfillment or waiver of all other closing conditions without unexpected delays or conditions; (ii) The failure to realize synergies and cost savings from the transaction or delay in realization thereof; (iii) increases in interest rates; (iv) 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; (v) 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; (vi) unanticipated expenditures related to the cost of compliance with existing and new environmental and other governmental regulations and to actual or potential litigation; and (vii) 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 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.

Additional Information

In connection with the proposed merger, Temple-Inland will file a proxy statement with the Securities and Exchange Commission (the "SEC"). **Investors and security holders are advised to read the proxy statement when it becomes available because it will contain important information about the merger and the parties to the merger.** Investors and security holders may obtain a free copy of the proxy statement (when available) and other documents filed by Temple-Inland at the SEC website at http://www.sec.gov. The proxy statement and other documents also may be obtained (after it has been filed with the SEC) for free from International Paper by directing such request to International Paper, Investor Relations, telephone (800) 678-8715.

CERTAIN INFORMATION REGARDING PARTICIPANTS

International Paper 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 International Paper's directors and executive officers in the International Paper'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. Additional information regarding the interests of participants in the solicitation of proxies in connection with the merger will be included in the proxy statement that Temple-Inland intends to file with the SEC. These documents can be obtained free of charge from the sources indicated above.

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.

Transaction Overview

- **International Paper has agreed to acquire Temple-Inland, the third-largest North American corrugated packaging manufacturer**
- **Purchase price of $32.00/share**
- **Total purchase consideration of $4.3 Billion, including Temple-Inland net debt of $600 Million as of 12/31/11**

Compelling Strategic Acquisition

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- **Consistent with IP's focus on paper & packaging and achieving and sustaining cost of capital returns**
- **Makes a good N.A. corrugated packaging 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
- **Significant synergy savings**
- **Accretive year one, highly accretive over time**
- **IP is a proven outstanding operator with demonstrated track record of success integrating acquisitions**

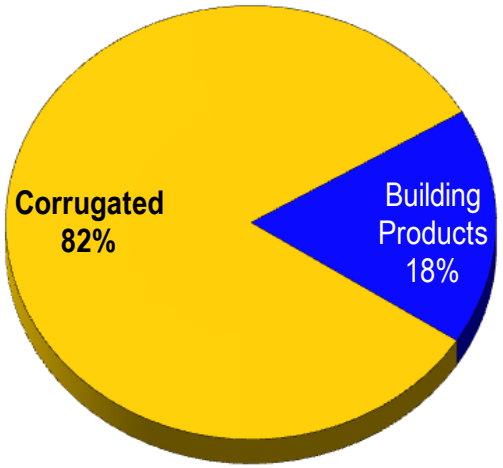
Temple-Inland at a Glance

Predominately a Corrugated Packaging Company

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- **2011 Sales[(1)] of $4.0 Billion**
- **2011 EBITDA[(1)] of $446 Million**
- **4 Million Tons of Containerboard Capacity**
- **7 Containerboard Mills**
- **59 Box Plants**
- **14 Building Products Plants**

2010 Segment Assets



[(1)] I/B/E/S First Call FY11 mean(s) as of 9/2/2011

Transaction Highlights

Consideration	$32.00 per TIN share, all cash
Synergies	$300 Million of annual run-rate synergies, to be achieved within 24 months of close
Timing	Expected close in the first calendar quarter of 2012, subject to shareholder vote and regulatory and other customary approvals
Financing	Committed financing from a UBS-led bank syndicate

Purchase Price Overview

Purchase Price	**$4.3B**
EBITDA[(1)] Multiple	**7.4x**
Synergies at Full Run Rate	**$300M**
EBITDA[(1)] Multiple ***(with Synergies)***	**4.9x**

[(1)] I/B/E/S First Call FY12 mean as of 9/2/2011

Financing Overview

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- **Financing**

Cash	**$1.5B**
Debt Rollover	**~$0.6B**
New Debt	**~$2.2B**

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

Strengthening International Paper

Combination Strongly Cash Accretive

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	IP FY11[1]	TIN FY11[1]	IP + TIN w/Run Rate Synergies
Sales *($ Billion)*	**$26.6**	**$4.0**	**$30.6**
EBITDA *($ Billion)*	**$3.75**	**$0.45**	**$4.50[3]**
EBITDA *Margin*	**14.1%**	**11.3%**	**14.7%[3]**
Free Cash Flow[2] *($ Billion)*	**$1.90**	**$0.18**	**$2.25[3]**

[1] I/B/E/S First Call FY11 as of 9/2/2011 (excludes special items)

[2] FCF = Total Funds From Ops – CapEx (First Call FCF modified to exclude impact of dividends to be consistent with IP historical reporting) ; IP+TIN FCF reduced by incremental interest expense, net of taxes

[3] Includes $300 Million in run rate synergies, FCF synergies are net of taxes

Strategic Rationale

Strengthening Our Packaging Business

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	IP North American Industrial Packaging[(1)]	TIN Packaging Business[(1)]	Run Rate Synergies	IP NA PKG + TIN w/ Run Rate Synergies
2011 Sales *($ Billion)*	**$8.7**	**$3.3**		**$12.0**
2011 EBITDA *($ Billion)*	**$1.5**	**$.42**	**$0.30**	**$2.22**
2011 EBITDA *Margin*	**17%**	**13%**		**19%**
Capacity *(000 TPY)*	**10,000**	**4,000**		**14,000**

(1) 1H11 actual results annualized (excluding special items)

External Environment

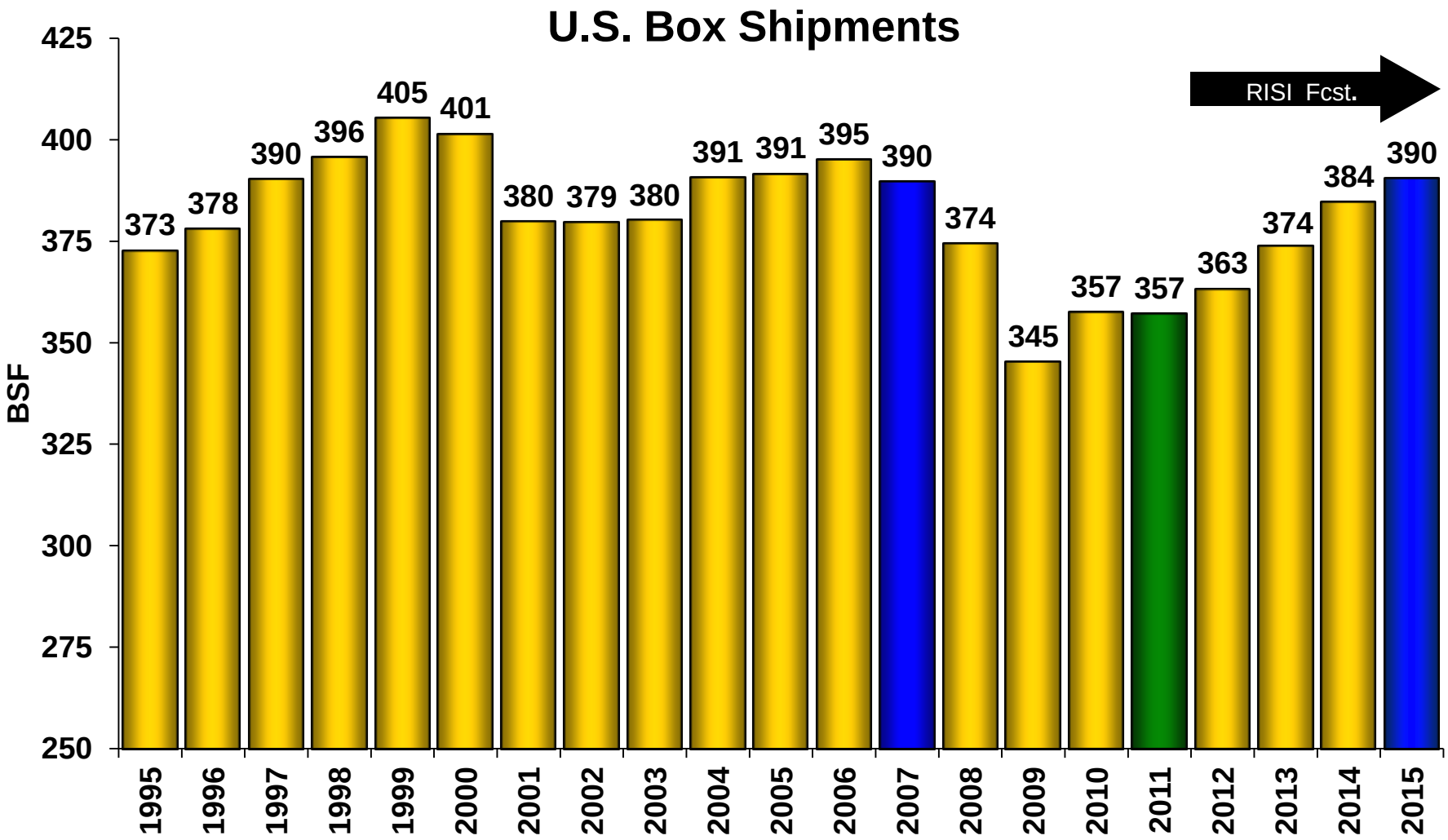
Timing is right

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- **U.S. Box Demand flat – feels like 0-1% GDP growth**
- **U.S. Box Demand not expected to return to pre-crisis levels until 2015**
- **Global Containerboard markets are strong and expected to continue to grow**

2011 - Demand Still Recovering

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Source: Fibre Box Association
2011 1H Run Rate
2011-2015 2.2% CAGR (RISI)

Significant Targeted Synergies

$300 Million Run Rate

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S G & A	▪ Eliminate Duplication ▪ IT Integration
Mills	▪ Grade / Machine Mix Optimization ▪ Efficiency Improvements
Supply Chain	▪ Logistics Optimization ▪ Purchasing Consolidation
Box Plants	▪ System Streamlining ▪ Customer and Segment Optimization

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 ☑
- Bogalusa & Guaranty Due Diligence ☑

Path Forward

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- Attain Regulatory Approval
- Obtain Temple-Inland Shareholder Approval
- Develop IP's Internal Integration Plan
- Remain Focused on Day to Day Business Operations

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