

INTERNATIONAL PAPER



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Bank of America Merrill Lynch Industrials Conference

December 6, 2011

Forward-Looking Statements

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Certain statements in these slides and made during this presentation may be considered 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 include but are not limited to: (i) increases in interest rates; (ii) 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; (iii) 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; (iv) unanticipated expenditures related to the cost of compliance with existing and new environmental and other governmental regulations and to actual or potential litigation; (v) whether we experience a material disruption at one of our manufacturing facilities and risks inherent in conducting business through a joint venture; (vi) the receipt of Temple-Inland Inc. (“Temple-Inland”) shareholder and regulatory approvals for the pending transaction with Temple-Inland and the successful fulfillment or waiver of all other conditions to closing the transaction without unexpected delays or conditions; (vii) the failure to realize synergies and cost savings from the Temple-Inland transaction or delay in realization thereof; and (viii) our ability to achieve the benefits we expect from all other strategic acquisitions and divestitures. 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 our Securities and Exchange Commission (“SEC”) filings. Other important factors that could cause or contribute to actual results differing materially are included but are not limited to those discussed in the SEC filings of Temple-Inland. We undertake no obligation to publicly update any forward-looking statements or other information related to this presentation, whether as a result of new information, future events or otherwise.

Additional Information

In connection with the proposed merger, on November 7, 2011, Temple-Inland filed a definitive proxy statement with the Securities and Exchange Commission (the "SEC") and mailed the definitive proxy statement to shareholders of Temple-Inland. In addition, International Paper and Temple-Inland may file other relevant materials with the SEC. **Investors and security holders are advised to read the definitive proxy statement and any such other materials (when available) because they contain (or will contain) important information about the merger and the parties to the merger.** Investors and security holders may obtain a free copy of the definitive proxy statement filed by Temple-Inland and other relevant documents (when available) at the SEC website at http://www.sec.gov. The definitive proxy statement and other relevant documents (when available) also may be obtained 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 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 is included in the definitive proxy statement that Temple-Inland has filed 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.

Committed to Continuous Improvement in Shareholder Value

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AGENDA

- Strong 2011 YTD Performance
- Structural Improvements in IP's N.A. Businesses
- Step-Change in Financial Performance
- Balanced Use of Cash
- Earnings Growth Runway
- Macro View Entering 2012
- Step-Change Summary - Roadmap

Who We Are: 2011 Snapshot

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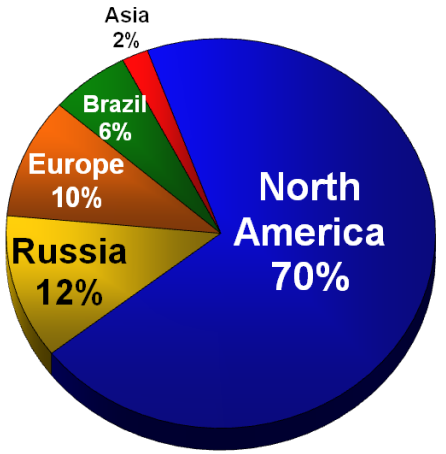
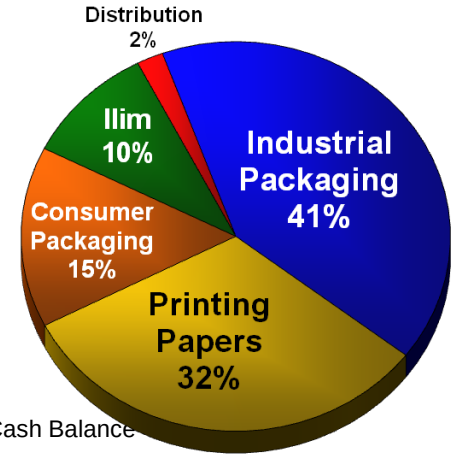
Leading Global Provider of Paper and Packaging

($ Billions)	2010[1]	9M11 Annualized
Revenue	$25.0	$26.2
EBITDA (before special items)	$3.2	$3.7
ROI (before special items)	6%	8%
Free Cash Flow	$1.5[2]	$1.9
Cash Balance at Sept. 30th	$2.1	$2.7
Shareholder Return		
Dividends Paid	$0.18	$0.43
Dividend Yield	2.0%	3.9%
Employees	~59,500	
Countries	>24	

Operating Earnings by Region[3]



Operating Earnings by Segment[3]



Cash Balance and Dividends are not annualized

[1] Excludes Forest Products: $220 MM of Revenue, $100 MM of EBITDA, $210 MM of Free Cash Flow and $210 MM of Cash Balance

[2] Excludes $149 MM of cash received from alternative fuel credits

[3] Based on 9M11 earnings before special items; Russia includes the Svetogorsk mill and IP's share of Ilim JV equity earnings; IP's share of Ilim JV equity earnings reflect approximate proportional adjustments for interest & tax

2011 YTD Earnings
Sustained Strong Results

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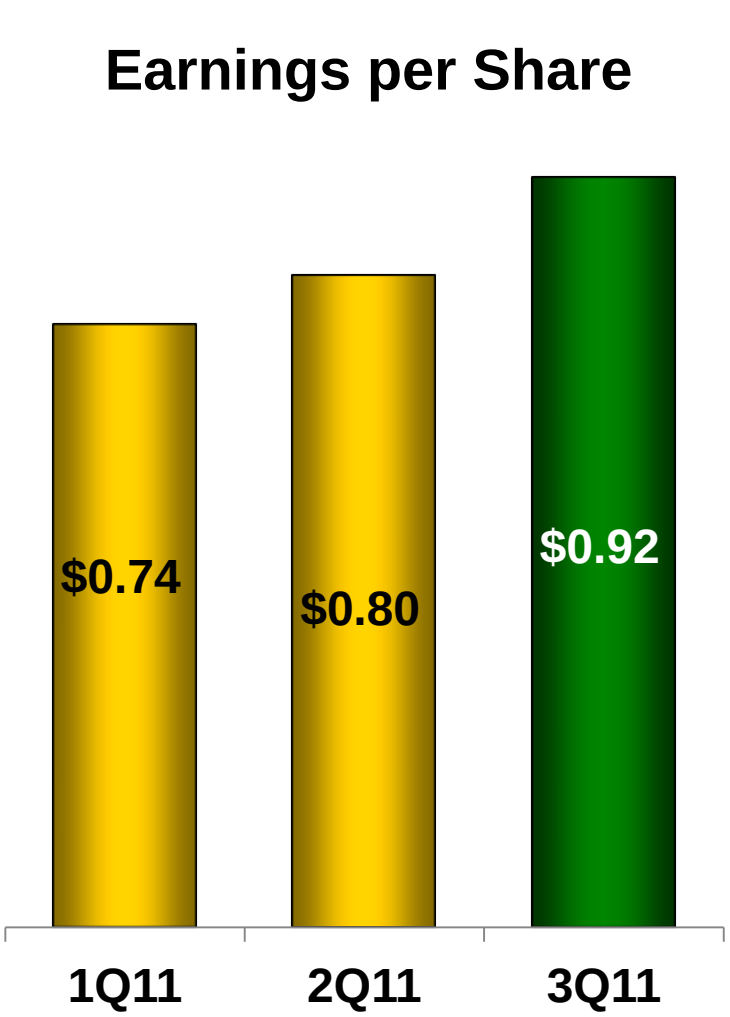

- **Global Balance and Focused Business Portfolio Continue to Produce Strong Earnings and Cash Flow**
- **Earning Cost of Capital Returns**
- **Steady Volumes**
- **Realization of Price Increases**
- **Outstanding Operations**
- **Strong Contribution from Ilim JV**
- **Offset Input Cost Escalation**

Earnings from continuing operations before special items

N.A. Paper & Packaging

Structural Change in IP Results

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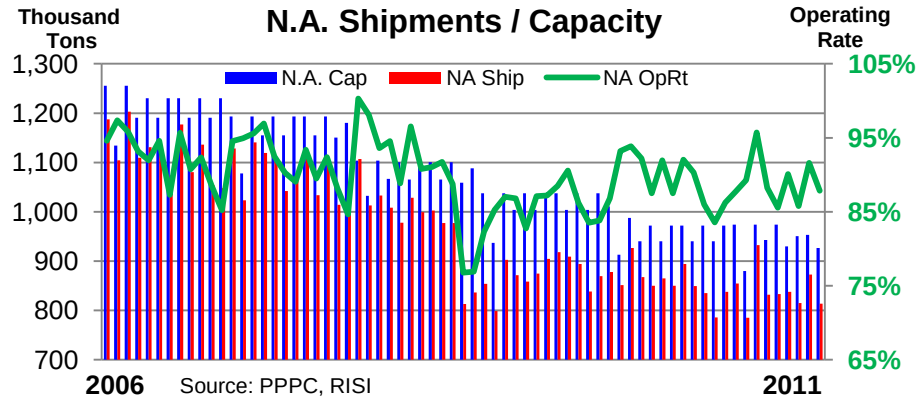
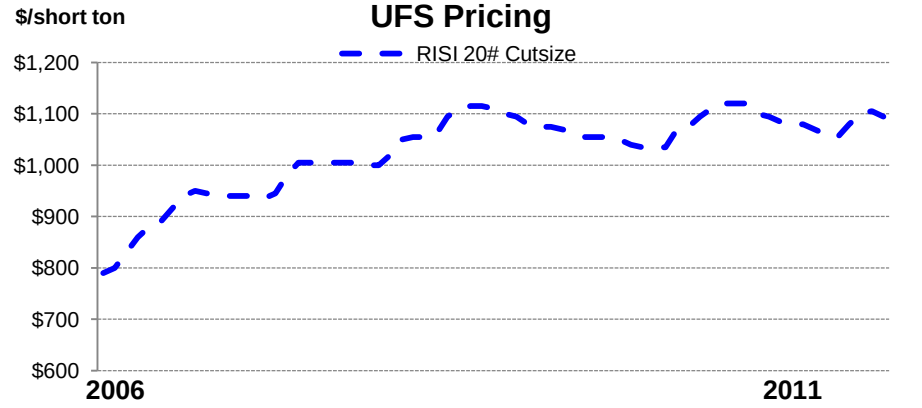
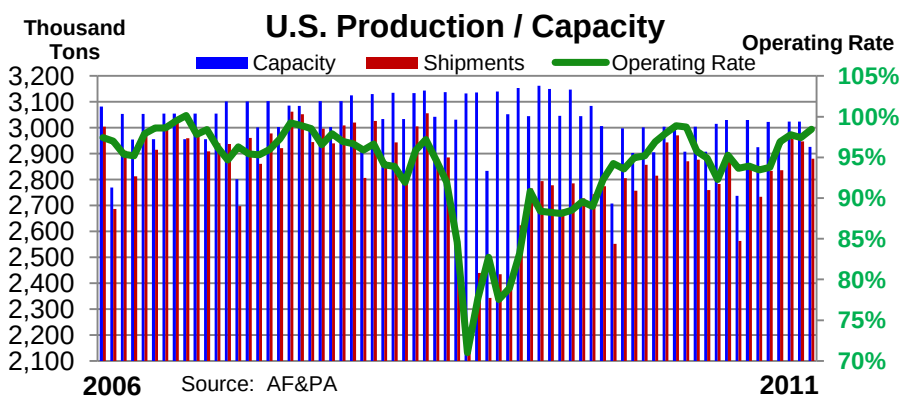
UNCOATED FREESHEET

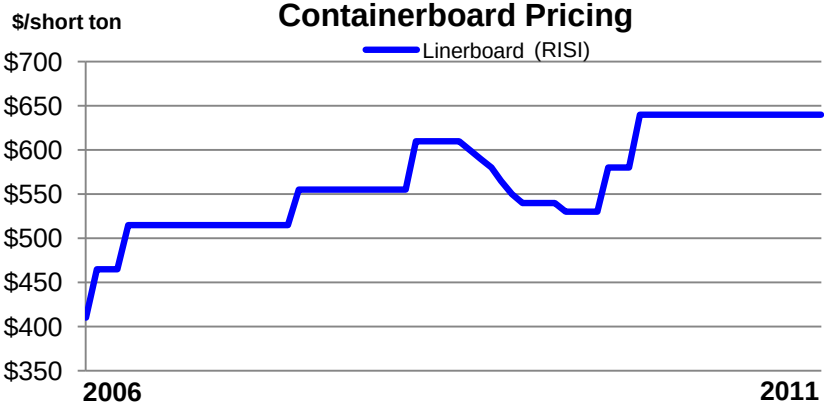




IP Printing Papers	2005	9M11 Annualized
EBITDA Margin	10%	22%
ROI (before special items)	0.6%	15%

CONTAINERBOARD





IP Industrial Packaging	2005	9M11 Annualized
EBITDA Margin	8%	18%
ROI (before special items)	2%	9%

Industry Leading EBITDA Margins

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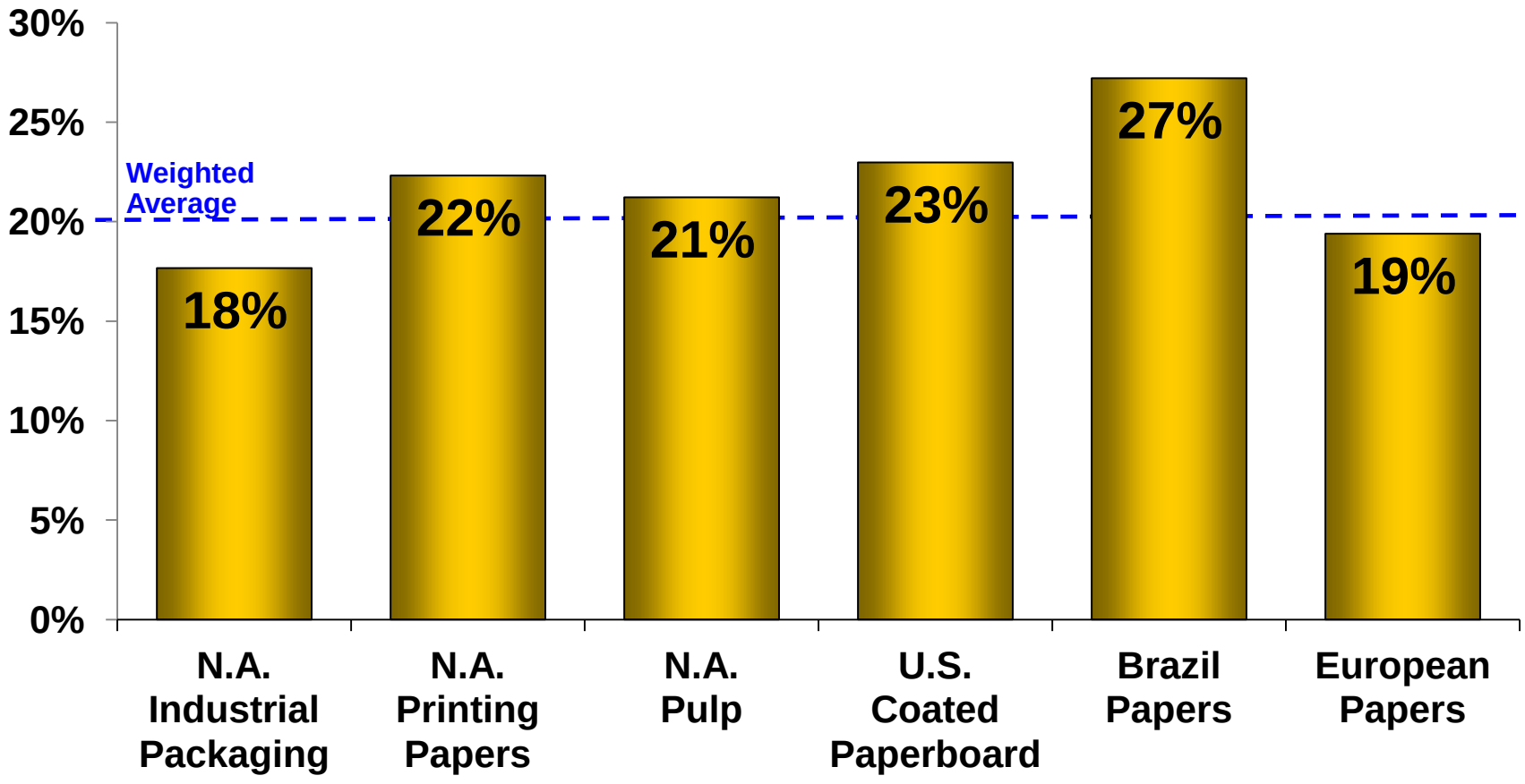
9M11 Margins



9M10 Margin	15%	19%	20%	15%	25%	23%

Earnings before special items

Global Coated Paperboard / Cartonboard

IP Supply Position

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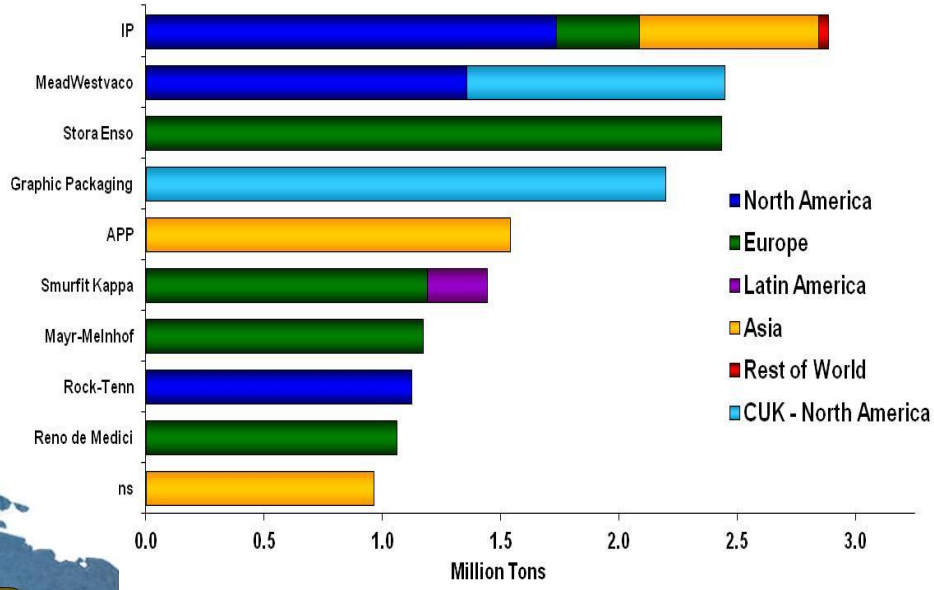
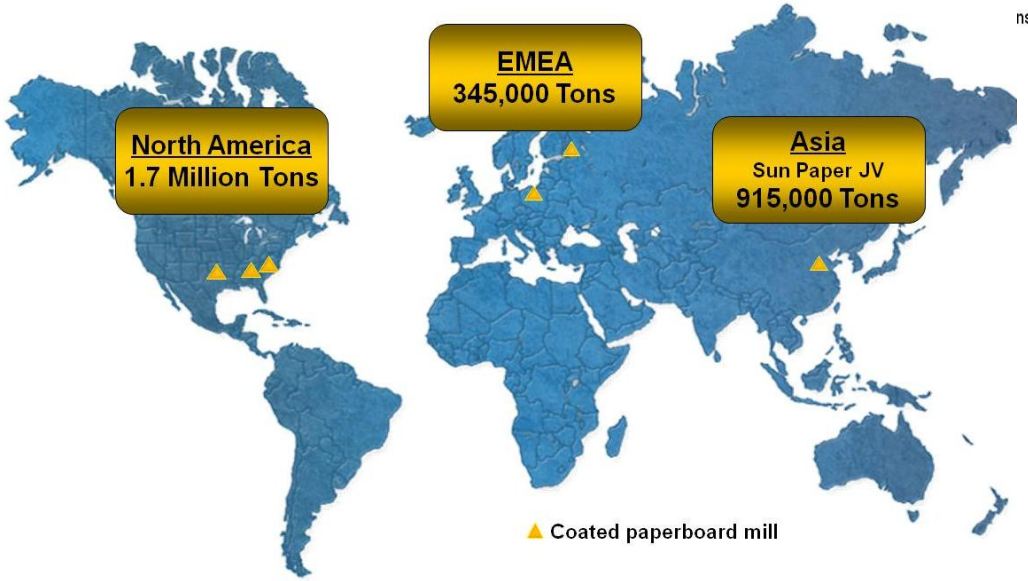
- **IP coated paperboard accounts for 6% of the global capacity**
- **The ten leading producers account for 38% of the world coated paperboard capacity**





- **IP's 3 million tons are low cost and positioned geographically to grow with global demand**
- **10 percent of U.S. capacity is integrated with our growing Foodservice business**

Source: FisherSolve, IP includes Sun JV

Includes: Boxboard C1S, Carrierboard, Chipboard, Coated Board, Cup and Plate, Duplex Board, Folding Boxboard, Foodboard, Liquid Packaging, Graphic Board and Coated Bristols

N.A. Coated Paperboard

Step-Change in Results

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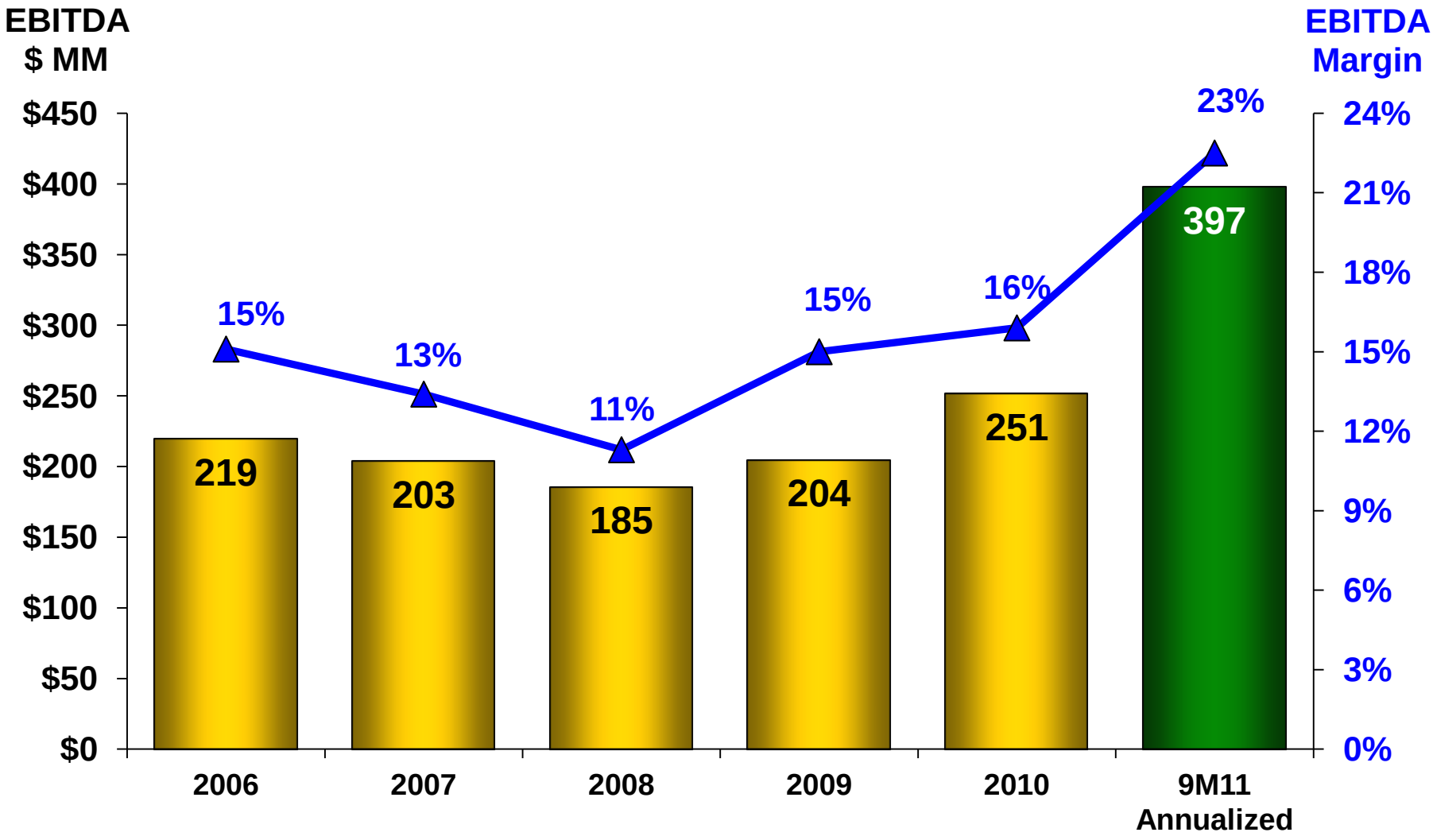

Step-Change in EBITDA

Driven by the Transformation Plan

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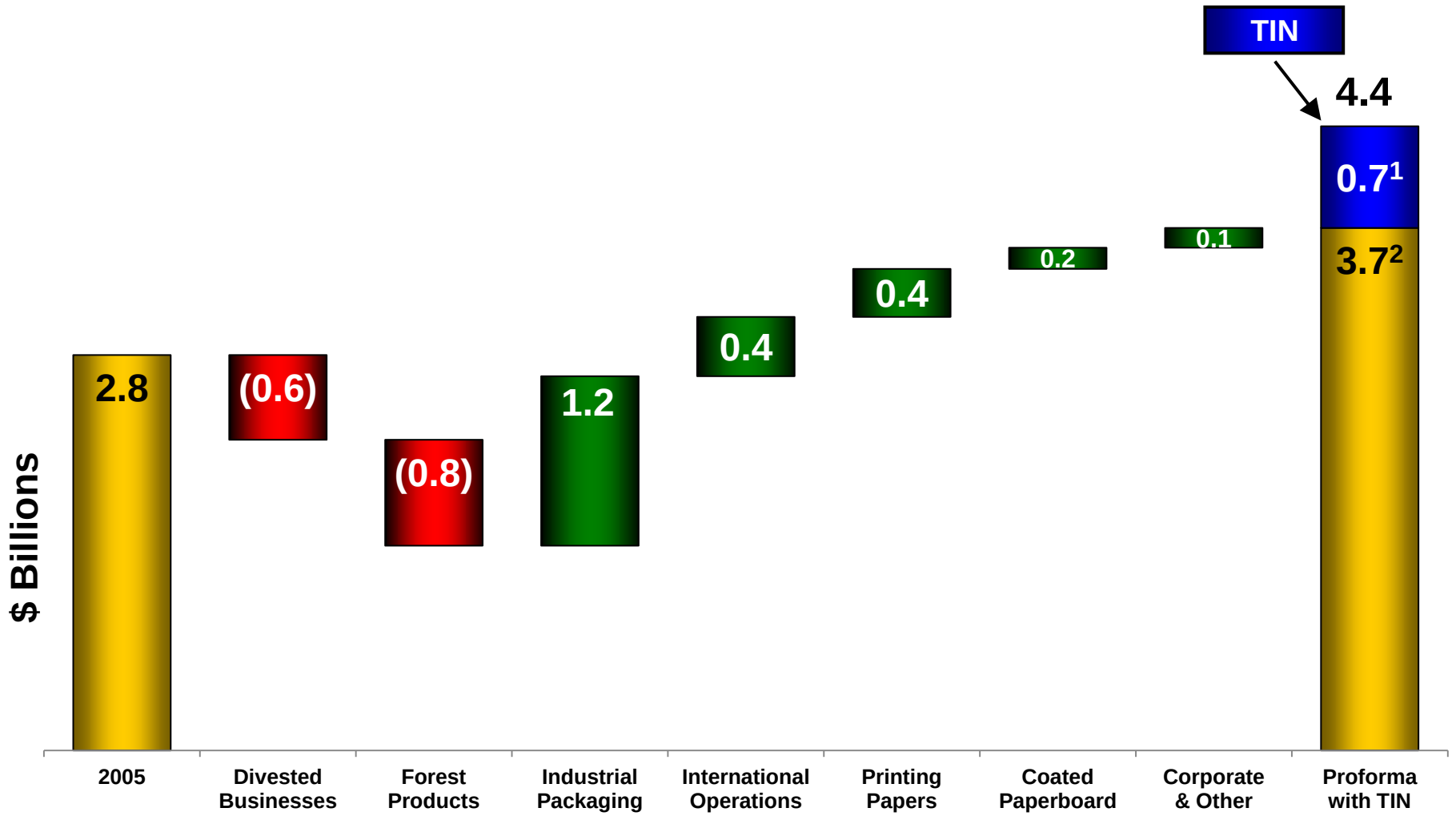
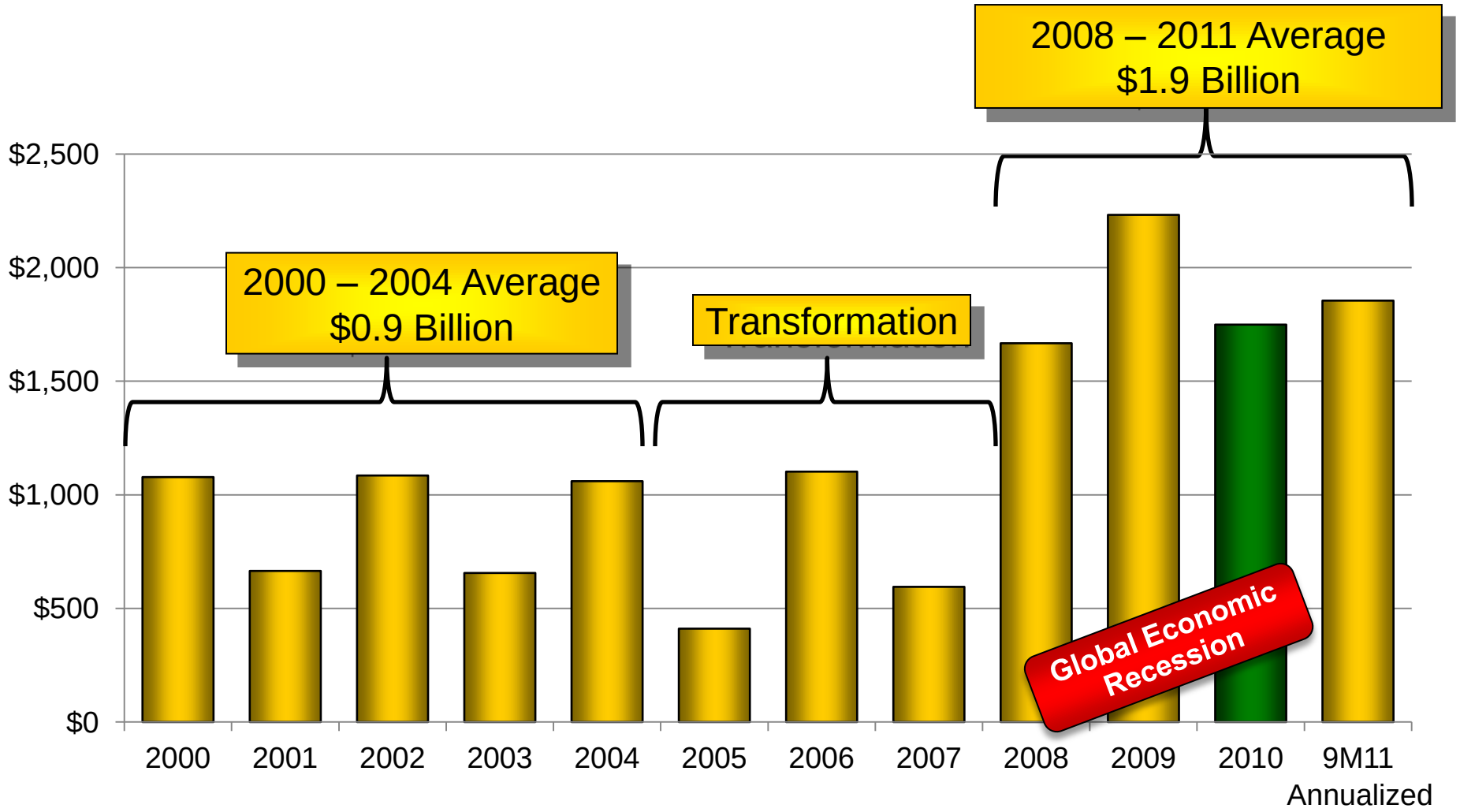


Earnings before special items

[1] TIN reflects First Call EBITDA of $420 million (as of 11/7/2011) for FY11 plus $300 million of annual run-rate synergies

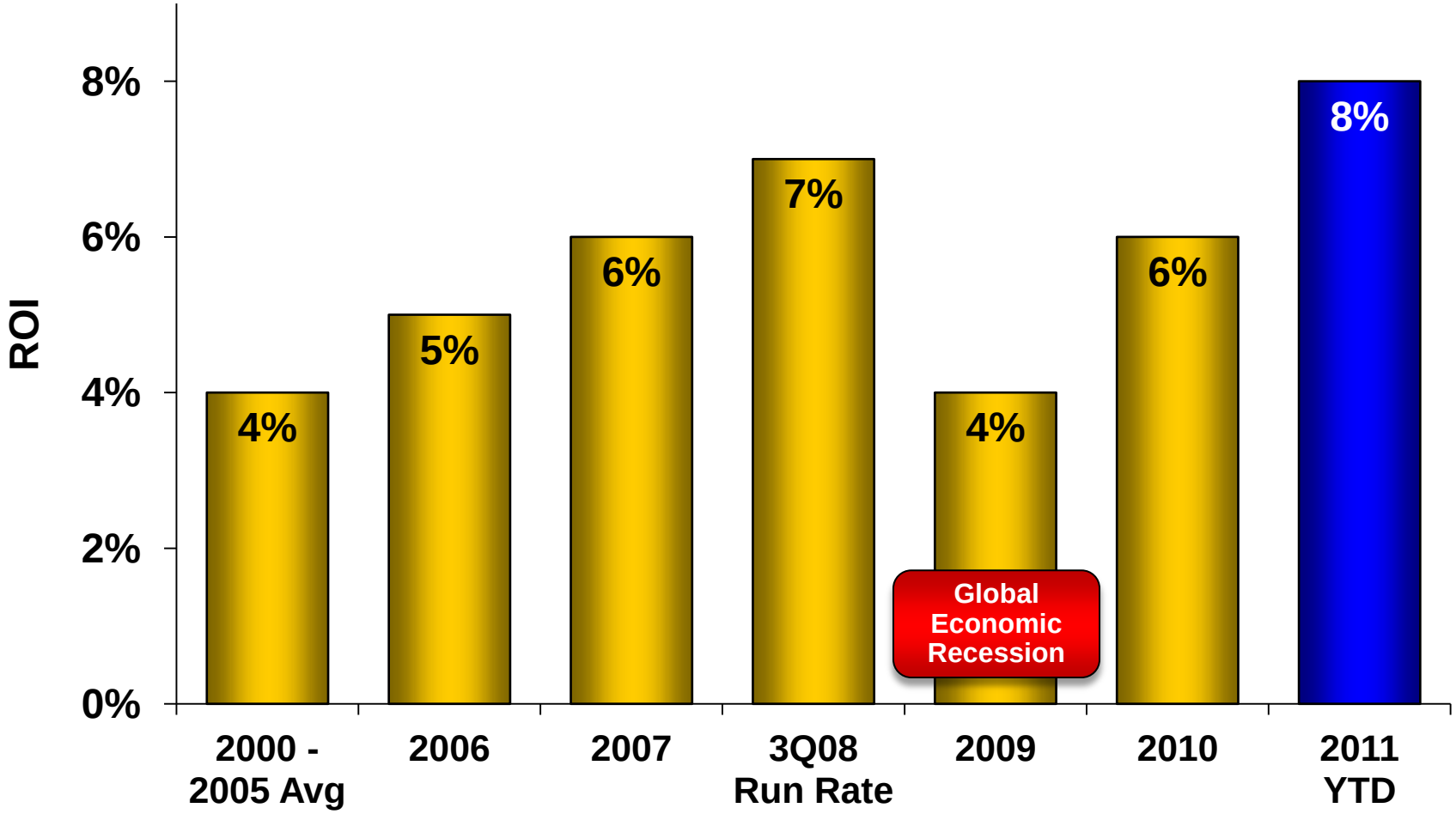
[2] Reflects IP's 9M11 annualized EBITDA

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 1Q11, and cash received from AFMTC & CBTC in 2009 and 2010.

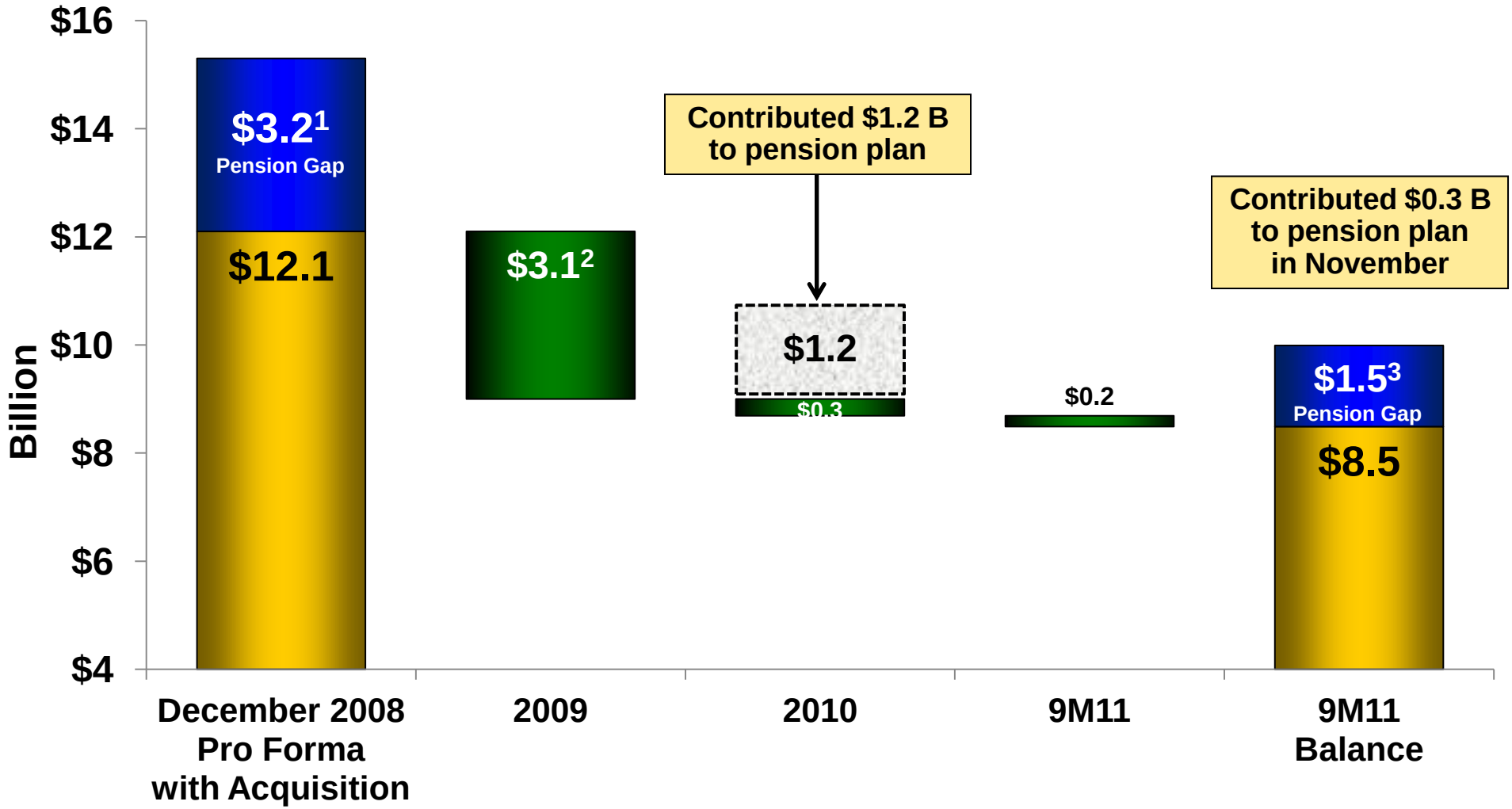
Step-Change Improvement in ROI



Earnings before special items

Step-Change Improvement in Balance Sheet

Adjusted Debt < 3X EBITDA



Adjusted Debt reflects gross balance sheet debt plus pension gap

[1] Pension gap as of 12/31/08

[2] Excludes debt repayments of $2.75 B from the proceeds of bonds issuances of $2.75 B

[3] Pension gap as of 12/31/10

Repositioned & Well Positioned

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- Strong balance sheet and benefits from pension contributions
- Increased exposure to structurally stronger areas of the industry (Paper & Packaging)
- Better positioned geographically (U.S. + BRIC)
- Acquired low cost, efficient assets while optimizing existing assets (Ilim JV / WY PKG)
- Industry leading margins in core, global businesses
- Growth outlook significantly enhanced by recent investments and capital expansions (APPM / Temple-Inland / Ilim JV & IP-Sun JV Investments)

Balanced Use of Cash

Transformation to Date FY04-9M11

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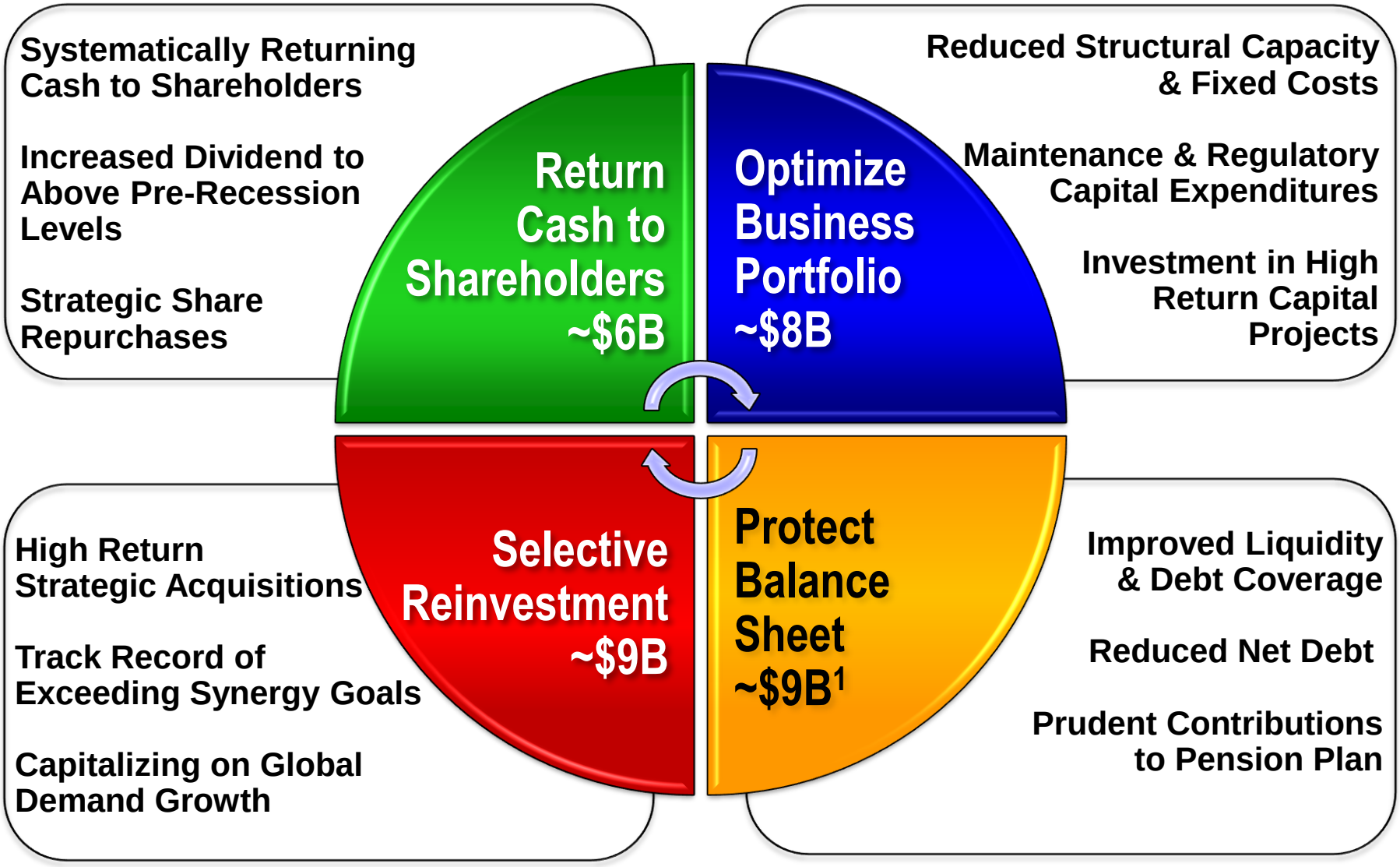

[1] Reduction in Debt Balance (YE03 $15.5B to 9M11 $8.5B) + Pension Contribution of $2B over same period

Cycle Average Capital Spending

2012 Estimate: $1.3 Billion

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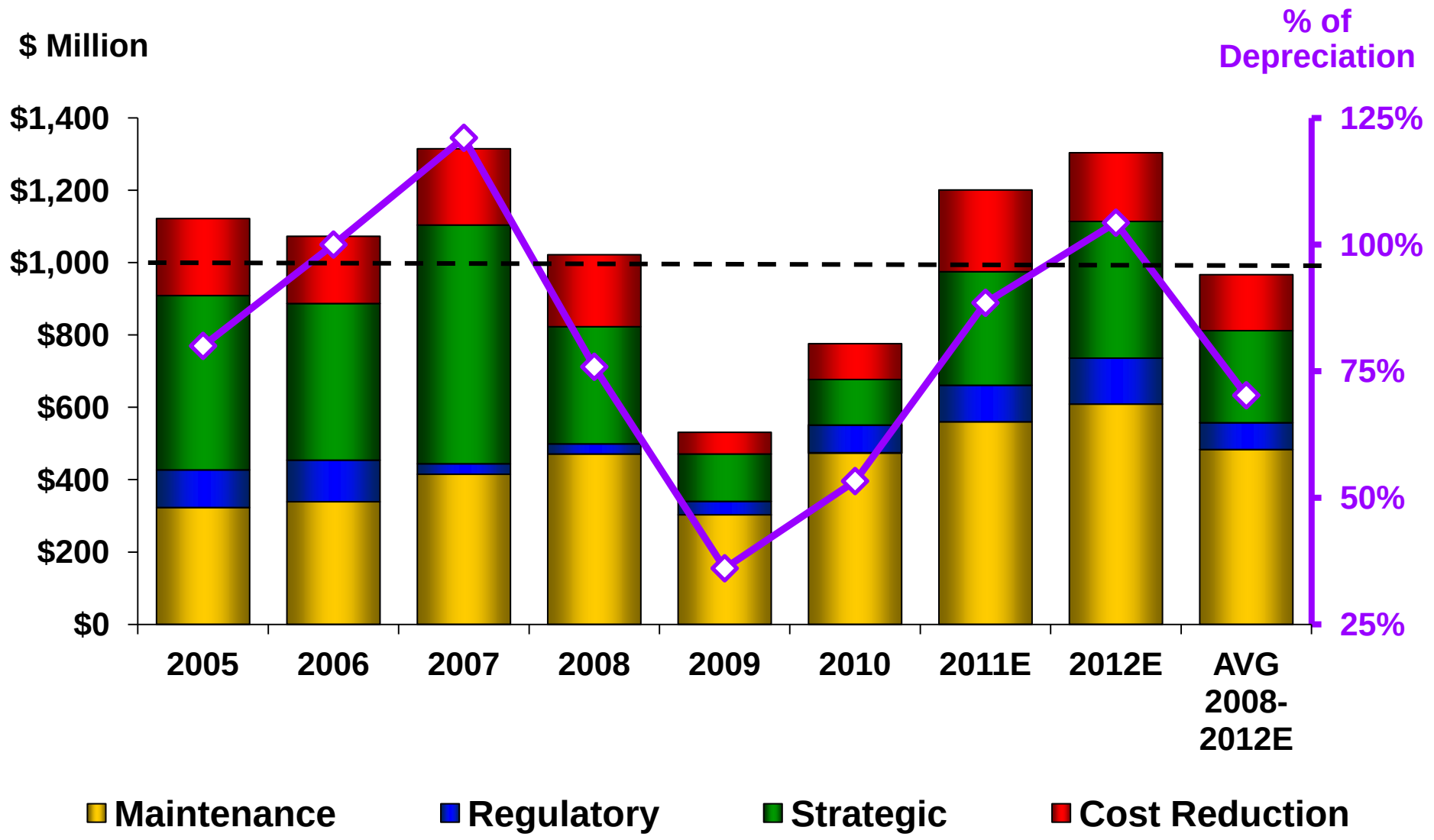
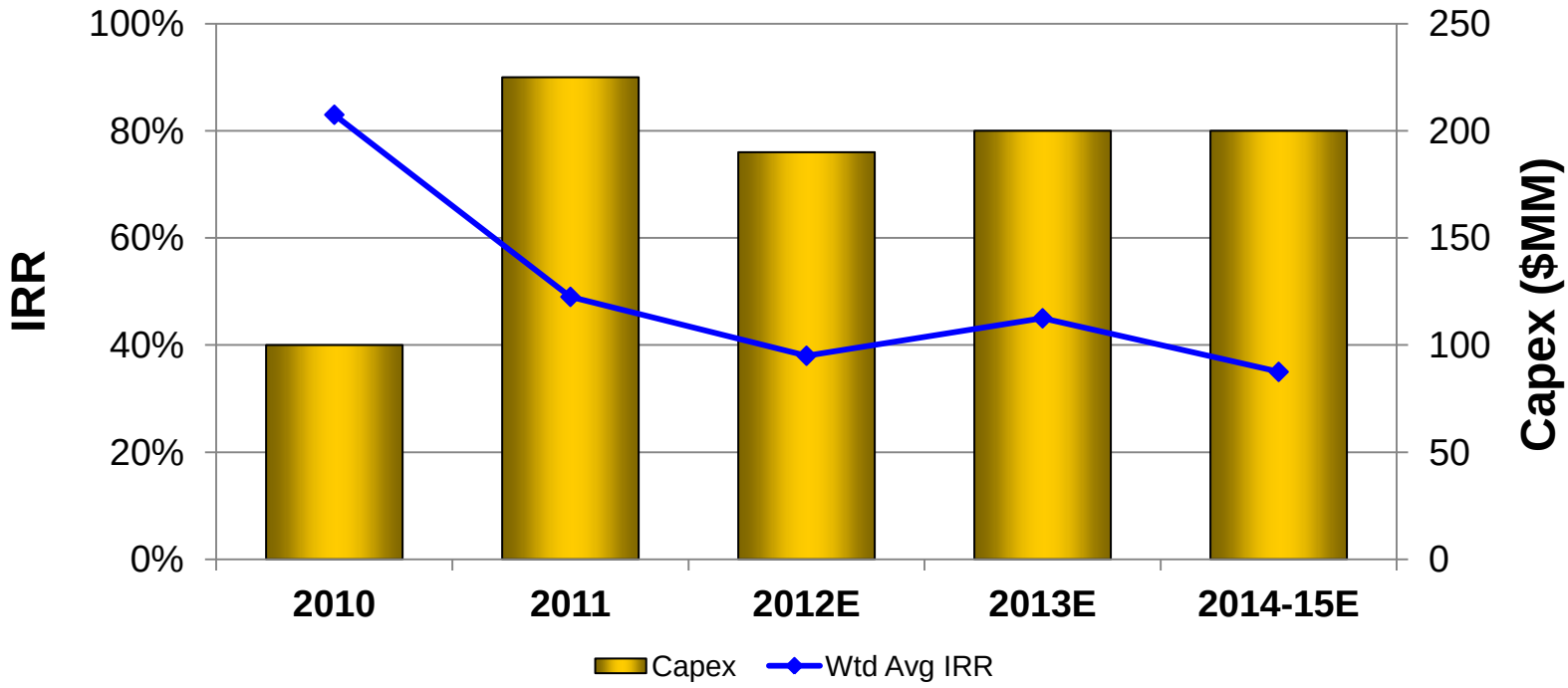


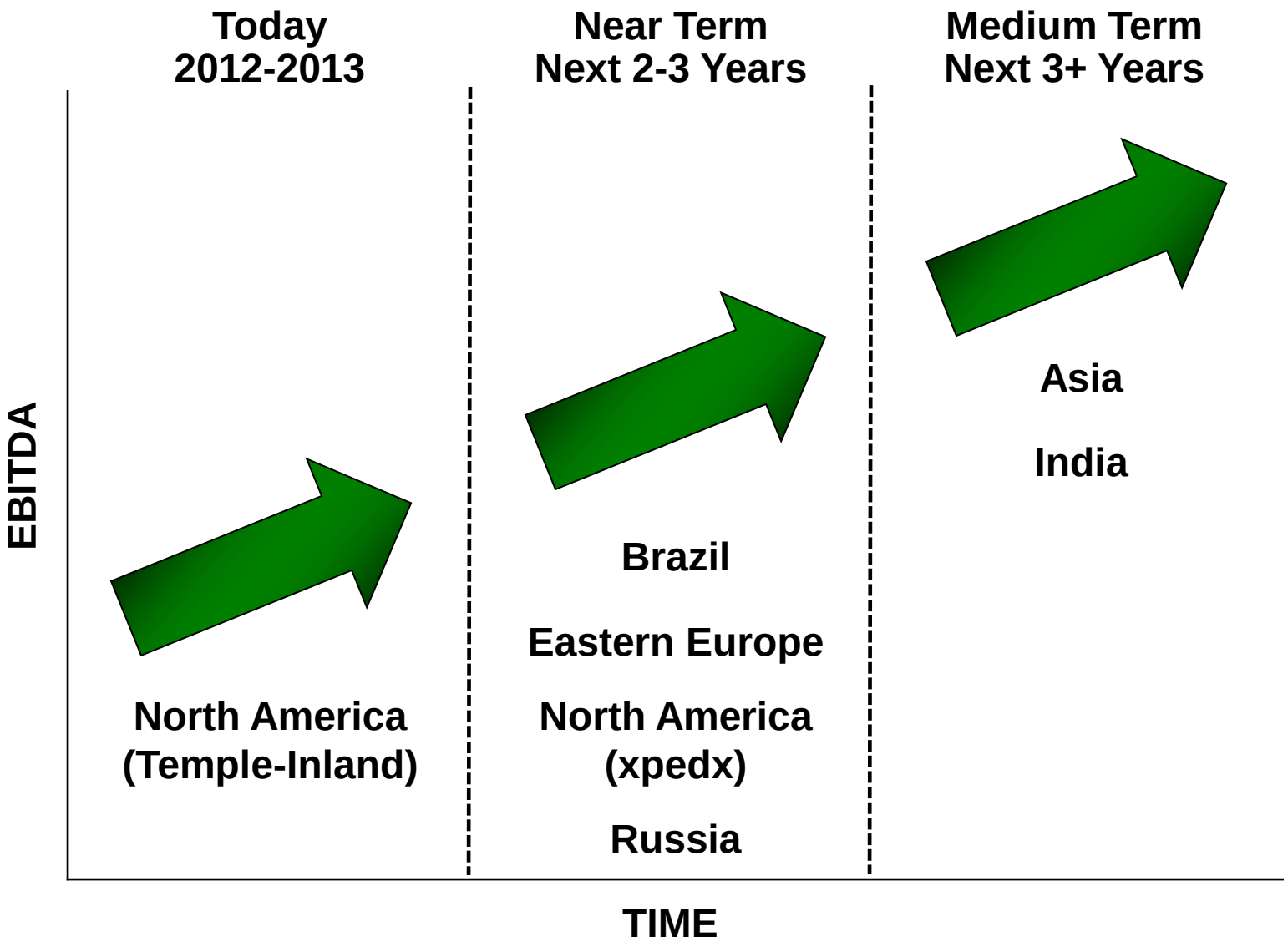
Reflects continuing operations

Strong Pipeline of High Return Cost Reduction Projects



- **Savings Drivers**
  - **55% Energy**
  - **15% Fiber**
  - **10% Chemicals**
  - **20% Other (labor, freight, reliability)**

Earnings Growth Runway



Earnings Runway Drivers

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Temple-Inland Acquisition	• **Continue to Strengthen Core N.A. Packaging Business** • Increase cash generation • > $300 million of synergies
Franklin, VA Pulp Mill Conversion	• **Opportunistically Repurpose Existing Asset** • Low-cost position, growing global Fluff Pulp demand
xpedx Transformation	• **Achieve Cost of Capital Returns in Distribution** • Target growth markets; improve buy, handle & sell processes
IP-Sun Joint Venture CPB Capital Expansion	• **Build Capacity to Grow with Market (China)** • Leverage existing low cost position
Ilim Joint Venture NBSK Capital Expansion	• **Build Capacity to Grow with Market (Russia / China)** • Strong domestic market position with attractive fiber base • Leverage existing low cost Softwood Pulp export position
APPM Acquisition – IP India	• **Platform for Future Growth in Paper and Packaging (India)** • Secured low-cost capacity • Significant and Fast growing emerging market

Temple-Inland 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)

Temple-Inland
Path Forward

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

Franklin, VA Fluff Pulp Conversion

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- **Investment of $83 million to repurpose the Franklin, Virginia mill as a dedicated Fluff pulp mill**
- **Annual volume of 270M tons of high quality fluff pulp**
- **Start-up mid-year 2012**
- **Key features to include:**
  - **Pulp engineered to be adaptable across a wide variety of market segments and fiberizers**
  - **Close proximity to 3rd largest U.S. East Coast Port (Norfolk, VA)**
  - **A focus on sustainability covering environmental and quality certification programs important to customers**
- **Projected return >20%**



xpedx Transformation

Projecting $100MM+ Annual Benefit

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Buy

- Centralize processes and decision-making
- Establish targeted / consistent product offering
- Consolidate / rationalize suppliers and SKUs

Handle

- Optimize warehouse network and inventory placement around centers of demand
  - ➢ Streamline operations
  - ➢ Larger, lower-cost facilities

Sell

- Increase productivity of print sales and marketing
- Expand sales and marketing capabilities in growth segments



Cash costs of ~$100 MM net of estimated proceeds of $60 million from asset recoveries

IP-Sun Joint Venture

Coated Paperboard Capital Expansion Update

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- Yanzhou, China
- 915M tons of existing Coated Paperboard capacity, three board machines
- Fourth board machine approved by Sun & IP boards
  - 550M tons annual capacity
  - ~$300 MM investment
  - Start up in 4Q12
- Projected return > 12%





Ilim Joint Venture

Capital Expansion Update

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Bratsk Mill

- New NBSK pulp line
- 550M ton net capacity increase
- Start-up in 2012
- New recovery boiler
- $700MM capital
- Projected return > 20%



Koryazhma Mill

- Install paper machine
- 165M tons of uncoated freesheet
- 55M tons of coating base
- Start-up in 2012
- $270MM capital
- Projected return > 20%

APPM Acquisition – IP India





Successful Farm Forestry Program

- Completed acquisition of 75% stake in APPM on October 14th
- Initial entry into India – platform for paper and packaging growth
- Well-positioned with high-quality assets in a low-cost, high-demand growth market
- Two uncoated freesheet mills with combined capacity of 250M tons
- IP management will assist the current team with optimization of assets
- Opportunity to build upon existing relationships with suppliers and customers

Macro View Entering 2012

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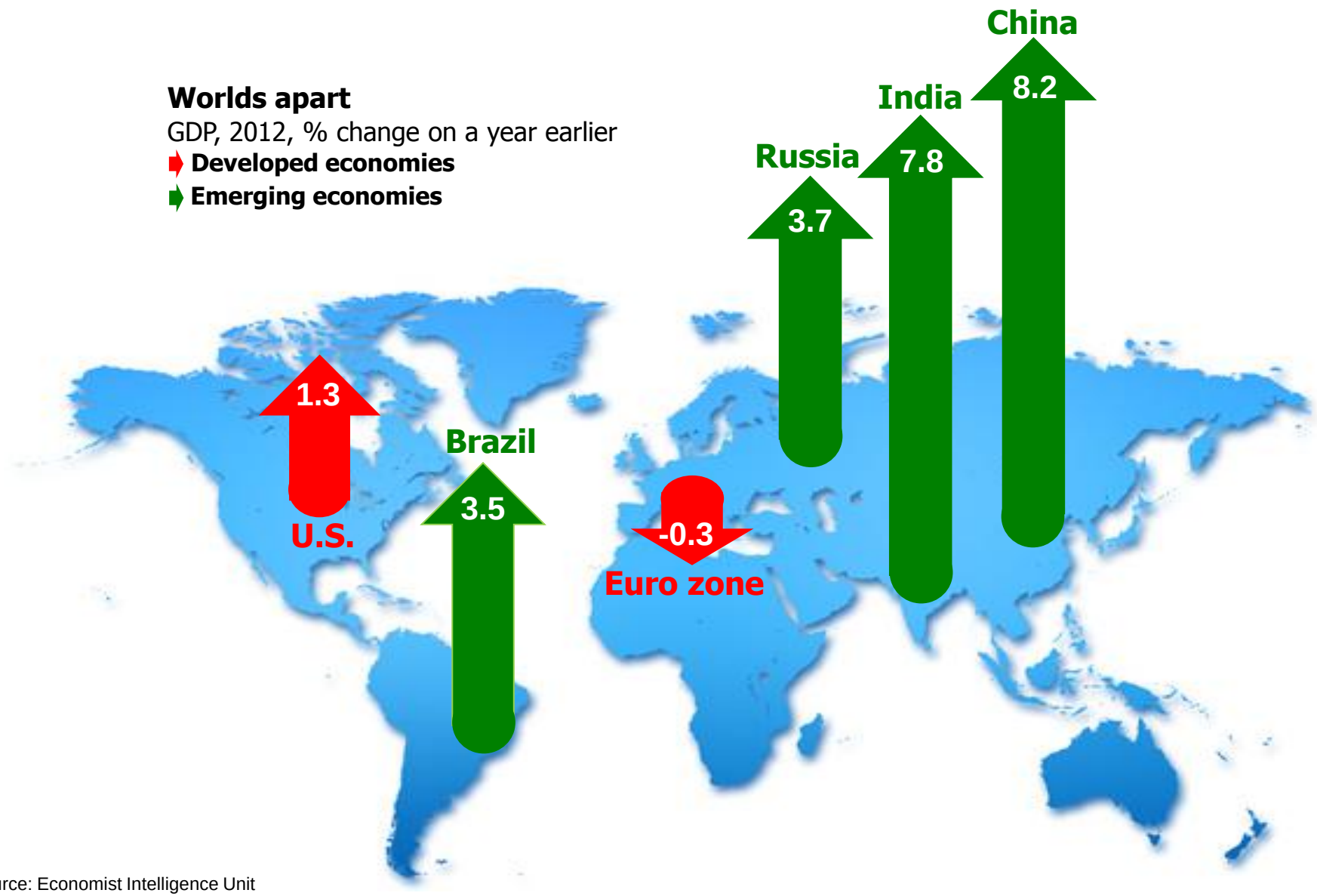

Source: Economist Intelligence Unit

North America

More of the Same Expected in 1H12

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Modest Economic Demand Growth Forecast



Lower Input Costs



2012-2015 Demand Still Recovering

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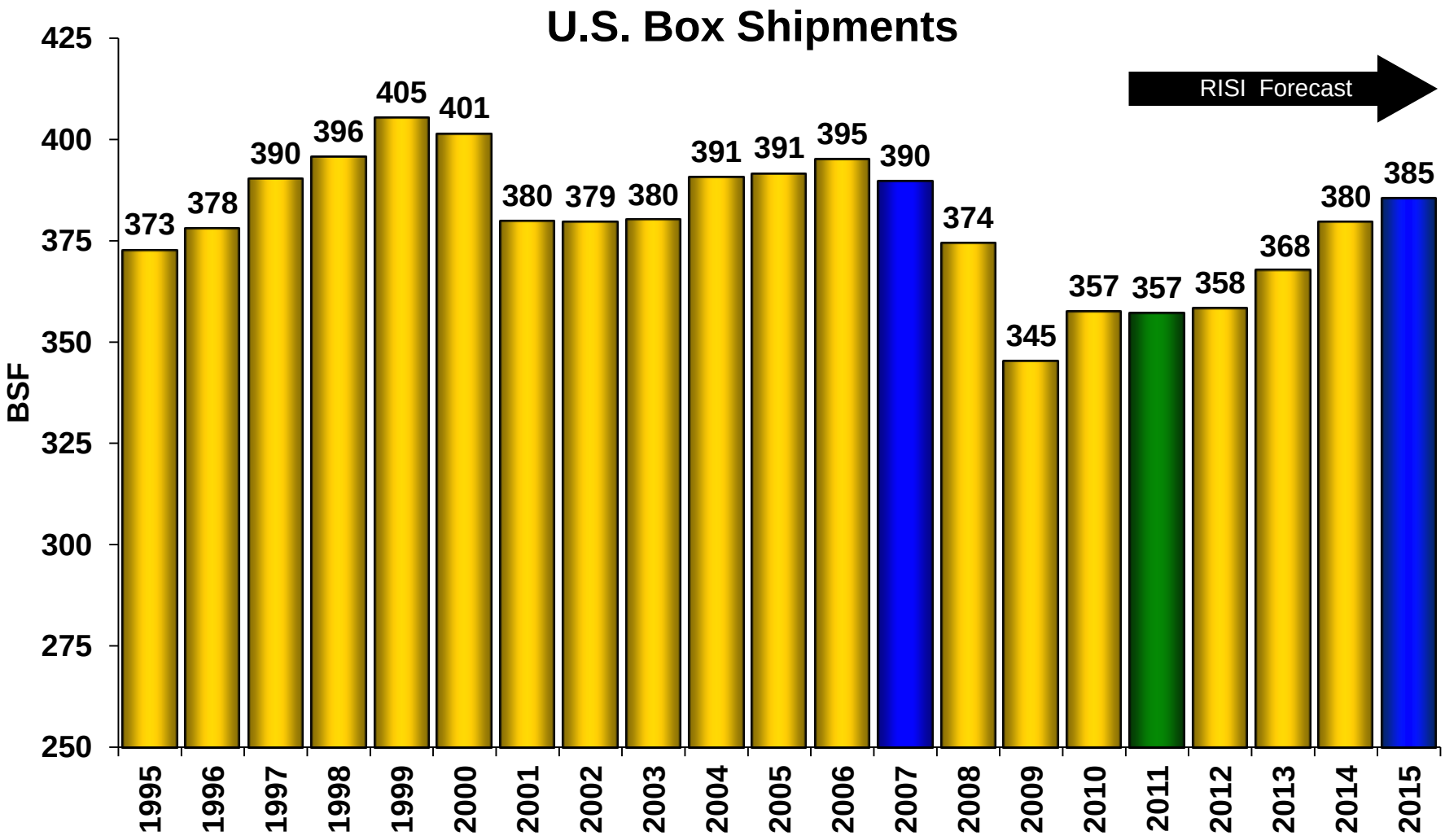

2011-2015 1.9% CAGR (RISI)

Near Term OCC Costs Declining

Return to Historical Seasonality

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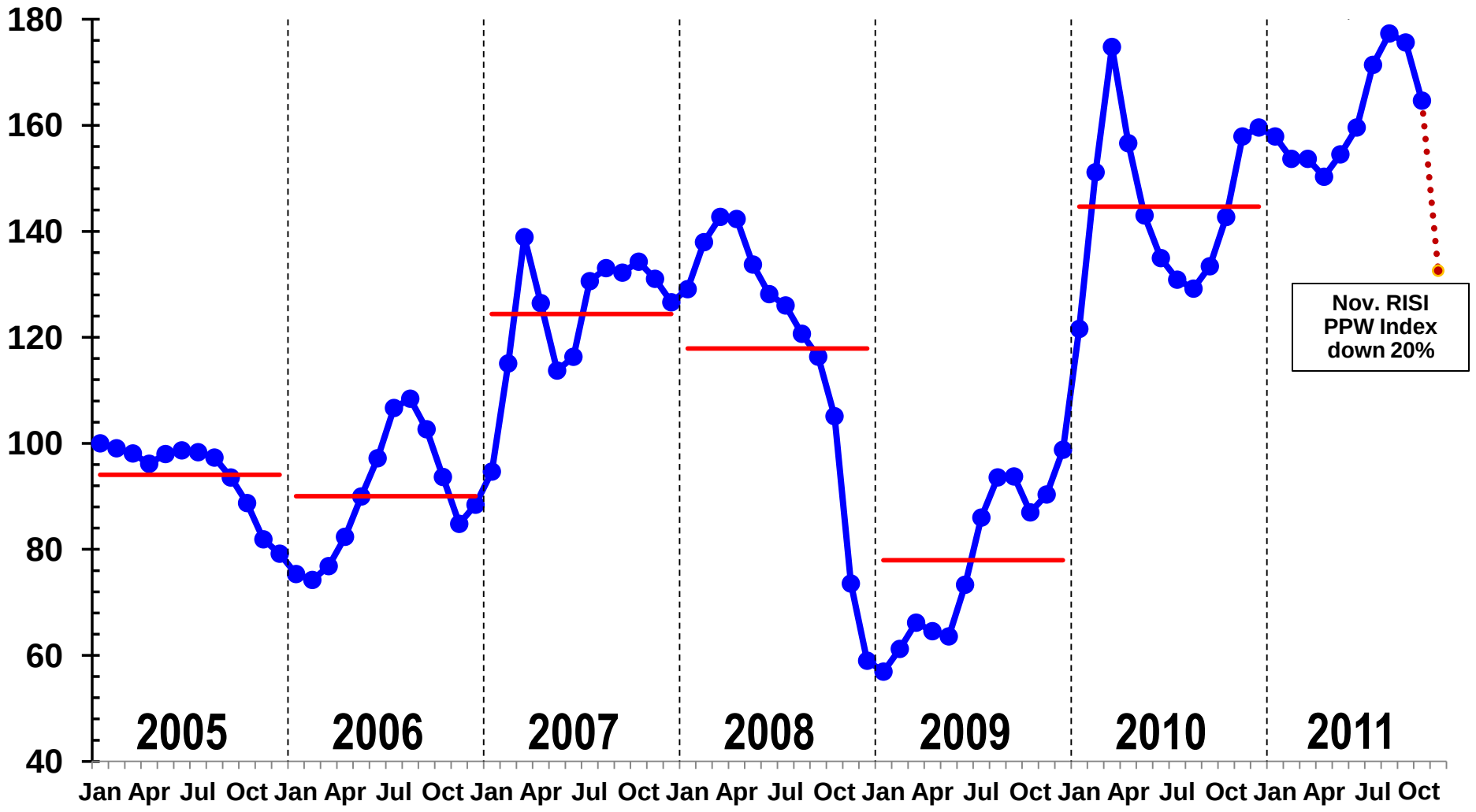

Cost Indexed to January 2005 values

2005-2007 represents WY PKG delivered costs; 2008-2010 represents delivered costs to the integrated system

Step Change Summary - Roadmap

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What We've Done

- Exited non-strategic businesses
- Completed strategic acquisitions
- Reduced structural capacity & fixed costs
- Achieved industry-leading margins
- Significantly improved balance sheet and FCF

What We're Doing

- Managing our supply to meet customer demand
- Maintaining strong balance sheet & Increasing FCF
- Capitalizing on global demand growth
- Investing in high return projects and strategic acquisitions
- Returning cash to shareholders

What We'll Do

- Continue to grow strong, sustainable FCF
- Expand margins & earnings in all businesses
- Achieve cycle-average ROI above cost-of-capital
- Maintain strong balance sheet
- Continue balanced cash allocation
- Increase dividend over time