

INTERNATIONAL PAPER

Deutsche Bank Investor Presentation

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President of IP Latin America
São Paulo, March 2012

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) the level of our indebtedness and 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 regulatory approvals for our pending transaction with Temple-Inland Inc. (“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, divestitures and restructuring. 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 filings. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Latin America: Our Base and Main Market

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Area larger than US and European continent combined

2011 GDP of $ 4.9 trillion



2011 Economy growth of 4.3%

21 countries

10 territories

590 million inhabitants

US$ 10,514 per capita income in 2011

Latin America Economic Outlook (Citibank Jan 2012)
** Source of population: Bloomberg Jan2012*

Latin America
Economic Outlook

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GDP Growth (%)	2008	2009	2010	2011	2012	2013
Brazil	5%	-1%	7%	3%	4%	5%
Argentina	6%	1%	9%	6%	3%	3%
Chile	3%	-2%	5%	6%	4%	4%
Colombia	4%	1%	4%	6%	4%	4%
Peru	10%	1%	9%	7%	5%	5%
Inflation (%)	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Brazil	6%	4%	6%	7%	5%	5%
Argentina	23%	15%	25 %	25%	27%	28%
Chile	9%	-2%	2%	4%	3%	3%
Colombia	8%	2%	3%	4%	3%	3%
Peru	7%	0%	2%	5%	3%	2%

Estimated

Source: Itaú BBA on January 2012

Our Vision

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"Be the leader, preferred supplier and most profitable Uncoated Freesheet player in Latin America, delivering a rate of return above cost of capital, while developing a sustainable growth platform for our paper and packaging business ".

A Brief History of IP Latin America

Path to 100% Uncoated Freesheet

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Transformation Plan

Focus on:
•Printing&Writing Paper
•Packaging

IP Co. acquires Champion International

2000

Brazil

- ***Mogi Guaçu Uncoated Freesheet Mill, SP***
- ***Forest Land in SP and MS***
- ***Amcel Wood Chips Mill, Amapá***
- ***Inpacel CFS Mill, Paraná***

2005

- ***Divestiture of Amcel, Inpacel, Aropoti***
- ***Asset Exchange with VCP: Votorantim Pulp and Paper***

2006

- ***Incorporation of Luiz Antônio Mill, SP***
- ***Três Lagoas Mill construction, MS***
- ***SP Office Opening***

2007

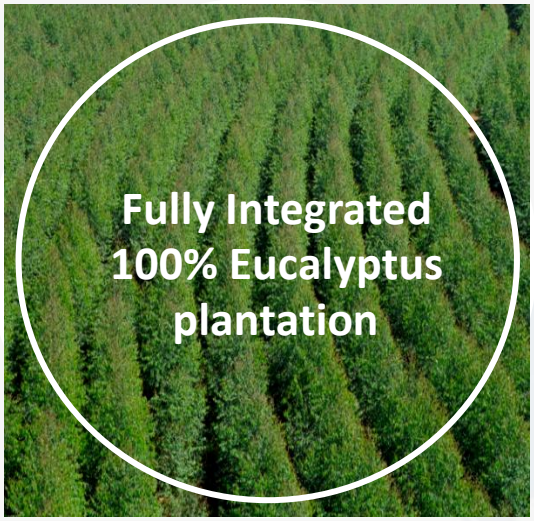
- ***Start up of TL Mill***

2009

Transformation

Streamlined, Focused, Uncoated Freesheet

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MARKET MIX

LATIN AMERICA

BRAZIL

SOUTH AMERICA

CENTRAL AMERICA & CARIBBEAN

70%

EUROPE, ASIA & MEA

30%

IP Latin America Footprint



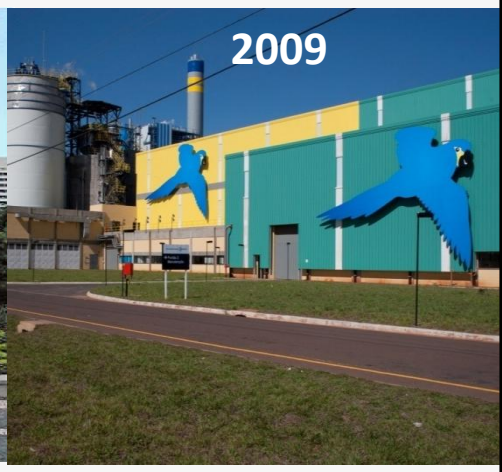
Mogi Guaçu, SP



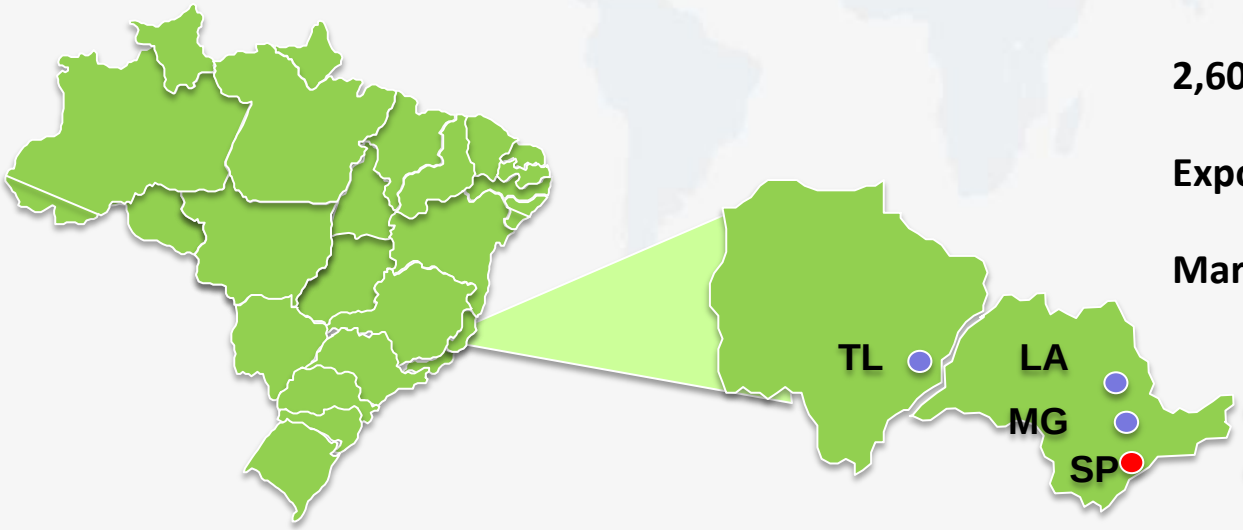
Luiz Antônio, SP



São Paulo, SP



Três Lagoas, MS



2,606 employees

Exports to 50 countries

Market Leader – Chamex

IP Latin America at a Glance

	Mogi Guaçu	Luiz Antonio	Corporate	Forest	Três Lagoas	IP Latin America
Paper Machines	4	2	N/A	N/A	1	**7**
Uncoated Freesheet Capacity (k Mtons)	431	372	N/A	N/A	227	**1,030**
Pulp Capacity (k Mtons)	55	110	N/A	N/A	0	**165**
*Employees**	934	605	373	487	207	**2,606**

*Jan'2012

IP Latin America

Recognized Brands Specially in Latin America

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Cutsize

Chamex

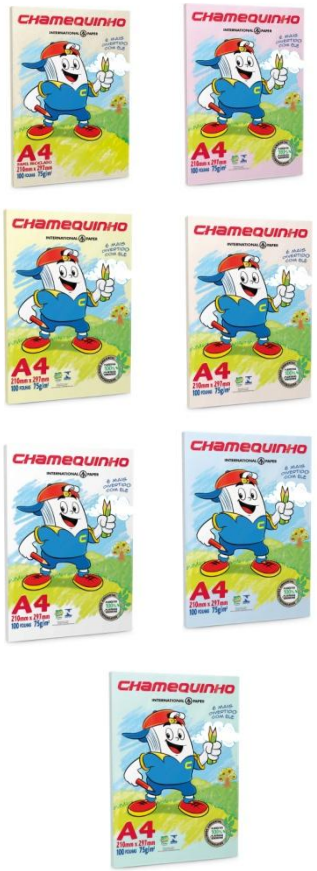
Especialista em papel



73% of Brand recognition on last "Top of Mind" Survey

Chamequinho

Estudando, brincando e crescendo com você



Alliances







Other Brands

Hammermill



Brio



Rino



Offset

Chambril





Source: IP Latin America

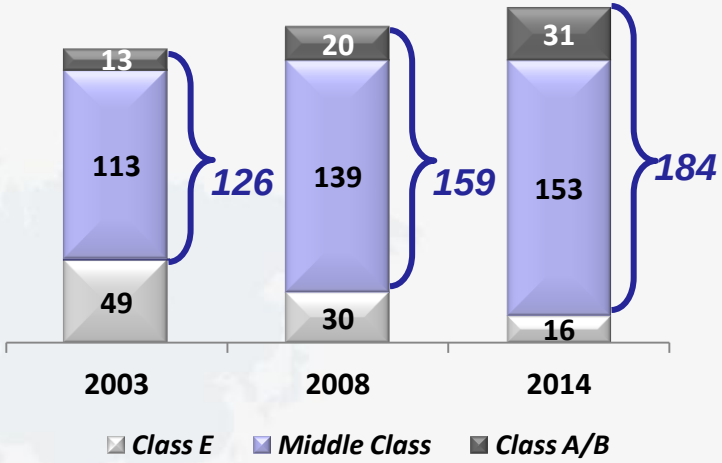
Latin America
Sustained Growth

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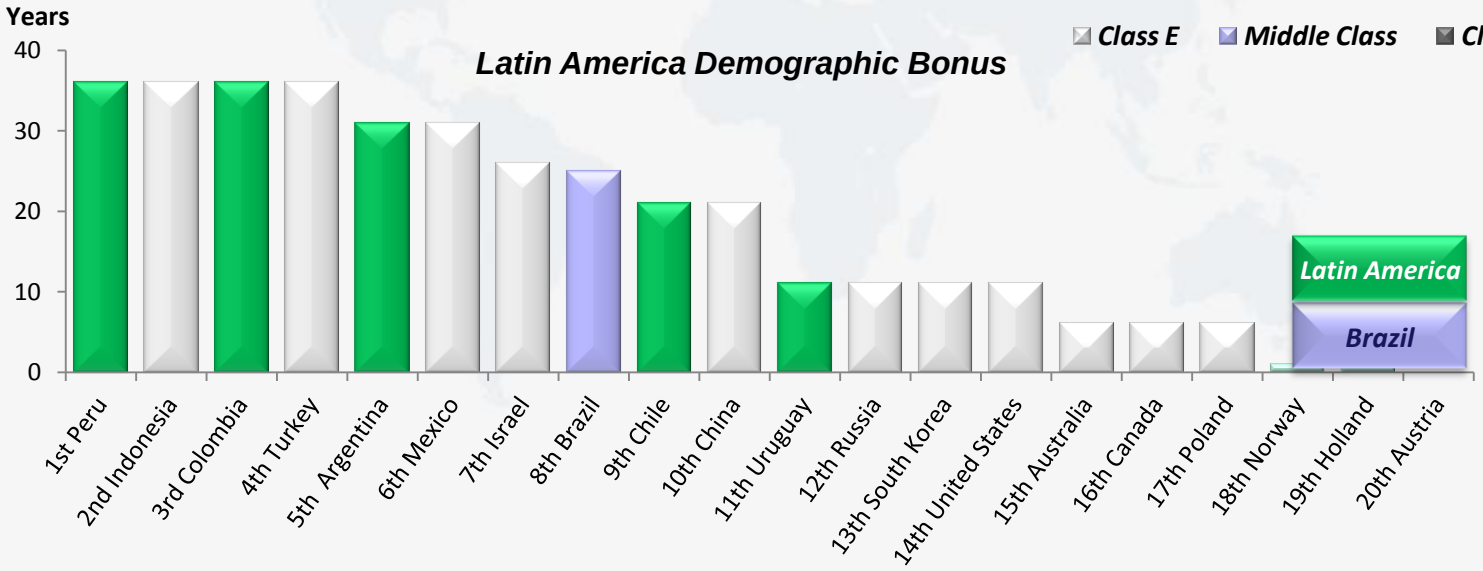
Market forces continue to create unprecedented opportunities & challenges

- **Latin America presents a sustained growth and demand:**
  - **Emerging Markets as drivers of growth**
  - **Global demand for commodities**
  - **Stability of Political conditions**
  - **The rise of middle class** *(+26MM between 2003-2008 and another +14MM expected for 2014)*
  - **Increase consumerism and access to credit**

Brazilian Middle Class Growth



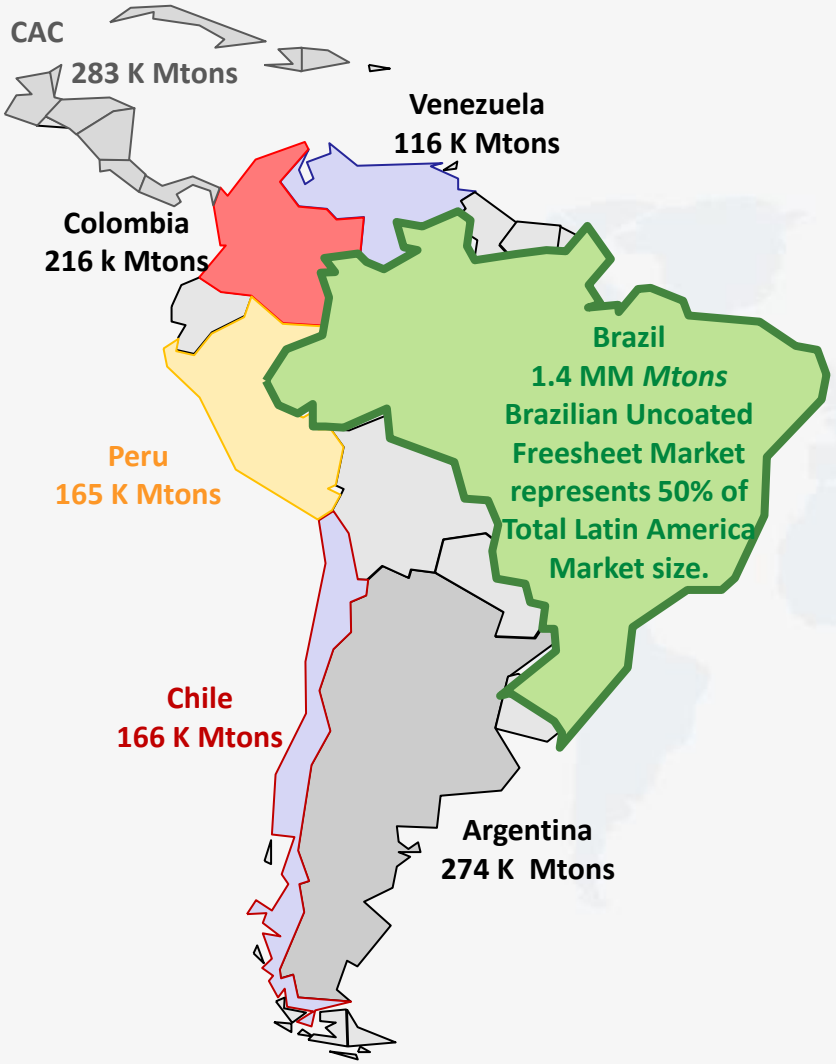
Latin America Demographic Bonus



Source: Brazilian Ministry of Finance

Uncoated Freesheet Latin America

Market Demand



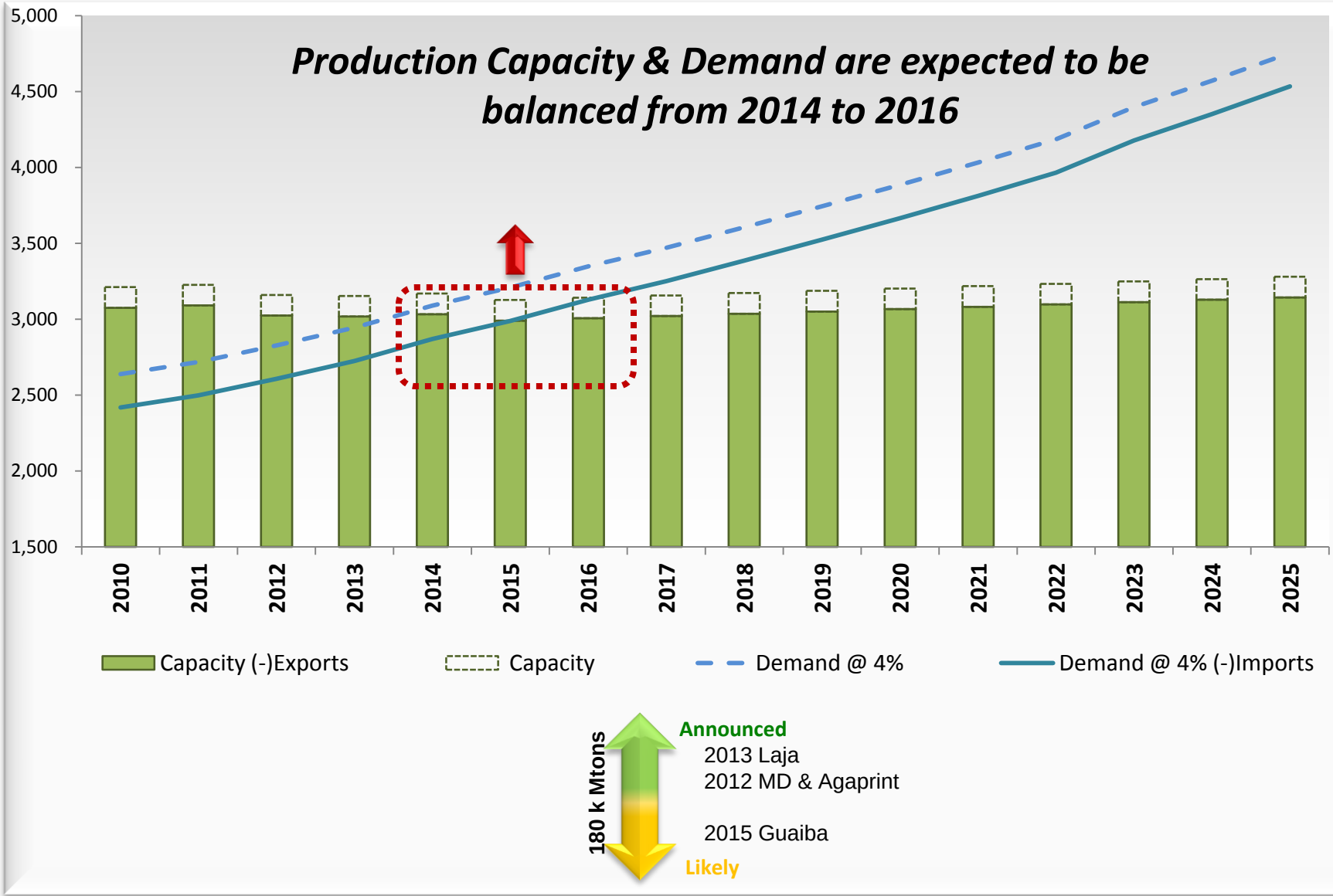
- *Total Brazil Uncoated Freesheet Market size was 1.4MM Mtons in 2011*
- *Total Latin America Uncoated Freesheet Market size was 2.7MM Mtons in 2011*
- *Latin America market is growing 4% / year*

Source: McKinsey & IPB Team Analysis

Uncoated Freesheet Production Capacity & Demand Balance

Total Latin America

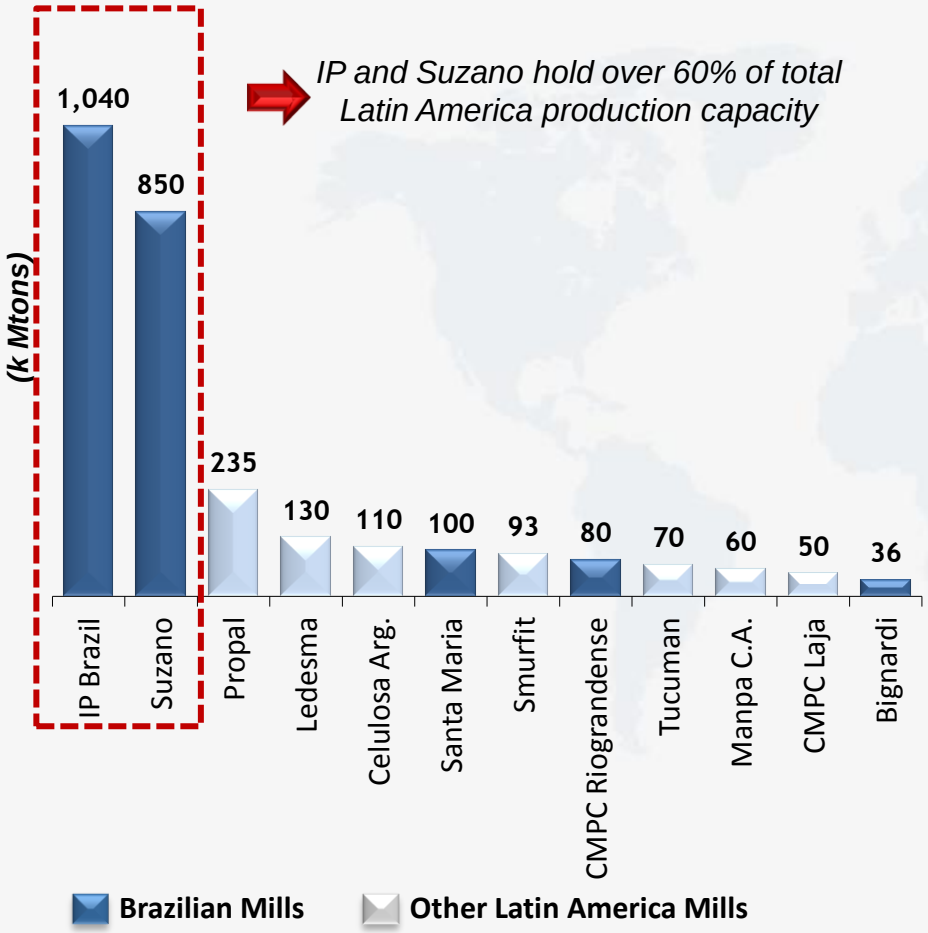
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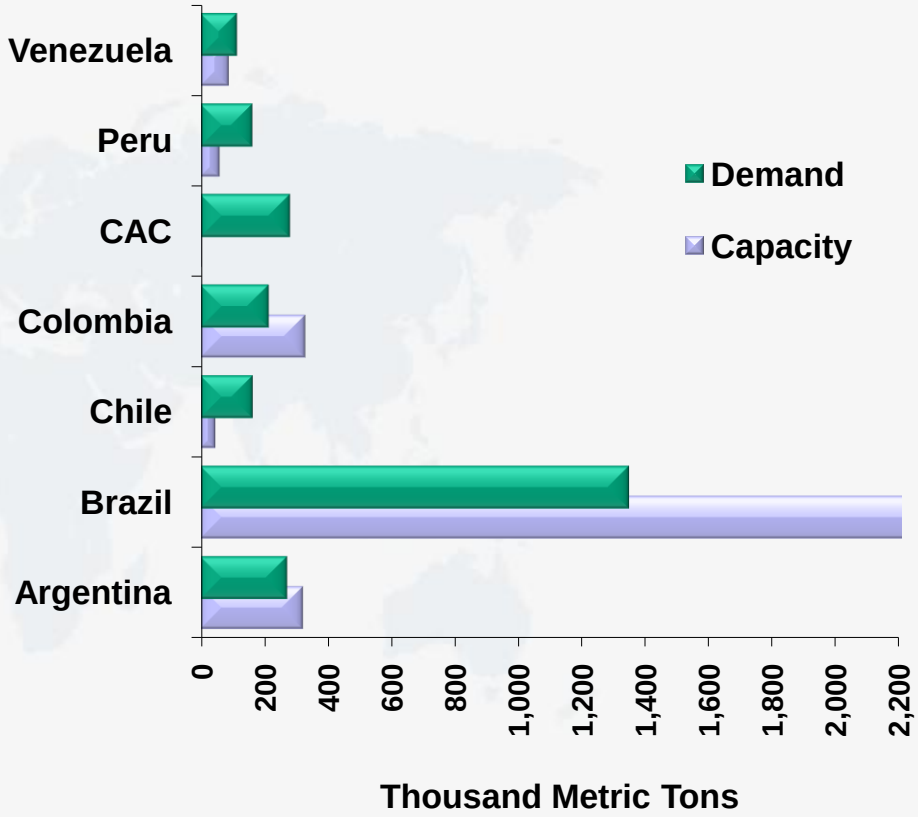
Total Latin America
Competitive Landscape

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2011 Top 12 Producers have 90% of Total Latin America Production Capacity



Latin America is a net exporter



Source: RISI, Fisher Solve and IPB team analysis

IP Latin America

Key Financials

	2009	2010	2011
EBITDA (US$ MM)	228	296	**320**
EBITDA Margin	23.7%	27.2%	**26.9%**
Net Sales (US$ MM)	962	1,089	**1,189**
Uncoated Freesheet Sales Volume	914	991	**1,006**

* FX 2009 @ 2.00, 2010 @1.76 e 2011 @ 1.67

IP Brazil Recent Awards

- ✓ Exame Award – “Best places to work,” amongst 150
- ✓ “Best Places to Start your Career” Award - Você S/A Magazine
- ✓ “Modern Consumer Award in Customer Services Excellence,” in the paper and pulp category
- ✓ “Customer Services Excellence Award” – Consumidor Moderno Magazine
- ✓ “Best Brands Award” – Chamex in the white paper category – Agnelo Publishers
- ✓ Chamex wins "Brand Packaging Award - Large packing cases" - Brand Packaging Magazine
- ✓ Brazilian Packaging Award / Embanews –Technology & Quality category.
- ✓ Fernando Pini Graphical Excellence Brazil Award - with Chambril, in the “best coated and uncoated printing paper vendor” category.
- ✓ Aberje São Paulo Award with the Paper publication – Print media category.

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Sustainable Development

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Certified

ISO 9001	MG Mill/ LA Mill
ISO 14001	MG Mill/ LA Mill
ISO 18001 (OHSAS)	Forestry Operation
Cerflor	Forestry Operation
FSC	Forestry Operation
Ecolabel	LA Mill

Sustainable

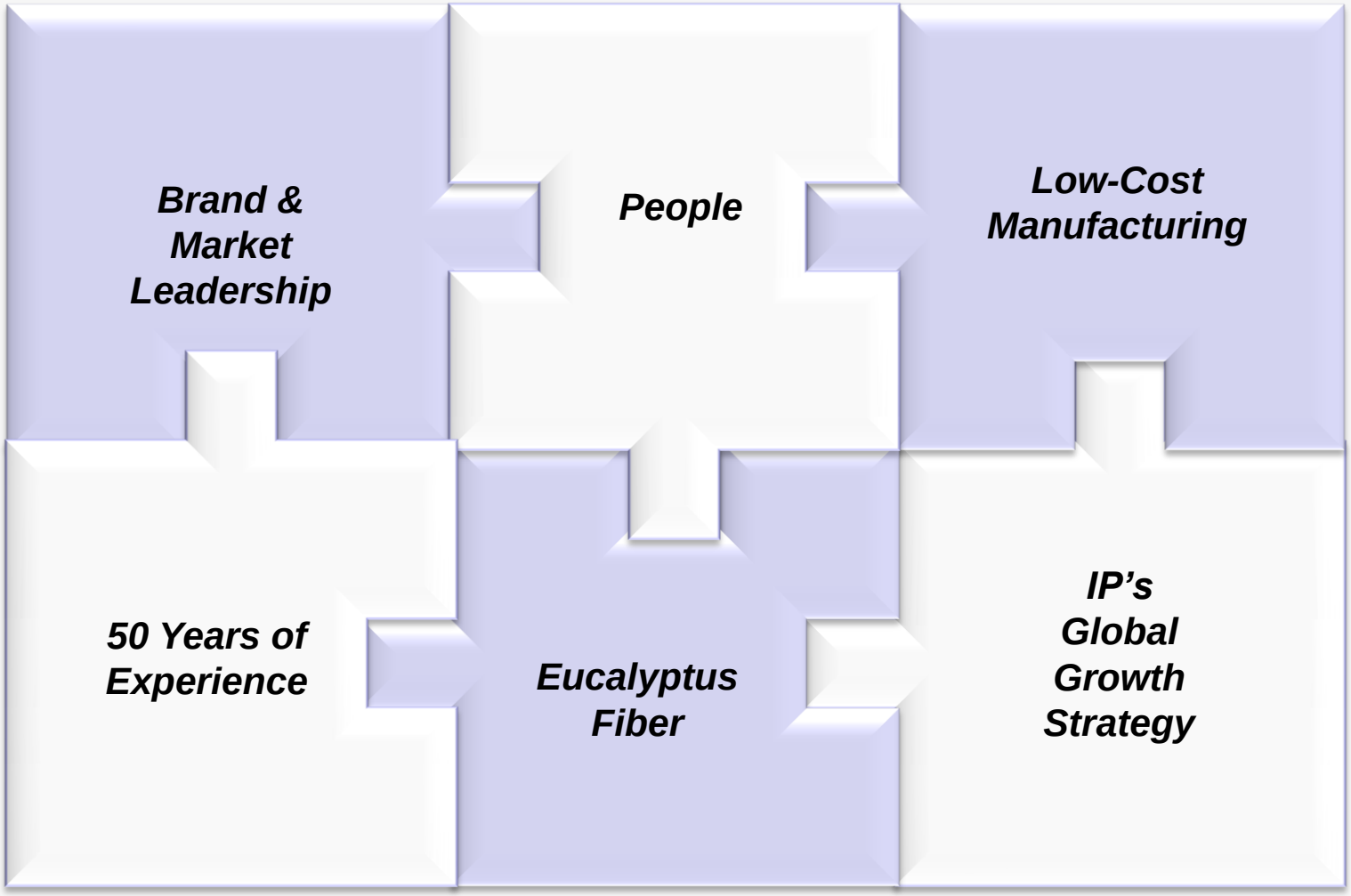
- 102,000 hectares of land in São Paulo state
- 72,490 hectares of eucalyptus forests
- 24,100 hectares of preserved areas
- Research Center
- Sustainability report GRI Model – B Model

Educational

- International Paper do Brazil Foundation
  - 14 Projects
  - 31 cities reached/involved in the
  - Annual Average of persons directly reached 25.658

IP Latin America

Competitive Advantages

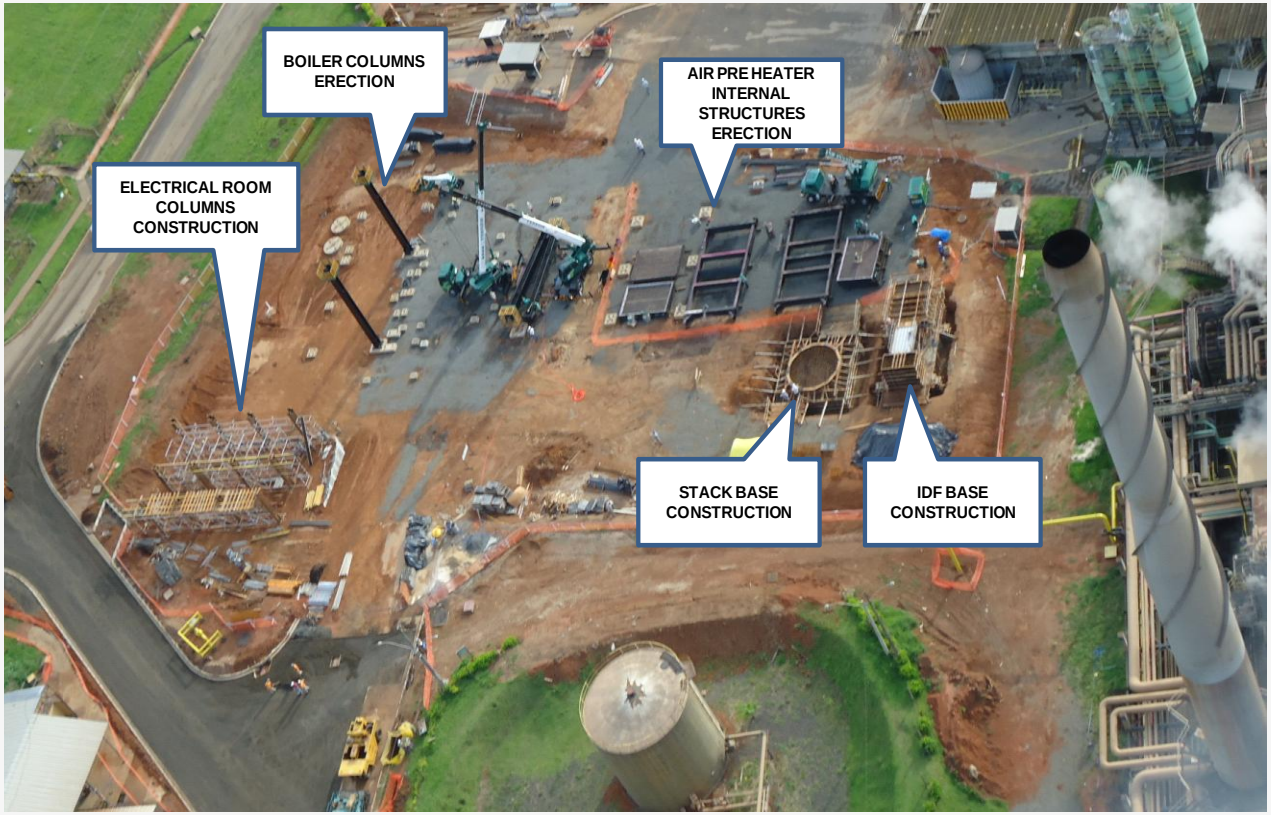


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New Biomass Boiler in Mogi Guaçu

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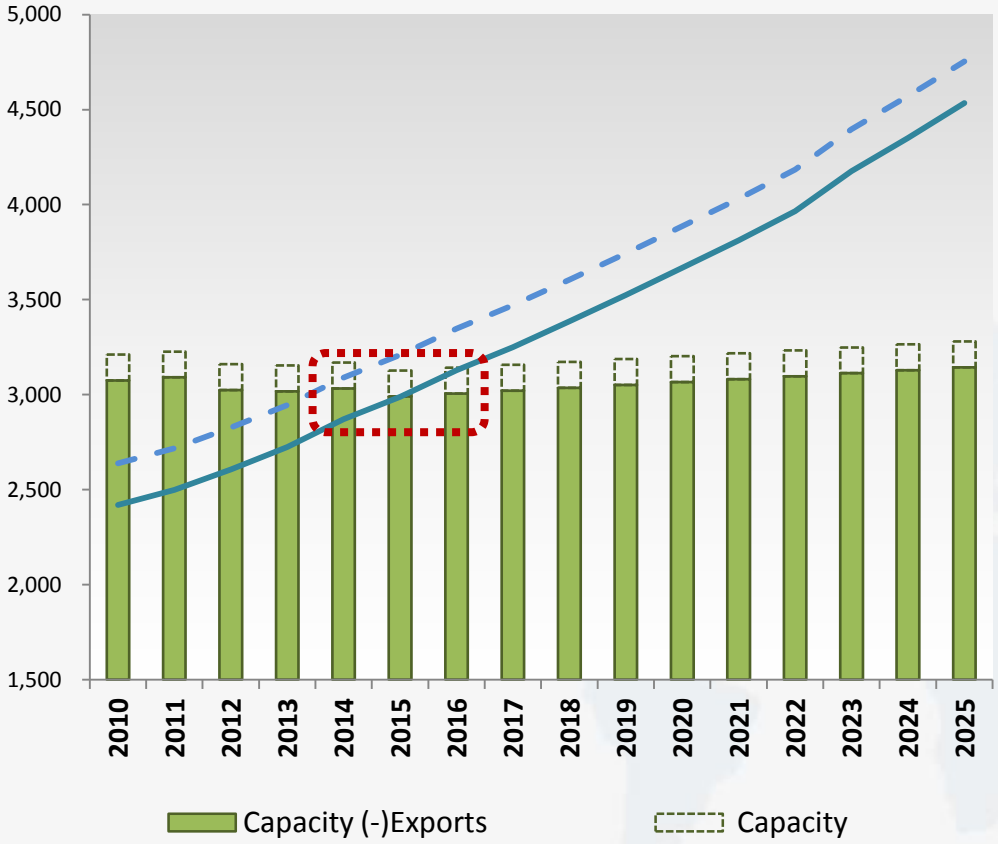
Boiler Area – Construction Overview



Project Start up: January 31st , 2013
Total Construction Time : 18 Months

- *Cost reduction*
- *Energy Exposure: Self sufficiency improves from 75% to about 90%.*
- *Gas emission: Green house gas - reduction by 82%*

Latin America Uncoated Freesheet Demand



TL2 Paper Machine Option

+ *Reinforce presence in Latin America*
+ *Aligned capacity with market growth*

- *Exchange Rate Fluctuation*

- Latin America market growth of 2.1MM metric tons from 2010 – 2025
- Positive demand drivers are of socio-economic nature and will offset negative drivers such electronic substitution and behavioral changes. "Disruptive" new technologies may have opposing impacts on paper demand

Questions and Answers

Thank you!

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2011 Q4 Overview

Business Conditions

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- Q4 Brazil's GDP growth is expected to slightly recover from 3Q deceleration towards 3% for the year
- Strongest seasonal period for domestic sales (very good in Cutsize and average in P&C)
- Weaker demand in Europe
- Price pressure in Latin America with aggressive offers from overseas players
- The inflation outlook for year-end 2011 remains high at 6.5% with average industrial salary increase expectation of 10%
- No scheduled outages
- Upside or downside impact depending on FX (strong volatility: 1.54 – 1.90 in the last six months)