

INTERNATIONAL PAPER



John V. Faraci
Chairman &
Chief Executive Officer



Carol L. Roberts
Senior Vice President &
Chief Financial Officer

First Quarter 2012 Review

April 27, 2012

Forward-Looking Statements

INTERNATIONAL PAPER

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) risks and uncertainties associated with the divestitures required by the U.S. Department of Justice consent decree that allowed the Temple-Inland Inc. (“Temple-Inland”) transaction to proceed; (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 restructurings. 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.

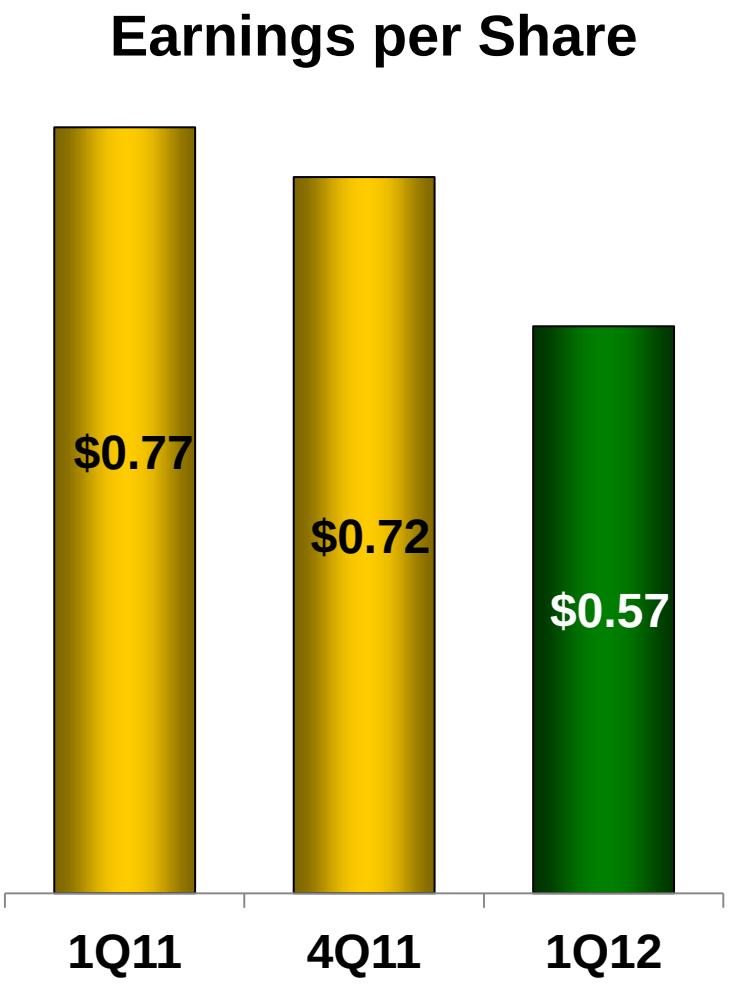
Statements Relating to Non-GAAP Financial Measures

INTERNATIONAL PAPER

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.

First Quarter 2012 Results

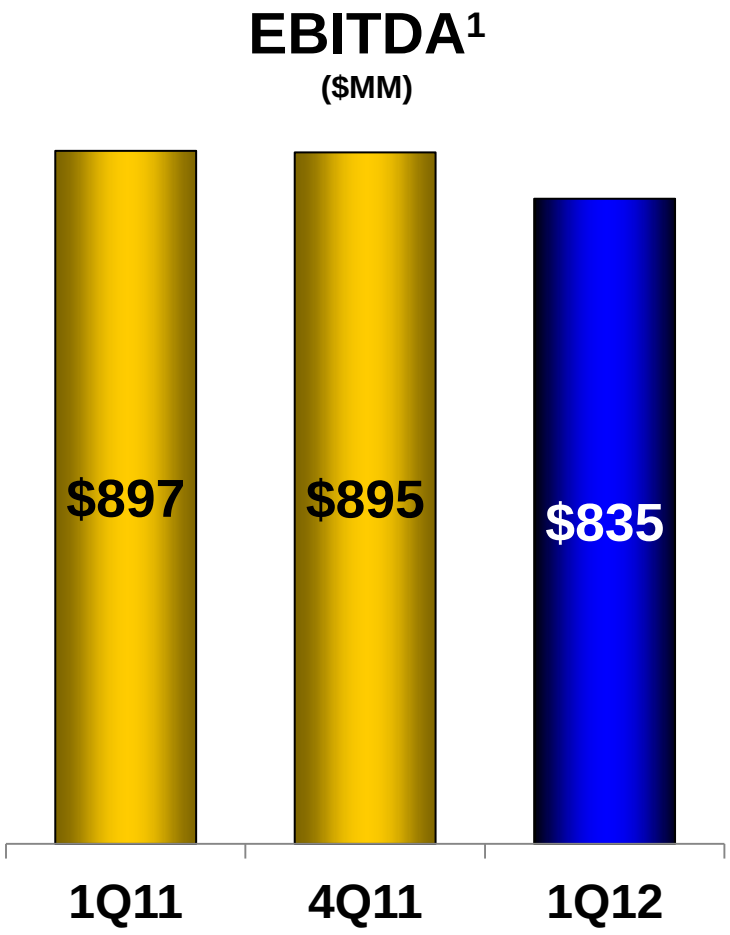


- Continued Strong Free Cash Flow
- Solid Volumes Despite Seasonally Slower Quarter in the Americas
- Off to Excellent Start Integrating Temple-Inland Operations
- Lower Price Realizations in Pulp and Export Markets
- Franklin and Sun JV Startup Costs
- Fiber and Energy Input Relief
- Higher Pension Expense
- Positive Currency Impact at Ilim JV
- Adjusted Prior Periods for Elimination of Ilim JV Reporting Lag

Earnings from continuing operations before special items

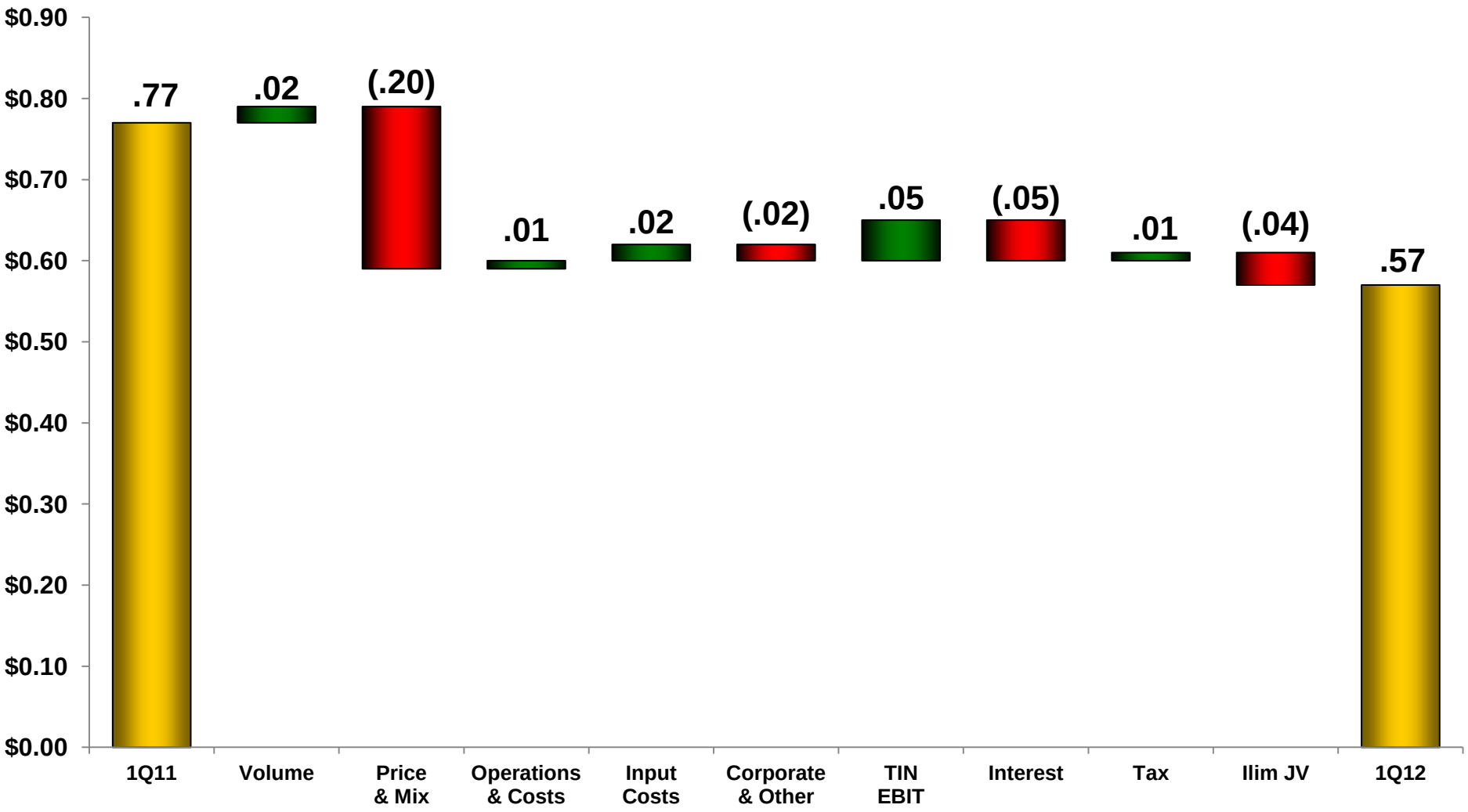
1Q12 Financial Snapshot

	1Q11	4Q11	1Q12
Sales ($B)	$6.4	$6.4	$6.7
EBITDA[1] Margin	14%	14%	13%
Free Cash Flow ($MM)	$419[2]	$328[2]	$357[2]
Cash Balance ($B)	$2.0	$4.0[3]	$1.3



[1] Earnings from continuing operations before special items
[2] See slide #27 for a reconciliation of free cash flows
[3] Includes $1.5B cash raised for TIN acquisition

1Q12 vs. 1Q11 EPS



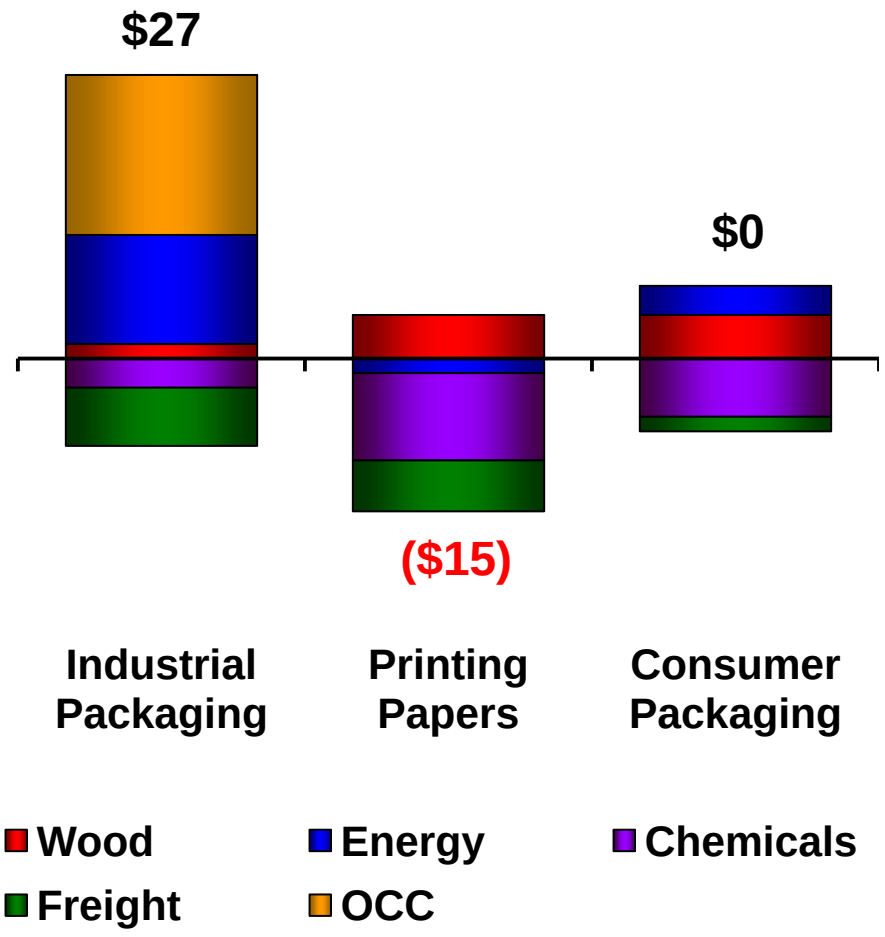
Earnings from continuing operations before special items

Global Input Costs vs. 1Q11

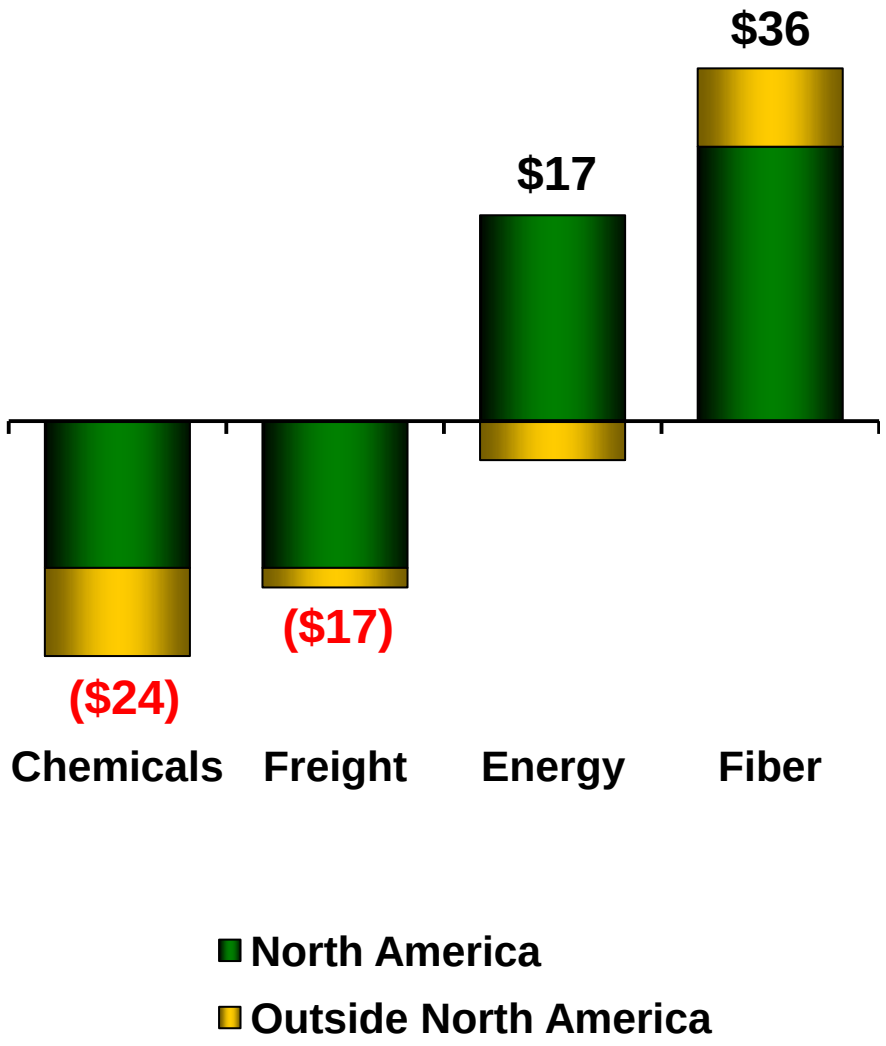
$12 MM Favorable, or $0.02/Share

INTERNATIONAL PAPER

By Business



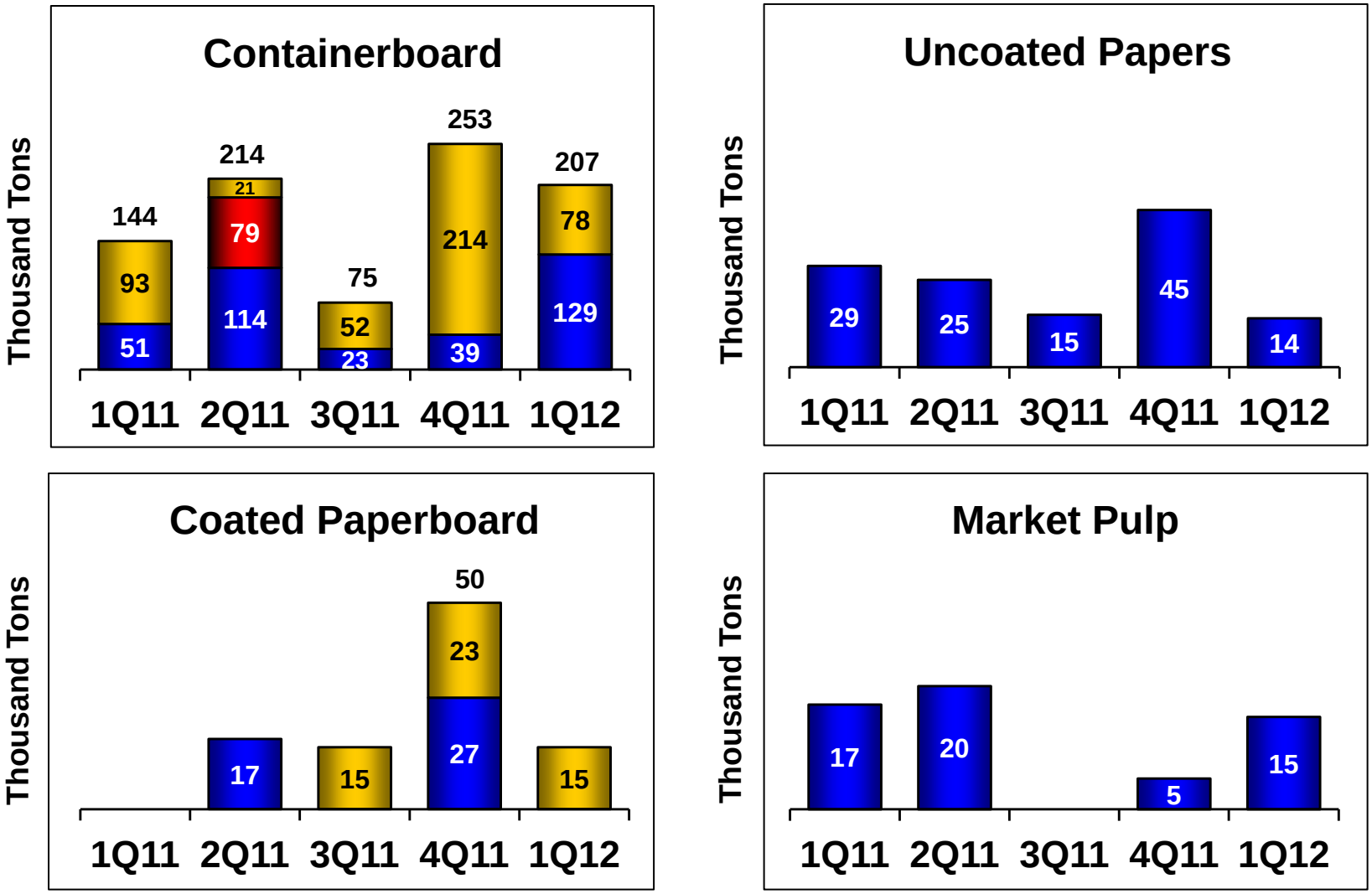
By Input Type



Input costs for continuing businesses

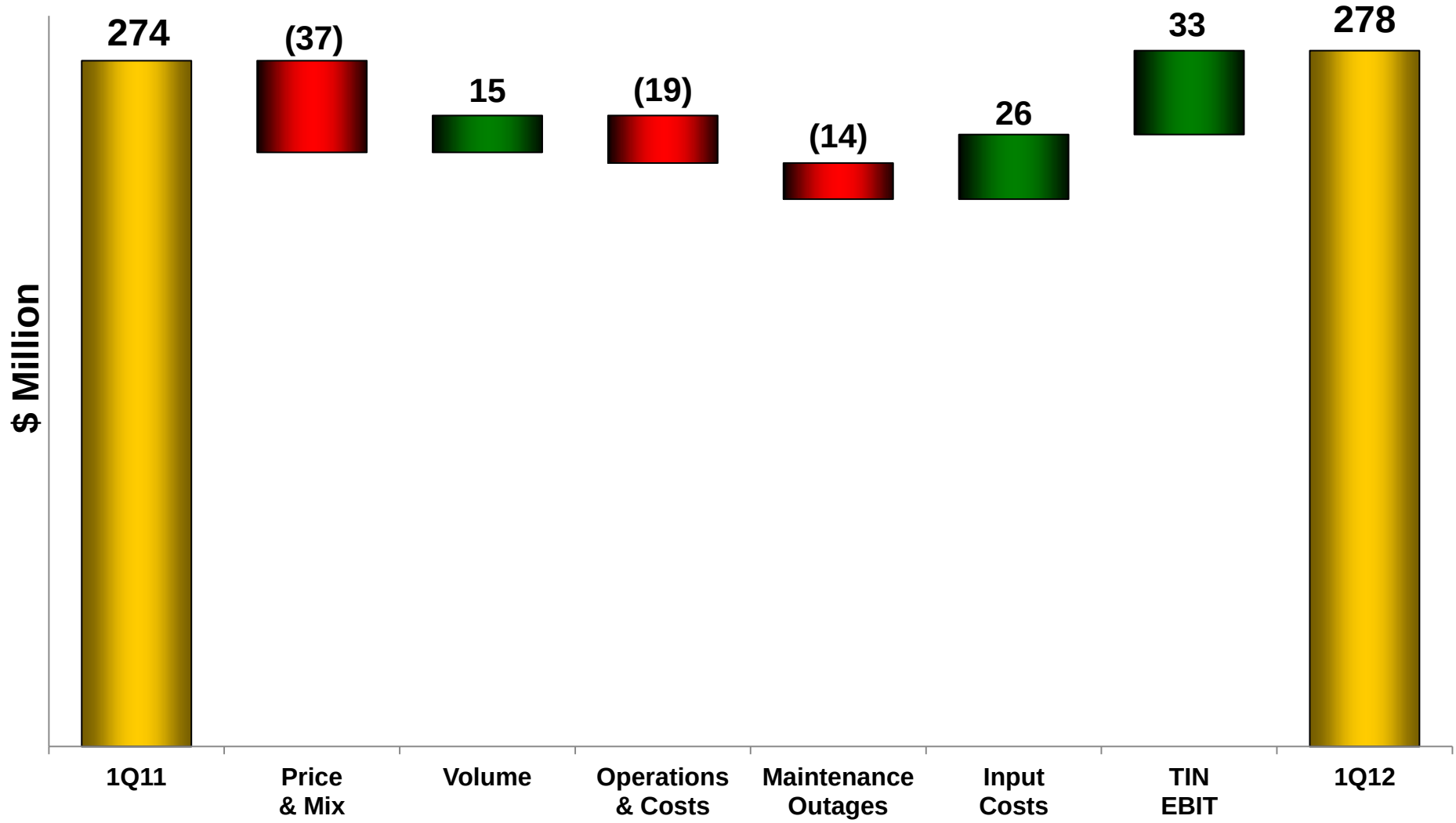
North American Downtime

Operating Rates: 95% in 1Q12, 91% in 4Q11



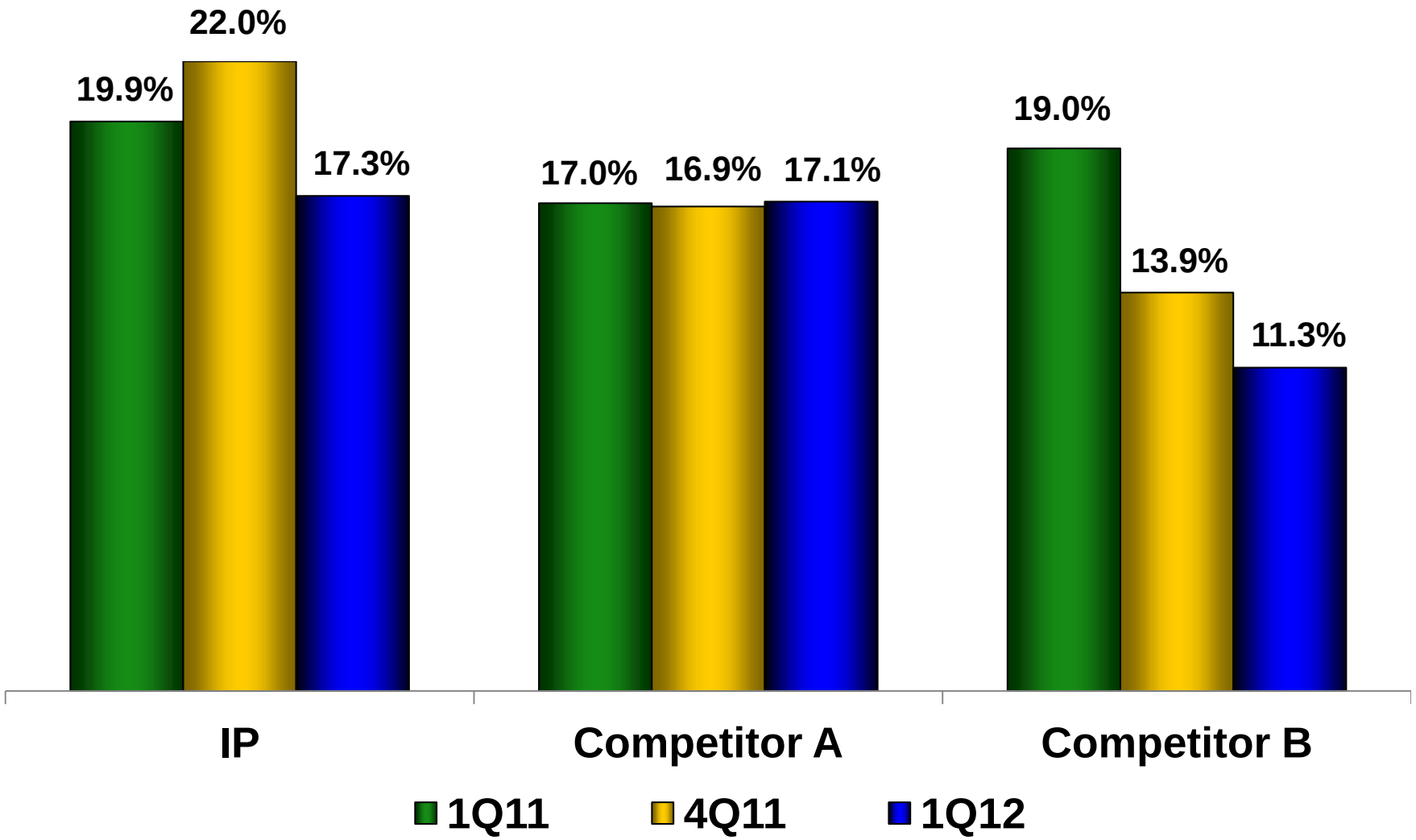
1Q12 includes Temple-Inland mills

Industrial Packaging
1Q12 vs. 1Q11



Earnings from continuing operations before special items

N.A. Industrial Packaging Relative EBITDA Margins



IP EBITDA margins based on North American Industrial Packaging operating profit before special items.
Competitor EBITDA margin estimates obtained from public filings and IP analysis
Excludes the Recycling business and revenue from trade volumes

Results from Temple-Inland Operations

Neutral to Slightly Positive

INTERNATIONAL PAPER

$ Million	1Q12
EBIT	$33[1]
Synergies Included in EBIT	$10
Interest Expense	($30)
Pre-tax Income	**$3**

[1] Industrial Packaging segment includes results from Temple-Inland Operations post-close
Before Special Items and One-Time Costs

Temple-Inland Integration Deliverables

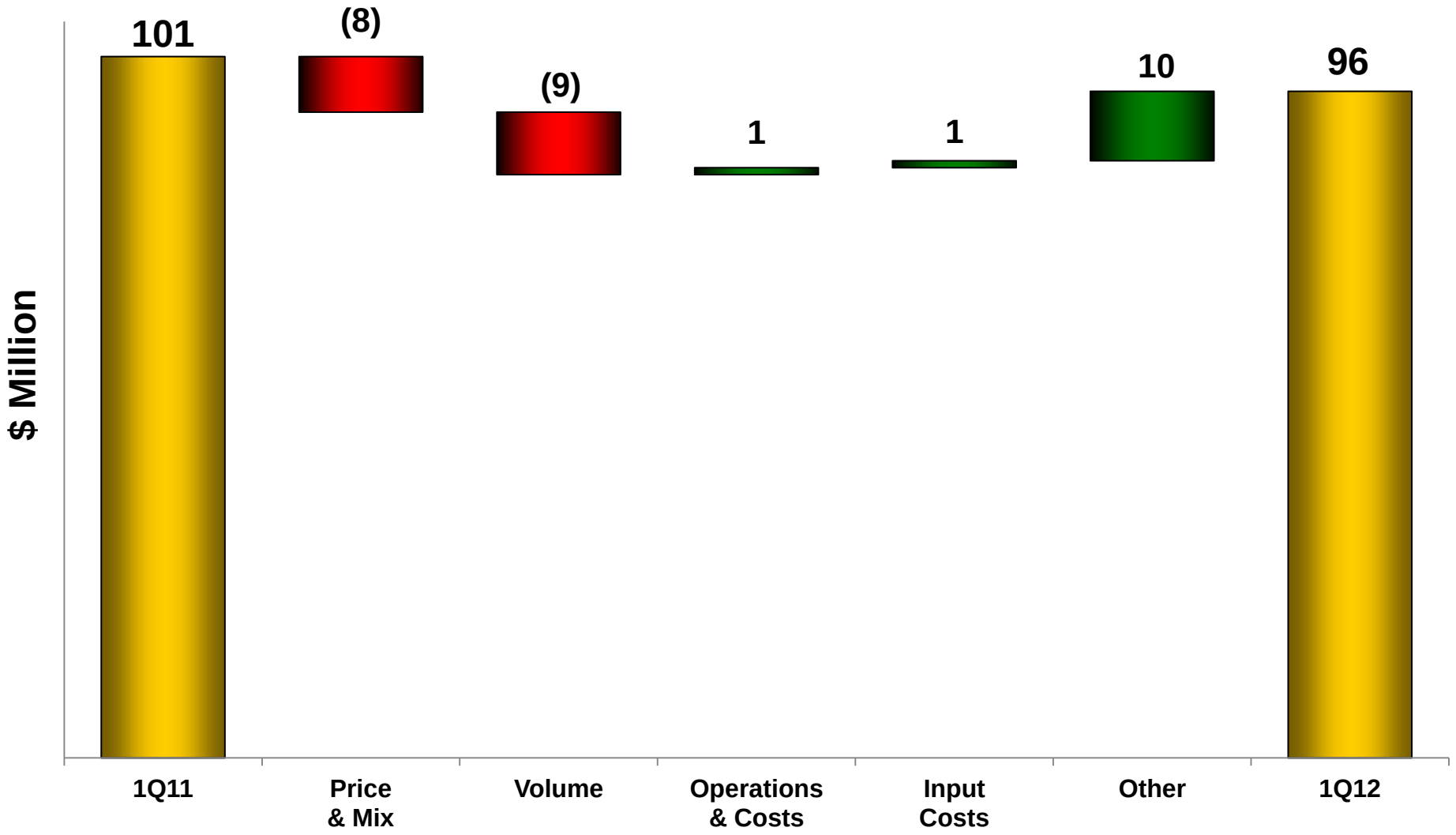
Next 90 Days

INTERNATIONAL PAPER

- **Deliver Incremental Synergies**
- **Execute Box Plant Rationalizations**
- **Continue Business Integration**
- **Improve Box Plant Quality & Service Experience**
- **Mill / Supply Chain System Optimization**
- **Sell Divestiture Mills**
- **Continue Work on Building Products Divestiture**

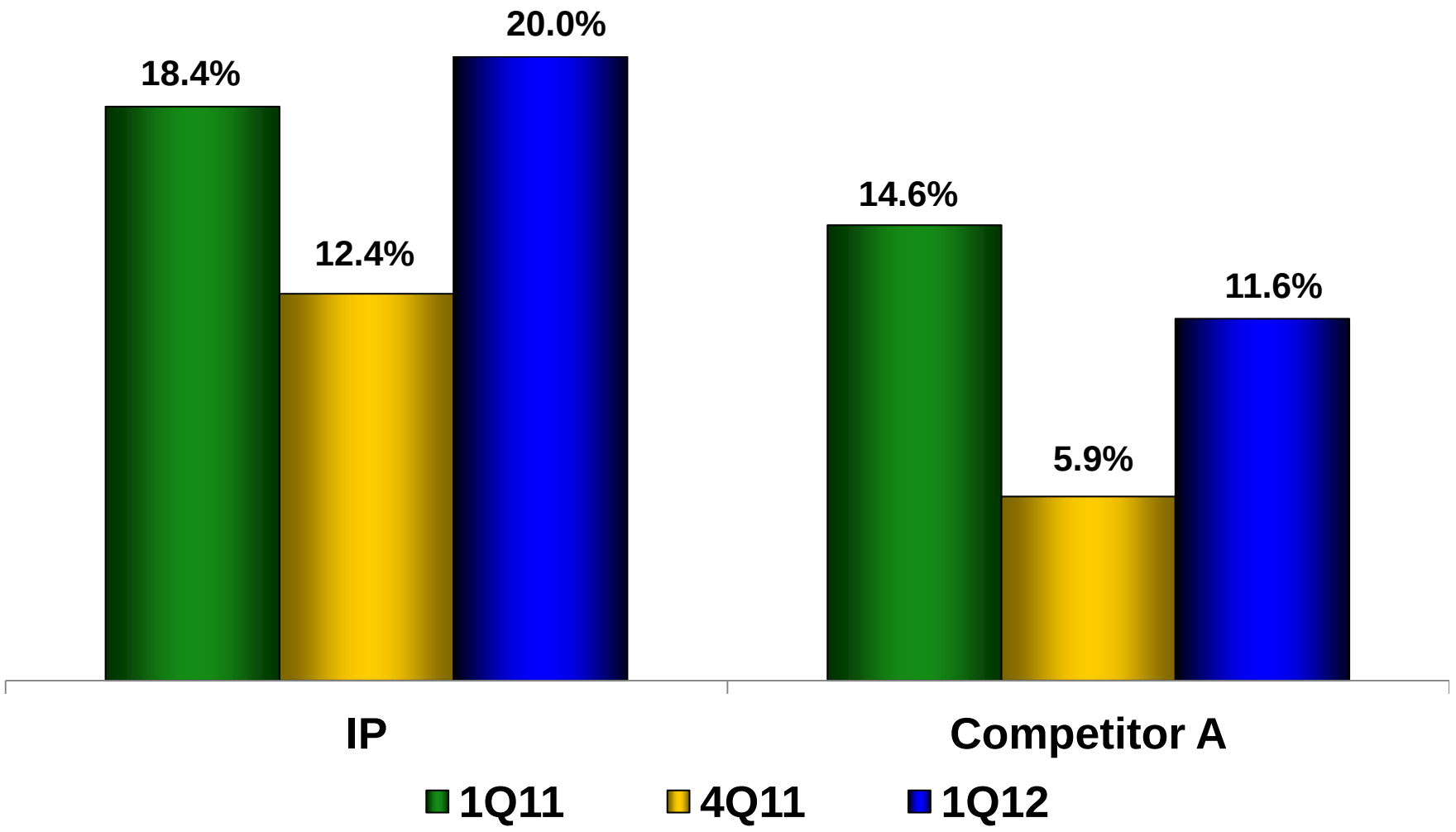
Consumer Packaging
1Q12 vs. 1Q11

INTERNATIONAL PAPER



Earnings from continuing operations before special items

N.A. Consumer Packaging Relative EBITDA Margins

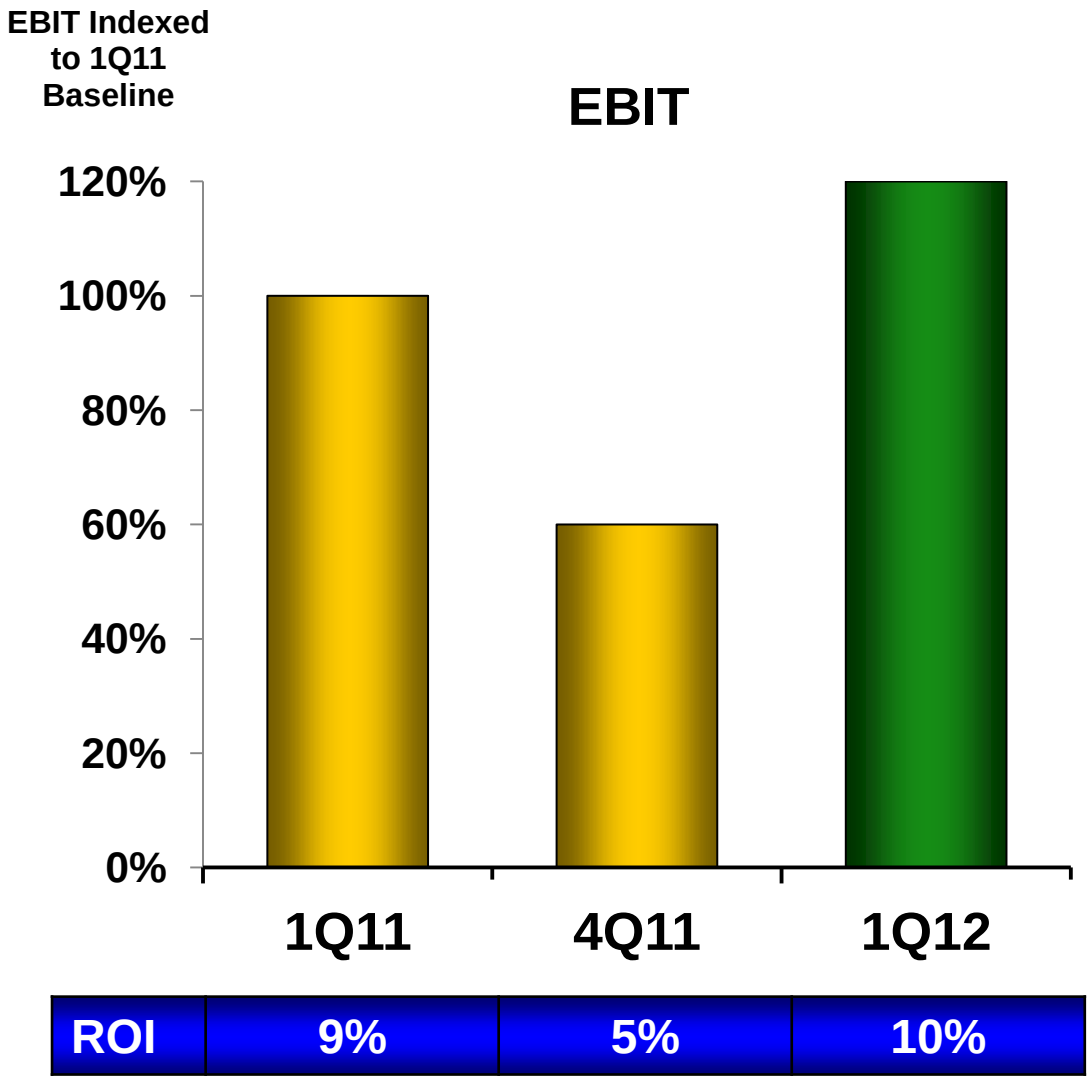


IP EBITDA margins based on North American Consumer Packaging operating profit before special items.
Competitor adjusted EBITDA margins obtained from public filings and IP analysis; reflects Food & Beverage segment

Foodservice

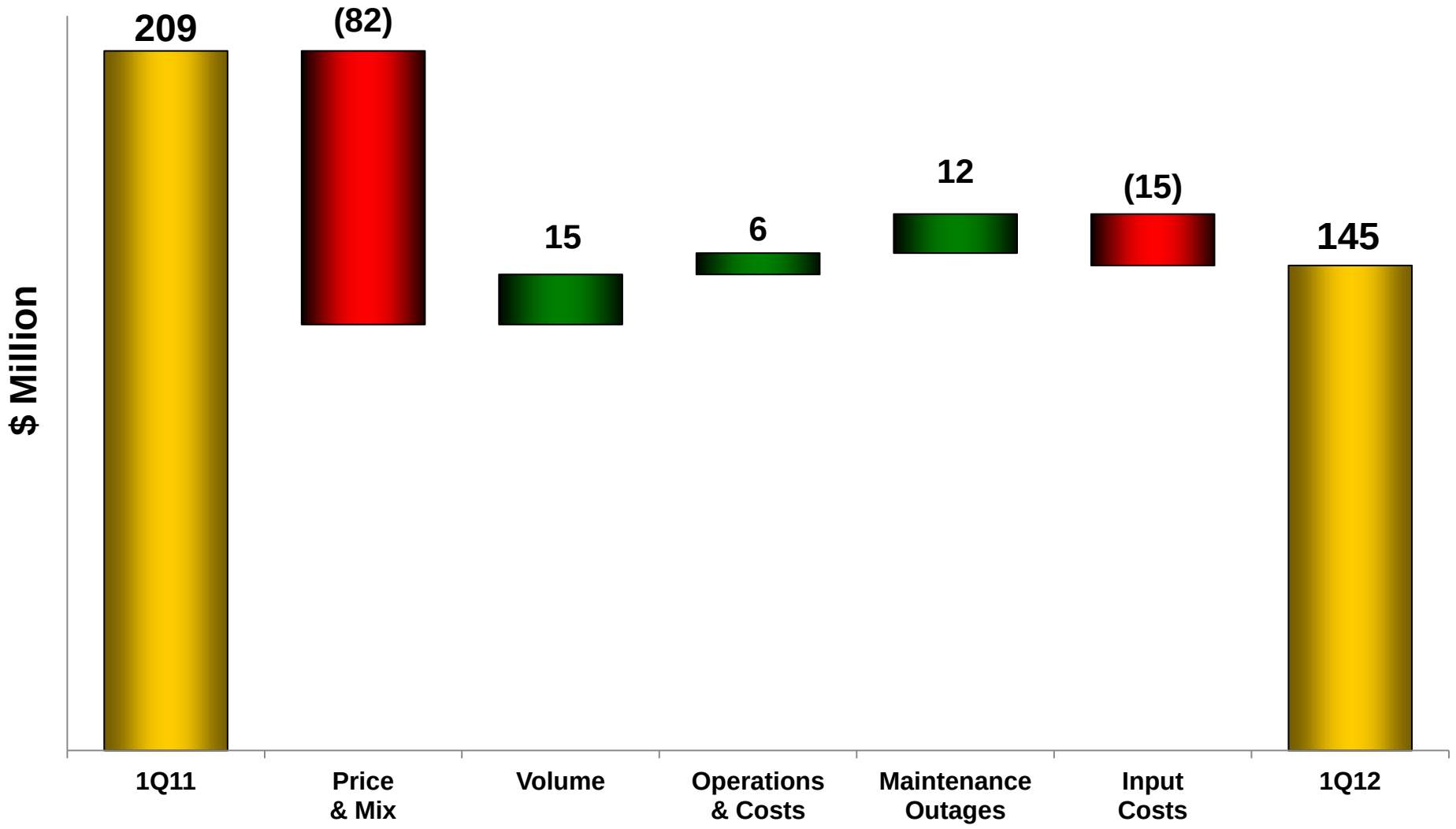
Record Quarterly Earnings

INTERNATIONAL PAPER



Earnings from continuing operations before special items

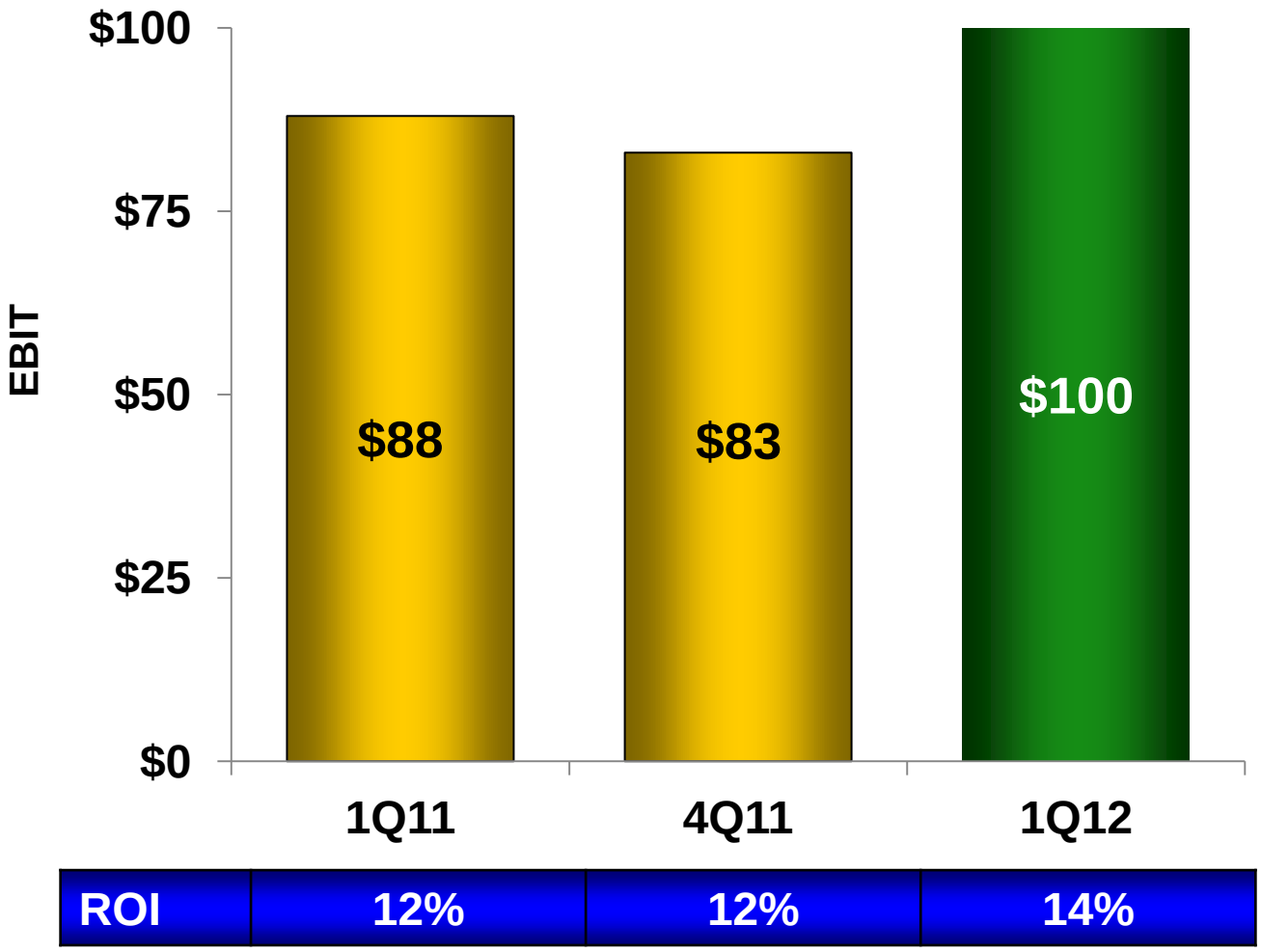
Printing Papers
1Q12 vs. 1Q11



Earnings from continuing operations before special items

N.A. Paper

Strong Results Driven by Volume & Operations



Earnings from continuing operations before special items
Excludes Pulp

IP India Update

	2011	1Q12 Annualized
Sales (USD $MM)	$170	$232
Volume (M Short Tons)	223	316
EBITDA		$36
EBITDA Margin		16%

- Record 1Q volume – up 15% year over year
- Focus on reliability improvements; improving mill OME
- Cost headwinds in raw materials and energy
- Integration on-track; preparing for outage in 2Q

Earnings from continuing operations before special items

xpedx
1Q12 vs. 4Q11

INTERNATIONAL PAPER

$ Million	1Q11	4Q11	1Q12
Sales	$1,640	$1,625	$1,475
Earnings	$12	$33	$19

Daily Sales Change	vs. 1Q11	vs. 4Q11
Printing	(17%)	(16%)
Packaging	2%	(10%)
Facility Solutions	(4%)	(9%)

- Year over year coated freesheet market decline
- Quarter over quarter volumes impacted by seasonality and strategic exit decisions
- The benefits of the strategic transformation continue to positively impact results

Earnings from continuing operations before special items

1Q12 Summary

INTERNATIONAL PAPER



- Off to Excellent Start Integrating Temple-Inland Operations
  - Achieved $10MM Synergies
- Solid Volumes Despite Seasonally Weaker Demand in the Americas
- Fiber and Energy Input Relief
- Positive Currency Impact at Ilim JV
- India's Results on Track



- Lower Price Realizations in Pulp and Export Markets
- Franklin Fluff Pulp and Sun JV Coated Paperboard Machine Startup Costs
- Higher Pension Expense

IP Global Pricing

INTERNATIONAL PAPER

$ / Ton	March '12 vs. December '11 IP Price	March '12 vs. 1Q12 Avg. IP Price	Recent IP Pricing Actions
♦ U.S. Packaging			
Containerboard - Domestic	stable	stable	-
Containerboard - Export	($55)	($15)	Prices Negotiated Monthly[1] (Realizations lag 2-3 months) +$20-40 April (RISI S. Europe CIF)
Boxes	stable	stable	-
Coated Paperboard	($5)	stable	-
♦ Global Paper – Uncoated Freesheet			
North America	($5)	$5	+$60 April (Offset Rolls) +$30 April (Forms/Envelopes) +$40 May (Cut-Size)
Europe	($5)	stable	-
Russia	$40	$30	~100RUR (+5%) Feb. (Cut-Size)
Brazil - Domestic	$30	$35	+$60 Feb. (Cut-Size) +$55 April (Offset)
Brazil - Export	($60)	$10	+$40-60 April in LatAm depending on country (C-S & Offset)
♦ Global Pulp			
Global Fluff Pulp	($45)	stable	+$30 March +$30 May
Chinese Softwood Pulp (ILIM JV)	$40	$20	+$10 March +$20 April

[1] Production Month Intent

Second Quarter Outlook
Changes from 1Q12

INTERNATIONAL PAPER

		North America	EMEA	Brazil	Asia
Volume	Paper	Stable	Stable	Seasonal Increase	Stable
	Packaging	Seasonal Increase	Stable		Stable
Pricing	Paper	Increase	Increase (Russia)	Increase	Stable
	Packaging	Stable	Stable		Stable
Maintenance Outages		Increase $60MM	Increase $39MM	Stable	Increase $6MM (India)
Input & Freight Costs		Increased OCC, Chemicals & Freight	Stable	Stable	Stable
Mfg. Operations & Other Costs		Improvement	Stable	Stable	Stable

xpedx	Slight Decrease

ILIM	Currency Impact

TIN Impact	Full Quarter & Increased Synergies

2Q12 Outlook

- **Full Quarter of Temple-Inland Results and Continued Synergy Ramp-up**
- **Highest Maintenance Outage Quarter of Year**
- **Seasonal Volume & Mix Improvement**
- **Realization of Announced Price Increases**
- **Input Costs Increasing for OCC, Chemicals & Freight, Somewhat Offset by Lower Natural Gas**
- **Expect Less Favorable Currency Impact from Ilim JV**
- **Improved Manufacturing Operations and Reduced Costs**
- **Franklin, Sun JV and Mogi Guacu Capital Projects on Track**

Investor Day Conference

May 24

INTERNATIONAL PAPER

- **Theme: Reaching our Potential**
  - **Global Business Strategy**
  - **Earnings and Cash Flow Capability of Current Portfolio**

- **Live Webcast Begins at 11:45 am EDT**
  - **Listen at internationalpaper.com by clicking on the Investors tab and then clicking on the Webcasts and Presentations link**

Appendix

Investor Relations Contacts

Glenn R. Landau	901-419-1731
Emily Nix & Michele Vargas	901-419-4987

Media Contact

Tom Ryan	901-419-4333

Key Financial Statistics

$ Million (Except as noted)	2010	2011	2012 Estimate
Capital Spending	$775	$1.2 B	~ $1.5 B
Depreciation & Amortization	$1.5 B	$1.3 B	~ $1.5 B
Net Interest Expense	$608	$541	~ $700
Corporate Items	$226	$145	~ $220
Effective Tax Rate	30%	32%	~ 32%

Before special items and excluding Ilim

Free Cash Flow

$ Million	1Q11	4Q11	1Q12
Cash Provided by Continuing Operations	$600[1]	$762[2]	$642[3]
Less Capital Investment	($181)	($434)	($285)
Free Cash Flow	$419	$328	$357

[1] Excludes a $209 MM increase in working capital related to the cessation of the European A/R securitization program and a $123 MM tax receivable collected related to pension contributions

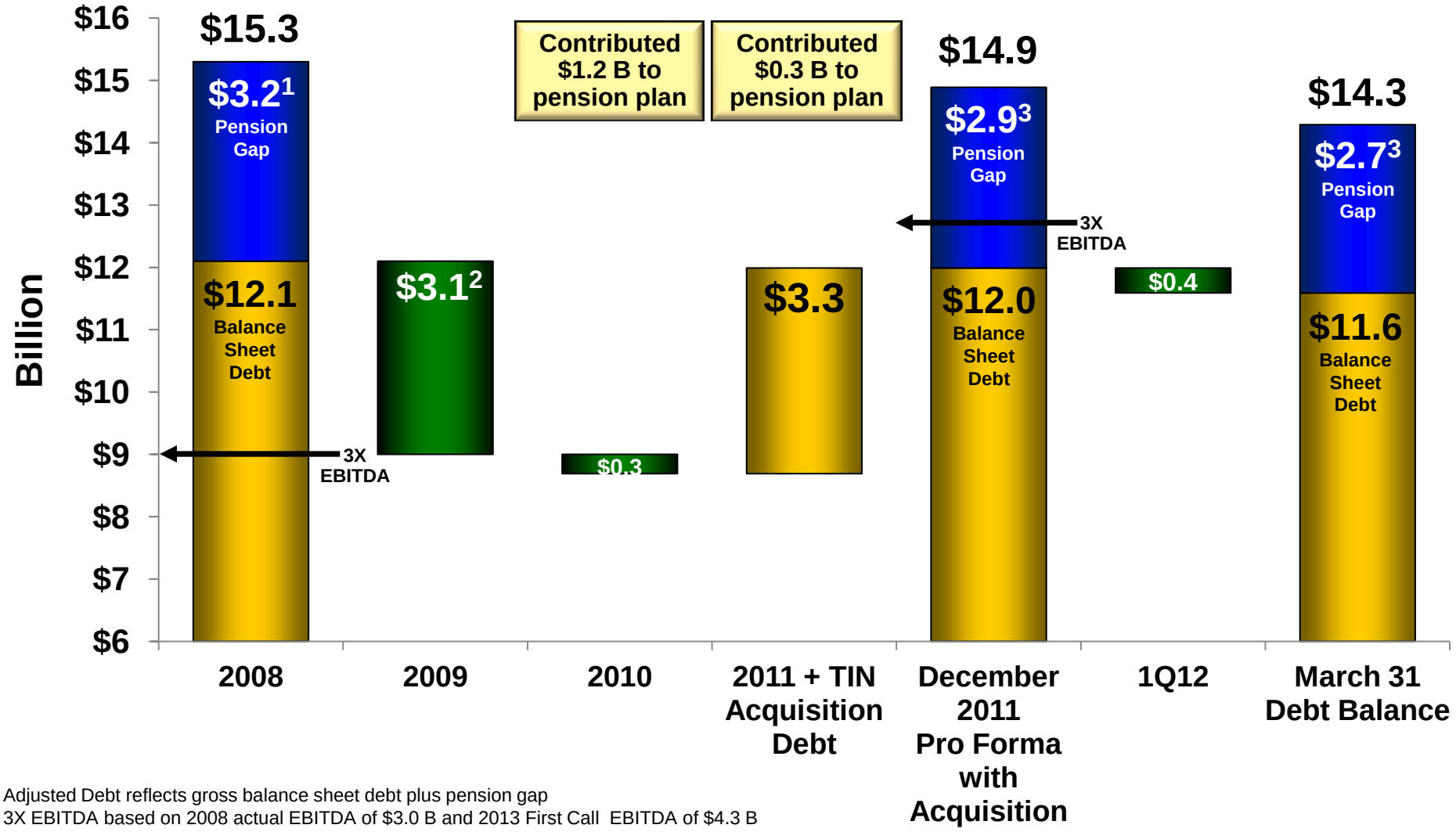
[2] Excludes $300 MM cash paid for voluntary pension contribution and $175 MM cash received from unwinding a timber monetization

[3] Excludes $120 MM cash paid for Temple-Inland change-in-control agreements and $111 MM cash received from unwinding a timber monetization

Strong Balance Sheet

Target: Adjusted Debt < 3X EBITDA

INTERNATIONAL PAPER



Adjusted Debt reflects gross balance sheet debt plus pension gap

3X EBITDA based on 2008 actual EBITDA of $3.0 B and 2013 First Call EBITDA of $4.3 B

[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] IP + Temple-Inland pension gap; March 31 pension gap reflects the remeasurement of Temple-Inland's pension on February 13.

Maintenance Outages Expenses
2012

INTERNATIONAL PAPER

$ Million	1Q12	2Q12E	3Q12E	4Q12E	2012E
Industrial Packaging	**$67**	**$72**	**$23**	**$67**	**$229**
Printing Papers Total	**$27**	**$108**	**$32**	**$43**	**$210**
North America	$27	$63	$4	$40	$134
Europe	0	39	17	0	56
Brazil	0	0	11	3	14
India	0	6	0	0	6
Consumer Packaging	**$0**	**$19**	**$6**	**$24**	**$49**
Total Impact	**$94**	**$199**	**$61**	**$134**	**$488**

Dollar impact of planned maintenance outages are estimates and subject to change – Includes Temple-Inland Mills

Industrial Packaging

Business	1Q12 vs. 4Q11		1Q12 vs. 1Q11	
	Volume	Price / Ton	Volume	Price / Ton
N.A. Container incl. TIN[1]	1.4%	$0	0.6%	($15)
European Container[2]	1%	(€20)	(3%)	€18

[1] Volumes reflect FBA reporting basis, which excludes Display and Bulk products and shipments from facilities in Mexico and Latin America; but includes domestic sheet plant shipments; all periods include the full quarter of TIN's volume

[2] European Container volumes reflect box shipments only. These shipments include the non-consolidated joint venture in Turkey.

Printing Papers

	1Q12 vs. 4Q11		1Q12 vs. 1Q11	
Business	**Volume**	**Price / Ton**	**Volume**	**Price / Ton**
N.A. Paper	**7%**	**($26)**	**4%**	**($21)**
N.A. Pulp[1]	**11%**	**($52)**	**21%**	**($147)**
European Paper	**0%**	**(€16)**	**0%**	**(€26)**

Average IP price realization (includes the impact of mix across all grades)

[1] Reflects Fluff and Market pulp combined

Consumer Packaging

	1Q12 vs. 4Q11		1Q12 vs. 1Q11	
	Volume	Price/Ton	Volume	Price/Ton
N.A. Coated Paperboard	6%	($4)	(12%)	$9
	Revenue	Price	Revenue	Price
Converting Businesses	2%	NA	9%	NA

Average IP price realization (includes the impact of mix across all grades)

Special Items Before Tax & Noncontrolling Interest
From Continuing Operations

INTERNATIONAL PAPER

Special Items Pre-Tax ($Million)		1Q11	4Q11	1Q12
Industrial Packaging	Acquisition Costs		($12)	($63)
	Facility & Machine Closure Costs	($2)	$2	
	Other	$7		
Printing Papers	Facility Closure Costs		$2	
	Other	($8)	($3)	$1
Consumer Packaging	Fixed Asset Impairment or Adjustment		$4	
	Shorewood Sale Adjustments			$7
	Reorganization	($1)		
xpedx	Reorganization	($7)	($17)	($21)
Corporate	Acquisition Costs		($2)	
	Debt Extinguishment			($16)
	Restructuring & Other	($35)	$12	
Total Special Items Before Tax & Noncontrolling Interest		**($46)**	**($14)**	**($92)**

Special Items Net of Taxes

	1Q12	
	$ Million	EPS
Earnings Before Special Items	$247	$0.57
Special Items Net of Taxes:		
Tax Items	($3)	
Debt Extinguishment Costs	($10)	
Shorewood Sale Adjustments	$6	
Acquisition Costs	($41)	
Reorganization	($16)	
Total Special Items Net of Taxes	($64)	($0.15)
Discontinued Operations Net of Taxes	$5	$0.01
Net Earnings	$188	$0.43

1Q12 EBITDA

	Operating Profit $ Million	D & A $ Million	Tons Thousand	EBITDA per Ton	EBITDA Margin
Industrial Packaging					
North America[1]	$258	$160	3,249	$129	16%
Europe	$19	$7	266	$98	10%
Printing Papers					
North America[2]	$100	$42	692	$205	20%
Europe[3]	$48	$19	311	$215	22%
Brazil	$23	$36	274	$215	22%
India	$1	$8	79	$114	16%
U.S. Market Pulp	($23)	$13	277	($36)	(6%)
Consumer Packaging					
N.A. Coated Paperboard	$51	$35	378	$228	22%

Earnings from continuing operations before special items

[1] Excludes Recycling businesses; includes Saturating Kraft & Bag business

[2] Includes Bleached Kraft business

[3] Excludes Market Pulp

Operating Profits by Industry Segment
from Continuing Operations

INTERNATIONAL PAPER

$ Million	1Q11	4Q11	1Q12
Industrial Packaging	$274	$316	$278
Printing Papers	$209	$190	$145
Consumer Packaging	$101	$62	$96
Distribution	$12	$33	$19
Operating Profit	**$596**	**$601**	**$538**
Net Interest Expense	($136)	($144)	($168)
Noncontrolling Interest / Equity Earnings Adjustment	$5	$4	$4
Corporate Items	($44)	($31)	($69)
Special Items	($53)	($14)	($92)
Earnings from continuing operations before income taxes, equity earnings & noncontrolling interest	**$368**	**$416**	**$213**
Equity Earnings, net of taxes - Ilim	**$56**	**$25**	**$40**

Geographic Business Segment Operating Results
Before Special Items

INTERNATIONAL PAPER

$ Million	Sales			Operating Profit		
	1Q11	4Q11	1Q12	1Q11	4Q11	1Q12
Industrial Packaging						
North American	$2,115	$2,060	$2,690	$256	$294	$258
European	$280	$280	$270	$17	$19	$19
Asian	$160	$170	$155	$1	$3	$1
Printing Papers						
North American	$690	$670	$700	$88	$83	$100
European	$360	$340	$335	$57	$55	$44
Brazilian	$285	$320	$270	$48	$45	$23
India	-	$35	$58	-	($3)	$1
U.S. Market Pulp	$175	$170	$175	$16	$10	($23)
Consumer Packaging						
North American	$620	$595	$520	$65	$33	$63
European	$95	$95	$100	$27	$24	$28
Asian	$190	$215	$190	$9	$5	$5
xpedx	$1,640	$1,625	$1,475	$12	$33	$19

Does not reflect total company sales and operating profit

2012 Earnings from Continuing Operations

	Pre-Tax $MM	Tax $MM	Non-controlling Interest $MM	Equity Earnings	Net Income $MM	Estimated Tax Rate	Average Shares[1] MM	Diluted EPS[2]
Before Special Items								
1Q12	$305	($98)	($4)	$44	$247	32%	439	0.57
Special Items								
1Q12	($92)	$28	$0	$0	($64)	30%	439	(0.15)
Earnings								
1Q12	$213	($70)	($4)	$44	$183	33%	439	0.42

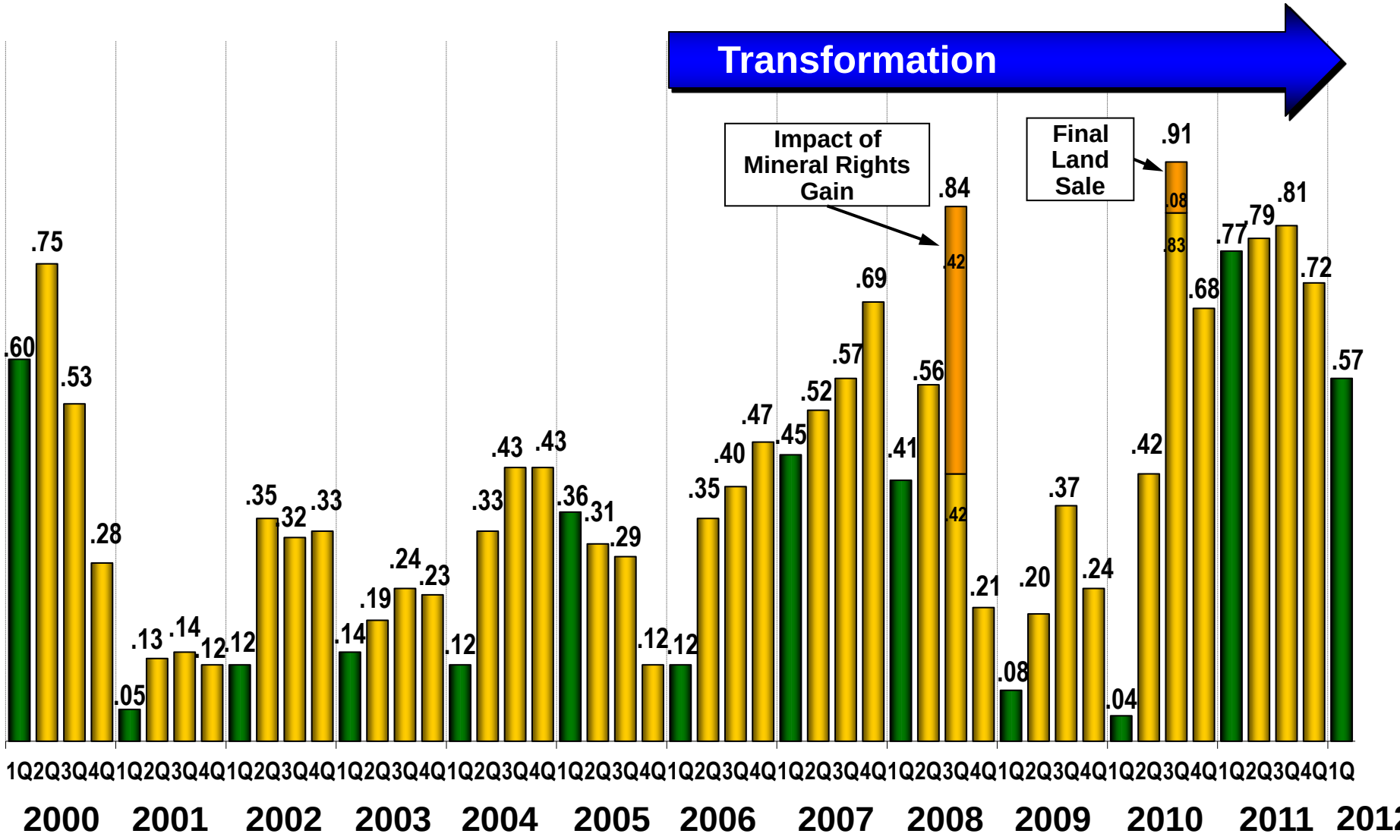
[1] Assuming dilution

[2] A reconciliation to GAAP EPS is available at www.internationalpaper.com under the Investors tab at Webcasts and Presentations

Operating Business EPS

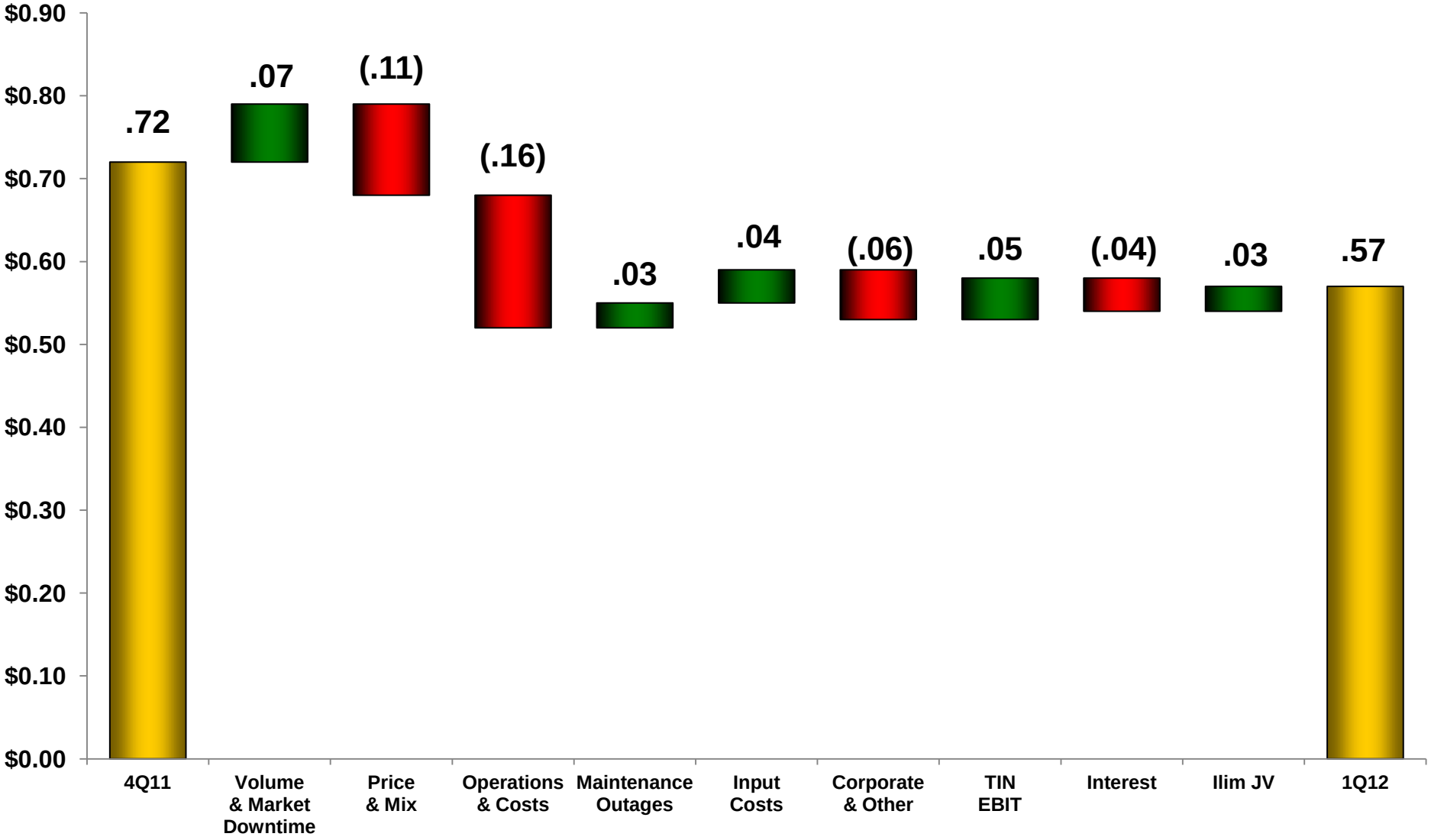
Demonstrated Step Change in Performance

INTERNATIONAL PAPER



Earnings from continuing operations before special items as reported at the time
2000-2010 as originally reported
2011 reflects earnings adjusted for elimination of the Ilim JV reporting lag

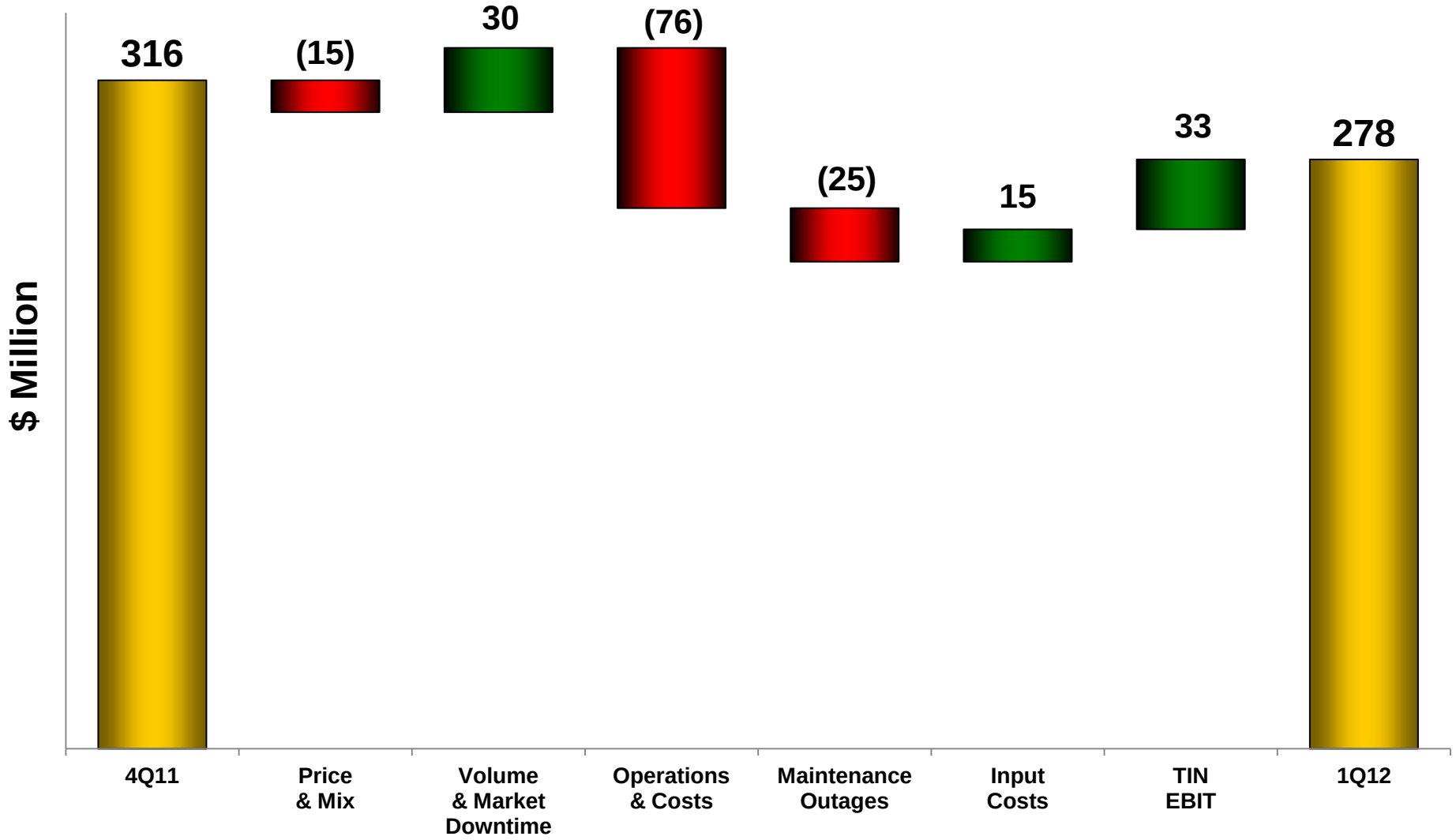
1Q12 vs. 4Q11 EPS



Earnings from continuing operations before special items

Industrial Packaging
1Q12 vs. 4Q11

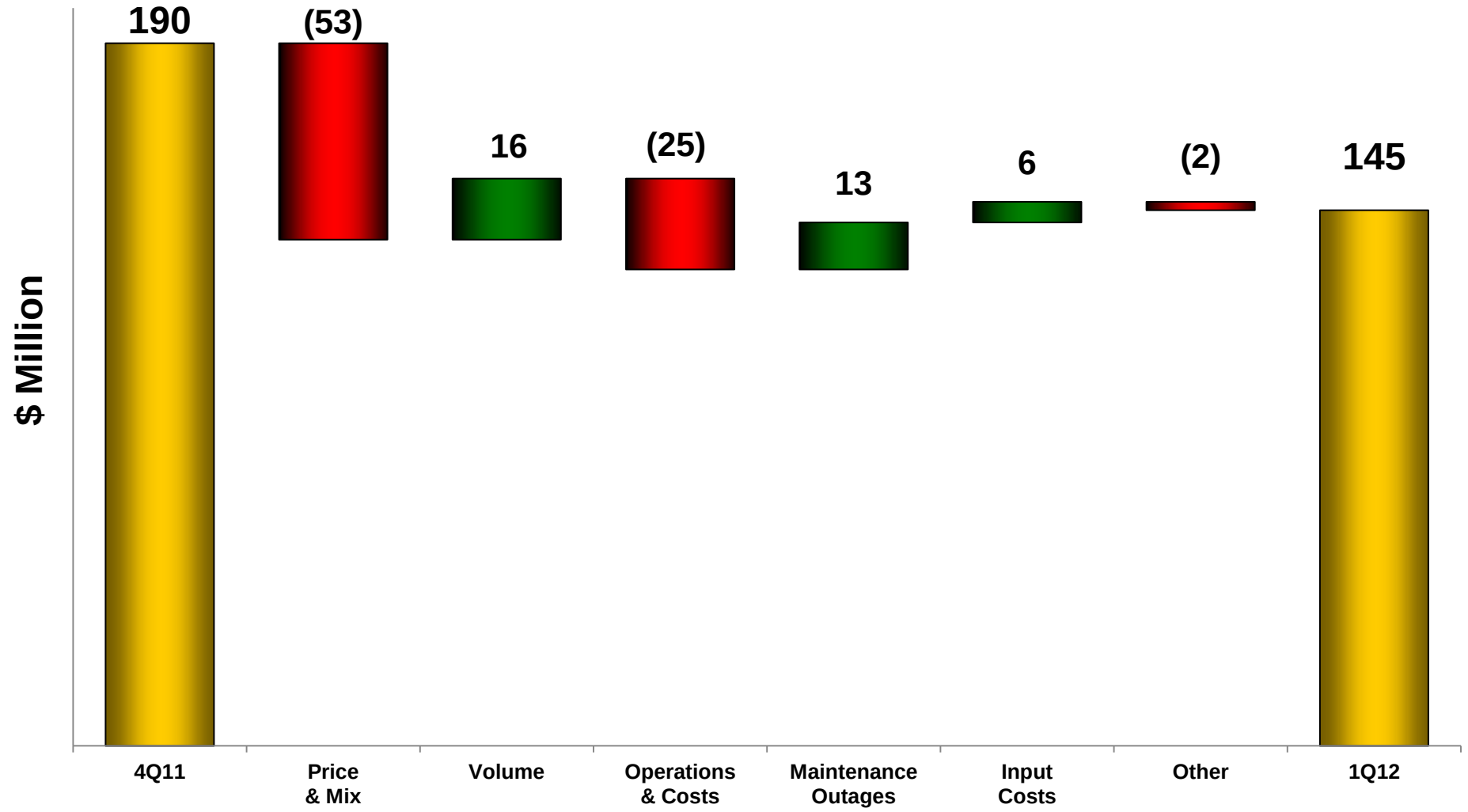
INTERNATIONAL PAPER



Earnings from continuing operations before special items

Printing Papers
1Q12 vs. 4Q11

INTERNATIONAL PAPER



Earnings from continuing operations before special items

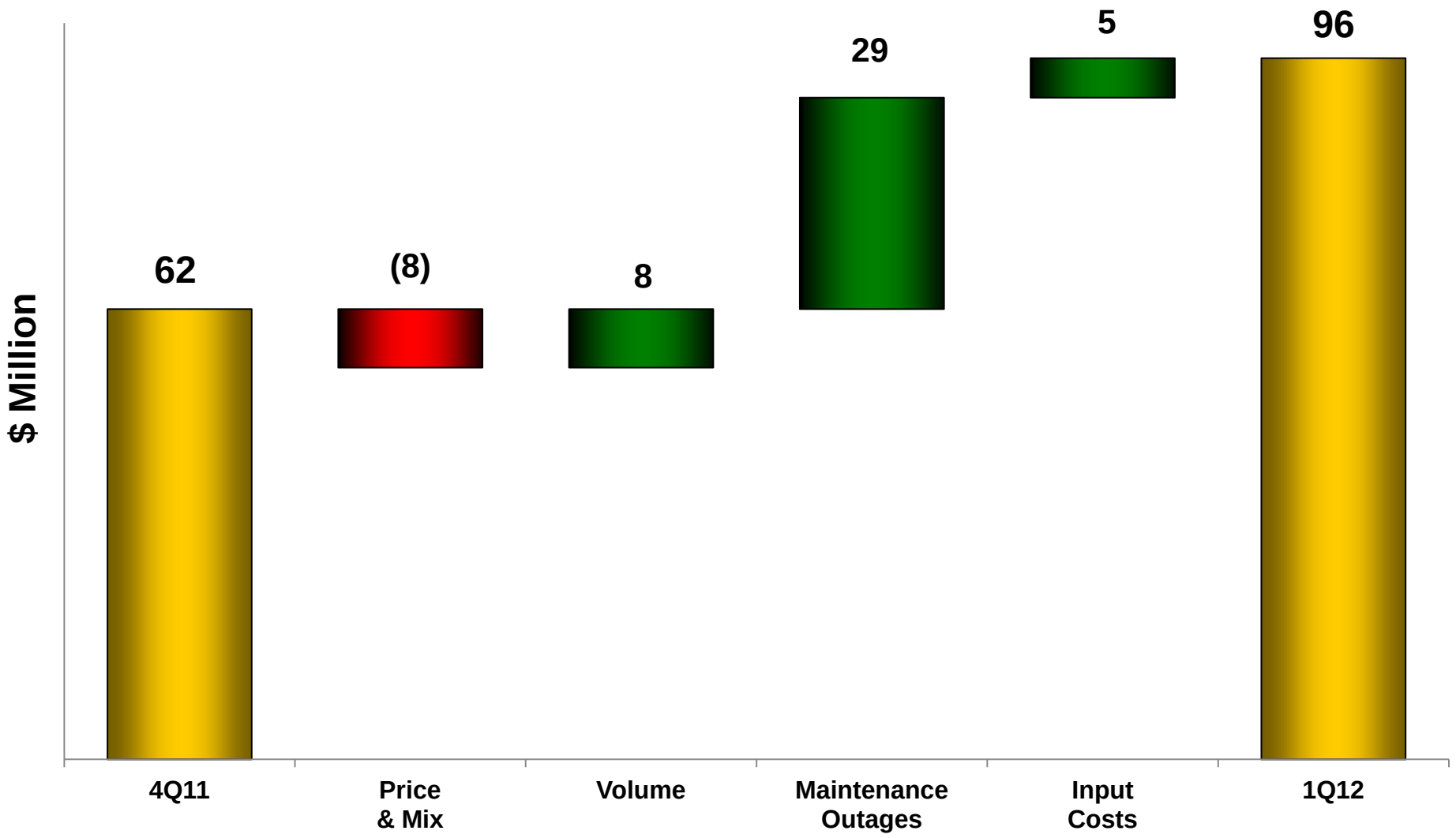
IP Brazil

$ Million	1Q11	4Q11	1Q12
Sales	$285	$320	$270
Earnings	$48	$45	$23
EBITDA Margin	30%	26%	22%

	1Q12 vs. 4Q11		1Q12 vs. 1Q11	
Business	Volume	Price / Ton	Volume	Price / Ton
Uncoated Freesheet	(10%)	($33)	0%	($53)
Domestic	(29%)	$19	(2%)	($19)
Export	8%	($66)	2%	($74)

IP Brazil results are reported in the Printing Papers segment
Earnings and EBITDA from continuing operations before special items

Consumer Packaging
1Q12 vs. 4Q11



Earnings from continuing operations before special items

Ilim Joint Venture
1Q12 vs. 4Q11

INTERNATIONAL PAPER

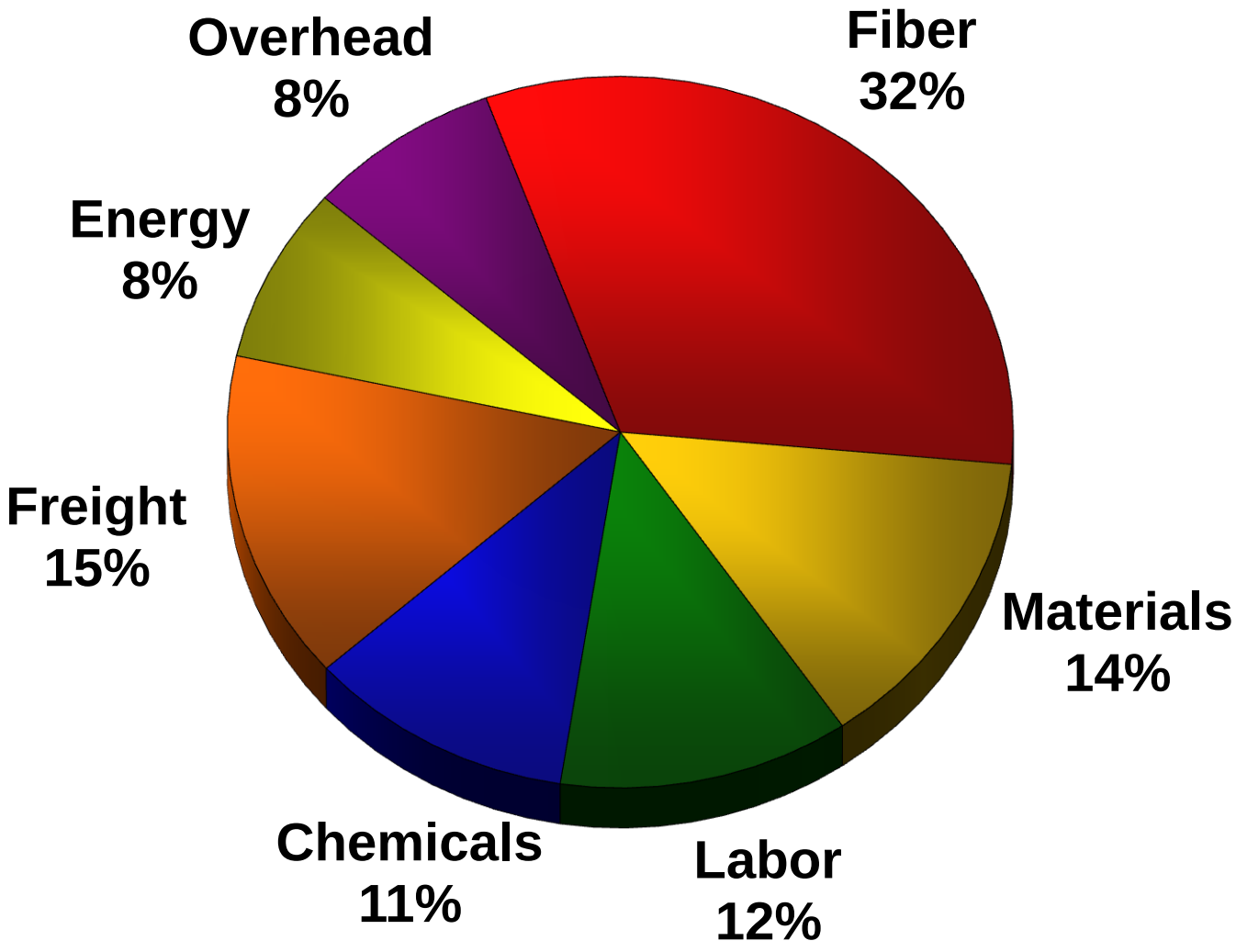
$ Million	1Q11	4Q11	1Q12
Sales (100%)	$580	$500	$490
Earnings (IP Share)	$56	$25	$40

	1Q12 vs. 4Q11		1Q12 vs. 1Q11	
Business	Volume	Price / Ton	Volume	Price / Ton
Pulp	6%	($67)	1%	($166)
Containerboard	(5%)	($48)	(10%)	($117)

- USD-denominated debt balance of ~$1 billion at Ilim JV
  - Ilim JV's functional currency is the Ruble (RUR)
  - Non-functional-denominated currency balances are remeasured monthly using the month end exchange rate

IP's share of Ilim's reported earnings for 1Q11 & 1Q12 include an after-tax foreign exchange gain of $9MM and $30MM, respectively. 4Q11 earnings include an after-tax foreign exchange loss of $8MM.

1Q12 Total North American Mills Cash Cost Components



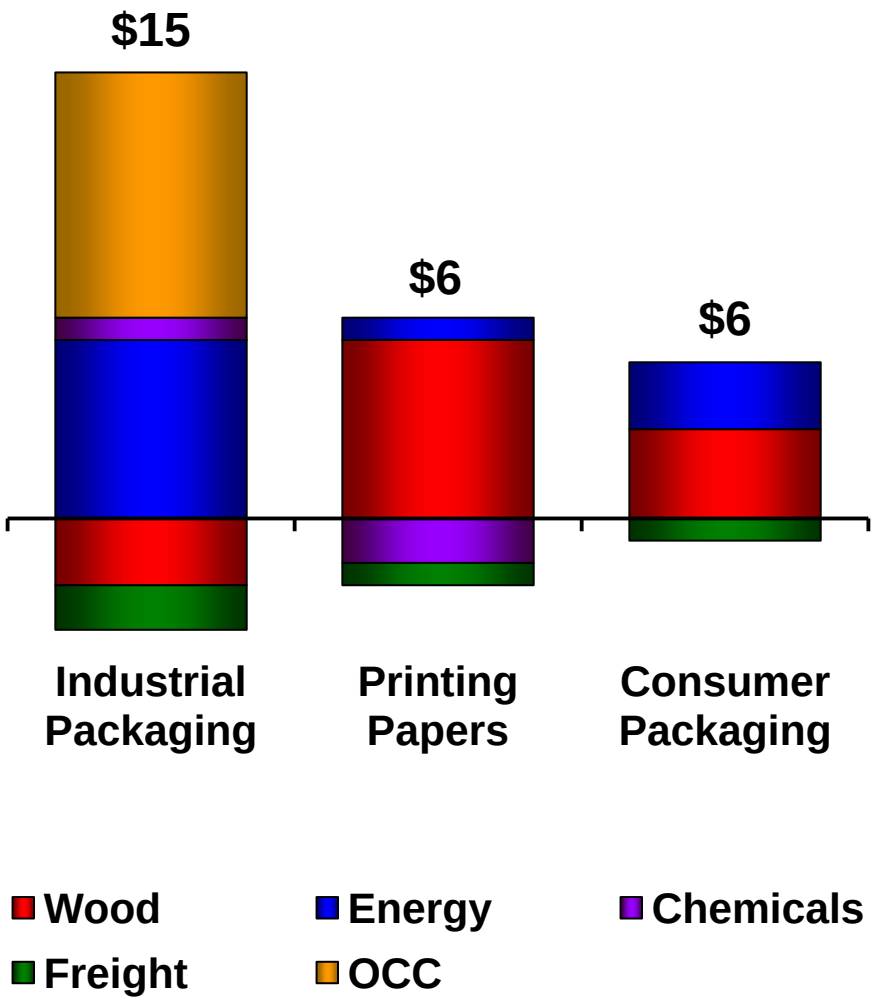
Does not include Temple-Inland mills

Global Input Costs vs. 4Q11

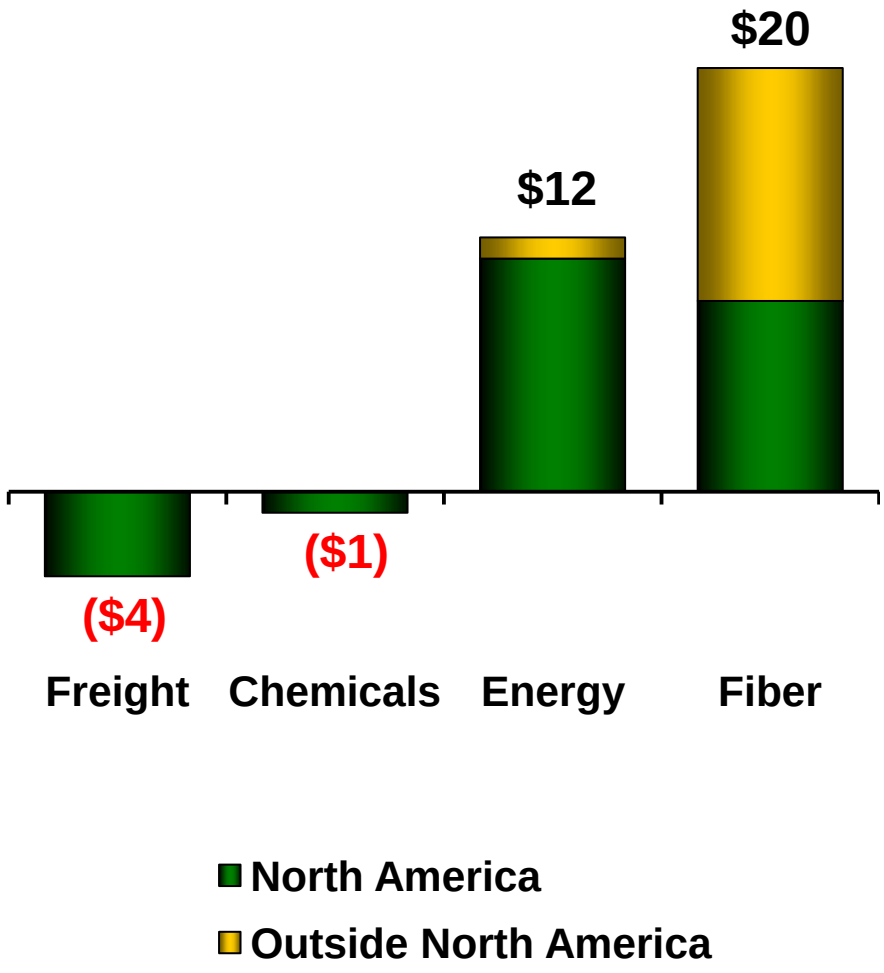
$27 MM Favorable, or $0.04/Share

INTERNATIONAL PAPER

By Business



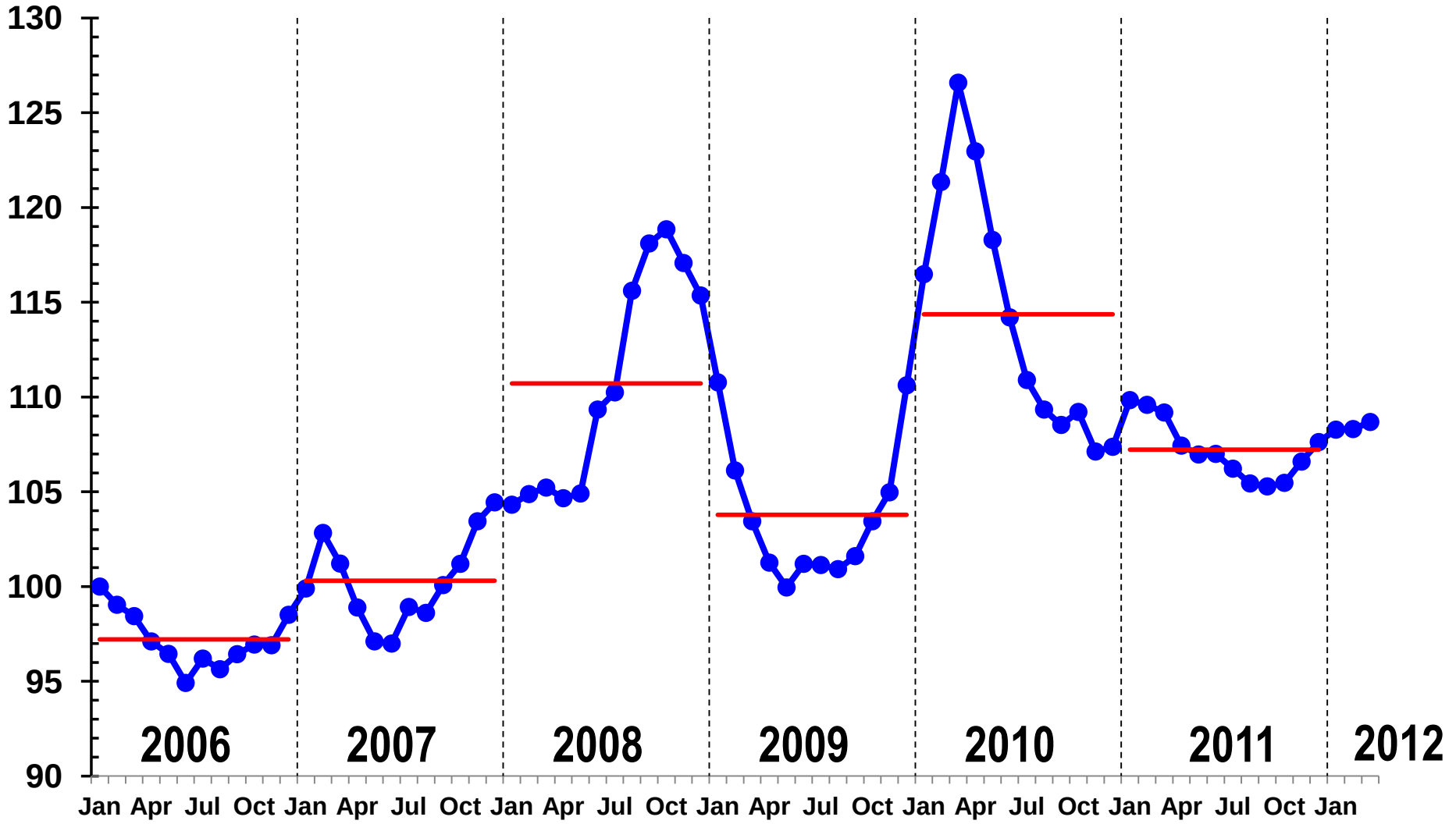
By Input Type



U.S. Mill Wood Delivered Cost Trends

2% Increase vs. 4Q11 Average Cost

INTERNATIONAL PAPER

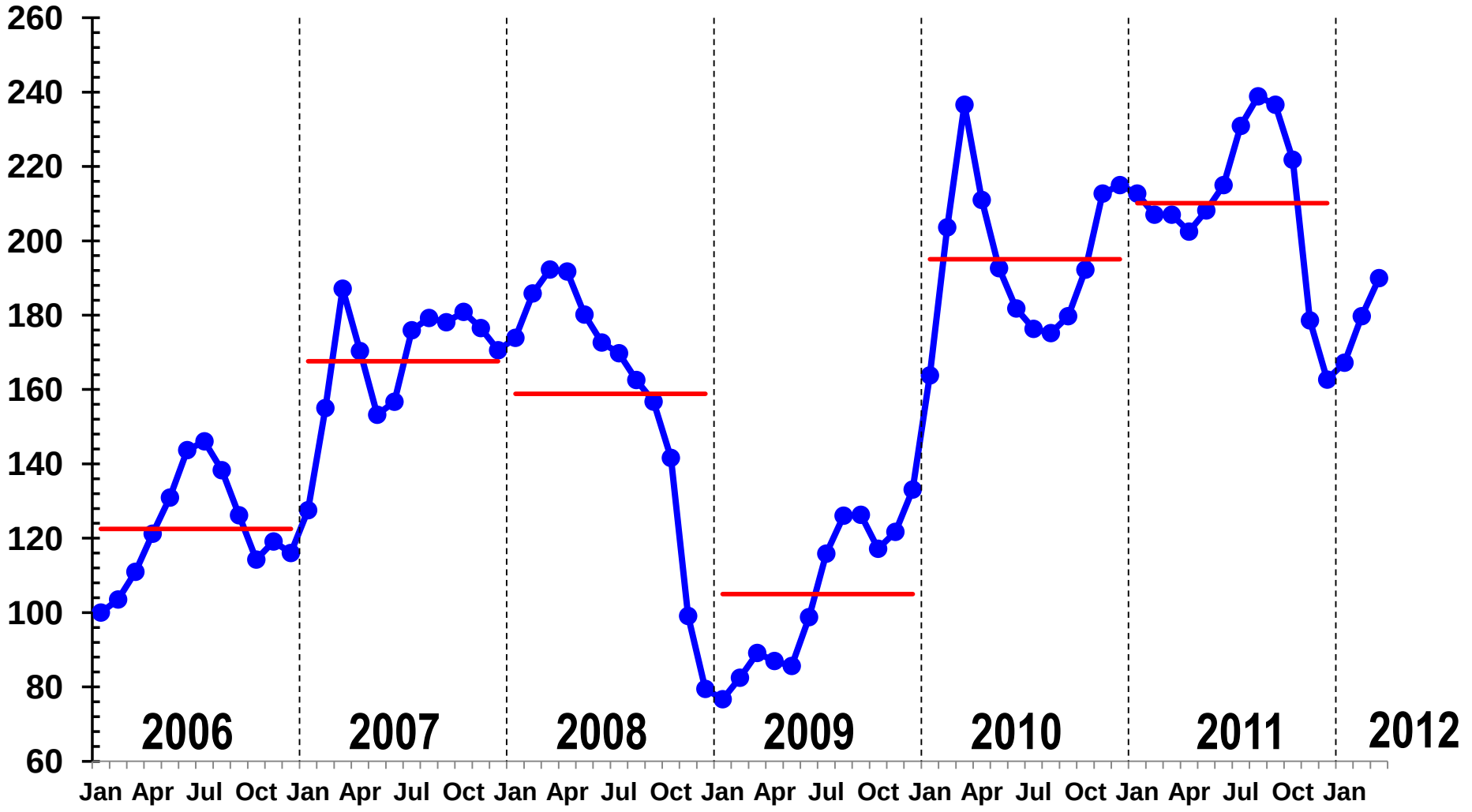


Cost Indexed to January 2006 values

U.S. OCC Delivered Cost Trends

5% Decrease vs. 4Q11 Average Cost

INTERNATIONAL PAPER



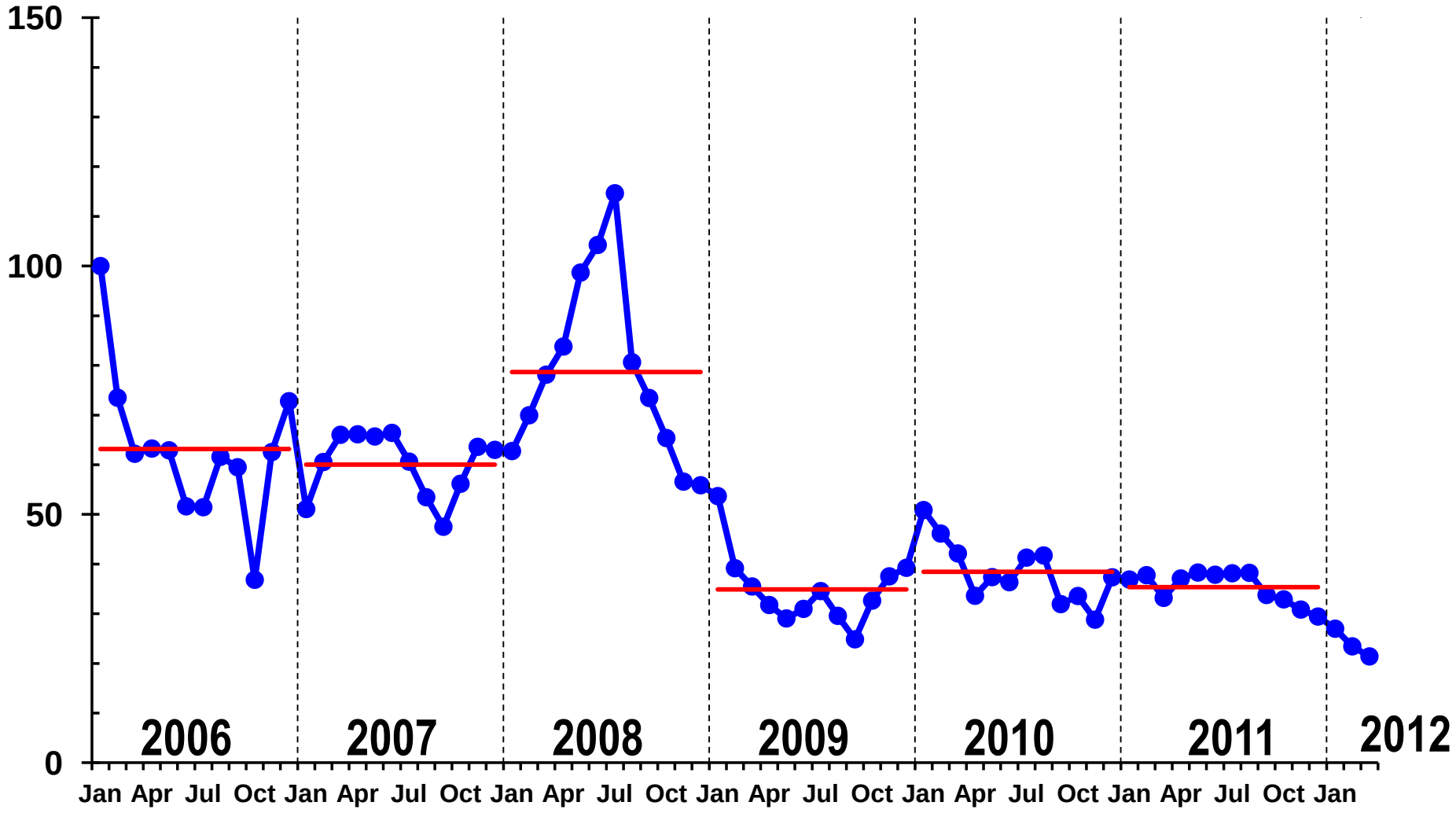
Cost Indexed to January 2006 values

2006-2007 represents WY PKG delivered costs; 2008-2010 represents delivered costs to the integrated system

Natural Gas Costs

23% Decrease vs. 4Q11 Average Cost

INTERNATIONAL PAPER



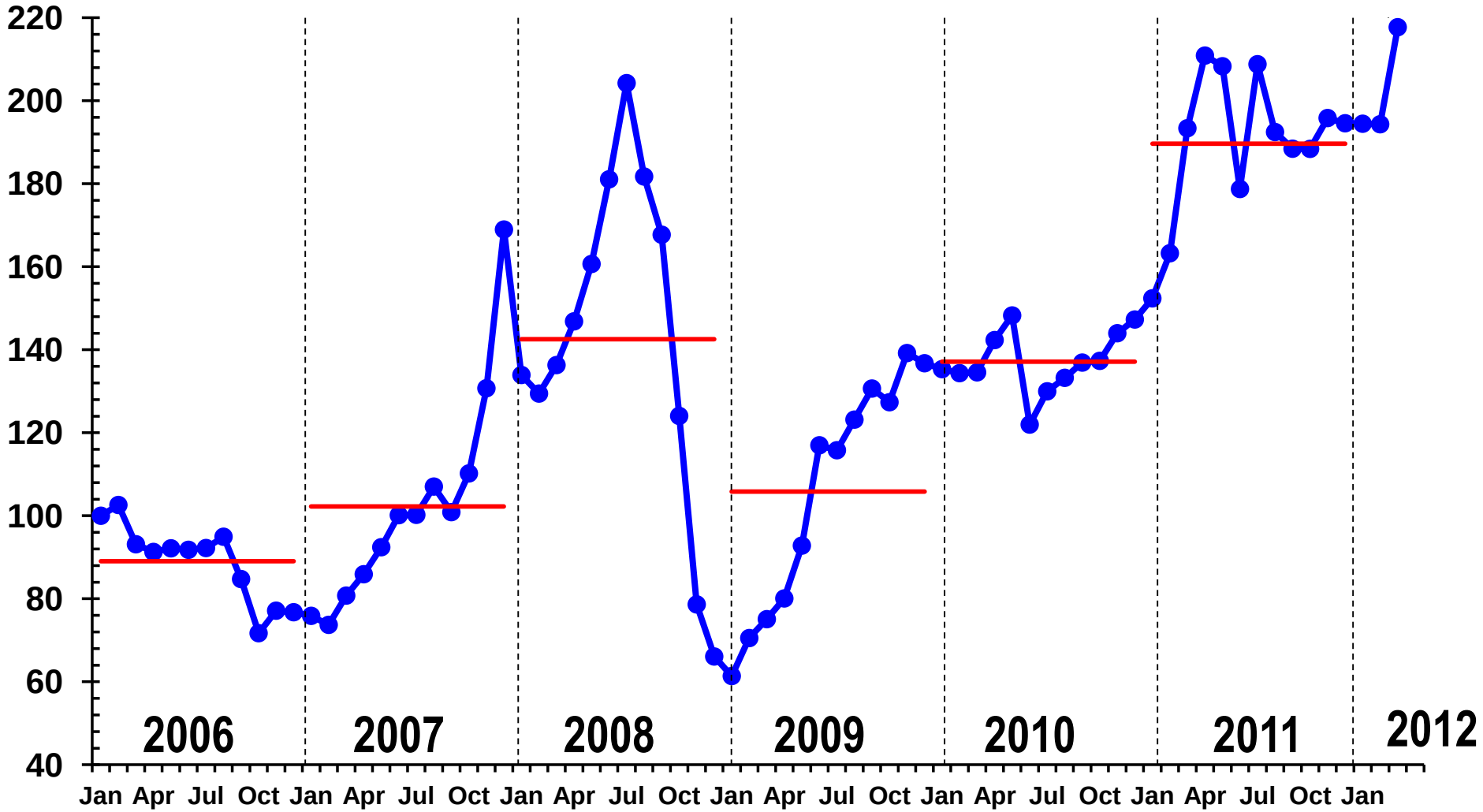
Cost Indexed to January 2006 values

NYMEX Natural Gas closing prices

U.S. Fuel Oil

5% Increase vs. 4Q11 Average Cost

INTERNATIONAL PAPER



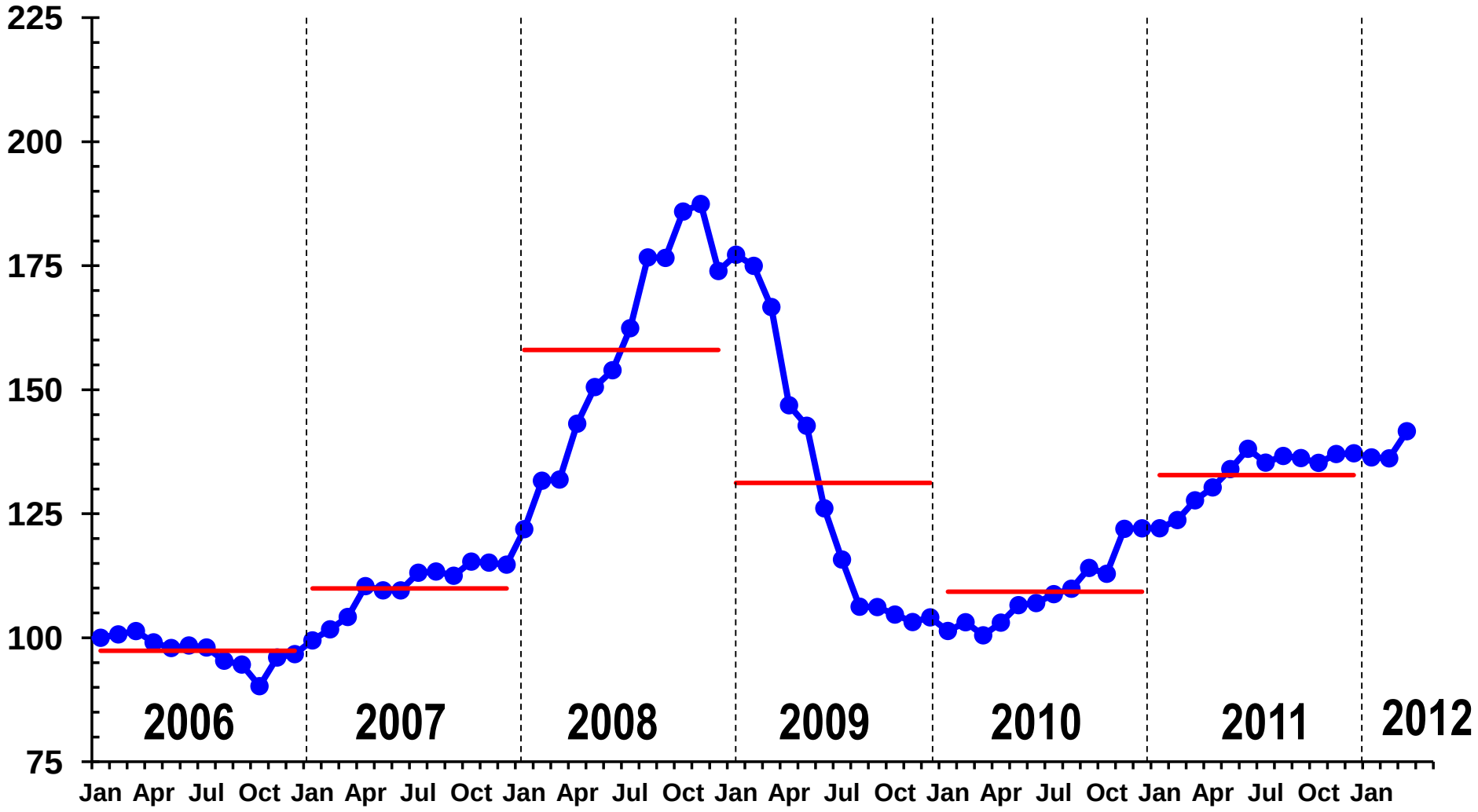
Cost Indexed to January 2006 values

WTI Crude prices

U.S. Chemical Composite Index

1% Increase vs. 4Q11 Average Cost

INTERNATIONAL PAPER



Cost Indexed to January 2006 values

Delivered cost to U.S. facilities; includes Caustic Soda, Sodium Chlorate, Starch and Sulfuric Acid 2006 - 2008 excludes WY PKG

2012 Global Consumption

Annual Purchase Estimates for Key Inputs

INTERNATIONAL PAPER

	Commodity	U. S.	Non – U. S.
Energy	Natural Gas (MM BTUs)	54,000,000	13,000,000
	Fuel Oil (Barrels)	1,100,000	380,000
	Coal (Tons)	700,000	500,000
Fiber	Wood (Tons)	53,400,000	8,700,000
	Old Corrugated Containers (Tons)	3,900,000	100,000
Chemicals	Caustic Soda (Tons)	350,000	100,000
	Starch (Tons)	420,000	56,000
	Sodium Chlorate (Tons)	200,000	50,000
	LD Polyethylene (Tons)	41,000	-
	Latex (Tons)	24,000	7,000

Does not include Asian or Ilim JV consumption
Estimates are based on normal operations and may be impacted by downtime
Excludes volumes related to mills expected to be divested and TIN Building Products