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Deutsche Bank

Global Industrials & Basic Materials Conference

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; (vi) risks inherent in conducting business through a joint venture; (vii) 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; (viii) the failure to realize synergies and cost savings from the Temple-Inland transaction or delay in realization thereof; and (ix) 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. With regard to the forward-looking information regarding our 50/50 Ilim joint venture in Russia, we note in particular that the information has been provided by the Ilim joint venture's management, as further explained herein.

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"

AGENDA

- Repositioned and Well-Positioned
- Step-Change in Financial Performance
- Reaching our Post Transformation Potential
- North America Industrial Packaging EBITDA Potential
- Temple-Inland Integration Update
- North American Strategic Roadmap
- 2Q & 2012 Outlook

Who We Are: 2012 Snapshot
Repositioned and Well-Positioned

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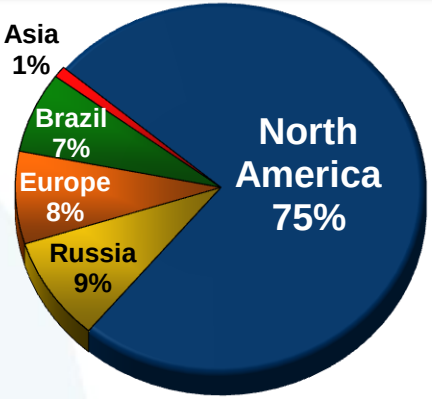
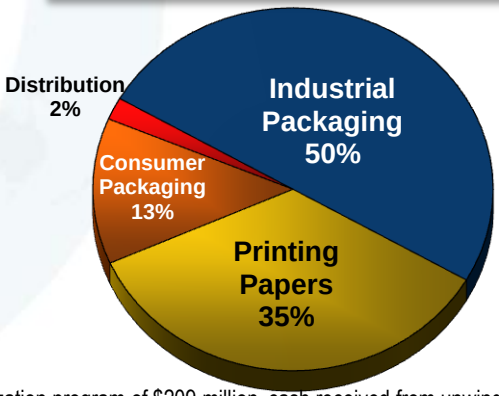
Leading Global Provider of Paper and Packaging

($ Billions)	IP 2011	TIN 2011[3]	IP + TIN 2011 Pro Forma
Revenue	$26.0	$4.0	$30.0
EBITDA (before special items)	$3.7	$0.4	$4.3[4]
EBITDA Margins	14%	10%	14%[4]
Free Cash Flow	$1.7[1]	$0.1	$1.9[4]
Shareholder Return			
Dividend	$1.05		
Dividend Yield	3.5%[2]		
Employees	~59,500	~10,000	~70,000
Countries	>24	3	>24

EBITDA by Region[5]



EBITDA by Segment[5]



[1] Excludes cash contributed to pension plan of $300 million, an increase in working capital related to the cessation of the European A/R securitization program of $209 million, cash received from unwinding a timber monetization of $175 million and a tax receivable collected related to pension contributions of $123 million.

[2] Dividend Yield based on closing share price at December 30

[3] TIN reflects 9M11 actual results annualized

[4] Includes ($0.1) billion of mill divestitures and $0.3 billion in run rate synergies, net of taxes

[5] Based on 2011 EBITDA before special items; Russia includes the Svetogorsk mill and IP's share of Ilim JV equity earnings; Printing Papers segment includes Ilim JV; IP's share of Ilim JV equity earnings reflect approximate proportional adjustments for interest & tax

Step-Change in Financial Performance

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- Strong full-year 2008-2011 results – despite downturn
- Margin expansion and emerging market growth driving earnings improvement
- Solid operations and cost management performance across businesses and geographies
- Structural improvements in IP's N.A. businesses
- Outstanding results from ILIM JV
- Excellent cash generation
- Improving return on investment

Reaching Our Post Transformation EBITDA Potential

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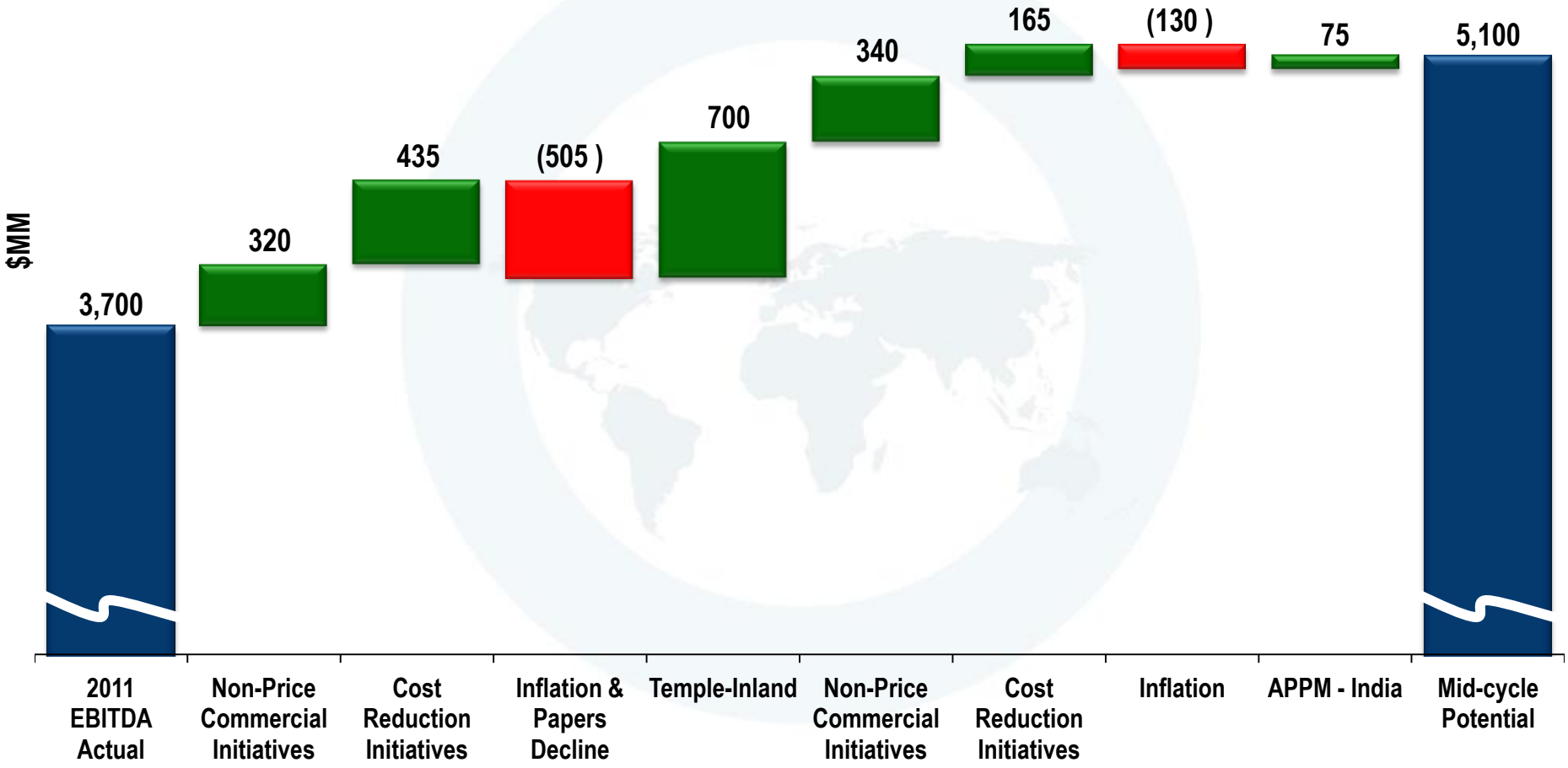

Earnings before special items

Reaching Our Post Transformation EBITDA Potential

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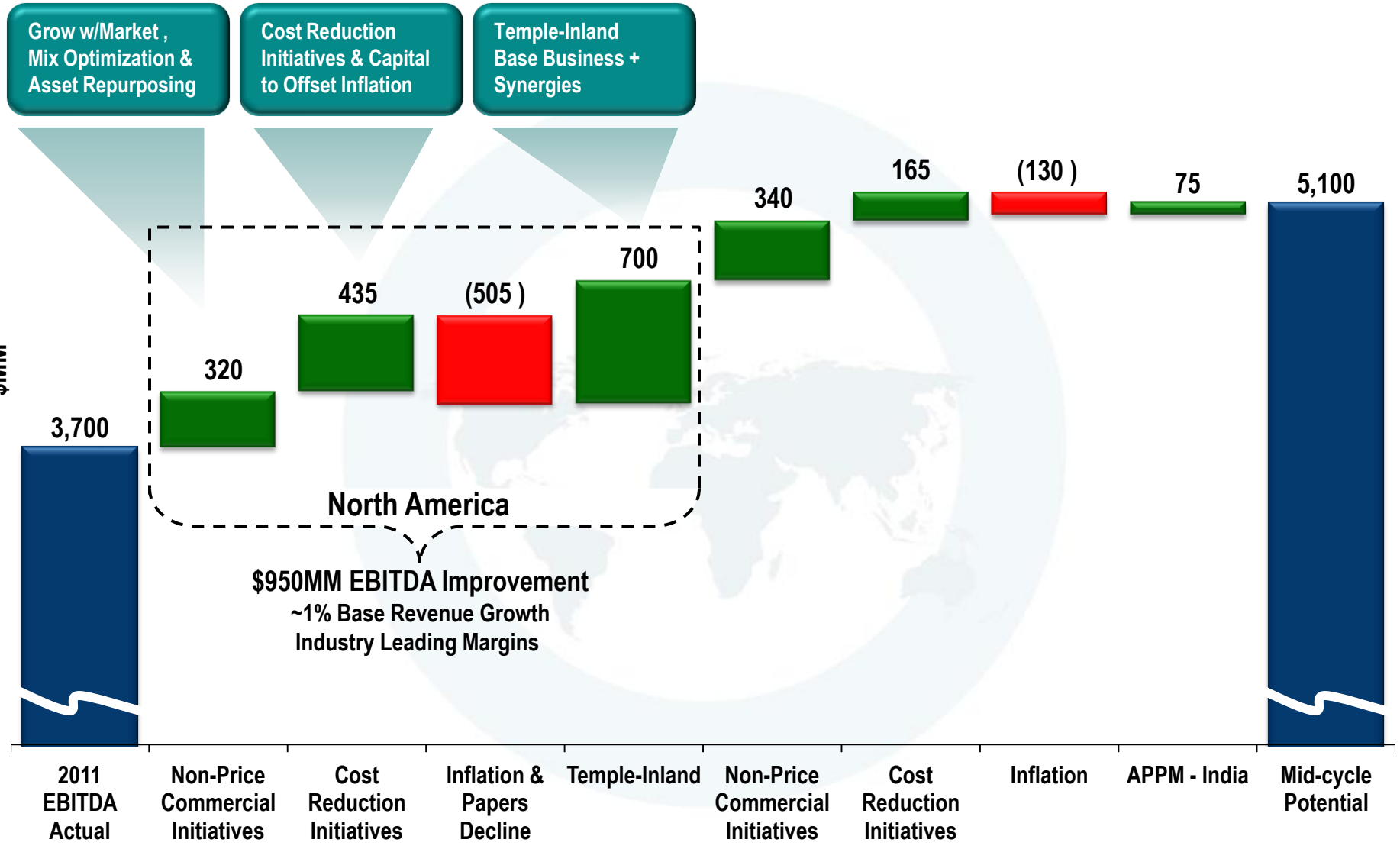

Earnings before special items

Reaching Our Post Transformation EBITDA Potential

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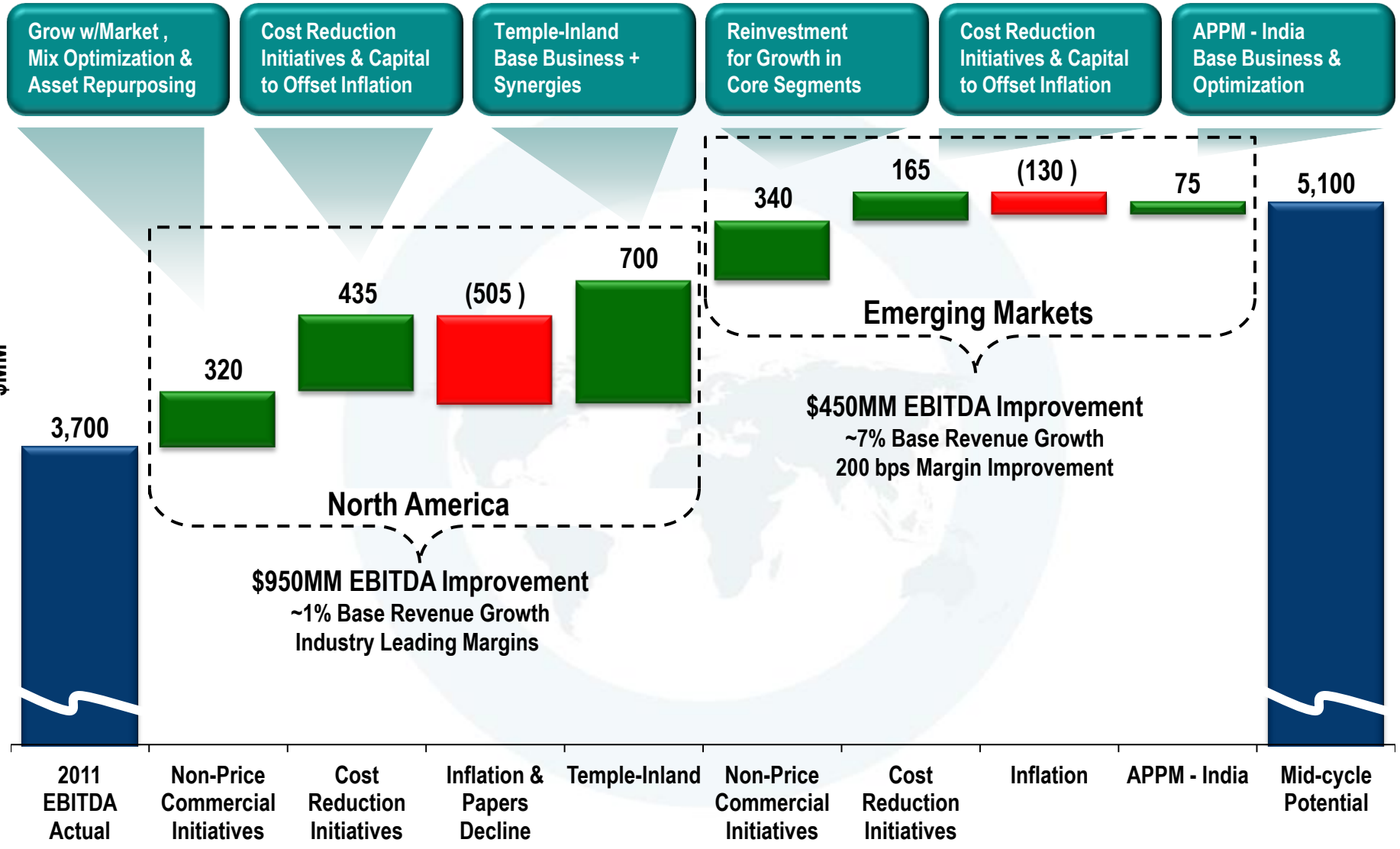

Earnings before special items

Reaching our Post Transformation Potential

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	2005	2011	Mid-Cycle Potential
Revenue ($Billion)	24	26	33
EBITDA[1] ($Billion)	2.8	3.7	5.1
EBITDA Margin	12%	14%	15%
Free Cash Flow[2] ($Billion)	0.4	1.7	2.2
ROI	4%	8%	9%

Earnings before Special Items

[1] 2005 EBITDA includes discontinued operations.

[2] Free cash flow before dividends; 2011 excludes a $209 MM increase in working capital related to the cessation of the European A/R securitization program, $123 MM tax receivable collected related to pension contributions, $300 MM cash paid for voluntary pension contribution and $175 MM cash received from unwinding a timber monetization. 2015 excludes similar items.

Strategic Earnings Drivers

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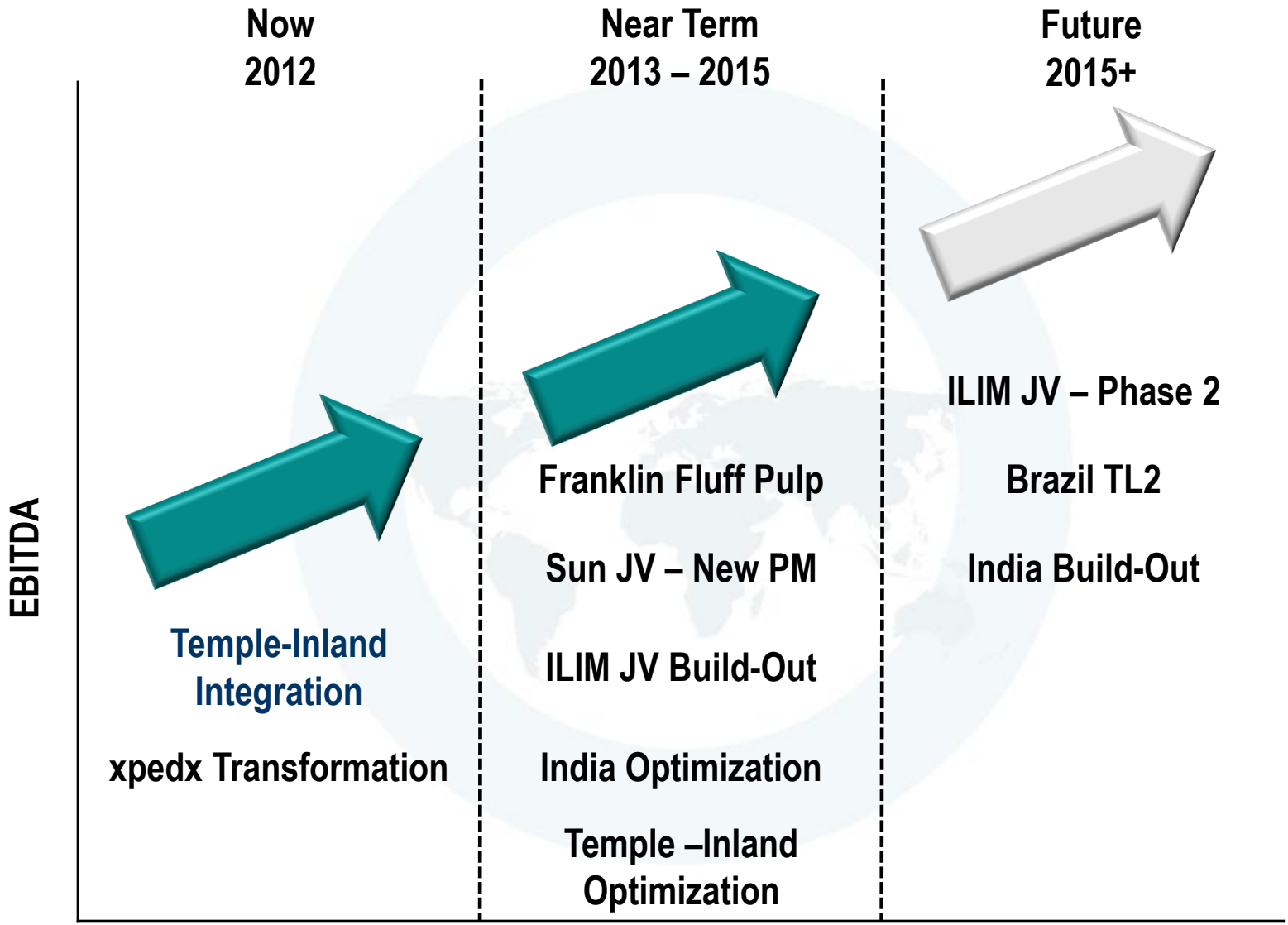

Poised for Further Success

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- Significant runway with current portfolio
- Balanced growth of revenue and EBITDA
  - N.A. consolidation
  - Emerging market growth
- Greater than cost of capital returns
- Increasing cash generation enables both reinvestment and return of capital to shareholders

North America Industrial Packaging
EBITDA Potential

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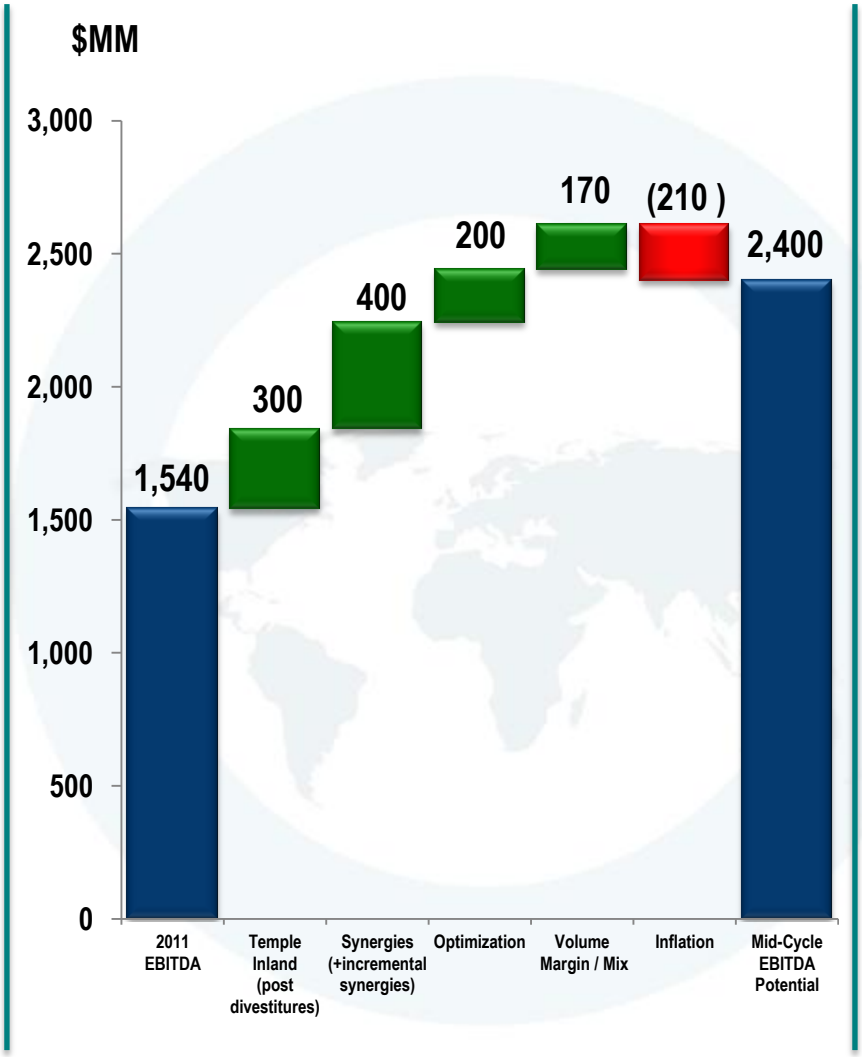

Key Drivers

- Base Temple-Inland Business (less divestitures)
- Synergies
- Cost Reduction Initiatives and Capital Spending More Than Offset Inflation
- Domestic Volume Growth with the Market
- Kraft Liner Exports
- Market Optimization

Earnings before special items

North America Industrial Packaging Strategy

Positioned to Generate Strong Free Cash Flow

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- Meet customer demand with our lowest delivered cost of supply
- World class low-cost mill system for competitive advantage
- Competitive and profitable box business
- Optimize market access

Premier Industrial Packaging Business in North America

Temple-Inland Integration
More Synergies, Faster

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Synergy Category	Description	Current Outlook ($MM)	2Q12 Run Rate Annualilzed
S G & A	• Eliminate Duplication	$115	~75% Achieved
Containerboard Mills / Supply Chain	• Grade / Machine Mix Optimization • Efficiency Improvements • Logistics Optimization	$90	~15% Achieved
Box Plants	• System Streamlining • Customer and Segment Optimization	$150	~30% Achieved
Sourcing	• Purchasing Consolidation	$45	~40% Achieved
Synergy Target		**$400**	**~$165**

N.A. Industrial Packaging Leadership Team

Successful History Leading Large Scale Integration

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- Experienced in leading large scale acquisitions
- Leadership structure in place ready to integrate before acquisition
- Leveraging best practices from recent integration
- Integrating quickly across all functions
- Bringing full capability of IP resources to bear
- Getting results to bottom line quickly

Corrugated Box Business
$200MM of Opportunity

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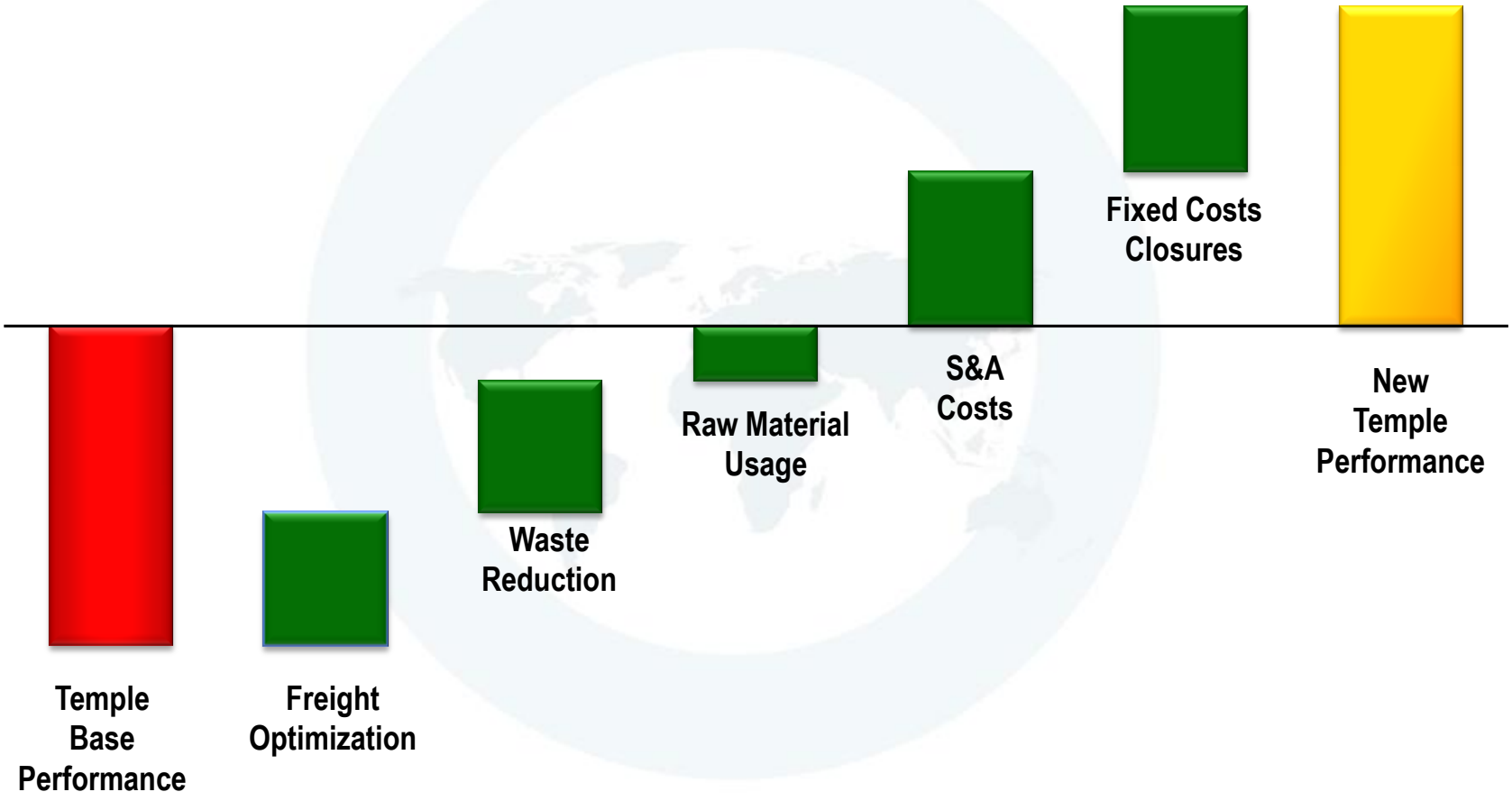
Moving Temple Box to IP Box Performance
($150MM of Synergy + $50MM further Optimization)



IP Strategy & Execution
Well-Positioned in Attractive Customer Segments

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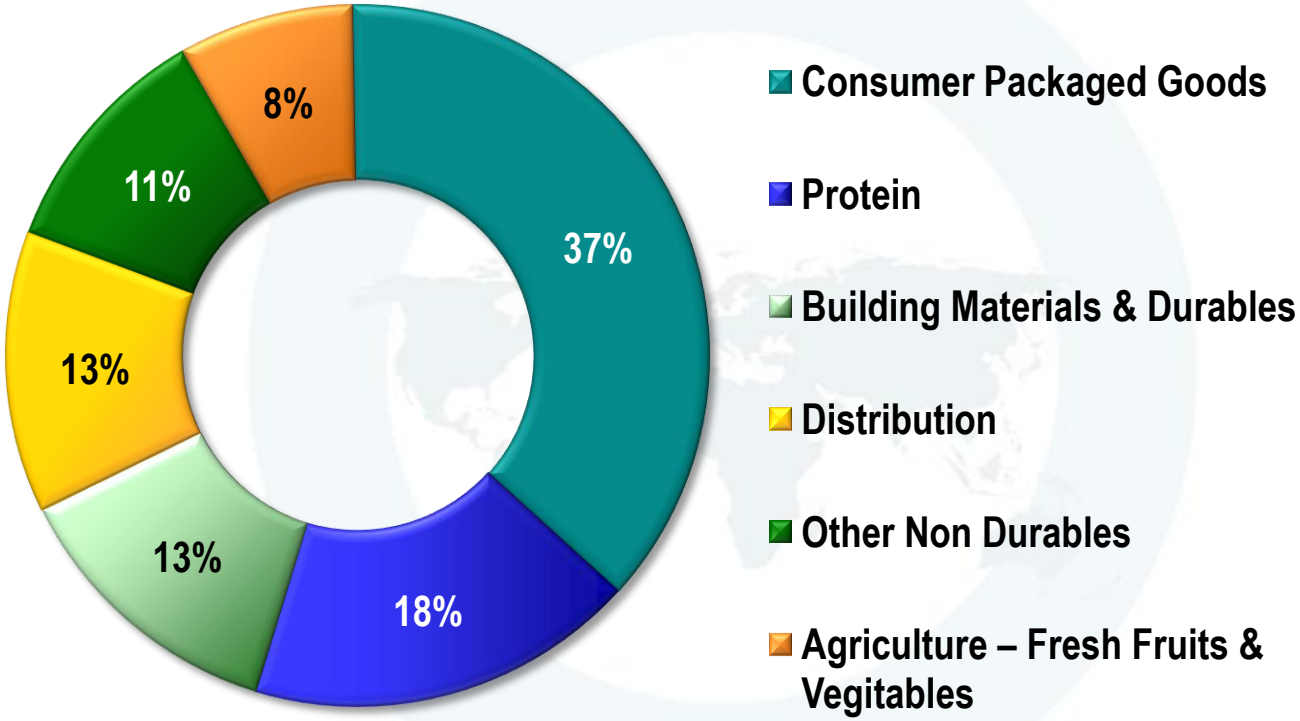
IP Box Shipments by Segment



Reflects IP legacy box shipments by segment
Box shipments in tons of boxes
Source: IP Analysis

U.S. Box Shipments

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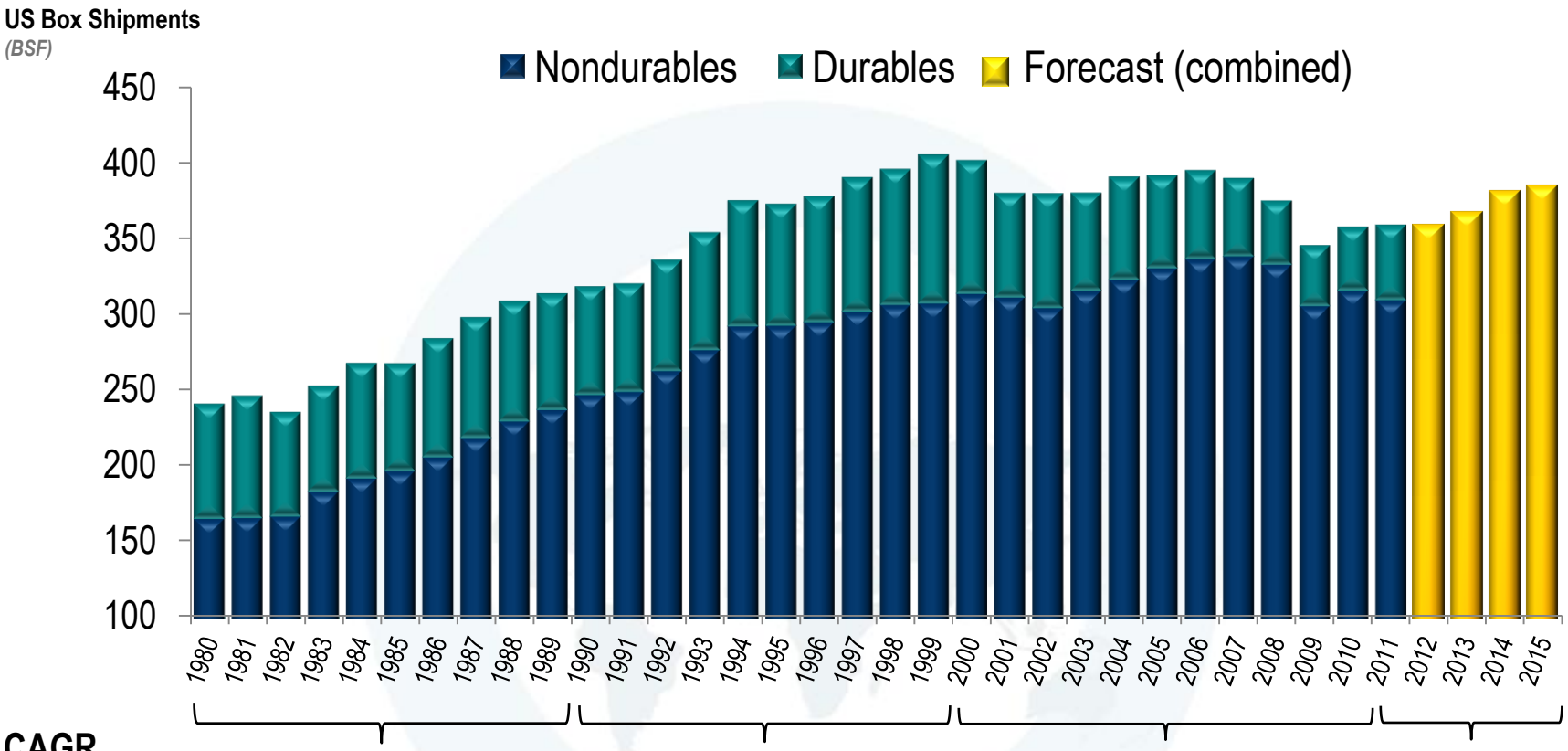

CAGR

Durables	0.2%	3.6%	(3.7%)	2.4%
Nondurables	4.1%	2.5%	0.3%	

Source: FBA
2012-2015 (RISI)

U.S. Containerboard Mill System
$225MM of Opportunity

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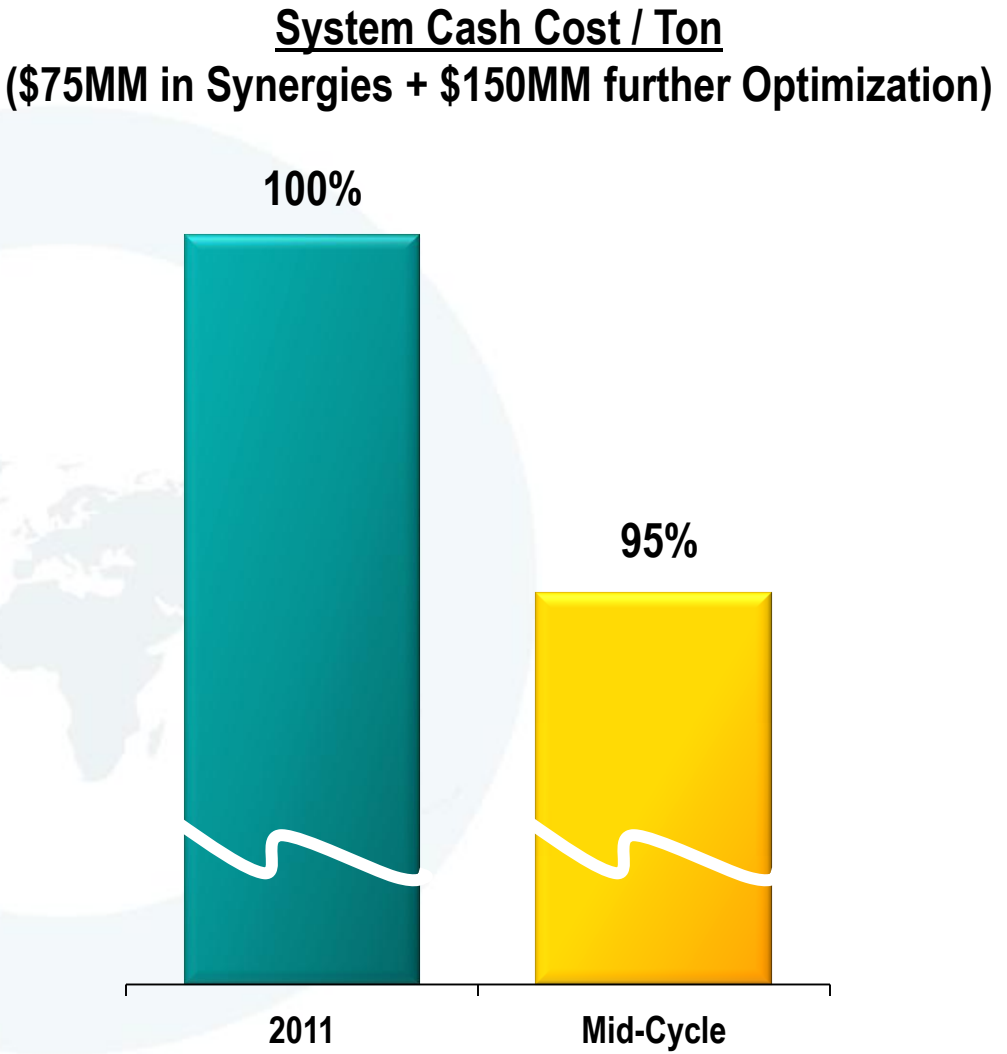
- System optimization opportunities
  - Grade mix optimization
  - Energy projects
  - Fiber optimization
  - Reliability improvements
  - Leverage geographic position for efficient OCC sourcing
  - Flexibility



Global Cost Curve
90% of Capacity in 1st & 2nd Cost Quartiles

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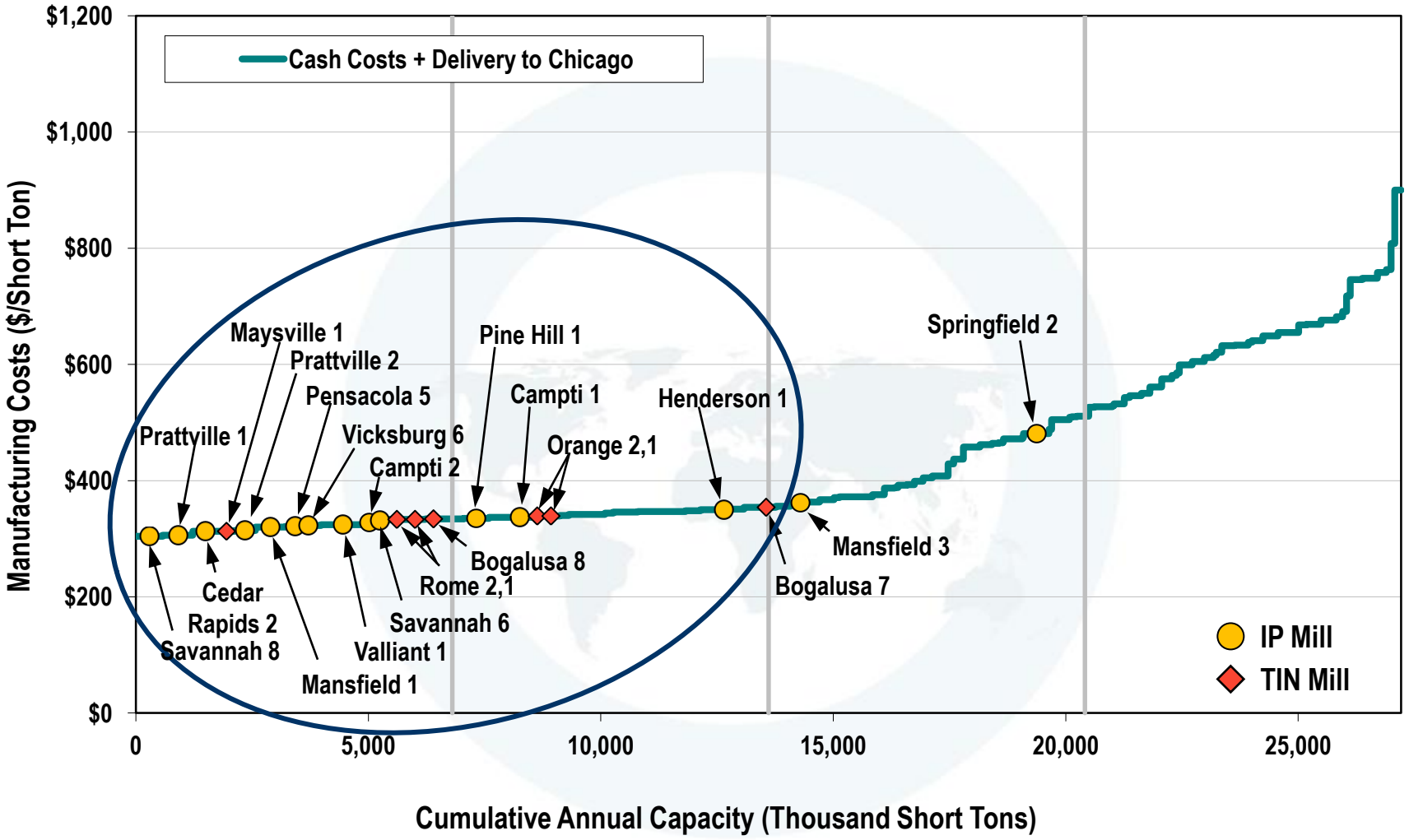

Source: Poyry Costrac 4Q11
42# Global Kraft Linerboard cash cost per ton delivered to Chicago

North America Industrial Packaging
EBITDA Margins

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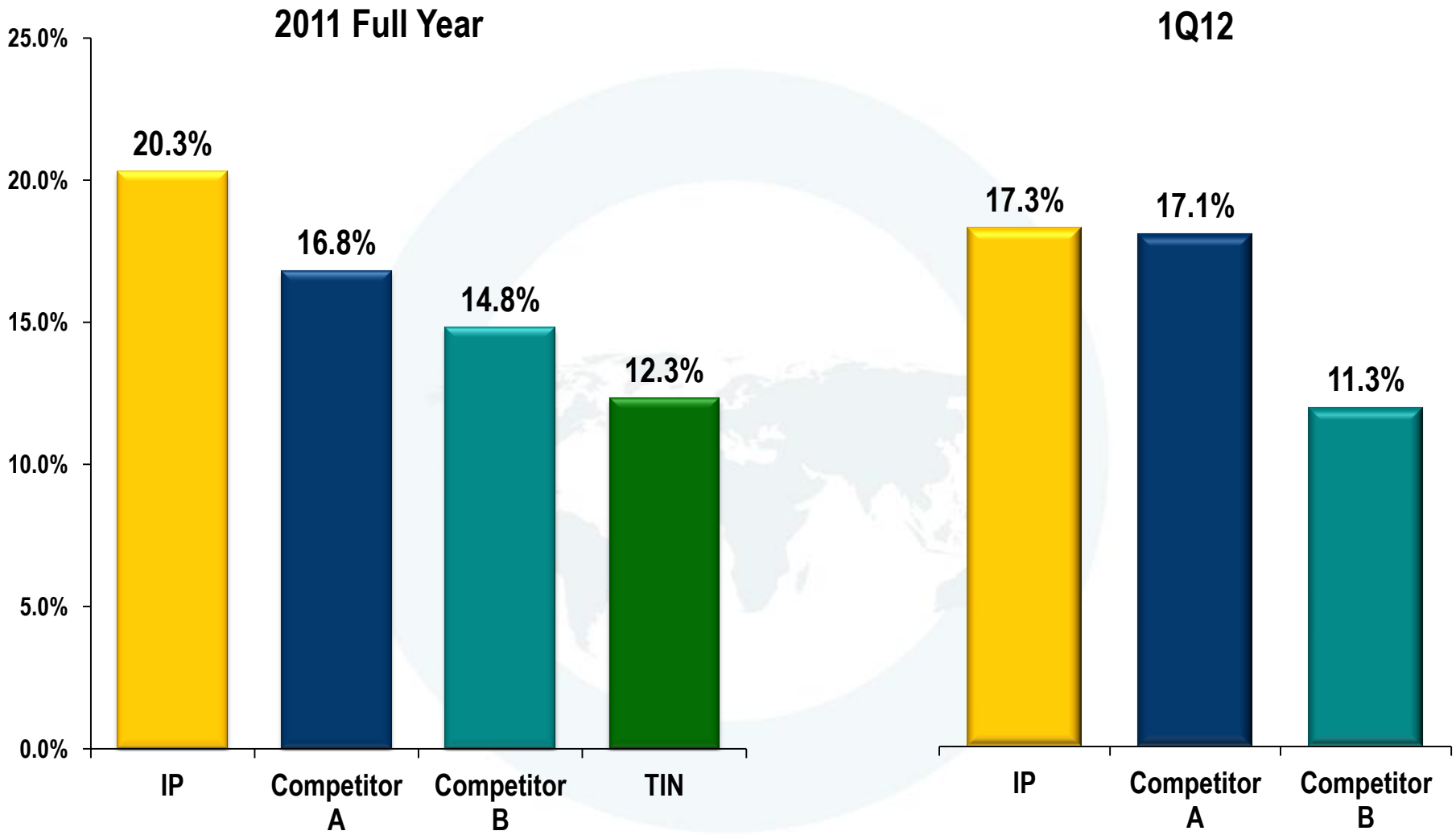

EBITDA % restated for comparison purposes to exclude Trade revenues and Recycling earnings and revenues

Global Corrugated Packaging

30MM Tons of New Containerboard Demand by 2015

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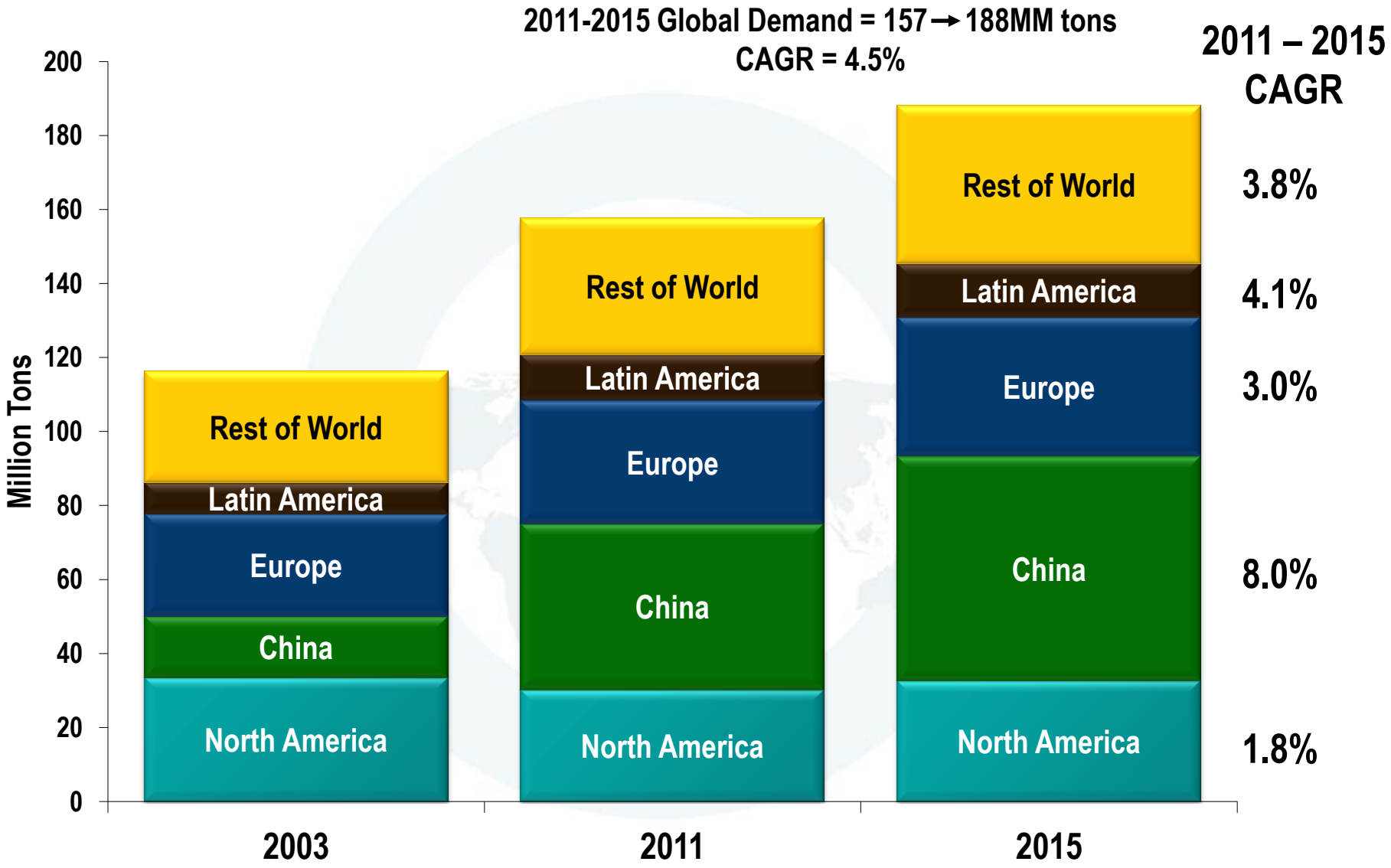

Source: RISI World Containerboard 2012 Forecast

Global Corrugated Packaging
2015 Projected Virgin Linerboard Trade Balance

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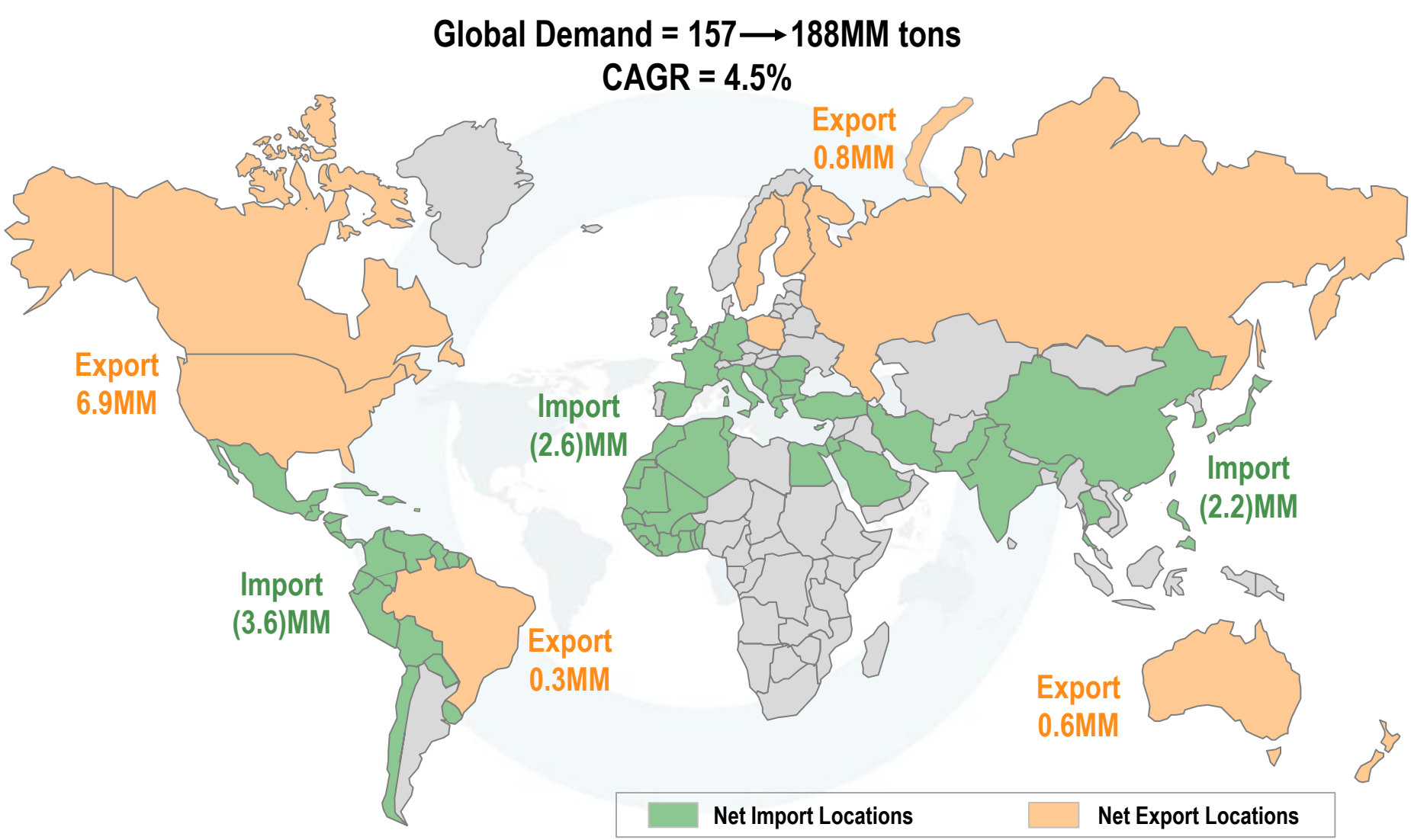

Source: RISI, IPG Analysis

IP Global Industrial Packaging Business

Total of 13 Million Tons of N.A. Containerboard

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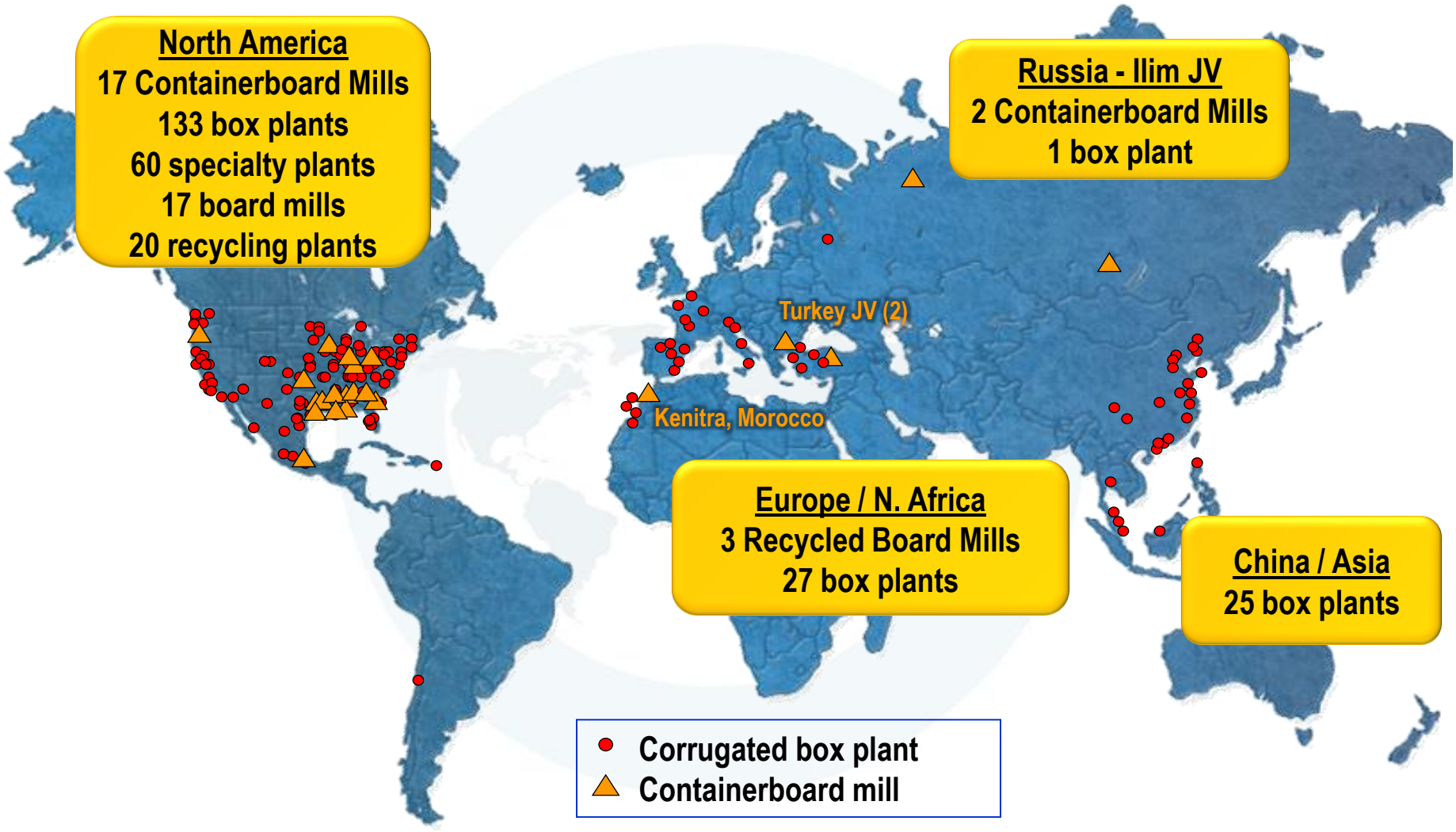

IP+TIN combined, excludes mills expected to be divested

North American Industrial Packaging
Balanced Global Strategy

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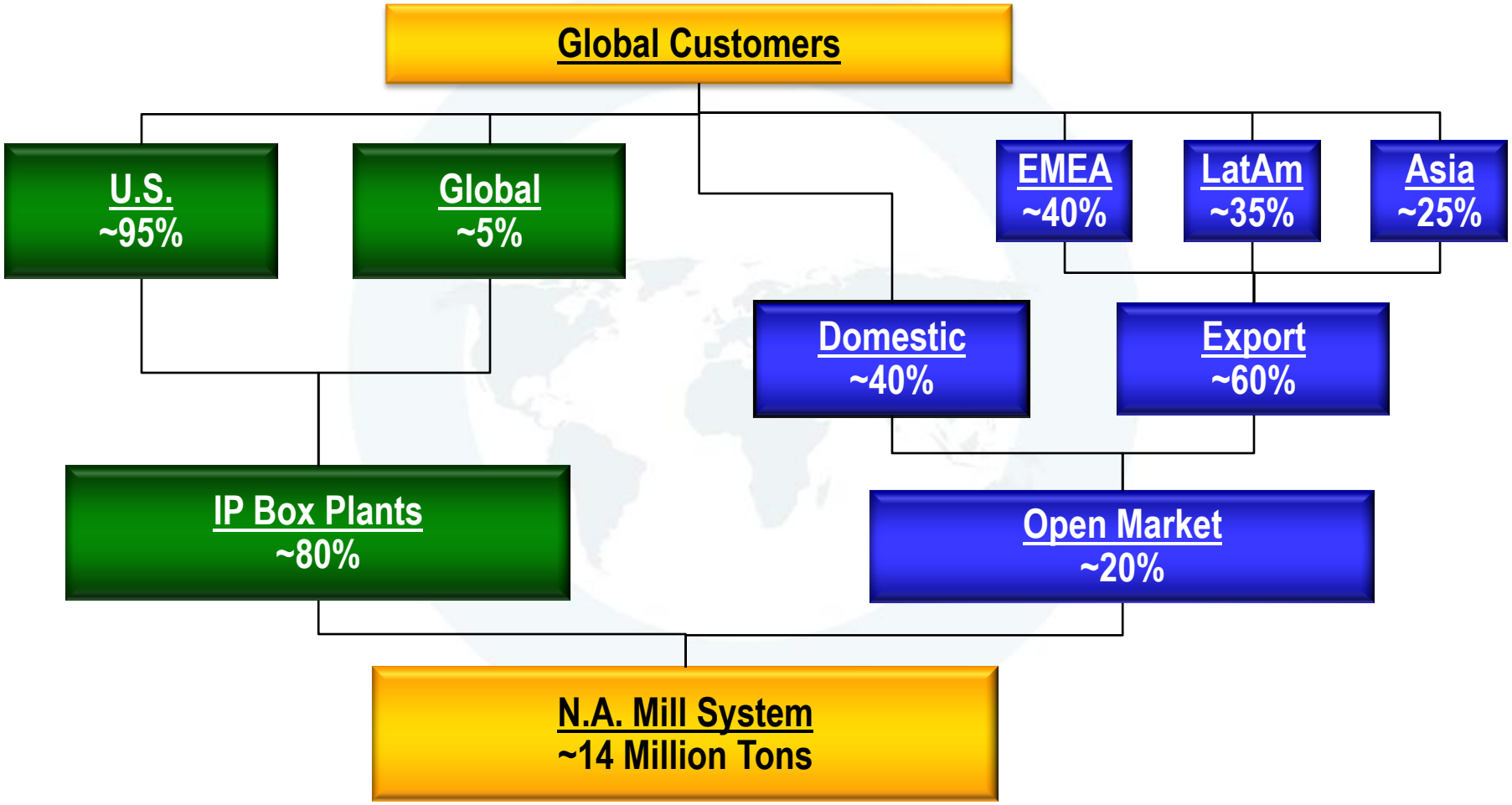
IP's market access provides choices for maximizing value



Note: ~ 1 Million Tons from off-take agreements

Source: IP analysis, 1Q11 run rate

Industrial Packaging Summary

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- Strategic acquisition increases the scale of a business that leads the industry in EBITDA margin
- Greater synergies at a faster pace
- Positive outlook domestic and export
- Strong free cash flow
- Line-of-sight to significant upside potential

IP Today

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- More Focused
- Stronger Businesses
- More Global
- Lower Cost
- More Profitable
- Higher, More Sustainable Cash Flow