INTERNATIONAL PAPER



INVEST Tennessee Equity Conference

Glenn Landau, Vice President Investor Relations

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; (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

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"



Our Vision

To be the global leader in paper & packaging and one of the most respected and successful companies in the world.

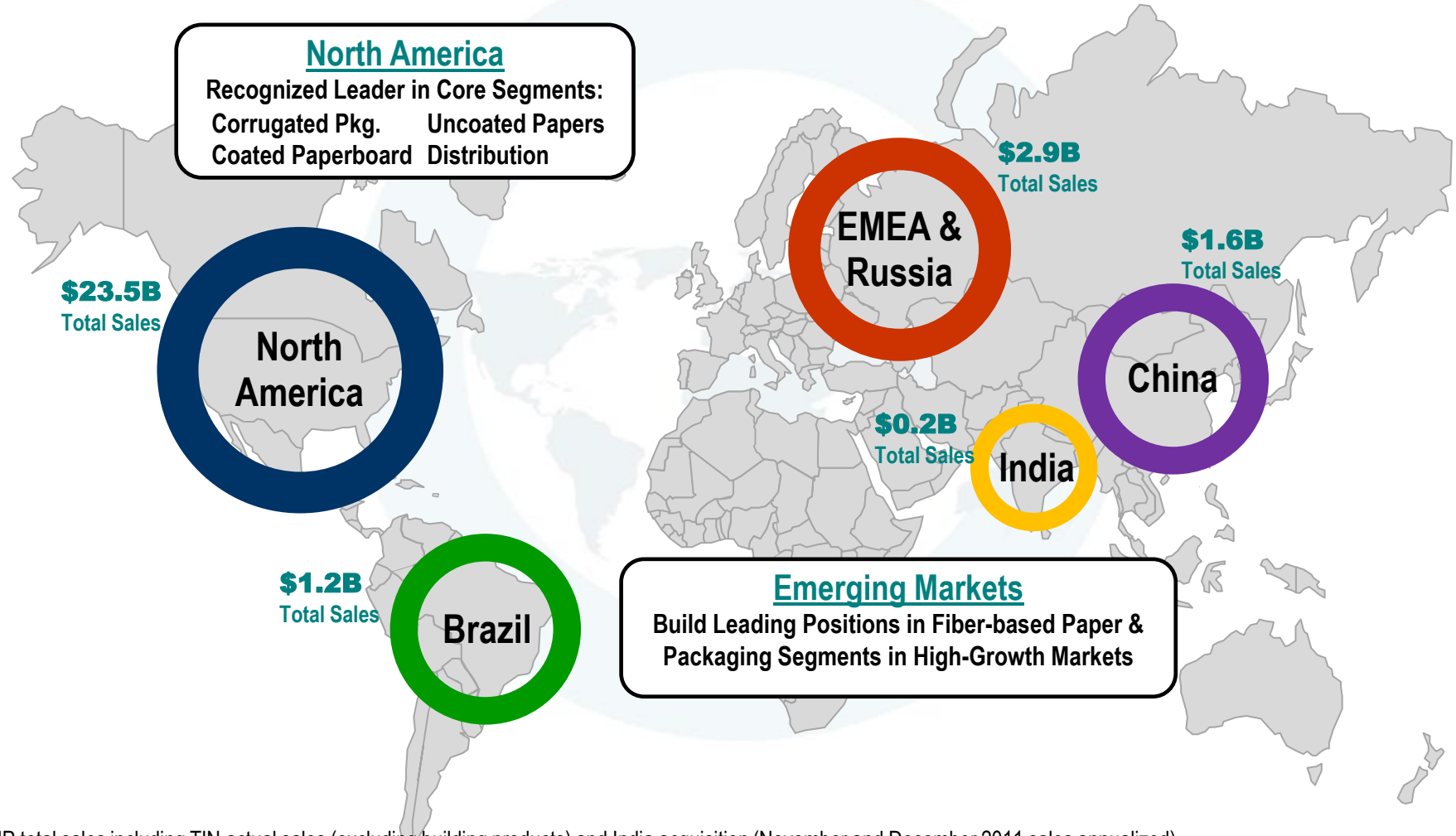
Our Mission

To create sustainable, long-term value for our shareholders.

IP Transformation Strategy

INTERNATIONAL PAPER

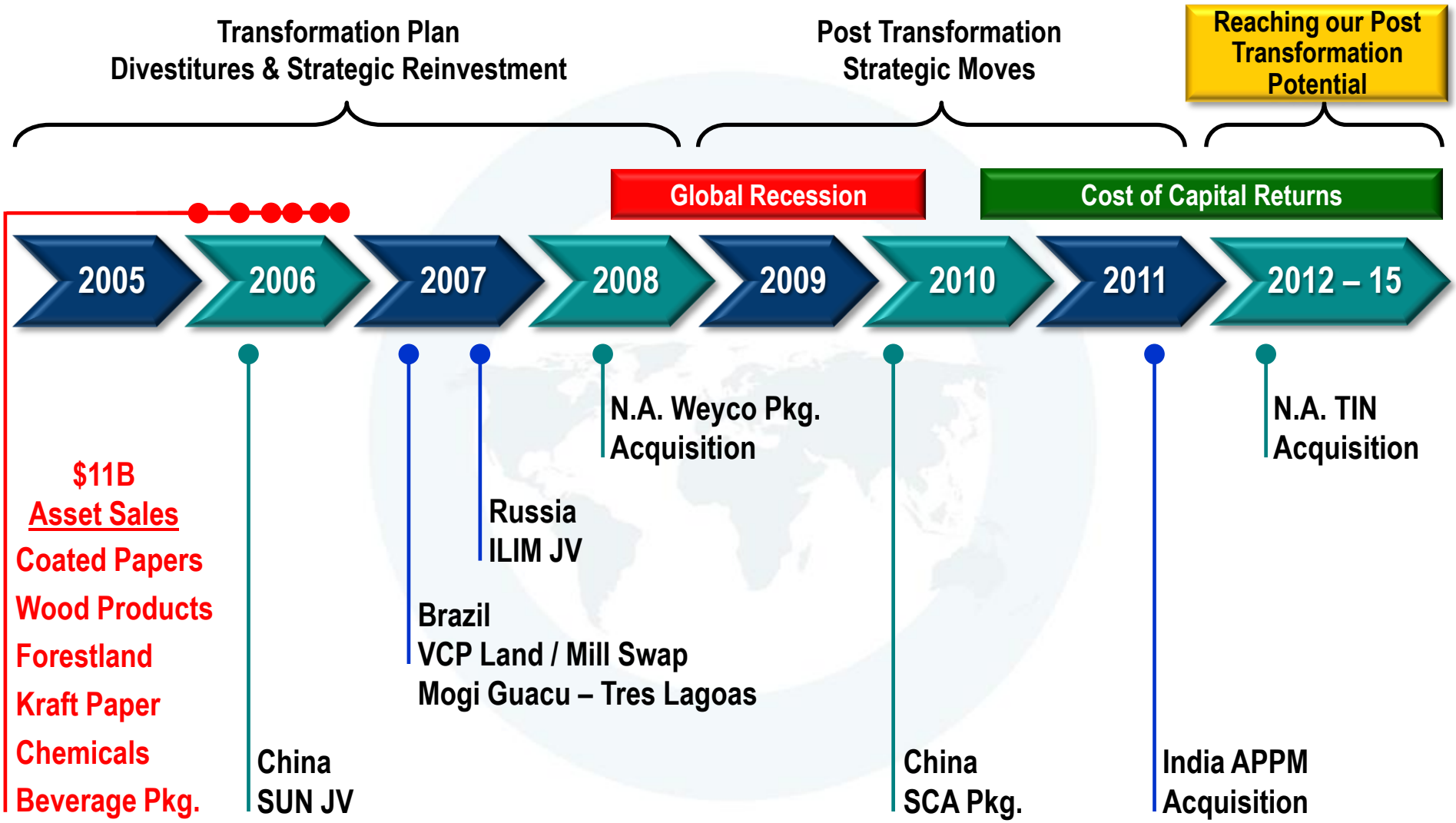
Position the company in attractive markets with low-cost assets that can generate strong free cash flow and returns that exceed our cost-of-capital



2011 IP total sales including TIN actual sales (excluding building products) and India acquisition (November and December 2011 sales annualized)

IP Transformation Timeline/Plan

INTERNATIONAL PAPER



Transformation Achievements

INTERNATIONAL PAPER

- Exited segments where IP lacked competitive advantage
- Established leading global positions in paper and packaging
- Reduced overhead and capital intensity
- Created more sustainable earnings and cash flow
- Achieved returns above cost of capital
- Portfolio positioned to capture global growth in core segments

Repositioned & Well-Positioned

INTERNATIONAL PAPER

	Supplier Position	
North America	**2005**	**2012**
Corrugated Packaging	3	1
Uncoated Papers	1	2
Coated Paperboard	1	1
Distribution	1	1
Emerging Markets		
Brazil – Uncoated Papers	2	1
Russia – Paper, Pulp & Packaging	3	1
India – Uncoated Papers	–	4
China – Coated Paperboard	–	2

Higher, More Sustainable Earnings

INTERNATIONAL PAPER

	2005	2011
# of Operating Businesses[1]	12	4
Revenue ($Billion)	24	26
Capital Employed[1] ($Billion)	30	22
Debt[1] ($Billion)	14.6	9.9
EBITDA[2] ($Billion)	2.8	3.7
EBITDA Margin	12%	14%
Free Cash Flow[3] ($Billion)	0.4	1.7
# of Employees[1]	80,000	61,500
Overhead ($Billion)	3.2	2.9

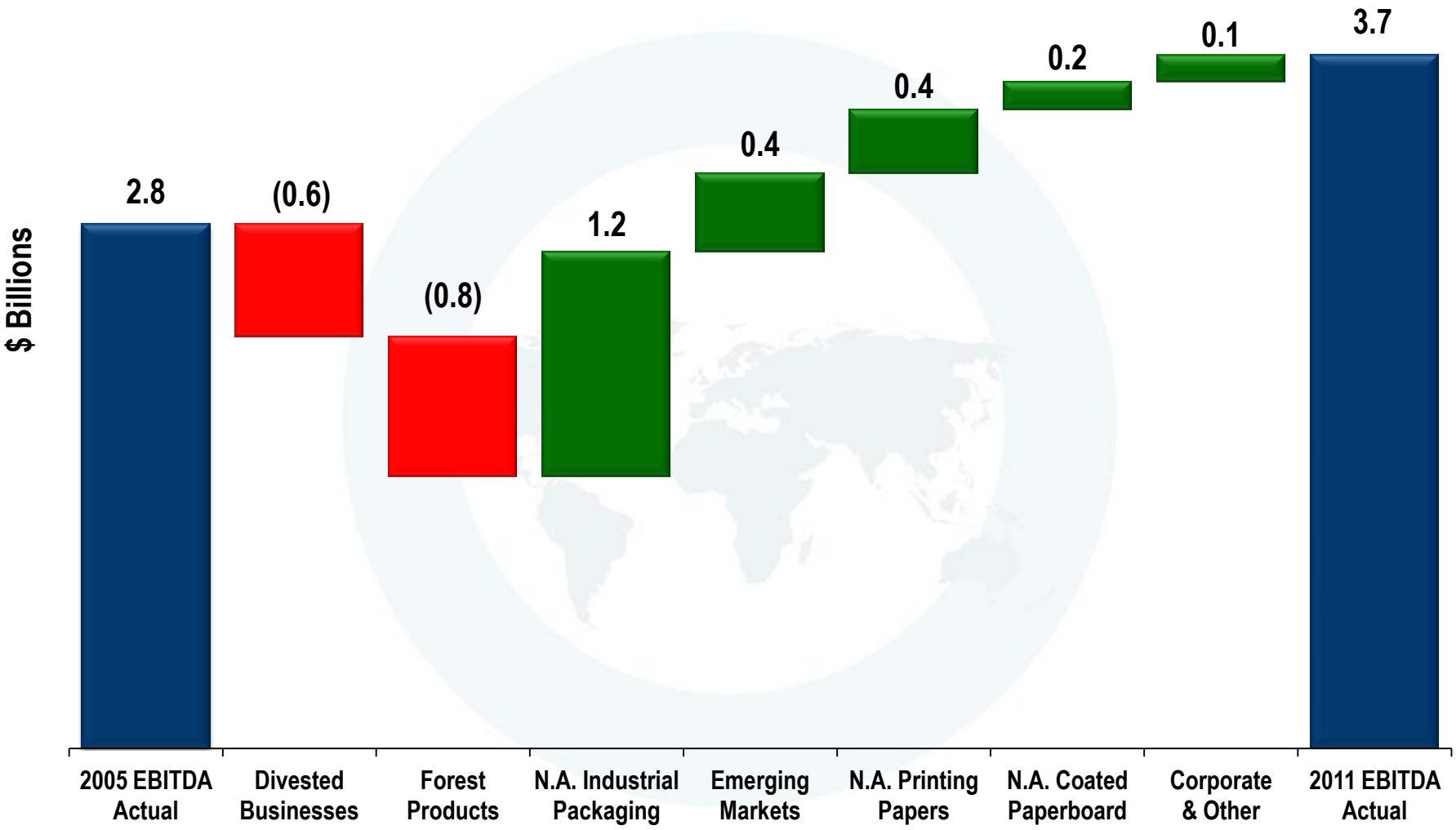
Earnings before Special Items

[1] 2005 represents January 1, 2005

[2] 2005 EBITDA includes discontinued operations.

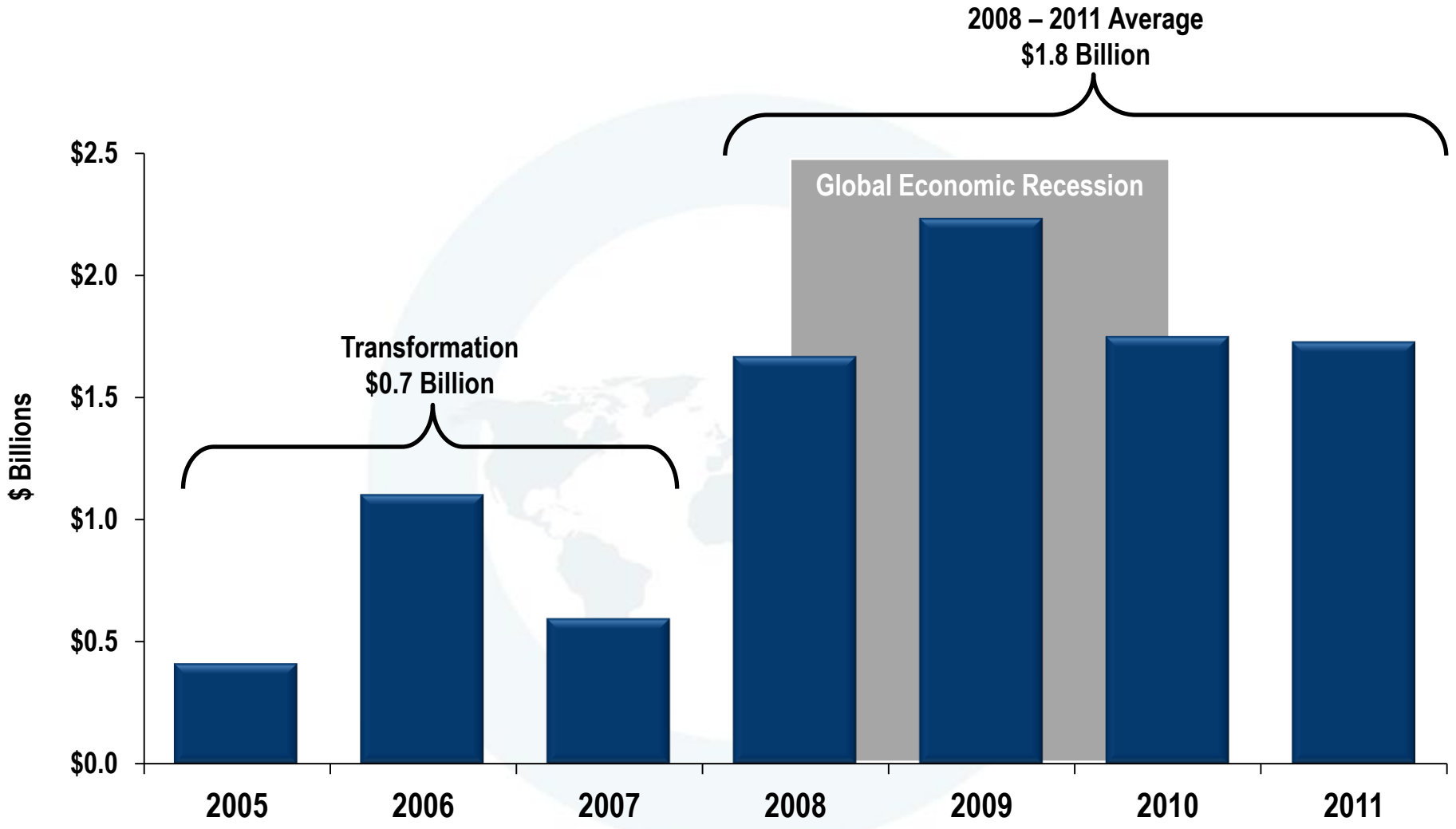
[3] Free cash flow before dividends; 2011 excludes a $209 MM increase in working capital related to the cessation of the European A/R securitization program, $123 MM tax receivable collected related to pension contributions, $300 MM cash paid for voluntary pension contribution and $175 MM cash received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

Step-Change Improvement in EBITDA



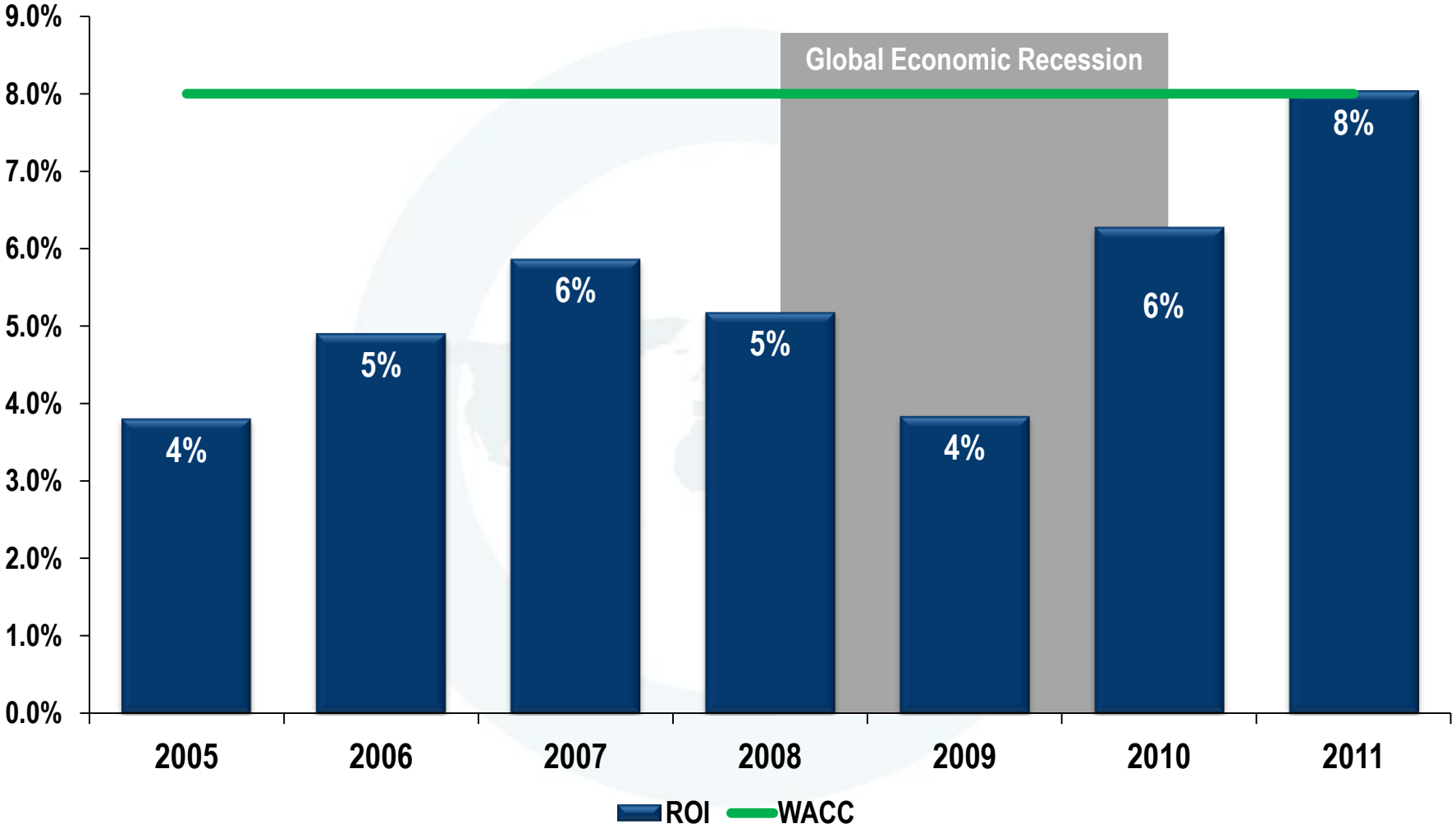
Earnings before special items

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 2011, and cash received from Black Liquor Tax Credits in 2009 and 2010.

Improving Return on Investment



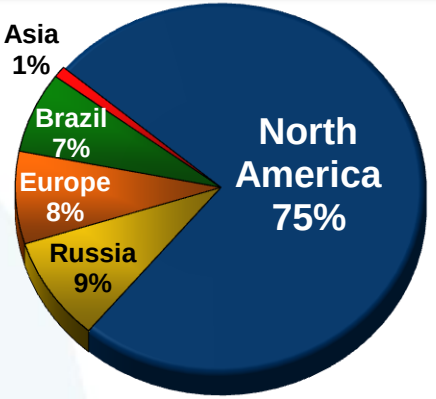
Who We Are: Repositioned and Well-Positioned

INTERNATIONAL PAPER

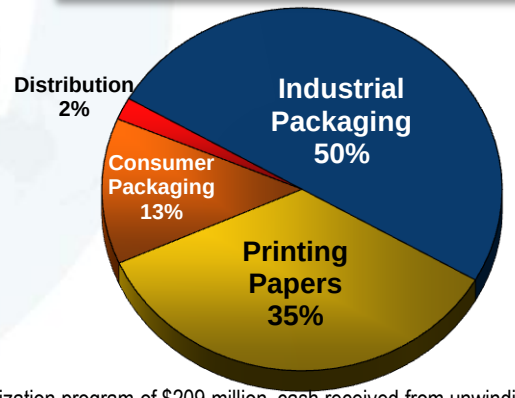
Leading Global Provider of Paper and Packaging

($ 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

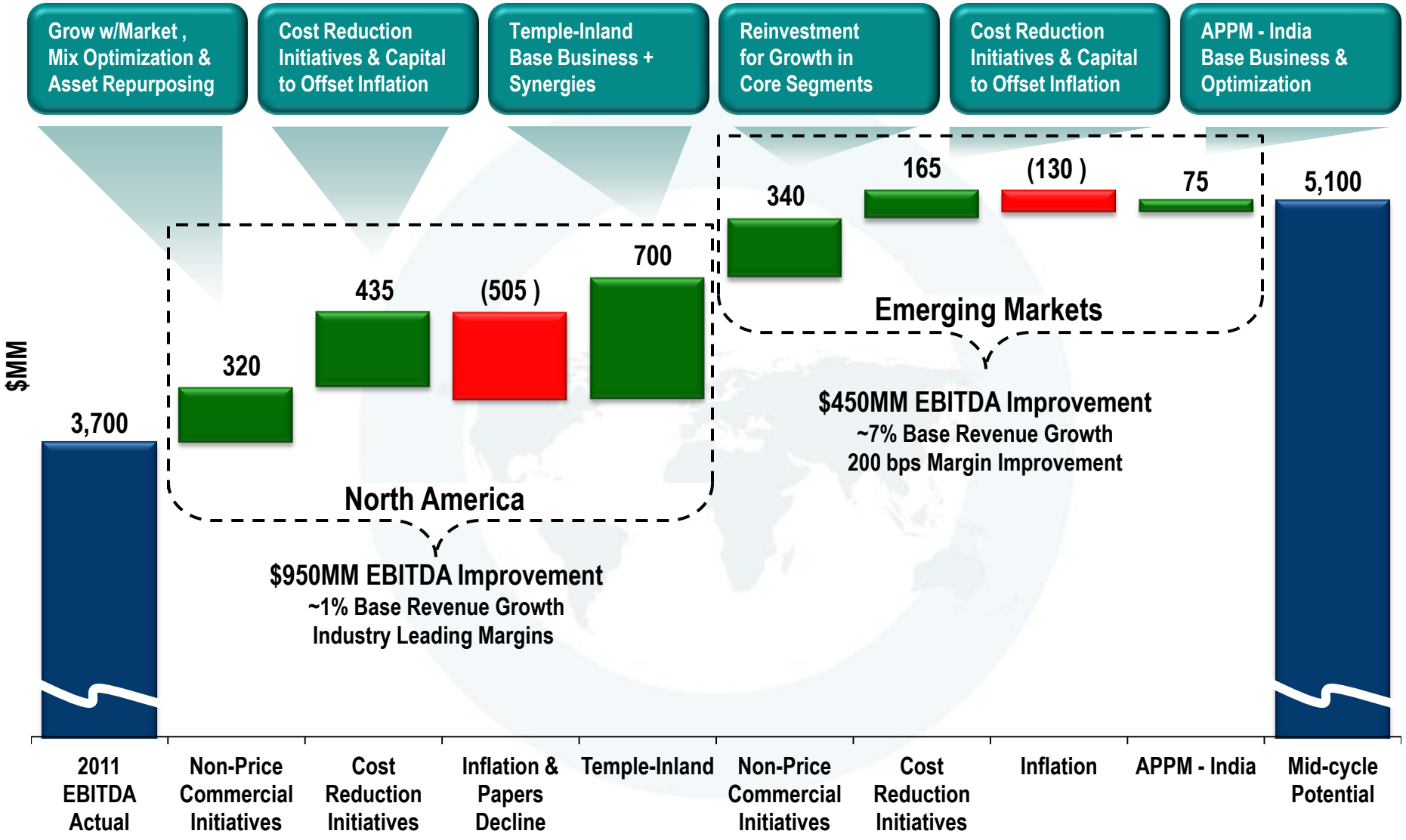
[3] TIN reflects 9M11 actual results annualized

[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

Reaching Our Post Transformation EBITDA Potential

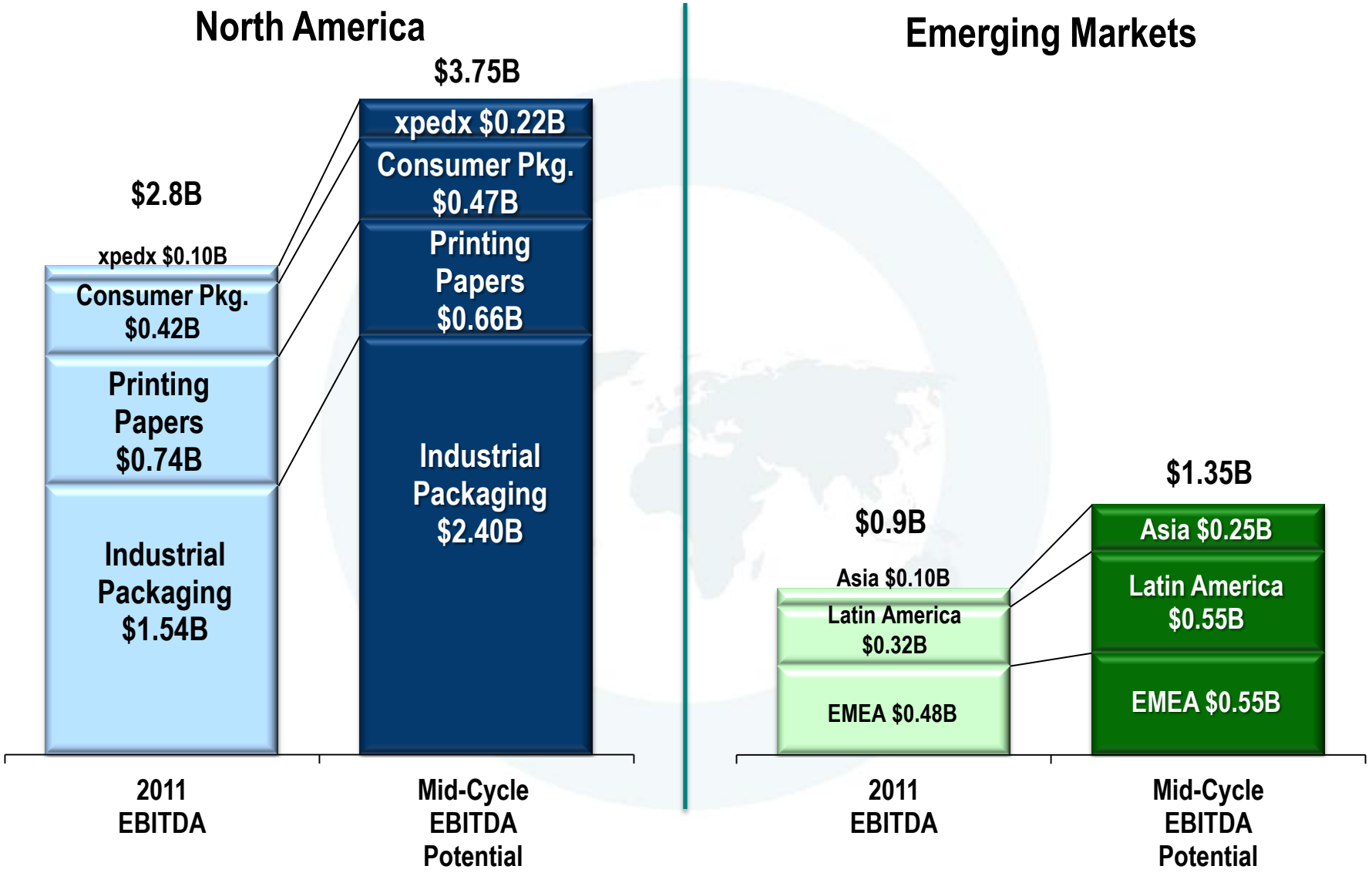
INTERNATIONAL PAPER



Earnings before special items

Balanced Global Earnings Growth

INTERNATIONAL PAPER



Earnings before special items

Mid-Cycle Free Cash Flow Potential

INTERNATIONAL PAPER

$Billion	2011	Mid-Cycle Potential
EBITDA	3.7	5.1
Interest / Cash Tax / Other	(0.8)	(1.4)
Cash Flow From Operations	2.9	3.7
Capital Spending	(1.2)	(1.5)
Free Cash Flow[1]	1.7	2.2

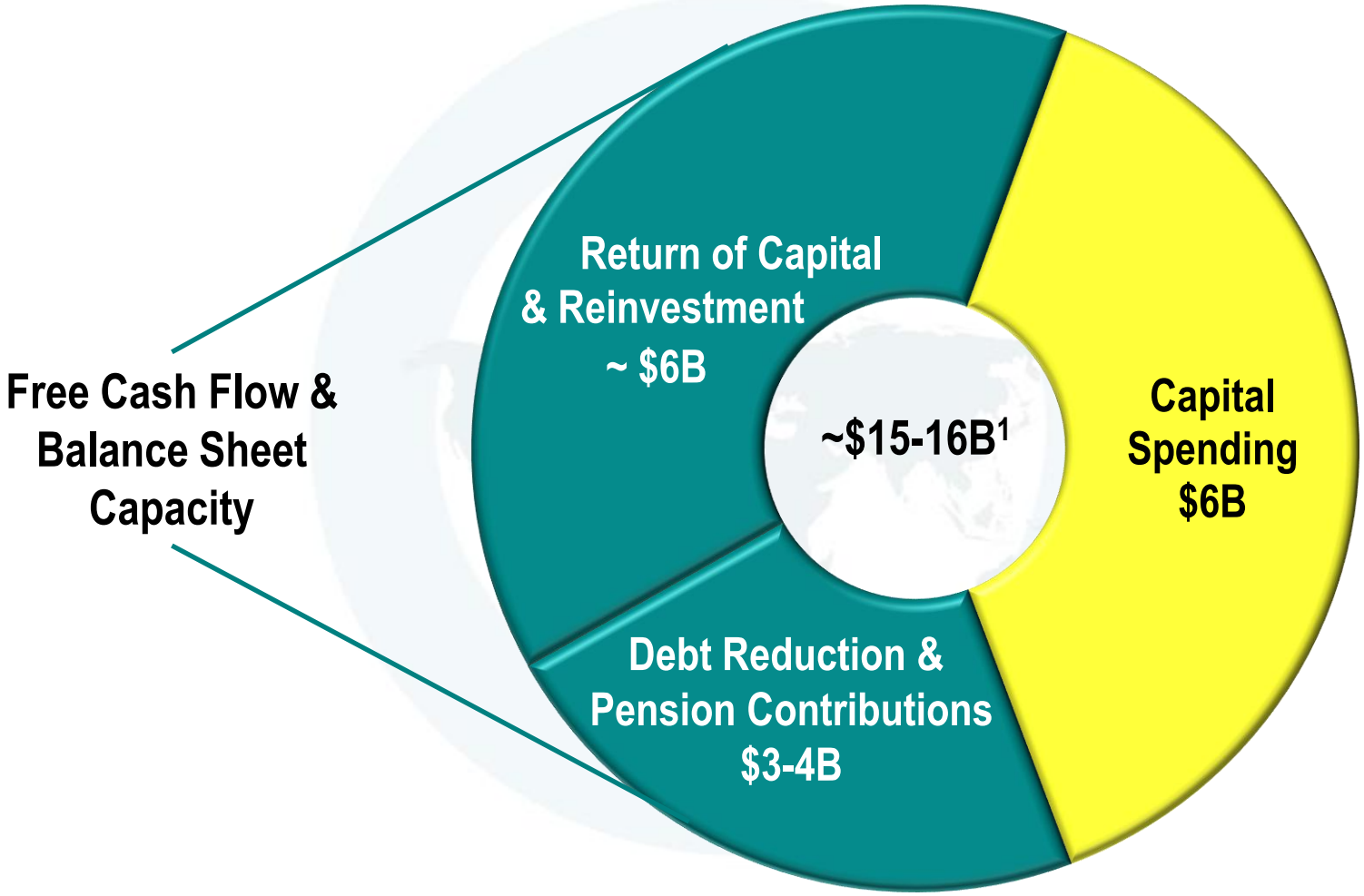
Earnings before Special Items

[1] 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.

IP's Cash Generation Enables Return of Capital & Reinvestment

INTERNATIONAL PAPER

Capital Allocation Priorities (2012-2015)



[1] Estimated total cash capacity over period
Reinvestment & Returns may include: dividends, share repurchases, acquisitions and incremental strategic capital spending

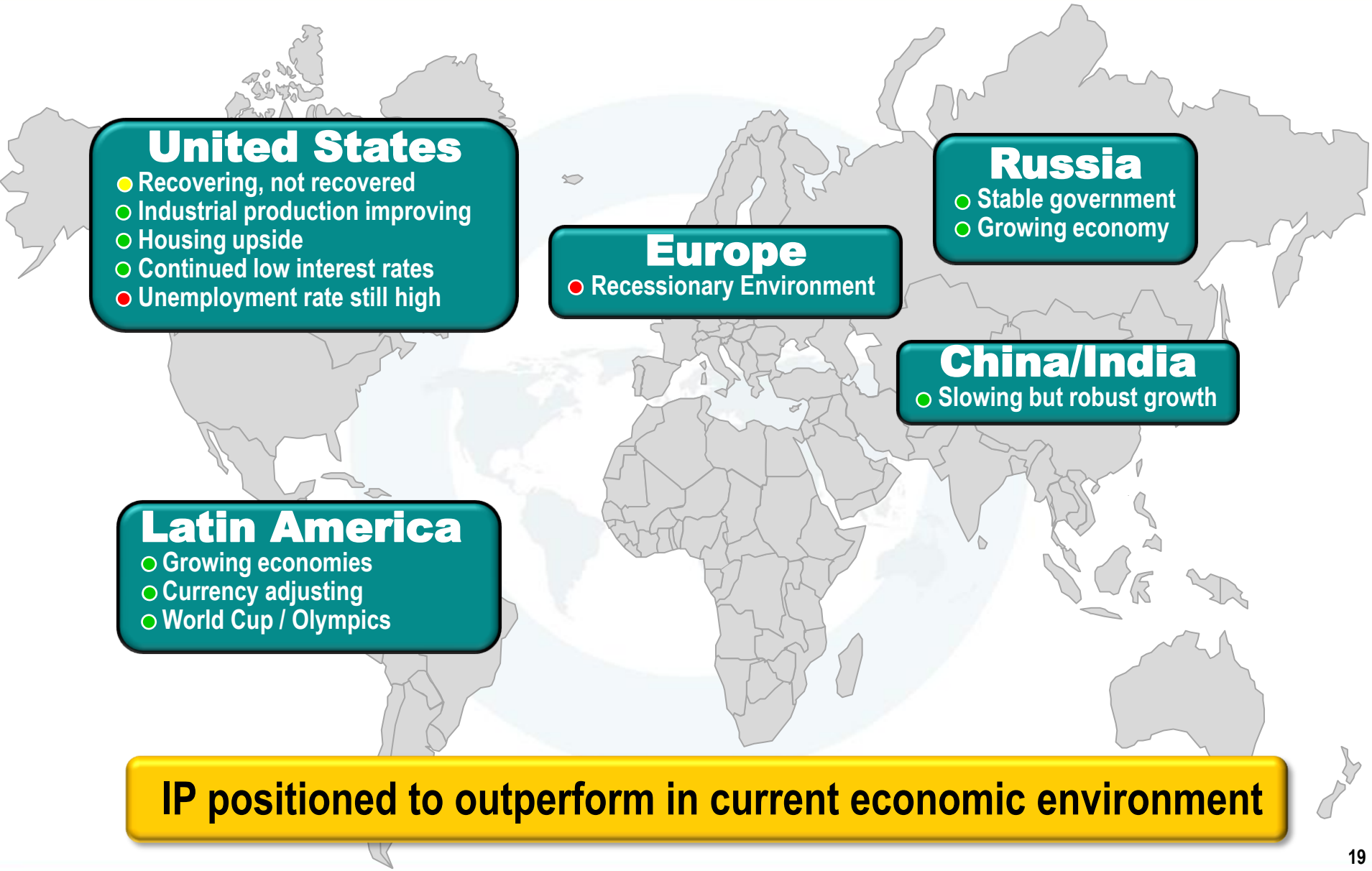
Cash Allocation Summary

INTERNATIONAL PAPER

- Strong free cash flow expected
- Continued balanced use of cash
  - Increase dividend over time
  - Capital spending @$1.5B average with Boiler MACT
  - Debt reduction over next 12 – 24 months
  - Fund pension, de-risk over time
  - Selective reinvestment
- Structured enterprise risk assessment and management
- Increasing EBITDA and FCF will create further opportunity

Global Economic Backdrop - 2012

INTERNATIONAL PAPER



United States
- Recovering, not recovered
- Industrial production improving
- Housing upside
- Continued low interest rates
- Unemployment rate still high

Europe
- Recessionary Environment

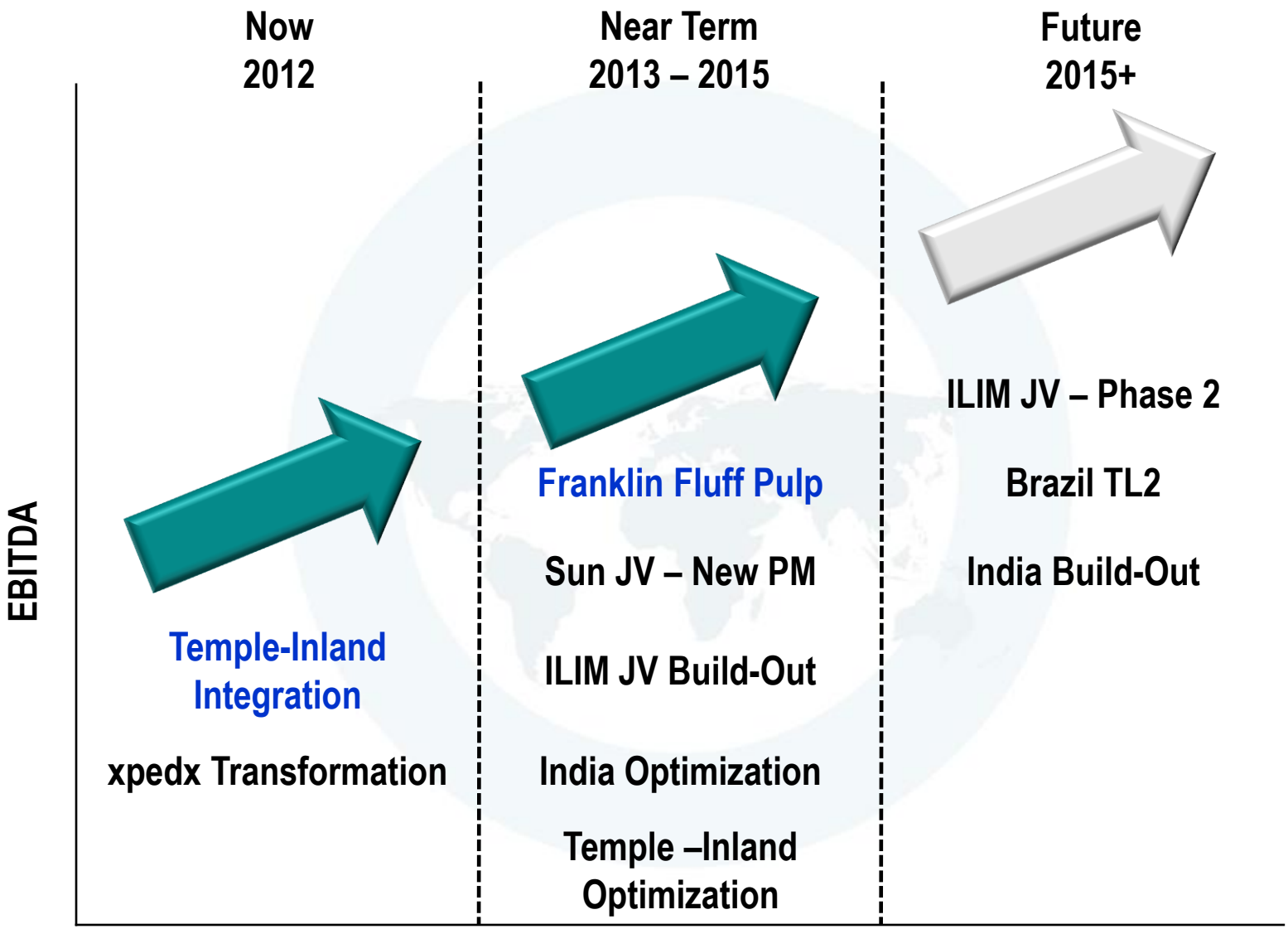
Russia
- Stable government
- Growing economy

China/India
- Slowing but robust growth

Latin America
- Growing economies
- Currency adjusting
- World Cup / Olympics

IP positioned to outperform in current economic environment

Strategic Earnings Drivers



Temple-Inland Integration
More Synergies, Faster

INTERNATIONAL PAPER

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**

Franklin, VA Fluff Pulp Conversion

Woodyard Reopened in January 2012

INTERNATIONAL PAPER







- Franklin, VA Mill to be repurposed as a dedicated fluff pulp mill
- Annual Volume of 270M tons of high quality fluff pulp
- Start-up mid-year 2012 – schedule and financials on target
- Key features:
  - Pulp engineered to be adaptable across a wide variety of market segments and fiberizers
  - Close proximity to 3rd largest U.S. east coast port
  - Sustainability focus; incorporates all environmental and quality cert. programs important to customers
- Investment $83MM / projected return >20%



Poised for Further Success

INTERNATIONAL PAPER

- 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

IP Today

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