Second Quarter 2012 Earnings | July 26, 2012



Forward-Looking Statements

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 failure to realize synergies and cost savings from the Temple-Inland Inc. (“Temple-Inland”) transaction or delay in realization thereof; and (vii) 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

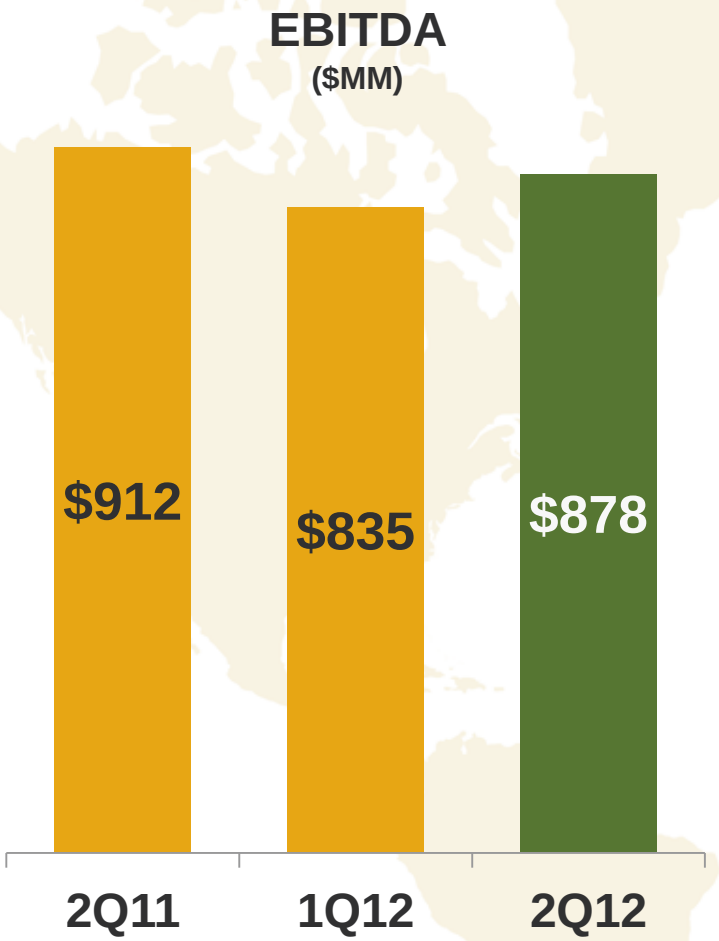
During the course of this presentation, certain non-U.S. GAAP financial information will be presented.

A reconciliation of those numbers to U.S. GAAP financial measures is available on the company's website at internationalpaper.com under Investors.

Ilim JV Information

All financial information and statistical measures regarding our 50/50 Ilim joint venture in Russia ("Ilim"), other than historical International Paper Equity Earnings and dividends received by International Paper, have been prepared by the management of Ilim. International Paper has not verified or audited any of this information. Ilim management has indicated that the financial information was prepared in accordance with International Financial Reporting Standards and extracted from Ilim's financial statements. Any projected financial information and statistical measures reflect the current views of Ilim management and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such projections. See "Forward-Looking Statements."

Second Quarter 2012 Results | Temple-Inland Acquisition Meaningfully Accretive

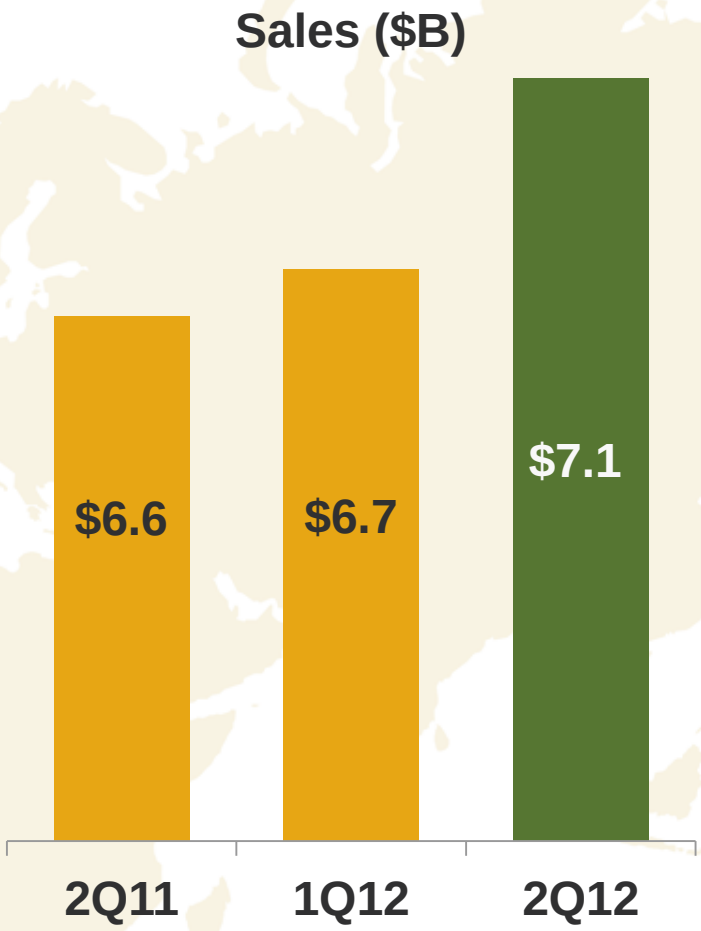


- Solid financial performance despite slow U.S. growth and uneven global demand
- Temple-Inland integration well ahead of plan
- Continued strong cash from operations
- Finalized sale of three containerboard mills, as part of Temple-Inland acquisition
- Successfully executed peak maintenance outages
- Modest improvements in operations and pricing
- Higher Franklin Fluff Pulp Mill start-up costs
- Inputs largely balanced
- Unfavorable non-cash foreign exchange swing impacting Ilim JV Equity Earnings
- Significant progress on strategic projects

Earnings from continuing operations before special items

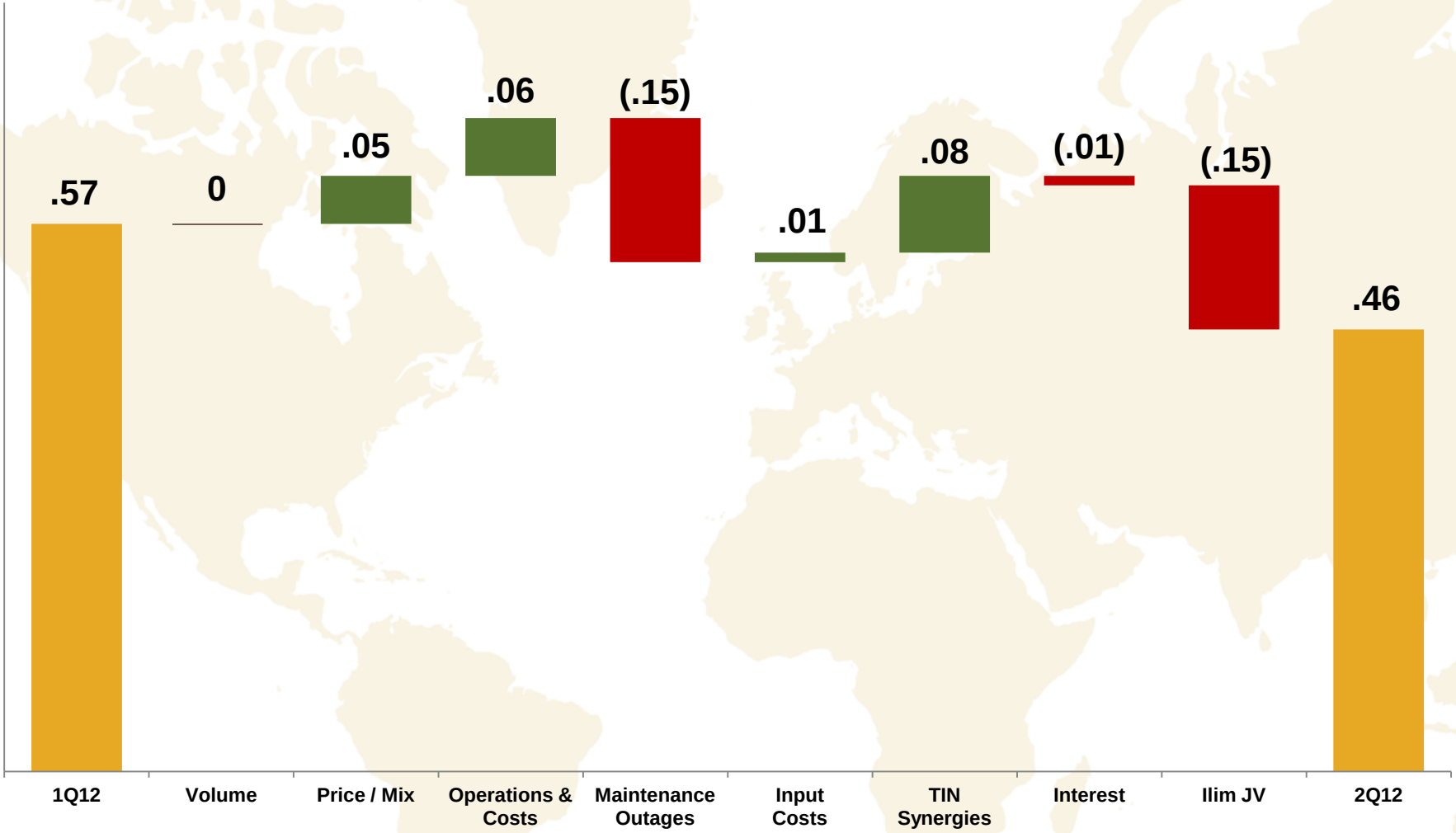
2Q12 Financial Snapshot

	2Q11	1Q12	2Q12
Sales ($B)	$6.6	$6.7	$7.1
EBITDA[1] Margin	13.7%	12.5%	12.4%
Cash From Operations ($MM)	$648	$642[2]	$682[3]
EPS	$0.79	$0.57	$0.46



[1] Earnings from continuing operations before special items
[2] Cash provided by continuing operations, excludes $120MM paid for TIN change-in-control agreements and $111MM received from unwinding a timber monetization
[3] Cash provided by continuing operations, excludes $44MM TIN pension plan contribution and $140MM received from unwinding a timber monetization

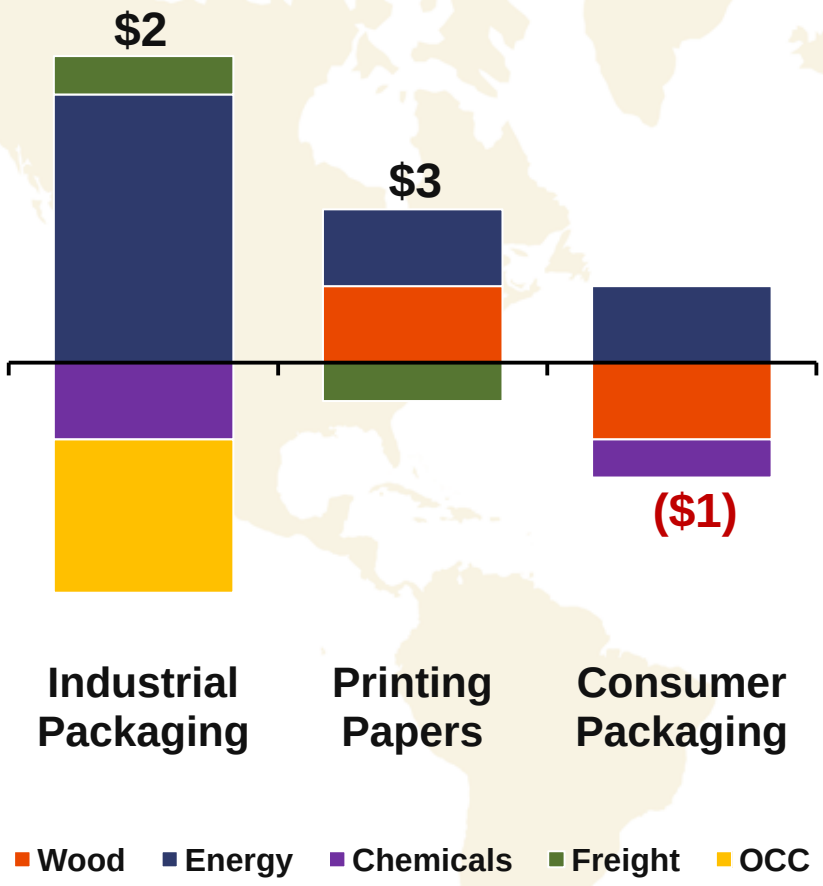
2Q12 vs. 1Q12 EPS



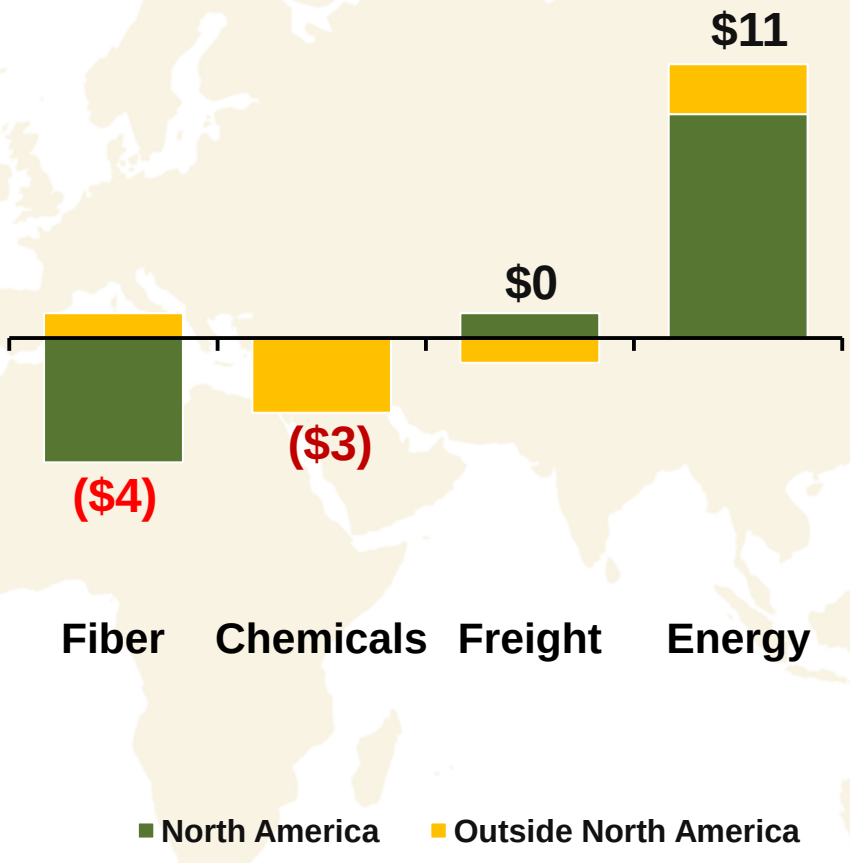
Earnings from continuing operations before special items

Global Input Costs vs. 1Q12 | $4MM Favorable, or $0.01/Share

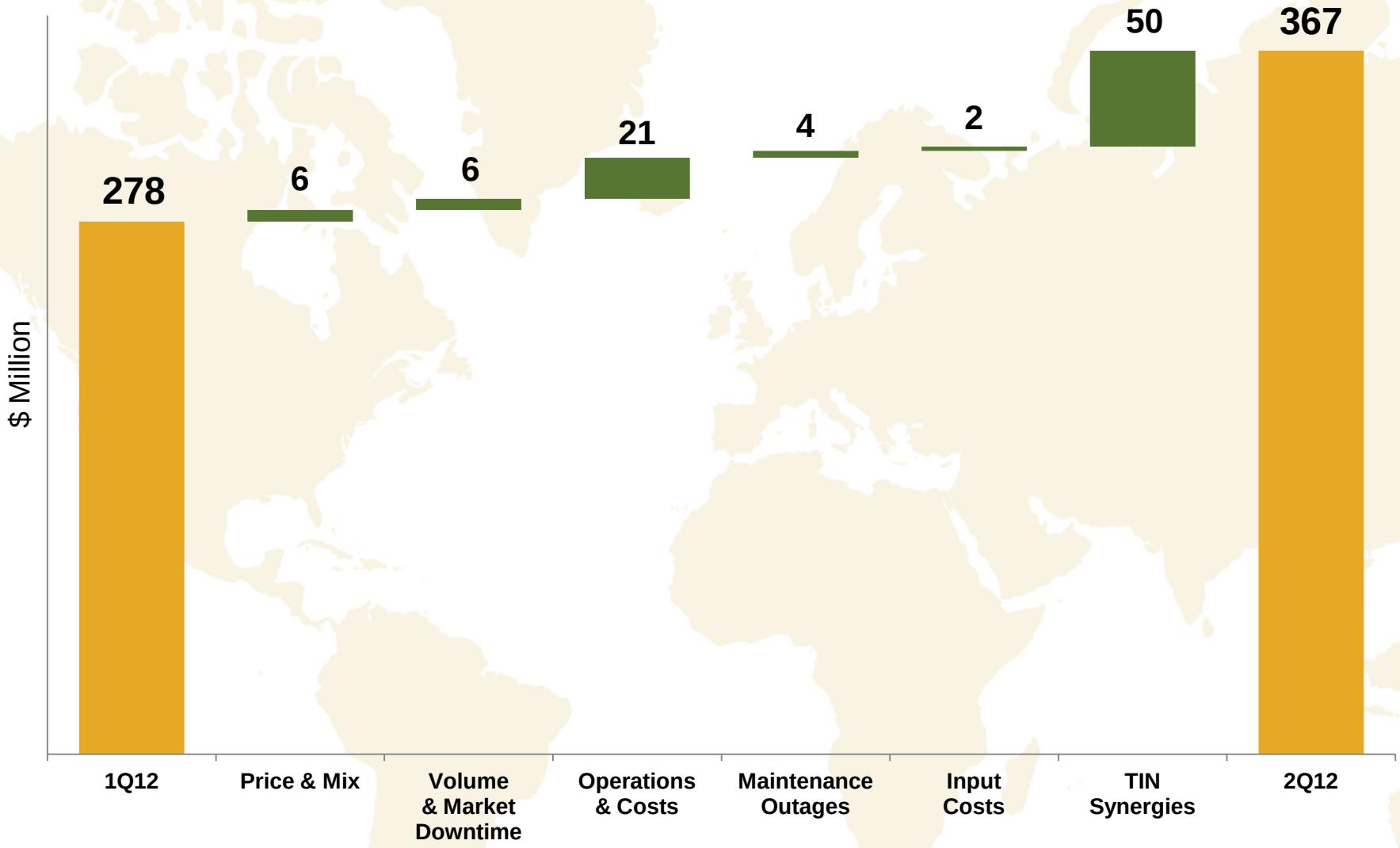
By Business



By Input Type

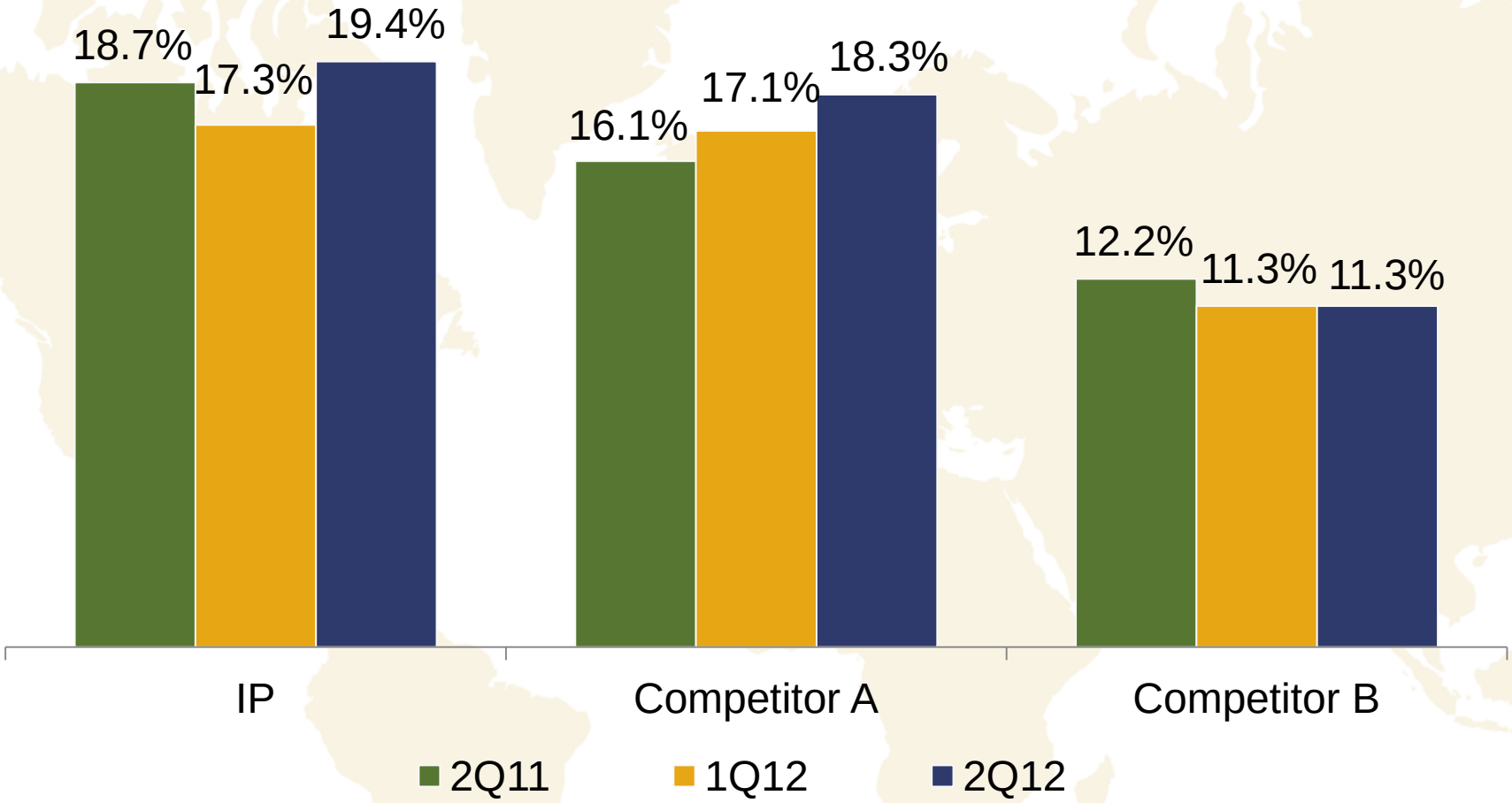


Industrial Packaging | 2Q12 vs. 1Q12



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 | Earnings Accretive

$ Million	1Q12	2Q12
EBIT	$33[1]	$87
Synergies Included in EBIT	$10	$60
Interest Expense	($30)	($35)
Pre-tax Income	$3	$52

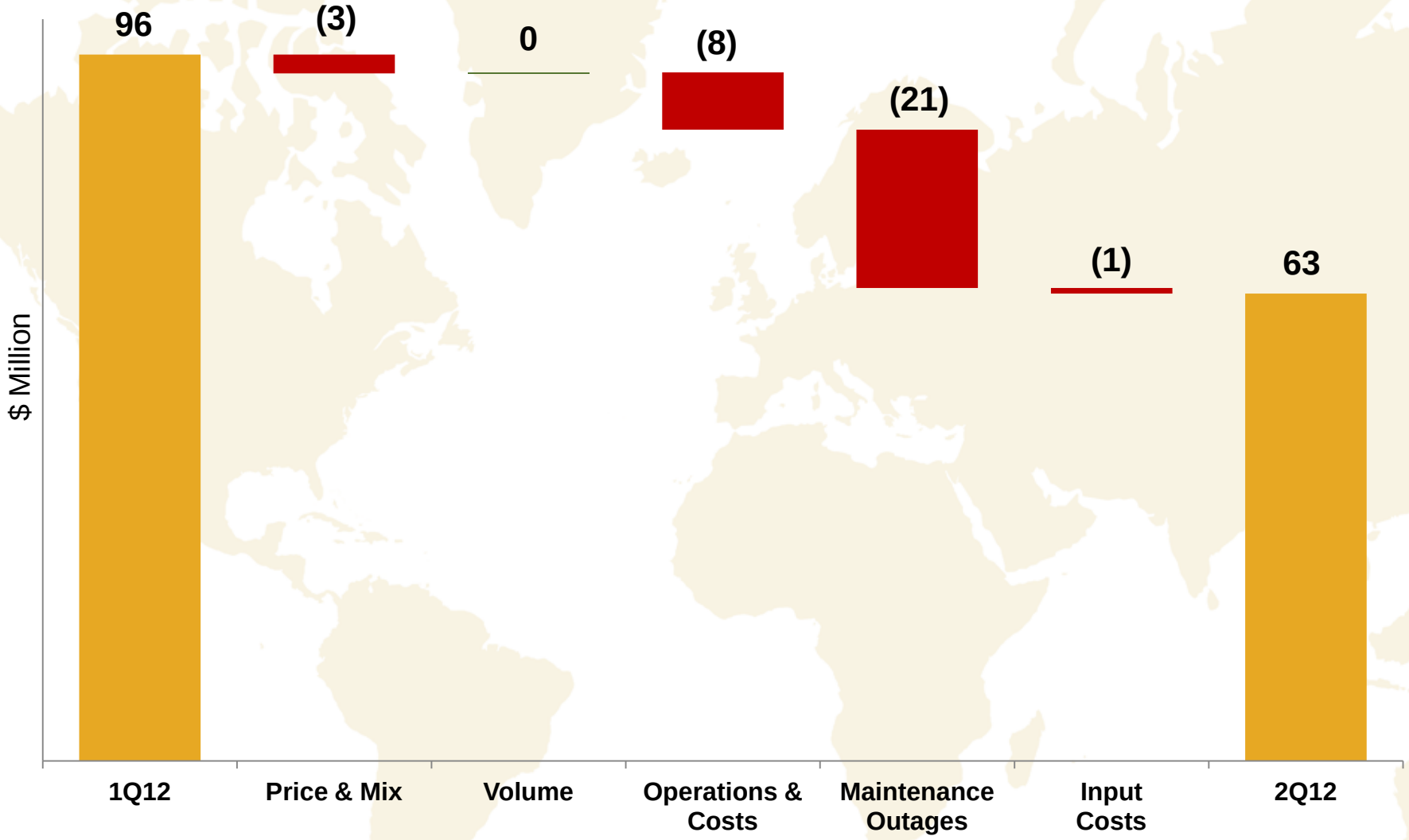
Before Special Items and One-Time Costs

[1] Industrial Packaging segment includes results from Temple-Inland Operations post-close

Temple-Inland Integration | More Synergies, Faster

Synergy Category	Description	Current Outlook ($MM)	2Q12 Run Rate Annualized
S G & A	▪ Eliminate Duplication	$115	~80% Achieved
Containerboard Mills / Supply Chain	▪ Grade / Machine Mix Optimization ▪ Efficiency Improvements ▪ Logistics Optimization	$90	~20% Achieved
Box Plants	▪ Efficiency Improvements (Waste, Freight) ▪ System Streamlining ▪ Customer and Segment Optimization	$150	~70% Achieved
Sourcing	▪ Purchasing Consolidation	$45	~55% Achieved
Synergy Target		**$400**	**~$240**

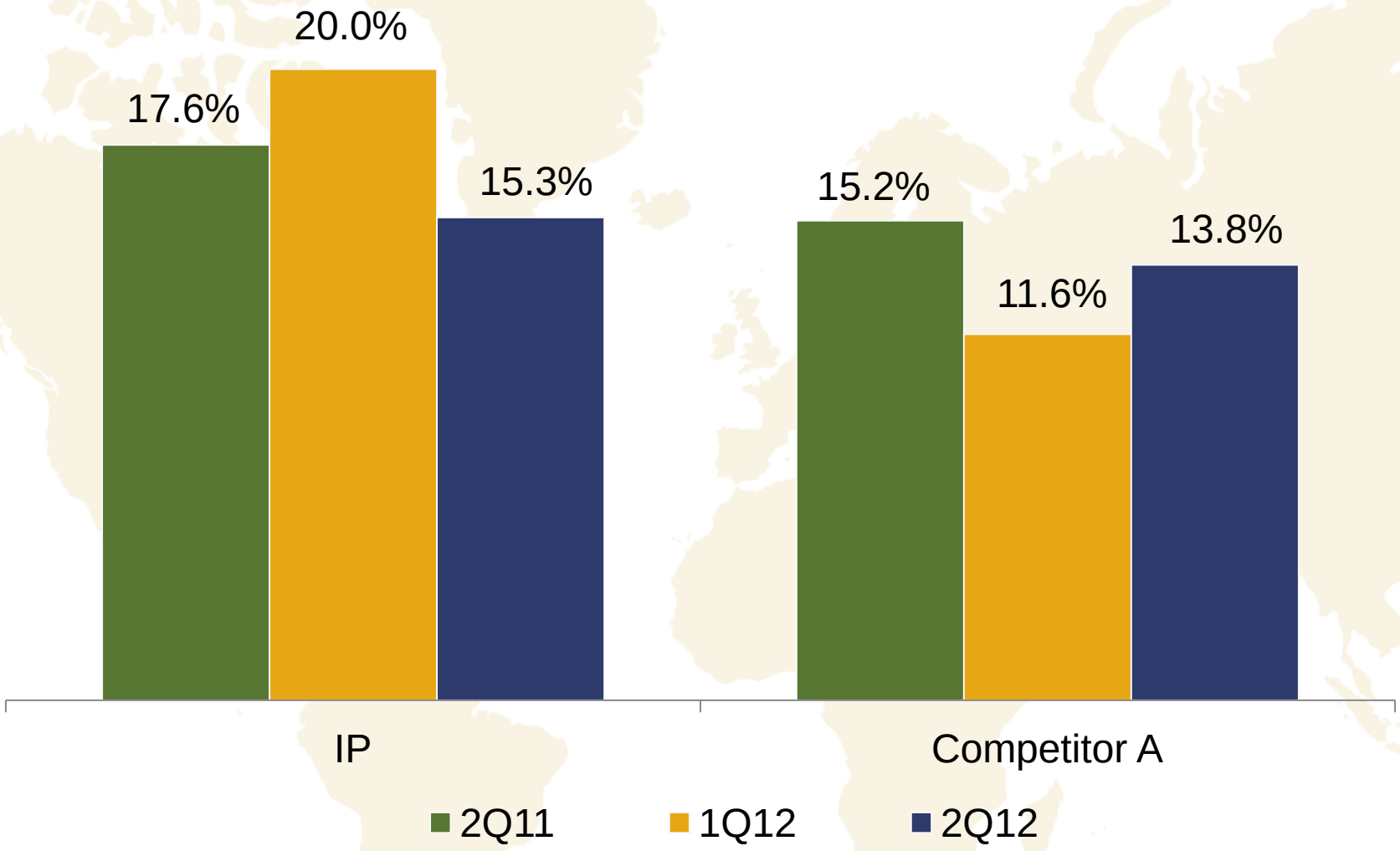
Consumer Packaging | 2Q12 vs. 1Q12



Earnings from continuing operations before special items

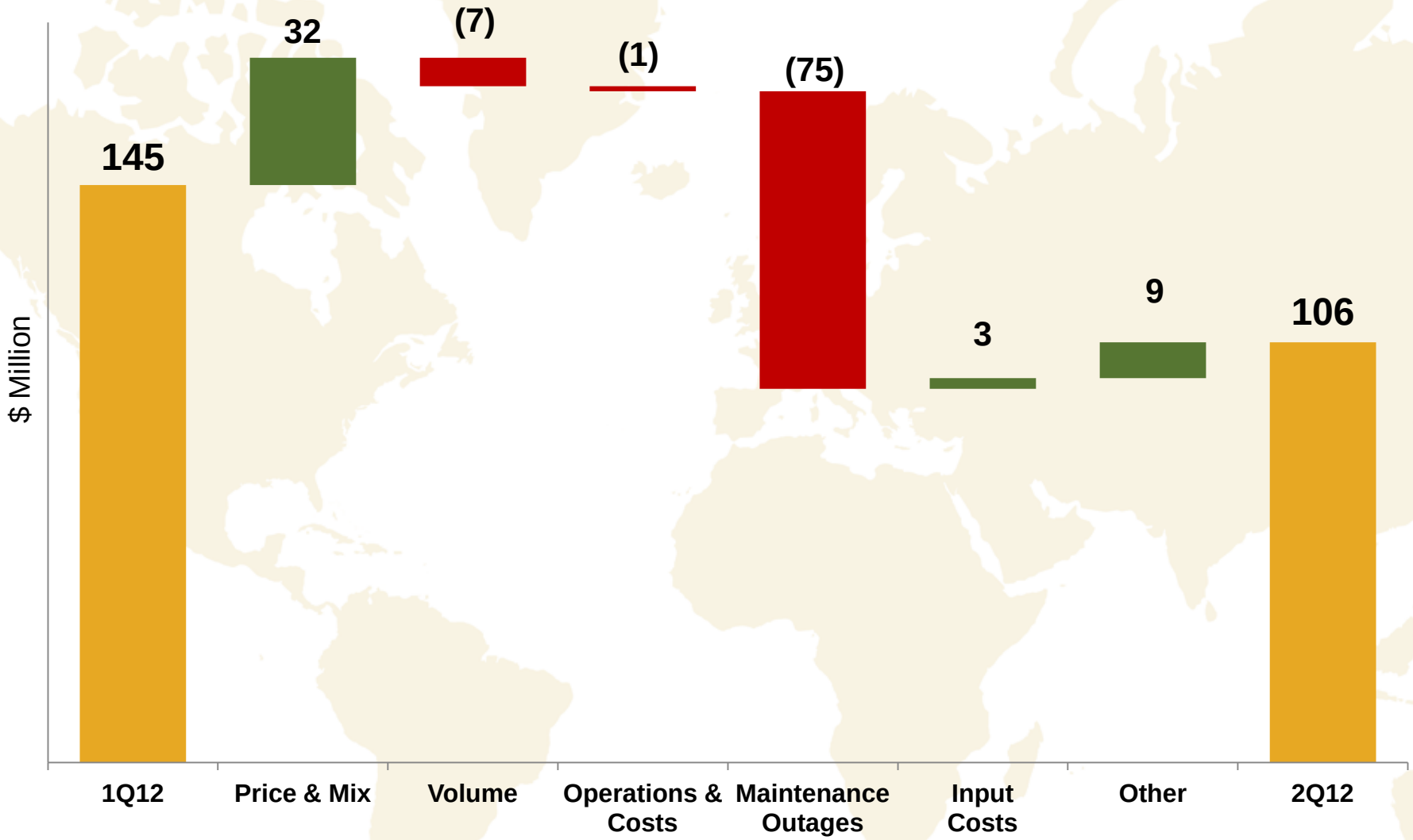
INTERNATIONAL PAPER

N.A. Consumer Packaging Relative EBITDA Margins



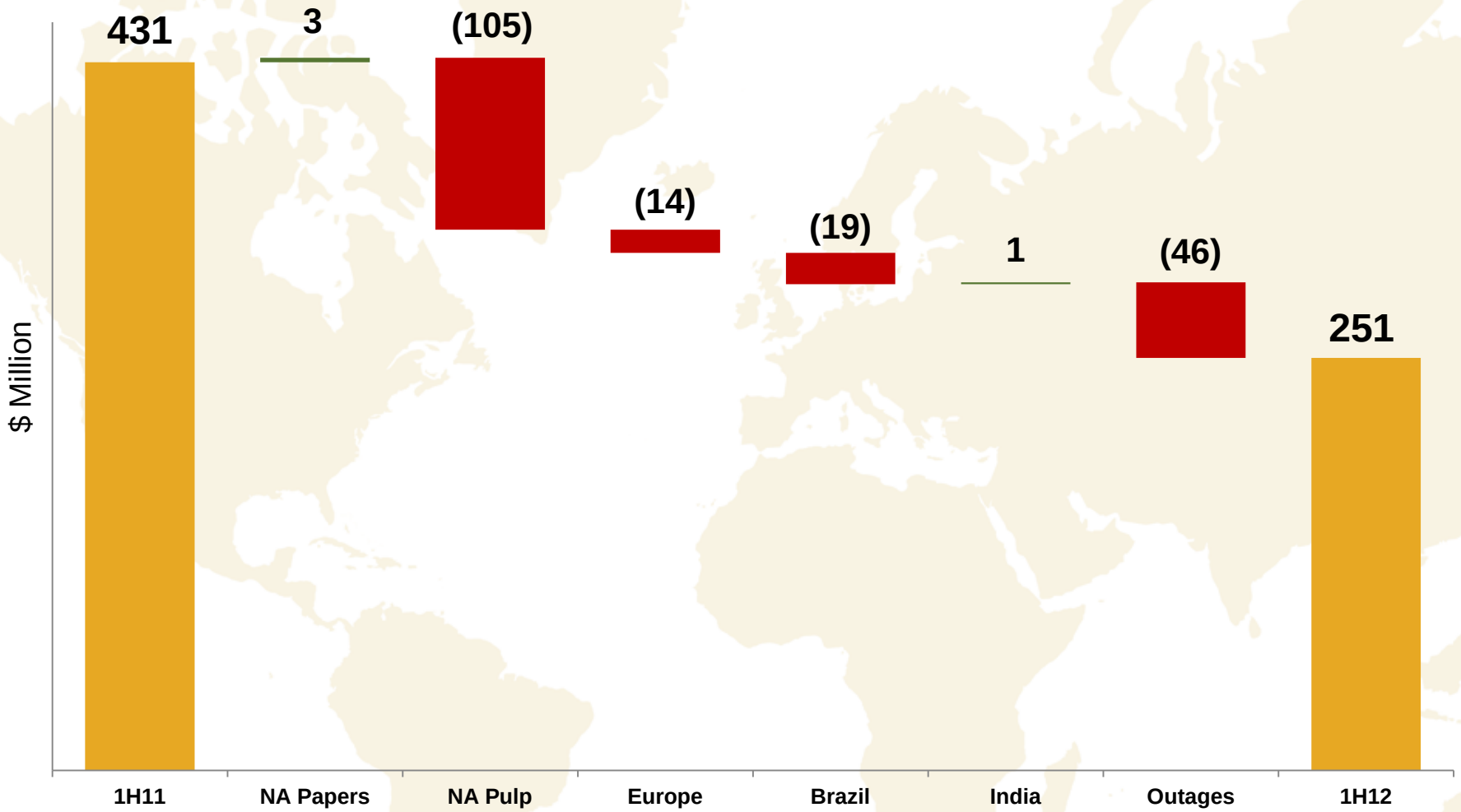
IP EBITDA margins based on North American Consumer Packaging operating profit before special items.
Competitor adjusted EBITDA margins obtained from public filings and IP analysis; reflects Food & Beverage segment

Printing Papers | 2Q12 vs. 1Q12



Earnings from continuing operations before special items

Printing Papers | 1H12 vs. 1H11 by Business Segment



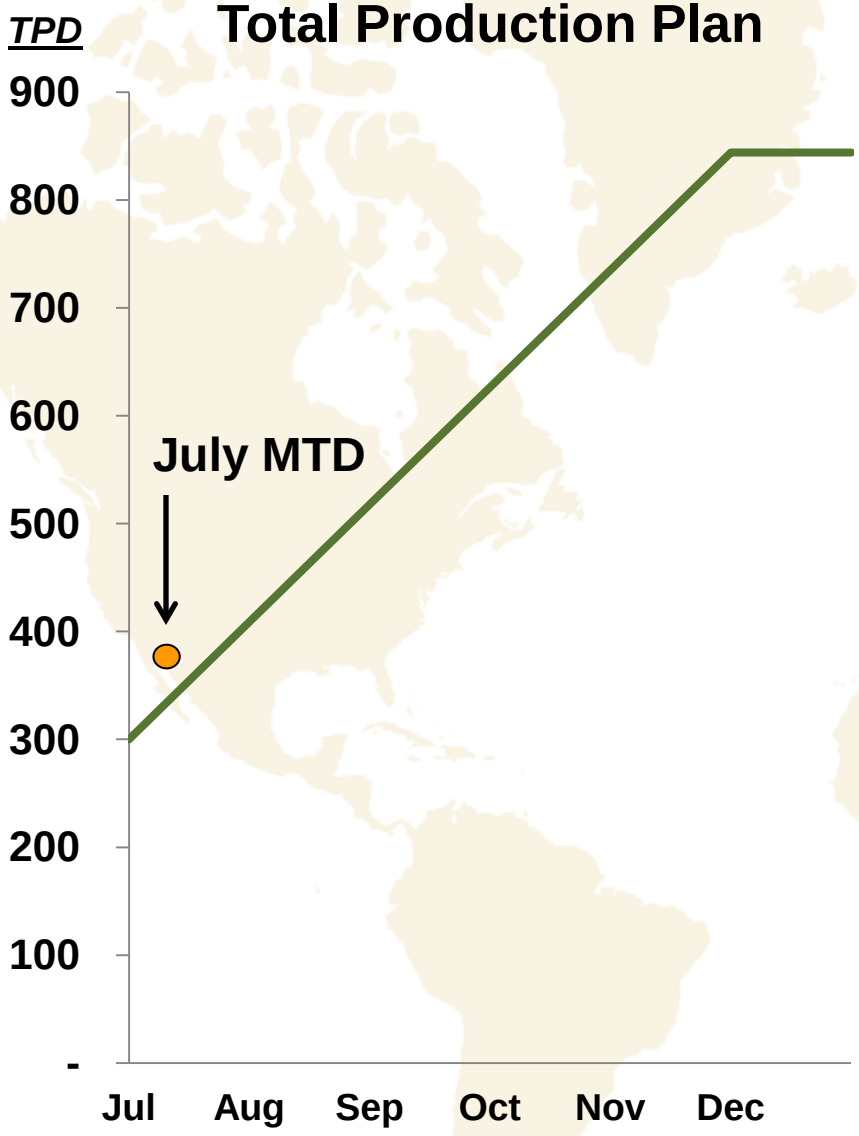
Earnings from continuing operations before special items

INTERNATIONAL PAPER

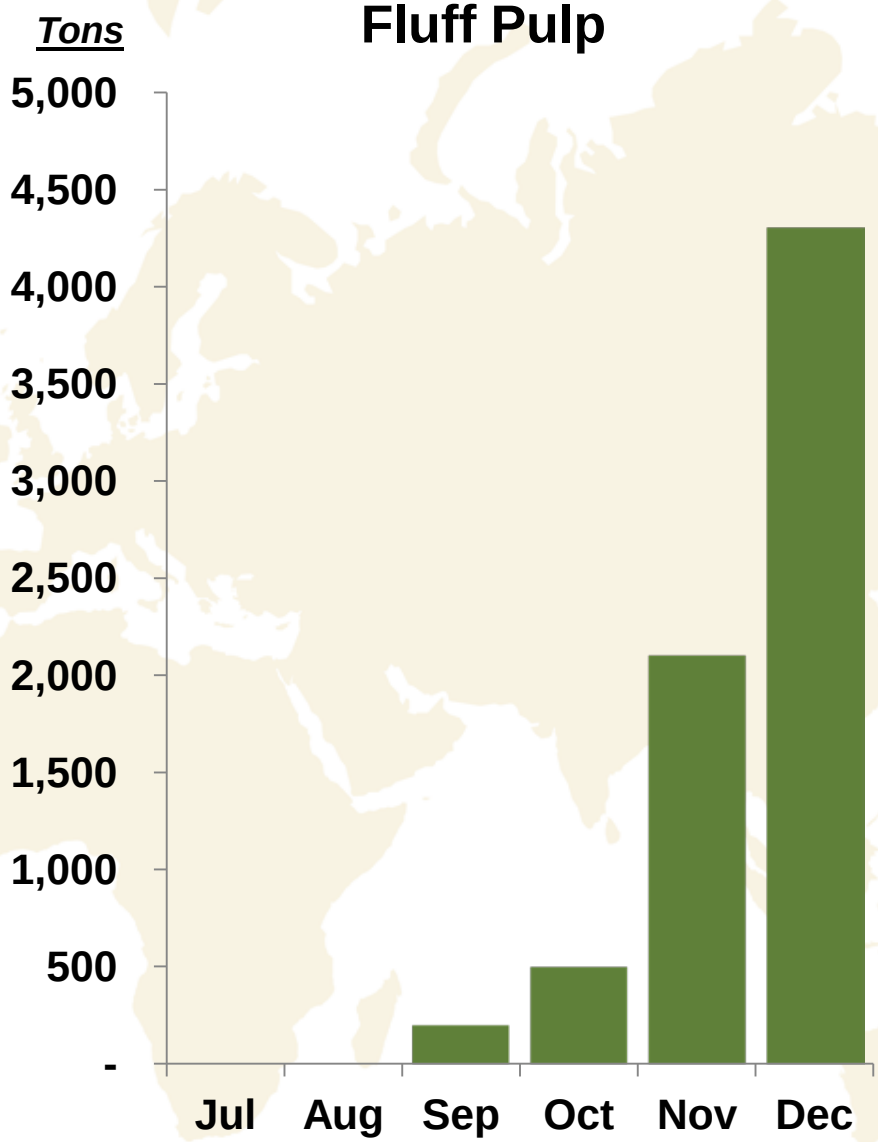
- Start-up on June 29TH
- Higher start-up costs in quarter vs. 1Q12 (~$10MM)
- Early productivity and product quality better than plan
- Targeting accelerated fluff pulp ramp
- Optimizing Go-to-Market plans relative to patch testing and customer trials



Total Production Plan



Fluff Pulp



Distribution | 2Q12 vs. 1Q12

$ Million	2Q11	1Q12	2Q12
Sales	$1,655	$1,475	$1,500
Earnings	$14	$19	$17

Daily Sales Change	vs. 2Q11	vs. 1Q12
Printing	(12%)	1%
Packaging	(3%)	1%
Facility Solutions	(7%)	5%

- Year over year margin improvement driven by more profitable mix and cost savings associated with transformation
- Challenging demand environment for commercial printing papers – some seasonal volume improvement

Earnings from continuing operations before special items

Ilim Joint Venture | 2Q12 vs. 1Q12

$ Million	2Q11	1Q12	2Q12
Sales Volume (M Tons)	605	646	672
Sales	$578	$488	$513
Operational EBITDA[1]	$170	$75	$81
F/X (Impact of USD Debt[2])	$23	$74	($100)
EBITDA	$193	$149	($19)
IP Equity Earnings[3]	$52	$40	($25)

- Markets mixed, solid shipments, but weaker pricing year over year
- Continued good progress on build-out projects

Ilim JV results are on an IFRS basis with the exception of IP Equity Earnings which is USGAAP

[1] Before F/X impact

[2] 2Q12 Ilim JV USD-denominated debt balance of ~$1B; Ilim Group's functional currency is the Ruble (RUR); Non-functional-denominated currency balances are measured monthly using the month-end exchange rate

[3] IP Equity Earnings for 2Q11 & 1Q12 include an after-tax f/x gain of $9MM and $30MM, respectively; 2Q12 earnings include an after-tax f/x loss of $41MM

ILIM | INTERNATIONAL PAPER

2Q12 Financial Summary



- Continued strong cash from operations
- Temple-Inland integration well ahead of plan
  - Achieved $60MM synergies
  - Finalized sale of three containerboard mills
- Modest improvements in operations and pricing
- Some energy input relief



- Peak maintenance outage spending
- Incremental Franklin Fluff Pulp Mill start-up costs
- Unfavorable currency impact at Ilim JV

Strategic Project Updates | Ahead of Plan

Franklin, VA Pulp Mill Conversion	▪ Repurpose existing Asset ▪ Status: Up and running	**2H12 -2013**
***xpedx* Transformation**	▪ Achieve Cost of Capital Returns in Distribution ▪ Status: Early results favorable, offsetting print decline	**2H12 -2013**
Mogi Guacu Boiler	▪ Make Steam Generation Self-reliant on Renewable Energy ▪Status: Ahead of schedule, on budget	**2013**
IP-Sun JV CPB Capital Expansion	▪ Build Capacity to Grow with Market (China) ▪ Status: PM installation underway; start-up on schedule	**2013**
Ilim JV Build-Out NBSK (China) & UFS (Russia)	▪ Build Capacity to Grow with Market (Russia / China) ▪ Status: Converting equipment running in Koryazhma; Woodyard complete and recovery boiler on-line at Bratsk	**2013**
India Optimization	▪ Leverage IP's Expertise to Maximize Asset Utilization ▪ Status: Significant planned outage completed in Q2	**2013-2015**

Earnings from continuing operations before special items

Strategic Project Updates | A Closer Look



Mogi Guacu Biomass Boiler



Sun JV PM Press Section & Dryer Section



Bratsk Pulp Mill Recovery Boiler



Rajahmundry Mill Site

Third Quarter Outlook | Changes from 2Q12

		North America	EMEA	Brazil	Asia
Volume	Paper	Stable	Stable	Stable	Stable
	Packaging	Stable	Decrease (Seasonal)		Stable
Pricing / Mix	Paper	Stable	Stable	Favorable Price & Mix	Stable
	Packaging	Less Favorable Box Mix (Seasonal)	Less Favorable Box Mix (Seasonal)		Stable
Operations & Other	Paper	Franklin Mill Start-Up	Stable	Stable	Stable
	Packaging	Mill Divestiture Impact	Stable		Higher Sun JV PM Start-up Costs
Inputs & Freight	Paper	Higher Energy, Chemicals & Frt.	Higher Energy & Fiber	Higher Purchased Pulp & Energy	Stable
	Packaging	Lower Fiber / Higher Energy	Stable		Stable
Maintenance Outages	Paper	Decrease $56MM	Decrease $19MM	Increase ($6MM)	Decrease $8MM (India)
	Packaging	Decrease $50MM	Decrease $3MM		Stable
Distribution		Stable			
ILIM JV			Currency Impact		

Outlook

- Continue to meet our customer demand at the lowest delivered cost
- Lowest scheduled maintenance outage quarter of year
- Reduced earnings associated with mill divestitures
- Continued Temple-Inland synergy realization
- Franklin fluff pulp mill ramp-up
- Inputs balanced, modest decline in fiber offset by natural gas increases
- Potential non-recurrence of unfavorable currency impact at Ilim JV
- Implementation of announced U.S. containerboard and box price increases
- Higher start-up spending on Sun JV PM and Ilim JV build-out capital projects

Appendix

Investor Relations Contacts

Glenn R. Landau 901-419-1731

Michele Vargas 901-419-7287

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%

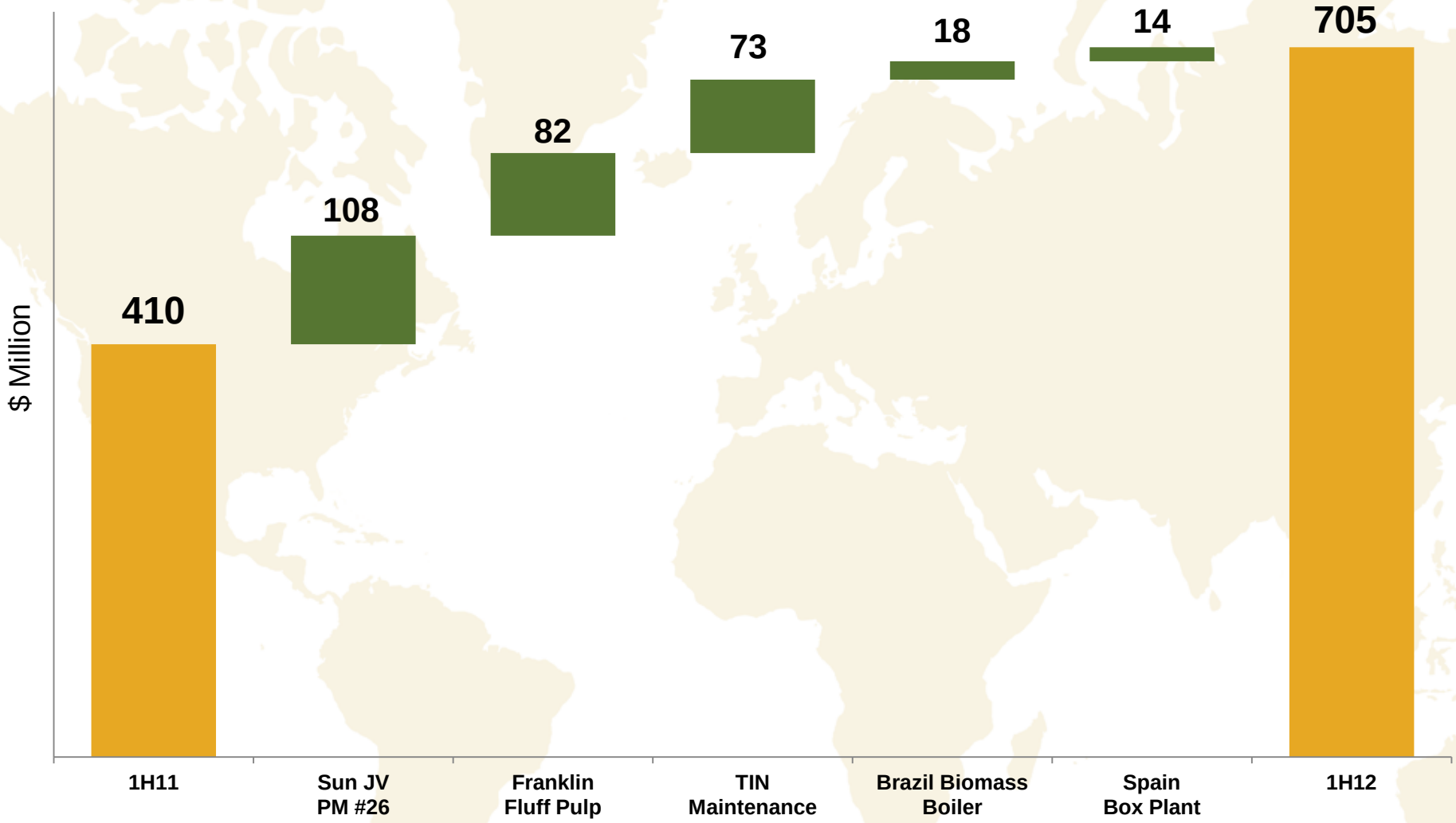
Before special items and excluding Ilim

Free Cash Flow

$ Million	2Q11	1Q12	2Q12
Cash Provided by Continuing Operations	$648	$642[1]	$682[2]
Less Capital Investment	($229)	($285)	($420)
Free Cash Flow	$419	$357	$262

[1] Excludes $120 MM cash paid for Temple-Inland change-in-control agreements and $111 MM cash received from unwinding a timber monetization
[2] Excludes $44 MM cash paid for Temple-Inland pension plan contribution and $140 MM cash received from unwinding a timber monetization

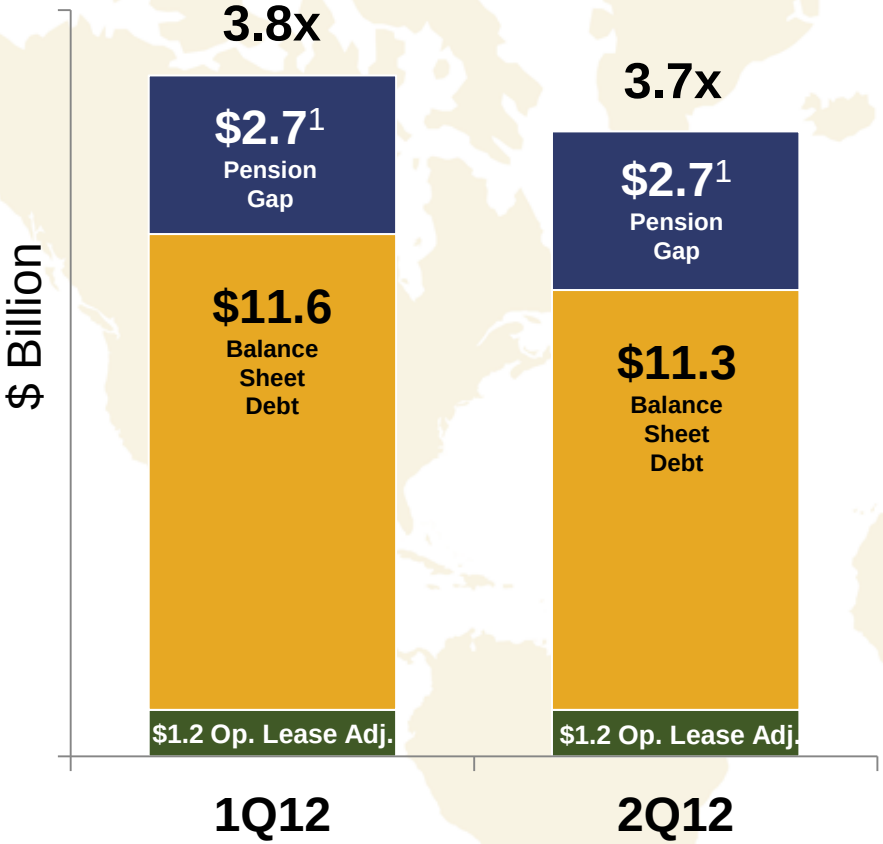
Capital Investment | 1H12 vs. 1H11



Earnings from continuing operations before special items

Balance Sheet | Debt Coverage

Target: Adjusted Debt < 3X Adjusted EBITDA

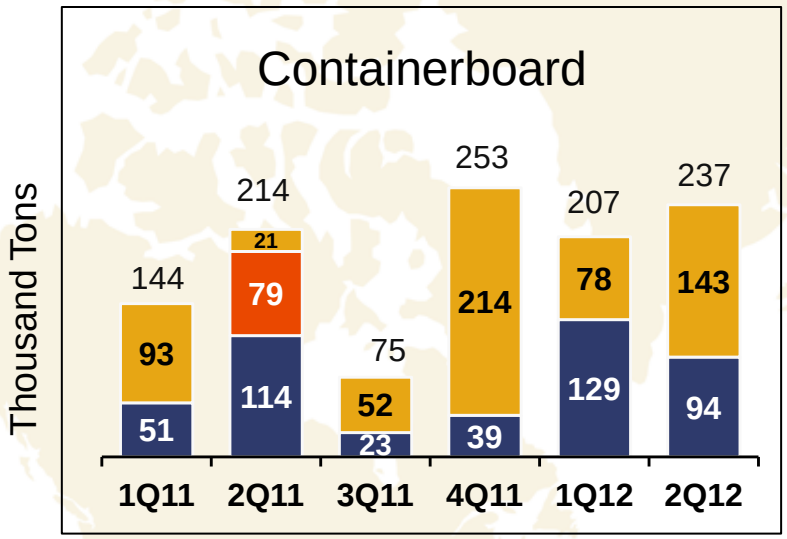


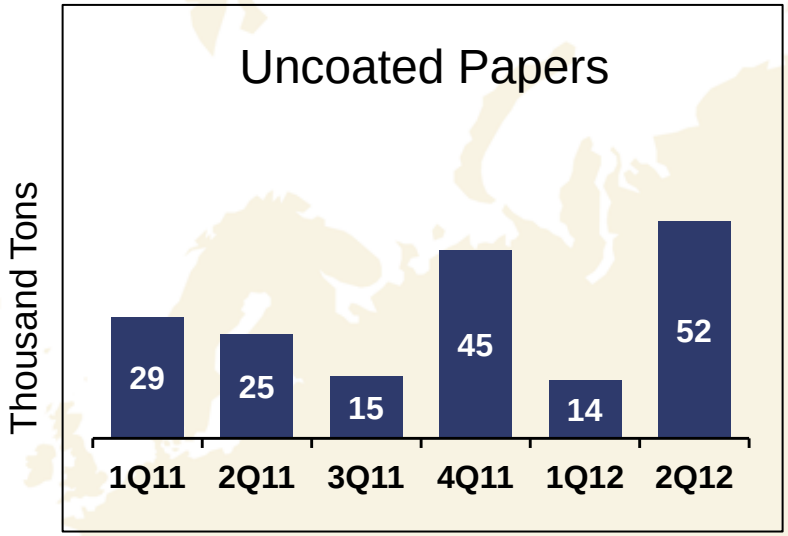
2012 Highway Law – Pension Implications

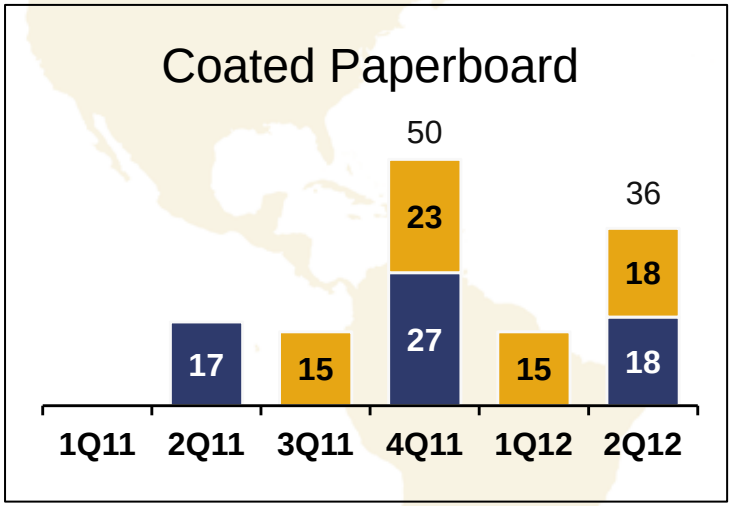
- Significant reduction in near term required pension contributions
  - Current estimate is <$100MM in 2013 (vs. ~$500MM)
- No change in accounting measure for pension liability
- No change in adjusted debt/credit metrics

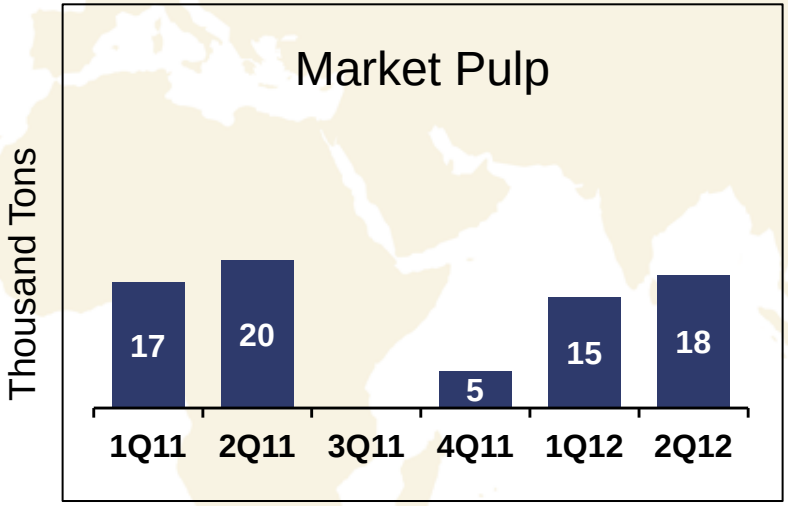
Adjusted Debt reflects gross balance sheet debt plus pension gap and operating lease adjustment (Moody's Methodology)
EBITDA based on 2012 Adjusted First Call EBITDA of $4.1B (Moody's Methodology)
[1] IP pension gap as of 12/31/2011; Temple-Inland pension gap as of 2/13/2012

North American Downtime | Operating Rates 93% in 2Q12, 95% in 1Q12









■ Maintenance ■ Vicksburg Flood ■ Market

1Q12 and 2Q12 include Temple-Inland mills

Maintenance Outages Expenses | 2012

$ Million	1Q12	2Q12	3Q12E	4Q12E	2012E
Industrial Packaging	**$67**	**$63**	**$26**	**$67**	**$223**
Printing Papers Total	**$27**	**$102**	**$25**	**$43**	**$197**
North America	27	60	4	40	131
Europe	0	33	14	0	47
Brazil	0	1	7	3	11
India	0	8	0	0	8
Consumer Packaging	**$0**	**$21**	**$5**	**$20**	**$46**
North America	0	18	5	20	43
Europe	0	3	0	0	3
Total Impact	**$94**	**$186**	**$56**	**$130**	**$466**

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

Special Items Before Tax & Noncontrolling Interest | Continuing Operations

Special Items Pre-Tax ($Million)		2Q11	1Q12	2Q12
Industrial Packaging	Acquisition and Integration Costs		($63)	($35)
	Mill Divestiture Costs			($71)
	Other			($1)
Printing Papers	Facility Closure Costs	$21		
	Other		$1	($2)
Consumer Packaging	Fixed Asset Impairment or Adjustment	($129)		
	Shorewood Sale Adjustments		$7	($6)
	Reorganization	($2)		
xpedx	Reorganization	($10)	($21)	($12)
Corporate	Debt Extinguishment		($16)	($10)
	Restructuring & Other	($26)		$1
Total Special Items Before Tax & Noncontrolling Interest		**($146)**	**($92)**	**($136)**

Special Items Net of Taxes

	1Q12		2Q12	
	$ Million	EPS	$ Million	EPS
Earnings Before Special Items	**$247**	**$0.57**	**$203**	**$0.46**
Special Items Net of Taxes:				
Tax Items	($3)			
Debt Extinguishment Costs	($10)		($6)	
Shorewood Sale Adjustments	$6		($4)	
Acquisition and Integration Costs	($41)		($24)	
Mill Divestiture Costs			($43)	
Reorganization	($16)		($8)	
Total Special Items Net of Taxes	**($64)**	**($0.15)**	**($85)**	**($0.19)**
Discontinued Operations Net of Taxes	**$5**	**$0.01**	**$16**	**$0.04**
Net Earnings	**$188**	**$0.43**	**$134**	**$0.31**

2Q12 EBITDA

	Operating Profit $ Million	D & A $ Million	Tons Thousand	EBITDA per Ton	EBITDA Margin
Industrial Packaging					
North America[1]	$354	$180	3,668	$146	19%
Europe	$12	$7	260	$73	8%
Printing Papers					
North America[2]	$69	$40	669	$163	16%
Europe[3]	$24	$17	311	$132	14%
Brazil	$51	$32	295	$281	29%
India	($8)	$5	47	($64)	(9%)
U.S. Market Pulp	($26)	$13	258	($50)	(8%)
Consumer Packaging					
N.A. Coated Paperboard	$27	$32	385	$154	15%

Earnings from continuing operations before special items

[1] Excludes Recycling business and revenue from trade volumes; includes Saturating Kraft & Bag business

[2] Includes Bleached Kraft business

[3] Excludes Market Pulp

Operating Profits by Industry Segment | Continuing Operations

$ Million	2Q11	1Q12	2Q12
Industrial Packaging	$269	$278	$367
Printing Papers	$222	$145	$106
Consumer Packaging	$98	$96	$63
Distribution	$14	$19	$17
Operating Profit	**$603**	**$538**	**$553**
Net Interest Expense	($137)	($168)	($172)
Noncontrolling Interest / Equity Earnings Adjustment	$9	$4	$4
Corporate Items	($36)	($69)	($45)
Special Items	($146)	($92)	($136)
Earnings from continuing operations before income taxes, equity earnings & noncontrolling interest	**$293**	**$213**	**$204**
Equity Earnings, net of taxes - Ilim	**$52**	**$40**	**($25)**

Geographic Business Segment Operating Results | Before Special Items

$ Million	Sales			Operating Profit		
	2Q11	1Q12	2Q12	2Q11	1Q12	2Q12
Industrial Packaging						
North America	$2,220	$2,690	$3,035	$253	$258	$354
Europe	$295	$270	$255	$16	$19	$12
Asia	$190	$155	$160	$0	$1	$1
Printing Papers						
North American	$695	$700	$670	$101	$100	$69
Europe	$380	$335	$335	$47	$44	$20
Brazil	$295	$270	$285	$39	$23	$51
India	-	$58	$35	-	$1	($8)
N.A. Pulp	$195	$175	$160	$35	($23)	($26)
Consumer Packaging						
North America	$625	$520	$495	$62	$63	$37
Europe	$95	$100	$90	$23	$28	$21
Asia (Sun JV)	$225	$190	$195	$13	$5	$5
xpedx	$1,655	$1,475	$1,500	$14	$19	$17

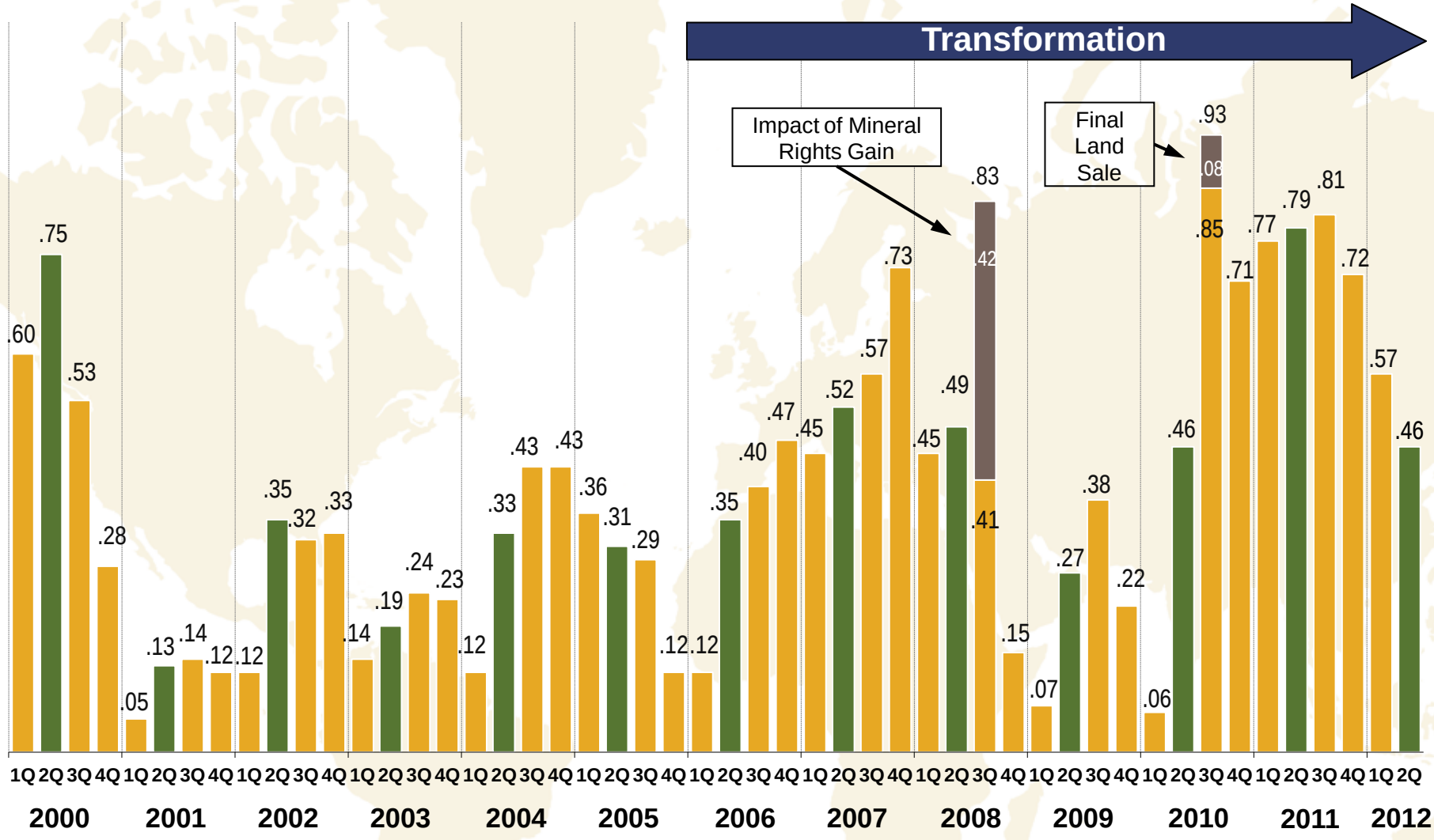
Does not reflect total company sales and operating profit

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
2Q12	$340	($108)	($3)	($26)	$203	32%	438	0.46
Special Items								
1Q12	($92)	$28	$0	$0	($64)	30%	439	(0.15)
2Q12	($136)	$51	$0	$0	($85)	38%	438	(0.19)
Earnings								
1Q12	$213	($70)	($4)	$44	$183	33%	439	0.42
2Q12	$204	($57)	($3)	($26)	$118	28%	438	0.27

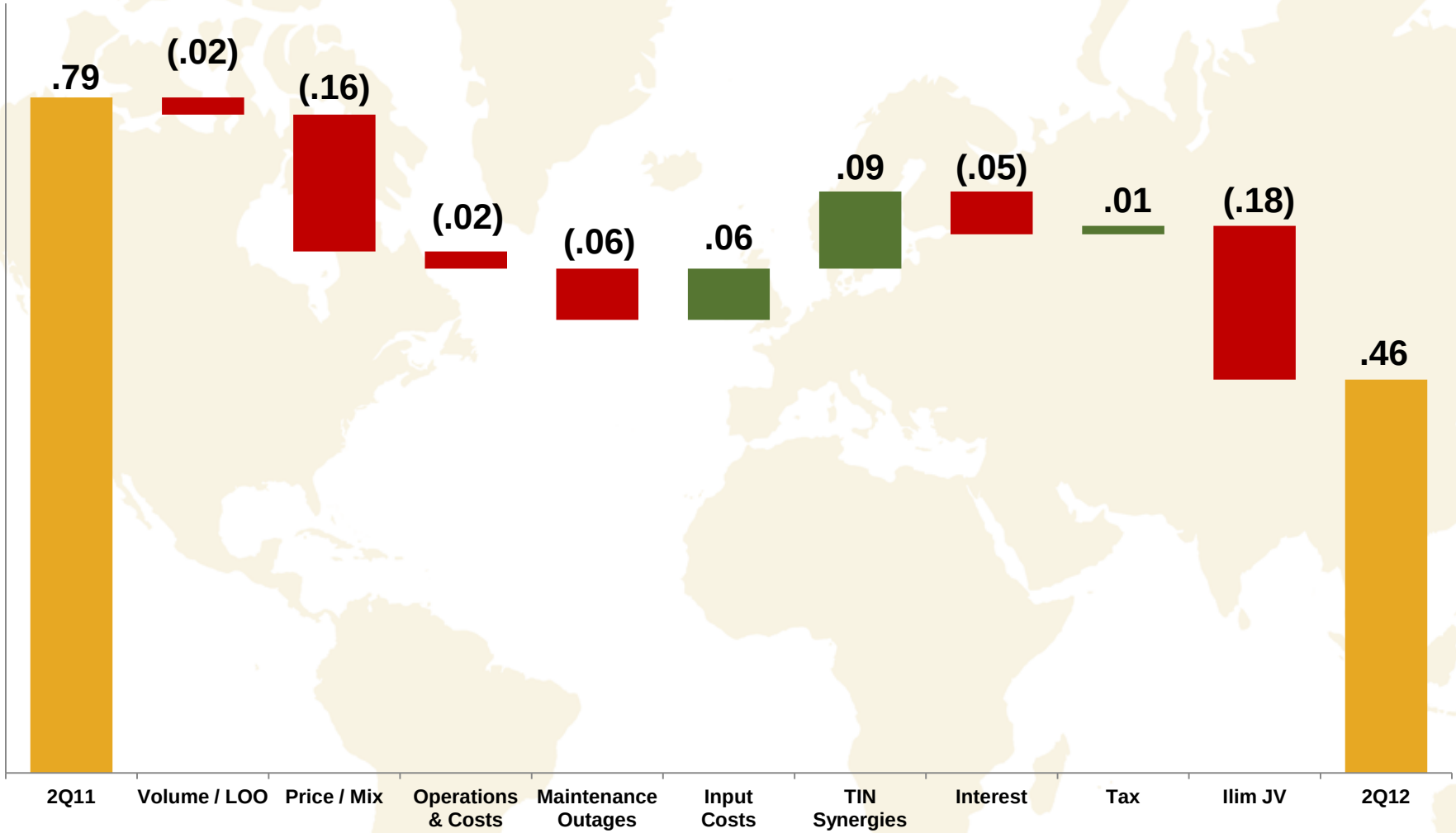
[1] Assuming dilution
[2] A reconciliation to GAAP EPS is available at www.internationalpaper.com under the Investors tab at Webcasts and Presentations

Operating Business EPS | Demonstrated Step Change in Performance



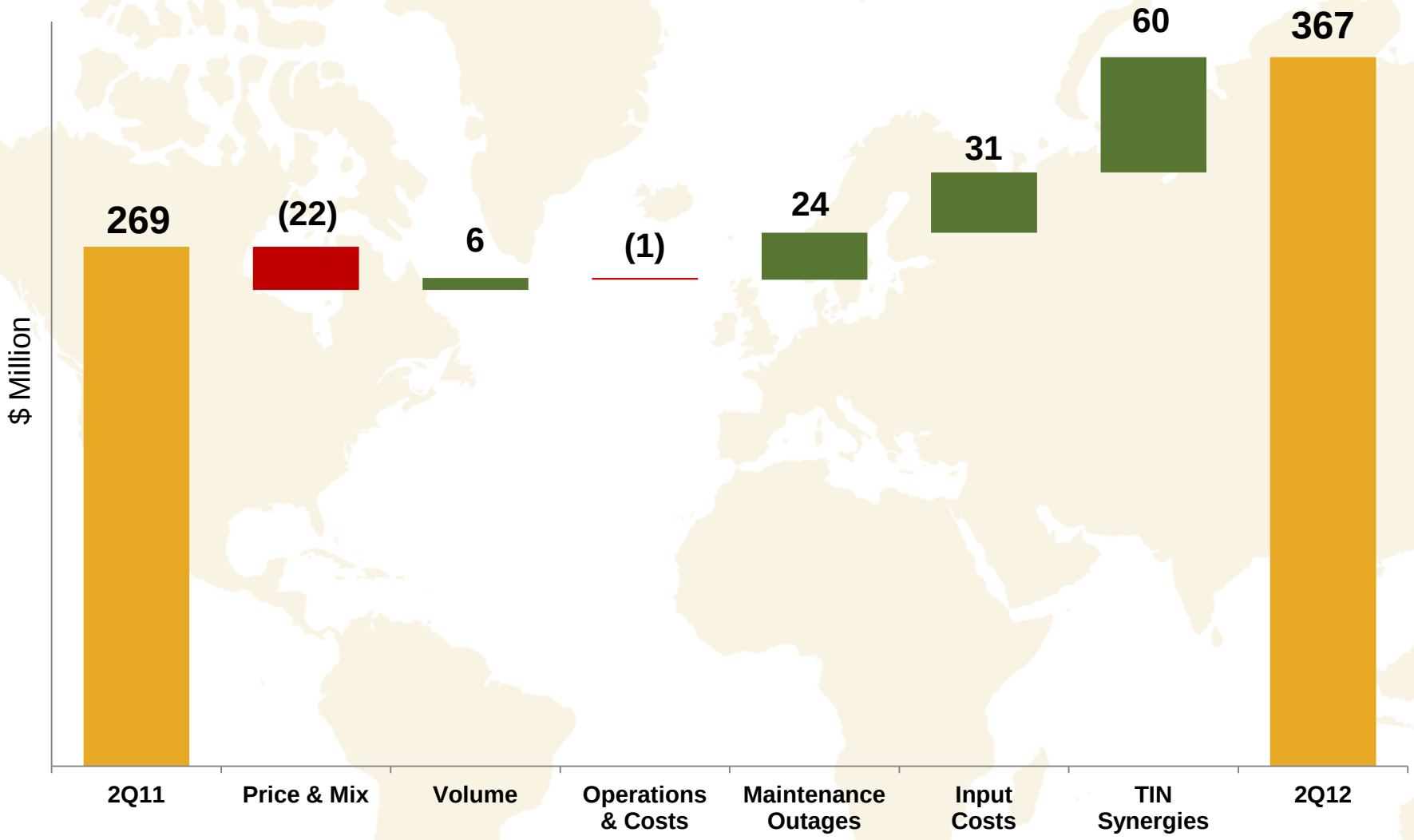
Earnings from continuing operations and before special items
2000-2006 as originally reported
2007-2011 reflects earnings adjusted for elimination of the Ilim JV reporting lag

2Q12 vs. 2Q11 EPS



Earnings from continuing operations before special items

Industrial Packaging | 2Q12 vs. 2Q11



Earnings from continuing operations before special items

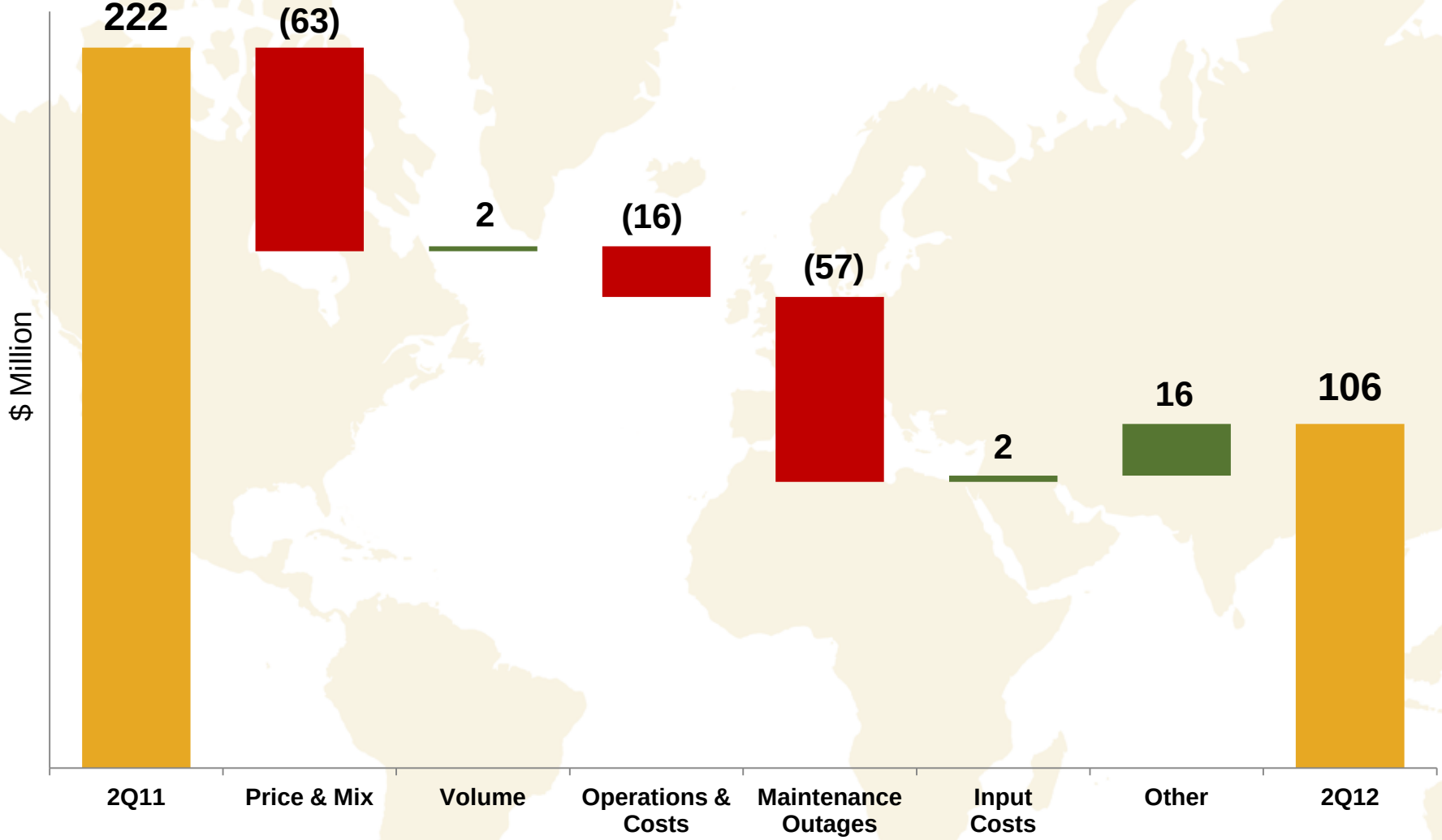
	2Q12 vs. 1Q12		2Q12 vs. 2Q11	
Business	**Volume**	**Price / Ton**	**Volume**	**Price / Ton**
N.A. Container[1]	**1%**	**$1**	**(2%)**	**($7)**
European Container[2]	**(1%)**	**€3**	**(3%)**	**€1**

Average IP volume and price realization (includes the impact of mix across all segments)

[1] N.A. Container Volume on FBA reporting basis (excludes shipments from the Display & Bulk Segment and facilities in Mexico and Latin America but includes shipments from domestic Sheet Plants); All periods include full quarter of Temple-Inland volume

[2] European Container Volume reflects box shipments only (includes shipments from the non-consolidated joint venture in Turkey)

Printing Papers | 2Q12 vs. 2Q11



Earnings from continuing operations before special items

INTERNATIONAL PAPER

	2Q12 vs. 1Q12		2Q12 vs. 2Q11	
Business	**Volume**	**Price / Ton**	**Volume**	**Price / Ton**
N.A. Paper	**(6%)**	**$17**	**(2%)**	**($18)**
N.A. Pulp[1]	**(7%)**	**$17**	**2%**	**($129)**
European Paper	**0%**	**€4**	**2%**	**(€32)**

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

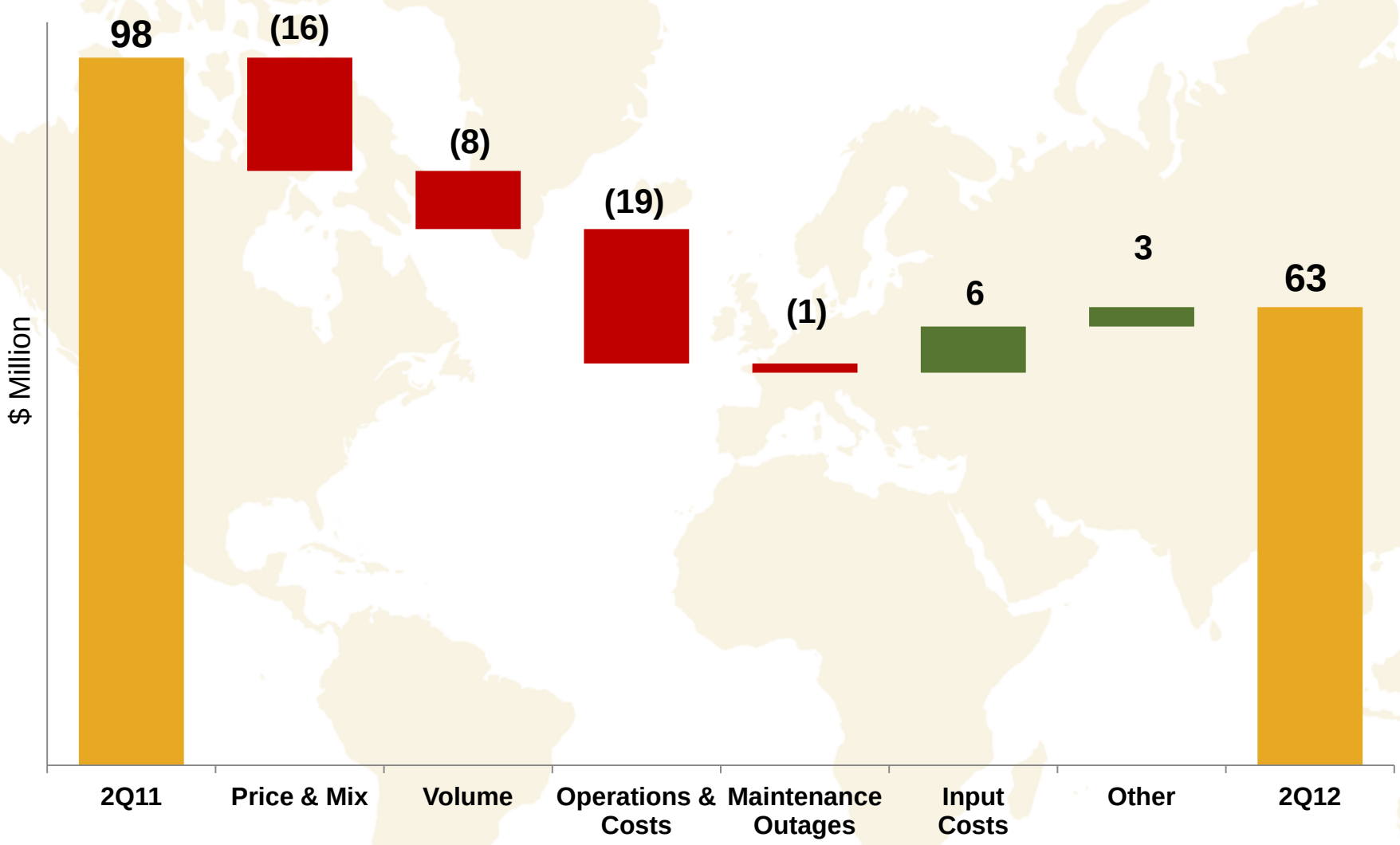
[1] Reflects Fluff and Market pulp combined

$ Million	2Q11	1Q12	2Q12
Sales	$295	$270	$285
Earnings	$39	$23	$51
EBITDA Margin	26%	22%	29%

	2Q12 vs. 1Q12		2Q12 vs. 2Q11	
Business	Volume	Price/Ton	Volume	Price/Ton
Uncoated Freesheet	8%	$42	9%	($35)
Domestic	17%	$40	18%	$20
Export	2%	$43	3%	($74)

IP Brazil results are reported in the Printing Papers segment
Earnings and EBITDA from continuing operations before special items
Average IP Brazil price realization (includes the impact of mix across all grades)

Consumer Packaging | 2Q12 vs. 2Q11



Earnings from continuing operations before special items

INTERNATIONAL PAPER

	2Q12 vs. 1Q12		2Q12 vs. 2Q11	
	Volume	Price/Ton	Volume	Price/Ton
N.A. Coated Paperboard	2%	($11)	(10%)	($11)
	Revenue	Price	Revenue	Price
Converting Businesses	4%	NA	11%	NA

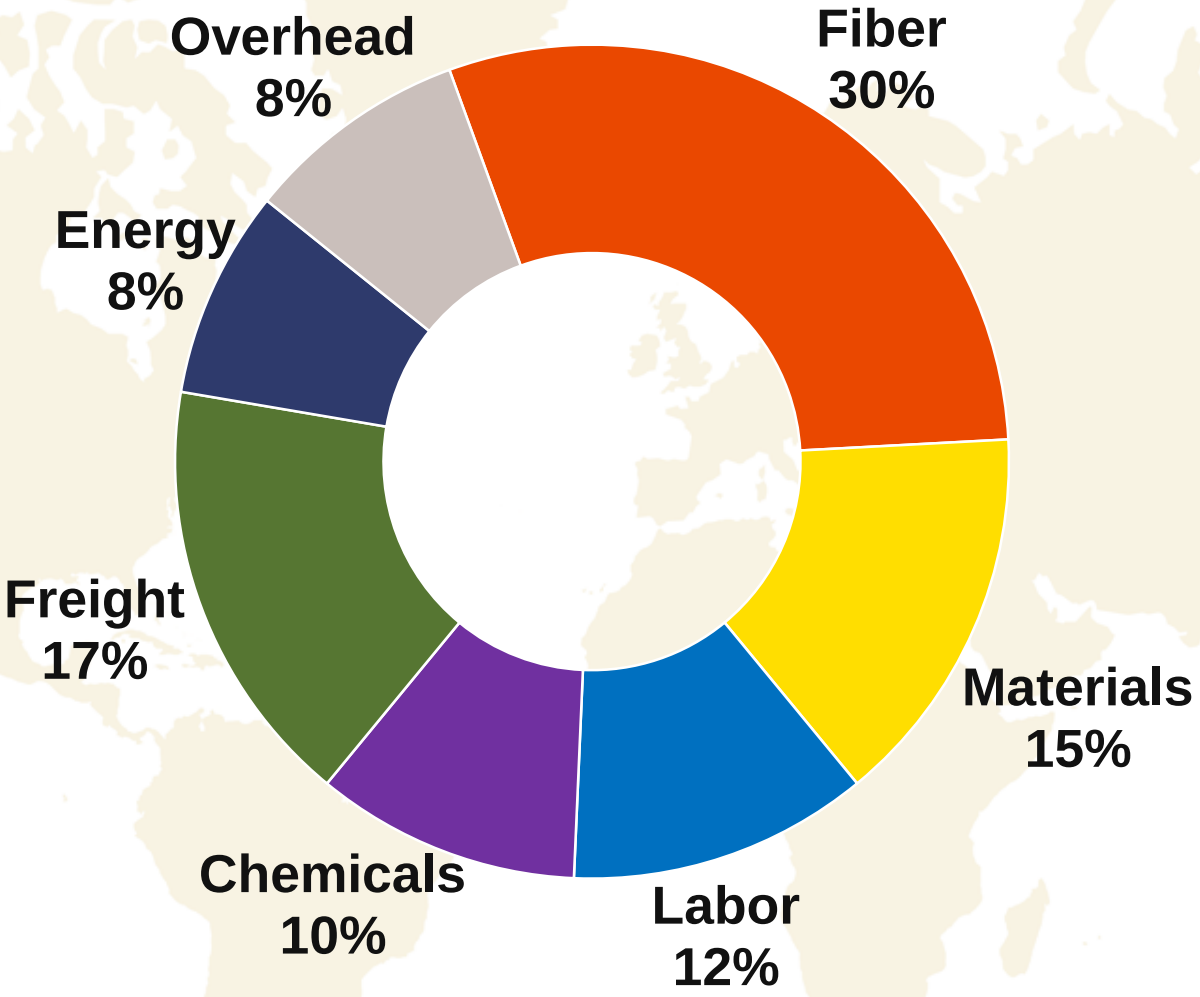
Average IP price realization (includes the impact of mix across all grades)

Ilim Joint Venture | Volume and Pricing Trends

	2Q12 vs. 1Q12		2Q12 vs. 2Q11	
Business	**Volume**	**Price/Ton**	**Volume**	**Price/Ton**
Pulp	**1%**	**$19**	**13%**	**($193)**
Containerboard	**13%**	**($1)**	**6%**	**($129)**

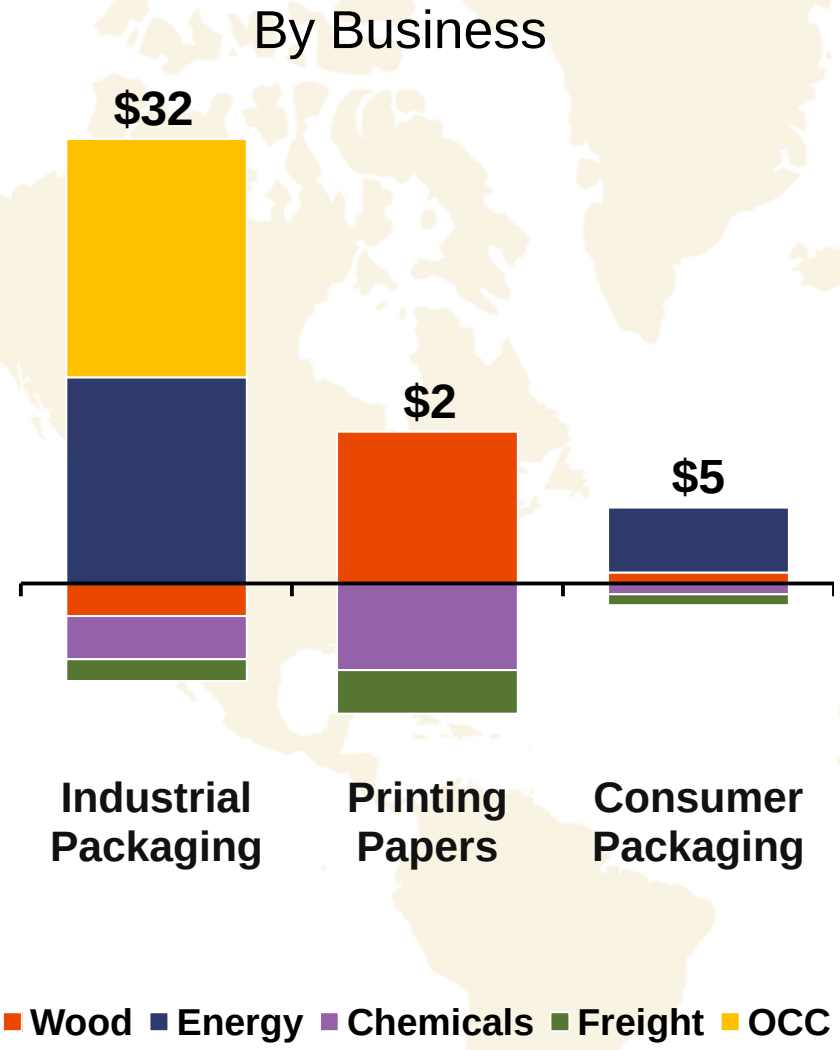
Average Ilim JV (100%) volume and price realization (includes the impact of mix across all grades)

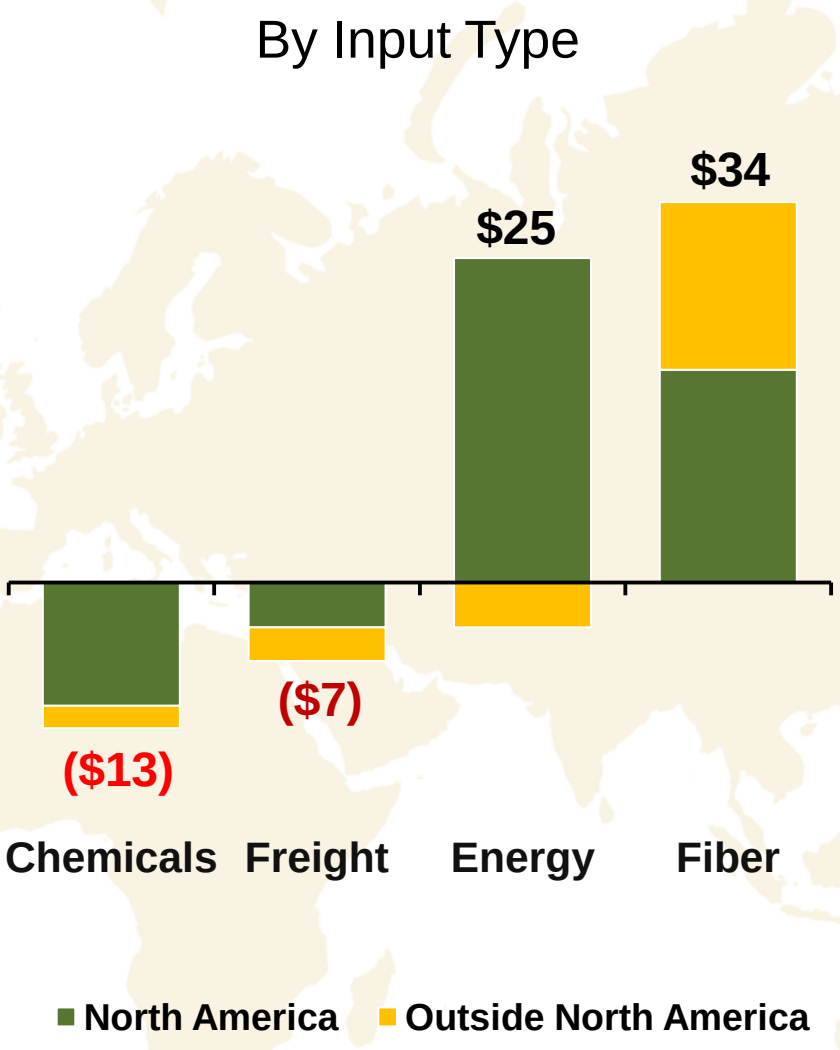
Total Cash Cost Components | 2Q12 YTD



North American Mills Only (Excluding Temple Inland Mills)

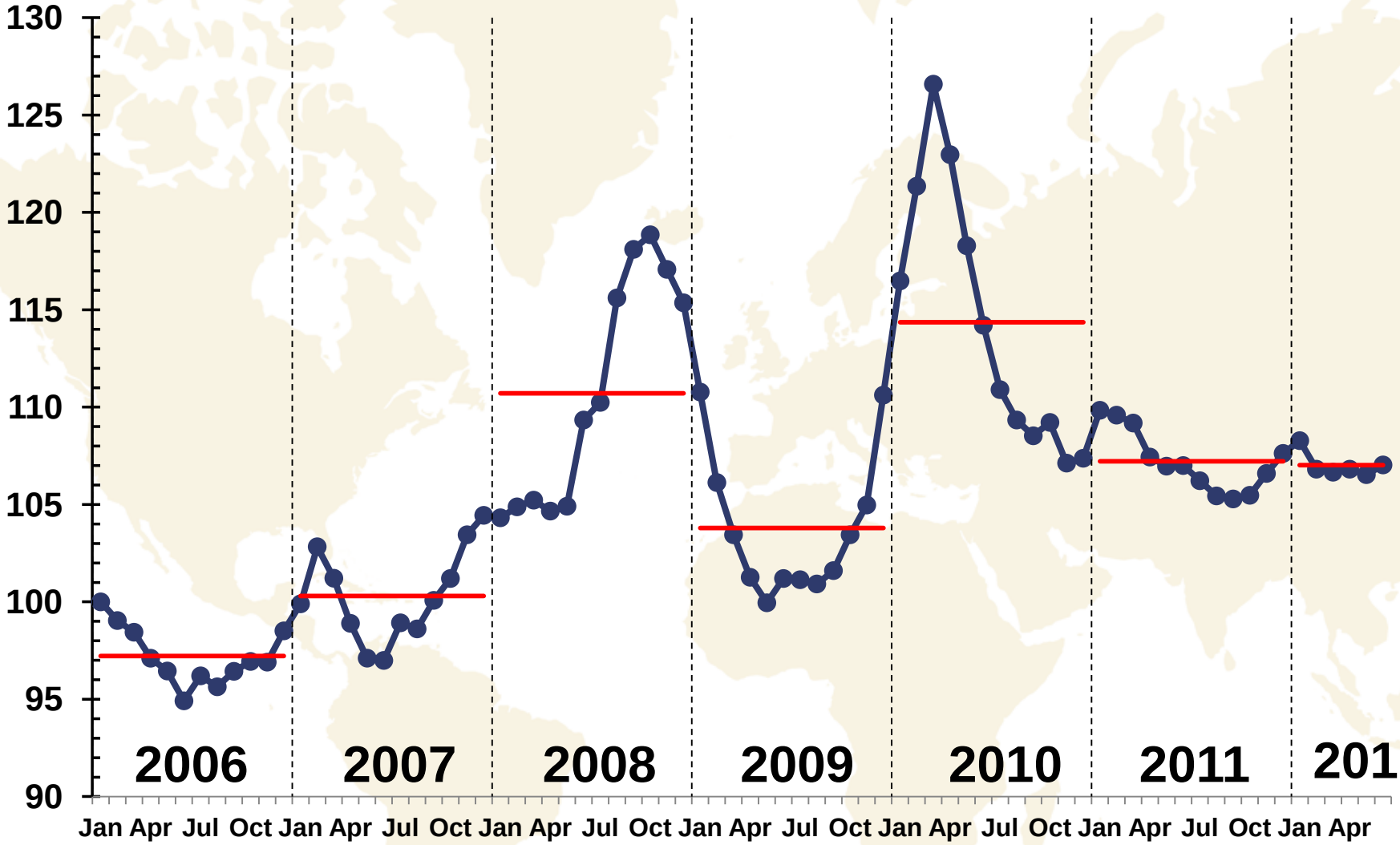
Global Input Costs vs. 2Q11 | $39MM Favorable, or $0.06 per share





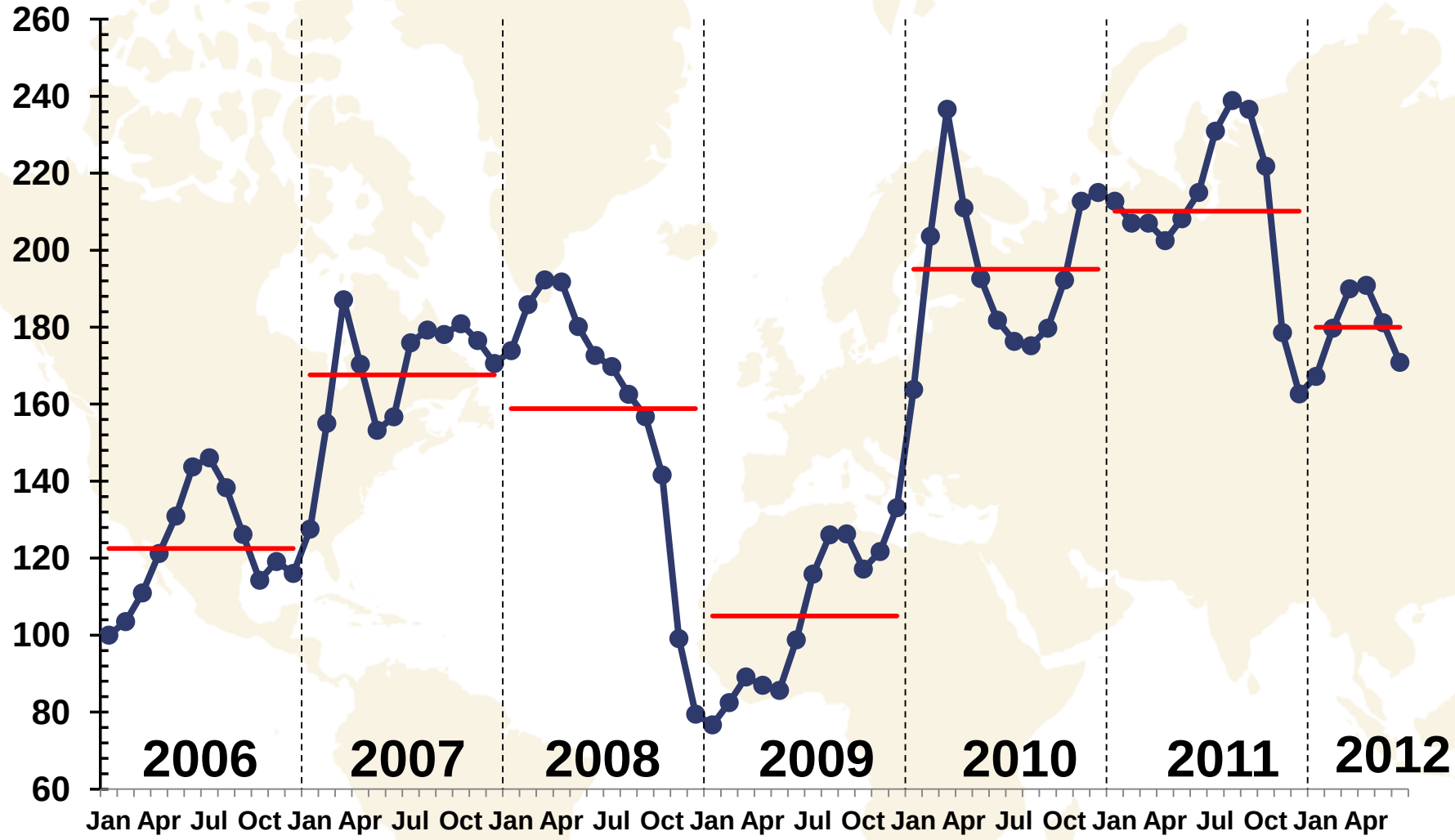
Input costs for continuing businesses

U.S. Mill Wood Delivered Cost Trend | Flat vs. 1Q12 Average Cost



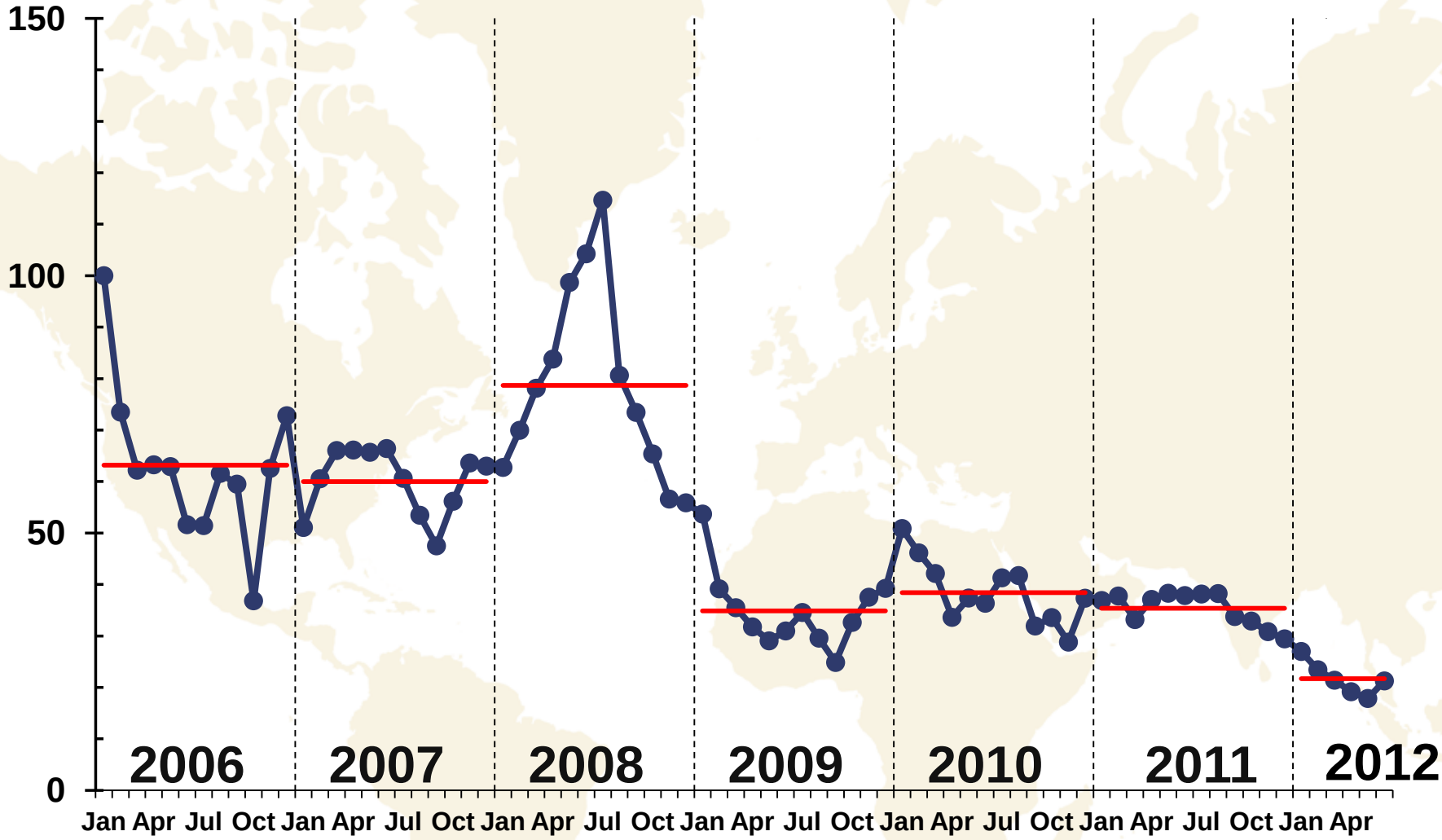
Cost Indexed to January 2006 values

U.S. OCC Delivered Cost Trend | 1% Increase vs. 1Q12 Average Cost



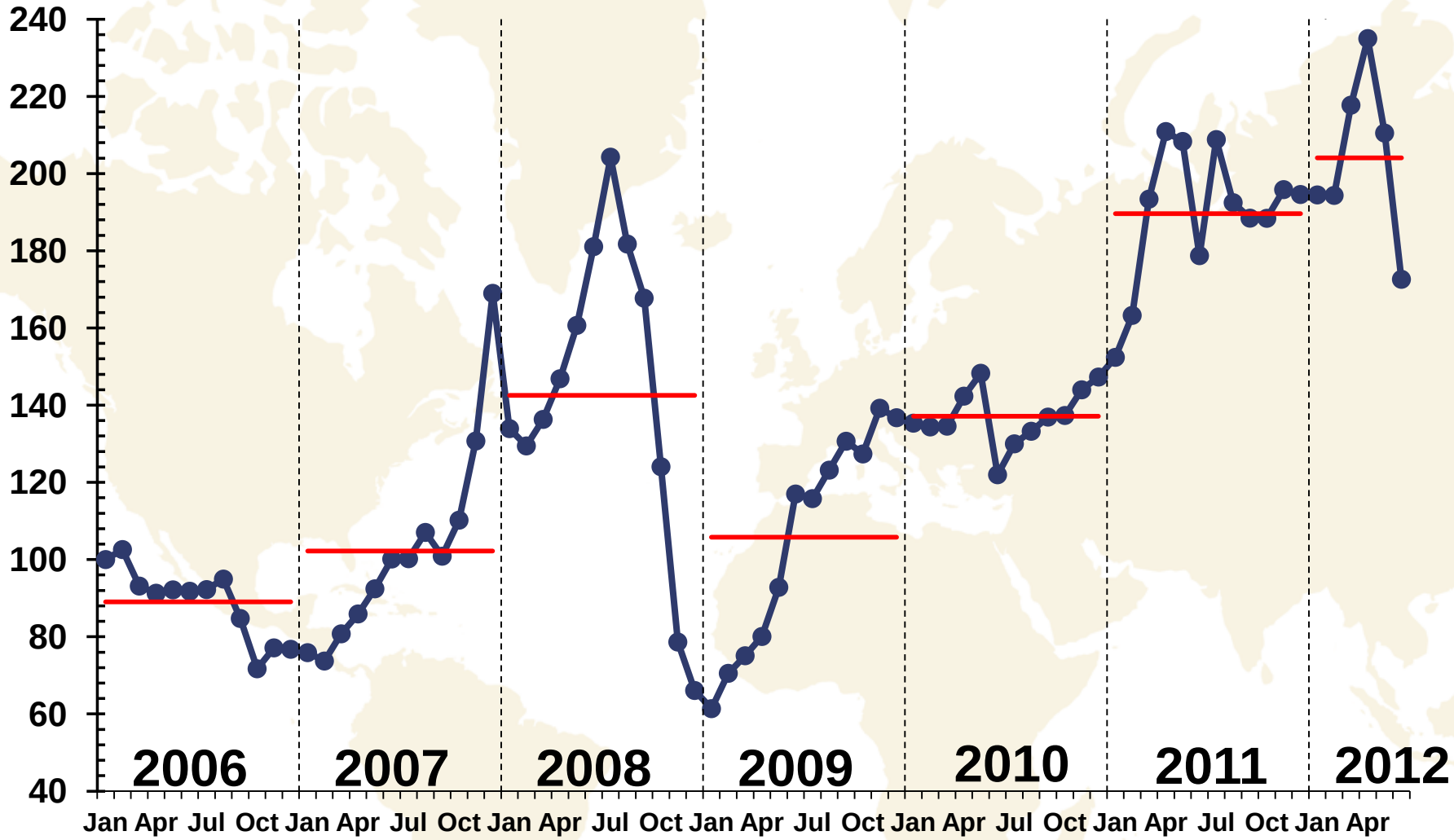
Cost Indexed to January 2006 values
2006-2007 represents WY PKG delivered costs; 2008-2010 represents delivered costs to the integrated system

Natural Gas Costs Trend | 19% Decrease vs. 1Q12 Average Cost



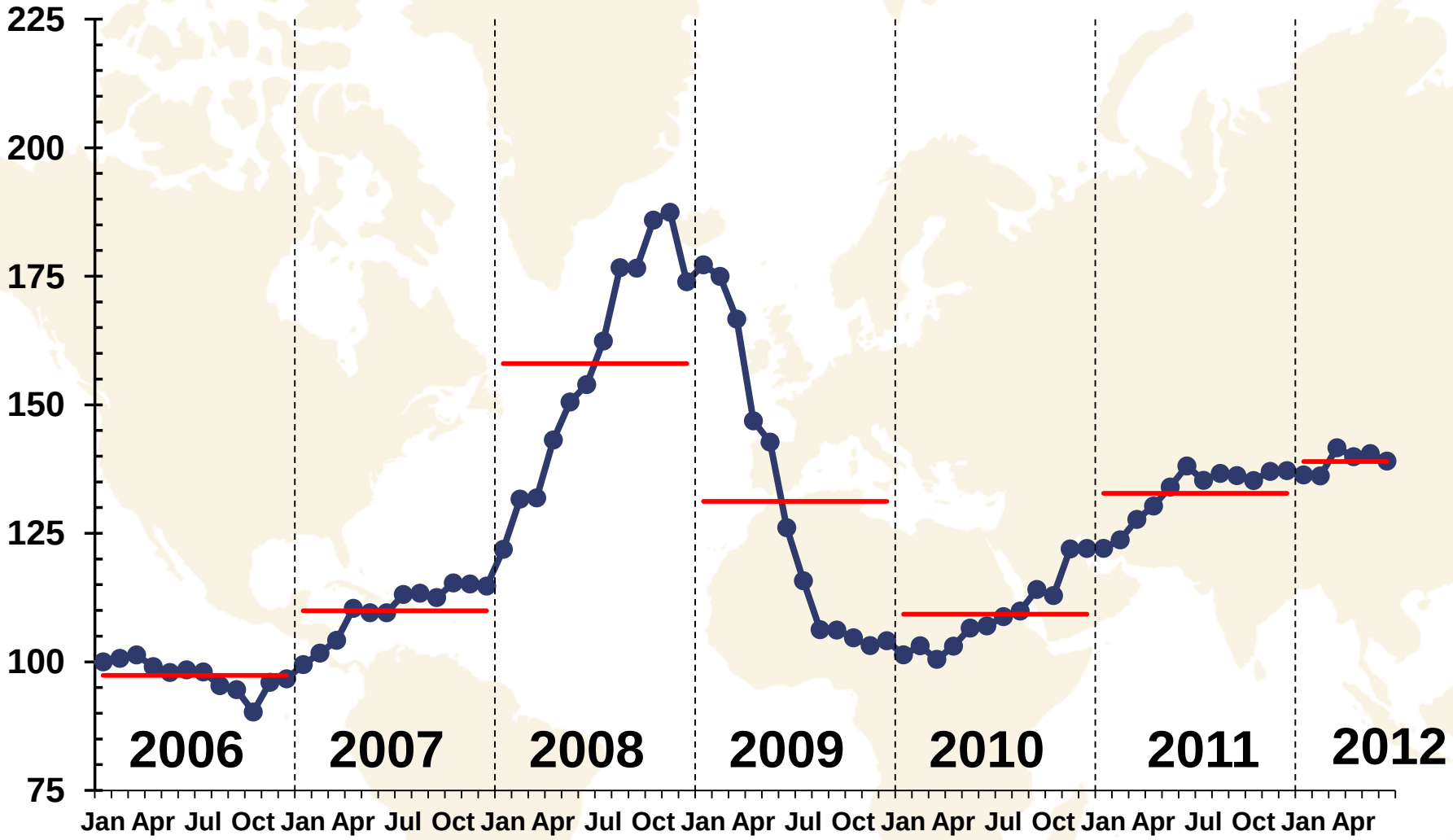
Cost Indexed to January 2006 values
NYMEX Natural Gas closing prices

U.S. Fuel Oil Trend | 2% Increase vs. 1Q12 Average Cost



Cost Indexed to January 2006 values
WTI Crude prices

U.S. Chemical Composite Index Trend | 1% Increase vs. 1Q12 Average Cost



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

	Commodity	U. S.	Non – U. S.
Energy	Natural Gas (MM BTUs)	62,000,000	12,000,000
	Fuel Oil (Barrels)	900,000	400,000
	Coal (Tons)	600,000	500,000
Fiber	Wood (Tons)	54,000,000	8,700,000
	Old Corrugated Containers (Tons)	3,900,000	100,000
Chemicals	Caustic Soda (Tons)	390,000	100,000
	Starch (Tons)	420,000	56,000
	Sodium Chlorate (Tons)	200,000	50,000
	LD Polyethylene (Tons)	40,000	-
	Latex (Tons)	20,000	7,000

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