FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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TEMPLE INLAND INC

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SIC: **2631** Paperboard mills

Mailing Address	Business Address
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended October 1, 2011______________

OR

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Transition Period From ____________ to ____________

Commission File Number: 001-08634

Temple-Inland Inc.

(Exact name of registrant as specified in its charter)

Delaware	**75-1903917**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1300 MoPac Expressway South, 3rd Floor, Austin, Texas 78746
(Address of Principal Executive Offices, including Zip code)

(512) 434-5800
(Registrant's telephone number, including area code)

Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☑ Yes☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☑ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Number of common shares outstanding as of October 1, 2011
Common Stock (par value $1.00 per share)	109,635,169

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PART I. FINANCIAL INFORMATION

Item 1. **Financial Statements**

TEMPLE-INLAND INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	(Unaudited)Third Quarter-End 2011	Year-End 2010
	(In millions)	
ASSETS		
Current Assets		
Cash and cash equivalents	$ 47	$ 28
Trade receivables, net of allowance for doubtful accounts of $16 in 2011 and 2010	492	471
Inventories:		
Work in process and finished goods	110	90
Raw materials	224	253
Supplies and other	149	142
Total inventories	483	485
Deferred tax asset	115	108
Income taxes receivable	14	—
Prepaid expenses and other	44	44
Total current assets	1,195	1,136
Property and Equipment		
Land and buildings	723	684
Machinery and equipment	3,694	3,640
Construction in progress	66	74
Less allowances for depreciation	(2,842)	(2,771)
Total property and equipment	1,641	1,627
Financial Assets of Special Purpose Entities	2,475	2,475
Goodwill	394	394
Other Assets	262	277
TOTAL ASSETS	$ 5,967	$ 5,909
LIABILITIES		
Current Liabilities		
Accounts payable	$ 221	$ 219
Accrued employee compensation and benefits	136	109
Accrued interest	12	17
Accrued property taxes	19	13
Other accrued expenses	139	134
Current portion of long-term debt	—	—
Current portion of pension and postretirement benefits	16	16
Total current liabilities	543	508
Long-Term Debt	657	718
Nonrecourse Financial Liabilities of Special Purpose Entities	2,140	2,140
Deferred Tax Liability	732	700
Liability for Pension Benefits	330	308
Liability for Postretirement Benefits	109	110
Other Long-Term Liabilities	399	404
TOTAL LIABILITIES	4,910	4,888
SHAREHOLDERS' EQUITY		
Temple-Inland Inc. Shareholders' Equity		
Preferred stock — par value $1 per share: authorized 25,000,000 shares; none issued	—	—

Common stock — par value $1 per share: authorized 200,000,000 shares; issued 123,605,344 shares in 2011 and 2010, including shares held in the treasury	124	124
Additional paid-in capital	394	426
Accumulated other comprehensive loss	(253)	(257)
Retained earnings	1,218	1,220
Cost of shares held in the treasury: 13,970,175 shares in 2011 and 15,654,157 shares in 2010	(518)	(584)
Total Temple-Inland Inc. shareholders' equity	965	929
Noncontrolling Interest of Special Purpose Entities	92	92
TOTAL SHAREHOLDERS' EQUITY	1,057	1,021
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,967	$ 5,909

Please read the notes to consolidated financial statements.

TEMPLE-INLAND INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Third Quarter 2011	Third Quarter 2010	First Nine Months 2011	First Nine Months 2010
	(Dollars in millions, except per share)			
NET REVENUES	$ 974	$ 966	$ 2,985	$ 2,847
COSTS AND EXPENSES				
Cost of sales	(854)	(813)	(2,599)	(2,491)
Selling	(26)	(27)	(84)	(82)
General and administrative	(42)	(37)	(142)	(121)
Other operating income (expense)	(24)	(6)	(40)	(8)
	(946)	(883)	(2,865)	(2,702)
OPERATING INCOME	28	83	120	145
Other non-operating income (expense)	(1)	—	(5)	—
Interest income on financial assets of special purpose entities	2	2	2	4
Interest expense on nonrecourse financial liabilities of special purpose entities	(4)	(5)	(13)	(14)
Interest expense on debt	(11)	(13)	(34)	(39)
INCOME BEFORE TAXES	14	67	70	96
Income tax benefit (expense)	(7)	59	(29)	45
NET INCOME	7	126	41	141
Net (income) loss attributable to noncontrolling interest of special purpose entities	(1)	(1)	—	—
NET INCOME ATTRIBUTABLE TO TEMPLE-INLAND INC	$ 6	$ 125	$ 41	$ 141
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	109.3	107.9	108.7	107.8
Diluted	111.7	109.4	110.9	109.5
EARNINGS PER SHARE				
Basic	$ 0.05	$ 1.15	$ 0.38	$ 1.30
Diluted	$ 0.05	$ 1.13	$ 0.37	$ 1.28
DIVIDENDS PER SHARE	$ 0.13	$ 0.11	$ 0.39	$ 0.33

Please read the notes to consolidated financial statements.

TEMPLE-INLAND INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	First Nine Months 2011	First Nine Months 2010
	(In millions)	
CASH PROVIDED BY (USED FOR) OPERATIONS		
Net income	$ 41	$ 141
Adjustments:		
Depreciation and amortization	146	145
Asset impairment charges	6	9
Loss related to purchase and retirement of long-term debt	4	—
Non-cash share-based and long-term incentive compensation	51	20
Cash payment for share-based awards settled	(17)	(17)
Non-cash pension and postretirement expense	52	53
Cash contribution to pension and postretirement plans	(9)	(42)
Deferred income taxes	16	(37)
Other	9	(31)
Changes in:		
Receivables	(23)	(56)
Inventories	1	(34)
Accounts payable and accrued expenses	15	42
Prepaid expenses and other	(16)	10
	276	203
CASH PROVIDED BY (USED FOR) INVESTING		
Capital expenditures	(170)	(144)
Sale of non-strategic assets and operations	8	2
Other	(18)	—
	(180)	(142)
CASH PROVIDED BY (USED FOR) FINANCING		
Payments of debt	(54)	—
Borrowings under accounts receivable securitization facility, net	8	(5)
Borrowings under revolving credit facility, net	(19)	4
Fees related to revolving credit facility	—	(6)
Fees related to special purpose entities	7	(4)
Changes in book overdrafts	—	(5)
Cash dividends paid to shareholders	(43)	(35)
Exercise of stock options	21	4
Tax benefit on share-based compensation	6	1
	(74)	(46)
Effect of exchange rate changes on cash and cash equivalents	(3)	1
Net increase in cash and cash equivalents	19	16
Cash and cash equivalents at beginning of period	28	36
Cash and cash equivalents at end of period	$ 47	$ 52

Please read the notes to consolidated financial statements.

Note 1 – Basis of Presentation

Our consolidated financial statements include the accounts of Temple-Inland Inc. and its subsidiaries and special purpose and variable interest entities of which it is the primary beneficiary. We account for our investment in other ventures under the equity method.

We prepare our unaudited interim financial statements in accordance with generally accepted accounting principles and Securities and Exchange Commission requirements for interim financial statements. As a result, they do not include all of the information and disclosures required by generally accepted accounting principles for complete financial statements. However, in our opinion, all adjustments considered necessary for a fair presentation have been included. These adjustments are normal recurring accruals, except as noted. These interim operating results are not necessarily indicative of the results that may be expected for the entire year. For further information, please read the financial statements included in our Annual Report on Form 10-K for the year 2010.

Note 2 – Accounting Pronouncements

We have evaluated all recently issued accounting pronouncements through the filing date of these financial statements and believe that none of these accounting pronouncements will have a material effect on our earnings or financial position.

Note 3 – Merger Agreement

On September 6, 2011, we entered into an Agreement and Plan of Merger (Merger Agreement) with International Paper Company (IP), under which IP will acquire all of our outstanding common stock for $32.00 per share in cash. The Merger Agreement was unanimously approved by both our and IP's Board of Directors.

In connection with entering into the Merger Agreement, IP terminated its existing tender offer to acquire all our outstanding common stock for $30.60 per share, and we amended our Rights Plan dated June 7, 2011, rendering the Rights Plan inapplicable to the Merger Agreement and the transactions contemplated thereby.

Closing of the merger is subject to customary closing conditions, including receipt of regulatory approvals and approval by our stockholders. IP has stated that the merger is currently expected to close late in the fourth quarter of 2011 or early in the first quarter of 2012, although closing may take place either earlier or later than such time period.

In connection with these matters, in first nine months 2011, we expensed $10 million of professional fees and other costs, and we committed to minimum financial advisor fees of $20 million, which we anticipate expensing upon completion of the merger. Also in connection with the closing of the merger, we expect to incur significant additional costs, principally related to share-based compensation and change in control agreements.

Note 4 – Employee Benefit Plans

Defined benefit and postretirement benefit expense consists of:

	Defined Benefits						Postretirement Benefits	
	Qualified		Supplemental		Total			
	2011	2010	2011	2010	2011	2010	2011	2010
Third Quarter:				(In millions)				
Service costs – benefits earned during the period	$ 6	$ 6	$ —	$ —	$ 6	$ 6	$ —	$ —
Interest cost on projected benefit obligation	20	20	—	—	20	20	1	2
Expected return on plan assets	(19)	(19)	—	—	(19)	(19)	—	—
Amortization of prior service costs	1	1	1	1	2	2	—	—
Amortization of actuarial net loss	5	5	1	—	6	5	—	—
Benefit expense	$ 13	$ 13	$ 2	$ 1	$ 15	$ 14	$ 1	$ 2
First Nine Months:								
Service costs – benefits earned during the period	$ 19	$ 18	$ 1	$ 1	$ 20	$ 19	$ 1	$ 1
Interest cost on projected benefit obligation	60	60	1	1	61	61	4	5
Expected return on plan assets	(56)	(56)	—	—	(56)	(56)	—	—
Amortization of prior service costs	2	2	2	2	4	4	(1)	(1)
Amortization of actuarial net loss	15	15	1	1	16	16	—	—
Benefit expense	$ 40	$ 39	$ 5	$ 5	$ 45	$ 44	$ 4	$ 5

In addition, we recognized expense of $3 million in first nine months 2011 and $4 million in first nine months 2010 related to payments to retiring employees of lump-sum benefits from our supplemental defined benefit plan. We made $30 million in voluntary, discretionary contributions to our qualified defined benefit plan in first nine months 2010.

Note 5 – Share-Based and Long-Term Incentive Compensation

We have shareholder approved share-based compensation plans that permit awards to key employees and non-employee directors in the form of cash-settled restricted or performance stock units, stock-settled restricted stock units, or options to purchase shares of our common stock. We also have long-term incentives for key employees in the form of fixed value awards that vest over multiple years. We generally grant awards annually in February, and we use treasury stock to fulfill awards settled in common stock and stock option exercises.

Share-based and long-term incentive compensation expense consists of:

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
		(In millions)		
Cash-settled restricted or performance stock units	$ 9	$ 3	$ 40	$ 10
Stock-settled restricted stock units	1	—	3	1
Stock options	1	1	5	5
Total share-based compensation expense	11	4	48	16
Fixed value cash awards	1	2	3	4
Total share-based and long-term incentive compensation expense	$ 12	$ 6	$ 51	$ 20

Share-based and long-term incentive compensation expense is included in:

	Third Quarter 2011	Third Quarter 2010	First Nine Months 2011	First Nine Months 2010
	(In millions)			
Cost of sales	$ 2	$ —	$ 5	$ 2
Selling expense	—	—	1	1
General and administrative expense	10	6	45	17
Total share-based and long-term incentive compensation expense	$ 12	$ 6	$ 51	$ 20

The fair value of awards granted to retirement-eligible employees and expensed at the date of grant was $4 million in first nine months 2011 and $3 million in first nine months 2010.

Unrecognized share-based and long-term incentive compensation for all awards not vested was $37 million at third quarter-end 2011. We expect to recognize this cost over a weighted average period of two years or upon completion of the merger.

The fair value of all share-based and long-term incentive awards vested and to be settled in cash, including accrued dividends of $2 million, was $90 million at third quarter-end 2011, of which $52 million is included in other current liabilities and $38 million in long-term liabilities, and $64 million at year-end 2010, of which $14 million is included in other current liabilities and $50 million in long-term liabilities.

Cash-settled restricted or performance stock units

Cash-settled restricted or performance stock units generally have a three-year term and vest after three years from the date of grant or the attainment of stated ROI-based performance goals, generally measured over a three-year period, or if there is a change of control, such as the merger. Changes in our estimate of the attainment of stated performance goals could have a significant impact on our share-based compensation expense in any one accounting period.

A summary of activity for first nine months 2011 follows:

	Cash-Settled Units	Weighted Average Grant Date Fair Value Per Share	Aggregate Current Value
	(In thousands)		(In millions)
Not vested beginning of year	2,627	$ 12	
Granted	447	24	
Vested and settled	(651)	19	
Forfeited	(6)	17	
Not vested at third quarter-end 2011	2,417	12	$ 76
Not vested units at third quarter-end 2011 subject to:			
Time vesting requirements	439		$ 14
Performance requirements	1,978		62
	2,417		$ 76

Unrecognized share-based compensation expense related to non-vested cash-settled restricted or performance stock units was $18 million at third quarter-end 2011 share price of $31 per share. We expect to recognize this cost over a weighted average period of two years or upon completion of the merger. The fair value of awards settled in cash was $17 million in first nine months 2011 and $17 million in first nine months 2010. The fair value of units vested and to be settled in cash, including accrued dividends of $2 million in 2011 and $1 million in 2010, was $57 million at third quarter-end 2011, of which $41 million is included in other current liabilities and $16 million in long-term liabilities; and $40 million at year-end 2010, of which $14 million was included in other current liabilities and

$26 million in long-term liabilities. In addition, approximately one-half of our annual director compensation is paid in the form of cash-settled restricted stock units that are deferred until retirement. The fair value of these units vested and to be settled in cash included in long-term liabilities was $20 million at third quarter-end 2011 and $14 million at year-end 2010.

Stock-settled restricted stock units

Stock-settled restricted stock units vest after three years from the date of grant upon attainment of stated ROI-based performance goals or if there is a change of control, such as the merger. There is no accelerated vesting upon retirement for these awards.

A summary of activity for first nine months 2011 follows:

	Stock-Settled Units	Weighted Average Grant Date Fair Value Per Share	Aggregate Current Value
	(In thousands)		(In millions)
Not vested beginning of year	369	$ 20	$
Granted	241	24	
Vested and settled	—	—	
Forfeited	—	—	
Not vested at third quarter-end 2011	610	$ 21	$ 19

Unrecognized share-based compensation expense related to non-vested stock-settled restricted stock units was $8 million at third quarter-end 2011. We expect to recognize this cost over a weighted average period of two years or upon completion of the merger.

Stock options

Stock options have a ten-year term, generally become exercisable ratably over four years and provide for accelerated vesting upon retirement, death, disability, or if there is a change in control, such as the merger. Options are granted with an option price equal to the market value of common stock on the date of grant.

A summary of activity for first nine months 2011 follows:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (Current value less exercise price)
	(In thousands)		(In years)	(In millions)
Outstanding beginning of year	7,416	$ 15		
Granted	431	24		
Exercised	(1,840)	16		
Forfeited	(37)	16		
Outstanding at third quarter-end 2011	5,970	16	6	$ 92
Exercisable at third quarter-end 2011	4,024	17	5	$ 60

We estimated the fair value of our options using the Black-Scholes-Merton option-pricing model and the following assumptions:

	First Nine Months	
	2011	2010
Expected dividend yield	2.2%	3.2%
Expected stock price volatility	65.0%	66.6%
Risk-free interest rate	3.3%	3.2%
Expected life of options (in years)	8	8
Weighted average estimated fair value of options at grant date	$ 13.40	$ 10.23

Unrecognized share-based compensation expense related to non-vested stock options awards was $6 million at third quarter-end 2011. We expect to recognize this cost over a weighted average period of three years or upon completion of the merger.

Fixed Value Cash Awards

Long-term incentive compensation expense is related to $18 million of fixed value cash awards that were granted to employees in February and August 2009. These awards are not tied to our stock price. The fixed value cash awards generally vest over periods from three to six years and provide for accelerated or continued vesting upon retirement, death, disability, or if there is a change of control, such as the merger.

Unrecognized long-term incentive compensation expense related to fixed value cash awards was $5 million at third quarter-end 2011. We expect to recognize this cost over a weighted average period of three years or upon completion of the merger. Accrued long-term incentive compensation at third quarter-end 2011 was $13 million, of which $11 million is included in other current liabilities and $2 million in long-term liabilities. At year-end 2010, accrued long-term incentive compensation included in long-term liabilities was $10 million.

Note 6 – Other Operating Income (Expense)

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
	(In millions)			
Equity in earnings of joint ventures	$ —	$ 1	$ —	$ 3
Gain (loss) on sale or retirement of operating property and equipment	(1)	(2)	(2)	(4)
Costs and asset impairments, primarily related to box plant transformation	(10)	(5)	(26)	(17)
Bogalusa Incident (See **Note 14**)	(5)	—	(5)	—
Litigation (See **Note 14**)	—	—	3	—
Merger Agreement (See **Note 3**)	(8)	—	(10)	—
Alternative fuel mixture tax credits, net of costs	—	—	—	10
Other operating income (expense)	$ (24)	$ (6)	$ (40)	$ (8)

In connection with the second phase of our box plant transformation initiative, in first nine months 2011, we closed our box plants in Tampa, Florida, and Carol Stream and Northlake, Illinois, and began production at our new box plant in Aurora, Illinois. Costs related to box plant transformation in first nine months 2011, included a multi-employer pension plan withdrawal liability of $4 million associated with our 2010 closure of our Phoenix, Arizona box plant, asset impairment charges of $6 million, severance costs of $2 million, and other transformation related costs of $16 million, primarily related to duplicate and incremental costs associated with production affected by box plant transformation. We also recognized a $2 million gain from the sale of closed facilities. In first nine months 2010, costs related to box plant transformation included asset impairment charges of $9 million, severance and other employee costs of $2 million, and other closure costs of $6 million.

Activity within our accruals for box plant transformation activities follows:

	First Nine Months 2011
	(In millions)
Beginning of year	$ —
Additions	2
Cash payments	(2)
End of period	$ —

In first quarter 2010, the Internal Revenue Service clarified an uncertainty regarding whether a portion of the alternative fuel we claimed in 2009 would qualify for the alternative fuel mixture tax credit. As a result, in first nine months 2010 we reversed a related reserve of $10 million.

Note 7 – Non-operating Income (Expense)

Other non-operating income (expense) in first nine months 2011 consisted of a $4 million loss resulting from the purchase and retirement of $50 million of our 7.875% Senior Notes due 2012, and an expense of $1 million associated with the voluntary substitution of Rabobank replacing Royal Bank of Scotland PLC as a letter of credit issuer to secure the notes related to the 2007 sale of our timberland. Please read **Note 10** for additional information.

Note 8 – Earnings per Share

We computed earnings per share by dividing net income by weighted average shares outstanding using the following:

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
	(In millions)			
Earnings for basic and diluted earnings per share:				
Net income	$ 7	$ 126	$ 41	$ 141
Less: Distributed and undistributed amounts allocated to participating securities	—	(1)	—	(1)
Distributed and undistributed income available to Temple-Inland common shareholders	7	125	41	140
Less: Net (income) loss attributable to noncontrolling interest of special purpose entities	(1)	(1)	—	—
Net income available to common shareholders	$ 6	$ 124	$ 41	$ 140
Weighted average shares outstanding:				
Weighted average shares outstanding - basic	109.3	107.9	108.7	107.8
Dilutive effect of stock options and unvested stock-settled restricted stock units	2.4	1.5	2.2	1.7
Weighted average shares outstanding - diluted	111.7	109.4	110.9	109.5

Participating securities include unvested cash-settled restricted stock units issued to employees that contain non-forfeitable rights to dividends. These units vested in first quarter 2011. There are no participating securities outstanding at third quarter-end 2011.

Certain employees of entities spun off in 2007 participated in our employee stock option program. Following the spin-offs, these employees retained stock option rights associated with our stock. These stock options will remain a consideration in our dilutive effect of stock options until they are exercised, cancelled or expire. Information regarding options held by employees of spun-off entities follows:

	Third Quarter-End	
	2011	2010
	(Shares in thousands)	
Options held	174	451
Options exercisable	174	436
Weighted average exercise price	$ 20	$ 19
Weighted average remaining contractual term (in years)	4	5

Stock options outstanding that were not included in the computation of diluted common shares outstanding because their exercise price exceeded the average market price of our common stock were as follows:

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
	(Shares in thousands)			
Options outstanding held by employees	—	3,628	—	1,352
Options outstanding held by employees of spun-off entities	—	279	—	279

Note 9 – Long-Term Debt

At third quarter-end 2011, our long-term debt was $657 million, which included $130 million of 7.875% Senior Notes that are due May 2012. We have classified these borrowings as long-term debt because of our intent and ability to refinance them on a long-term basis under our existing facilities.

In September 2011, we entered into amendments of our committed credit agreements so that entering into the Merger Agreement did not result in a default.

Note 10 – Financial Assets and Nonrecourse Financial Liabilities of Special Purpose Entities

In 2009, we arranged for the substitution of two banks issuing letters of credit securing the notes we received in connection with the 2007 sale of our timberland. In each case, the credit ratings of the letter of credit bank had been reduced below the required minimums. In first six months 2010, we entered into two separate three-year agreements, one with JP Morgan Chase Bank, National Association and one with Crédit Agricole Corporate and Investment Bank (Crédit Agricole), whereby each of these banks agrees to issue up to $1.4 billion in irrevocable letters of credit in substitution for letters of credit issued by a bank(s) whose credit ratings get reduced below the required minimums. For each agreement, we paid an upfront fee, which is being amortized over the three-year term of the agreement, and also agreed to pay a quarterly fee on the unused commitment.

On May 20, 2011, the credit ratings of Crédit Agricole were downgraded below the required minimum to issue letters of credit to secure the notes related to the sale of our timberland. As a result, we terminated our three-year agreement with Crédit Agricole and were refunded a pro-rata portion of the unamortized upfront commitment fee and quarterly fee on the unused commitment.

On August 11, 2011, the buyer of the timberland and we agreed to have Rabobank Nederland (Rabobank), one of the existing letter of credit banks, issue letters of credit in a voluntary substitution for Royal Bank of Scotland PLC (RBS) as a letter of credit issuer in the transaction. Accordingly, the letters of credit issuers are now Rabobank, which has issued letters of credit totaling about $1.4 billion, and Barclays Bank plc and Société Generalé, each of which has issued letters of credit totaling about $500 million.

In connection with this voluntary substitution of Rabobank replacing RBS, we paid fees of $1 million to RBS and received an upfront fee of $7 million from Rabobank. If Rabobank's long-term unsecured senior debt were no longer rated A+ by Standard & Poor's and A1 by Moody's, we have agreed to refund to Rabobank on the date of the downgrade the unamortized upfront fees less about $2 million. We will amortize the upfront fee that we received, net of legal expenses incurred on this voluntary substitution, over the term of the letter of credit agreement. The amortization credit will be included in "Interest income on financial assets of special purpose entities."

Note 11 – Shareholders' Equity

A summary of changes in total shareholders' equity follows:

	First Nine Months					
	2011			2010		
	Temple-Inland Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity	Temple-Inland Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
	(In millions, except per share amounts)					
Beginning of year	$ 929	$ 92	$ 1,021	$ 794	$ 92	$ 886
Comprehensive income, net of tax:						
Net income	41	—	41	141	—	141
Defined benefit plans	13	—	13	15	—	15
Foreign currency translation adjustment	(9)	—	(9)	4	—	4
Total Comprehensive Income			45			160
Dividends paid on common stock – ($0.39 per share in 2011 and $0.33 per share in 2010)	(43)	—	(43)	(35)	—	(35)
Share-based compensation, net of distributions	34	—	34	11	—	11
Balance at third quarter-end	$ 965	$ 92	$ 1,057	$ 930	$ 92	$ 1,022

Comprehensive income (loss) was $(3) million for third quarter 2011 and $132 million for third quarter 2010. We issued 1,683,982 and 436,092 shares of common stock in first nine months 2011 and 2010 to employees exercising options and for vesting of share-settled units.

On June 7, 2011, our Board of Directors adopted the Rights Plan and declared a dividend of one Right for each outstanding share of Temple-Inland common stock. On September 6, 2011, our Board of Directors amended our Rights Plan, rendering it inapplicable to the Merger Agreement and the transactions contemplated thereby. Read **Note 3** for additional information.

Note 12 – Segment Information

We have two business segments: corrugated packaging and building products. Corrugated packaging manufactures linerboard and corrugating medium (collectively referred to as containerboard), which we convert into corrugated packaging, and lightweight gypsum facing paper. Building products manufactures a variety of building products.

We evaluate performance based on operating income before items not included in segments and income taxes. Items not included in segments represent items managed on a company-wide basis and include corporate general and administrative expense, share-based and long-term incentive compensation, other operating and non-operating income (expense), and interest income and expense. Other operating income (expense) includes gain or loss on sale of assets, asset impairments, closure related severance costs, and unusual income and expense items. The accounting policies of the segments are the same as those described in the accounting policy notes to the financial statements. Intersegment sales are recorded at market prices. Intersegment sales and shared service expense allocations are netted in costs and expenses.

	Corrugated Packaging	Building Products	Items Not Included in Segments and Eliminations	Total
		(In millions)		
Third Quarter 2011:				
Revenues from external customers	$ 808	$ 166	$ —	$ 974
Depreciation and amortization	39	9	1	49
Equity income from joint ventures	—	—	—	—
Income (loss) before taxes	84	(5)	(65)[(a)]	14
Capital expenditures	37	3	1	41
First Nine Months 2011 or at Third Quarter-End 2011:				
Revenues from external customers	$ 2,474	$ 511	$ —	$ 2,985
Depreciation and amortization	113	29	4	146
Equity income from joint ventures	—	—	—	—
Income (loss) before taxes	278	(19)	(189)[(a)]	70
Total assets	2,499	530	2,938	5,967
Investment in equity method investees and joint ventures	2	23	—	25
Goodwill	265	129	—	394
Capital expenditures	156	11	3	170
Third Quarter 2010:				
Revenues from external customers	$ 809	$ 157	$ —	$ 966
Depreciation and amortization	37	10	2	49
Equity income from joint ventures	—	1	—	1
Income (loss) before taxes	121	(10)	(44)[(a)]	67
Capital expenditures	48	10	1	59
First Nine Months 2010 or at Third Quarter-End 2010:				
Revenues from external customers	$ 2,347	$ 500	$ —	$ 2,847
Depreciation and amortization	107	31	7	145
Equity income from joint ventures	—	3	—	3
Income (loss) before taxes	230	(4)	(130)[(a)]	96
Total assets	2,378	551	2,950	5,879
Investment in equity method investees and joint ventures	2	25	—	27
Goodwill	265	129	—	394
Capital expenditures	121	18	5	144

[(a)] Items not included in segments consist of:

	Third Quarter 2011	Third Quarter 2010	First Nine Months 2011	First Nine Months 2010
	(In millions)			
General and administrative expense	$ (16)	$ (17)	$ (50)	$ (54)
Share-based and long-term incentive compensation	(12)	(6)	(51)	(20)
Other operating income (expense)	(23)	(5)	(38)	(7)
Other non-operating income (expense)	(1)	—	(5)	—
Net interest income (expense) on financial assets and nonrecourse financial liabilities of special purpose entities	(2)	(3)	(11)	(10)
Interest expense on debt	(11)	(13)	(34)	(39)
	$ (65)	$ (44)	$ (189)	$ (130)
Other operating income (expense) applies to:				
Corrugated packaging	$ (15)	$ (4)	$ (28)	$ (6)
Building products	—	(1)	—	(1)
Unallocated	(8)	—	(10)	—
	$ (23)	$ (5)	$ (38)	$ (7)

Note 13 — Fair Values and Fair Value Measurements of Financial Instruments

Information about our fixed-rate, long-term debt that is not measured at fair value follows:

	At Third Quarter-End 2011		At Year-End 2010		
	Carrying Value	Fair Value	Carrying Value	Fair Value	Valuation Technique
	(In millions)				
Financial Liabilities					
Fixed-rate, long-term debt	$ 490	$ 528	$ 540	$ 577	Level 2 – Market Approach

Differences between carrying value and fair value are primarily due to instruments that provide fixed interest rates or contain fixed interest rate elements. Inherently, such instruments are subject to fluctuations in fair value due to subsequent movements in interest rates. We excluded financial instruments from the table that are either carried at fair value or have fair values that approximate their carrying amount due to their short-term nature or variable interest rates.

Note 14 – Contingencies and Other

We are involved in various legal proceedings that arise from time to time in the ordinary course of doing business and believe that adequate reserves have been established for any probable losses. Expenses related to litigation are included in operating income.

On September 9, 2010, we were one of eight containerboard producers named as defendants in a class action complaint that alleged a civil violation of Section 1 of the Sherman Act. The suit is captioned *Kleen Products LLC v. Packaging Corp. of America (N.D. Ill.)*. The complaint alleges that the defendants, beginning in August 2005, conspired to limit the supply and thereby increase prices of containerboard products. The alleged class is all persons who purchased containerboard products directly from any defendant for use or delivery in the United States during the period August 2005 to November 2010. The complaint seeks to recover an unspecified amount of treble actual damages and attorney's fees on behalf of the purported class. Four similar complaints were filed and have been consolidated in the Northern District of Illinois. We dispute the allegations made against us and intend to defend vigorously against this litigation. However, because this action is in its preliminary stages, we are unable to predict an outcome or estimate a range of reasonably possible loss. There were no significant changes to the status of this litigation in first nine months 2011.

Three putative class action lawsuits have been commenced by purported Temple-Inland stockholders against Temple-Inland and the members of the Temple-Inland Board. Two of these lawsuits, captioned *Raul v. Doyle R. Simons, et al.*, Case No. 6690 (filed July 22, 2011) (the "Raul Action"), and *Kahn v. Temple-Inland, Inc.*, et al., Case

No. 6702 (filed July 25, 2011) (the "Kahn Action"), are pending in the Delaware Court of Chancery. Pursuant to an order dated August 5, 2011, the Raul Action and the Kahn Action were consolidated, with the consolidated action captioned as *In re Temple-Inland, Inc. Shareholders Litigation*, Consolidated Case No. 6702-VCP. The third putative class action lawsuit, captioned *Washtenaw County Employees' Retirement System v. Doyle R. Simons, et al.*, Case No. D-1-GN-11-2456 (filed August 16, 2011) (the "Washtenaw Action"), is pending in the District Court of Travis County, Texas.

These lawsuits allege, among other things, that the members of the Temple-Inland Board have breached their fiduciary duties by refusing to negotiate with IP regarding its proposed acquisition of Temple-Inland, failing to solicit alternative offers and adopting the Rights Plan. The Raul Action and the Washtenaw Action also purport to assert claims derivatively on behalf of Temple-Inland. The complaints variously seek an order declaring that the Temple-Inland Board breached its fiduciary duties; enjoining the company from initiating defensive measures; and awarding costs and attorneys' fees and, in the Kahn Action, compensatory damages. These lawsuits were commenced prior to the entering into of the Merger Agreement.

A fourth putative class action lawsuit, *Buxton v. Temple-Inland Inc.* (filed September 14, 2011), has been filed in the consolidated action cited above. This lawsuit alleges, among other things, that the members of the Temple-Inland Board have breached their fiduciary duties by agreeing to a transaction with IP at an unfair and grossly inadequate price and that the proxy statement filed in connection with the transaction with IP is inadequate in certain respects.

We believe all the claims in these putative shareholder class actions are without merit, and we intend to defend them vigorously. Please read **Note 3** for additional information.

As we recently disclosed, the Company was named as a defendant in a lawsuit filed in the United States District Court for the Northern District of Texas captioned *Tepper v. Temple-Inland Inc.*, Case 3:11-cv-02088-D (filed August 22, 2011). This lawsuit alleges, among other things, that the Company and certain of its affiliates, officers, and directors caused the failure of Guaranty Financial Group and its wholly-owned subsidiary, Guaranty Bank, and asserts various claims related to the failure. We previously disclosed that the liquidating trustee may file such a claim against us. We believe the claims made in this lawsuit are without merit, and we intend to defend them vigorously.

On Saturday, August 13, 2011, we received predictive test results at our Bogalusa, Louisiana paper mill indicating that Biochemical Oxygen Demand (BOD) limits for permitted discharge from the wastewater treatment pond into the Pearl River would be exceeded after an upset condition in an evaporator at the mill and confirmed reports of a fish kill on the Pearl River (the "Bogalusa Incident"). We promptly initiated a full mill shut down, notified the Louisiana Department of Environmental Quality (LDEQ) of the situation and took corrective actions to restore the water quality of the river. On September 2, 2011, we restarted our Bogalusa mill operations upon receiving approval from the LDEQ. We incurred $5 million in costs related to these clean-up activities and it is likely that we will incur additional costs related to this incident. The LDEQ and the Mississippi DEQ have each given a notice of intent to levy penalties. The U.S. Attorney's Office in New Orleans has issued a grand jury subpoena and EPA and various state agencies have initiated investigations into the Bogalusa Incident. At this early stage in these proceedings, we are not able to estimate any potential fines or penalties that may be levied against us in connection with the Bogalusa Incident. We do not expect that any such fines or penalties will have a material adverse effect on our financial position, long-term results of operations, or cash flows, but they may be significant to our results or cash flows in any one accounting period.

We have been named as a defendant in the following civil lawsuits related to the Bogalusa Incident:

- *Evans v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed August 17, 2011)
- *State of Louisiana v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed August 17, 2011)
- *Martin v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed August 17, 2011)
- *Pearl River Basin Land & Dev. v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed August 18, 2011)

- *Williams v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed August 29, 2011)
- *Stogner v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed September 6, 2011)
- *Jones v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed September 23, 2011)
- *Prestenbach v. TIN Inc.* (Circuit Court of Hancock Co., MS, filed October 11, 2011)

Other than the case brought by the State of Louisiana and the case brought in Mississippi, these civil cases have been removed and consolidated in an action pending in the U.S. District Court for the Eastern District of Louisiana along with a case originally filed in that court styled *McGehee v. TIN Inc.* (filed September 20, 2011). Additional lawsuits may be filed in connection with the Bogalusa Incident following the date of this report. At this early stage, we are not able to estimate any potential loss from these proceedings. However, we believe most of the claims have no merit, and we do not expect that any losses in these cases will have a material adverse effect on our financial position, long-term results of operations, or cash flows.

In first nine months 2011, we reversed $3 million in litigation reserves related to alleged violations of the California on duty meal break laws. This reversal was based on the settlement of existing cases, a review of our operational practices, and an examination of the statute of limitations.

We do not believe that the outcome of any of these matters should have a significant adverse effect on our financial position, long-term results of operations, or cash flows. It is possible however that charges related to these matters could be significant to our results or cash flows in any one accounting period.

Note 15 – Subsequent Event

On November 4, 2011, our Board of Directors declared a regular quarterly dividend of $0.13 per share payable on December 15, 2011.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Management's Discussion and Analysis of Financial Condition and Results of Operations contains "forward-looking statements" within the meaning of the federal securities laws. These forward-looking statements are identified by their use of terms and phrases such as "believe," "anticipate," "could," "estimate," "likely," "intend," "may," "plan," "expect," and similar expressions, including references to assumptions. These statements reflect management's current views with respect to future events and are subject to risks and uncertainties. A variety of factors and uncertainties could cause our actual results to differ significantly from the results discussed in the forward-looking statements. Factors and uncertainties that might cause such differences include, but are not limited to:

- general economic, market, or business conditions
- the opportunities (or lack thereof) that may be presented to us and that we may pursue
- future events related to our Merger Agreement with International Paper Company (IP), under which IP will acquire all outstanding shares of our common stock
- fluctuations in costs and expenses including the costs of raw materials, purchased energy, and freight
- changes in interest rates
- demand for new housing
- accuracy of accounting assumptions related to impaired assets, pension and postretirement costs, contingency reserves, and income taxes
- competitive actions by other companies
- changes in laws or regulations
- our ability to execute certain strategic and business improvement initiatives
- changes in actual or forecasted cash flows
- future sales volumes
- significant increases in the costs of certain commodities
- timely implementation of price increases
- successful execution of cost saving strategies
- changes in tax laws
- integration risks associated with recent acquisitions
- changes in weighted average shares for diluted EPS
- increases in transportation costs
- other factors, many of which are beyond our control

Our actual results, performance, or achievement probably will differ from those expressed in, or implied by, these forward-looking statements, and accordingly, we can give no assurances that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on our results of operations or financial condition. In view of these uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Except as required by law, we expressly disclaim any obligation to publicly revise any forward-looking statements contained in this report to reflect the occurrence of events after the date of this report.

Non-GAAP Financial Measure

Return on investment (ROI) is an important internal measure for us because it is a key component of our evaluation of overall performance and the performance of our business segments. Studies have shown that there is a direct correlation between shareholder value and ROI and that shareholder value is created when ROI exceeds the cost of capital. ROI allows us to evaluate our performance on a consistent basis as the amount we earn relative to the amount invested in our business segments. A significant portion of senior management’s compensation is based on achieving ROI targets.

In evaluating overall performance, we define ROI as total segment operating income, less general and administrative expenses and share-based and long-term incentive compensation not included in segments, divided by total assets, less certain assets and certain current liabilities. We do not believe there is a comparable GAAP financial measure to our definition of ROI. The reconciliation of our ROI calculation to amounts reported under GAAP is included in a later section of Management's Discussion and Analysis of Financial Condition and Results of Operations.

Despite its importance to us, ROI is a non-GAAP financial measure that has no standardized definition and as a result may not be comparable with other companies' measures using the same or similar terms. Also there may be limits in the usefulness of ROI to investors. As a result, we encourage you to read our consolidated financial statements in their entirety and not to rely on any single financial measure.

Accounting Policies

Critical Accounting Estimates

In first nine months 2011, there were no changes in our critical accounting estimates from those we disclosed in our Annual Report on Form 10-K for the year 2010.

New Accounting Pronouncements

We have evaluated all the recently issued accounting pronouncements through the filing date of these financial statements and believe that none of these recent accounting pronouncements will have a material effect on our earnings or financial position.

Box Plant Transformation II

In February 2010, we announced Box Plant Transformation II, the second phase of our initiative to lower the cost structure of our box plant system through improved asset utilization. Box Plant Transformation II includes installing state-of-the-art equipment that also improves our ability to serve higher margin segments of the market. We anticipate completing Box Plant Transformation II in 2012, resulting in the closure of up to 12 box plants and the elimination of as many as 900 employee positions. The capital investment for Box Plant Transformation II is estimated to be about $250 million, which we will likely fund from operations or borrowings under our committed credit agreements.

The initial steps in effecting Box Plant Transformation II in 2010 were closing our Santa Fe Springs, California sheet plant and our Phoenix, Arizona; Evansville, Indiana; and Scranton, Pennsylvania box plants. In first nine months 2011, we completed the closures of our Tampa, Florida and Carol Stream and Northlake, Illinois box plants, and began production at our new box plant in Aurora, Illinois. In first nine months 2011, we recognized non-cash asset impairment charges of $6 million, severance and other employee costs of $2 million for about 268 employees, net gains of $2 million associated with sale of closed facilities, a multi-employer pension plan withdrawal liability of $4 million associated with the 2010 closure of our Phoenix, Arizona box plant, and other transformation related costs of $16 million, primarily related to duplicate and incremental costs associated with production affected by box plant transformation. As we continue to refine and implement Box Plant Transformation II, it is likely we will incur additional asset impairments, severance and other costs, which could be significant.

Merger Agreement

On September 6, 2011, we entered into an Agreement and Plan of Merger (Merger Agreement) with International Paper Company (IP), under which IP will acquire all of our outstanding common stock for $32.00 per share in cash. The Merger Agreement was unanimously approved by both our and IP's Board of Directors.

In connection with entering into the Merger Agreement, IP terminated its existing tender offer to acquire all our outstanding common stock for $30.60 per share, and we amended our Rights Plan dated June 7, 2011, rendering the Rights Plan inapplicable to the Merger Agreement and the transactions contemplated thereby.

Closing of the merger is subject to customary closing conditions, including receipt of regulatory approvals and approval by our stockholders. IP has stated that the merger is currently expected to close late in fourth quarter 2011 or early in first quarter 2012, although closing may take place either earlier or later than such time period.

In connection with these matters, in first nine months 2011, we expensed $10 million of professional fees and other costs, and we committed to minimum financial advisor fees of $20 million, which we anticipate expensing upon completion of the merger. Also in connection with the closing of the merger, we expect to incur significant additional costs, principally related to share-based compensation and change in control agreements.

Results of Operations for Third Quarter and First Nine Months 2011 and 2010

Summary

We manage our operations through two business segments: corrugated packaging and building products. A summary of the results of operations by business segment follows:

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
	(In millions, except per share)			
Revenues				
Corrugated packaging	$ 808	$ 809	$ 2,474	$ 2,347
Building products	166	157	511	500
Total revenues	$ 974	$ 966	$ 2,985	$ 2,847
Segment operating income				
Corrugated packaging	$ 84	$ 121	$ 278	$ 230
Building products	(5)	(10)	(19)	(4)
Total segment operating income	79	111	259	226
Items not included in segments				
General and administrative expense	(16)	(17)	(50)	(54)
Share-based and long-term incentive compensation	(12)	(6)	(51)	(20)
Other operating income (expense)	(23)	(5)	(38)	(7)
Other non-operating income (expense)	(1)	—	(5)	—
Net interest income (expense) on financial assets and nonrecourse financial liabilities of special purpose entities	(2)	(3)	(11)	(10)
Interest expense on debt	(11)	(13)	(34)	(39)
Income before taxes	14	67	70	96
Income tax (expense) benefit	(7)	59	(29)	45
Net income	7	126	41	141
Net (income) loss attributable to noncontrolling interest of special purpose entities	(1)	(1)	—	—
Net income attributable to Temple-Inland Inc.	$ 6	$ 125	$ 41	$ 141
Average basic shares outstanding	109.3	107.9	108.7	107.8
Average diluted shares outstanding	111.7	109.4	110.9	109.5
Earnings per basic share	$ 0.05	$ 1.15	$ 0.38	$ 1.30
Earnings per diluted share	$ 0.05	$ 1.13	$ 0.37	$ 1.28
ROI, annualized			7.7%	7.9%

In first nine months 2011, significant items affecting net income included:

- In corrugated packaging, slightly higher box prices and benefits from box plant transformation were partially offset by losses associated with the previously disclosed operational upset at the Bogalusa paper mill and higher input costs compared with first nine months 2010. In building products, higher lumber and particleboard volumes were more than offset by lower lumber prices, lower gypsum volumes, and higher input costs compared with first nine months 2010.

- Share-based and long-term incentive compensation increased $31 million compared with first nine months 2010, primarily due to the effect of the higher market price of our common stock on our cash-settled awards.

- Other operating income (expense) include a $26 million charge primarily related to Box Plant Transformation II, $5 million in cleanup costs related to the Bogalusa Incident, a $3 million credit due to the reversal of a litigation reserve related to alleged violations of the California on duty meal break laws, and $10 million in costs related to IP's original tender offer and the Merger Agreement.

- We recognized a loss of $4 million related to the purchase and retirement of $50 million of our 7.875% Senior Notes due 2012.

In first nine months 2010, significant items affecting net income included:

- We experienced slightly higher prices and slightly lower total shipments for our corrugated packaging products compared with first nine months 2009. We also experienced higher prices for lumber and MDF, lower prices for gypsum wallboard and particleboard, and higher volumes for gypsum wallboard and lumber, and lower volumes for particleboard.

- A significant increase in input costs, principally recycled fiber, wood fiber and freight, more than offset our continuing initiatives to lower costs, improve asset utilization, and increase operating efficiencies.

- Share-based and long-term incentive compensation decreased $19 million compared with first nine months 2009 primarily due to the effect of the lower market price of our common stock on our cash-settled awards.

- Other operating income (expense) included a $17 million charge primarily associated with asset impairments, severance and other costs related to Box Plant Transformation II and a $10 million benefit related to alternative fuel mixture tax credits.

- We recognized a tax benefit of $83 million related to cellulosic biofuel producer credits and one-time income tax expense of $3 million related to the impact of the Patient Protection and Affordable Care Act on the Medicare Part D retiree drug subsidy program.

Our operations are affected to varying degrees by supply and demand factors and other economic conditions including changes in energy costs, interest rates, new housing starts, home repair and remodeling activities, and the strength of the U.S. dollar. Given the commodity nature of our manufactured products, we have little control over market pricing or market demand.

Corrugated Packaging

We manufacture linerboard, corrugating medium, and white-top linerboard (collectively referred to as containerboard) that we convert into corrugated packaging. Our corrugated packaging segment revenues are principally derived from the sale of corrugated packaging products and, to a lesser degree, from the sale of containerboard and lightweight gypsum facing paper (collectively referred to as paperboard).

A summary of our corrugated packaging results follows:

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
	(Dollars in millions)			
Revenues	$ 808	$ 809	$ 2,474	$ 2,347
Costs and expenses	(724)	(688)	(2,196)	(2,117)
Segment operating income	$ 84	$ 121	$ 278	$ 230
Segment ROI			17.3%	15.2%

Our corrugated packaging results for third quarter and first nine months 2011 were negatively impacted by losses associated with an operational upset at our Bogalusa paper mill in August 2011. An upset condition in an evaporator led to a full mill shut down and corrective actions to restore the water quality of the Pearl River. We estimate total mill downtime resulting from this incident to be about 54,000 tons. In addition, we incurred $5 million in costs associated with the cleanup of the Pearl River, which are not included in segment results.

Fluctuations in corrugated packaging pricing (which includes freight and is net of discounts) and shipments are set forth below:

	Third Quarter 2011 versus Third Quarter 2010	First Nine Months 2011 versus First Nine Months 2010
	Increase/(Decrease)	
Corrugated packaging		
Average prices	—%	5%
Shipments, average week	1%	—%
Industry shipments, average week[a]	—%	—%
Paperboard		
Average prices	—%	8%
Shipments, in thousand tons	(17)	—

[a] Source: Fibre Box Association

Compared with second quarter 2011, average corrugated packaging prices were down one percent, and average shipments were down three percent. For the same period, average paperboard prices were down one percent, and shipments were down 6,000 tons.

Costs and expenses were up four percent in first nine months 2011 when compared with first nine months 2010, and down three percent in third quarter 2011 compared with second quarter 2011. The increase in costs in first nine months 2011was primarily the result of higher prices for recycled fiber, freight, and chemicals. In addition, first nine months 2011 costs included $3 million of additional pension expense resulting from lump-sum payments from our supplemental defined benefit plan for employees who retired in second quarter 2011.

Fluctuations in our significant cost and expense components included:

	Third Quarter 2011 versus Third Quarter 2010	First Nine Months 2011 versus First Nine Months 2010
	Increase/(Decrease) (In millions)	
Wood fiber	$ (5)	$ (8)
Recycled fiber	28	48
Energy, principally natural gas	2	—
Freight	12	35
Chemicals	4	17
Depreciation	2	6

The costs of wood, pulp and recycled fiber; energy; freight; and chemicals fluctuate based on the market prices we pay for these commodities. It is likely that these costs will continue to fluctuate for the remainder of 2011.

Information about our converting facilities and mills follows:

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
Number of converting facilities (at quarter-end)	57	60	57	60
Corrugated packaging shipments, in thousand tons	821	815	2,508	2,499
Paperboard production, in thousand tons	1,005	1,036	3,049	3,023
Percent containerboard production used internally	92%	90%	92%	92%
Percent total fiber requirements sourced from recycled fiber	45%	42%	43%	42%

We also incurred costs of $23 million in first nine months 2011, primarily related to box plant transformation, net of a $3 million credit related to release of a litigation reserve, which are not included in segment results. Please read ***Box Plant Transformation II***.

Building Products

We manufacture lumber, gypsum wallboard, particleboard, medium density fiberboard (MDF), and fiberboard. Our building products segment revenues are principally derived from sales of these products. We also own a 50 percent interest in Del-Tin Fiber LLC, a joint venture that produces MDF at a facility in El Dorado, Arkansas.

A summary of our building products results follows:

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
	(Dollars in millions)			
Revenues	$ 166	$ 157	$ 511	$ 500
Costs and expenses	(171)	(167)	(530)	(504)
Segment operating income (loss)	$ (5)	$ (10)	$ (19)	$ (4)
Segment ROI			(5.3)%	(1.1)%

Fluctuations in product pricing (which includes freight and is net of discounts) and shipments are set forth below:

	Third Quarter 2011 versus Third Quarter 2010	First Nine Months 2011 versus First Nine Months 2010
	Increase/(Decrease)	
Lumber:		
Average prices	1%	(12)%
Shipments	4%	11%
Gypsum wallboard:		
Average prices	7%	3%
Shipments	(22)%	(8)%
Particleboard:		
Average prices	5%	3%
Shipments	26%	14%
MDF:		
Average prices	2%	5%
Shipments	—%	(5)%

Compared with second quarter 2011, average prices were down one percent for lumber, up three percent for gypsum, up two percent for particleboard, and down one percent for MDF. Shipments were down two percent for lumber, down ten percent for gypsum, down four percent for particleboard, and down three percent for MDF.

Costs and expenses were up five percent in first nine months 2011 compared with first nine months 2010, and down four percent in third quarter 2011 compared with second quarter 2011. First nine months 2010 costs included $3 million of additional pension expense resulting from lump-sum payments from our supplemental defined benefit plan for employees who retired in second quarter 2010. The increase in costs in first nine months 2011 compared with first nine months 2010 is primarily attributable to higher production volumes for all products except gypsum wallboard, and higher input costs.

Fluctuations in our significant cost and expense components included:

	Third Quarter 2011 versus Third Quarter 2010	First Nine Months 2011 versus First Nine Months 2010
	Increase/(Decrease) (In millions)	
Wood fiber	$ (1)	$ 7
Energy, principally natural gas	—	1
Chemicals	5	11
Freight	2	11

The costs of our fiber, energy, chemicals, and freight fluctuate based on the market prices we pay for these commodities. It is likely that these costs will continue to fluctuate for the remainder of 2011.

In recent years we have periodically reduced our production to match our supply with the demand for our products.

Items Not Included in Segments

Items not included in segments are income and expenses that are managed on a company-wide basis and include corporate general and administrative expense, share-based and long-term incentive compensation, other operating and non-operating income (expense), and interest income and expense.

Our share-based and long-term incentive compensation fluctuates because a significant portion of our share-based awards are cash settled and are affected by changes in the market price of our common stock. Share-based and long-term incentive compensation expense increased $31 million in first nine months 2011 compared with first nine months 2010 primarily due to the increase in the market price of our common stock at third quarter-end 2011 compared with the market price at the end of the prior year. In addition, a significant portion of our share-based awards vest based on the attainment of stated ROI-based performance goals, generally measured over a three-year period. Changes in our estimate of the attainment of these goals could have a significant impact on our share-based compensation expense in any one accounting period. Please read **Note 5 to the Consolidated Financial Statements**.

In connection with the implementation of Box Plant Transformation II, we incurred $26 million of charges in first nine months 2011. Please read ***Box Plant Transformation II.*** Other operating income (expense) also includes a $5 million charge related to the Bogalusa Incident, and a $3 million credit due to the reversal of a litigation reserve related to alleged violations of the California on duty meal break laws. This reversal was based on the settlement of existing cases, a review of our operational practices, and an examination of the statute of limitations. In addition, we expensed $10 million in professional fees and other costs in connection with IP's original tender offer and the Merger Agreement. Please read ***Merger Agreement.***

Other non-operating income (expense) for first nine months 2011 consists of a loss of $4 million resulting from the purchase and retirement of $50 million of our 7.875% Senior Notes due 2012, and an expense of $1 million associated with voluntary substitution of Rabobank replacing Royal Bank of Scotland PLC as a letter of credit issuer related to the 2007 sale of our timberland.

Net interest income (expense) on financial assets and nonrecourse liabilities of special purpose entities relates to the activities of the special purpose entities created to effect the sale of our timberland in October 2007 and their subsequent nonrecourse borrowings in December 2007. At third quarter-end 2011 and 2010, the interest rate on our financial assets was 0.31 percent and 0.51 percent and the interest rate on our nonrecourse financial liabilities was 0.78 percent and 1.00 percent. These interest rates are variable and are based on different indices and, therefore, may not always reflect the same spread. The change in net interest income (expense) in first nine months 2011 compared with first nine months 2010 is due to slightly lower interest rate spread and amortization of costs related to two separate agreements (Stand-by Agreements) executed in first quarter 2010, one with JP Morgan Chase Bank, National Association and one with Crédit Agricole Corporate and Investment Bank (Crédit Agricole). The Stand-by Agreements commit each of these banks to issue up to $1.4 billion in irrevocable letters of credit in substitution for letters of credit issued by a bank(s) whose credit ratings get reduced below the required minimums.

On May 20, 2011, the credit ratings of Crédit Agricole were downgraded below the required minimum to issue letters of credit to secure the notes related to the sale of our timberland. As a result, we terminated the Stand-by Agreement with Crédit Agricole and were refunded a pro-rata portion of the unamortized upfront commitment fee and quarterly fee on the unused commitment.

On August 11, 2011, the buyer of the timberland and we agreed to have Rabobank Nederland (Rabobank), one of the existing letter of credit banks, issue letters of credit in a voluntary substitution for Royal Bank of Scotland PLC (RBS) as a letter of credit issuer in the transaction. Accordingly, the letters of credit issuers are now Rabobank, which has issued letters of credit totaling about $1.4 billion, and Barclays Bank plc and Société Generalé, each of which has issued letters of credit totaling about $500 million.

In connection with this voluntary substitution of Rabobank replacing RBS, we incurred fees of $1 million paid to RBS and received an upfront fee of $7 million from Rabobank. If Rabobank's long-term unsecured senior debt were no longer rated A+ by Standard & Poor's and A1 by Moody's, we have agreed to refund to Rabobank on the date of the downgrade the unamortized upfront fees less about $2 million. We will amortize the upfront fee that we received, net of legal expenses incurred on this voluntary substitution, over the term of the letter of credit agreement. This amortization credit will be included in the income statement line item "Interest income on financial assets of special purpose entities."

The reduction in interest expense on debt in first nine months 2011 compared with first nine months 2010 was primarily due to the purchase and retirement of $16 million of 7.875% Senior Notes due 2012 in fourth quarter 2010 and $50 million of these notes in first quarter 2011. On May 27, 2011, Moody's Investor Services, Inc. (Moody's) upgraded our long-term debt rating to Baa3, which resulted in a decrease of 25 basis points in the interest rates on our Senior Notes due 2016 and Senior Notes due 2018 and ten basis points in fees on our committed credit agreements.

Income Taxes

Our effective tax rate was 50 percent in third quarter 2011 and 41 percent in first nine months 2011, compared with 36 percent in third quarter 2010 and first nine months 2010 after excluding the tax benefit of $83 million related to cellulosic biofuel producer credits and the impact of a one-time income tax charge of $3 million related to Patient Protection and Affordable Care Act on the Medicare Part D retiree drug subsidy program. Differences between the effective tax rate and the statutory rate are due to state income taxes, nondeductible items, the domestic production activities deduction, and deferred taxes on unremitted foreign income.

Average Shares Outstanding

The increase in average shares outstanding in third quarter 2011 and first nine months 2011 was due to shares issued to employees exercising options. The increase in average diluted shares outstanding in third quarter 2011 and first nine months 2011 was due to the increase in the dilutive effect of stock options as a result of our higher share price.

Capital Resources and Liquidity for First Nine Months 2011

Sources and Uses of Cash

We operate in cyclical industries and our operating cash flows vary accordingly. Our principal operating cash requirements are for compensation, wood and recycled fiber, energy, interest, and taxes. Working capital is subject to cyclical operating needs, the timing of collection of receivables and the payment of payables and expenses and, to a lesser extent, to seasonal fluctuations in our operations.

	First Nine Months	
	2011	2010
	(In millions)	
Cash received from:		
Operations	299	241[a]
Working capital	(23)	(38)[b]
Cash received from operations	276	203
Sale of non-strategic assets and other	8	2
Exercise of stock options and related tax benefits	27	5
Total sources	311	210
Cash used to:		
Reduce borrowings, net	(65)	(1)
Return to shareholders through dividends	(43)	(35)
Reinvest in the business through:		
Capital expenditures	(170)	(144)
Other	(11)	(15)
Total uses	(289)	(195)
Effect of exchange rate changes on cash and cash equivalents	(3)	1
Change in cash and cash equivalents	$ 19	$ 16

(a) Includes $30 million of voluntary, discretionary contributions to our qualified defined benefit plan.
(b) Includes $14 million of alternative fuel mixture tax credits that were accrued at year-end 2009.

Our cash from operations in first nine months 2011 increased compared with first nine months 2010, primarily due to higher non-cash share-based and long-term incentive compensation, lower cash contributions to our defined benefit plan, and lower working capital needs after adjusting for the $14 million of alternative fuel mixture credits received in first quarter 2010 that were accrued at year-end 2009.

We issued 1,683,982 and 436,092 shares of common stock in first nine months 2011 and 2010 to employees exercising options and for vesting of share-settled units. We paid cash dividends to shareholders of $0.39 per share in first nine months 2011 and $0.33 per share in first nine months 2010. On November 4, 2011, our Board of Directors declared a regular dividend of $0.13 per share payable on December 15, 2011.

Our increase in capital expenditures in first nine months 2011 compared with first nine months 2010, was primarily related to Box Plant Transformation II. Capital expenditures are expected to approximate $225 million to $235 million in 2011, a significant portion of which is related to Box Plant Transformation II.

Liquidity

Credit Agreements

Our sources of short-term funding are our operating cash flows and borrowings under our committed credit agreements and accounts receivable securitization facility. At third quarter-end 2011, we had a total of $763 million in unused borrowing capacity under our committed credit agreements and accounts receivable securitization facility.

	Committed Credit Agreements	Accounts Receivable Securitization Facility	Total
		(In millions)	
Committed	$ 685	$ 250	$ 935
Less: Borrowings and commitments	(11)	(161)	(172)
Unused borrowing capacity at third quarter-end 2011	$ 674	$ 89	$ 763

Our committed credit agreements total $685 million and include a $600 million revolving credit facility that matures in June 2014 and $85 million of other committed credit agreements that mature from 2013 to 2014. In September 2011, we entered into amendments of our committed credit agreements so that entering into the Merger Agreement did not result in a default. At third quarter-end 2011, we had $5 million of letter of credit usage under our revolving credit facility and $6 million of borrowings outstanding under our other committed credit agreements.

Our accounts receivable securitization facility expires in 2013. At third quarter-end 2011, our borrowing base for this facility, which is determined by the level of our trade receivables, was $250 million, the maximum committed amount of the facility.

Our unused borrowing capacity in third quarter 2011 ranged from a high of $763 million to a low of $705 million. The fluctuating unused capacity results primarily from activity on our accounts receivable securitization facility. This facility is used primarily to fund our operating cash needs, which fluctuate due to timing of collection of receivables, payment of payables and expenses, capital expenditures, and dividends, and to a lesser extent, to seasonal fluctuations in our operations. In addition, on May 27, 2011, Moody's upgraded our long-term debt rating to Baa3, which allowed us in June 2011 to terminate $11 million of letters of credit issued under our revolving credit facility. We currently anticipate funding the maturity of $130 million of 7.875% Senior Notes due May 2012 with borrowings under our existing credit agreements.

Our debt agreements, accounts receivable securitization facility, and credit agreements contain terms, conditions, and financial covenants customary for such agreements, including minimum levels of interest coverage and limitations on leverage. We are currently in compliance with these covenants and do not currently anticipate any change in circumstances that would impair our ability to continue to comply with these covenants.

We currently have on file with the U.S. Securities and Exchange Commission (SEC) a shelf registration statement that provides us the flexibility to issue equity, debt, or other types of securities through one or more methods of distribution. We have not issued any securities pursuant to this shelf registration statement, which was filed in December 2008 and will expire in December 2011. Although we do not have any current commitments or intentions to sell any securities prior to the completion of our transaction with IP, we believe it is prudent to file a new shelf registration statement in December so that we maintain the flexibility to access capital markets should the need arise. The terms of any future offering would be established at the time of such offering and be subject to market conditions.

We believe that our unused borrowing capacity along with our existing cash and cash equivalents and expected cash flows from operations will provide us sufficient funds to meet our operating needs for the foreseeable future. In light of the current conditions in financial markets, we closely monitor the banks in our credit facilities. To date, we have experienced no difficulty in borrowing under the facilities and have not received any indications that any of the participating banks would not be able to honor their commitments under these facilities.

Off-Balance Sheet Arrangements

At third quarter-end 2011, there were no significant changes in off-balance sheet arrangements from that disclosed in our Annual Report on Form 10-K for the year 2010.

Pension and Postretirement Matters

Due to credit balances we have accumulated from our voluntary, discretionary contributions in prior years, we have no funding requirements under ERISA in 2011.

Energy

Energy costs were $223 million in first nine months 2011 compared with $222 million in first nine months 2010. Our energy costs fluctuate based on the market prices we pay for these commodities and on the amount and mix of fuels we may use. We continue to reduce our dependency on natural gas. We hedge very little of our energy needs. It is likely that these costs will continue to fluctuate for the remainder of 2011.

Litigation, Contingencies, and Related Matters

We are involved in various legal proceedings that arise from time to time in the ordinary course of doing business, and we believe that adequate reserves have been established for any probable losses. Since we filed our Annual Report on Form 10-K for the year 2010, there have been no material developments in pending legal proceedings other than as disclosed in Part II, Item 1 of this report.

Calculation of Non-GAAP Financial Measure

	Consolidated	Corrugated Packaging	Building Products
	(Dollars in millions)		
First Nine Months 2011			
Return:			
Segment operating income determined in accordance with GAAP	$ 259	$ 278	$ (19)
Items not included in segments:			
General and administrative expense	(50)	N/A	N/A
Share-based and long-term incentive compensation	(51)	N/A	N/A
	$ 158	$ 278	$ (19)
Investment:			
Beginning of year total assets or segment assets determined in accordance with GAAP	$ 5,909	$ 2,475	$ 532
Adjustments:			
Current liabilities (excluding current portion of long-term debt)	(508)	(330)	(53)
Financial assets of special purpose entities	(2,475)	N/A	N/A
Municipal bonds related to capital leases included in other assets	(188)	N/A	N/A
	$ 2,738	$ 2,145	$ 479
ROI, annualized	7.7%	17.3%	(5.3)%
First Nine Months 2010			
Return:			
Segment operating income determined in accordance with GAAP	$ 226	$ 230	$ (4)
Items not included in segments:			
General and administrative expense	(54)	N/A	N/A
Share-based and long-term incentive compensation	(20)	N/A	N/A
	$ 152	$ 230	$ (4)
Investment:			
Beginning of year total assets or segment assets determined in accordance with GAAP	$ 5,709	$ 2,295	$ 545
Adjustments:			
Current liabilities (excluding current portion of long-term debt)	(471)	(276)	(44)
Financial assets of special purpose entities	(2,475)	N/A	N/A
Municipal bonds related to capital leases included in other assets	(188)	N/A	N/A
	$ 2,575	$ 2,019	$ 501
ROI, annualized	7.9%	15.2%	(1.1)%

ROI annualized is not necessarily indicative of the ROI that may be expected for the entire year.

STATISTICAL AND OTHER DATA

Revenues and unit sales, excluding joint venture operations, follows:

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
	(Dollars in millions)			
Revenues				
Corrugated Packaging				
Corrugated packaging	$ 751	$ 746	$ 2,311	$ 2,195
Paperboard [(a)]	57	63	163	152
	$ 808	$ 809	$ 2,474	$ 2,347
Building Products				
Lumber	$ 53	$ 51	$ 167	$ 172
Gypsum wallboard	34	42	109	115
Particleboard	40	30	122	104
Medium density fiberboard	18	17	56	56
Fiberboard	7	7	20	23
Other	14	10	37	30
	$ 166	$ 157	$ 511	$ 500
Unit sales				
Corrugated Packaging				
Corrugated packaging, thousands of tons	821	815	2,508	2,499
Paperboard, thousands of tons [(a)]	103	120	306	306
	924	935	2,814	2,805
Building Products				
Lumber, million board feet	205	197	621	560
Gypsum wallboard, million square feet	270	347	897	979
Particleboard, million square feet	112	89	348	306
Medium density fiberboard, million square feet	30	30	96	101
Fiberboard, million square feet	33	37	100	116

[(a)] Paperboard includes linerboard, corrugating medium, white-top linerboard, and light-weight gypsum facing paper.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Our interest rate exposure is primarily related to our variable-rate, long-term debt and to the financial assets and nonrecourse financial liabilities of special purpose entities. This exposure is the result of changes in interest rates and also the use of different base rates and the timing of the quarterly interest rate resets on the financial assets and nonrecourse financial liabilities of special purpose entities.

In first nine months 2011, there were no significant changes in interest rate risk from that disclosed in our Annual Report on Form 10-K for the year 2010.

Foreign Currency Risk

In first nine months 2011, there were no significant changes in foreign currency risk from that disclosed in our Annual Report on Form 10-K for the year 2010.

Commodity Price Risk

In first nine months 2011, there were no significant changes in commodity price risk from that disclosed in our Annual Report on Form 10-K for the year 2010.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act and are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

I tem 1. Legal Proceedings

Since we filed our Annual Report on Form 10-K for the year 2010, there have been no material developments in pending legal proceedings other than as set forth below.

Guaranty Financial Group

We were named as a defendant in a lawsuit filed in the United States District Court for the Northern District of Texas captioned *Tepper v. Temple-Inland Inc.*, Case 3:11-cv-02088-D (filed August 22, 2011). This lawsuit alleges, among other things, that the company and certain of its affiliates, officers, and directors caused the failure of Guaranty Financial Group and its wholly-owned subsidiary, Guaranty Bank, and asserts various claims related to the failure. We previously disclosed that the liquidating trustee may file such a claim against us. We believe the claims made in this lawsuit are without merit, and we intend to defend them vigorously.

Bogalusa Incident

On Saturday, August 13, 2011, we received predictive test results at our Bogalusa, Louisiana paper mill indicating that Biochemical Oxygen Demand (BOD) limits for permitted discharge from the wastewater treatment pond into the Pearl River would be exceeded after an upset condition in an evaporator at the mill and confirmed reports of a fish kill on the Pearl River (the "Bogalusa Incident"). We promptly initiated a full mill shut down, notified the Louisiana Department of Environmental Quality (LDEQ) of the situation and began taking corrective actions to restore the water quality of the river. The LDEQ and the Mississippi DEQ have each given a notice of intent to levy penalties. The U.S. Attorney's Office in New Orleans has issued a grand jury subpoena and EPA and various state agencies have initiated investigations into the Bogalusa Incident. At this early stage in these proceedings, we are not able to estimate any potential fines or penalties that may be levied against us in connection with the Bogalusa Incident. We do not expect that any such fines or penalties will have a material adverse effect on our financial position, long-term results of operations, or cash flows, but they may be significant to our results or cash flows in any one accounting period.

We have been named as a defendant in the following civil lawsuits related to the Bogalusa Incident:

- *Evans v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed August 17, 2011)
- *State of Louisiana v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed August 17, 2011)
- *Martin v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed August 17, 2011)
- *Pearl River Basin Land & Dev. v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed August 18, 2011)
- *Williams v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed August 29, 2011)
- *Stogner v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed September 6, 2011)
- *Jones v. TIN Inc.* (22nd Judicial District Court of Louisiana, filed September 23, 2011)
- *Prestenbach v. TIN Inc.* (Circuit Court of Hancock Co., MS, filed October 11, 2011)

Other than the case brought by the State of Louisiana and the case brought in Mississippi, these civil cases have been removed and consolidated in an action pending in the U.S. District Court for the Eastern District of Louisiana along with a case originally filed in that court styled *McGehee v. TIN Inc.* (filed September 20, 2011). Additional lawsuits may be filed in connection with the Bogalusa Incident following the date of this report. At this early stage in these proceedings, we are not able to estimate any potential loss from these proceedings. However, we believe most of the claims have no merit, and we do not expect that any losses in these cases will have a material adverse effect on our financial position, long-term results of operations, or cash flows.

Shareholder Actions

Three putative class action lawsuits have been commenced by purported Temple-Inland stockholders against Temple-Inland and the members of the Temple-Inland Board. Two of these lawsuits, captioned *Raul v. Doyle R. Simons, et al.*, Case No. 6690 (filed July 22, 2011) (the "Raul Action"), and *Kahn v. Temple-Inland, Inc.*, et al., Case No. 6702 (filed July 25, 2011) (the "Kahn Action"), are pending in the Delaware Court of Chancery. Pursuant to an order dated August 5, 2011, the Raul Action and the Kahn Action were consolidated, with the consolidated action captioned as *In re Temple-Inland, Inc. Shareholders Litigation*, Consolidated Case No. 6702-VCP. The third putative class action lawsuit, captioned *Washtenaw County Employees' Retirement System v. Doyle R. Simons, et al.*, Case No. D-1-GN-11-2456 (filed August 16, 2011) (the "Washtenaw Action"), is pending in the District Court of Travis County, Texas.

These lawsuits allege, among other things, that the members of the Temple-Inland Board have breached their fiduciary duties by refusing to negotiate with IP regarding its proposed acquisition of Temple-Inland, failing to solicit alternative offers and adopting the Rights Agreement. The Raul Action and the Washtenaw Action also purport to assert claims derivatively on behalf of Temple-Inland. The complaints variously seek an order declaring that the Temple-Inland Board breached its fiduciary duties; enjoining the company from initiating defensive measures; and awarding costs and attorneys' fees and, in the Kahn Action, compensatory damages. These lawsuits were commenced prior to the entering into of the Merger Agreement.

A fourth putative class action lawsuit, *Buxton v. Temple-Inland Inc.* (filed September 14, 2011), has been filed in the consolidated action cited above. This lawsuit alleges, among other things, that the members of the Temple-Inland Board have breached their fiduciary duties by agreeing to a transaction with IP at an unfair and grossly inadequate price and that the proxy statement filed in connection with the transaction with IP is inadequate in certain respects.

We believe the claims made in all these putative shareholder class actions are without merit, and we intend to defend them vigorously.

I tem 1A. Risk Factors

There are no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K for the year 2010, except as set forth below:

We are subject to risks relating to an Agreement and Plan of Merger.

On September 6, 2011, we entered into an Agreement and Plan of Merger (Merger Agreement) with International Paper Company (IP), under which IP will acquire all of our outstanding common stock for $32.00 per share in cash. The Merger Agreement was unanimously approved by the Board of Directors of both Temple-Inland and IP.

In connection with this Merger Agreement, we face certain risks, uncertainties, and other factors, including, among others:

- the effect of the announcement of the merger on Temple-Inland's business relationships, operating results and business generally;
- the retention of certain key employees by Temple-Inland;
- the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement;
- the satisfaction of the conditions to the closing of the merger, including obtaining the required antitrust approval and our stockholder approval, and
- Temple-Inland's and IP's ability to meet expectations regarding the timing and closing of the merger.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities [a]

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet be Purchased Under the Plans or Programs
Month 1 (7/1/2011 – 7/31/2011)	3,670[b]	$ 30.68	—	6,650,000
Month 2 (8/1/2011 – 8/31/2011)	1,150[b]	26.18	—	6,650,000
Month 3 (9/1/2011 – 9/30/2011)	56,205[b]	31.01	—	6,650,000
Total	61,025	$ 30.89	—	

[a] On August 4, 2006, our Board of Directors authorized the repurchase of up to 6,000,000 shares of our common stock. We have purchased 4,350,000 shares under this authorization, which has no expiration date. On February 2, 2007, our Board of Directors authorized the purchase of up to an additional 5,000,000 shares of our common stock, increasing the maximum number of shares yet to be purchased under our repurchase plans to 6,650,000 shares. We have no plans or programs that expired during the period covered by the table above and no plans or programs that we intend to terminate prior to expiration or under which we no longer intend to make further purchases.

[b] Represents shares purchased from employees to pay taxes related to the exercise of stock options.

Item 3. Defaults Upon Senior Securities

None.

Item 4. [Removed and Reserved]

Item 5. Other Information

None.

Item 6. Exhibits

Exhibits.

10.1	–	Amendment No. 1 dated August 11, 2011 to Loan Agreement, dated December 3, 2007, by and among TIN Land Financing, LLC, Citibank, N.A., Citicorp North America, Inc., as Agent, and the other Lenders named therein
10.2	–	Amendment No. 1 dated August 11, 2011 to Loan Agreement, dated December 3, 2007, by and among TIN Timber Financing, LLC, Citibank, N.A., Citicorp North America, Inc., as Agent, and the other Lenders named therein
31.1	–	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	–	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	–	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	–	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	–	The following materials from Temple-Inland's Quarterly Report on Form 10-Q for the quarter ended October 1, 2011, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Cash Flows, and (iv) Notes to Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TEMPLE-INLAND INC.
(Registrant)

Dated: November 7, 2011

By: /s/ Randall D. Levy
Name: Randall D. Levy
Title: Chief Financial Officer

By: /s/ Troy L. Hester
Name: Troy L. Hester
Title: Corporate Controller and Principal Accounting Officer

INDEX TO EXHIBITS

Exhibit No.	Description	Page No.
10.1	Amendment No. 1 dated August 11, 2011 to Loan Agreement, dated December 3, 2007, by and among TIN Land Financing, LLC, Citibank, N.A., Citicorp North America, Inc., as Agent, and the other Lenders named therein	37
10.2	Amendment No. 1 dated August 11, 2011 to Loan Agreement, dated December 3, 2007, by and among TIN Timber Financing, LLC, Citibank, N.A., Citicorp North America, Inc., as Agent, and the other Lenders named therein	43
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	49
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	51
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	53
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	54
101.1	The following materials from Temple-Inland's Quarterly Report on Form 10-Q for the quarter ended October 1, 2011, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Cash Flows, and (iv) Notes to Consolidated Financial Statements.	

Exhibit 10.1

EXECUTION COPY

AMENDMENT NO. 1 AND CONSENT UNDER
TERM LOAN AGREEMENT

AMENDMENT NO. 1 AND CONSENT dated as of August 11, 2011 between TIN Land Financing, LLC, a Delaware limited liability company (the "Borrower"), CAFCO, LLC , a Delaware limited liability company, CHARTA, LLC, a Delaware limited liability company, CRC FUNDING, LLC, a Delaware limited liability company, CIESCO, LLC, a Delaware limited liability company, CITIBANK, N.A., and CITICORP NORTH AMERICA, INC., a Delaware corporation ("CNAI"), as agent (the "Agent") for the Lenders (as defined in the Term Loan Agreement referred to below).

RECITALS

WHEREAS the Borrower, CAFCO, LLC, CHARTA, LLC, CRC FUNDING, LLC, CIESCO, LLC, CITIBANK, N.A., and the Agent entered into a Term Loan Agreement (as amended, modified or otherwise supplemented from time to time, the "Term Loan Agreement"), dated as of December 3, 2007;

WHEREAS the Borrower has requested a substitution of the RBS Letters of Credit issued on October 31, 2007 by The Royal Bank of Scotland plc with Substitute L/Cs to be issued by Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch ("Rabobank Nederland") (the "RBS-Rabo L/C Substitution") and has requested that the Agent and the Lenders consent to such substitution;

NOW THEREFORE, in consideration of the foregoing, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

Section 1. Definitions. Except as otherwise defined in this Amendment No. 1 and Consent, terms defined in the Term Loan Agreement are used herein as defined therein.

Section 2. Consent. Upon effectiveness of this Section 2 in accordance with Section 5 hereof, the Agent and the Lenders hereby consent to the RBS-Rabo L/C Substitution.

Section 3. Amendments to Term Loan Agreement.

3.01 References Generally. References in the Term Loan Agreement (including references to the Term Loan Agreement as amended hereby) to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein" and "hereof") shall be deemed to be references to the Term Loan Agreement as amended hereby. The definitions of terms in the Term Loan Agreement shall apply equally to the singular and the plural forms of the terms defined.

3.02 Covenants.

(a) Clause (iii) of Section 5.01(j) is hereby amended in its entirety to read as follows (with the new language indicated below by the bold and double-underline text):

(iii) The Borrower shall within thirty days of the Knowledge Date, cause the issuance of a Substitute L/C by a Substitute LC Bank (as defined in the applicable Purchase Note) pursuant to the terms of the Purchase Note and in accordance with Section 5.01(w) below.

(b) Section 5.01(w) is hereby amended in its entirety to read as follows (with the new language indicated below by the bold and double-underline text):

The Borrower will not cause or consent to any amendment or modification of or waiver under any of the Purchase Notes or the Purchase Letters of Credit without the prior written approval of the Majority Banks and the Agent. Nothing in this clause (w) shall prevent the Borrower from replacing any Purchase Letter of Credit pursuant to the terms of Section 5.01(j) hereof so long as (i) the relevant Substitute L/C complies with the terms hereof and is subject to a valid first and prior perfected security interest pursuant to the Security Agreement, (ii) after giving effect to such substitution, there will be no fewer than two unaffiliated L/C Issuers issuing Purchase Letters of Credit and (iii) after giving effect to such substitution, the Base Amount (as defined in the applicable Purchase Letters of Credit as in effect on the date hereof) of each L/C Issuer's issuance of Purchase Letters of Credit will not exceed, in the aggregate, $761,172,804. For purposes of this Agreement, L/C Issuers who are Affiliates shall constitute a single L/C Issuer; provided that L/C Issuers shall not be deemed Affiliates solely by virtue of being owned by a common government entity.

3.03 Events of Default. Section 7.01(n) is hereby amended in its entirety to read as follows (with the new language indicated below by the bold and double-underline text):

(n) A Purchase Note Event of Default shall occur; provided that (A) if such Purchase Note Event of Default relates solely to a failed Substitution of an LC Bank and, within two days of such Purchase Note Event of Default, (i) the related Purchase Letter of Credit is drawn in full by the Borrower and (ii) the proceeds of such draw are used to prepay a principal amount of the Loans equal to the face amount of such Purchase Letter of Credit, then such Purchase Note Event of Default (but not any other existing or thereafter arising Purchase Note Event of Default) shall be deemed to be cured; and provided that Borrower shall not be permitted to effect more than one cure under the foregoing proviso during the term of this Agreement (for the avoidance of doubt, if an L/C Issuer issues Purchase Letters of Credit in support of the obligations of more than one of the respective issuers under the Purchase Notes, the above referenced one time cure right would not be available with respect to such L/C Issuer as any such cure would be treated as more than one cure) and (B) a Purchase Note Event of Default which arises solely as a result of the Maker's failure to deliver financial statements under the Purchase Note shall not be an Event of Default hereunder; or

Section 4. Representations; Covenants. The Borrower represents and warrants to the Agent and the Lenders that (a) the representations and warranties set forth in Section 4.01 of the Term Loan Agreement, and in each of the other Transaction Documents, are true and complete on the date hereof as if made on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, such representation or warranty shall be true and correct as of such specific date), (b) the Borrower and TIN are in compliance with all covenants and agreements made by each of them under the Transaction Documents and (c) no Default, Event of Default or an Incipient Event of Default has occurred and is continuing.

Section 5. Conditions To Effectiveness of Sections 2 and 3. Sections 2 and 3 hereof shall become effective, as of the date hereof, upon satisfaction of the following conditions:

5.01 Execution. The Agent shall have received counterparts of this Amendment No. 1 and Consent executed by the Borrower, the Lenders and the Agent under the Term Loan Agreement.

5.02 Receipt of Documentation. Documents evidencing the RBS-Rabo L/C Substitution, including without limitation, substitute letters of credit issued by Rabobank Nederland, applications for consent to assignment of proceeds, consents to assignment of proceeds, undated requests for full transfer, legal opinions, certificates and such other documents as the Agent may reasonably request (the "RBS-Rabo L/C Substitution Documents") shall have been executed by the parties thereto and the RBS-Rabo L/C Substitution Documents shall be in full force and effect. All terms and conditions of the RBS-Rabo L/C Substitution Documents shall be in form and substance reasonably satisfactory to the Agent and all conditions precedent under the RBS-Rabo L/C Substitution Documents shall have been satisfied.

5.03 Officer's Certificate. The Agent shall have received a certificate, dated the date hereof and signed by an authorized officer of the Sole Member of the Borrower, confirming that (a) the representations and warranties set forth in Section 4.01 of the Term Loan Agreement, and in each of the other Transaction Documents, are true and complete on the date hereof as if made on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, such representation or warranty shall be true and correct as of such specific date), and as if each reference in said Section 4.01 to "this Agreement" included reference to this Amendment No. 1 and Consent, (b) the Borrower and TIN are in compliance with all covenants and agreements made by each of them under the Transaction Documents and (c) no Default, Event of Default or an Incipient Event of Default has occurred and is continuing.

5.04 Payment of Fees. Each of the Agent and its counsel shall have received evidence satisfactory to it of payment (or irrevocable instructions for payment) by the Borrower in full of all accrued fees and expenses of the Agent relating to the preparation of this Amendment No. 1 and Consent (including the accrued fees and expenses of Milbank, Tweed, Hadley & McCloy LLP).

5.05 Other Documents. The Agent shall have received such other documents as the Agent, the Lenders or special New York counsel to the Agent may reasonably request.

Section 6. Release.

(a) In consideration of the agreements of the Agent and the Lenders contained herein, the Borrower, on behalf of itself and its successors, assigns and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent, each Lender, their respective successors and assigns and each of their respective affiliates, subsidiaries, predecessors, directors, officers, partners, attorneys, employees, agents and other representatives (each Lender, Agent and all such other Persons being hereinafter referred to collectively as the "Releasees", and individually as a "Releasee") of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever, including, without limitation, any so-called "lender liability" or equitable subordination claims or defenses (individually, a "Claim" and, collectively, "Claims") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, the Borrower or any of its successors, assigns or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment No. 1 and Consent for or on account of, or in relation to, or in any way in connection with any of the Term Loan Agreement, as amended hereby, the other Transaction Documents or this Amendment No. 1 and Consent or transactions thereunder or related thereto.

(b) The Borrower understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) The Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

(d) The Borrower, on behalf of itself and its respective successors, assigns and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged by the Borrower pursuant to Section 6(a) of this Amendment No. 1 and Consent. If the Borrower, or its respective successors, assigns or other legal representatives violates the foregoing covenant, the Borrower, for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

Section 7. Miscellaneous.

7.01 **GOVERNING LAW. THIS AMENDMENT NO. 1 AND CONSENT SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY CONFLICT OF LAW PRINCIPLES THEREOF THAT WOULD CALL FOR THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.**

7.02 Counterparts. This Amendment No. 1 and Consent may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment No. 1 and Consent by telecopy shall be effective as delivery of a manually executed counterpart of this Amendment No. 1 and Consent.

7.03 Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

7.04 Complete Agreement. This Amendment No. 1 and Consent sets forth the entire understanding of the parties relating to the subject matter hereof and supersedes and cancels any prior communications, understandings and agreements between the parties hereto.

7.05 Documents Otherwise Unchanged. Except as herein provided, the Term Loan Agreement shall remain unchanged and in full force and effect, and each reference to the Term Loan Agreement and words of similar import in the Term Loan Agreement, and other documents shall be a reference to the Term Loan Agreement as amended hereby and as the same may be further amended, supplemented and otherwise modified and in effect from time to time.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 and Consent to the Term Loan Agreement to be duly executed as of the day and year first above written.

BORROWER:	TIN LAND FINANCING, LLC By: TIN Inc., its Sole Member By: /s/ Christopher T. Mathis Name: Christopher T. Mathis Title: VP IR & Treasury
AGENT:	CITICORP NORTH AMERICA, INC., as Agent By: /s/ Steffen Lunde Name: Steffen Lunde Title: Vice President
BANK LENDER:	CITIBANK, N.A. By: /s/ Steffen Lunde Name: Steffen Lunde Title: Vice President
Acknowledged:	TIN, INC. By: /s/ Christopher T. Mathis Name: Christopher T. Mathis Title: VP IR & Treasury

CONDUIT LENDER: CAFCO, LLC
By: Citibank, N.A.,
as Attorney-in-fact

By: /s/ Steffen Lunde
Name: Steffen Lunde
Title: Vice President

CONDUIT LENDER: CHARTA, LLC
By: Citibank, N.A.,
as Attorney-in-fact

By: /s/ Steffen Lunde
Name: Steffen Lunde
Title: Vice President

CONDUIT LENDER: CIESCO, LLC
By: Citibank, N.A.,
as Attorney-in-fact

By: /s/ Steffen Lunde
Name: Steffen Lunde
Title: Vice President

CONDUIT LENDER: CRC FUNDING, LLC
By: Citibank, N.A.,
as Attorney-in-fact

By: /s/ Steffen Lunde
Name: Steffen Lunde
Title: Vice President

Exhibit 10.2

EXECUTION COPY

AMENDMENT NO. 1 AND CONSENT UNDER
TERM LOAN AGREEMENT

AMENDMENT NO. 1 AND CONSENT dated as of August 11, 2011 between TIN Timber Financing, LLC, a Delaware limited liability company (the "Borrower"), CAFCO, LLC , a Delaware limited liability company, CHARTA, LLC, a Delaware limited liability company, CRC FUNDING, LLC, a Delaware limited liability company, CIESCO, LLC, a Delaware limited liability company, CITIBANK, N.A., and CITICORP NORTH AMERICA, INC., a Delaware corporation ("CNAI"), as agent (the "Agent") for the Lenders (as defined in the Term Loan Agreement referred to below).

RECITALS

WHEREAS the Borrower, CAFCO, LLC, CHARTA, LLC, CRC FUNDING, LLC, CIESCO, LLC, CITIBANK, N.A., and the Agent entered into a Term Loan Agreement (as amended, modified or otherwise supplemented from time to time, the "Term Loan Agreement"), dated as of December 3, 2007;

WHEREAS the Borrower has requested a substitution of the RBS Letters of Credit issued on October 31, 2007 by The Royal Bank of Scotland plc with Substitute L/Cs to be issued by Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch ("Rabobank Nederland") (the "RBS-Rabo L/C Substitution") and has requested that the Agent and the Lenders consent to such substitution;

NOW THEREFORE, in consideration of the foregoing, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

Section 1. Definitions. Except as otherwise defined in this Amendment No. 1 and Consent, terms defined in the Term Loan Agreement are used herein as defined therein.

Section 2. Consent. Upon effectiveness of this Section 2 in accordance with Section 5 hereof, the Agent and the Lenders hereby consent to the RBS-Rabo L/C Substitution.

Section 3. Amendments to Term Loan Agreement.

3.01 References Generally. References in the Term Loan Agreement (including references to the Term Loan Agreement as amended hereby) to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein" and "hereof") shall be deemed to be references to the Term Loan Agreement as amended hereby. The definitions of terms in the Term Loan Agreement shall apply equally to the singular and the plural forms of the terms defined.

3.02 Covenants.

(a) Clause (iii) of Section 5.01(j) is hereby amended in its entirety to read as follows (with the new language indicated below by the bold and double-underline text):

(iii) The Borrower shall within thirty days of the Knowledge Date, cause the issuance of a Substitute L/C by a Substitute LC Bank (as defined in the applicable Purchase Note) pursuant to the terms of the Purchase Note and in accordance with Section 5.01(w) below.

(b) Section 5.01(w) is hereby amended in its entirety to read as follows (with the new language indicated below by the bold and double-underline text):

The Borrower will not cause or consent to any amendment or modification of or waiver under any of the Purchase Notes or the Purchase Letters of Credit without the prior written approval of the Majority Banks and the Agent. Nothing in this clause (w) shall prevent the Borrower from replacing any Purchase Letter of Credit pursuant to the terms of Section 5.01(j) hereof so long as (i) the relevant Substitute L/C complies with the terms hereof and is subject to a valid first and prior perfected security interest pursuant to the Security Agreement, (ii) after giving effect to such substitution, there will be no fewer than two unaffiliated L/C Issuers issuing Purchase Letters of Credit and (iii) after giving effect to such substitution, the Base Amount (as defined in the applicable Purchase Letters of Credit as in effect on the date hereof) of each L/C Issuer's issuance of Purchase Letters of Credit will not exceed, in the aggregate, $610,802,209. For purposes of this Agreement, L/C Issuers who are Affiliates shall constitute a single L/C Issuer; provided that L/C Issuers shall not be deemed Affiliates solely by virtue of being owned by a common government entity.

3.03 Events of Default. Section 7.01(n) is hereby amended in its entirety to read as follows (with the new language indicated below by the bold and double-underline text):

(n) A Purchase Note Event of Default shall occur; provided that (A) if such Purchase Note Event of Default relates solely to a failed Substitution of an LC Bank and, within two days of such Purchase Note Event of Default, (i) the related Purchase Letter of Credit is drawn in full by the Borrower and (ii) the proceeds of such draw are used to prepay a principal amount of the Loans equal to the face amount of such Purchase Letter of Credit, then such Purchase Note Event of Default (but not any other existing or thereafter arising Purchase Note Event of Default) shall be deemed to be cured; and provided that Borrower shall not be permitted to effect more than one cure under the foregoing proviso during the term of this Agreement (for the avoidance of doubt, if an L/C Issuer issues Purchase Letters of Credit in support of the obligations of more than one of the respective issuers under the Purchase Notes, the above referenced one time cure right would not be available with respect to such L/C Issuer as any such cure would be treated as more than one cure) and (B) a Purchase Note Event of Default which arises solely as a result of the Maker's failure to deliver financial statements under the Purchase Note shall not be an Event of Default hereunder; or

Section 4. Representations; Covenants. The Borrower represents and warrants to the Agent and the Lenders that (a) the representations and warranties set forth in Section 4.01 of the Term Loan Agreement, and in each of the other Transaction Documents, are true and complete on the date hereof as if made on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, such representation or warranty shall be true and correct as of such specific date), (b) the Borrower and TIN are in compliance with all covenants and agreements made by each of them under the Transaction Documents and (c) no Default, Event of Default or an Incipient Event of Default has occurred and is continuing.

Section 5. Conditions To Effectiveness of Sections 2 and 3. Sections 2 and 3 hereof shall become effective, as of the date hereof, upon satisfaction of the following conditions:

5.01 Execution. The Agent shall have received counterparts of this Amendment No. 1 and Consent executed by the Borrower, the Lenders and the Agent under the Term Loan Agreement.

5.02 Receipt of Documentation. Documents evidencing the RBS-Rabo L/C Substitution, including without limitation, substitute letters of credit issued by Rabobank Nederland, applications for consent to assignment of proceeds, consents to assignment of proceeds, undated requests for full transfer, legal opinions, certificates and such other documents as the Agent may reasonably request (the "RBS-Rabo L/C Substitution Documents") shall have been executed by the parties thereto and the RBS-Rabo L/C Substitution Documents shall be in full force and effect. All terms and conditions of the RBS-Rabo L/C Substitution Documents shall be in form and substance reasonably satisfactory to the Agent and all conditions precedent under the RBS-Rabo L/C Substitution Documents shall have been satisfied.

5.03 Officer's Certificate. The Agent shall have received a certificate, dated the date hereof and signed by an authorized officer of the Sole Member of the Borrower, confirming that (a) the representations and warranties set forth in Section 4.01 of the Term Loan Agreement, and in each of the other Transaction Documents, are true and complete on the date hereof as if made on and as of the date hereof (or, if any such representation or warranty is expressly stated to have been made as of a specific date, such representation or warranty shall be true and correct as of such specific date), and as if each reference in said Section 4.01 to "this Agreement" included reference to this Amendment No. 1 and Consent, (b) the Borrower and TIN are in compliance with all covenants and agreements made by each of them under the Transaction Documents and (c) no Default, Event of Default or an Incipient Event of Default has occurred and is continuing.

5.04 Payment of Fees. Each of the Agent and its counsel shall have received evidence satisfactory to it of payment (or irrevocable instructions for payment) by the Borrower in full of all accrued fees and expenses of the Agent relating to the preparation of this Amendment No. 1 and Consent (including the accrued fees and expenses of Milbank, Tweed, Hadley & McCloy LLP).

5.05 Other Documents. The Agent shall have received such other documents as the Agent, the Lenders or special New York counsel to the Agent may reasonably request.

Section 6. Release.

(a) In consideration of the agreements of the Agent and the Lenders contained herein, the Borrower, on behalf of itself and its successors, assigns and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Agent, each Lender, their respective successors and assigns and each of their respective affiliates, subsidiaries, predecessors, directors, officers, partners, attorneys, employees, agents and other representatives (each Lender, Agent and all such other Persons being hereinafter referred to collectively as the "Releasees", and individually as a "Releasee") of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever, including, without limitation, any so-called "lender liability" or equitable subordination claims or defenses (individually, a "Claim" and, collectively, "Claims") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, the Borrower or any of its successors, assigns or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon or by reason of any circumstance, action, cause or thing whatsoever which arises at any time on or prior to the day and date of this Amendment No. 1 and Consent for or on account of, or in relation to, or in any way in connection with any of the Term Loan Agreement, as amended hereby, the other Transaction Documents or this Amendment No. 1 and Consent or transactions thereunder or related thereto.

(b) The Borrower understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) The Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final, absolute and unconditional nature of the release set forth above.

(d) The Borrower, on behalf of itself and its respective successors, assigns and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Releasee that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged by the Borrower pursuant to Section 6(a) of this Amendment No. 1 and Consent. If the Borrower, or its respective successors, assigns or other legal representatives violates the foregoing covenant, the Borrower, for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

Section 7. Miscellaneous.

7.01 **GOVERNING LAW. THIS AMENDMENT NO. 1 AND CONSENT SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY CONFLICT OF LAW PRINCIPLES THEREOF THAT WOULD CALL FOR THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.**

7.02 Counterparts. This Amendment No. 1 and Consent may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment No. 1 and Consent by telecopy shall be effective as delivery of a manually executed counterpart of this Amendment No. 1 and Consent.

7.03 Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

7.04 Complete Agreement. This Amendment No. 1 and Consent sets forth the entire understanding of the parties relating to the subject matter hereof and supersedes and cancels any prior communications, understandings and agreements between the parties hereto.

7.05 Documents Otherwise Unchanged. Except as herein provided, the Term Loan Agreement shall remain unchanged and in full force and effect, and each reference to the Term Loan Agreement and words of similar import in the Term Loan Agreement, and other documents shall be a reference to the Term Loan Agreement as amended hereby and as the same may be further amended, supplemented and otherwise modified and in effect from time to time.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 and Consent to the Term Loan Agreement to be duly executed as of the day and year first above written.

BORROWER: TIN TIMBER FINANCING, LLC
By: TIN Inc., its Sole Member

By: /s/ Christopher T. Mathis
Name: Christopher T. Mathis
Title: VP IR & Treasury

AGENT: CITICORP NORTH AMERICA, INC.,
as Agent
By: /s/ Steffen Lunde
Name: Steffen Lunde
Title: Vice President

BANK LENDER: CITIBANK, N.A.

By: /s/ Steffen Lunde
Name: Steffen Lunde
Title: Vice President

Acknowledged: TIN, INC.

By: /s/ Christopher T. Mathis
Name: Christopher T. Mathis
Title: VP IR & Treasury

CONDUIT LENDER: CAFCO, LLC
By: Citibank, N.A.,
as Attorney-in-fact

By: /s/ Steffen Lunde
Name: Steffen Lunde
Title: Vice President

CONDUIT LENDER: CHARTA, LLC
By: Citibank, N.A.,
as Attorney-in-fact

By: /s/ Steffen Lunde
Name: Steffen Lunde
Title: Vice President

CONDUIT LENDER: CIESCO, LLC
By: Citibank, N.A.,
as Attorney-in-fact

By: /s/ Steffen Lunde
Name: Steffen Lunde
Title: Vice President

CONDUIT LENDER: CRC FUNDING, LLC
By: Citibank, N.A.,
as Attorney-in-fact

By: /s/ Steffen Lunde
Name: Steffen Lunde
Title: Vice President

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)

I, Doyle R. Simons, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Temple-Inland Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in the report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2011	/s/ Doyle R. Simons
	Doyle R. Simons Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a)

I, Randall D. Levy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Temple-Inland Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in the report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2011

/s/ Randall D. Levy

Randall D. Levy
Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350, as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Doyle R. Simons, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that this Quarterly Report on Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Temple-Inland Inc.

/s/ Doyle R. Simons

Doyle R. Simons
Chief Executive Officer
November 7, 2011

Exhibit 32.2

Certification of Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350, as Adopted
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Randall D. Levy, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that this Quarterly Report on Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in this Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Temple-Inland Inc.

/s/ Randall D. Levy

Randall D. Levy
Chief Financial Officer
November 7, 2011

CONSOLIDATED BALANCE SHEETS Parenthetical (USD $) In Millions, except Share data	Oct. 01, 2011	Jan. 01, 2011
Current Assets		
Allowance for doubtful accounts receivable	$ 16	$ 16
Temple-Inland Inc. Shareholders' Equity		
Preferred stock, par value	$ 1	$ 1
Preferred stock, shares authorized	25,000,000	25,000,000
Preferred stock, shares issued	0	0
Common stock, par value	$ 1	$ 1
Common stock, shares authorized	200,000,000	200,000,000
Common stock, shares issued	123,605,344	123,605,344
Treasury stock, shares	13,970,175	15,654,157

CONSOLIDATED STATEMENTS OF INCOME (USD $) In Millions, except Per Share data	3 Months Ended		9 Months Ended	
	Oct. 01, 2011	Oct. 02, 2010	Oct. 01, 2011	Oct. 02, 2010
CONSOLIDATED STATEMENTS OF INCOME [Abstract]				
NET REVENUES	$ 974	$ 966	$ 2,985	$ 2,847
COSTS AND EXPENSES				
Cost of Sales	(854)	(813)	(2,599)	(2,491)
Selling	(26)	(27)	(84)	(82)
General and administrative	(42)	(37)	(142)	(121)
Other operating income (expense)	(24)	(6)	(40)	(8)
Total costs and expenses	(946)	(883)	(2,865)	(2,702)
OPERATING INCOME	28	83	120	145
Other non-operating income (expense)	(1)	0	(5)	0
Interest income on financial assets of special purpose entities	2	2	2	4
Interest expense on nonrecourse financial liabilities of special purpose entities	(4)	(5)	(13)	(14)
Interest expense on debt	(11)	(13)	(34)	(39)
INCOME BEFORE TAXES	14	67	70	96
Income tax benefit (expense)	(7)	59	(29)	45
NET INCOME	7	126	41	141
Net (income) loss attributable to noncontrolling interest of special purpose entities	(1)	(1)	0	0
NET INCOME ATTRIBUTABLE TO TEMPLE-INLAND INC	$ 6	$ 125	$ 41	$ 141
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic	109.3	107.9	108.7	107.8
Diluted	111.7	109.4	110.9	109.5
EARNINGS PER SHARE				
Basic	$ 0.05	$ 1.15	$ 0.38	$ 1.30
Diluted	$ 0.05	$ 1.13	$ 0.37	$ 1.28
DIVIDENDS PER SHARE	$ 0.13	$ 0.11	$ 0.39	$ 0.33

Other Operating Income (Expense) (Tables)	9 Months Ended Oct. 01, 2011

Other Operating Income (Expense) [Abstract]

Other Operating Income (Expense)

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
	(In millions)			
Equity in earnings of joint ventures	$ 0	$ 1	$ 0	$ 3
Gain (loss) on sale or retirement of operating property and equipment	(1)	(2)	(2)	(4)
Costs and asset impairments, primarily related to box plant transformation	(10)	(5)	(26)	(17)
Bogalusa Incident (See **Note 14**)	(5)	0	(5)	0
Litigation (See **Note 14**)	0	0	3	0
Merger Agreement (See **Note 3**)	(8)	0	(10)	0
Alternative fuel mixture tax credits, net of costs	0	0	0	10
Other operating income (expense)	$ (24)	$ (6)	$ (40)	$ (8)

Accruals Related To Transformation Activities

Activity within our accruals for box plant transformation activities follows:

	First Nine Months 2011
	(In millions)
Beginning of year	$ 0
Additions	2
Cash payments	(2)
End of period	$ 0

Document And Entity Information (USD $)	9 Months Ended Oct. 01, 2011	Jul. 03, 2010
Entity Registrant Name	TEMPLE INLAND INC	
Entity Central Index Key	0000731939	
Current Fiscal Year End Date	--12-31	
Entity Well-known Seasoned Issuer	Yes	
Entity Voluntary Filers	No	
Entity Current Reporting Status	Yes	
Entity Filer Category	Large Accelerated Filer	
Entity Public Float		$ 1,887,700,000
Entity Common Stock, Shares Outstanding	109,635,169	
Document Fiscal Year Focus	2011	
Document Fiscal Period Focus	Q3	
Document Type	10-Q	
Amendment Flag	false	
Document Period End Date	Oct. 01, 2011	

Segment Information (Tables)	9 Months Ended Oct. 01, 2011

Segment Information [Abstract]

Segment Information

	Corrugated Packaging	Building Products	Items Not Included in Segments and Eliminations	Total
	(In millions)			
Third Quarter 2011:				
Revenues from external customers	$ 808	$ 166	$ 0	$ 974
Depreciation and amortization	39	9	1	49
Equity income from joint ventures	0	0	0	0
Income (loss) before taxes	84	(5)	(65)[a]	14
Capital expenditures	37	3	1	41
First Nine Months 2011 or at Third Quarter-End 2011:				
Revenues from external customers	$ 2,474	$ 511	$ 0	$ 2,985
Depreciation and amortization	113	29	4	146
Equity income from joint ventures	0	0	0	0
Income (loss) before taxes	278	(19)	(189)[a]	70
Total assets	2,499	530	2,938	5,967
Investment in equity method investees and joint ventures	2	23	0	25
Goodwill	265	129	0	394
Capital expenditures	156	11	3	170
Third Quarter 2010:				
Revenues from external customers	$ 809	$ 157	$ 0	$ 966
Depreciation and amortization	37	10	2	49
Equity income from joint ventures	0	1	0	1
Income (loss) before taxes	121	(10)	(44)[a]	67
Capital expenditures	48	10	1	59
First Nine Months 2010 or at Third Quarter-End 2010:				
Revenues from external customers	$ 2,347	$ 500	$ 0	$ 2,847
Depreciation and amortization	107	31	7	145
Equity income from joint ventures	0	3	0	3
Income (loss) before taxes	230	(4)	(130)[a]	96
Total assets	2,378	551	2,950	5,879
Investment in equity method investees and joint ventures	2	25	0	27
Goodwill	265	129	0	394
Capital expenditures	121	18	5	144

Items not Included in Segment Information

(a) Items not included in segments consist of:

	Third Quarter 2011	Third Quarter 2010	First Nine Months 2011	First Nine Months 2010
	(In millions)			
General and administrative expense	$ (16)	$ (17)	$ (50)	$ (54)
Share-based and long-term incentive compensation	(12)	(6)	(51)	(20)
Other operating income (expense)	(23)	(5)	(38)	(7)
Other non-operating income (expense)	(1)	0	(5)	0
Net interest income (expense) on financial assets and nonrecourse financial liabilities of special purpose entities	(2)	(3)	(11)	(10)
Interest expense on debt	(11)	(13)	(34)	(39)
	$ (65)	$ (44)	$ (189)	$ (130)
Other operating income (expense) applies to:				
Corrugated packaging	$ (15)	$ (4)	$ (28)	$ (6)
Building products	0	(1)	0	(1)
Unallocated	(8)	0	(10)	0
	$ (23)	$ (5)	$ (38)	$ (7)

Non-operating Income (Expense)	9 Months Ended Oct. 01, 2011
Non-operating Income (Expense) [Abstract]	
Non-operating Income (Expense)	**Note 7 - Non-operating Income (Expense)** Other non-operating income (expense) in first nine months 2011 consisted of a $4 million loss resulting from the purchase and retirement of $50 million of our 7.875% Senior Notes due 2012, and an expense of $1 million associated with the voluntary substitution of Rabobank replacing Royal Bank of Scotland PLC as a letter of credit issuer to secure the notes related to the 2007 sale of our timberland. Please read **Note 10** for additional information.

Fair Values and Fair Value Measurements of Financial Instruments (Tables)

	9 Months Ended
	Oct. 01, 2011
Fair Values and Fair Value Measurements of Financial Instruments [Abstract]	
Fair Value Measurement of Long-term Debt	Information about our fixed-rate, long-term debt that is not measured at fair value follows:

	At Third Quarter-End 2011		At Year-End 2010		
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**	**Valuation Technique**
			(In millions)		
Financial Liabilities					
Fixed-rate, long-term debt	$ 490	$528	$ 540	$577	Level 2 - Market Approach

Segment Information (Details) (USD $) In Millions	3 Months Ended		9 Months Ended		
	Oct. 01, 2011	Oct. 02, 2010	Oct. 01, 2011	Oct. 02, 2010	Jan. 01, 2011
Segment Reporting Information [Line Items]					
Revenues from external customers	$ 974	$ 966	$ 2,985	$ 2,847	
Depreciation and amortization	49	49	146	145	
Equity in earnings of joint ventures	0	1	0	3	
Income (loss) before taxes	14	67	70	96	
Total assets	5,967	5,879	5,967	5,879	5,909
Investment in equity method investees and joint ventures	25	27	25	27	
Goodwill	394	394	394	394	394
Capital expenditures	41	59	170	144	
Building Products [Member]					
Segment Reporting Information [Line Items]					
Revenues from external customers	166	157	511	500	
Depreciation and amortization	9	10	29	31	
Equity in earnings of joint ventures	0	1	0	3	
Income (loss) before taxes	(5)	(10)	(19)	(4)	
Total assets	530	551	530	551	
Investment in equity method investees and joint ventures	23	25	23	25	
Goodwill	129	129	129	129	
Capital expenditures	3	10	11	18	
Other operating income (expense) not included in segments	0	(1)	0	(1)	
Corrugated Packaging [Member]					
Segment Reporting Information [Line Items]					
Revenues from external customers	808	809	2,474	2,347	
Depreciation and amortization	39	37	113	107	
Equity in earnings of joint ventures	0	0	0	0	
Income (loss) before taxes	84	121	278	230	
Total assets	2,499	2,378	2,499	2,378	
Investment in equity method investees and joint ventures	2	2	2	2	
Goodwill	265	265	265	265	
Capital expenditures	37	48	156	121	
Other operating income (expense) not included in segments	(15)	(4)	(28)	(6)	
Items Not Included in Segments and Eliminations [Member]					
Segment Reporting Information [Line Items]					
Revenues from external customers	0	0	0	0	
Depreciation and amortization	1	2	4	7	
Equity in earnings of joint ventures	0	0	0	0	
Income (loss) before taxes	(65) [1]	(44) [1]	(189) [1]	(130) [1]	
Total assets	2,938	2,950	2,938	2,950	

Investment in equity method investees and joint ventures	0	0	0	0
Goodwill	0	0	0	0
Capital expenditures	1	1	3	5
General and Administrative expense not included in segments	(16) [1]	(17) [1]	(50) [1]	(54) [1]
Share-based and long-term incentive compensation not included in segments	(12) [1]	(6) [1]	(51) [1]	(20) [1]
Other operating income (expense) not included in segments	(23) [1]	(5) [1]	(38) [1]	(7) [1]
Other non-operating income (expense) not included in segments	(1) [1]	0 [1]	(5) [1]	0 [1]
Net interest income (expense) on financial assets and nonrecourse financial liabilities of special purpose entities	(2) [1]	(3) [1]	(11) [1]	(10) [1]
Interest expense on debt not included in segments	(11) [1]	(13) [1]	(34) [1]	(39) [1]
Unallocated [Member]				
Segment Reporting Information [Line Items]				
Other operating income (expense) not included in segments	$ (8)	$ 0	$ (10)	$ 0

[1] Items not included in segments

Shareholders' Equity (Tables)	9 Months Ended Oct. 01, 2011
Shareholders' Equity [Abstract]	
Summary of Changes in Total Shareholders' Equity	A summary of changes in total shareholders' equity follows:

	First Nine Months					
	2011			2010		
	Temple-Inland Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity	Temple-Inland Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
	(In millions, except per share amounts)					
Beginning of year	$ 929	$ 92	$ 1,021	$ 794	$ 92	$ 886
Comprehensive income, net of tax:						
Net income	41	0	41	141	0	141
Defined benefit plans	13	0	13	15	0	15
Foreign currency translation adjustment	(9)	0	(9)	4	0	4
Total Comprehensive Income			45			160
Dividends paid on common stock - ($0.39 per share in 2011 and $0.33 per share in 2010)	(43)	0	(43)	(35)	0	(35)
Share-based compensation, net of distributions	34	0	34	11	0	11
Balance at third quarter-end	$ 965	$ 92	$ 1,057	$ 930	$ 92	$ 1,022

Segment Information

Segment Information [Abstract]

Segment Information

9 Months Ended
Oct. 01, 2011

Note 12 - Segment Information

We have two business segments: corrugated packaging and building products. Corrugated packaging manufactures linerboard and corrugating medium (collectively referred to as containerboard), which we convert into corrugated packaging, and lightweight gypsum facing paper. Building products manufactures a variety of building products.

We evaluate performance based on operating income before items not included in segments and income taxes. Items not included in segments represent items managed on a company-wide basis and include corporate general and administrative expense, share-based and long-term incentive compensation, other operating and non-operating income (expense), and interest income and expense. Other operating income (expense) includes gain or loss on sale of assets, asset impairments, closure related severance costs, and unusual income and expense items. The accounting policies of the segments are the same as those described in the accounting policy notes to the financial statements. Intersegment sales are recorded at market prices. Intersegment sales and shared service expense allocations are netted in costs and expenses.

	Corrugated Packaging	Building Products	Items Not Included in Segments and Eliminations	Total
		(In millions)		
Third Quarter 2011:				
Revenues from external customers	$ 808	$ 166	$ 0	$ 974
Depreciation and amortization	39	9	1	49
Equity income from joint ventures	0	0	0	0
Income (loss) before taxes	84	(5)	(65)[(a)]	14
Capital expenditures	37	3	1	41
First Nine Months 2011 or at Third Quarter-End 2011:				
Revenues from external customers	$ 2,474	$ 511	$ 0	$ 2,985
Depreciation and amortization	113	29	4	146
Equity income from joint ventures	0	0	0	0
Income (loss) before taxes	278	(19)	(189)[(a)]	70
Total assets	2,499	530	2,938	5,967
Investment in equity method investees and joint ventures	2	23	0	25
Goodwill	265	129	0	394
Capital expenditures	156	11	3	170
Third Quarter 2010:				

Revenues from external customers	$ 809	$ 157	$ 0	$ 966
Depreciation and amortization	37	10	2	49
Equity income from joint ventures	0	1	0	1
Income (loss) before taxes	121	(10)	(44)[(a)]	67
Capital expenditures	48	10	1	59
First Nine Months 2010 or at Third Quarter-End 2010:				
Revenues from external customers	$ 2,347	$ 500	$ 0	$ 2,847
Depreciation and amortization	107	31	7	145
Equity income from joint ventures	0	3	0	3
Income (loss) before taxes	230	(4)	(130)[(a)]	96
Total assets	2,378	551	2,950	5,879
Investment in equity method investees and joint ventures	2	25	0	27
Goodwill	265	129	0	394
Capital expenditures	121	18	5	144

[(a)] Items not included in segments consist of:

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
	(In millions)			
General and administrative expense	$ (16)	$ (17)	$ (50)	$ (54)
Share-based and long-term incentive compensation	(12)	(6)	(51)	(20)
Other operating income (expense)	(23)	(5)	(38)	(7)
Other non-operating income (expense)	(1)	0	(5)	0
Net interest income (expense) on financial assets and nonrecourse financial liabilities of special purpose entities	(2)	(3)	(11)	(10)
Interest expense on debt	(11)	(13)	(34)	(39)
	$ (65)	$ (44)	$ (189)	$ (130)

Other operating income (expense) applies to:				
Corrugated packaging	$ (15)	$ (4)	$ (28)	$ (6)
Building products	0	(1)	0	(1)
Unallocated	(8)	0	(10)	0
	$ (23)	$ (5)	$ (38)	$ (7)

Merger Agreement	9 Months Ended Oct. 01, 2011
Business Combinations [Abstract]	
Merger Agreement [Text Block]	**Note 3 - Merger Agreement** On September 6, 2011, we entered into an Agreement and Plan of Merger (Merger Agreement) with International Paper Company (IP), under which IP will acquire all of our outstanding common stock for $32.00 per share in cash. The Merger Agreement was unanimously approved by both our and IP's Board of Directors. In connection with entering into the Merger Agreement, IP terminated its existing tender offer to acquire all our outstanding common stock for $30.60 per share, and we amended our Rights Plan dated June 7, 2011, rendering the Rights Plan inapplicable to the Merger Agreement and the transactions contemplated thereby. Closing of the merger is subject to customary closing conditions, including receipt of regulatory approvals and approval by our stockholders. IP has stated that the merger is currently expected to close late in the fourth quarter of 2011 or early in the first quarter of 2012, although closing may take place either earlier or later than such time period. In connection with these matters, in first nine months 2011, we expensed $10 million of professional fees and other costs, and we committed to minimum financial advisor fees of $20 million, which we anticipate expensing upon completion of the merger. Also in connection with the closing of the merger, we expect to incur significant additional costs, principally related to share-based compensation and change in control agreements.

Long-term Debt (Details) (USD $) In Millions, unless otherwise specified	9 Months Ended Oct. 01, 2011	Jan. 01, 2011
Long-Term Debt [Abstract]		
Long-term debt	$ 657	$ 718
Debt Instrument [Line Items]		
Face amount	$ 130	
Interest rate (in hundredths)	7.875%	
Maturity date, description	May 2012	

Long-term Debt	9 Months Ended Oct. 01, 2011
Long-Term Debt [Abstract]	
Long-term Debt	**Note 9 - Long-Term Debt** At third quarter-end 2011, our long-term debt was $657 million, which included $130 million of 7.875% Senior Notes that are due May 2012. We have classified these borrowings as long-term debt because of our intent and ability to refinance them on a long-term basis under our existing facilities. In September 2011, we entered into amendments of our committed credit agreements so that entering into the Merger Agreement did not result in a default.

Contingencies and Other

Contingencies and Other [Abstract]	9 Months Ended Oct. 01, 2011
Contingencies and Other	

Note 14 – Contingencies and Other

We are involved in various legal proceedings that arise from time to time in the ordinary course of doing business and believe that adequate reserves have been established for any probable losses. Expenses related to litigation are included in operating income.

On September 9, 2010, we were one of eight containerboard producers named as defendants in a class action complaint that alleged a civil violation of Section 1 of the Sherman Act. The suit is captioned *Kleen Products LLC v. Packaging Corp. of America (N.D. Ill.)*. The complaint alleges that the defendants, beginning in August 2005, conspired to limit the supply and thereby increase prices of containerboard products. The alleged class is all persons who purchased containerboard products directly from any defendant for use or delivery in the United States during the period August 2005 to November 2010. The complaint seeks to recover an unspecified amount of treble actual damages and attorney's fees on behalf of the purported class. Four similar complaints were filed and have been consolidated in the Northern District of Illinois. We dispute the allegations made against us and intend to defend vigorously against this litigation. However, because this action is in its preliminary stages, we are unable to predict an outcome or estimate a range of reasonably possible loss. There were no significant changes to the status of this litigation in first nine months 2011.

Three putative class action lawsuits have been commenced by purported Temple-Inland stockholders against Temple-Inland and the members of the Temple-Inland Board. Two of these lawsuits, captioned *Raul v. Doyle R. Simons, et al.*, Case No. 6690 (filed July 22, 2011) (the "Raul Action"), and *Kahn v. Temple-Inland, Inc.*, et al., Case No. 6702 (filed July 25, 2011) (the "Kahn Action"), are pending in the Delaware Court of Chancery. Pursuant to an order dated August 5, 2011, the Raul Action and the Kahn Action were consolidated, with the consolidated action captioned as *In re Temple-Inland, Inc. Shareholders Litigation*, Consolidated Case No. 6702-VCP. The third putative class action lawsuit, captioned *Washtenaw County Employees' Retirement System v. Doyle R. Simons, et al.*, Case No. D-1-GN-11-2456 (filed August 16, 2011) (the "Washtenaw Action"), is pending in the District Court of Travis County, Texas.

These lawsuits allege, among other things, that the members of the Temple-Inland Board have breached their fiduciary duties by refusing to negotiate with IP regarding its proposed acquisition of Temple-Inland, failing to solicit alternative offers and adopting the Rights Plan. The Raul Action and the Washtenaw Action also purport to assert claims derivatively on behalf of Temple-Inland. The complaints variously seek an order declaring that the Temple-Inland Board breached its fiduciary duties; enjoining the company from initiating defensive measures; and awarding costs and attorneys' fees and, in the Kahn Action, compensatory damages. These lawsuits were commenced prior to the entering into of the Merger Agreement.

A fourth putative class action lawsuit, *Buxton v. Temple-Inland Inc.* (filed September 14, 2011), has been filed in the consolidated action cited above. This lawsuit alleges, among other things, that the members of the Temple-Inland Board have breached their fiduciary duties by agreeing to a transaction with IP at an unfair and grossly inadequate price and that the proxy statement filed in connection with the transaction with IP is inadequate in certain respects.

We believe all the claims in these putative shareholder class actions are without merit, and we intend to defend them vigorously. Please read **Note 3** for additional information.

As we recently disclosed, the Company was named as a defendant in a lawsuit filed in the United States District Court for the Northern District of Texas captioned *Tepper v. Temple-Inland Inc.*, Case 3:11-cv-02088-D (filed August 22, 2011). This lawsuit alleges, among other things, that the Company and certain of its affiliates, officers, and directors caused the failure of Guaranty Financial Group and its wholly-owned subsidiary, Guaranty Bank, and asserts various claims related to the failure. We previously disclosed that the liquidating trustee may file such a claim against us. We believe the claims made in this lawsuit are without merit, and we intend to defend them vigorously.

On Saturday, August 13, 2011, we received predictive test results at our Bogalusa, Louisiana paper mill indicating that Biochemical Oxygen Demand (BOD) limits for permitted discharge from the wastewater treatment pond into the Pearl River would be exceeded after an upset condition in an evaporator at the mill and confirmed reports of a fish kill on the Pearl River (the "Bogalusa Incident"). We promptly initiated a full mill shut down, notified the Louisiana Department of Environmental Quality (LDEQ) of the situation and took corrective actions to restore the water quality of the river. On September 2, 2011, we restarted our Bogalusa mill operations upon receiving approval from the LDEQ. We incurred $5 million in costs related to these clean-up activities and it is likely that we will incur additional costs related to this incident. The LDEQ and the Mississippi DEQ have each given a notice of intent to levy penalties. The U.S. Attorney's Office in New Orleans has issued a grand jury subpoena and EPA and various state agencies have initiated investigations into the Bogalusa Incident. At this early stage in these proceedings, we are not able to estimate any potential fines or penalties that may be levied against us in connection with the Bogalusa Incident. We do not expect that any such fines or penalties will have a material adverse effect on our financial position, long-term results of operations, or cash flows, but they may be significant to our results or cash flows in any one accounting period.

We have been named as a defendant in the following civil lawsuits related to the Bogalusa Incident:

Evans v. TIN Inc. (22nd Judicial District Court of Louisiana, filed August 17, 2011)

State of Louisiana v. TIN Inc. (22nd Judicial District Court of Louisiana, filed August 17, 2011)

Martin v. TIN Inc. (22nd Judicial District Court of Louisiana, filed August 17, 2011)

Pearl River Basin Land & Dev. v. TIN Inc. (22nd Judicial District Court of Louisiana, filed August 18, 2011)

Williams v. TIN Inc. (22nd Judicial District Court of Louisiana, filed August 29, 2011)

Stogner v. TIN Inc. (22nd Judicial District Court of Louisiana, filed September 6, 2011)

Jones v. TIN Inc. (22nd Judicial District Court of Louisiana, filed September 23, 2011)

Prestenbach v. TIN Inc. (Circuit Court of Hancock Co., MS, filed October 11, 2011)

Other than the case brought by the State of Louisiana and the case brought in Mississippi, these civil cases have been removed and consolidated in an action pending in the U.S. District Court for the Eastern District of Louisiana along with a case originally filed in that court styled *McGehee v. TIN Inc.* (filed September 20, 2011). Additional lawsuits may be filed in connection with the Bogalusa Incident following the date of this report. At this early stage, we are not able to estimate any potential loss from these proceedings. However, we believe most of the claims have no merit, and we do not expect that any losses in these cases will have a material adverse effect on our financial position, long-term results of operations, or cash flows.

In first nine months 2011, we reversed $3 million in litigation reserves related to alleged violations of the California on duty meal break laws. This reversal was based on the settlement of existing cases, a review of our operational practices, and an examination of the statute of limitations.

We do not believe that the outcome of any of these matters should have a significant adverse effect on our financial position, long-term results of operations, or cash flows. It is possible however that charges related to these matters could be significant to our results or cash flows in any one accounting period.

Financial Assets and Nonrecourse Financial Liabilities of Special Purpose Entities	9 Months Ended Oct. 01, 2011
Financial Assets and Nonrecourse Financial Liabilities of Special Purpose Entities [Abstract]	
Financial Assets and Nonrecourse Financial Liabilities of Special Purpose Entities	**Note 10 – Financial Assets and Nonrecourse Financial Liabilities of Special Purpose Entities**

In 2009, we arranged for the substitution of two banks issuing letters of credit securing the notes we received in connection with the 2007 sale of our timberland. In each case, the credit ratings of the letter of credit bank had been reduced below the required minimums. In first six months 2010, we entered into two separate three-year agreements, one with JP Morgan Chase Bank, National Association and one with Crédit Agricole Corporate and Investment Bank (Crédit Agricole), whereby each of these banks agrees to issue up to $1.4 billion in irrevocable letters of credit in substitution for letters of credit issued by a bank(s) whose credit ratings get reduced below the required minimums. For each agreement, we paid an upfront fee, which is being amortized over the three-year term of the agreement, and also agreed to pay a quarterly fee on the unused commitment.

On May 20, 2011, the credit ratings of Crédit Agricole were downgraded below the required minimum to issue letters of credit to secure the notes related to the sale of our timberland. As a result, we terminated our three-year agreement with Crédit Agricole and were refunded a pro-rata portion of the unamortized upfront commitment fee and quarterly fee on the unused commitment.

On August 11, 2011, the buyer of the timberland and we agreed to have Rabobank Nederland (Rabobank), one of the existing letter of credit banks, issue letters of credit in a voluntary substitution for Royal Bank of Scotland PLC (RBS) as a letter of credit issuer in the transaction. Accordingly, the letters of credit issuers are now Rabobank, which has issued letters of credit totaling about $1.4 billion, and Barclays Bank plc and Société Generalé, each of which has issued letters of credit totaling about $500 million.

In connection with this voluntary substitution of Rabobank replacing RBS, we paid fees of $1 million to RBS and received an upfront fee of $7 million from Rabobank. If Rabobank's long-term unsecured senior debt were no longer rated A+ by Standard & Poor's and A1 by Moody's, we have agreed to refund to Rabobank on the date of the downgrade the unamortized upfront fees less about $2 million. We will amortize the upfront fee that we received, net of legal expenses incurred on this voluntary substitution, over the term of the letter of credit agreement. The amortization credit will be included in "Interest income on financial assets of special purpose entities."

Other Operating Income (Expense) (Details) (USD $) In Millions	3 Months Ended		9 Months Ended	
	Oct. 01, 2011	Oct. 02, 2010	Oct. 01, 2011	Oct. 02, 2010
Other Operating Income (Expense) [Abstract]				
Equity in earnings of joint ventures	$ 0	$ 1	$ 0	$ 3
Gain (loss) on sale or retirement of operating property and equipment	(1)	(2)	(2)	(4)
Costs and asset impairments, primarily related to box plant transformation	(10)	(5)	(26)	(17)
Bogalusa Incident (See Note 14)	(5)	0	(5)	0
Litigation	0	0	3	0
Merger Agreement (see Note 3)	(8)	0	(10)	0
Alternative fuel mixture credits, net of costs	0	0	0	10
Other operating income (expense)	(24)	(6)	(40)	(8)
Asset impairment charges			(6)	(9)
Litigation (See Note 14)			3	
Severance and other employee costs			(2)	(2)
Other transformation costs			(16)	(6)
Accrual related to transformation activities [Roll Forward]				
Beginning of period			0	
Additions			2	
Cash payments			(2)	
End of period	0		0	
Alternative fuel mixture tax credits recognized				10
Multi-employer pension plan withdrawal liability	4		4	
Gain from sale of closed facilities			$ 2	

Earnings per Share	9 Months Ended Oct. 01, 2011
Earnings per Share [Abstract]	
Earnings per Share	**Note 8 - Earnings per Share** We computed earnings per share by dividing net income by weighted average shares outstanding using the following:

	Third Quarter 2011	Third Quarter 2010	First Nine Months 2011	First Nine Months 2010
	(In millions)			
Earnings for basic and diluted earnings per share:				
Net income	$ 7	$ 126	$ 41	$ 141
Less: Distributed and undistributed amounts allocated to participating securities	0	(1)	0	(1)
Distributed and undistributed income available to Temple-Inland common shareholders	7	125	41	140
Less: Net (income) loss attributable to noncontrolling interest of special purpose entities	(1)	(1)	0	0
Net income available to common shareholders	$ 6	$ 124	$ 41	$ 140
Weighted average shares outstanding:				
Weighted average shares outstanding - basic	109.3	107.9	108.7	107.8
Dilutive effect of stock options and unvested stock-settled restricted stock units	2.4	1.5	2.2	1.7
Weighted average shares outstanding - diluted	111.7	109.4	110.9	109.5

Participating securities include unvested cash-settled restricted stock units issued to employees that contain non-forfeitable rights to dividends. These units vested in first quarter 2011. There are no participating securities outstanding at third quarter-end 2011.

Certain employees of entities spun off in 2007 participated in our employee stock option program. Following the spin-offs, these employees retained stock option rights associated with our stock. These stock options will remain a consideration in our dilutive effect of stock options until they are exercised, cancelled or expire. Information regarding options held by employees of spun-off entities follows:

	Third Quarter-End 2011	Third Quarter-End 2010
	(Shares in thousands)	
Options held	174	451
Options exercisable	174	436
Weighted average exercise price	$ 20	$ 19
Weighted average remaining contractual term (in years)	4	5

Stock options outstanding that were not included in the computation of diluted common shares outstanding because their exercise price exceeded the average market price of our common stock were as follows:

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
	(Shares in thousands)			
Options outstanding held by employees	0	3,628	0	1,352
Options outstanding held by employees of spun-off entities	0	279	0	279

Basis of Presentation	9 Months Ended Oct. 01, 2011
Basis of Presentation [Abstract]	
Basis of Presentation	**Note 1 - Basis of Presentation** Our consolidated financial statements include the accounts of Temple-Inland Inc. and its subsidiaries and special purpose and variable interest entities of which it is the primary beneficiary. We account for our investment in other ventures under the equity method. We prepare our unaudited interim financial statements in accordance with generally accepted accounting principles and Securities and Exchange Commission requirements for interim financial statements. As a result, they do not include all of the information and disclosures required by generally accepted accounting principles for complete financial statements. However, in our opinion, all adjustments considered necessary for a fair presentation have been included. These adjustments are normal recurring accruals, except as noted. These interim operating results are not necessarily indicative of the results that may be expected for the entire year. For further information, please read the financial statements included in our Annual Report on Form 10-K for the year 2010.

Employee Benefit Plans

9 Months Ended Oct. 01, 2011

Employee Benefit Plans [Abstract]

Employee Benefit Plans

Note 4 - Employee Benefit Plans

Defined benefit and postretirement benefit expense consists of:

	Defined Benefits						Postretirement Benefits	
	Qualified		Supplemental		Total			
	2011	2010	2011	2010	2011	2010	2011	2010
Third Quarter:	(In millions)							
Service costs - benefits earned during the period	$ 6	$ 6	$ 0	$ 0	$ 6	$ 6	$ 0	$ 0
Interest cost on projected benefit obligation	20	20	0	0	20	20	1	2
Expected return on plan assets	(19)	(19)	0	0	(19)	(19)	0	0
Amortization of prior service costs	1	1	1	1	2	2	0	0
Amortization of actuarial net loss	5	5	1	0	6	5	0	0
Benefit expense	$ 13	$ 13	$ 2	$ 1	$ 15	$ 14	$ 1	$ 2
First Nine Months:								
Service costs - benefits earned during the period	$ 19	$ 18	$ 1	$ 1	$ 20	$ 19	$ 1	$ 1
Interest cost on projected benefit obligation	60	60	1	1	61	61	4	5
Expected return on plan assets	(56)	(56)	0	0	(56)	(56)	0	0
Amortization of prior service costs	2	2	2	2	4	4	(1)	(1)
Amortization of actuarial net loss	15	15	1	1	16	16	0	0
Benefit expense	$ 40	$ 39	$ 5	$ 5	$ 45	$ 44	$ 4	$ 5

In addition, we recognized expense of $3 million in first nine months 2011 and $4 million in first nine months 2010 related to payments to retiring employees of lump-sum benefits from our supplemental defined benefit plan. We made $30 million in voluntary, discretionary contributions to our qualified defined benefit plan in first nine months 2010.

Contingencies and Other (Details) (USD $) In Millions, unless otherwise specified	9 Months Ended					9 Months Ended
	Oct. 01, 2011	Oct. 01, 2011 Kleen Products LLC v. Packaging Corp. of America (N.D. Ill.) [Member]	Oct. 01, 2011 Putative Class Action Lawsuits [Member]	Sep. 14, 2011 Putative Class Action Lawsuits [Member]	Aug. 16, 2011 Putative Class Action Lawsuits [Member]	Oct. 01, 2011 Bogalusa Incident [Member]
Loss Contingencies [Line Items]						
Number of defendants named		8				
Number of similar complaints filed and consolidated		4				
Number of lawsuits filed				4	3	
Number of lawsuits pending in the Delaware Court of Chancery			2			
Release of remaining litigation reserve	$ 3					
Site Contingency [Line Items]						
Costs related to clean-up activities						$ 5

Share-Based and Long-Term Incentive Compensation, Activity and Additional Disclosures (Details) (USD $) In Millions, except Share data in Thousands, unless otherwise specified	9 Months Ended		
	Oct. 01, 2011	Oct. 02, 2010	Jan. 01, 2011
Summary of activity, equity instruments other than options, additional disclosures [Abstract]			
Aggregate current value, not vested at end of period subject to time vesting requirements	$ 14		
Aggregate current value, not vested at end of period subject to performance requirements	62		
Stock option activity [Roll Forward]			
Outstanding beginning of year (in shares)	7,416		
Granted (in shares)	431		
Exercised (in shares)	(1,840)		
Forfeited (in shares)	(37)		
Outstanding at end of period (in shares)	5,970		
Exercisable at end of period (in shares)	4,024		
Additional disclosures [Abstract]			
Weighted average exercise price per share, outstanding at beginning of year (in dollars per share)	$ 15		
Weighted average exercise price per share, granted (in dollars per share)	$ 24		
Weighted average exercise price per share, exercised (in dollars per share)	$ 16		
Weighted average exercise price per share, forfeited (in dollars per share)	$ 16		
Weighted average exercise price per share, outstanding at end of period (in dollars per share)	$ 16		
Weighted average exercise price per share, exercisable at end of period (in dollars per share)	$ 17		
Weighted average remaining contractual term, outstanding at end of period (in years)	6		
Weighted average remaining contractual term, exercisable at end of period (in years)	5		
Aggregate intrinsic value (current value less exercise price), outstanding at end of period	92		
Aggregate intrinsic value (current value less exercise price), exercisable at end of period	60		
Fair value valuation assumptions [Abstract]			
Expected dividend yield (in hundredths)	2.20%	3.20%	
Expected stock price volatility (in hundredths)	65.00%	66.60%	
Risk-free interest rate (in hundredths)	3.30%	3.20%	
Expected life of options (in years)	8	8	
Weighted average estimated fair value of options at grant date (in dollars per share)	$ 13.40	$ 10.23	

Cash-Settled Restricted or Performance Stock Units [Member]			
Share-based compensation [Abstract]			
Vesting period	three		
Share-based compensation, additional disclosures [Abstract]			
Unrecognized share-based compensation expense	18		
Weighted average period of recognition (in years)	2		
Share price (in dollars per share)	$ 31		
Fair value of awards vested and settled	17	17	
Accrued dividends included in the fair value of units vested and to be settled	2		1
Fair value of units vested and to be settled	57		40
Fair value of units vested and to be settled, included in other current liabilities	41		14
Fair value of units vested and to be settled, included in other long-term liabilities	16		26
Approximate percentage of annual director compensation paid (in hundredths)	50.00%		
Fair value of units paid to directors vested and to be settled included in long-term liabilities	20		14
Summary of activity, equity instruments other than options [Roll Forward]			
Not vested beginning of year (in shares)	2,627		
Granted (in shares)	447		
Vested and settled (in shares)	(651)		
Forfeited (in shares)	(6)		
Not vested at end of period (in shares)	2,417		
Not vested units at period end subject to:			
Time vesting requirements (in shares)	439		
Performance requirements (in shares)	1,978		
Summary of activity, equity instruments other than options, additional disclosures [Abstract]			
Weighted average grant date fair value per share, not vested beginning of year (in dollars per share)	$ 12		
Weighted average grant date fair value per share, granted (in dollars per share)	$ 24		
Weighted average grant date fair value per share, vested and settled (in dollars per share)	$ 19		
Weighted average grant date fair value per share, forfeited (in dollars per share)	$ 17		
Weighted average grant date fair value per share, not vested at end of period (in dollars per share)	$ 12		
Aggregate current value, not vested at end of period	76		
Additional disclosures [Abstract]			
Term of awards (in years)	three		
Stock-Settled Restricted Stock Units [Member]			
Share-based compensation [Abstract]			
Vesting period	three		
Share-based compensation, additional disclosures [Abstract]			
Unrecognized share-based compensation expense	8		

Weighted average period of recognition (in years)	2	
Summary of activity, equity instruments other than options [Roll Forward]		
Not vested beginning of year (in shares)	369	
Granted (in shares)	241	
Vested and settled (in shares)	0	
Forfeited (in shares)	0	
Not vested at end of period (in shares)	610	
Summary of activity, equity instruments other than options, additional disclosures [Abstract]		
Weighted average grant date fair value per share, not vested beginning of year (in dollars per share)	$ 20	
Weighted average grant date fair value per share, granted (in dollars per share)	$ 24	
Weighted average grant date fair value per share, vested and settled (in dollars per share)	$ 0	
Weighted average grant date fair value per share, forfeited (in dollars per share)	$ 0	
Weighted average grant date fair value per share, not vested at end of period (in dollars per share)	$ 21	
Aggregate current value, not vested at end of period	19	
Stock Options [Member]		
Share-based compensation [Abstract]		
Vesting period	four	
Share-based compensation, additional disclosures [Abstract]		
Unrecognized share-based compensation expense	6	
Weighted average period of recognition (in years)	3	
Additional disclosures [Abstract]		
Term of awards (in years)	ten	
Fixed Value Cash Awards [Member]		
Share-based compensation [Abstract]		
Vesting period	three to six	
Fixed value cash awards		
Fair value of long-term incentive compensation	18	
Unrecognized long-term incentive compensation expense	5	
Weighted average period of recognition for long-term incentive compensation (in years)	3	
Accrued long-term incentive compensation	13	
Accrued long-term incentive compensation included in other current liabilities	11	
Accrued long-term incentive compensation included in long-term liabilities	$ 2	$ 10

Share-Based and Long-Term Incentive Compensation	9 Months Ended Oct. 01, 2011
Share-Based and Long-Term Incentive Compensation [Abstract]	
Share-Based and Long-Term Incentive Compensation	**Note 5 - Share-Based and Long-Term Incentive Compensation**

We have shareholder approved share-based compensation plans that permit awards to key employees and non-employee directors in the form of cash-settled restricted or performance stock units, stock-settled restricted stock units, or options to purchase shares of our common stock. We also have long-term incentives for key employees in the form of fixed value awards that vest over multiple years. We generally grant awards annually in February, and we use treasury stock to fulfill awards settled in common stock and stock option exercises.

Share-based and long-term incentive compensation expense consists of:

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
	(In millions)			
Cash-settled restricted or performance stock units	$ 9	$ 3	$ 40	$ 10
Stock-settled restricted stock units	1	0	3	1
Stock options	1	1	5	5
Total share-based compensation expense	11	4	48	16
Fixed value cash awards	1	2	3	4
Total share-based and long-term incentive compensation expense	$ 12	$ 6	$ 51	$ 20

Share-based and long-term incentive compensation expense is included in:

	Third Quarter		First Nine Months	
	2011	2010	2011	2010
	(In millions)			
Cost of sales	$ 2	$ 0	$ 5	$ 2
Selling expense	0	0	1	1
General and administrative expense	10	6	45	17
Total share-based and long-term incentive compensation expense	$ 12	$ 6	$ 51	$ 20

The fair value of awards granted to retirement-eligible employees and expensed at the date of grant was $4 million in first nine months 2011 and $3 million in first nine months 2010.

Unrecognized share-based and long-term incentive compensation for all awards not vested was $37 million at third quarter-end 2011. We expect to recognize this cost over a weighted average period of two years or upon completion of the merger.

The fair value of all share-based and long-term incentive awards vested and to be settled in cash, including accrued dividends of $2 million, was $90 million at third quarter-end 2011, of which $52 million is included in other current liabilities and $38 million in long-term liabilities, and $64 million at year-end 2010, of which $14 million is included in other current liabilities and $50 million in long-term liabilities.

Cash-settled restricted or performance stock units

Cash-settled restricted or performance stock units generally have a three-year term and vest after three years from the date of grant or the attainment of stated ROI-based performance goals, generally measured over a three-year period, or if there is a change of control, such as the merger. Changes in our estimate of the attainment of stated performance goals could have a significant impact on our share-based compensation expense in any one accounting period.

A summary of activity for first nine months 2011 follows:

	Cash-Settled Units	Weighted Average Grant Date Fair Value Per Share	Aggregate Current Value
	(In thousands)		(In millions)
Not vested beginning of year	2,627	$ 12	
Granted	447	24	
Vested and settled	(651)	19	
Forfeited	(6)	17	
Not vested at third quarter-end 2011	2,417	12	$ 76
Not vested units at third quarter-end 2011 subject to:			
Time vesting requirements	439		$ 14
Performance requirements	1,978		62
	2,417		$ 76

Unrecognized share-based compensation expense related to non-vested cash-settled restricted or performance stock units was $18 million at third quarter-end 2011 share price of $31 per share. We expect to recognize this cost over a weighted average period of two years or upon completion of the merger. The fair value of awards settled in cash was $17 million in first nine months 2011 and $17 million in first nine months 2010. The fair value of units vested and to be settled in cash, including accrued dividends of $2 million in 2011 and $1 million in 2010, was $57 million at third quarter-end 2011, of which $41 million is included in other current liabilities and $16 million in long-term liabilities; and $40 million at year-end 2010, of which $14 million was included in other current liabilities and $26 million in long-term liabilities. In addition, approximately one-half of our annual director compensation is paid in the form of cash-settled restricted stock units that are deferred until retirement. The fair value of these units vested and to be settled in cash included in long-term liabilities was $20 million at third quarter-end 2011 and $14 million at year-end 2010.

Stock-settled restricted stock units

Stock-settled restricted stock units vest after three years from the date of grant upon attainment of stated ROI-based performance goals or if there is a change of control, such as the merger. There is no accelerated vesting upon retirement for these awards.

A summary of activity for first nine months 2011 follows:

	Stock-Settled Units		Weighted Average Grant Date Fair Value Per Share		Aggregate Current Value
	(In thousands)				(In millions)
Not vested beginning of year	369	$	20	$	
Granted	241		24		
Vested and settled	0		0		
Forfeited	0		0		
Not vested at third quarter-end 2011	610	$	21	$	19

Unrecognized share-based compensation expense related to non-vested stock-settled restricted stock units was $8 million at third quarter-end 2011. We expect to recognize this cost over a weighted average period of two years or upon completion of the merger.

Stock options

Stock options have a ten-year term, generally become exercisable ratably over four years and provide for accelerated vesting upon retirement, death, disability, or if there is a change in control, such as the merger. Options are granted with an option price equal to the market value of common stock on the date of grant.

A summary of activity for first nine months 2011 follows:

	Shares		Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term		Aggregate Intrinsic Value (Current value less exercise price)
	(In thousands)			(In years)		(In millions)
Outstanding beginning of year	7,416	$	15			
Granted	431		24			
Exercised	(1,840)		16			
Forfeited	(37)		16			
Outstanding at third quarter-end 2011	5,970		16	6	$	92
Exercisable at third quarter-end 2011	4,024		17	5	$	60

We estimated the fair value of our options using the Black-Scholes-Merton option-pricing model and the following assumptions:

	First Nine Months	
	2011	2010
Expected dividend yield	2.2%	3.2%
Expected stock price volatility	65.0%	66.6%
Risk-free interest rate	3.3%	3.2%
Expected life of options (in years)	8	8

Weighted average estimated fair value of options at grant date	$	13.40	$	10.23

Unrecognized share-based compensation expense related to non-vested stock options awards was $6 million at third quarter-end 2011. We expect to recognize this cost over a weighted average period of three years or upon completion of the merger.

Fixed Value Cash Awards

Long-term incentive compensation expense is related to $18 million of fixed value cash awards that were granted to employees in February and August 2009. These awards are not tied to our stock price. The fixed value cash awards generally vest over periods from three to six years and provide for accelerated or continued vesting upon retirement, death, disability, or if there is a change of control, such as the merger.

Unrecognized long-term incentive compensation expense related to fixed value cash awards was $5 million at third quarter-end 2011. We expect to recognize this cost over a weighted average period of three years or upon completion of the merger. Accrued long-term incentive compensation at third quarter-end 2011 was $13 million, of which $11 million is included in other current liabilities and $2 million in long-term liabilities. At year-end 2010, accrued long-term incentive compensation included in long-term liabilities was $10 million.

Merger Agreement (Details) (USD $) In Millions, except Per Share data, unless otherwise specified	3 Months Ended Oct. 01, 2011
Merger Agreement [Line Items]	
Date of Merger Agreement	2011-09-06
Name of acquiring entity	International Paper Company (IP)
Interest to be acquired (in hundredths)	100.00%
Cash purchase price (in dollars per share)	$ 32.00
Original tender offer, terminated (dollars per share)	$ 30.60
Date of expected close of Merger Agreement	late in the fourth quarter of 2011 or early in the first quarter of 2012
Minimum financial advisor fees committed	$ 20

Non-operating Income (Expense) (Details) (USD $) In Millions, unless otherwise specified	9 Months Ended Oct. 01, 2011
Extinguishment of Debt [Line Items]	
Gain (loss) from extinguishment of debt	$ (4)
Extinguishment of debt, amount	50
Interest rate (in hundredths)	7.875%
Maturity date	2012
Substitution Fees	$ 1

Subsequent Event (Details) (USD $)	3 Months Ended Oct. 01, 2011
Subsequent Event [Line Items]	
Subsequent event, date	Nov. 04, 2011
Subsequent event, amount (in dollars per share)	$ 0.13
Subsequent event, date payable	Dec. 15, 2011

Share-Based and Long-Term Incentive Compensation (Details) (USD $) In Millions, unless otherwise specified	3 Months Ended		9 Months Ended		
	Oct. 01, 2011	Oct. 02, 2010	Oct. 01, 2011	Oct. 02, 2010	Jan. 01, 2011
Share-based and long-term incentive compensation expense [Abstract]					
Total share-based compensation expense	$ 11	$ 4	$ 48	$ 16	
Total share-based and long-term incentive compensation expense	12	6	51	20	
Share-based and long-term incentive compensation, additional disclosures [Abstract]					
Fair value of awards granted to retirement-eligible employees and expensed at the date of grant			4	3	
Unrecognized compensation cost for all awards not vested	37		37		
Weighted average period of recognition for all awards (in years)	2		2		
Accrued dividends included in fair value of all awards vested and to be settled in cash	2		2		
Fair value of all awards vested and to be settled in cash	90		90		64
Fair value of all awards included in other current liabilities	52		52		14
Fair value of all awards included in long-term liabilities	38		38		50
Cash-Settled Restricted or Performance Stock Units [Member]					
Share-based and long-term incentive compensation expense [Abstract]					
Total share-based compensation expense	9	3	40	10	
Stock-Settled Restricted Stock Units [Member]					
Share-based and long-term incentive compensation expense [Abstract]					
Total share-based compensation expense	1	0	3	1	
Stock Options [Member]					
Share-based and long-term incentive compensation expense [Abstract]					
Total share-based compensation expense	1	1	5	5	
Fixed Value Cash Awards [Member]					
Share-based and long-term incentive compensation expense [Abstract]					
Total long-term incentive compensation expense	1	2	3	4	
Cost of Sales [Member]					
Share-based and long-term incentive compensation expense [Abstract]					
Total share-based and long-term incentive compensation expense	2	0	5	2	
Selling Expense [Member]					
Share-based and long-term incentive compensation expense [Abstract]					

Total share-based and long-term incentive compensation expense	0	0	1	1
General and Administrative Expense [Member]				
Share-based and long-term incentive compensation expense [Abstract]				
Total share-based and long-term incentive compensation expense	$ 10	$ 6	$ 45	$ 17

Fair Values and Fair Value Measurements of Financial Instruments	9 Months Ended
	Oct. 01, 2011
Fair Values and Fair Value Measurements of Financial Instruments [Abstract]	
Fair Values and Fair Value Measurements of Financial Instruments	**Note 13 - Fair Values and Fair Value Measurements of Financial Instruments** Information about our fixed-rate, long-term debt that is not measured at fair value follows:

	At Third Quarter-End 2011		At Year-End 2010		
	Carrying Value	Fair Value	Carrying Value	Fair Value	Valuation Technique
			(In millions)		
Financial Liabilities					
Fixed-rate, long-term debt	$ 490	$ 528	$ 540	$ 577	Level 2 - Market Approach

Differences between carrying value and fair value are primarily due to instruments that provide fixed interest rates or contain fixed interest rate elements. Inherently, such instruments are subject to fluctuations in fair value due to subsequent movements in interest rates. We excluded financial instruments from the table that are either carried at fair value or have fair values that approximate their carrying amount due to their short-term nature or variable interest rates.

Other Operating Income (Expense)	9 Months Ended Oct. 01, 2011
Other Operating Income (Expense) [Abstract]	
Other Operating Income (Expense)	**Note 6 - Other Operating Income (Expense)**

	Third Quarter 2011	Third Quarter 2010	First Nine Months 2011	First Nine Months 2010
	(In millions)			
Equity in earnings of joint ventures	$ 0	$ 1	$ 0	$ 3
Gain (loss) on sale or retirement of operating property and equipment	(1)	(2)	(2)	(4)
Costs and asset impairments, primarily related to box plant transformation	(10)	(5)	(26)	(17)
Bogalusa Incident (See **Note 14**)	(5)	0	(5)	0
Litigation (See **Note 14**)	0	0	3	0
Merger Agreement (See **Note 3**)	(8)	0	(10)	0
Alternative fuel mixture tax credits, net of costs	0	0	0	10
Other operating income (expense)	$ (24)	$ (6)	$ (40)	$ (8)

In connection with the second phase of our box plant transformation initiative, in first nine months 2011, we closed our box plants in Tampa, Florida, and Carol Stream and Northlake, Illinois, and began production at our new box plant in Aurora, Illinois. Costs related to box plant transformation in first nine months 2011, included a multi-employer pension plan withdrawal liability of $4 million associated with our 2010 closure of our Phoenix, Arizona box plant, asset impairment charges of $6 million, severance costs of $2 million, and other transformation related costs of $16 million, primarily related to duplicate and incremental costs associated with production affected by box plant transformation. We also recognized a $2 million gain from the sale of closed facilities. In first nine months 2010, costs related to box plant transformation included asset impairment charges of $9 million, severance and other employee costs of $2 million, and other closure costs of $6 million.

Activity within our accruals for box plant transformation activities follows:

	First Nine Months 2011
	(In millions)
Beginning of year	$ 0
Additions	2
Cash payments	(2)
End of period	$ 0

In first quarter 2010, the Internal Revenue Service clarified an uncertainty regarding whether a portion of the alternative fuel we claimed in 2009 would qualify for the alternative fuel mixture tax credit. As a result, in first nine months 2010 we reversed a related reserve of $10 million.

Employee Benefit Plans (Tables)	**9 Months Ended Oct. 01, 2011**
Employee Benefit Plans [Abstract]	
Defined Benefit and Postretirement Benefit Expense	Defined benefit and postretirement benefit expense consists of:

	Defined Benefits						Postretirement Benefits	
	Qualified		Supplemental		Total			
	2011	2010	2011	2010	2011	2010	2011	2010
Third Quarter:	(In millions)							
Service costs - benefits earned during the period	$ 6	$ 6	$ 0	$ 0	$ 6	$ 6	$ 0	$ 0
Interest cost on projected benefit obligation	20	20	0	0	20	20	1	2
Expected return on plan assets	(19)	(19)	0	0	(19)	(19)	0	0
Amortization of prior service costs	1	1	1	1	2	2	0	0
Amortization of actuarial net loss	5	5	1	0	6	5	0	0
Benefit expense	$ 13	$ 13	$ 2	$ 1	$ 15	$ 14	$ 1	$ 2
First Nine Months:								
Service costs - benefits earned during the period	$ 19	$ 18	$ 1	$ 1	$ 20	$ 19	$ 1	$ 1
Interest cost on projected benefit obligation	60	60	1	1	61	61	4	5
Expected return on plan assets	(56)	(56)	0	0	(56)	(56)	0	0
Amortization of prior service costs	2	2	2	2	4	4	(1)	(1)
Amortization of actuarial net loss	15	15	1	1	16	16	0	0
Benefit expense	$ 40	$ 39	$ 5	$ 5	$ 45	$ 44	$ 4	$ 5

Fair Values and Fair Value Measurements of Financial Instruments (Details) (USD $) In Millions	3 Months Ended Oct. 01, 2011	Oct. 01, 2011 Carrying Value [Member]	Jan. 01, 2011 Carrying Value [Member]	Oct. 01, 2011 Fair Value [Member]	Jan. 01, 2011 Fair Value [Member]
Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]					
Fixed rate, long-term debt		$ 490	$ 540	$ 528	$ 577
Valuation Technique	Level 2 - Market Approach				

Employee Benefit Plans (Details) (USD $) In Millions	3 Months Ended		9 Months Ended	
	Oct. 01, 2011	Oct. 02, 2010	Oct. 01, 2011	Oct. 02, 2010
Qualified Defined Benefits [Member]				
Components of benefit expense [Abstract]				
Service costs - benefits earned during the period	$ 6	$ 6	$ 19	$ 18
Interest cost on projected benefit obligation	20	20	60	60
Expected return on plan assets	(19)	(19)	(56)	(56)
Amortization of prior service costs	1	1	2	2
Amortization of actuarial net loss	5	5	15	15
Benefit expense	13	13	40	39
Defined Benefit Plan, Recognized Net (Gain) Loss Due to Settlements			3	4
Amount of voluntary, discretionary contributions				30
Supplemental Defined Benefits [Member]				
Components of benefit expense [Abstract]				
Service costs - benefits earned during the period	0	0	1	1
Interest cost on projected benefit obligation	0	0	1	1
Expected return on plan assets	0	0	0	0
Amortization of prior service costs	1	1	2	2
Amortization of actuarial net loss	1	0	1	1
Benefit expense	2	1	5	5
Total Defined Benefits [Member]				
Components of benefit expense [Abstract]				
Service costs - benefits earned during the period	6	6	20	19
Interest cost on projected benefit obligation	20	20	61	61
Expected return on plan assets	(19)	(19)	(56)	(56)
Amortization of prior service costs	2	2	4	4
Amortization of actuarial net loss	6	5	16	16
Benefit expense	15	14	45	44
Postretirement Benefits [Member]				
Components of benefit expense [Abstract]				
Service costs - benefits earned during the period	0	0	1	1
Interest cost on projected benefit obligation	1	2	4	5
Expected return on plan assets	0	0	0	0
Amortization of prior service costs	0	0	(1)	(1)
Amortization of actuarial net loss	0	0	0	0
Benefit expense	$ 1	$ 2	$ 4	$ 5

CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $) In Millions	9 Months Ended	
	Oct. 01, 2011	Oct. 02, 2010
CASH PROVIDED BY (USED FOR) OPERATIONS		
Net income (loss)	$ 41	$ 141
Adjustments:		
Depreciation and amortization	146	145
Asset impairment charges	6	9
Loss related to purchase and retirement of long-term debt	4	0
Non-cash share-based and long-term incentive compensation	51	20
Cash payment for share-based awards settled	(17)	(17)
Non-cash pension and postretirement expense	52	53
Cash contribution to pension and postretirement plans	(9)	(42)
Deferred income taxes	16	(37)
Other	9	(31)
Changes in:		
Receivables	(23)	(56)
Inventories	1	(34)
Accounts payable and accrued expenses	15	42
Prepaid expenses and other	(16)	10
Net Cash Provided by (Used in) Operating Activities	276	203
CASH PROVIDED BY (USED FOR) INVESTING		
Capital expenditures	(170)	(144)
Sale of non-strategic assets and operations	8	2
Other	(18)	0
Net Cash Provided by (Used in) Investing Activities	(180)	(142)
CASH PROVIDED BY (USED FOR) FINANCING		
Payments of debt	(54)	0
Borrowings under accounts receivable securitization facility, net	8	(5)
Borrowings under revolving credit facility, net	(19)	4
Fees related to revolving credit facility	0	(6)
Fees related to special purpose entities	7	(4)
Changes in book overdrafts	0	(5)
Cash dividends paid to shareholders	(43)	(35)
Exercise of stock options	21	4
Tax benefit on share-based compensation	6	1
Net Cash Provided by (Used in) Financing Activities	(74)	(46)
Effect of exchange rate changes on cash and cash equivalents	(3)	1
Net increase in cash and cash equivalents	19	16
Cash and cash equivalents at beginning of period	28	36
Cash and cash equivalents at end of period	$ 47	$ 52

Share-Based and Long-Term Incentive Compensation (Tables)	9 Months Ended Oct. 01, 2011
Share-Based and Long-Term Incentive Compensation [Abstract]	
Share-Based and Long-Term Incentive Compensation Expense	Share-based and long-term incentive compensation expense consists of:

	Third Quarter 2011	Third Quarter 2010	First Nine Months 2011	First Nine Months 2010
	(In millions)			
Cash-settled restricted or performance stock units	$ 9	$ 3	$ 40	$ 10
Stock-settled restricted stock units	1	0	3	1
Stock options	1	1	5	5
Total share-based compensation expense	11	4	48	16
Fixed value cash awards	1	2	3	4
Total share-based and long-term incentive compensation expense	$ 12	$ 6	$ 51	$ 20

Share-based and long-term incentive compensation expense is included in:

	Third Quarter 2011	Third Quarter 2010	First Nine Months 2011	First Nine Months 2010
	(In millions)			
Cost of sales	$ 2	$ 0	$ 5	$ 2
Selling expense	0	0	1	1
General and administrative expense	10	6	45	17
Total share-based and long-term incentive compensation expense	$ 12	$ 6	$ 51	$ 20

Nonvested Share Activity

Cash-settled restricted or performance stock units

Cash-settled restricted or performance stock units generally have a three-year term and vest after three years from the date of grant or the attainment of stated ROI-based performance goals, generally measured over a three-year period, or if there is a change of control, such as the merger. Changes in our estimate of the attainment of stated performance goals could have a significant impact on our share-based compensation expense in any one accounting period.

A summary of activity for first nine months 2011 follows:

	Cash-Settled Units	Weighted Average Grant Date Fair Value Per Share	Aggregate Current Value
	(In thousands)		(In millions)
Not vested beginning of year	2,627	$ 12	
Granted	447	24	

Vested and settled	(651)	19	
Forfeited	(6)	17	
Not vested at third quarter-end 2011	2,417	12	$ 76

Not vested units at third quarter-end 2011 subject to:		
Time vesting requirements	439	$ 14
Performance requirements	1,978	62
	2,417	$ 76

Unrecognized share-based compensation expense related to non-vested cash-settled restricted or performance stock units was $18 million at third quarter-end 2011 share price of $31 per share. We expect to recognize this cost over a weighted average period of two years or upon completion of the merger. The fair value of awards settled in cash was $17 million in first nine months 2011 and $17 million in first nine months 2010. The fair value of units vested and to be settled in cash, including accrued dividends of $2 million in 2011 and $1 million in 2010, was $57 million at third quarter-end 2011, of which $41 million is included in other current liabilities and $16 million in long-term liabilities; and $40 million at year-end 2010, of which $14 million was included in other current liabilities and $26 million in long-term liabilities. In addition, approximately one-half of our annual director compensation is paid in the form of cash-settled restricted stock units that are deferred until retirement. The fair value of these units vested and to be settled in cash included in long-term liabilities was $20 million at third quarter-end 2011 and $14 million at year-end 2010.

Stock-settled restricted stock units

Stock-settled restricted stock units vest after three years from the date of grant upon attainment of stated ROI-based performance goals or if there is a change of control, such as the merger. There is no accelerated vesting upon retirement for these awards.

A summary of activity for first nine months 2011 follows:

	Stock-Settled Units	Weighted Average Grant Date Fair Value Per Share	Aggregate Current Value
	(In thousands)		(In millions)
Not vested beginning of year	369	$ 20	$
Granted	241	24	
Vested and settled	0	0	
Forfeited	0	0	
Not vested at third quarter-end 2011	610	$ 21	$ 19

Unrecognized share-based compensation expense related to non-vested stock-settled restricted stock units was $8 million at third quarter-end 2011. We expect to recognize this cost over a weighted average period of two years or upon completion of the merger.

Stock Option Activity

Stock options

Stock options have a ten-year term, generally become exercisable ratably over four years and provide for accelerated vesting upon retirement, death, disability, or if there is a change in control, such as the merger. Options are granted with an option price equal to the market value of common stock on the date of grant.

A summary of activity for first nine months 2011 follows:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (Current value less exercise price)
	(In thousands)		(In years)	(In millions)
Outstanding beginning of year	7,416	$ 15		
Granted	431	24		
Exercised	(1,840)	16		
Forfeited	(37)	16		
Outstanding at third quarter-end 2011	5,970	16	6	$ 92
Exercisable at third quarter-end 2011	4,024	17	5	$ 60

Fair Value Valuation Assumptions

We estimated the fair value of our options using the Black-Scholes-Merton option-pricing model and the following assumptions:

	First Nine Months 2011	First Nine Months 2010
Expected dividend yield	2.2%	3.2%
Expected stock price volatility	65.0%	66.6%
Risk-free interest rate	3.3%	3.2%
Expected life of options (in years)	8	8
Weighted average estimated fair value of options at grant date	$ 13.40	$ 10.23

Earnings per Share (Tables)

9 Months Ended Oct. 01, 2011

Earnings per Share [Abstract]

Earnings Per Share Computation

We computed earnings per share by dividing net income by weighted average shares outstanding using the following:

	Third Quarter 2011	Third Quarter 2010	First Nine Months 2011	First Nine Months 2010
	(In millions)			
Earnings for basic and diluted earnings per share:				
Net income	$ 7	$ 126	$ 41	$ 141
Less: Distributed and undistributed amounts allocated to participating securities	0	(1)	0	(1)
Distributed and undistributed income available to Temple-Inland common shareholders	7	125	41	140
Less: Net (income) loss attributable to noncontrolling interest of special purpose entities	(1)	(1)	0	0
Net income available to common shareholders	$ 6	$ 124	$ 41	$ 140
Weighted average shares outstanding:				
Weighted average shares outstanding - basic	109.3	107.9	108.7	107.8
Dilutive effect of stock options and unvested stock-settled restricted stock units	2.4	1.5	2.2	1.7
Weighted average shares outstanding - diluted	111.7	109.4	110.9	109.5

Options Held by Employees of Spun-off Entities

Certain employees of entities spun off in 2007 participated in our employee stock option program. Following the spin-offs, these employees retained stock option rights associated with our stock. These stock options will remain a consideration in our dilutive effect of stock options until they are exercised, cancelled or expire. Information regarding options held by employees of spun-off entities follows:

	Third Quarter-End 2011	Third Quarter-End 2010
	(Shares in thousands)	
Options held	174	451
Options exercisable	174	436
Weighted average exercise price	$ 20	$ 19
Weighted average remaining contractual term (in years)	4	5

Antidilutive securities excluded from computation of EPS

Stock options outstanding that were not included in the computation of diluted common shares outstanding because their exercise price exceeded the average market price of our common stock were as follows:

	Third Quarter 2011	Third Quarter 2010	First Nine Months 2011	First Nine Months 2010
	(Shares in thousands)			
Options outstanding held by employees	0	3,628	0	1,352

Options outstanding held by employees of spun-off entities	0	279	0	279

Accounting Pronouncements	9 Months Ended Oct. 01, 2011
Accounting Pronouncements [Abstract]	
Accounting Pronouncements	**Note 2 - Accounting Pronouncements** We have evaluated all recently issued accounting pronouncements through the filing date of these financial statements and believe that none of these accounting pronouncements will have a material effect on our earnings or financial position.

Shareholders' Equity

9 Months Ended
Oct. 01, 2011

Shareholders' Equity [Abstract]

Shareholders' Equity

Note 11 - Shareholders' Equity

A summary of changes in total shareholders' equity follows:

	First Nine Months					
	2011			2010		
	Temple-Inland Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity	Temple-Inland Inc. Shareholders' Equity	Noncontrolling Interest	Total Shareholders' Equity
	(In millions, except per share amounts)					
Beginning of year	$ 929	$ 92	$ 1,021	$ 794	$ 92	$ 886
Comprehensive income, net of tax:						
Net income	41	0	41	141	0	141
Defined benefit plans	13	0	13	15	0	15
Foreign currency translation adjustment	(9)	0	(9)	4	0	4
Total Comprehensive Income			45			160
Dividends paid on common stock - ($0.39 per share in 2011 and $0.33 per share in 2010)	(43)	0	(43)	(35)	0	(35)
Share-based compensation, net of distributions	34	0	34	11	0	11
Balance at third quarter-end	$ 965	$ 92	$ 1,057	$ 930	$ 92	$ 1,022

Comprehensive income (loss) was $(3) million for third quarter 2011 and $132 million for third quarter 2010. We issued 1,683,982 and 436,092 shares of common stock in first nine months 2011 and 2010 to employees exercising options and for vesting of share-settled units.

On June 7, 2011, our Board of Directors adopted the Rights Plan and declared a dividend of one Right for each outstanding share of Temple-Inland common stock. On September 6, 2011, our Board of Directors amended our Rights Plan, rendering it inapplicable to the Merger Agreement and the transactions contemplated thereby. Read **Note 3** for additional information.

Earnings per Share (Details) (USD $) In Millions, except Share data, unless otherwise specified	3 Months Ended		9 Months Ended	
	Oct. 01, 2011	Oct. 02, 2010	Oct. 01, 2011	Oct. 02, 2010
Earnings for basic and diluted earnings per share:				
Net income (loss)	$ 7	$ 126	$ 41	$ 141
Less: Distributed and undistributed amounts allocated to participating securities	0	(1)	0	(1)
Distributed and undistributed income available to Temple-Inland common shareholders	7	125	41	140
Less: Net (income) loss attributable to noncontrolling interest of special purpose entities	(1)	(1)	0	0
Net income (loss) available to common shareholders	$ 6	$ 124	$ 41	$ 140
Weighted average shares outstanding:				
Weighted average shares outstanding - basic (in shares)	109,300,000	107,900,000	108,700,000	107,800,000
Dilutive effect of stock options and unvested stock-settled restricted stock units (in shares)	2,400,000	1,500,000	2,200,000	1,700,000
Weighted average shares outstanding - diluted (in shares)	111,700,000	109,400,000	110,900,000	109,500,000
Options held by employees of spun-off entities [Abstract]				
Options held	174,000	451,000	174,000	451,000
Options exercisable	174,000	436,000	174,000	436,000
Weighted average exercise price (in dollars per share)	$ 20	$ 19	$ 20	$ 19
Weighted average remaining contractual term (in years)	4	5	4	5
Stock Options [Member]				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Anti-dilutive securities excluded from computation of earnings per share (in shares)	0	3,628,000	0	1,352,000
Stock Options Held By Employees of Spun-Off Entities [Member]				
Antidilutive Securities Excluded from Computation of Earnings Per Share [Line Items]				
Anti-dilutive securities excluded from computation of earnings per share (in shares)	0	279,000	0	279,000

Subsequent Event	9 Months Ended Oct. 01, 2011
Subsequent Event [Abstract]	
Subsequent Event	**Note 15 - Subsequent Event** On November 4, 2011, our Board of Directors declared a regular quarterly dividend of $0.13 per share payable on December 15, 2011.

CONSOLIDATED BALANCE SHEETS (USD $) In Millions	Oct. 01, 2011	Jan. 01, 2011
Current Assets		
Cash and cash equivalents	$ 47	$ 28
Trade receivables, net of allowance for doubtful accounts of $16 in 2011 and 2010	492	471
Inventories:		
Work in process and finished goods	110	90
Raw materials	224	253
Supplies and other	149	142
Total inventories	483	485
Deferred tax asset	115	108
Income taxes receivable	14	0
Prepaid expenses and other	44	44
Total current assets	1,195	1,136
Property and Equipment		
Land and buildings	723	684
Machinery and equipment	3,694	3,640
Construction in progress	66	74
Less allowances for depreciation	(2,842)	(2,771)
Total property and equipment	1,641	1,627
Financial Assets of Special Purpose Entities	2,475	2,475
Goodwill	394	394
Other Assets	262	277
TOTAL ASSETS	5,967	5,909
Current Liabilities		
Accounts payable	221	219
Accrued employee compensation and benefits	136	109
Accrued interest	12	17
Accrued property taxes	19	13
Other accrued expenses	139	134
Current portion of long-term debt	0	0
Current portion of pension and postretirement benefits	16	16
Total current liabilities	543	508
Long-Term Debt	657	718
Nonrecourse Financial Liabilities of Special Purpose Entities	2,140	2,140
Deferred Tax Liability	732	700
Liability for Pension Benefits	330	308
Liability for Postretirement Benefits	109	110
Other Long-Term Liabilities	399	404
TOTAL LIABILITIES	4,910	4,888
Temple-Inland Inc. Shareholders' Equity		
Preferred stock - par value $1 per share: authorized 25,000,000 shares; none issued	0	0

Common stock - par value $1 per share: authorized 200,000,000 shares; issued 123,605,344 shares in 2011 and 2010, including shares held in the treasury	124	124
Additional paid-in capital	394	426
Accumulated other comprehensive loss	(253)	(257)
Retained earnings	1,218	1,220
Cost of shares held in the treasury: 13,970,175 shares in 2011 and 15,654,157 shares in 2010	(518)	(584)
Total Temple-Inland Inc. shareholders' equity	965	929
Noncontrolling Interest of Special Purpose Entities	92	92
TOTAL SHAREHOLDERS' EQUITY	1,057	1,021
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,967	$ 5,909

Financial Assets and Nonrecourse Financial Liabilities of Special Purpose Entities (Details) (USD $)	9 Months Ended Oct. 01, 2011
Letter of credit agreements [Abstract]	
Term of agreements for irrevocable letters of credit (in years)	three
Maximum amount of issued letter of credit as per agreement	$ 1,400,000,000
Amortization period of upfront commitment fee (in years)	3
Maximum amount refunded upon termination of agreement	the unamortized upfront fees less about $2 million
Substitution fees	1,000,000
Upfront fee received	7,000,000
Amount of upfront fee to be retained in case of ratings downgrade by letter of credit issuer	2,000,000
Rabobank [Member]	
Letter of credit agreements [Abstract]	
Letters of credit issued	1,400,000,000
Barclays Bank Plc [Member]	
Letter of credit agreements [Abstract]	
Letters of credit issued	500,000,000
Societe Generale [Member]	
Letter of credit agreements [Abstract]	
Letters of credit issued	$ 500,000,000

Shareholders' Equity (Details) (USD $) In Millions, except Share data	3 Months Ended		9 Months Ended	
	Oct. 01, 2011	Oct. 02, 2010	Oct. 01, 2011	Oct. 02, 2010
Changes in total shareholders' equity [Roll Forward]				
Beginning of year			$ 1,021	$ 886
Comprehensive income, net of tax:				
Net income (loss)	7	126	41	141
Defined benefit plans			13	15
Foreign currency translation adjustment			(9)	4
Total Comprehensive Income (Loss)	(3)	132	45	160
Dividends paid on common stock			(43)	(35)
Share-based compensation, net of distributions			34	11
Ending balance	1,057	1,022	1,057	1,022
Temple-Inland Inc. Shareholders' Equity [Member]				
Changes in total shareholders' equity [Roll Forward]				
Beginning of year			929	794
Comprehensive income, net of tax:				
Net income (loss)			41	141
Defined benefit plans			13	15
Foreign currency translation adjustment			(9)	4
Dividends paid on common stock			(43)	(35)
Share-based compensation, net of distributions			34	11
Ending balance	965	930	965	930
Dividends paid per share (in dollars per share)			$ 0.39	$ 0.33
Common stock issued for equity-based awards (in shares)			1,683,982	436,092
Noncontrolling Interest [Member]				
Changes in total shareholders' equity [Roll Forward]				
Beginning of year			92	92
Comprehensive income, net of tax:				
Net income (loss)			0	0
Defined benefit plans			0	0
Foreign currency translation adjustment			0	0
Dividends paid on common stock			0	0
Share-based compensation, net of distributions			0	0
Ending balance	$ 92	$ 92	$ 92	$ 92