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Second Quarter 2018 Earnings | July 26, 2018

Forward-Looking Statements

Certain statements in this presentation may be considered forward-looking statements. Words such as “expects”, “anticipates”, “estimates”, “believes” and similar expressions identify forward-looking statements. The forward-looking statements include, but are not limited to, information regarding the ability of International Paper to complete the transaction, the timing of an offer by International Paper, the nature of International Paper’s offer including whether or not a secondary listing will be made and potential synergies and benefits for the combined company. These statements reflect management’s current views and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these statements. Factors which could cause actual results to differ include but are not limited to: (i) the level of indebtedness and changes in interest rates; (ii) industry conditions, including but not limited to changes in the cost or availability of raw materials, energy and transportation costs, competition faced, cyclicity and changes in consumer preferences, demand and pricing for International Paper products; (iii) global economic conditions and political changes, including but not limited to the impairment of financial institutions, changes in currency exchange rates, credit ratings issued by recognized credit rating organizations, the amount of future pension funding obligation, changes in tax laws and pension and health care costs; (iv) unanticipated expenditures related to the cost of compliance with existing and new environmental and other governmental regulations and to actual or potential litigation; (v) whether International Paper experiences a material disruption at one of its manufacturing facilities; (vi) risks inherent in conducting business through joint ventures; (vii) our ability to achieve the benefits expected from strategic acquisitions, divestitures and restructurings; and (viii) other factors that can be found in International Paper’s press releases and U.S. Securities and Exchange Commission (the “SEC”) filings. These and other factors that could cause or contribute to actual results differing materially from such forward-looking statements are discussed in greater detail in International Paper’s SEC filings. International Paper undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Statements Relating to Non-GAAP Measures

During the course of this presentation, certain non-U.S. GAAP financial measures may be presented. A reconciliation of all presented non-GAAP measures (and their components) to U.S. GAAP financial measures is available on IP’s website at internationalpaper.com under Performance/Investors.

Ilim JV and Graphic Packaging Investment Information

All financial information and statistical measures regarding our 50/50 Ilim joint venture in Russia (“Ilim”) and our 20.5% ownership interest in a subsidiary of Graphic Packaging Holding Company, other than historical International Paper Equity Earnings and dividends received by International Paper, have been prepared by the management of Ilim and Graphic Packaging Holding Company, respectively. Any projected financial information and statistical measures reflect the current views of Ilim and Graphic Packaging Holding Company management and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such projections. See “Forward-Looking Statements.”

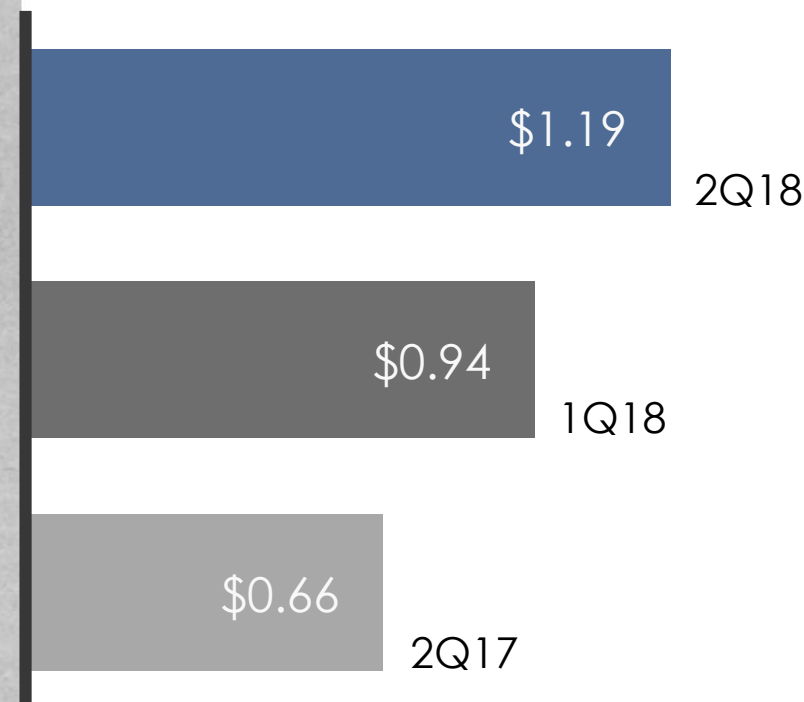
Second Quarter 2018 Results

- Strong 2Q18 performance and year-over-year adjusted operating EPS growth of 80%
- Outstanding commercial execution with price realization in all three businesses
- Continued healthy demand across global businesses
- Performed well in heavy maintenance outage quarter; ~75% of planned maintenance outages completed in 1H18
- Continued cost headwinds from higher distribution, wood, chemicals and energy offset by lower recovered fiber
- Record 11m operating EBITDA; equity earnings unfavorably impacted by non-cash FX of \$0.09 per share
- Share repurchases of \$300MM in 2Q18

See footnotes beginning on Slide 15



Adjusted Operating EPS¹



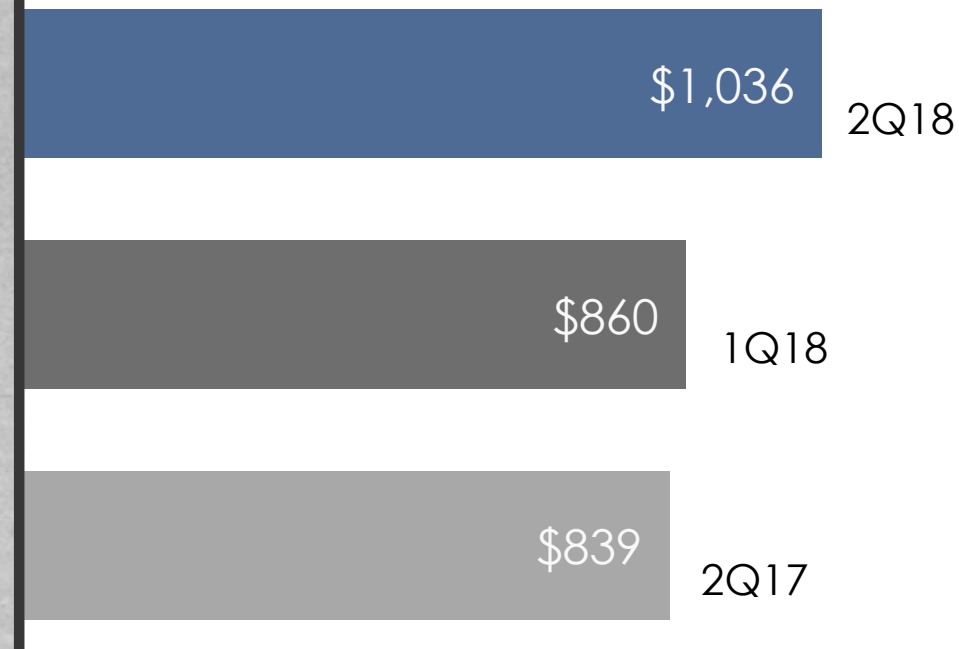
Second Quarter 2018 Financials



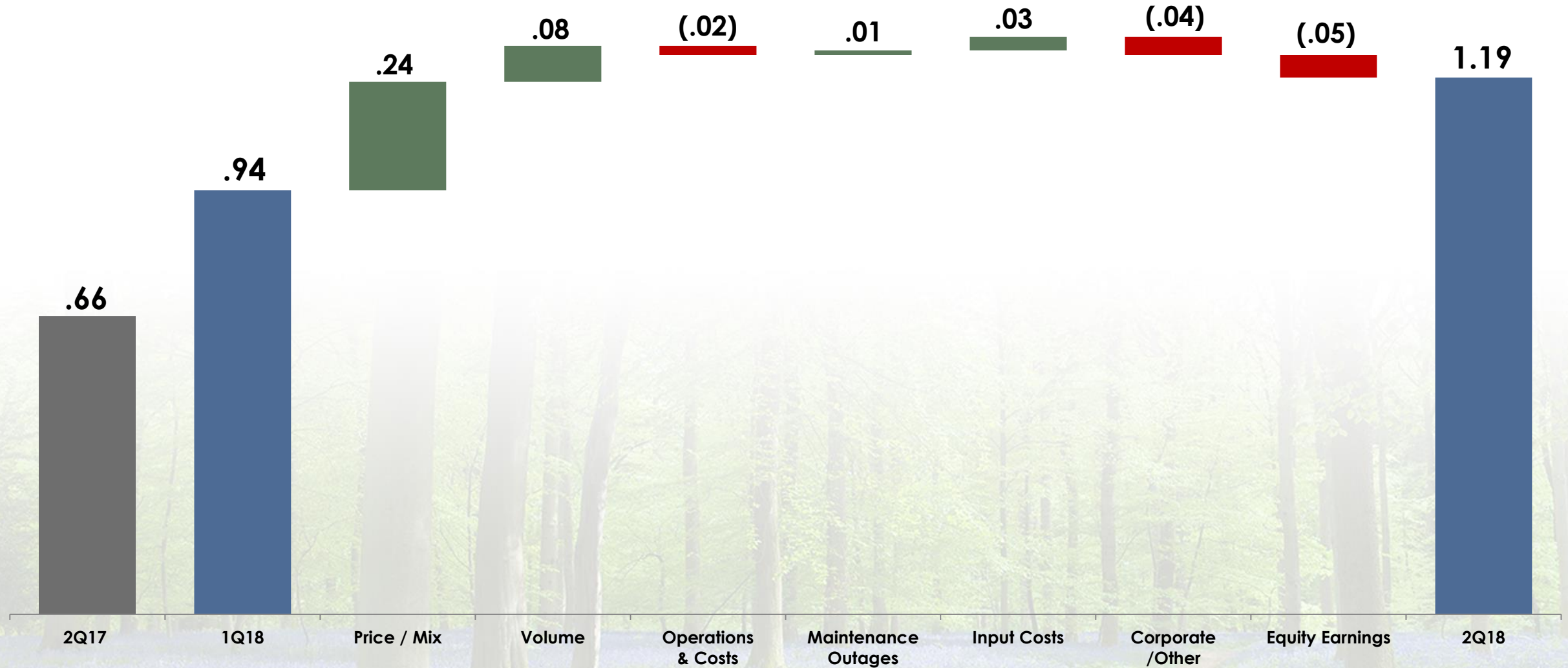
	2Q17	1Q18	2Q18
Sales (\$B)	\$5.4	\$5.6	\$5.8
Adjusted EBIT ¹ (\$MM)	\$505	\$535	\$706
Adjusted Operating EPS ²	\$0.66	\$0.94	\$1.19
Ilm F/X ³ impact to Operating EPS	\$(0.04)	\$0.00	\$(0.09)
Adjusted EBITDA ¹ (\$MM)	\$839	\$860	\$1,036
Adjusted EBITDA Margin ¹	15.6%	15.3%	17.8%
Equity Earnings (\$MM)	\$20	\$95	\$70
Free Cash Flow ⁴ (\$MM)	\$355	\$174	\$361

See footnotes beginning on Slide 15

Adjusted EBITDA¹
(\$MM)

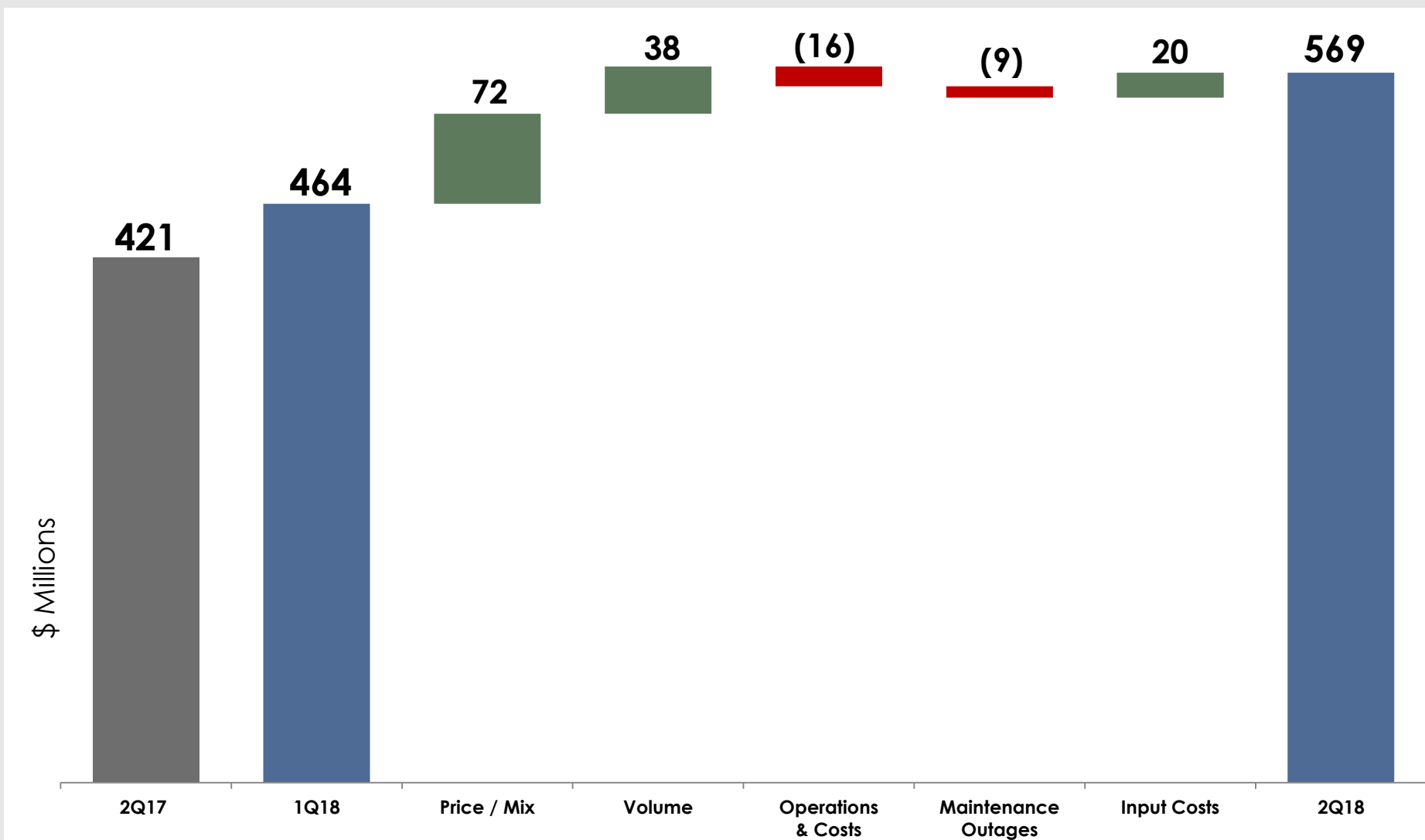


2Q18 vs. 1Q18 Adjusted Operating EPS¹



See footnotes beginning on Slide 15

Industrial Packaging | 2Q18 vs. 1Q18 Adjusted EBIT¹



See footnotes beginning on Slide 15



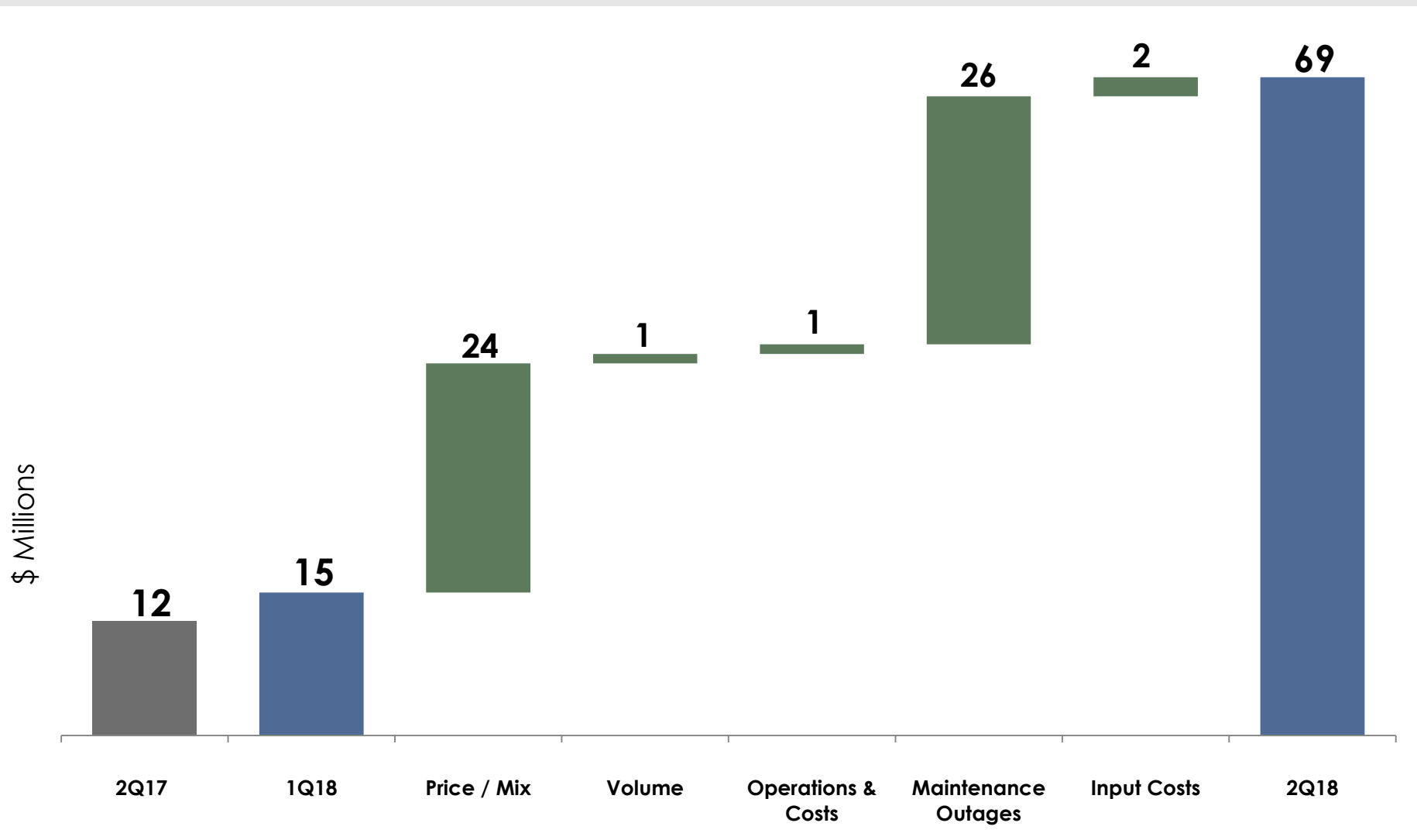
Strong demand across all channels

~50% of recent N.A. box price increase realized at 2Q18 exit

~75% of planned outages completed 1H18

Ops and costs includes LIFO charges on price increases and higher distribution

Global Cellulose Fibers | 2Q18 vs. 1Q18 Adjusted EBIT¹

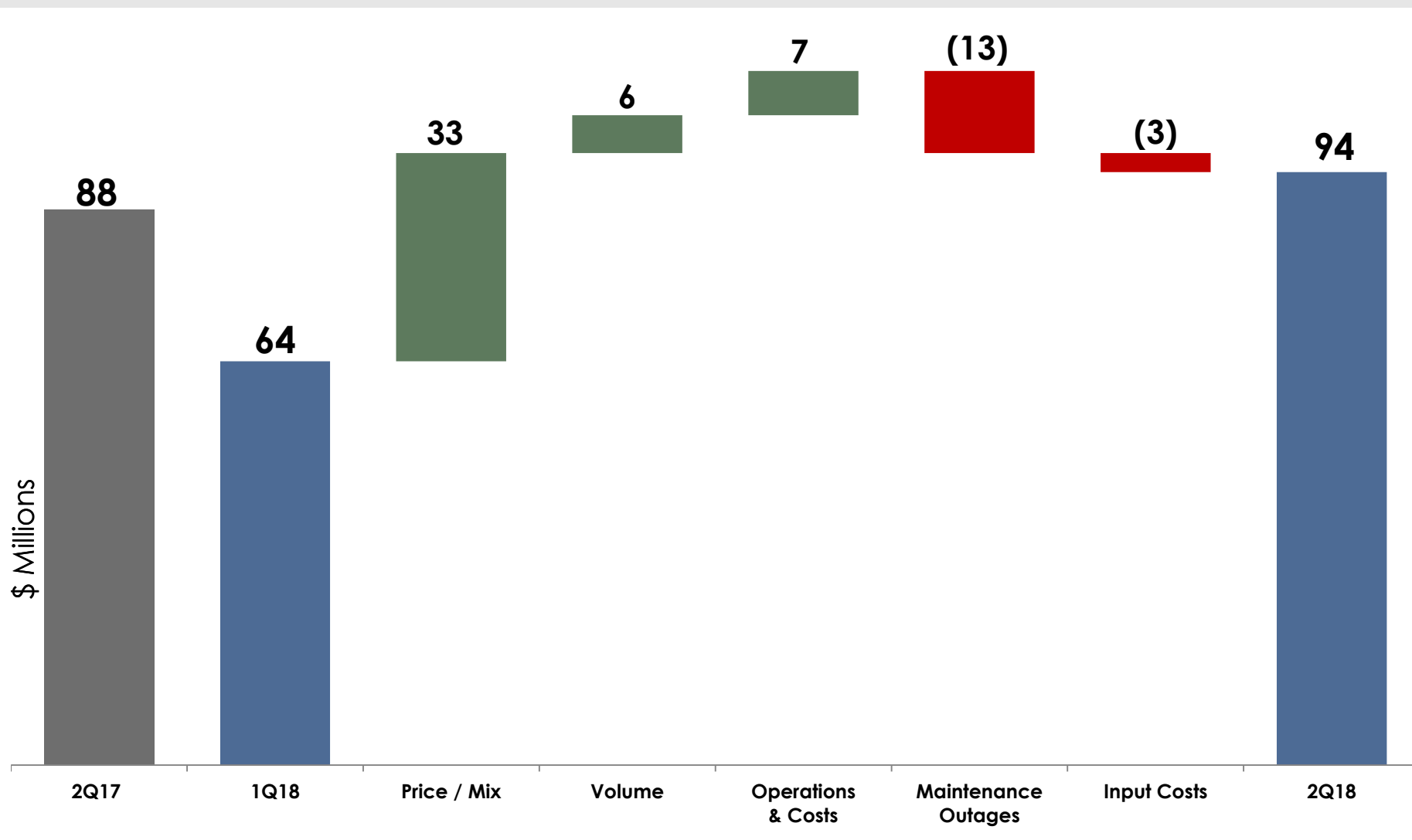


See footnotes beginning on Slide 15



Healthy global pulp demand
Continued price realization in fluff and commodity pulp
Record 2Q fluff pulp shipments
~65% of planned outages completed 1H18

Printing Papers | 2Q18 vs. 1Q18 Adjusted EBIT¹



See footnotes beginning on Slide 15



Price realization across portfolio

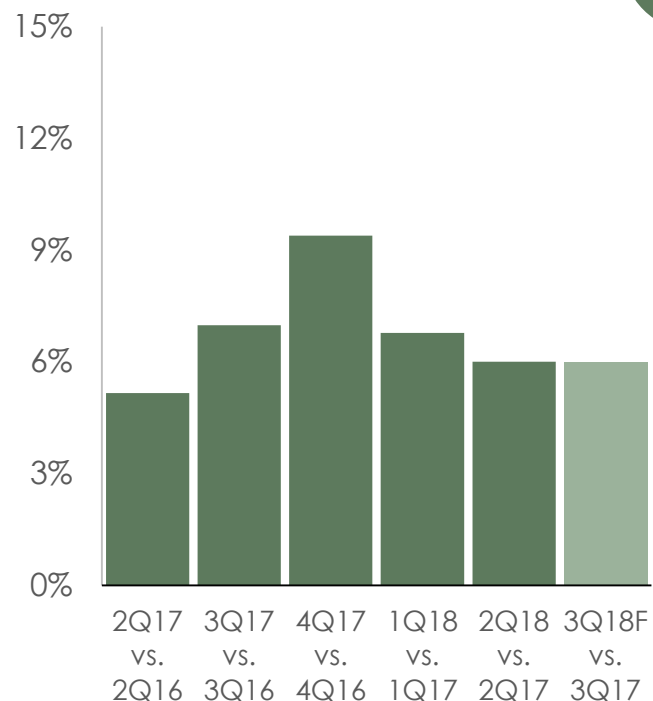
Continued freight cost escalation in North America

Impact of Brazil truckers' strike offset by favorable FX

~85% of planned outages completed 1H18

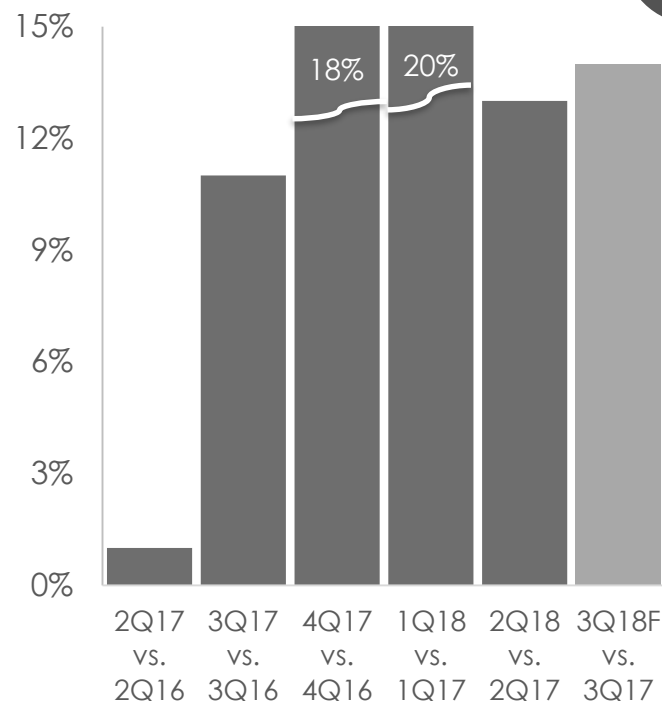
Commercial Excellence | Strong Revenue Growth Across All Businesses¹

Industrial Packaging



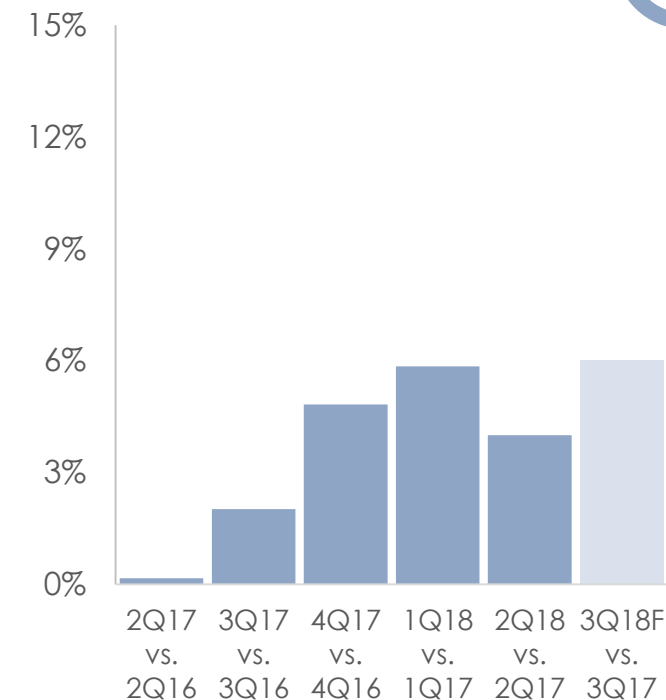
- Well positioned to capture N.A. growth
- +0.3% vs. Industry Box Shipments in 1H18
- Expect to realize ~90% of recent N.A. price increase by 3Q18 exit

Global Cellulose Fibers^{2,3}



- Strong global demand; fluff growth 4-5%
- Superior innovation and value propositions
- Continue to grow fluff mix

Printing Papers



- Improved domestic demand
- Superior value propositions and customer relationships
- Leading global brands

See footnotes beginning on Slide 15

ILIM Joint Venture | 2Q18 vs. 1Q18

\$ Million	2Q17	1Q18	2Q18
Sales Volume (thousand metric tonnes)	817	800	831
Sales	\$546	\$677	\$698
EBITDA	\$121	\$293	\$209
F/X (Impact of USD Net Debt) ¹	\$(46)	\$(1)	\$(98)
Adj. Operating EBITDA ²	\$167	\$294	\$307
IP Equity Earnings (Loss) ³	\$21	\$92	\$57

See footnotes beginning on Slide 15



Record operating EBITDA

Improved price and volume
partly offset by higher input costs

F/X loss (non-cash) on USD
denominated net debt

Heavy planned maintenance
outages expected in 3Q18

Third Quarter Outlook | Changes from 2Q18

	Industrial Packaging 	Cellulose Fibers 	Printing Papers 
Price & Mix	Price realization	Price realization	Price realization and mix improvement
Volume	One less shipping day	Healthy demand	Seasonal uptick, Brazil
Ops & Costs	Start-up costs Madrid Mill	Stable	Improvement
Maintenance Outages	~\$55MM Lower	~\$14MM Lower	~\$43MM Lower
Inputs & Freight	Rising Costs & Freight	Stable	Higher wood
Equity Earnings	- Equity Earnings from Ilim JV 3Q18 forecast ~\$80MM-\$90MM - Equity Earnings from 20.5% ownership interest in GPI, less accounting basis adjustment		
Other	- Corporate expense of ~\$30MM - Interest expense in line with full-year outlook of ~\$525MM-\$550MM - Effective tax rate in line with full-year outlook of 25-27%		

Capital Allocation Framework | Maximize Value Creation

Invest to Create Value

Strategic fit | Compelling Value | Disciplined

- Cost Reduction Capex
- Strategic Capex
- Selective M&A

Return Cash to Shareholders

- Sustainable dividend at 40 – 50% of FCF
- Systematic share repurchases

Maintain Strong Balance Sheet

- Target Debt to EBITDA¹ 2.5x to 2.8x

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See footnotes beginning on Slide 15

Key Takeaways & Outlook



Confident in full-year EBITDA growth of 15%+

Market Fundamentals

- Healthy global demand
- High mill operating rates

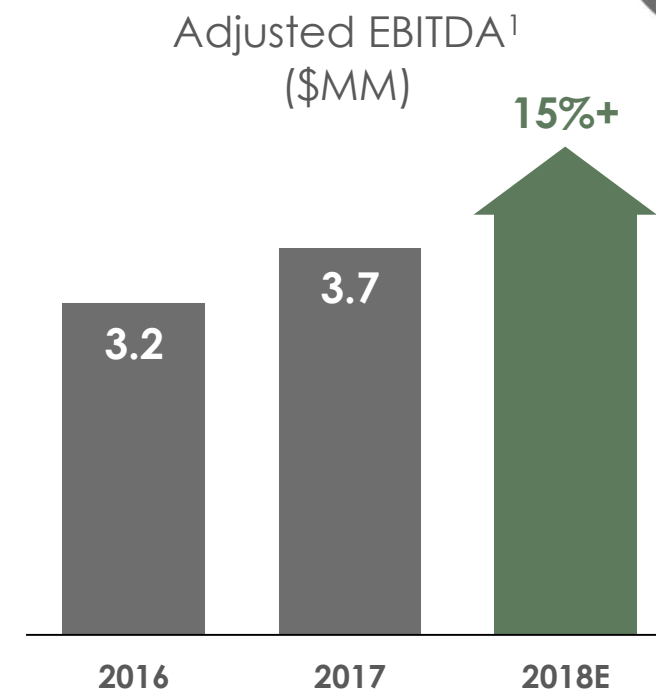
Earnings Catalysts

- Continued price realization
- Commercial excellence and product innovation
- Cost reduction initiatives
- Madrid Mill start-up
- Cellulose Fibers optimization

Cash Generation

- Strong and sustainable free cash flow

See footnotes beginning on Slide 15



Appendix | Contact Information



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Footnotes

Slide 3

¹ Adjusted operating EPS based on Adjusted Operating Earnings (defined as Net Earnings (GAAP) from continuing operations before special items and non-operating pension expense)

Slide 4

2017 financials, with the exception of Free Cash Flow, have been restated to reflect N.A. Consumer Packaging as a Discontinued Operation

¹ From continuing operations before special items and non-operating pension expense

² Adjusted operating EPS based on Adjusted Operating Earnings (defined as Net Earnings (GAAP) from continuing operations before special items and non-operating pension expense)

³ Represents F/X impact including that related to Ilim JV USD-denominated net debt (balance of ~\$0.9B as of June 30, 2018)

⁴ See slide #17 for a reconciliation of cash provided by operations to Free Cash Flow

Slide 5

¹ Adjusted operating EPS based on Adjusted Operating Earnings (defined as Net Earnings (GAAP) from continuing operations before special items and non-operating pension expense)

Slide 6

¹ Segment adjusted operating profit before special items

Includes European Coated Paperboard adjusted operating profit of \$14MM, \$20MM and \$17MM for 2Q17, 1Q18 and 2Q18, respectively

Slide 7

¹ Segment adjusted operating profit before special items

Slide 8

¹ Segment adjusted operating profit before special items

Slide 9

¹ Revenue growth represents the realization of previous price increases and general assumptions related to volume and mix

² Reflects all pulp grades

³ Revenue for 2016 Cellulose Fibers is on a pro-forma basis

Slide 10

Ilim JV results are on U.S. GAAP basis

¹ Represents F/X impact including amounts related to Ilim JV USD-denominated net debt (balance of ~\$0.9B as of June 30, 2018); Ilim Group's functional currency is the Ruble (RUB); Non-functional-denominated currency balances are measured monthly using the month-end exchange rate

² Before F/X impact including USD-denominated net debt

³ IP Equity Earnings (Loss) for 2Q17, 1Q18 and 2Q18 include after-tax F/X gains (losses) (primarily on USD-denominated net debt) of \$(18)MM, \$0MM and \$(39)MM, respectively

Footnotes

Slide 12

¹ Moody's methodology is used to calculate Adjusted Debt to EBITDA ratio. Moody's adjusts debt to include balance sheet debt, operating leases/deferred tax liability and debt issuance expense, and pension gap. EBITDA is adjusted to include lease and pension adjustments

Slide 13

¹ From continuing operations before special items and non-operating pension expense

Slide 22

¹ Excludes a special item of \$4MM in interest income for 2Q17

² Excludes special items (Non-GAAP)

³ Includes Ilim Joint Venture and Investment in Graphic Packaging (beginning Q1 2018) and other investments

Slide 23

Does not reflect total company sales

¹ Excludes special items (Non-GAAP)

Slide 24

¹ A reconciliation to GAAP EPS is available at www.internationalpaper.com under the Performance tab, Investors section

Slide 25

¹ Adjusted operating EPS based on Adjusted Operating Earnings (defined as Net Earnings (GAAP) from continuing operations before special items and non-operating pension expense)

Slide 26

¹ Segment adjusted operating profit before special items

Includes European Coated Paperboard adjusted operating profit of \$14MM and \$17MM for 2Q17 and 2Q18, respectively

Slide 27

¹ Segment adjusted operating profit before special items

Slide 28

¹ Segment adjusted operating profit before special items



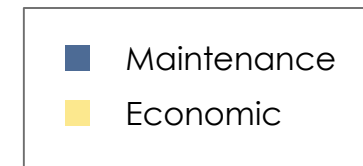
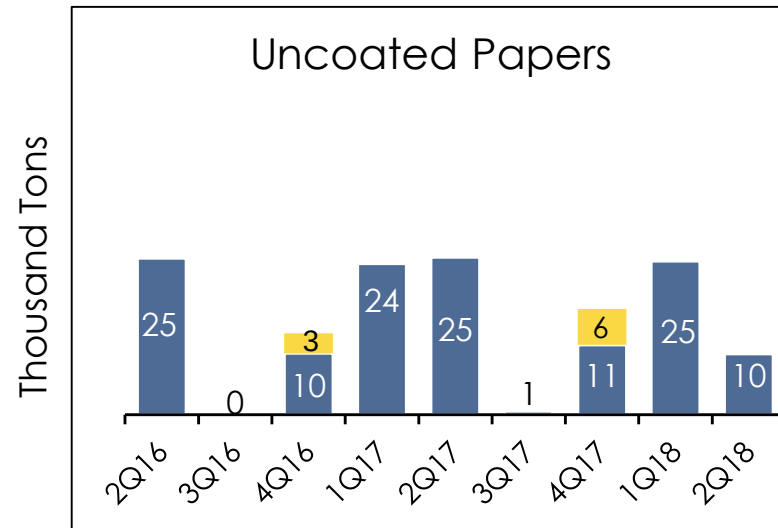
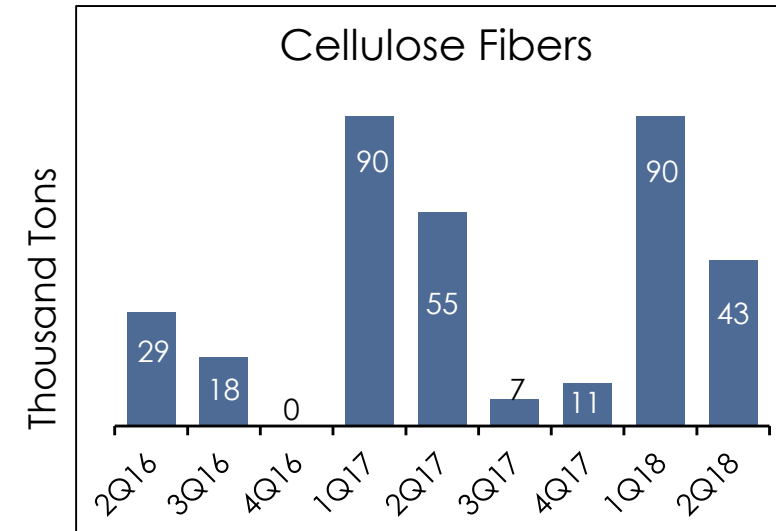
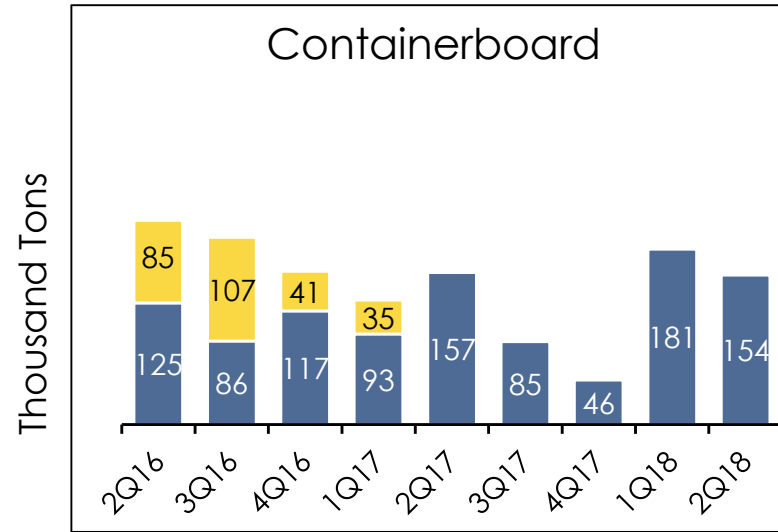
Free Cash Flow

\$ Million	2015	2016	2017	2Q17	1Q18	2Q18
Cash Provided by Operations	\$2,580	\$2,478	\$1,757	\$645	\$663	\$801
Cash Invested in Capital Projects	\$(1,487)	\$(1,348)	\$(1,391)	\$(290)	\$(489)	\$(440)
Cash Contribution to Pension Plan	\$750	\$750	\$1,250	-	-	-
Kleen Products Settlement	-	-	\$354	-	-	-
Free Cash Flow	\$1,843	\$1,880	\$1,970	\$355	\$174	\$361

Maintenance Outages Expenses | 2018 Forecast

\$ Million	1Q18A	2Q18A	3Q18F	4Q18F	2018F
 Industrial Packaging	\$107	\$116	\$61	\$10	\$294
North America	102	111	61	10	284
Europe	1	0	0	0	1
Europe Coated Paperboard	4	4	0	0	8
Brazil	0	1	0	0	1
 Global Cellulose Fibers	\$63	\$37	\$23	\$35	\$158
North America	60	29	23	35	147
Europe	3	8	0	0	11
 Printing Papers	\$37	\$50	\$7	\$9	\$103
North America	26	28	5	9	68
Europe	8	18	0	0	26
Brazil	3	4	0	0	7
India	0	0	2	0	2
Total	\$207	\$203	\$91	\$54	\$555

North American Downtime



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Special Items Before Tax | Continuing Operations

Special Items Pre-Tax (\$ Million)		2Q17	1Q18	2Q18
Industrial Packaging	EMEA Packaging Restructuring		\$(22)	\$(26)
	Kleen Products Settlement Agreement	\$(354)		
	Other	\$(3)	\$(5)	\$(6)
Global Cellulose Fibers	Pulp Business Acquisition	\$(5)		
	Other		\$(4)	\$(3)
Printing Papers	Other	\$(2)		
Corporate	Smurfit Kappa Acquisition Bid Costs			\$(12)
	Legal Settlement		\$(9)	
	ArborGen Sale	\$14		
	Interest Income on Income Tax Refund Claims	\$4		
	Asia Foodservice Sale	\$(9)		
	Other	\$2		
Total Special Items Before Tax		\$(353)	\$(40)	\$(47)

Special Items Net of Tax

	1Q18		2Q18	
	\$ Million	EPS	\$ Million	EPS
Earnings Before Special Items	\$395	\$0.94	\$498	\$1.19
Special Items Net of Taxes:				
EMEA Packaging Restructuring	\$(17)		\$(18)	
Smurfit Kappa Acquisition Bid Costs			\$(9)	
State Income Tax Legislative Changes			\$(9)	
Legal Settlement	\$(7)			
Other	\$(7)		\$(7)	
Total Special Items Net of Taxes	\$(31)	\$(0.07)	\$(43)	\$(0.10)
Non-Operating Pension Expense	\$(3)	\$(0.01)	\$(27)	\$(0.07)
Earnings from Continuing Operations	\$361	\$0.86	\$428	\$1.02

Adj. Operating Profits by Industry Segment | Continuing Operations

\$ Million	2Q17	1Q18	2Q18
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	\$(23)	\$356	\$490
Interest Expense, Net	\$141 ¹	\$135	\$133
Noncontrolling Interest / Equity Earnings Adjustment	\$(1)	\$(1)	\$(4)
Corporate Items, Net	\$17	\$9	\$30
Special Items, Net	\$353	\$40	\$47
Non-Operating Pension Expense	\$34	\$4	\$36
Adj. Operating Profit Before Special Items	\$521	\$543	\$732
Industrial Packaging ²	\$421	\$464	\$569
Global Cellulose Fibers ²	\$12	\$15	\$69
Printing Papers ²	\$88	\$64	\$94
Total Adj. Industry Segment Operating Profit²	\$521	\$543	\$732
Equity Earnings (Loss), net of taxes³	\$20	\$95	\$70

See footnotes beginning on Slide 15

Geographic Business Segment Operating Results | Quarterly

	\$ Million	Sales			D & A	Adj. Operating Profit ¹		
		2Q17	1Q18	2Q18	2Q18	2Q17	1Q18	2Q18
 Industrial Packaging								
North America		\$3,336	\$3,369	\$3,582	\$182	\$408	\$464	\$580
Europe		\$341	\$362	\$344	\$9	\$5	(\$12)	\$(17)
Europe Coated Paperboard		\$79	\$92	\$86	\$6	\$14	\$20	\$17
Brazil		\$60	\$62	\$56	\$5	\$(6)	\$(8)	\$(11)
 Global Cellulose Fibers								
Global Cellulose Fibers		\$612	\$677	\$692	\$67	\$12	\$15	\$69
 Printing Papers								
North America		\$446	\$458	\$493	\$20	\$21	\$1	\$25
Europe		\$299	\$319	\$302	\$12	\$26	\$21	\$15
Brazil		\$232	\$229	\$222	\$25	\$43	\$40	\$49
India		\$47	\$52	\$51	\$3	\$(2)	\$2	\$5

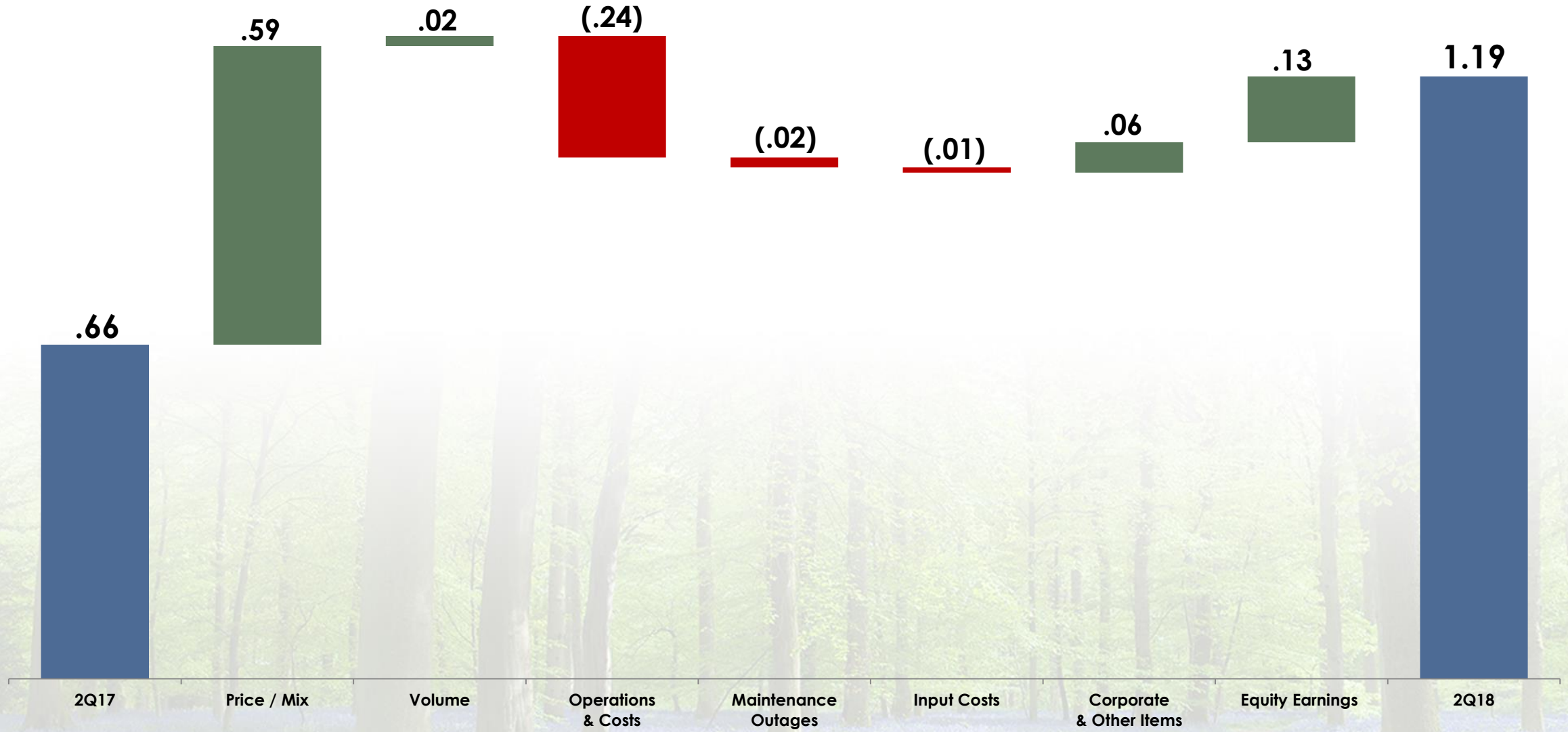
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2018 Operating Earnings

	Pre-Tax \$MM	Tax \$MM	Non- controlling Interest \$MM	Equity Earnings	Net Income \$MM	Average Shares MM	Diluted EPS ¹
Net Earnings from Continuing Operations							
1Q18	\$356	\$(89)	\$(1)	\$95	\$361	418	\$0.86
2Q18	\$490	\$(130)	\$(2)	\$70	\$428	418	\$1.02
Net Special Items							
1Q18	\$40	\$(9)	-	-	\$31	418	\$0.07
2Q18	\$47	\$(4)	-	-	\$43	418	\$0.10
Non-Operating Pension Expense							
1Q18	\$4	\$(1)	-	-	\$3	418	\$0.01
2Q18	\$36	\$(9)	-	-	\$27	418	\$0.07
Adj. Operating Earnings							
1Q18	\$400	\$(99)	\$(1)	\$95	\$395	418	\$0.94
2Q18	\$573	\$(143)	\$(2)	\$70	\$498	418	\$1.19

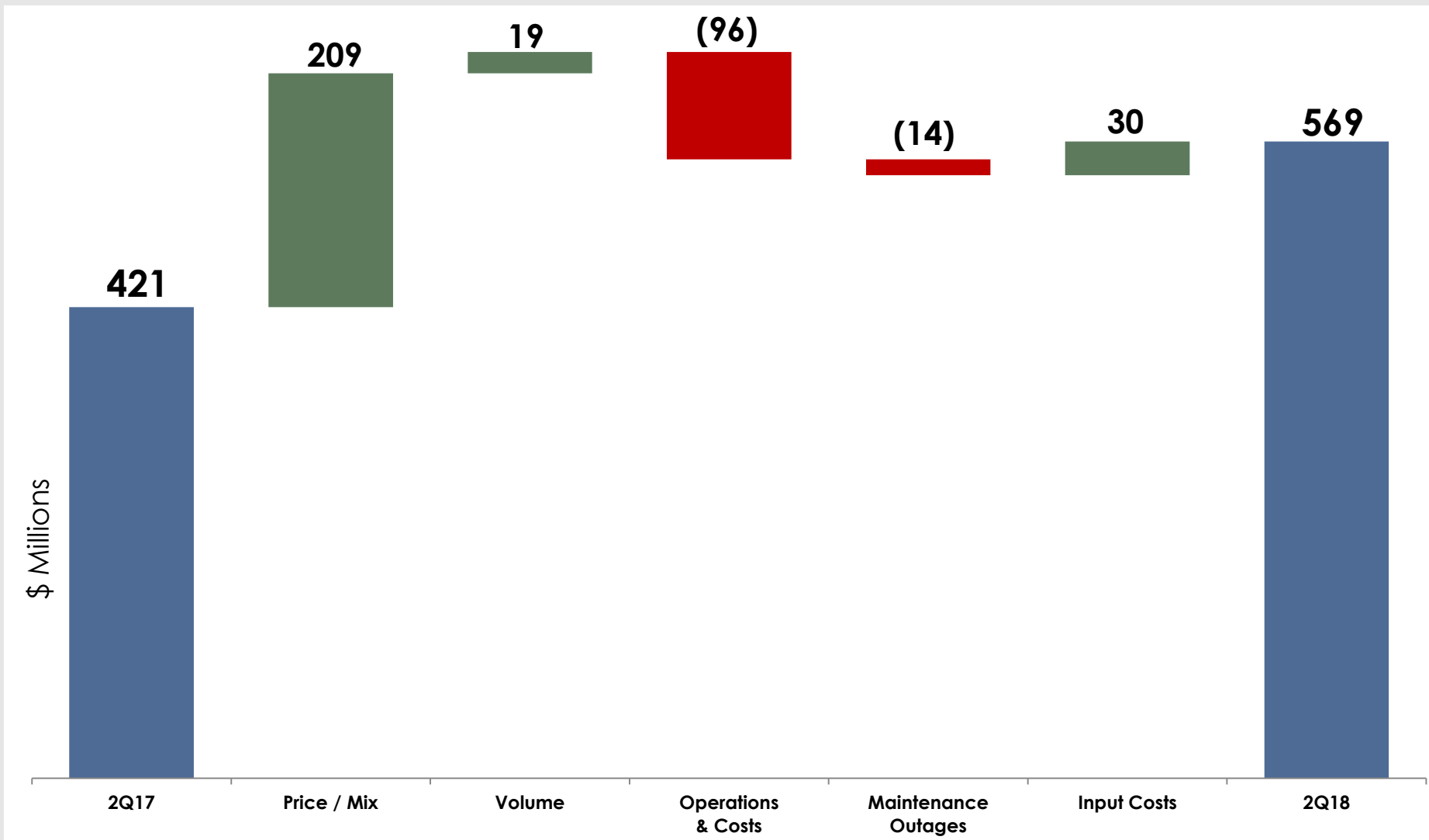
See footnotes beginning on Slide 15

2Q18 vs. 2Q17 Adj. Operating EPS¹



See footnotes beginning on Slide 15

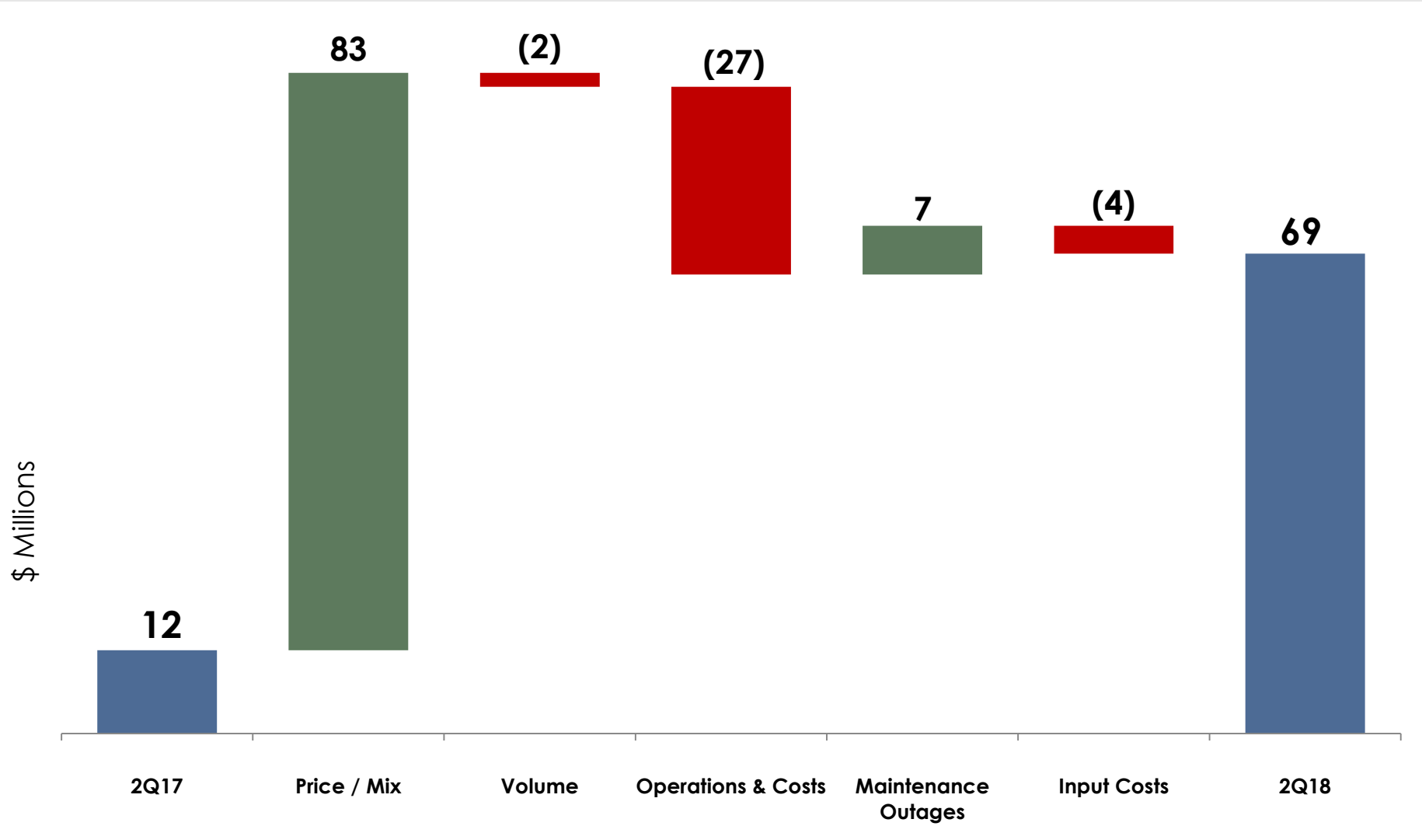
Industrial Packaging | 2Q18 vs. 2Q17 Adj. EBIT¹



See footnotes beginning on Slide 15



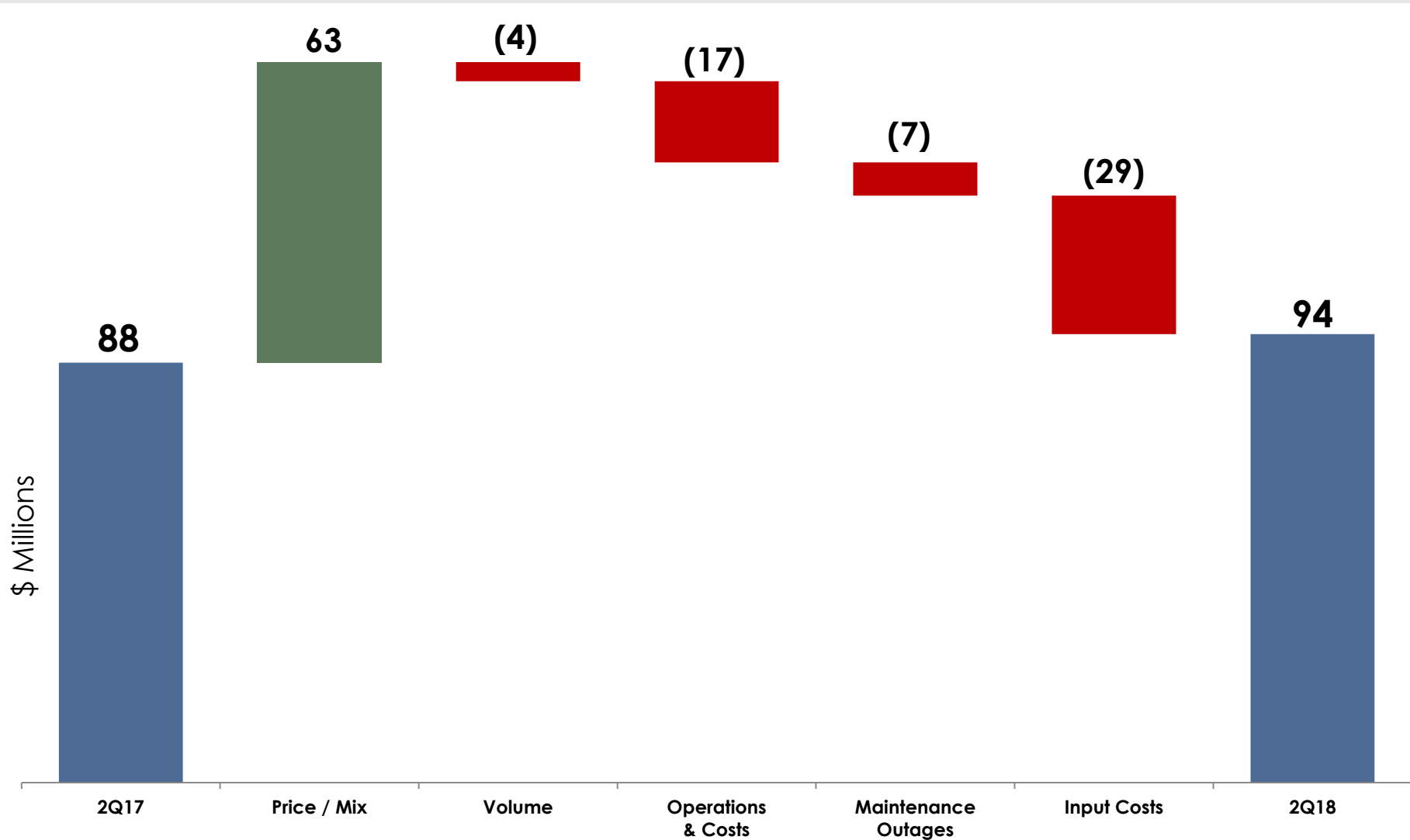
Global Cellulose Fibers | 2Q18 vs. 2Q17 Adj. EBIT¹



See footnotes beginning on Slide 15



Printing Papers | 2Q18 vs. 2Q17 Adj. EBIT¹

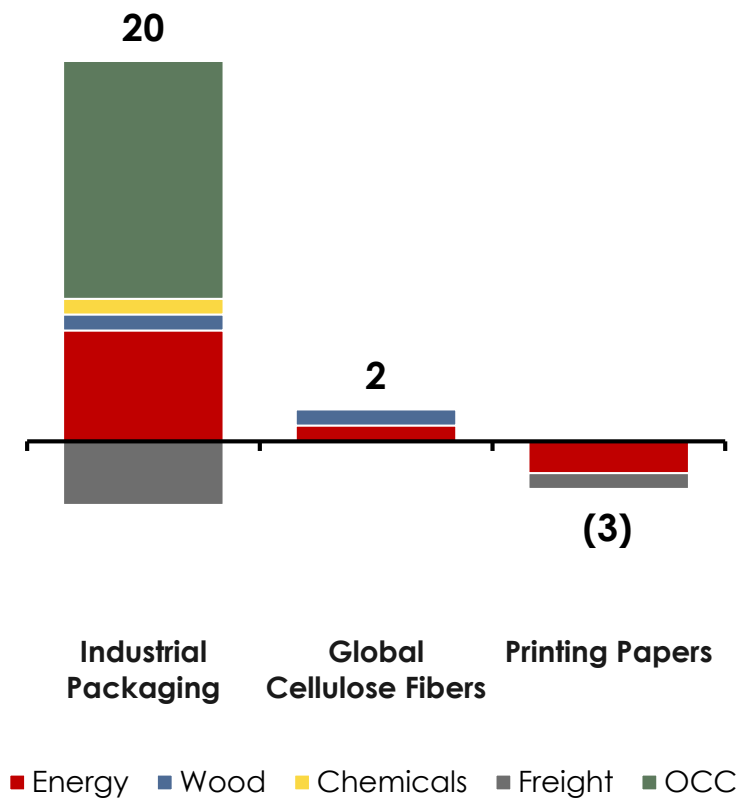


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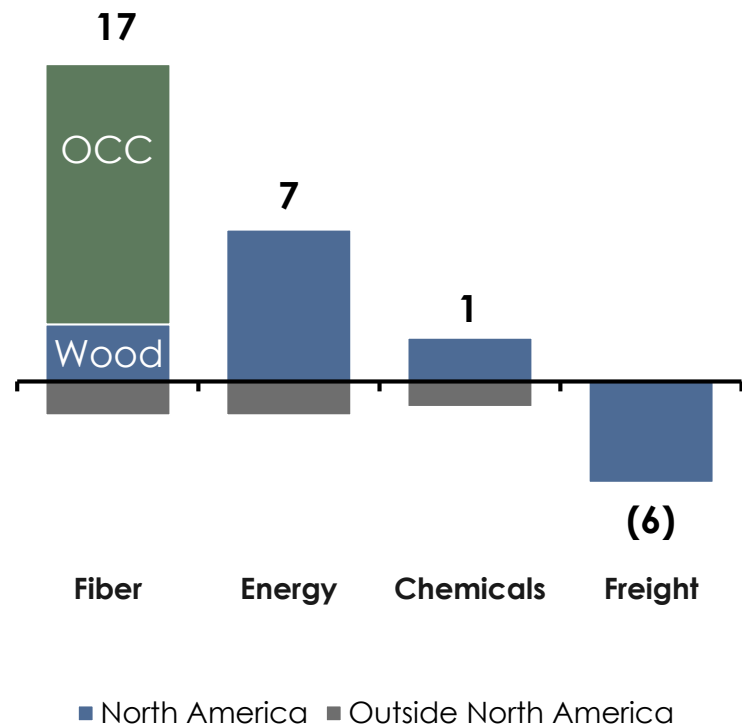


Global Input Costs vs. 1Q18 | \$19MM Favorable, or \$0.03 per share

By Business



By Input Type



U.S. Average Cost vs. 1Q18

Wood	▼	1%
OCC	▼	13%
Natural Gas	▼	13%
Fuel Oil	▲	9%
Chemical Composite	▲	7%

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