J.P. Morgan Diversified Industries Conference | June 5, 2013



Forward-Looking Statements

Certain statements in these slides and made during this presentation may be considered forward-looking statements. These statements reflect management's current views and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these statements. Factors which could cause actual results to differ include but are not limited to: (i) the level of our indebtedness and increases in interest rates; (ii) industry conditions, including but not limited to changes in the cost or availability of raw materials, energy and transportation costs, competition we face, cyclicality and changes in consumer preferences, demand and pricing for our products; (iii) global economic conditions and political changes, including but not limited to the impairment of financial institutions, changes in currency exchange rates, credit ratings issued by recognized credit rating organizations, the amount of our future pension funding obligation, changes in tax laws and pension and health care costs; (iv) unanticipated expenditures related to the cost of compliance with existing and new environmental and other governmental regulations and to actual or potential litigation; (v) whether we experience a material disruption at one of our manufacturing facilities; (vi) risks inherent in conducting business through a joint venture; (vii) our ability to reach a definitive agreement on a mutually acceptable transaction combining xpedx with Unisource, the receipt of governmental and other approvals and favorable rulings associated with such a transaction and the successful fulfillment or waiver of all other closing conditions for such a transaction without unexpected delays or conditions, and the successful closing of such a transaction within the estimated timeframe; and (viii) our ability to achieve the benefits we expect from all strategic acquisitions, divestitures and restructurings. These and other factors that could cause or contribute to actual results differing materially from such forward-looking statements are discussed in greater detail in our Securities and Exchange Commission filings. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Statements Relating to Non-GAAP Financial Measures

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

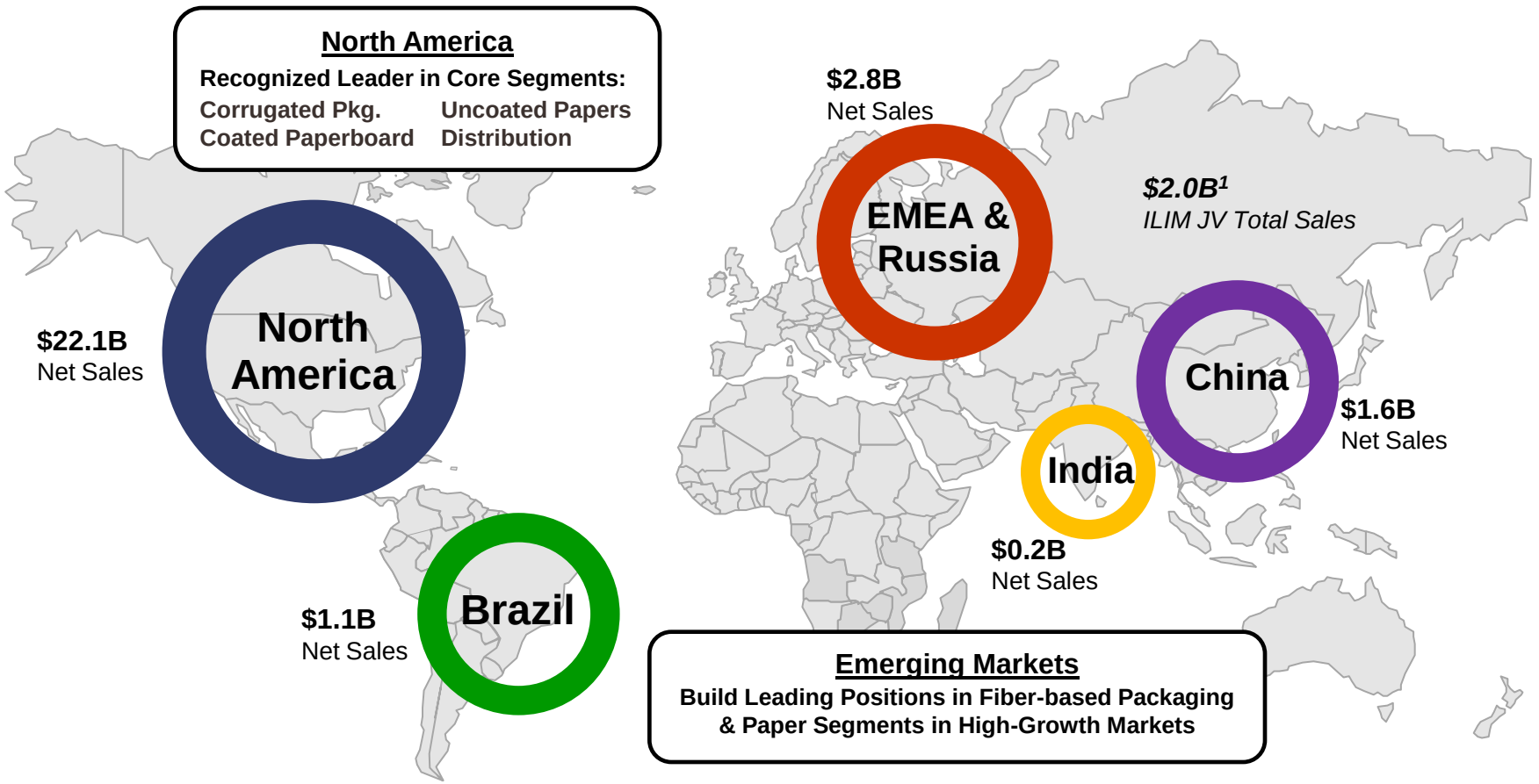
A reconciliation of those numbers to U.S. GAAP financial measures is available on the company's website at internationalpaper.com under Investors.

Ilim JV Information

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

- **Significant runway with current portfolio**
- **Balanced growth of revenue and EBITDA**
  - ✓ North America consolidation and optimization
  - ✓ Emerging Market growth
- **Greater than cost of capital returns**
- **Increasing cash generation enables both reinvestment and return of capital to shareholders**

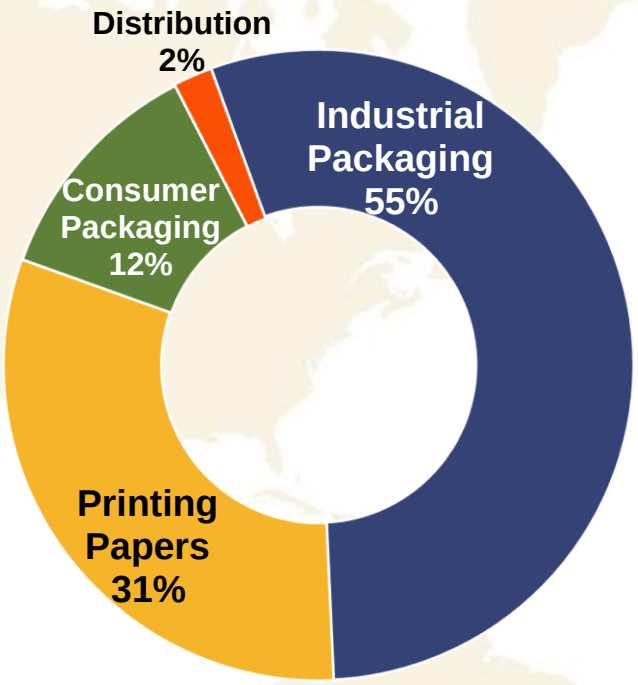
Positioned in attractive markets with low-cost assets that can generate strong free cash flow and returns that exceed our cost-of-capital



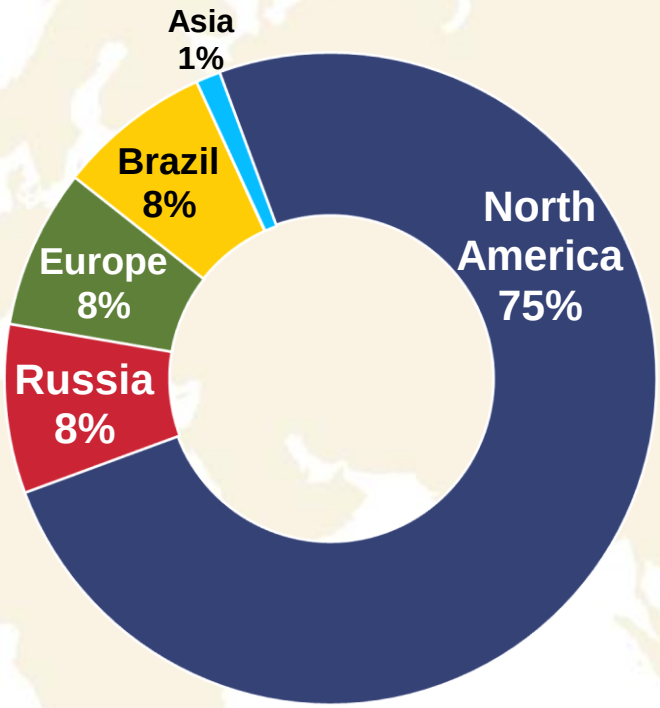
2012 IP net sales excluding TIN Building Products

[1] ILIM JV total sales are not consolidated (IP owns 50% of JV)

EBITDA by Segment

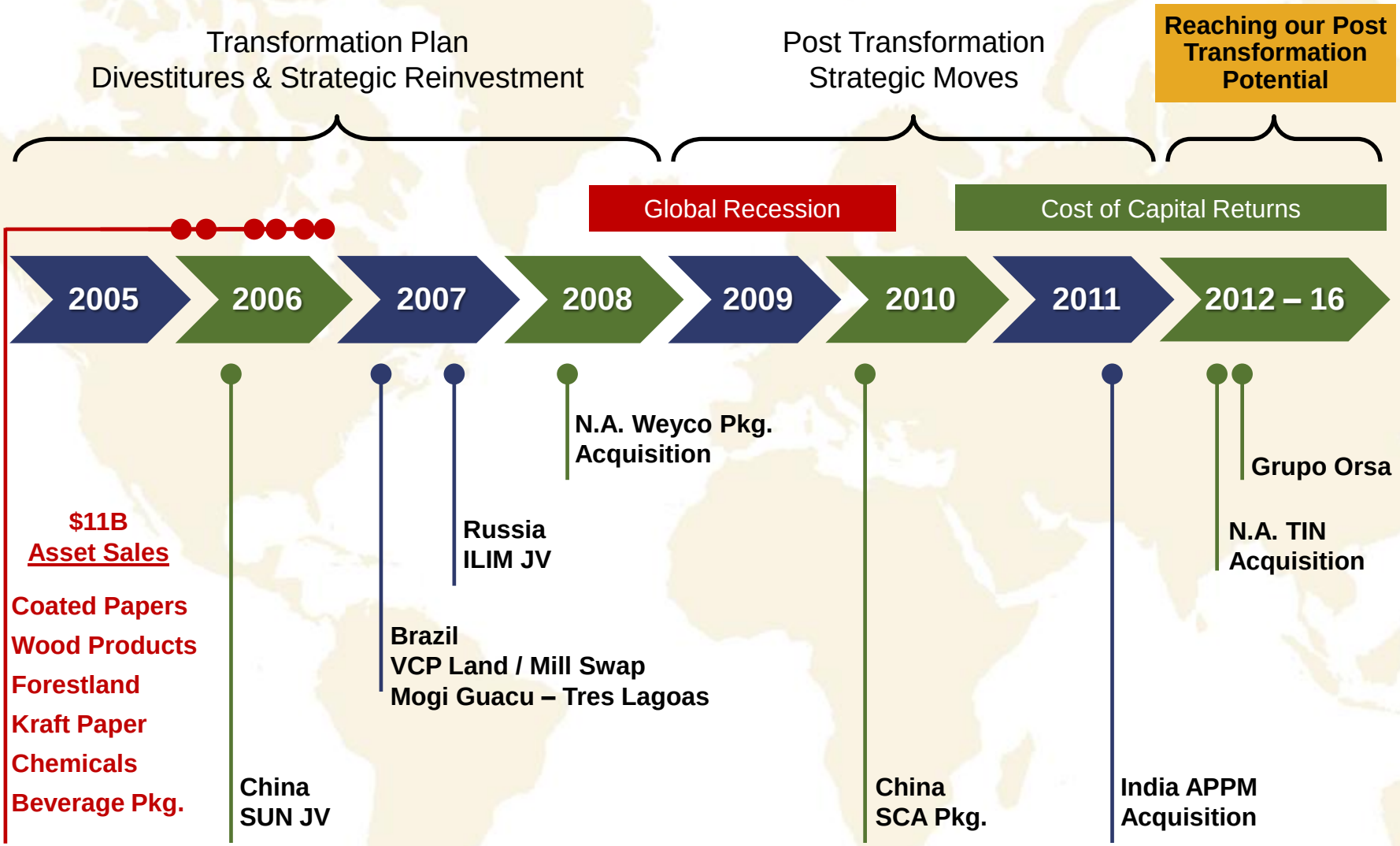


EBITDA by Region



Based on 2012 earnings from continuing operations before special items.
Russia includes the Svetogorsk mill and IP's share of Ilim JV equity earnings.
IP's share of Ilim JV equity earnings reflects approximate proportional adjustments for interest & tax.

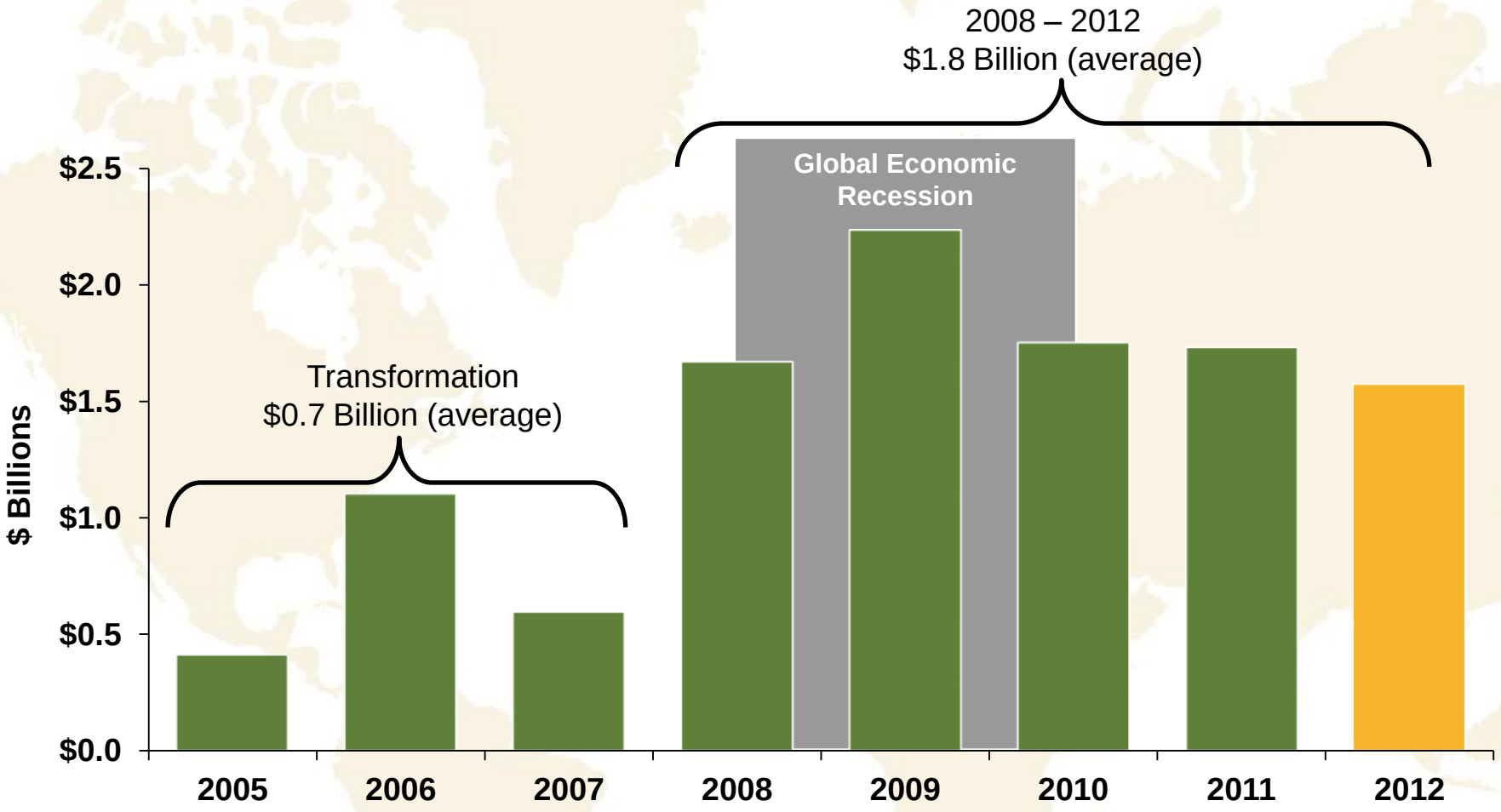
IP Transformation Timeline/Plan



Repositioned & Well-Positioned

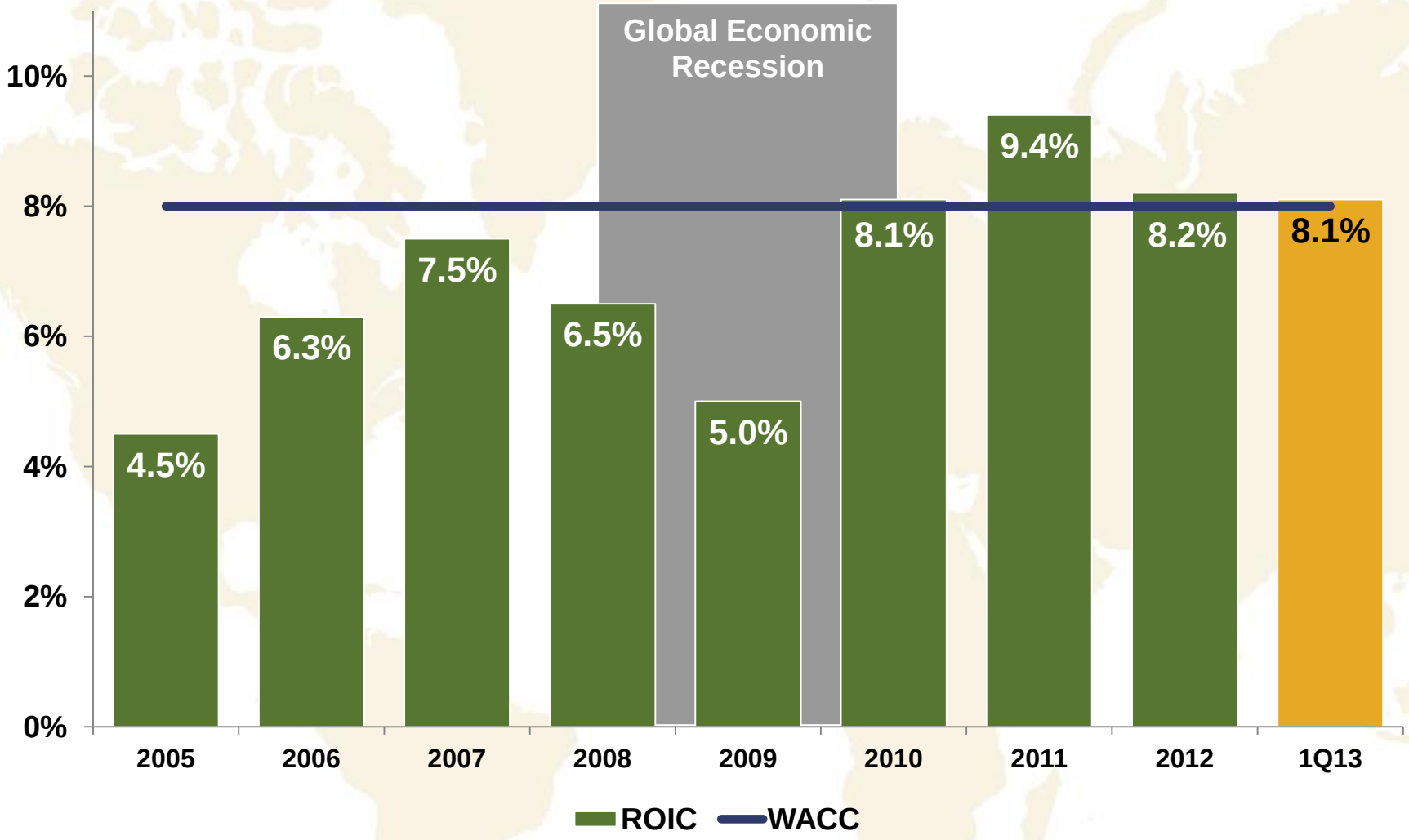
	Supplier Position	
North America	**2005**	**2012**
Corrugated Packaging	3	1
Uncoated Papers	1	2
Coated Paperboard	1	1
Distribution	1	1
Emerging Markets		
Brazil – Uncoated Papers	2	1
Brazil – Corrugated Packaging	–	3
Russia – Paper, Pulp & Packaging	3	1
India – Uncoated Papers	–	4
China – Coated Paperboard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

Step-Change Improvement in Free Cash Flow



Free cash flow, based on data in the 10-K for each year at the time of filing.
Excludes net cash pension contributions impacting 2006, 2010 & 2011, cash flows under European accounts receivable securitization beginning in 2009 and ending in 2011, and cash received from Black Liquor Tax Credits in 2009 and 2010. 2012 Excludes $120 MM cash paid for Temple-Inland change-in-control agreements and $251 MM cash received from unwinding a timber monetization, $44 MM cash paid for Temple-Inland pension plan contribution and $80 MM cash paid for Guaranty Bank settlement.

Returns on Invested Capital[1] above our Cost of Capital



[1] ROIC = [Operating Earnings before Interest] / [Equity (adjusted for pension) + Interest-Bearing Debt]

INTERNATIONAL PAPER

Our Post Transformation Potential | Investor Day 2012 Mid-Cycle Target

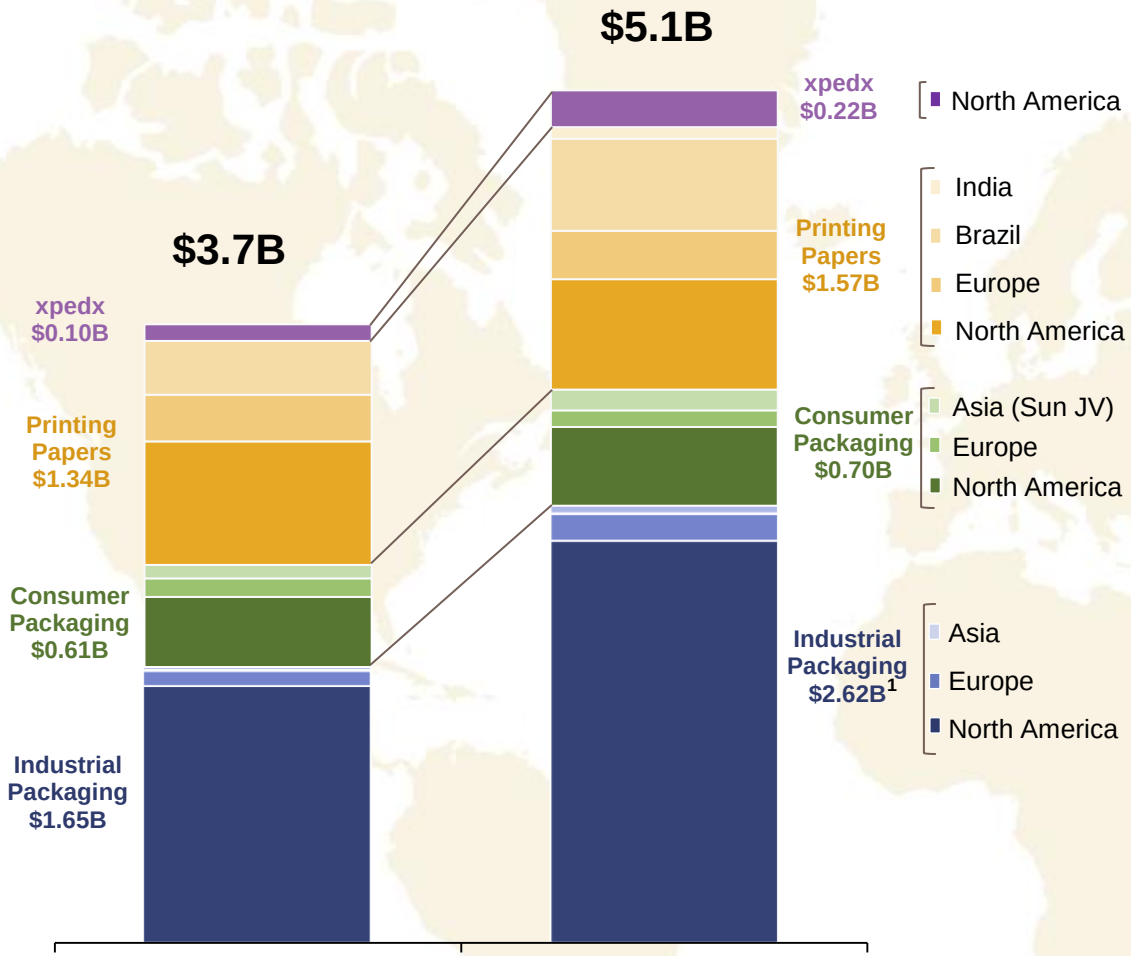
	2005	2012	Mid-Cycle Potential
Revenue ($Billion)	**24**	**28**	**33**
EBITDA[1] ($Billion)	**2.8**	**3.7**	**5.1**
EBITDA Margin	**12%**	**13%**	**15%**
Free Cash Flow[2] ($Billion)	**0.4**	**1.6**	**2.2**
ROIC	**4.5%**	**8.2%**	**12.0%**

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

[1] 2005 EBITDA includes discontinued operations.

[2] Free cash flow before dividends; 2012 Excludes $120 MM cash paid for Temple-Inland change-in-control agreements and $251 MM cash received from unwinding a timber monetization, $44 MM cash paid for Temple-Inland pension plan contribution and $80 MM cash paid for Guaranty Bank settlement. Mid-Cycle Potential excludes similar items.

Balanced Global Earnings Growth



As of May 2012 Investor Day

[1] Excludes Grupo Orsa acquisition

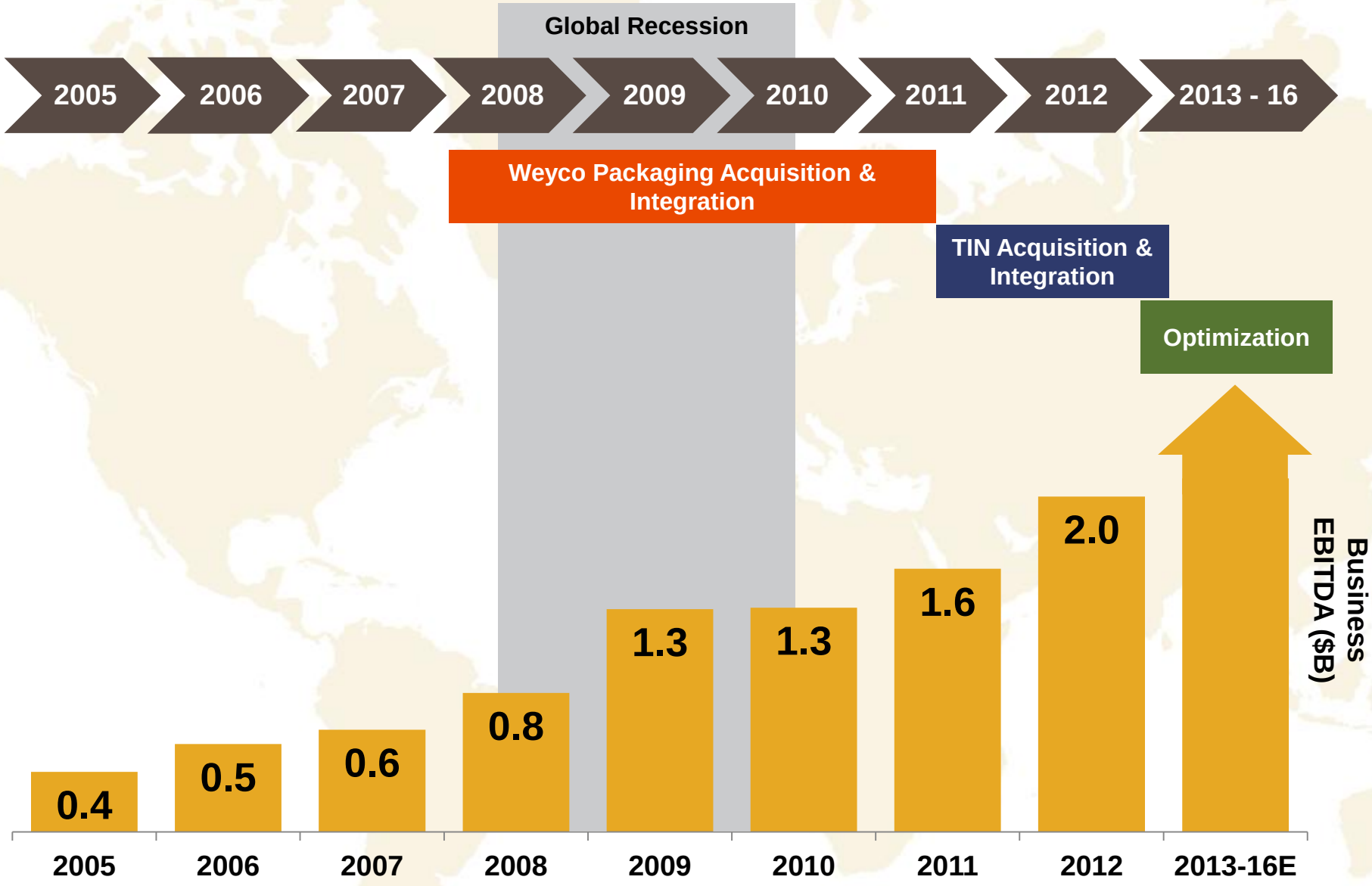
Opportunities

- Higher containerboard and box pricing
- NA Industrial Packaging optimization
- Leveraging global footprint
- xpedx spin & merge with Unisource

Challenges

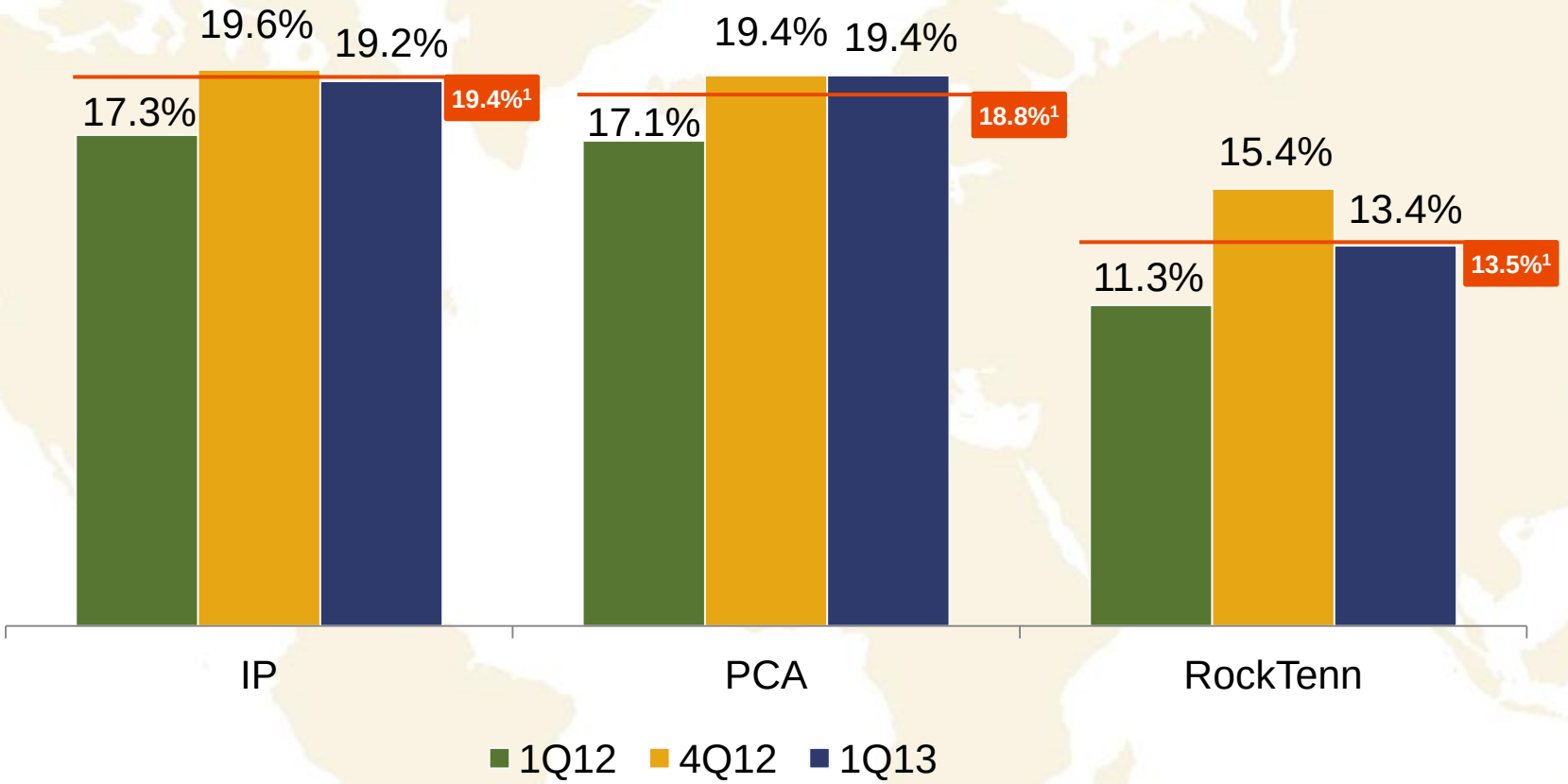
- Weaker demand environment
- Pulp pricing below midcycle
- Overcapacity in China

N.A. Industrial Packaging | The Strategic Journey



INTERNATIONAL PAPER

N.A. Industrial Packaging Relative EBITDA Margins



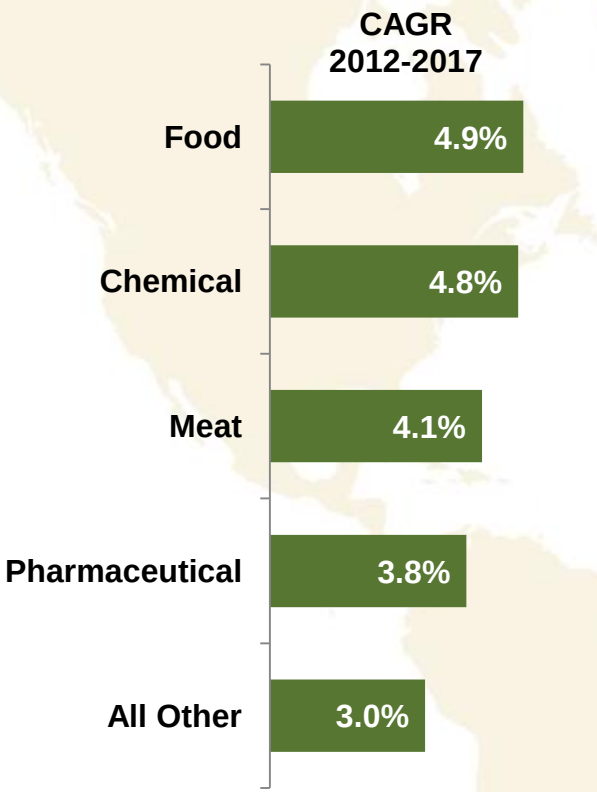
[1]Trailing twelve months EBITDA margin
IP EBITDA margins based on North American Industrial Packaging operating profit before special items
Competitor EBITDA margin estimates obtained from public filings and IP analysis
Excludes the Recycling Business and revenue from trade volumes

Brazil Packaging | Path to 18% IRR

3 Key Levers

Market Growth[1]	Productivity Improvements	Cost Improvements

Healthy Growth in Core Segments



2 - 3 Year Horizon

Operating Machine Efficiency

- From 87% to 93% Utilization
- 8% Improvement Plan

Paper Machine Speed

- 4% Improvement Plan

Mill Cost Reductions

- Moisture Content
- Energy Consumption
- Chemicals Consumption (Recycled Mills)

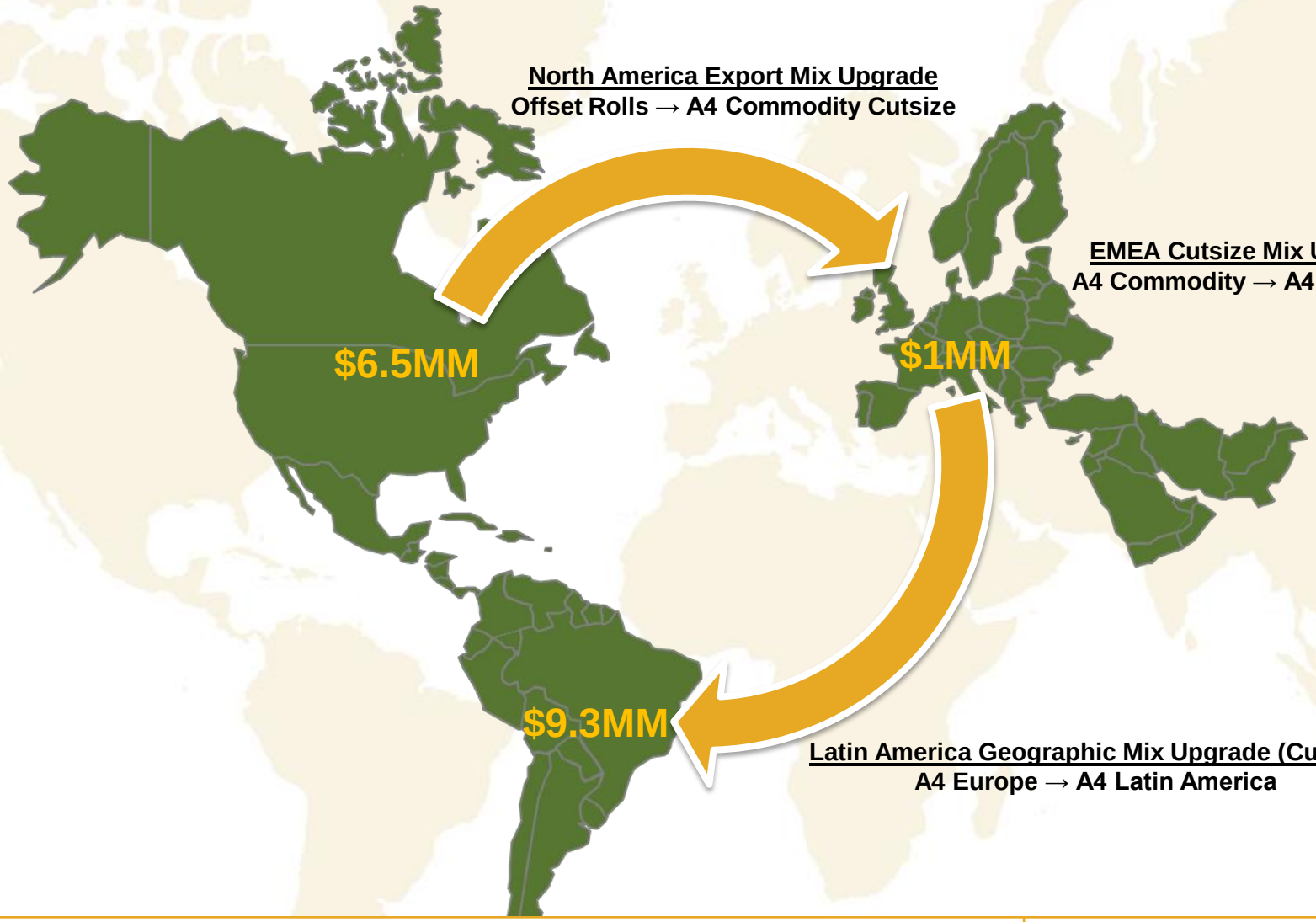
OCC Sourcing

- Supply Chain Improvements
- Procurement Best Practices

[1] Source: ABPO Report; Orsa IP Team Analysis

Printing Papers | Leveraging Our Global Paper Portfolio

2013 Global Mix Improvement Opportunity of $17MM (annuallized)

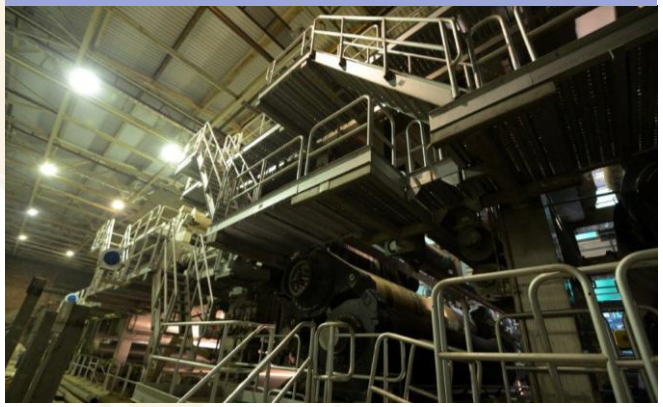


Ilim Joint Venture | June 2013 Projects Update

Bratsk Mill

- Construction phase complete April 15th
- New fiber-line running, in full ramp mode
- Cost savings from new turbines underway

Pulp Dryer Wet End





Sawlog Cross-cutting Line

Koryazhma Mill

- Construction phase complete April 1st
- PM running offset rolls, cut-size
- Coater completion and start-up by end of Q3

Offset Roll Production





PM #7 Dryer Sections

ILIM | INTERNATIONAL PAPER

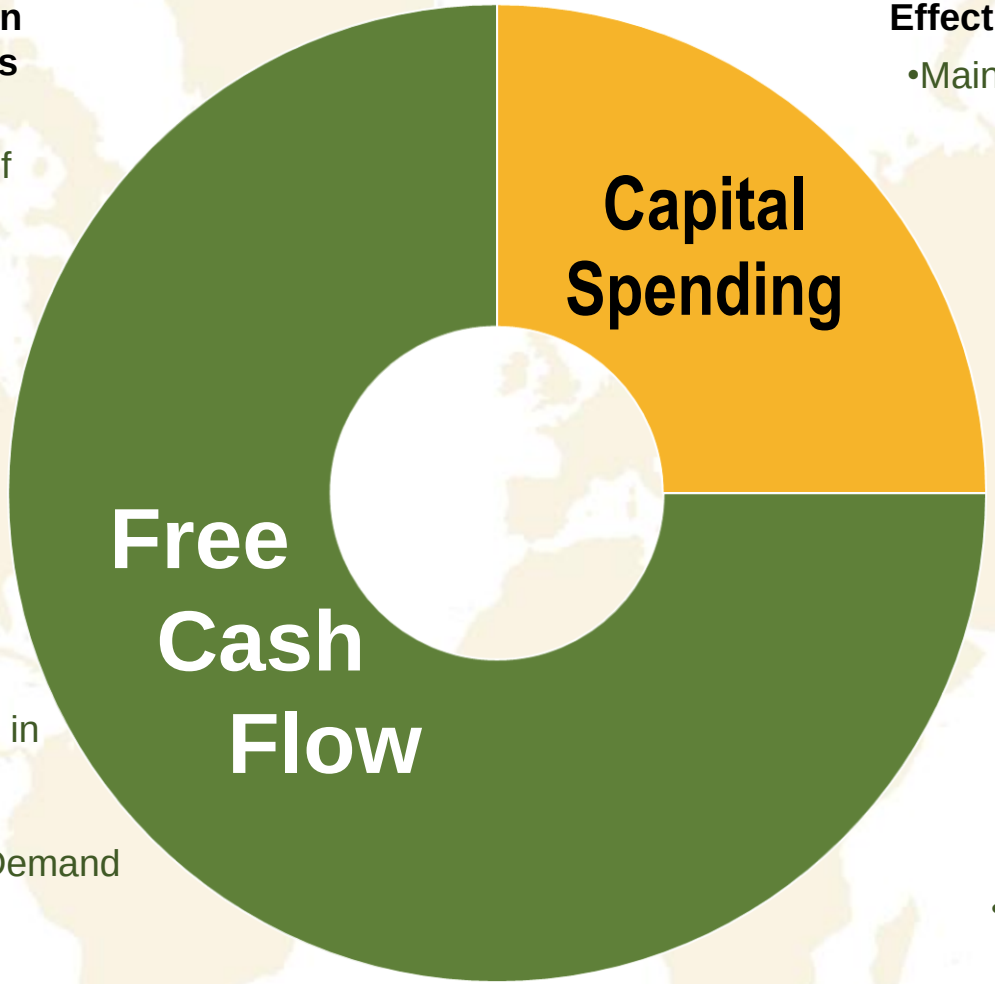
International Paper's Balanced Use of Cash

Systematically Return Cash to Shareholders

- Maintain Sustainable Dividend at 30-40% of FCF
- Share Repurchases

Effective Capital Spending

- Maintenance & Regulatory Capital Expenditures
- High Return, Cost Reduction Projects



Selective Reinvestment

- Improve Cost Position in North America
- Capitalize on Global Demand Growth
- Above Cost of Capital Returns

Maintain Strong Balance Sheet & Credit Rating

- Appropriate Liquidity & Debt Coverage
- Prudent Contributions to Pension Plan

Summary | IP Poised for Further Success

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