Second Quarter 2013 Earnings | July 25, 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

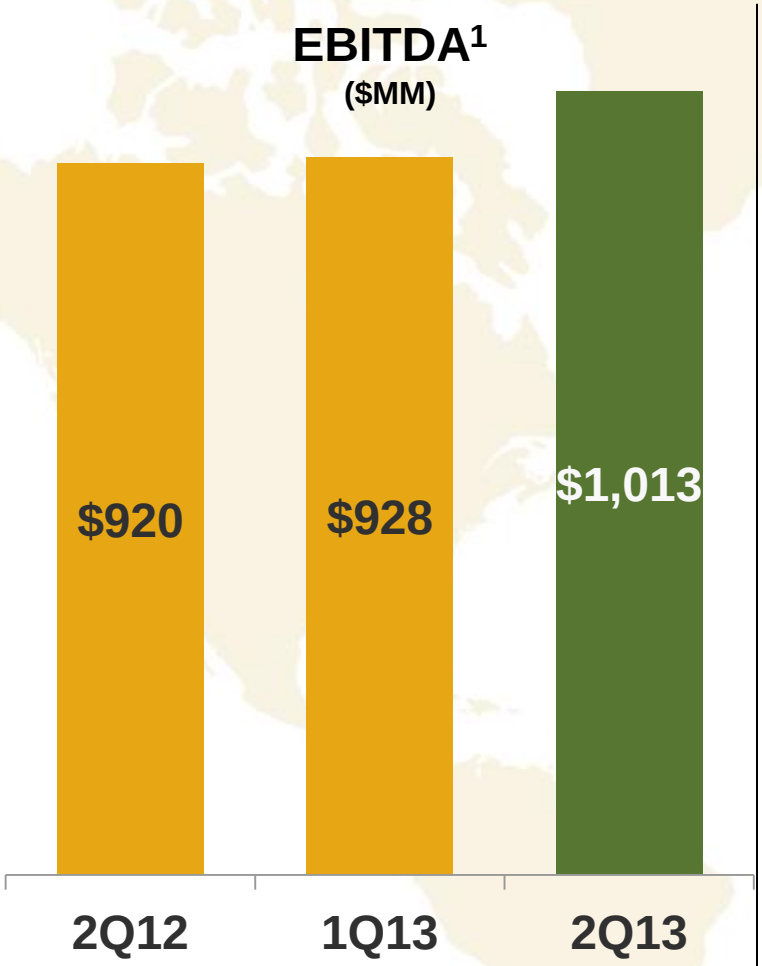
During the course of this presentation, certain non-U.S. GAAP financial information will be presented.

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."

Second Quarter 2013 Results | Solid Performance Drives Strong Results



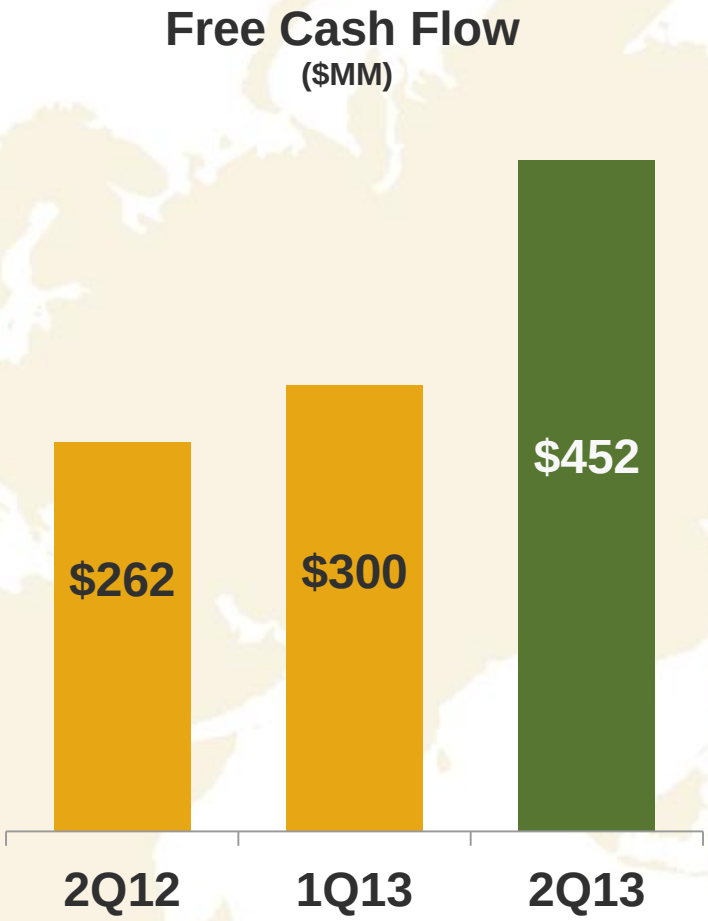
- Strong free cash flow and EBITDA margins
- Strong results in Industrial Packaging driven by increased prices and seasonally higher volumes
- Solid results in Brazil and European/Russian papers
- Building momentum in Consumer Packaging
- Solid manufacturing operations and cost control
- Successfully executed peak level of annual maintenance outages
- July 19 closed on TIN Building Products sale; $710MM proceeds to IP as expected
- One-off impacts:

  - National Envelope (NEC) bad debt expense
  - Unfavorable non-cash F/X swing at Ilim JV

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

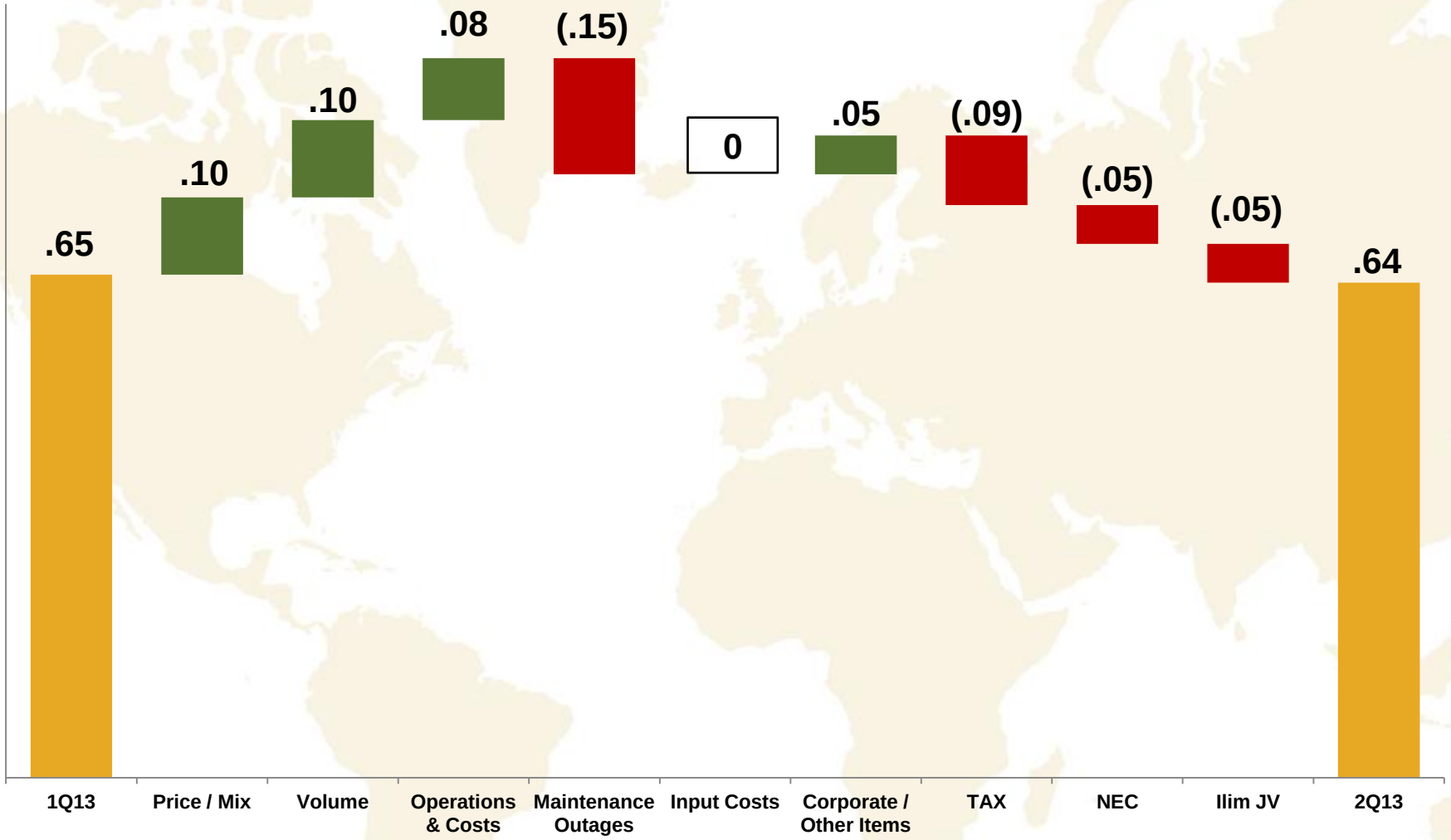
2Q13 Financial Results

	2Q12	1Q13	2Q13
Sales ($B)	$7.1	$7.1	$7.3
EBIT[1] ($MM)	$554	$549	$626
EPS[2]	$0.53	$0.65	$0.64
EBITDA[1] ($MM)	$920	$928	$1,013
EBITDA Margin[1]	13.0%	13.1%	13.8%
Cash From Operations[3] ($MM)	$682	$516	$724
Free Cash Flow[3] ($MM)	$262	$300	$452



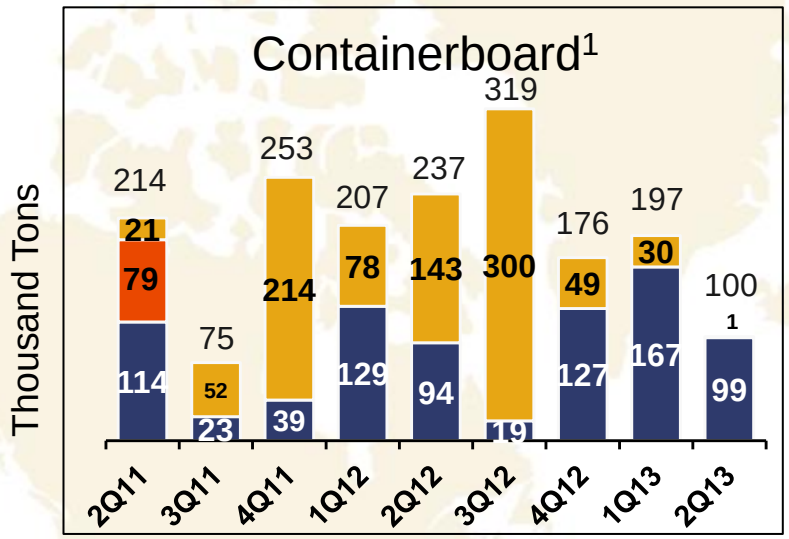
[1] From continuing operations before special items and non-operating pension expense
[2] Operating Earnings, defined as Net Earnings (GAAP) from continuing operations before special items and non-operating pension expense
[3] See slide #28 for a reconciliation of cash provided by continuing operations to free cash flow

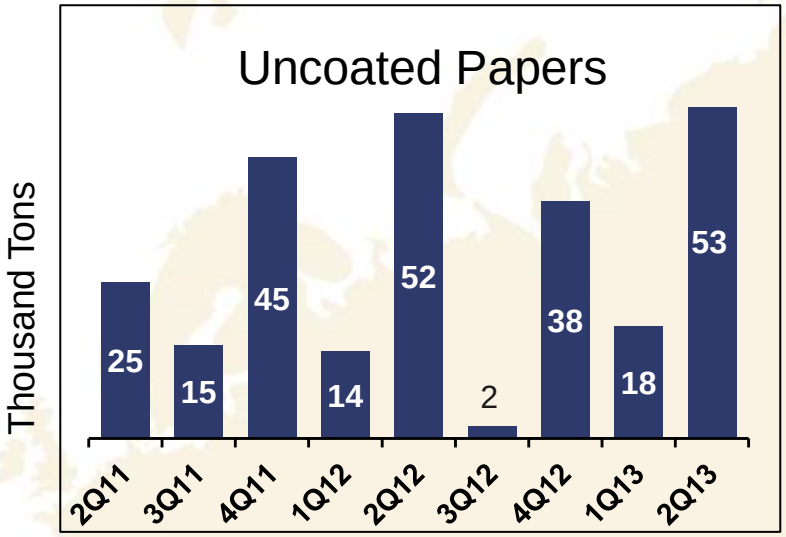
2Q13 vs. 1Q13 EPS

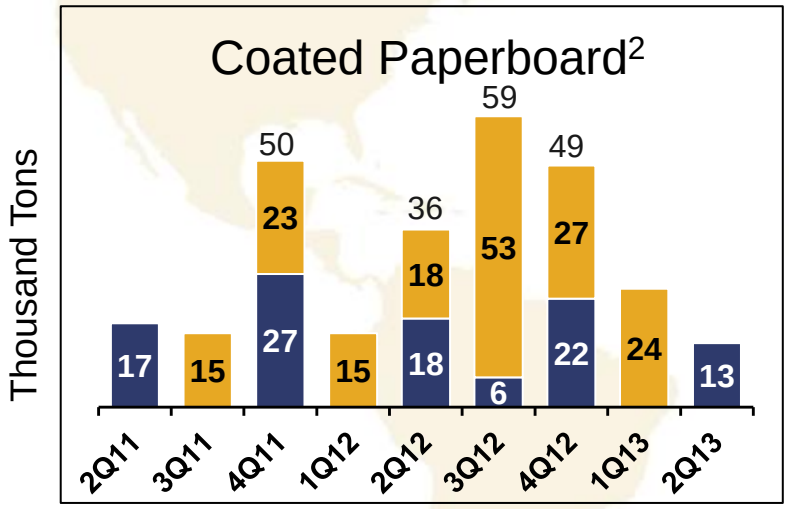


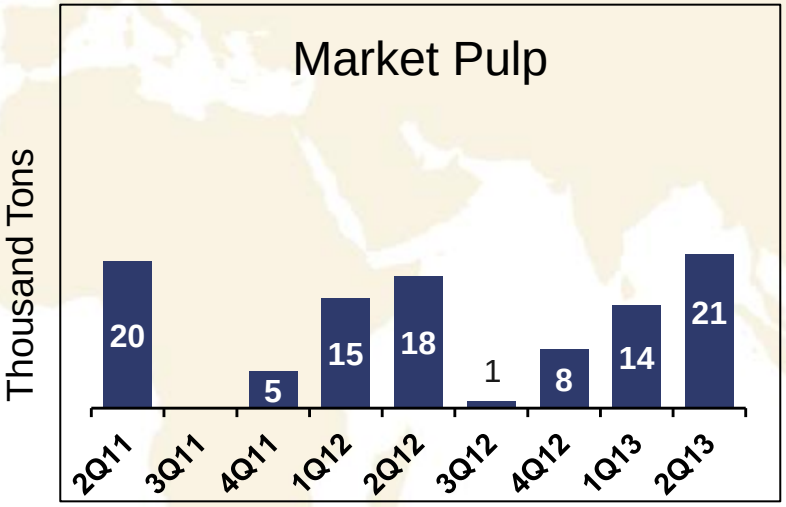
Operating Earnings

North American Downtime | Heavy Annual Maintenance Outage Quarter









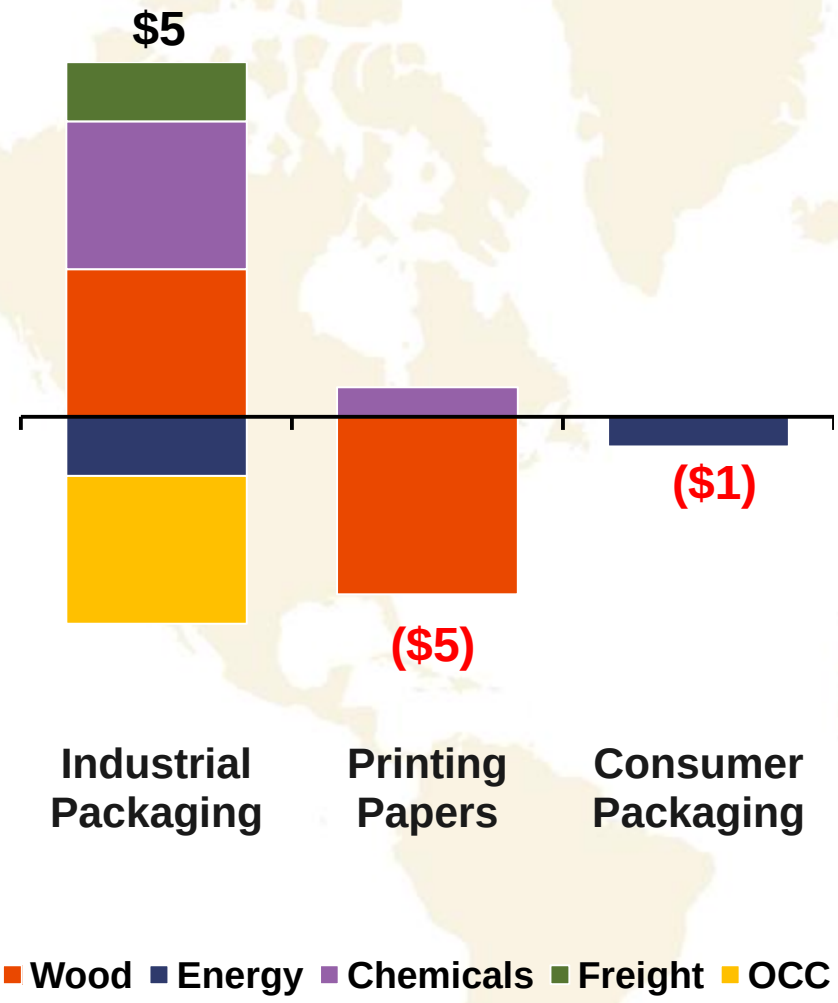
■ Maintenance ■ Vicksburg Flood ■ Market

[1] Temple-Inland mills included since 1Q12

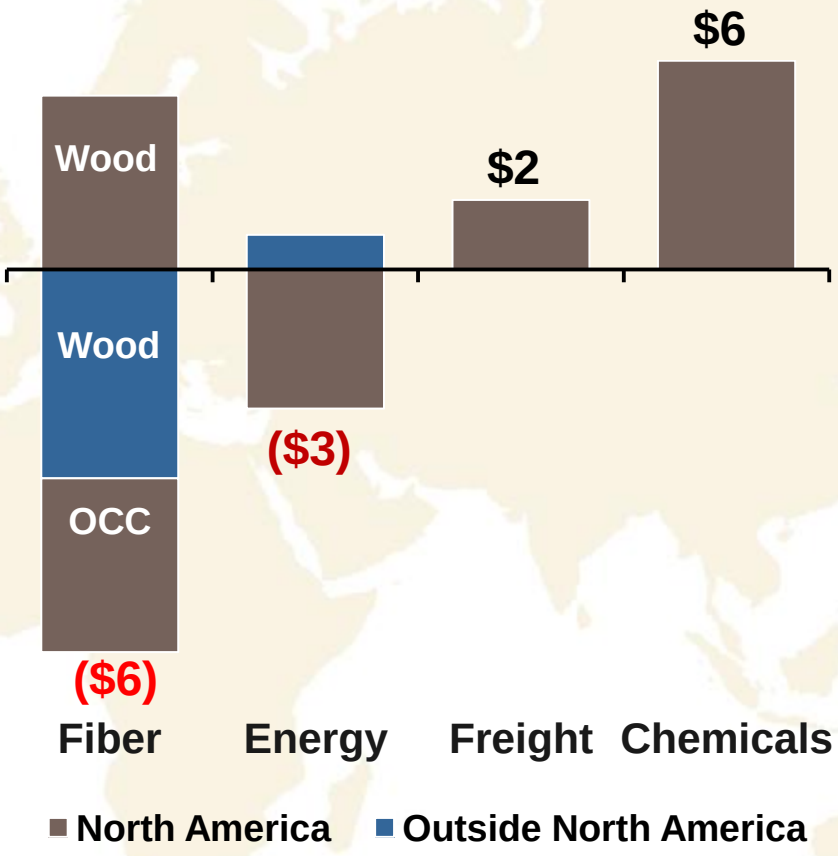
[2] Augusta PM#2 was permanently shutdown in March 2013 (36,000 tons / quarter)

Global Input Costs vs. 1Q13 | Flat

By Business

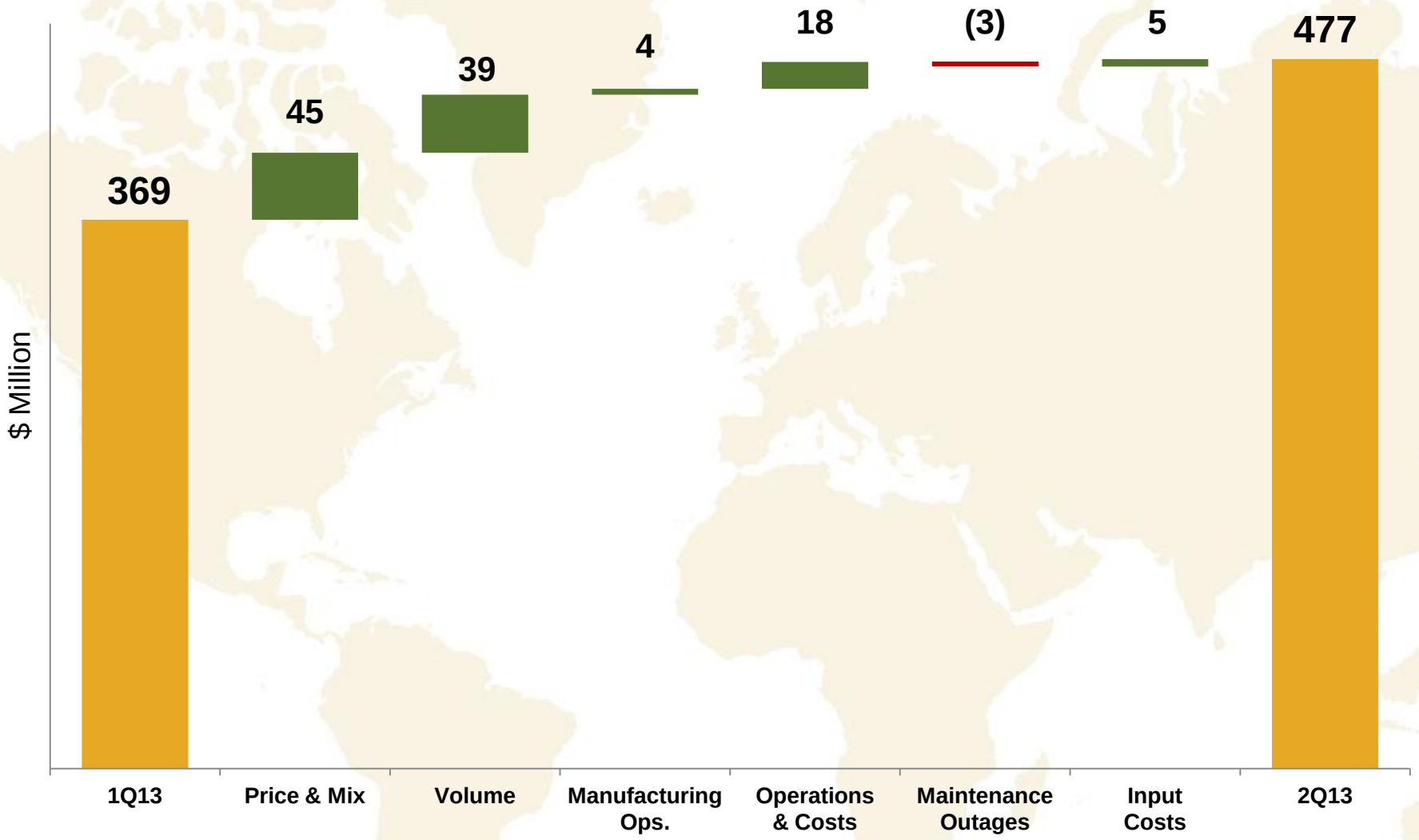


By Input Type



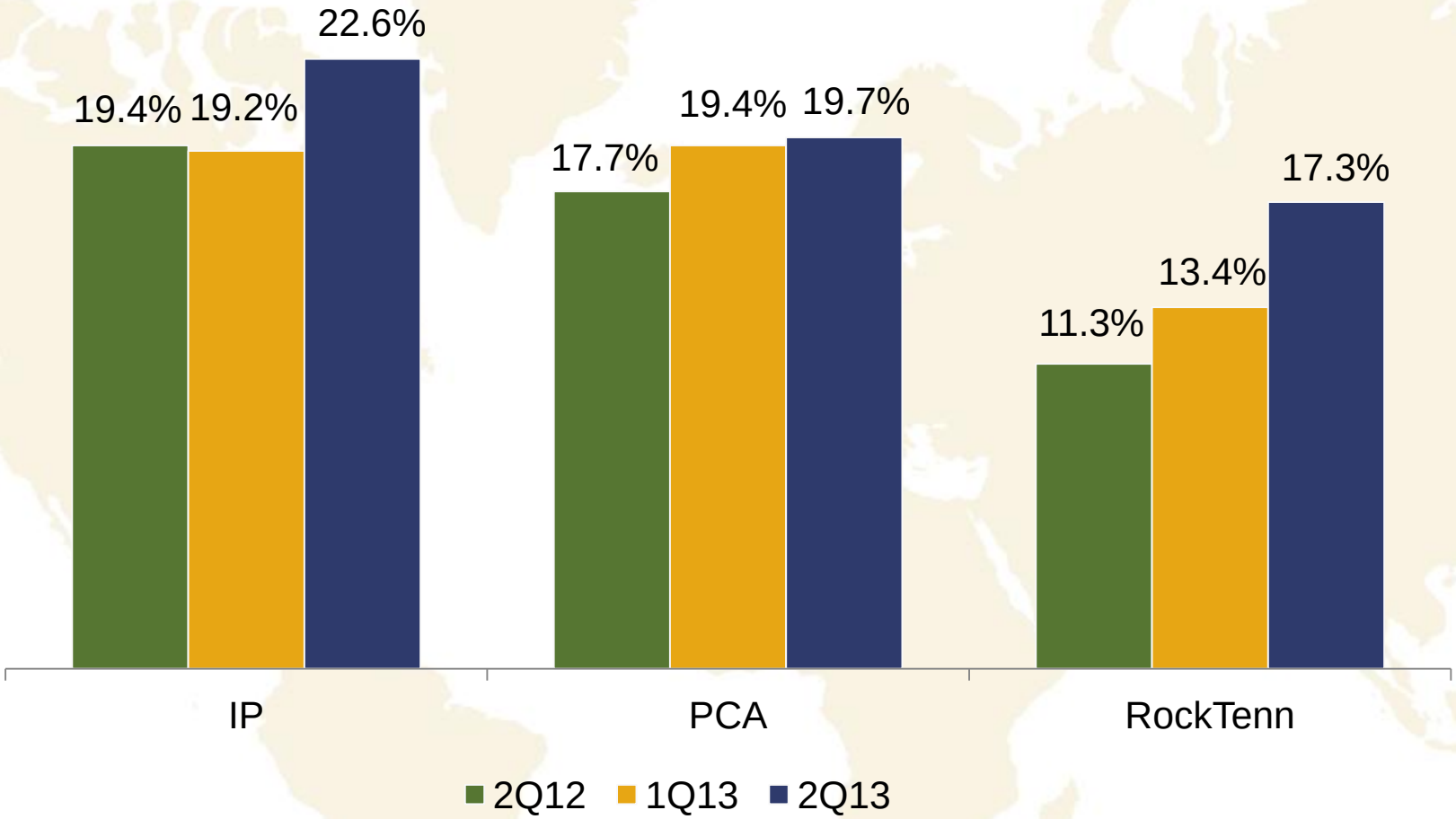
Input costs ($MM) for continuing businesses

Industrial Packaging | 2Q13 vs. 1Q13



Segment operating profit before special items

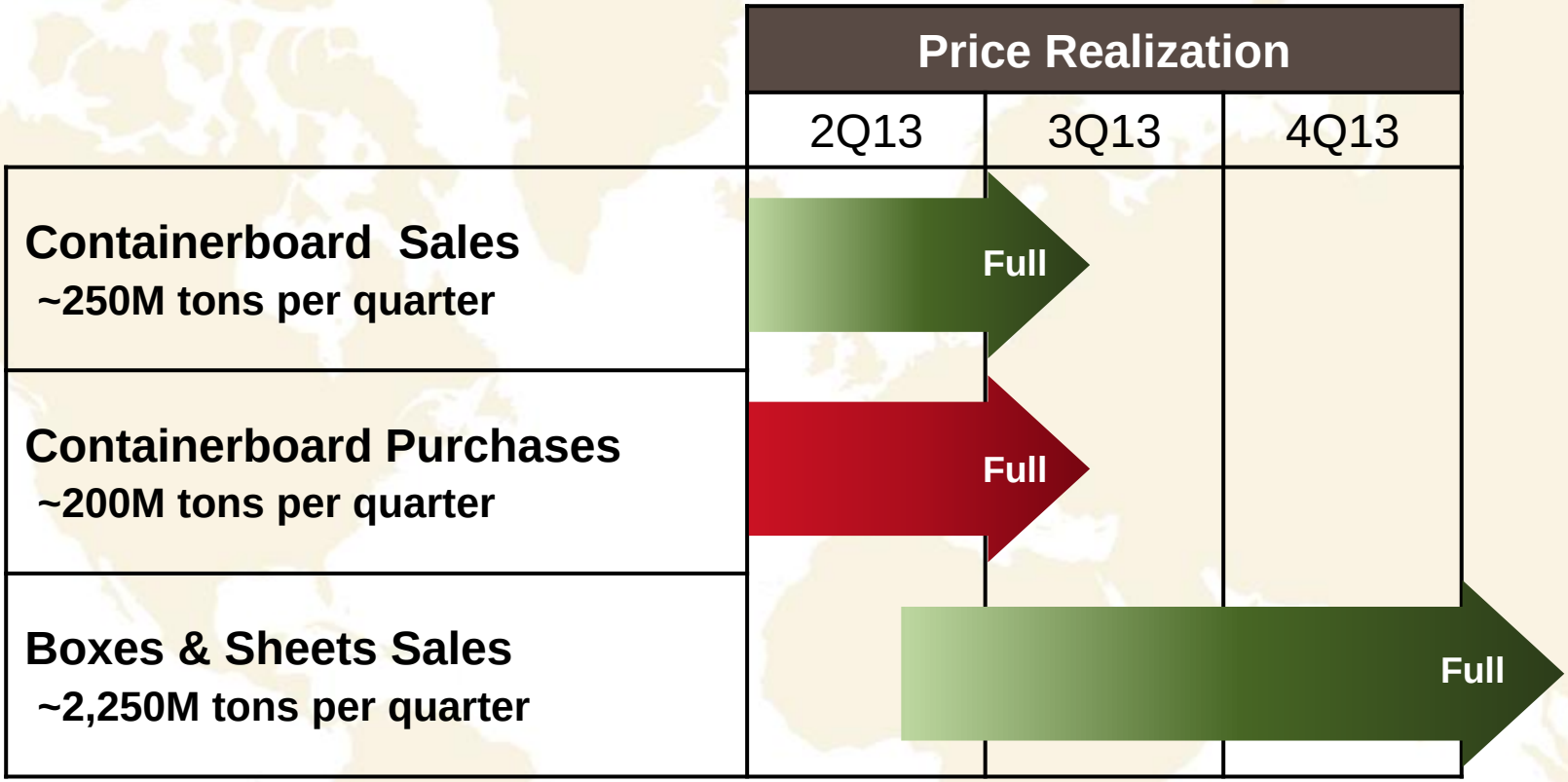
N.A. Industrial Packaging Relative EBITDA Margins



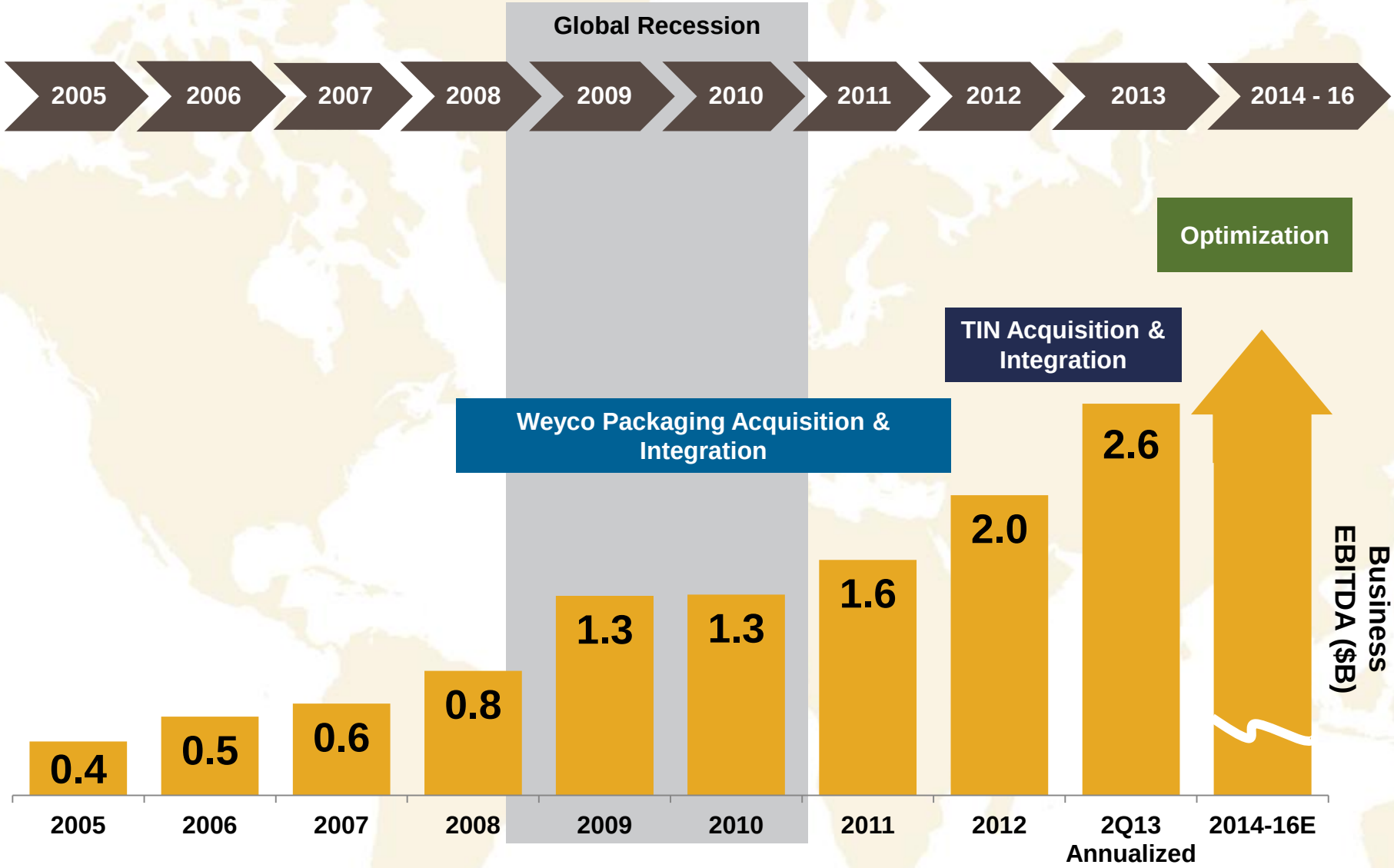
IP EBITDA margins based on North American Industrial Packaging operating profit before special items
Excludes the Recycling Business and revenue from trade volumes
Competitor EBITDA margin estimates obtained from public filings and IP analysis

INTERNATIONAL PAPER

Industrial Packaging | Expected April N.A. Price Increase Realization



N.A. Industrial Packaging | The Strategic Journey



INTERNATIONAL PAPER

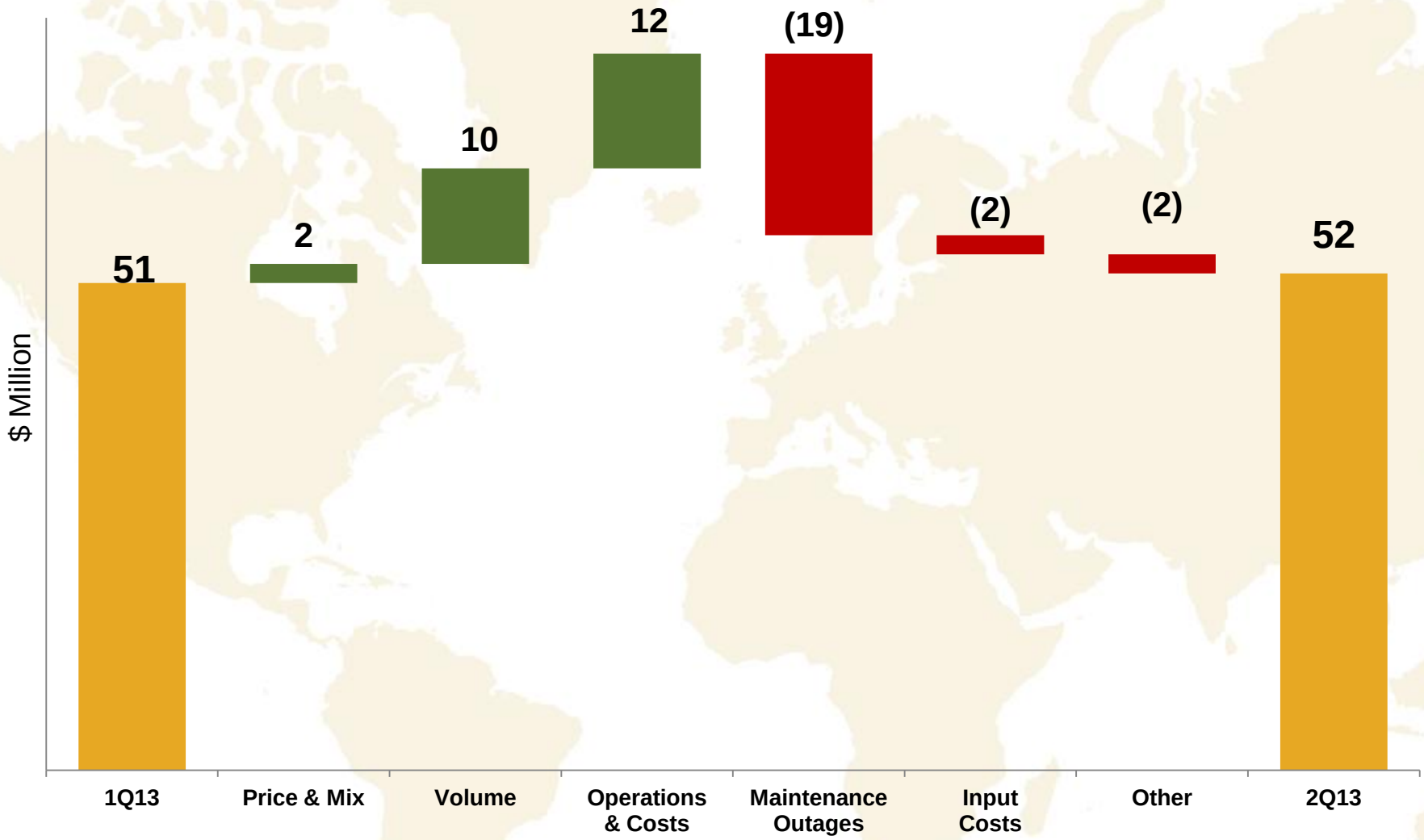
Brazil Packaging | Orsa International Paper Embalagens S.A.

- First full quarter of reporting (March – May), one month lag basis
- Brazil box market growing at 4% YTD
- Price increase announced for 3Q implementation
- Synergy and productivity improvement plans underway; benefit ramp up begins 3Q



INTERNATIONAL PAPER

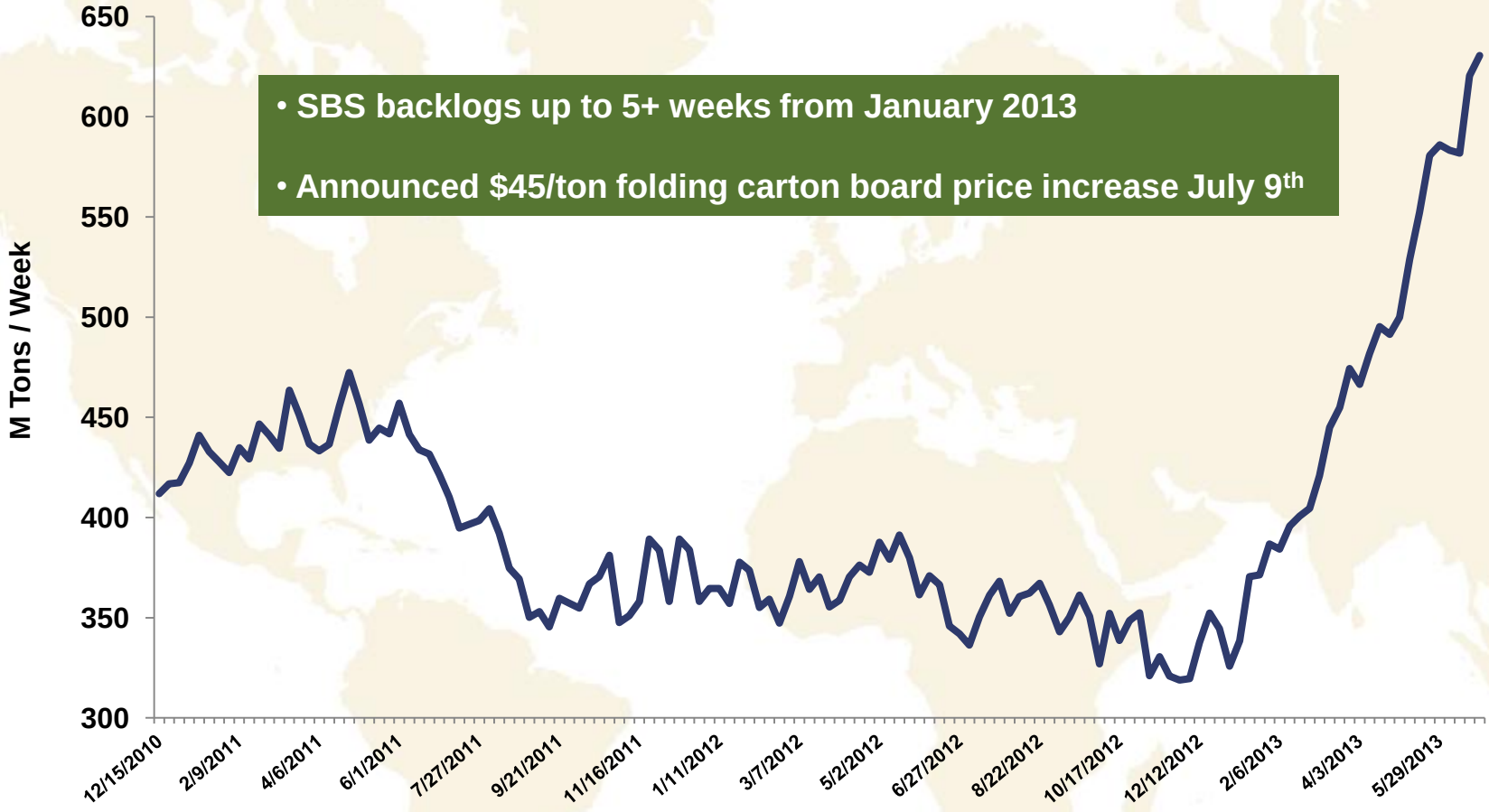
Consumer Packaging | 2Q13 vs. 1Q13



Segment operating profit before special items

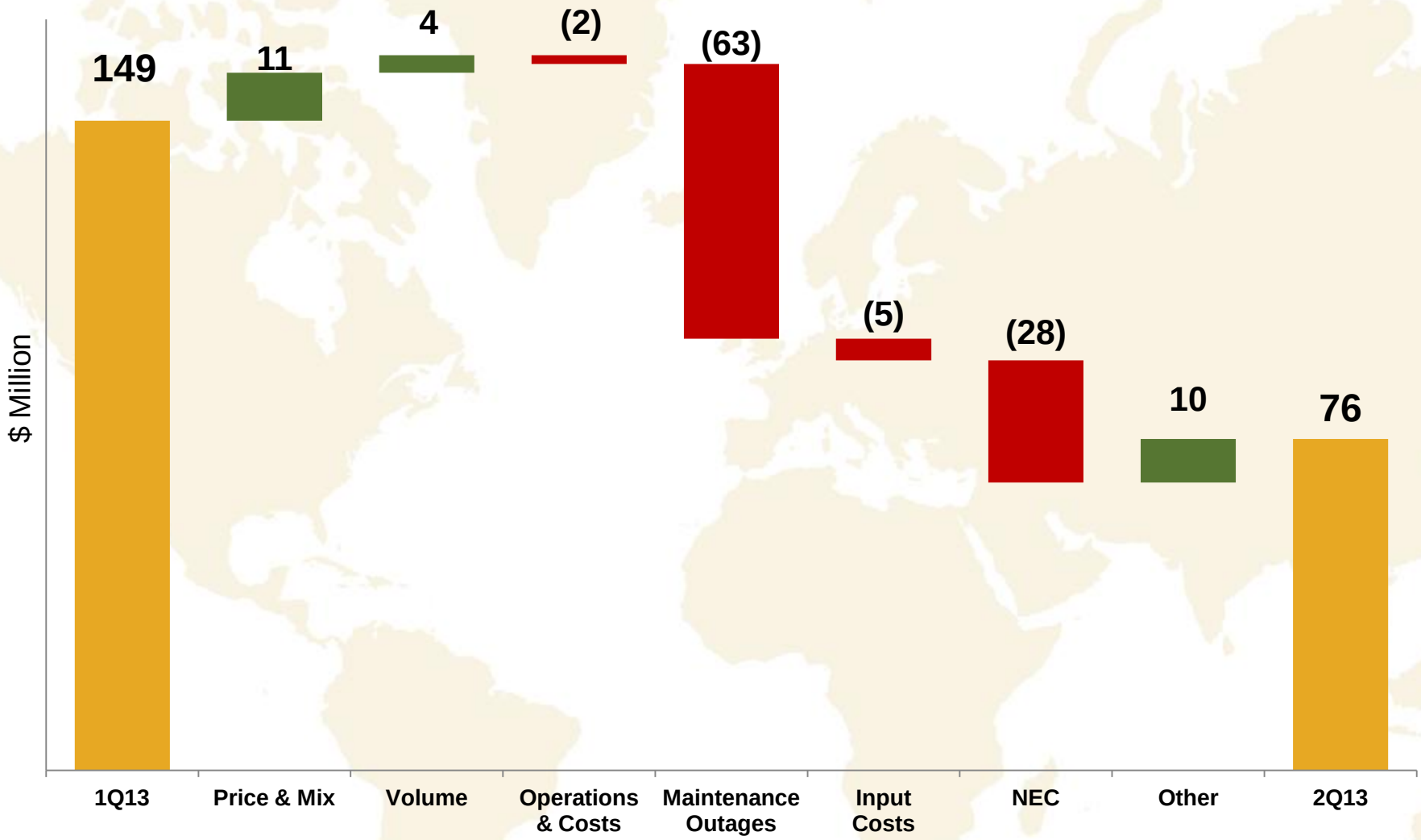
Unmade Orders by Week

- SBS backlogs up to 5+ weeks from January 2013
- Announced $45/ton folding carton board price increase July 9th



Source: AF&PA

Printing Papers | 2Q13 vs. 1Q13



Segment operating profit before special items

INTERNATIONAL PAPER

$ Million	2Q12	1Q13	2Q13
Sales	$285	$260	$270
Earnings	$51	$45	$59
EBITDA Margin	29%	30%	34%

	2Q13 vs. 1Q13		2Q13 vs. 2Q12	
Business	Volume	Price/Ton	Volume	Price/Ton
Uncoated Freesheet	7%	$16	(5%)	$19
Domestic	4%	$35	4%	$84
Export	10%	($1)	(13%)	($38)

Segment operating profit before special items
IP Brazil results are reported in the Printing Papers segment
Average IP Brazil price realization (includes the impact of mix across all grades)

Distribution | 2Q13 vs. 1Q13

$ Million	2Q12	1Q13	2Q13
Sales	$1,500	$1,385	$1,405
Earnings	$17	$2	$17

Daily Sales Change	vs. 2Q12	vs. 1Q13
Printing	(4.7%)	(0.6%)
Packaging	0.1%	1.6%
Facility Solutions	(11.2%)	1.5%

- Reduction in operating costs primary driver of quarter over quarter improvement
- Maintaining margins in a competitive environment; demand for printing and writing papers continues to decline
- Working toward potential xpedx-Unisource combination

Segment operating profit before special items

Ilim Joint Venture | 2Q13 vs. 1Q13

$ Million	2Q12	1Q13	2Q13
Sales Volume (thousand tons)	741	647	647
Sales	$513	$462	$465
Operational EBITDA[1]	$81	$38	$36
F/X (Impact of USD Debt[2]**)**	($100)	($27)	($56)
EBITDA	($19)	$11	($20)
IP Equity Earnings[3]	($25)	($11)	($34)

- Softening demand from China and unfavorable F/X impact
- Significant start-up progress during 2Q at Bratsk and Koryazhma; finalizing commercial qualification process and ramp-up 3Q

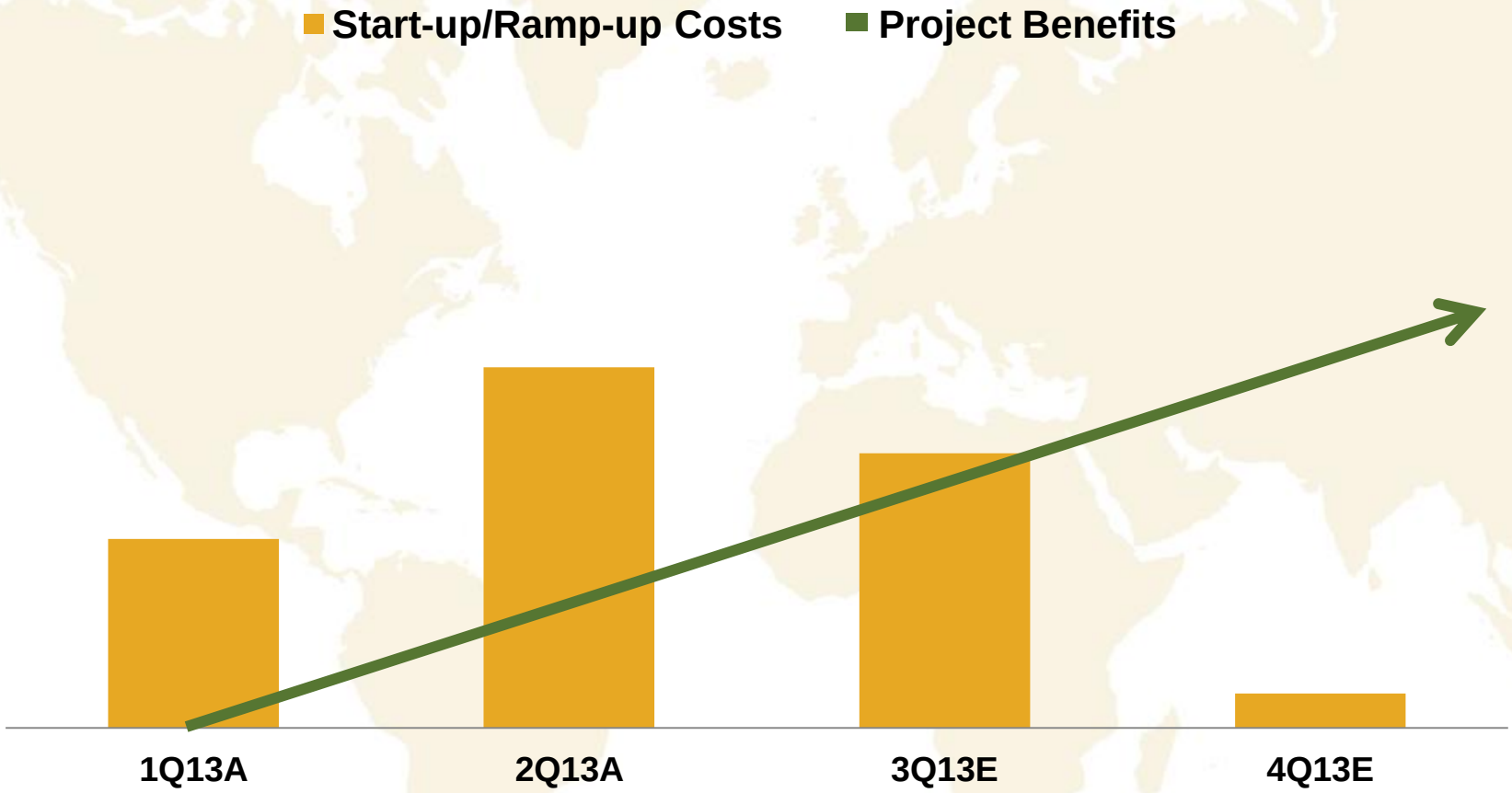
Ilim JV results are on an IFRS basis with the exception of IP Equity Earnings which is US GAAP

[1] Before F/X impact

[2] 2Q13 Ilim JV USD-denominated debt balance of ~$1.3B; Ilim Group's functional currency is the Ruble (RUB); Non-functional-denominated currency balances are measured monthly using the month-end exchange rate

[3] IP Equity Earnings for 2Q12,1Q13 & 2Q13 include after-tax f/x losses of $41MM, $11MM, and $23MM, respectively

Ilim Joint Venture | Project Start-up/Ramp-up Costs and Benefits



Third Quarter Outlook | Changes from 2Q13

		North America	EMEA & Russia	Brazil	Asia[3]
Volume	Paper	Stable	Stable	Seasonal Increase	Stable
	Packaging	Seasonally weaker; one less shipping day	Western Europe	Stable	Stable
Pricing / Mix	Paper	Pulp mix (+) Export mix (-)	Modest Decline	Flat	Improving
	Packaging	Increase	Increasing Pressure	Stable	Stable
Operations & Other	Paper	Non-recurring NEC charge	Stable	Stable	Stable
	Packaging	Modest improvement	Stable	Modest Improvement	Stable
Inputs & Freight	Paper	Higher Wood	Higher Wood & Energy	Stable	Increasing
	Packaging	Higher Fiber	Stable	Higher OCC	Stable
Mill Maintenance Outages	Paper	Decrease $39MM	Decrease $17MM	Increase $7MM	Increase $5MM
	Packaging	Decrease $43MM	Decrease $7MM[1]	None Scheduled	None Scheduled
xpedx Earnings		Flat			
ILIM JV Equity Earnings			Non-recurring Currency Impact[2]		

[1] Consumer Packaging Segment [2] Assumes stable F/X [3] Includes India

3Q13 Outlook Summary | Improved Earnings Runway

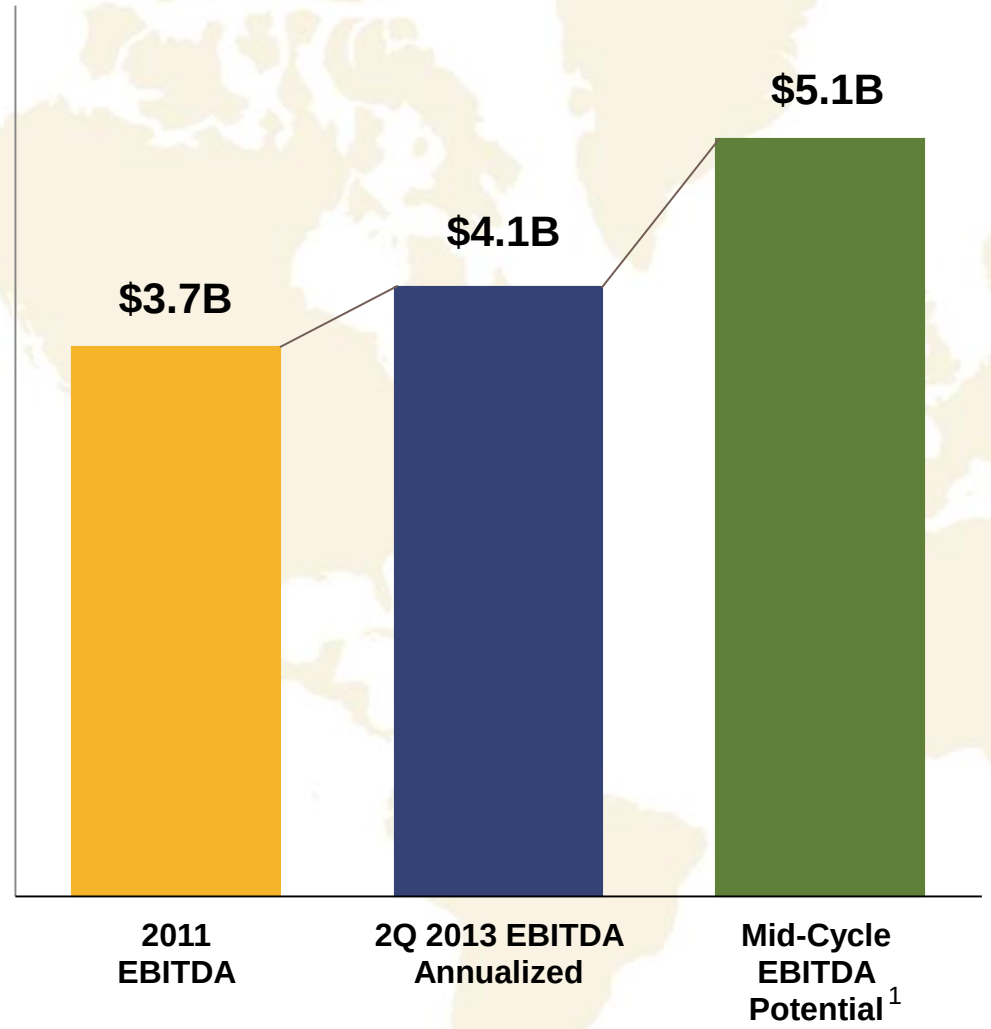


- Continued strong FCF generation in a low growth environment
- Increasing realization of April containerboard / box price increase
- Lowest scheduled maintenance outage quarter
- Non-recurrence of NEC bad debt expense
- Improving trends in NA Consumer Packaging business
- Ramp up of capital projects at Ilim JV and lower start up costs



- Slowing demand and oversupply situation in China
- Continued weak business conditions in Western Europe
- Seasonally lower volume in Industrial Packaging and one less day
- Input costs up moderately, mostly fiber
- Softening export paper markets

Balanced Global Earnings Growth



[1] As of May 2012 Investor Day

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

Appendix

Investor Relations Contacts

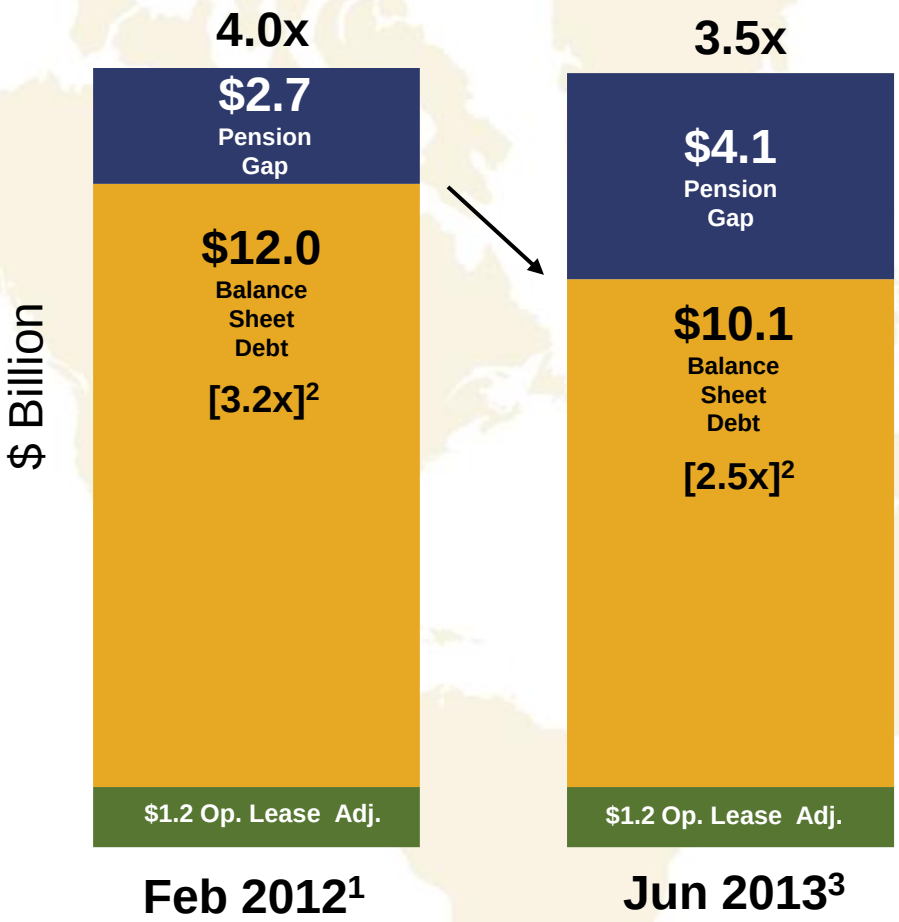
Jay Royalty	901-419-1731
Michele Vargas	901-419-7287

Media Contact

Tom Ryan	901-419-4333

Balance Sheet | Debt Coverage

Moody's Target: Adjusted Debt < 3X Adjusted EBITDA



- On track to meet the rating agency's target by year-end 2013
- Made required pension cash contribution of $31MM in 2Q 2013
- Pension Gap would change by ~$1.5B due to a change of 100 bps in the discount rate (AA Corporate Bond Rate)

Adjusted Debt reflects gross balance sheet debt plus pension gap and operating leases (Moody's Methodology)

[1] Includes Temple-Inland debt & pension gap. Adjusted EBITDA of $4.0B reflects 2012 actual plus pension and lease expense adjustments (Moody's Methodology)

[2] Simple Debt Coverage: Balance Sheet Debt / 2012 EBITDA of $3.7B; Balance sheet debt / 2013 2Q Annualized EBITDA of $4.1B

[3] Adjusted EBITDA of $4.4B reflects 2Q 2013 annualized plus pension and lease expense adjustments (Moody's Methodology)

Key Financial Statistics

$ Million (Except as noted)	2011	2012	2013 Estimate
Capital Spending	$1.2 B	$1.4 B	~ $1.4 B
Depreciation & Amortization	$1.3 B	$1.5 B	~ $1.5 B
Net Interest Expense	$541	$672	~ $650
Corporate Items	$102	$51	~ $60
Effective Tax Rate	32%	29%	30 – 32%

Free Cash Flow

$ Million	2Q12	1Q13	2Q13
Cash Provided by Continuing Operations	$682[1]	$516	$724[2]
Less Capital Investment	($420)	($216)	($272)
Free Cash Flow	$262	$300	$452

[1] Excludes $44 MM cash paid for Temple-Inland pension plan contribution and $140 MM cash received from unwinding a timber monetization
[2] Excludes $31 MM cash paid for pension plan contribution and $30 MM cash received from Guaranty Bank insurance reimbursements

Maintenance Outages Expenses | 2013 Forecast

$ Million	1Q13	2Q13	3Q13E	4Q13E	2013E
Industrial Packaging	**$69**	**$72**	**$39**	**$32**	**$212**
Printing Papers Total	**$24**	**$87**	**$43**	**$51**	**$205**
North America	24	66	27	31	148
Europe	0	20	3	14	37
Brazil	0	1	8	6	15
India	0	0	5	0	5
Consumer Packaging	**$0**	**$19**	**$2**	**$33**	**$54**
North America	0	12	2	33	47
Europe	0	7	0	0	7
Total Impact	**$93**	**$178**	**$84**	**$116**	**$471**

Special Items Before Tax | Continuing Operations

Special Items Pre-Tax ($ Million)		2Q12	1Q13	2Q13
Industrial Packaging	Acquisition and Integration Costs	($35)	($12)	($14)
	Mill Divestiture Costs	($71)	($1)	
	Olmuksan Bargain Purchase Gain		$1	$13
	Other	($1)	($2)	($2)
Printing Papers	Other	($2)		
Consumer Packaging	Augusta PM Shutdown		($44)	($1)
	Shorewood Sale Adjustments	($6)		
xpedx	Reorganization	($12)	($7)	($17)
Corporate	Debt Extinguishment	($10)	($6)	($3)
	Interest Income		$6	
	Guaranty Bank Insurance Reimb.			$30
	Cass Lake Environmental Reserve			($6)
	Revaluation of Company Airplanes			($9)
	Other	$1		($3)
Total Special Items Before Tax		**($136)**	**($65)**	**($12)**

Special Items Net of Taxes

	1Q13		2Q13	
	$ Million	EPS	$ Million	EPS
Earnings Before Special Items	$292	$0.65	$288	$0.64
Special Items Net of Taxes:				
Tax Items	$91			
Debt Extinguishment Costs	($4)		($2)	
Acquisition and Integration Costs	($8)		($8)	
Reorganization	($4)		($10)	
Augusta PM Shutdown	($27)		($1)	
Olmuksan Bargain Purchase Gain	$1		$13	
Guaranty Bank Insurance Reimbursements			$19	
Cass Lake Environmental Reserve			($4)	
Revaluation of Company Airplanes			($5)	
Other	$2		($4)	
Total Special Items Net of Taxes	$51	$0.11	($2)	($0.01)
Non-Operating Pension Expense	($51)	($0.11)	($51)	($0.11)
Discontinued Operations Net of Taxes	$26	$0.06	$24	$0.05
Net Earnings	$318	$0.71	$259	$0.57

2Q13 EBITDA | Integrated Mill Business Margins

	Operating Profit $ Million	D & A $ Million	Tons Thousand	EBITDA per Ton	EBITDA Margin
Industrial Packaging					
North America[1]	$469	$187	3,625	$181	23%
Brazil[2]	$1	$6	62	$114	9%
Printing Papers					
North America[3]	($8)	$38	664	$45	5%
Europe & Russia[4]	$30	$17	366	$128	15%
Brazil	$59	$32	279	$326	34%
India[2]	($3)	$5	43	$47	6%
North American Pulp	($3)	$17	327	$43	7%
Consumer Packaging					
North America[5]	$33	$38	410	$173	14%
Europe	$18	$4	90	$244	23%

Segment operating profit before special items

[1] Includes Corrugated Packaging, Saturating Kraft & Bag businesses, Gypsum & Release Kraft business; excludes Recycling business and revenue from trade volumes

[2] Includes adjustment for minority ownership share

[3] Includes Bleached Kraft business

[4] Uncoated Papers (excludes Pulp)

[5] Includes Foodservice business

Operating Profits by Industry Segment | Continuing Operations

$ Million	2Q12	1Q13	2Q13
Industrial Packaging	$367	$369	$477
Printing Papers	$106	$149	$76
Consumer Packaging	$63	$51	$52
Distribution	$17	$2	$17
Operating Profit	**$553**	**$571**	**$622**
Net Interest Expense	($172)	($170)	($168)
Noncontrolling Interest / Equity Earnings Adjustment	$4	$0	$4
Corporate Items	($3)	($22)	$0
Non-Operating Pension Expense	($42)	($84)	($83)
Special Items	($136)	($65)	($12)
Net Earnings from continuing operations before income taxes, equity earnings & noncontrolling interest	**$204**	**$230**	**$363**
Equity Earnings, net of taxes - Ilim	**($25)**	**($11)**	**($34)**

Geographic Business Segment Operating Results | Before Special Items

$ Million	Sales			Operating Profit		
	2Q12	1Q13	2Q13	2Q12	1Q13	2Q13
Industrial Packaging						
North America	$3,035	$3,025	$3,190	$354	$350	$468
Europe	$255	$320	$310	$12	$18	$8
Brazil	-	$45	$100	-	$1	$1
Asia	$160	$170	$180	$1	$0	$0
Printing Papers						
North American	$670	$645	$645	$69	$63	($8)
Europe	$335	$365	$360	$20	$54	$31
Brazil	$285	$260	$270	$51	$45	$59
Asia / India	$35	$75	$60	($8)	($4)	($3)
N.A. Pulp	$160	$195	$205	($26)	($9)	($3)
Consumer Packaging						
North America	$495	$460	$505	$37	$22	$33
Europe	$90	$95	$95	$21	$32	$18
Asia (Sun JV)	$195	$275	$255	$5	($3)	$1
xpedx	$1,500	$1,385	$1,405	$17	$2	$17

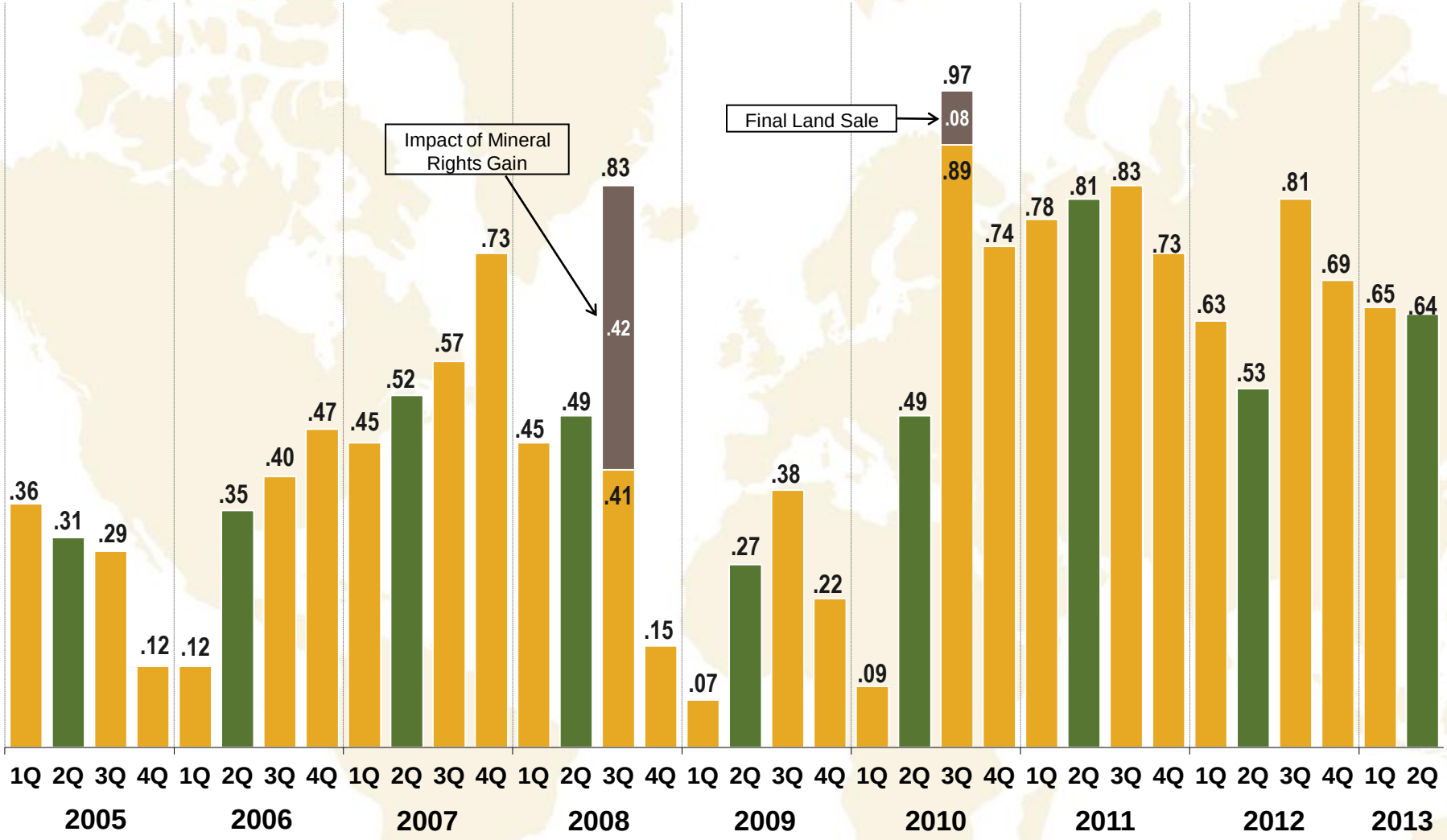
Does not reflect total company sales and operating profit

2013 Operating Earnings

	Pre-Tax $MM	Tax $MM	Non-controlling Interest $MM	Equity Earnings	Net Income $MM	Average Shares[1] MM	Diluted EPS[2]
Operating Earnings							
1Q13	$379	($80)	$3	($10)	$292	446	$0.65
2Q13	$458	($136)	$2	($36)	$288	449	$0.64
Non-Operating Pension Expense							
1Q13	($84)	$33	$0	$0	($51)	446	($0.11)
2Q13	($83)	$32	$0	$0	($51)	449	($0.11)
Net Special Items							
1Q13	($65)	$116	$0	$0	$51	446	$0.11
2Q13	($12)	$10	$0	$0	($2)	449	($0.01)
Net Earnings from Continuing Operations							
1Q13	$230	$69	$3	($10)	$292	446	$0.65
2Q13	$363	($94)	$2	($36)	$235	449	$0.52

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

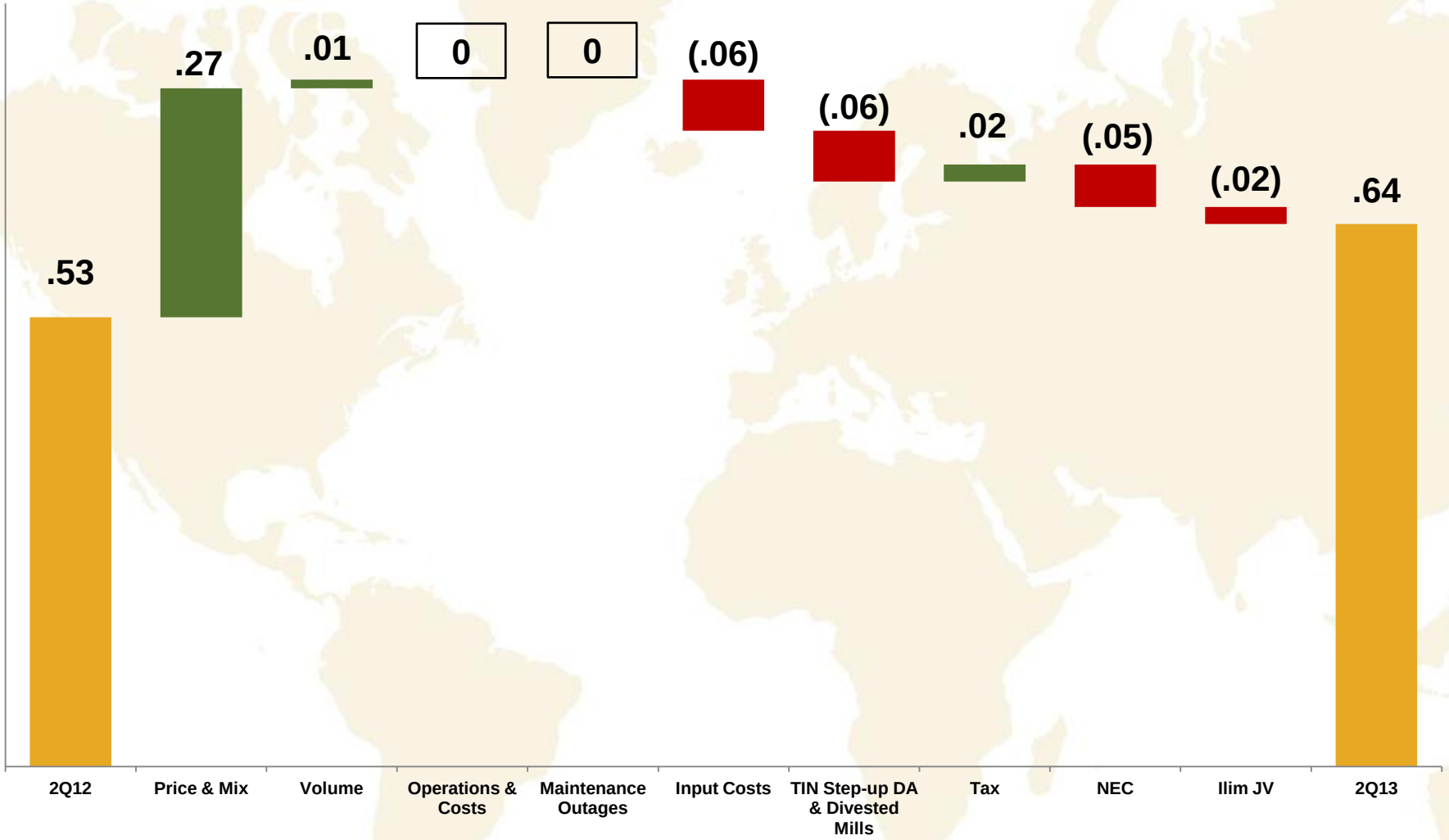
Operating Business EPS | Well Positioned for next Step-Change in Performance



2005-2006 as originally reported
2007-2011 adjusted for elimination of the Ilim JV reporting lag
2005-2010 Net Earnings from continuing operations and before special items; 2010 onward reflects Operating Earnings

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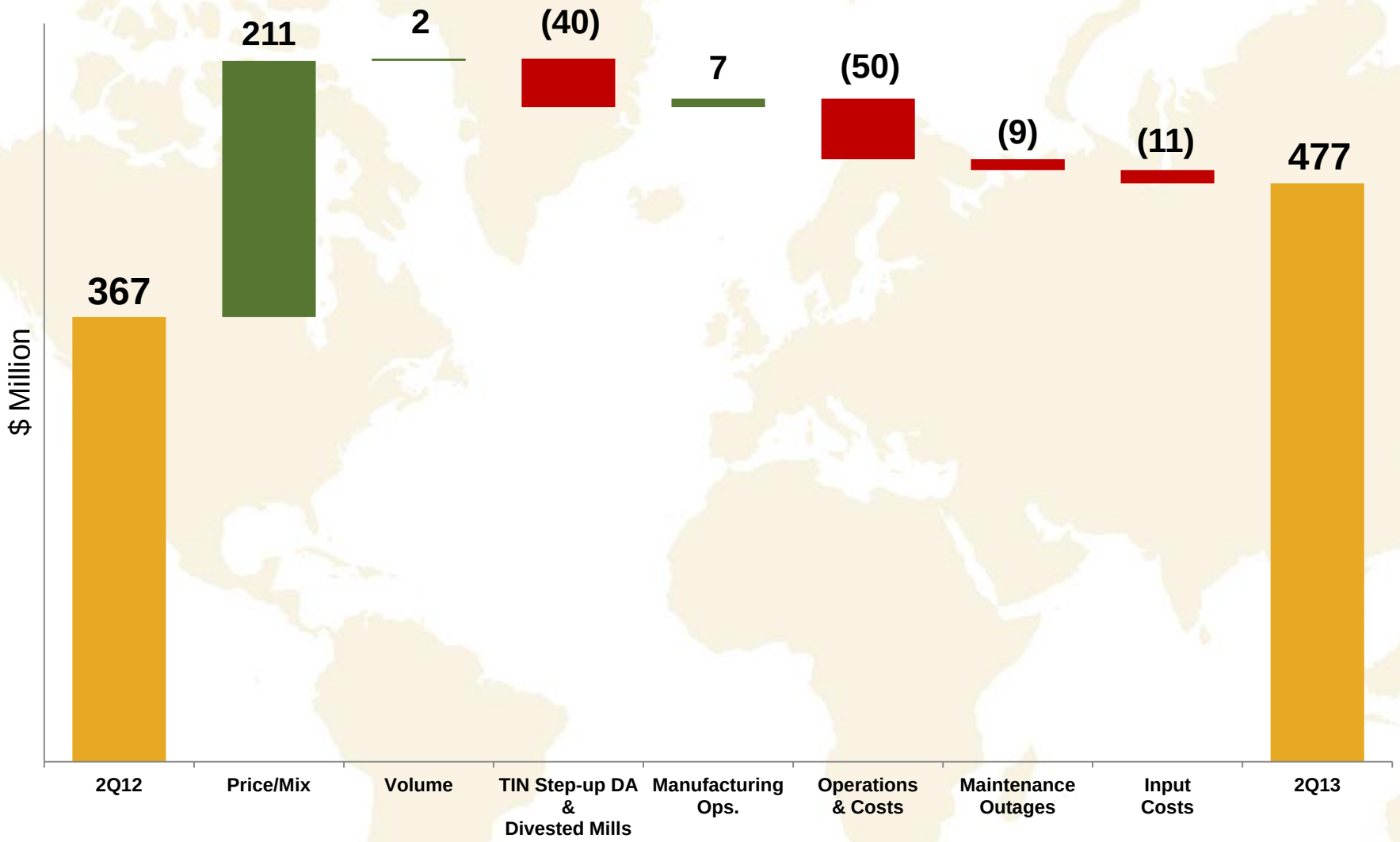
2Q13 vs. 2Q12 EPS



Operating Earnings

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Industrial Packaging | 2Q13 vs. 2Q12



Segment operating profit before special items

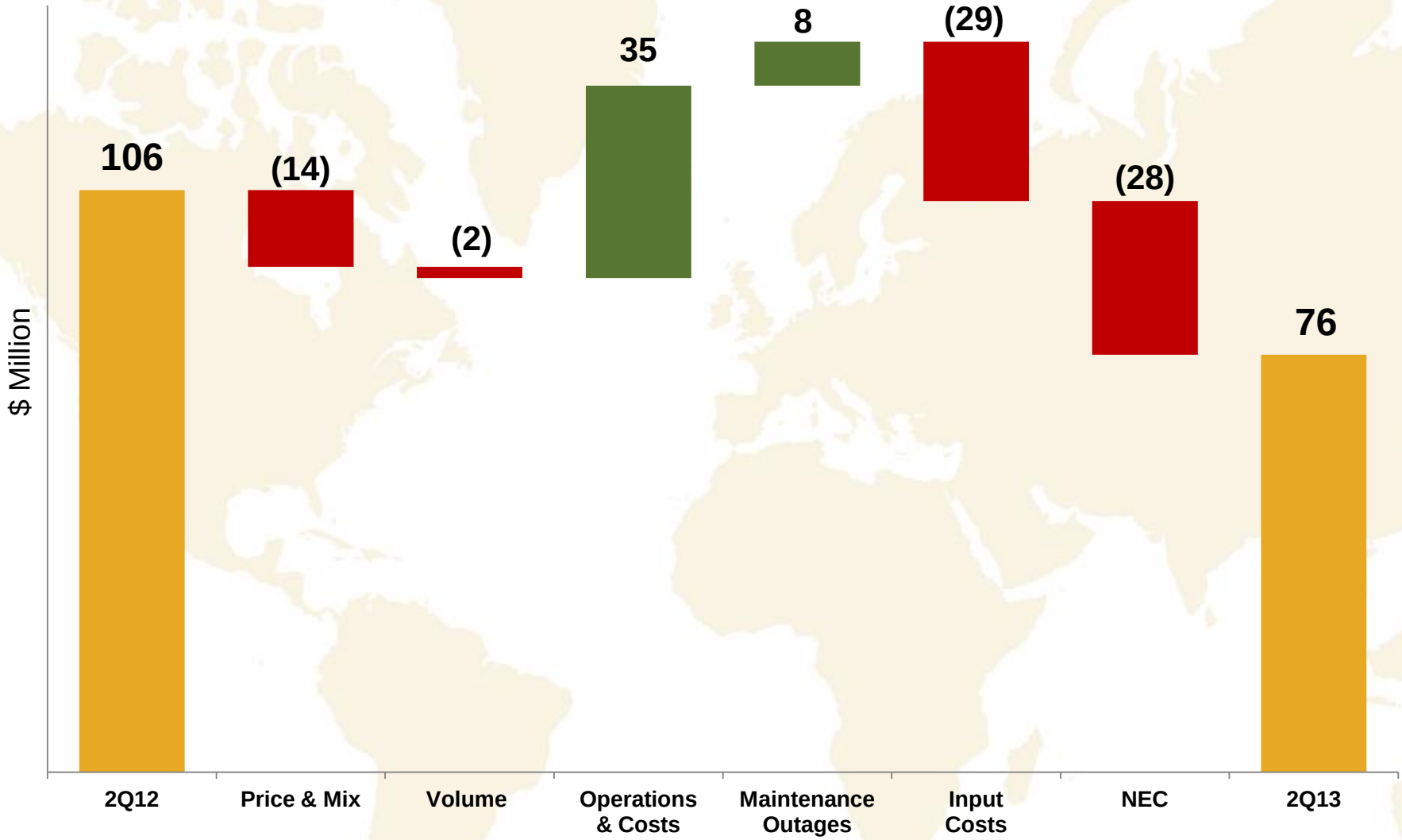
	2Q13 vs. 1Q13		2Q13 vs. 2Q12	
Business	**Volume**	**Price / Ton**	**Volume**	**Price / Ton**
N.A. Container[1]	**5%**	**$10**	**(3%)**	**$65**
European Container[2]	**(2%)**	**(€3)**	**(1%)**	**(€19)**

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

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

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

Printing Papers | 2Q13 vs. 2Q12



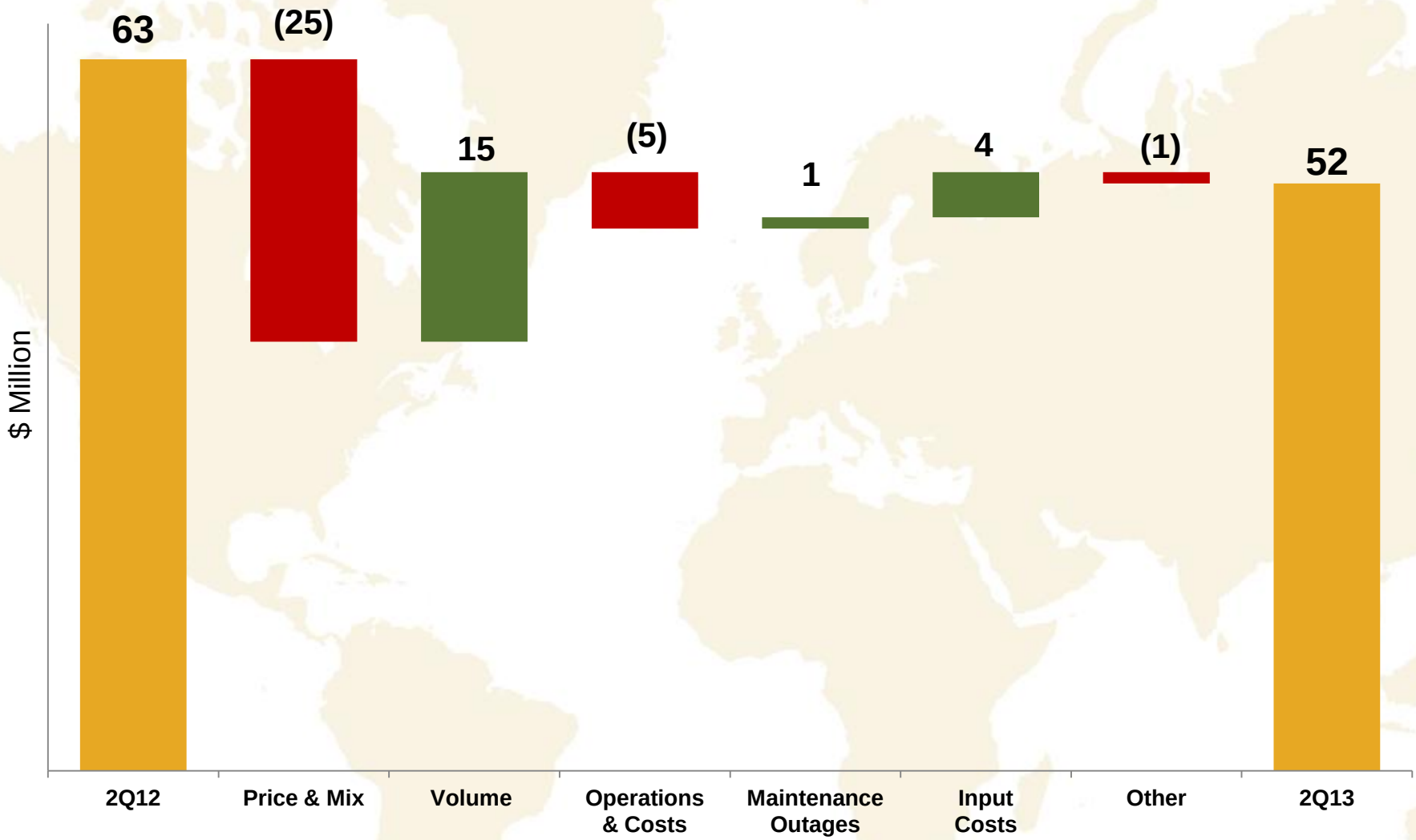
Segment operating profit before special items

	2Q13 vs. 1Q13		2Q13 vs. 2Q12	
Business	**Volume**	**Price / Ton**	**Volume**	**Price / Ton**
N.A. Paper	0%	($7)	(1%)	($32)
N.A. Pulp[1]	(1%)	$22	27%	($20)
European Paper	11%	(€2)	18%	(€13)

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

[1] Reflects Fluff and Market Pulp combined

Consumer Packaging | 2Q13 vs. 2Q12



Segment operating profit before special items

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	2Q13 vs. 1Q13		2Q13 vs. 2Q12	
	Volume	Price/Ton	Volume	Price/Ton
N.A. Coated Paperboard	10%	($2)	6%	($41)
	Revenue	Price	Revenue	Price
Foodservice	6%	NA	0%	NA

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

Ilim Joint Venture | Full Year Financials

	2008[1]	2009	2010	2011	2012
Sales Volume (Billion ton)	**2.6**	**2.6**	**2.8**	**2.8**	**2.9**
Sales ($B)	**1.9**	**1.3**	**1.9**	**2.2**	**2.0**
Capital Employed ($B)	**1.3**	**1.2**	**1.2**	**1.6**	**2.1**
Debt ($B)	**0.4**	**0.4**	**0.5**	**0.9**	**1.2**
Operating EBITDA ($MM)		**197**	**516**	**591**	**291**
F/X Gain (loss)		(35)	12	(60)	39
EBITDA ($MM)	**290**	**163**	**528**	**531**	**330**
EBITDA Margin	15%	12%	28%	24%	17%
Depreciation ($MM)		120	121	124	134
EBIT ($MM)		**43**	**407**	**406**	**196**
Interest Expense ($MM)		28	18	7	6
Net Income (loss) ($MM)		**(19)**	**266**	**299**	**132**
IP Equity Earnings (loss) ($MM)	**11**	**(27)**	**103**	**134**	**56**
Dividends (to IP) ($MM)	**67**	**50**	**34**	**85**	**0**

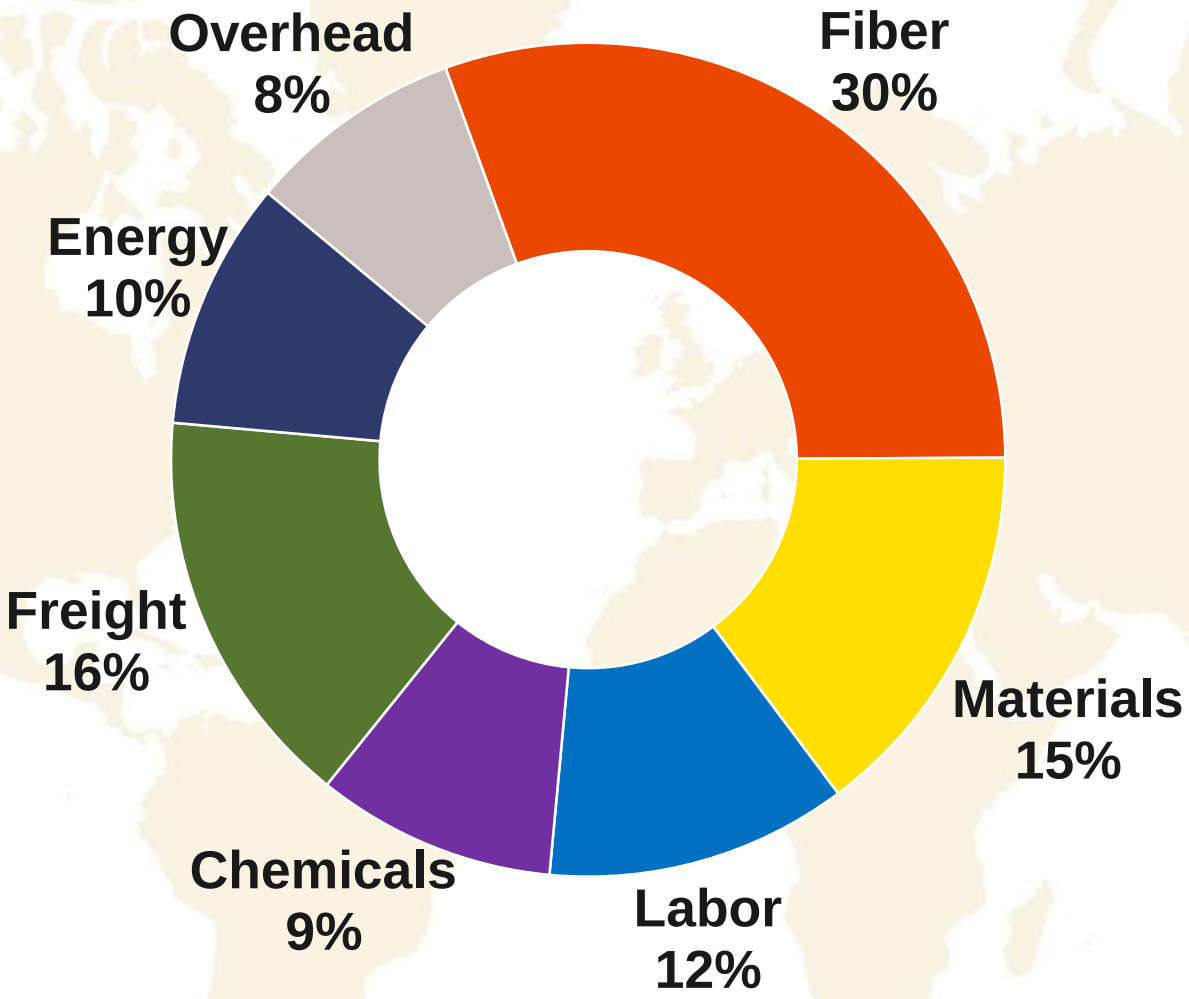
Ilim JV results are IFRS basis. [1] KPK sale was excluded from 2008 results.

Ilim Joint Venture | Volume and Pricing Trends

	2Q13 vs. 1Q13		2Q13 vs. 2Q12	
Business	**Volume**	**Price/Ton**	**Volume**	**Price/Ton**
Pulp	**1%**	**$36**	**(12%)**	**$17**
Containerboard	**(15%)**	**$15**	**(26%)**	**$57**

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

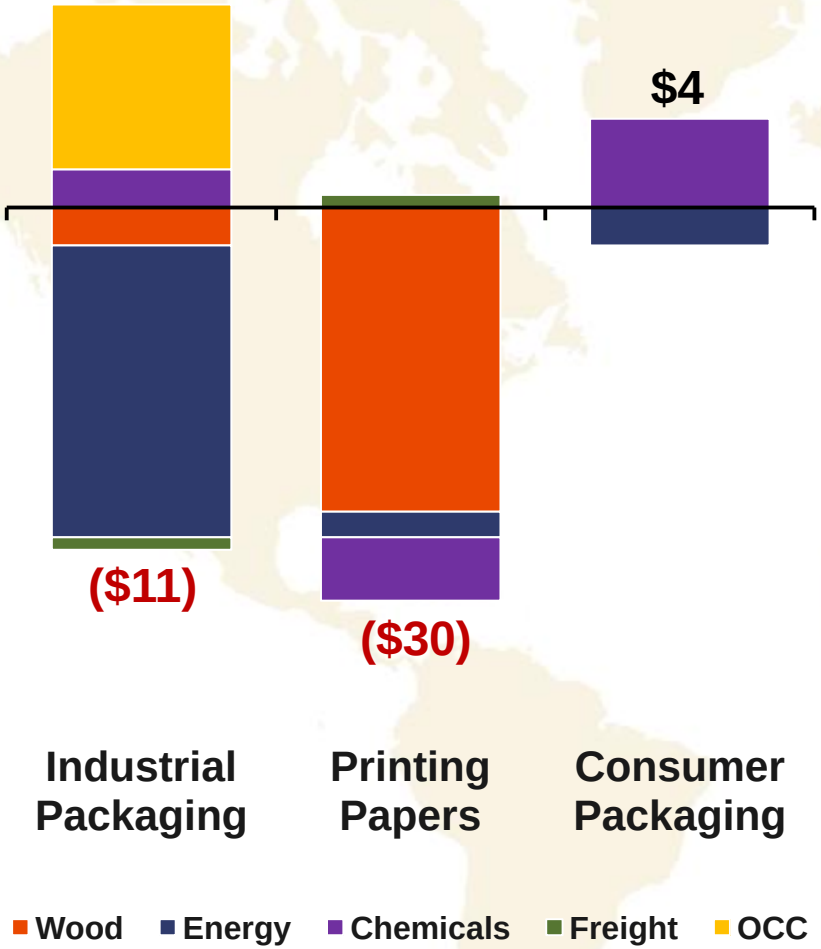
Total Cash Cost Components | 2Q13 YTD



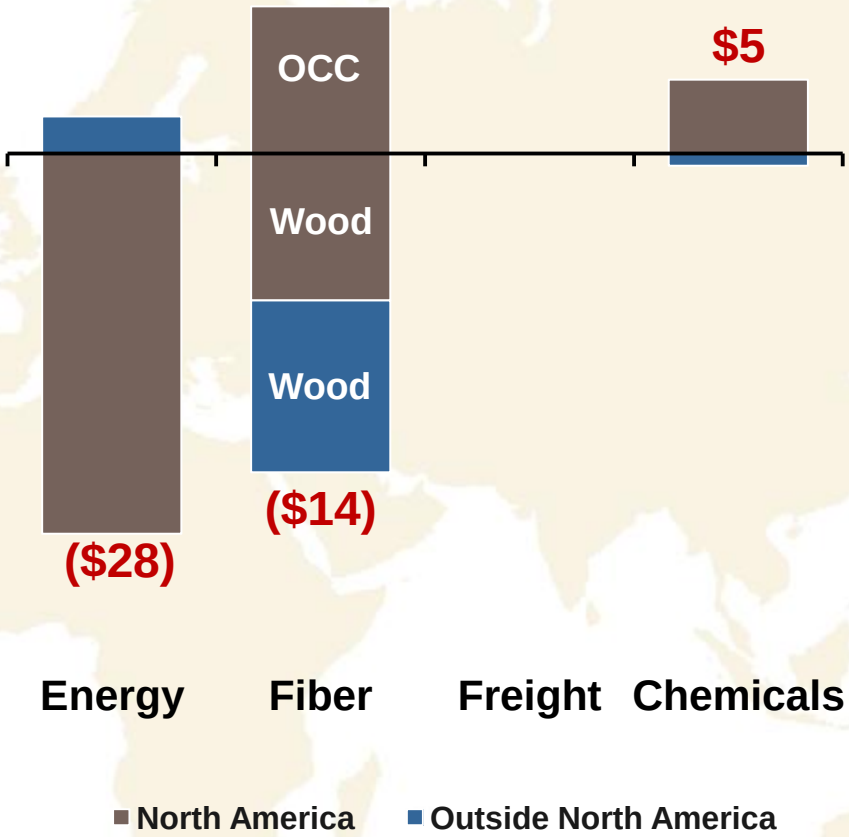
North American Mills Only (Including Temple Inland Mills)

Global Input Costs vs. 2Q12 | $37MM Unfavorable, or $0.06/Share

By Business

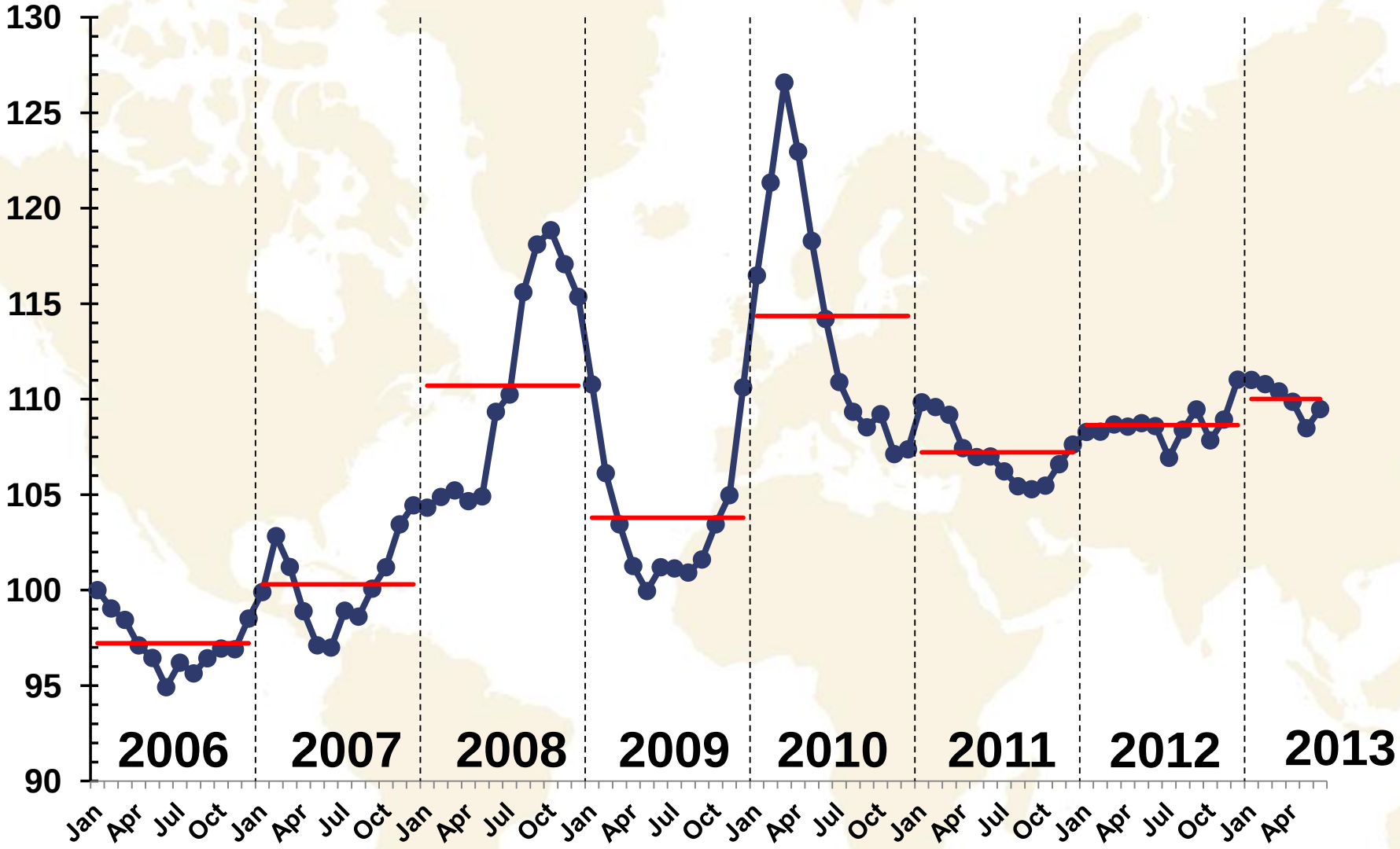


By Input Type



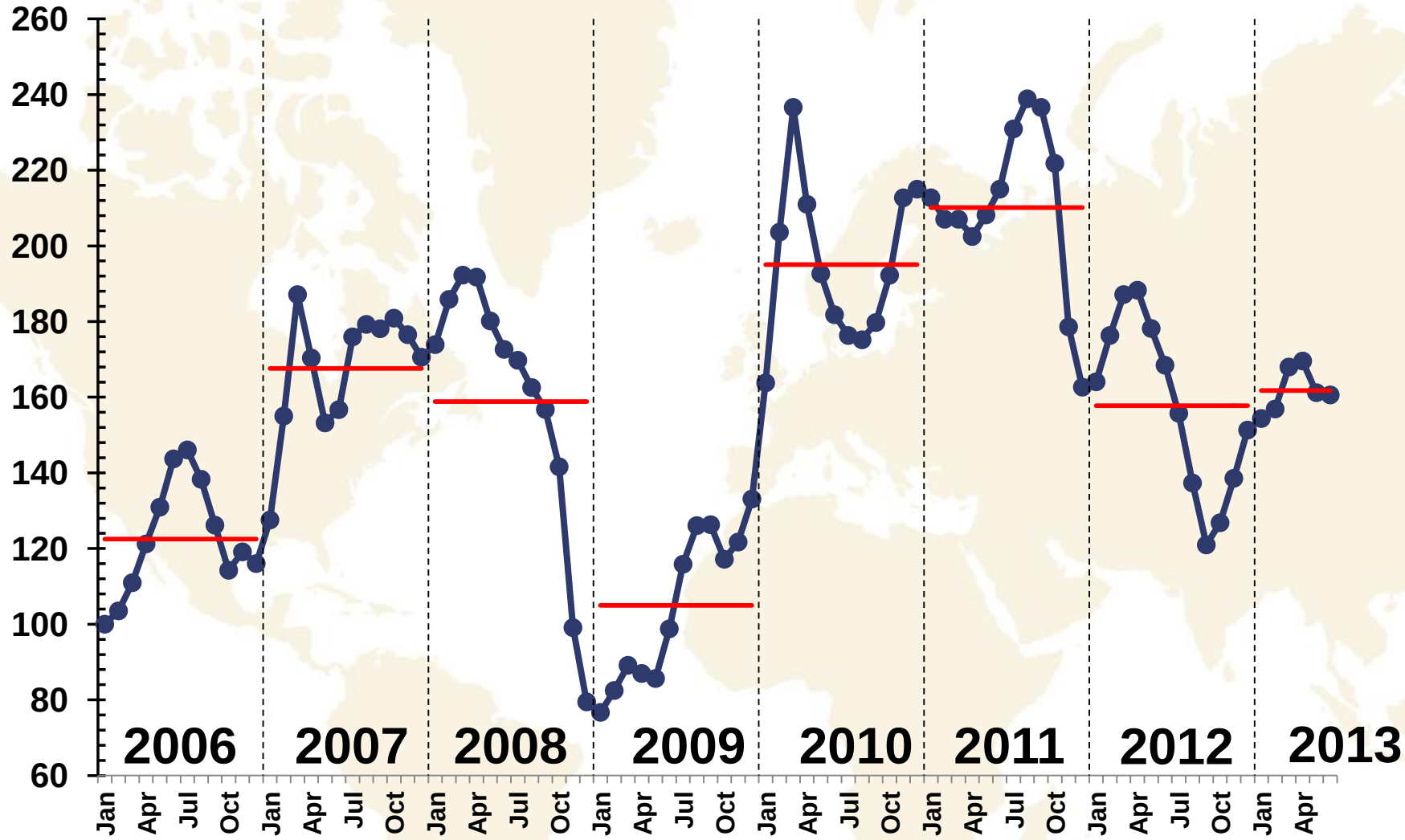
Input costs ($MM) for continuing businesses

U.S. Mill Wood Delivered Cost Trend | 1% Decrease vs. 1Q13 Average Cost



Cost Indexed to January 2006 values

U.S. OCC Delivered Cost Trend | 3% Increase vs. 1Q13 Average Cost



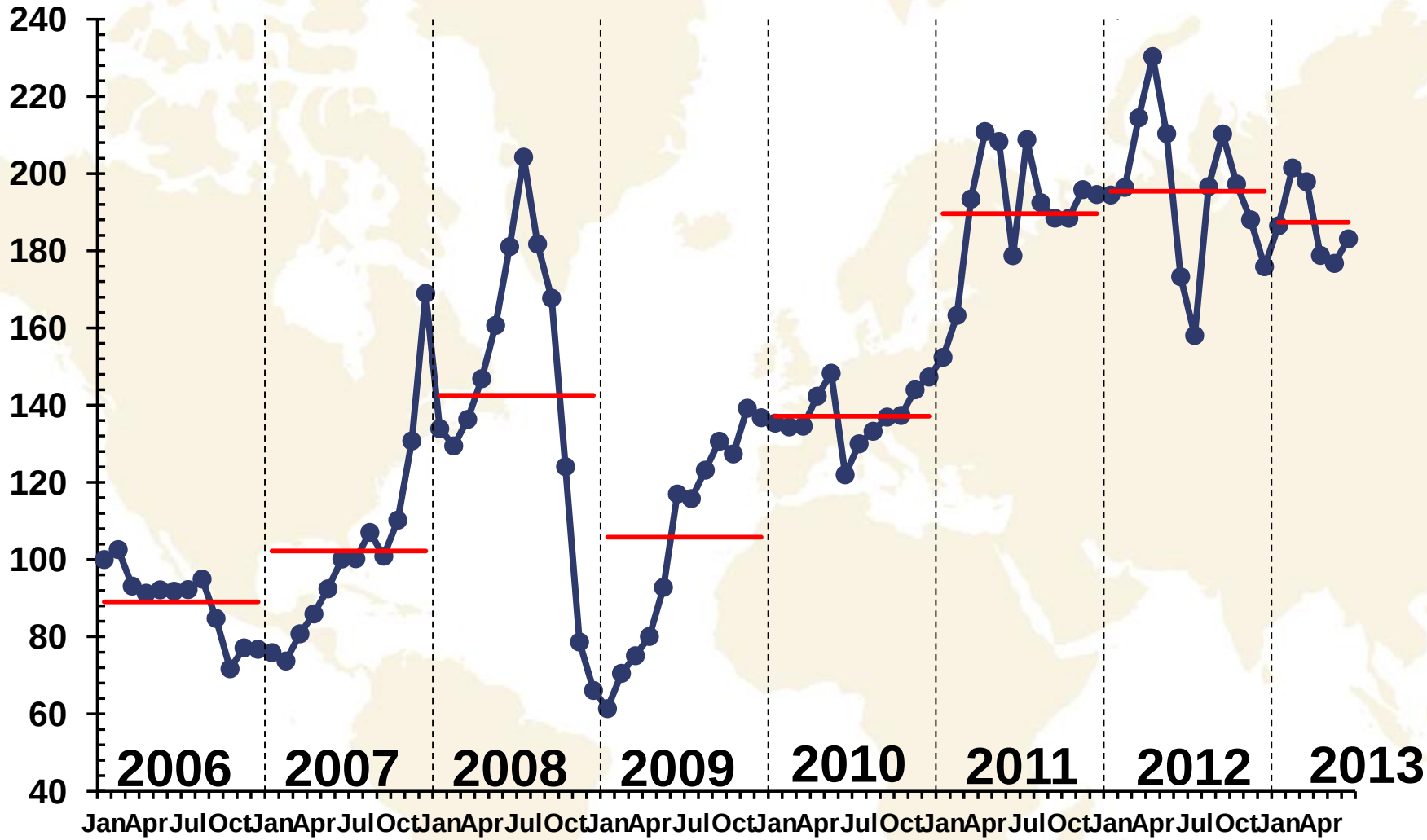
Cost Indexed to January 2006 values
2006-2007 represents WY PKG delivered costs; 2008-2010 represents delivered costs to the integrated system

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Natural Gas Costs Trend | 23% Increase vs. 1Q13 Average Cost


150
100
50
0
2006
2007
2008
2009
2010
2011
2012
2013
JanAprJulOctJanAprJulOctJanAprJulOctJ

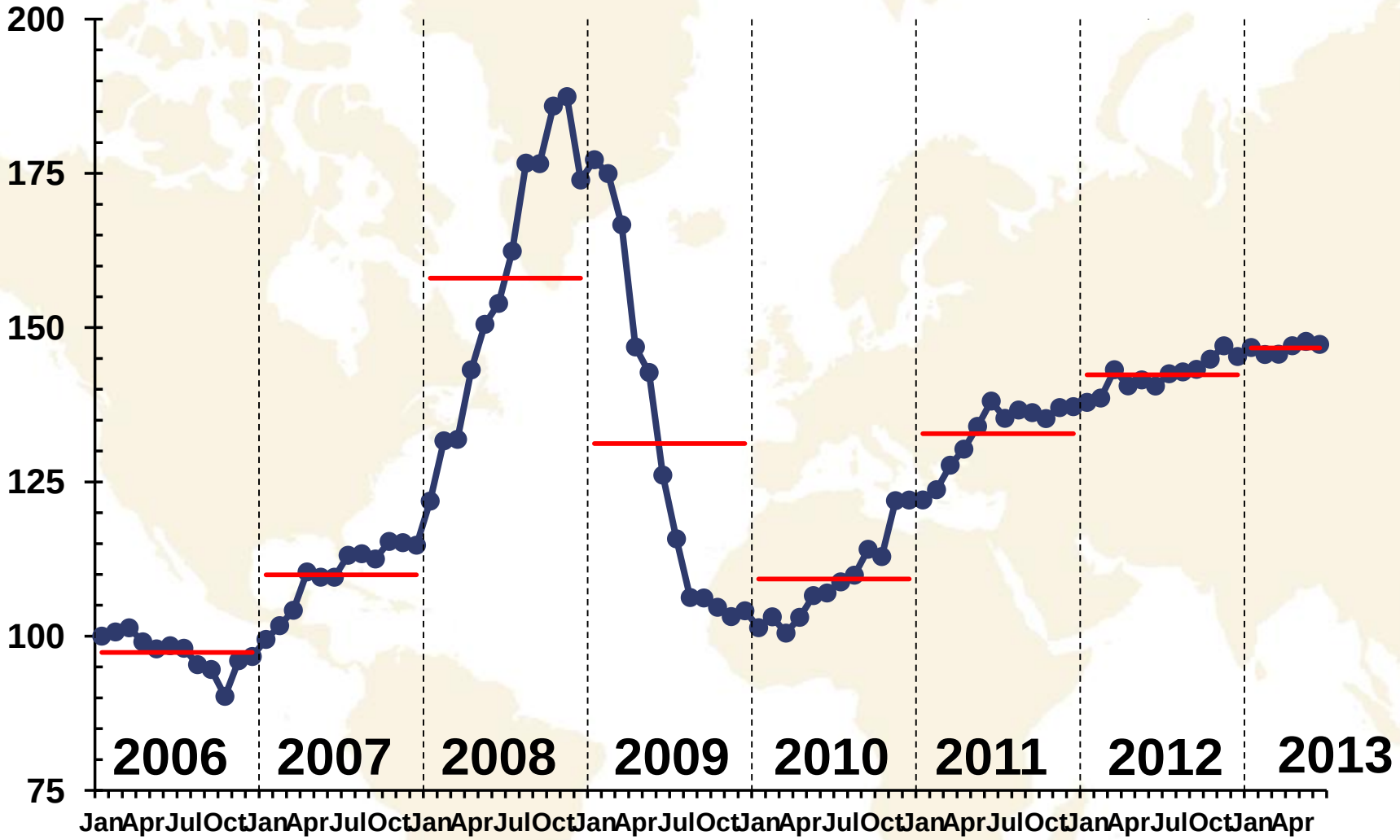
U.S. Fuel Oil Trend | 8% Decrease vs. 1Q13 Average Cost



Cost Indexed to January 2006 values
WTI Crude prices

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U.S. Chemical Composite Index Trend | 1% Increase vs. 1Q13 Average Cost



Cost Indexed to January 2006 values
Delivered cost to U.S. facilities: includes Caustic Soda, Sodium Chlorate, Starch and Sulfuric Acid 2006 - 2008 excludes WY PKG

2013 Global Consumption | Annual Purchase Estimates for Key Inputs

	Commodity	U. S.	Non – U. S.
Energy	Natural Gas (MM BTUs)	68,000,000	12,000,000
	Fuel Oil (Barrels)	750,000	400,000
	Coal (Tons)	480,000	450,000
Fiber	Wood (Tons)	54,700,000	9,100,000
	Old Corrugated Containers (Tons)	3,700,000	100,000
Chemicals	Caustic Soda (Tons)	400,000	65,000
	Starch (Tons)	430,000	107,000
	Sodium Chlorate (Tons)	180,000	50,000
	LD Polyethylene (Tons)	40,000	-
	Latex (Tons)	23,000	6,000

Does not include Asia, India or volume consumed by Joint Ventures (Sun JV, Ilim JV, Orsa JV)
Estimates are based on normal operations and may be impacted by downtime
Excludes consumption related to divested TIN mills and TIN Building Products