Third Quarter 2013 Earnings | October 24, 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

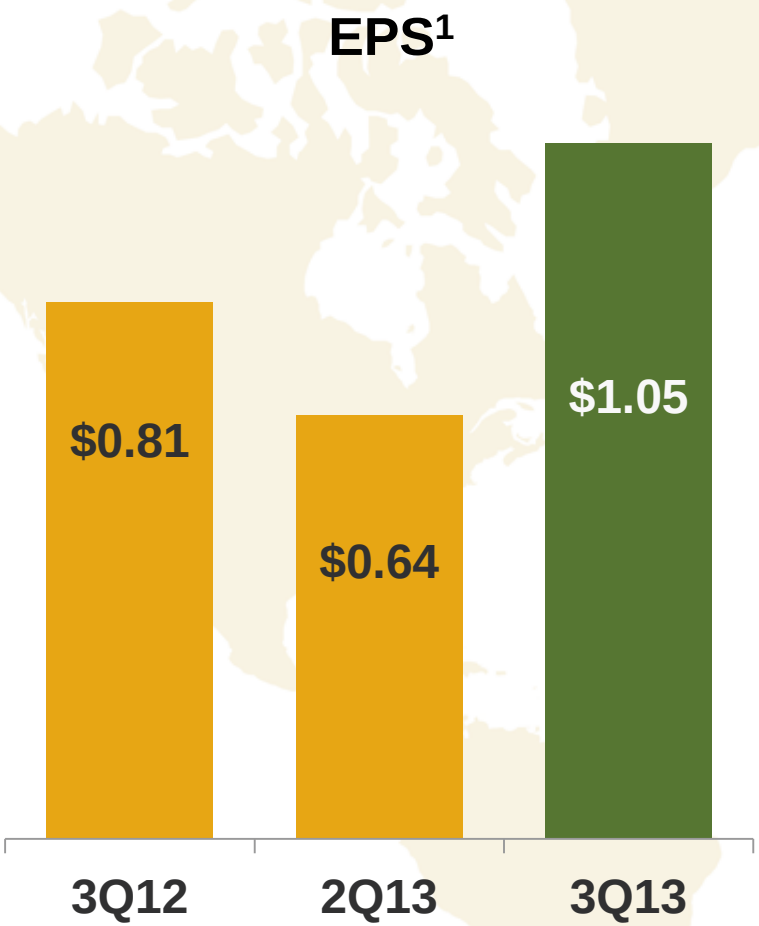
During the course of this presentation, certain non-U.S. GAAP financial information will be presented.

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."

Third Quarter 2013 Results

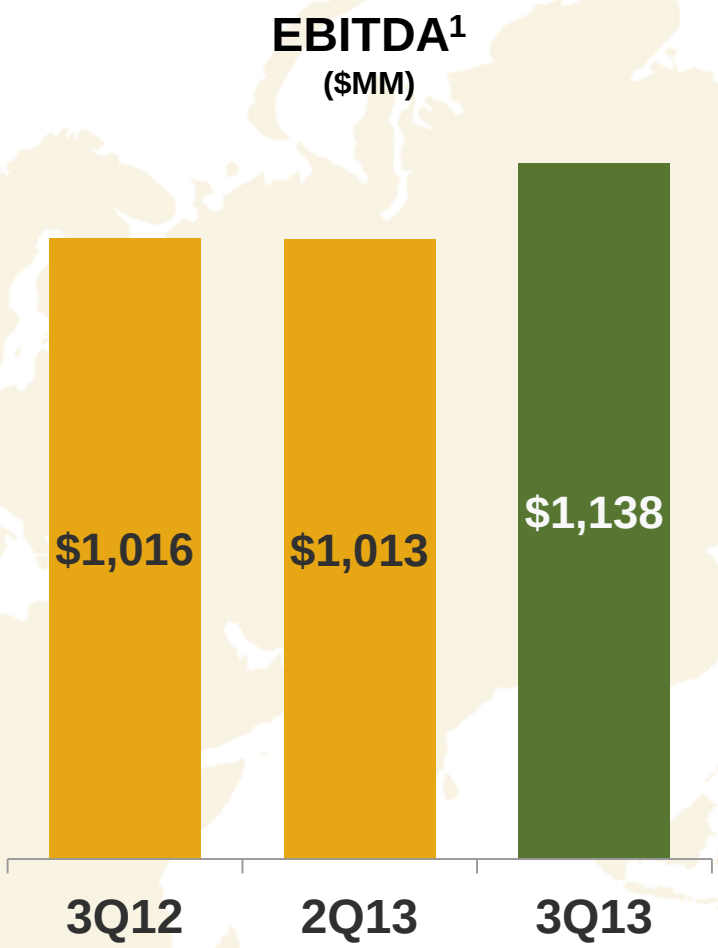


- Delivered record operating earnings
- Strong free cash flow on increased EBITDA margins
- Price improvement in NA Industrial and Consumer Packaging; price increases announced in Pulp and NA Paper
- Favorable manufacturing operations
- $80MM of outages successfully executed
- Higher wood costs due to record wet weather
- Significant progress in Ilim ramp-ups
- Tax rate at 24% due to one-time benefit

[1] Operating Earnings, defined as Net Earnings (GAAP) from continuing operations before special items and non-operating pension expense

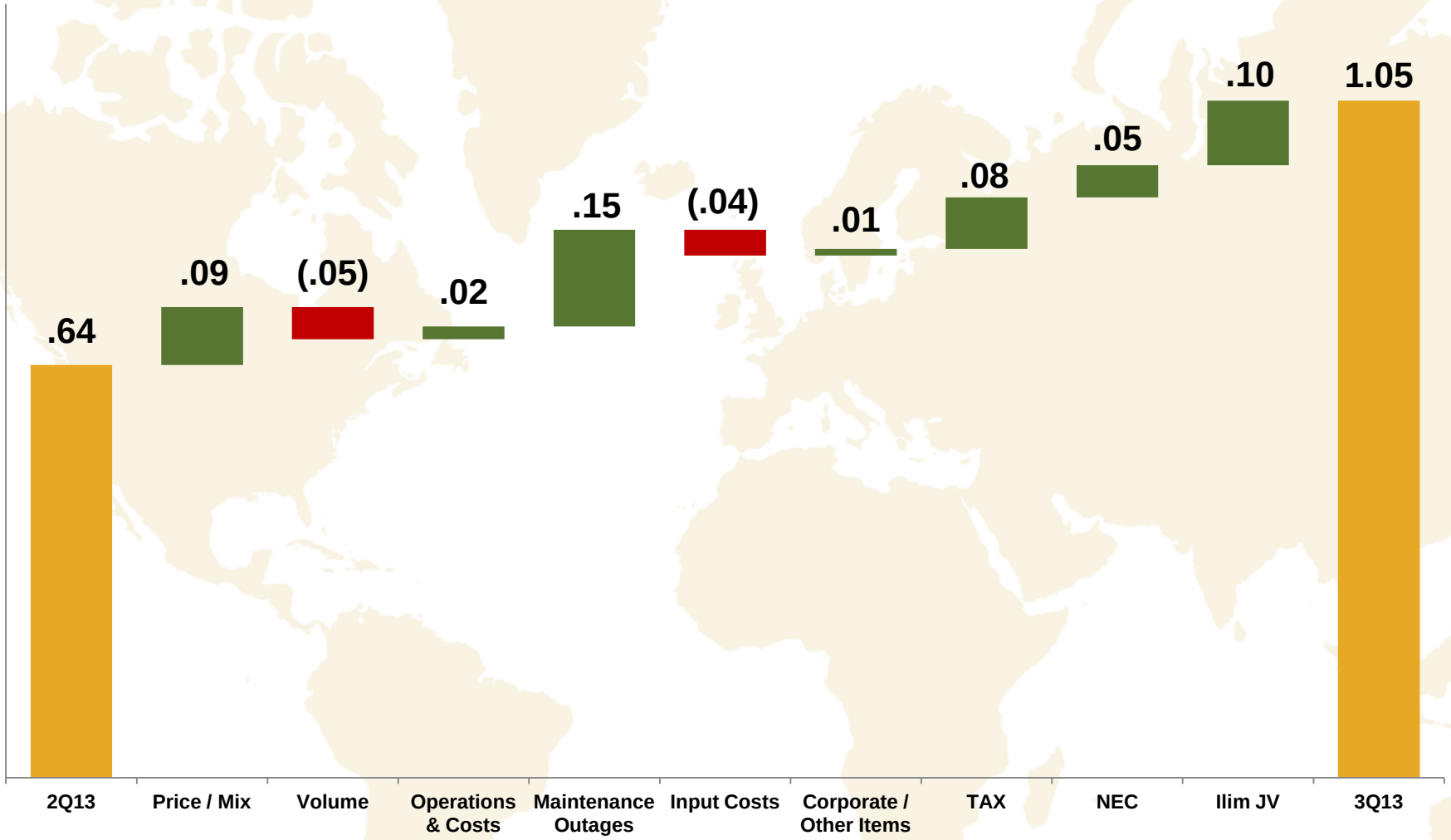
3Q13 Financial Results

	3Q12	2Q13	3Q13
Sales ($B)	$7.0	$7.3	$7.4
EBIT[1] ($MM)	$633	$626	$737
EPS[2]	$0.81	$0.64	$1.05
EBITDA[1] ($MM)	$1,016	$1,013	$1,138
EBITDA Margin[1]	14.5%	13.8%	15.4%
Cash From Operations[3] ($MM)	$863	$724	$725
Free Cash Flow[3] ($MM)	$567	$452	$454



[1] From continuing operations before special items and non-operating pension expense
[2] EPS based on Operating Earnings (defined as Net Earnings (GAAP) from continuing operations before special items and non-operating pension expense)
[3] See slide #27 for a reconciliation of cash provided by continuing operations to free cash flow

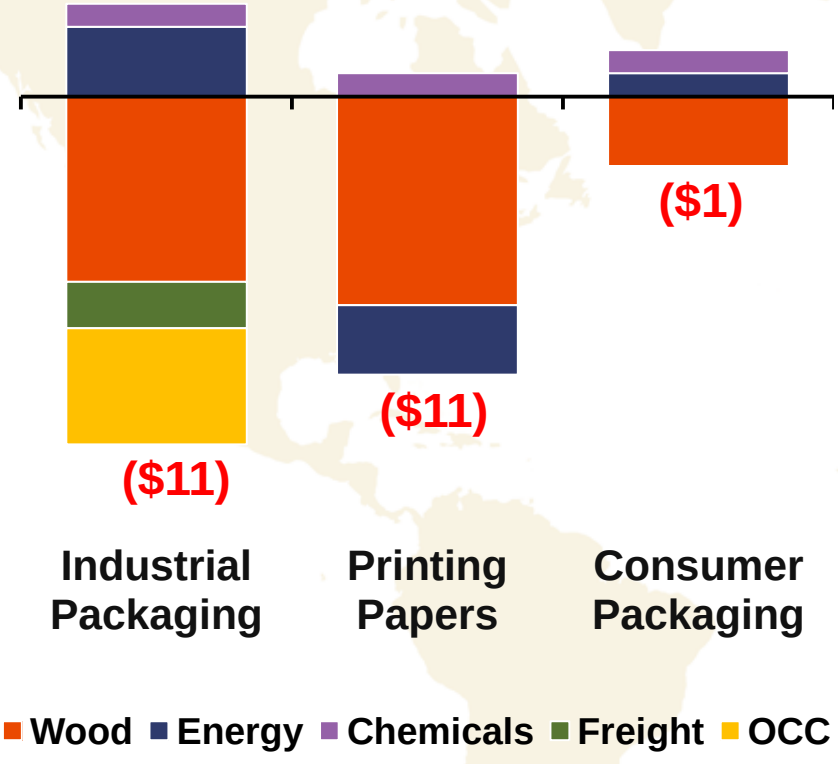
3Q13 vs. 2Q13 EPS



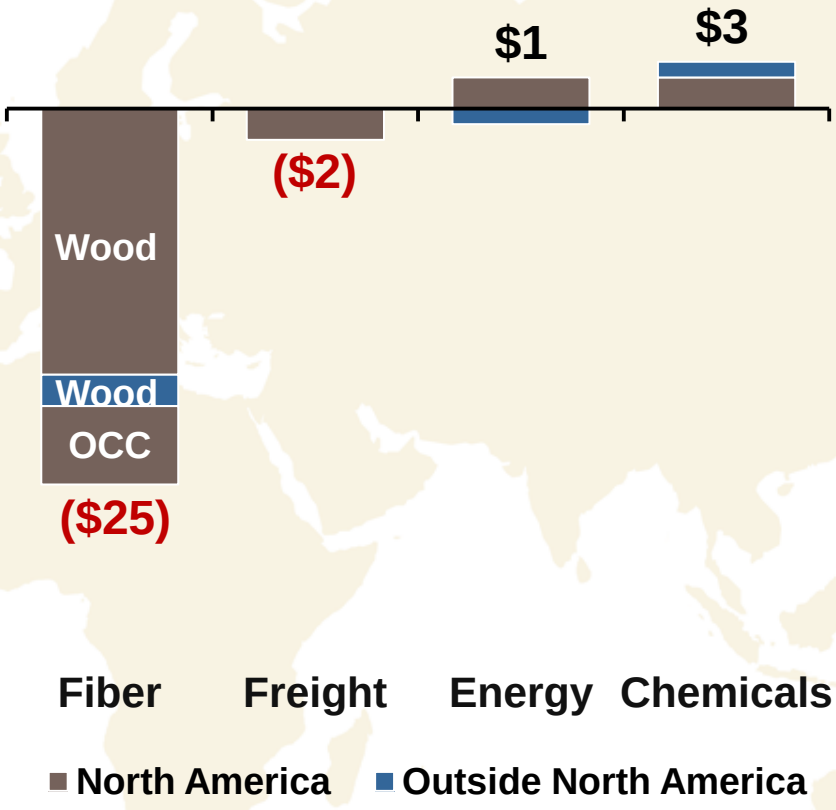
EPS based on Operating Earnings

Global Input Costs vs. 2Q13 | $23MM Unfavorable, or $0.04 per Share

By Business

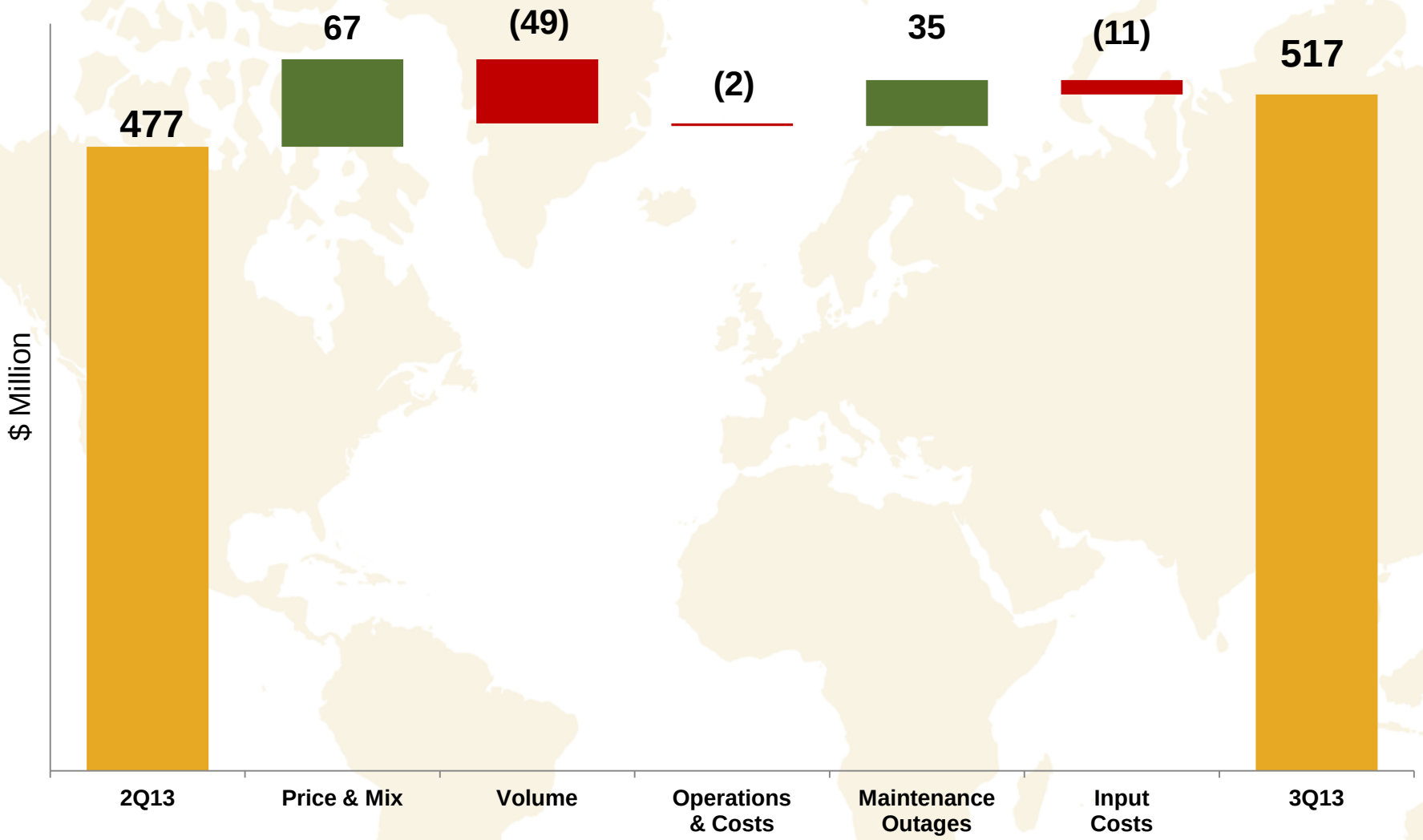


By Input Type



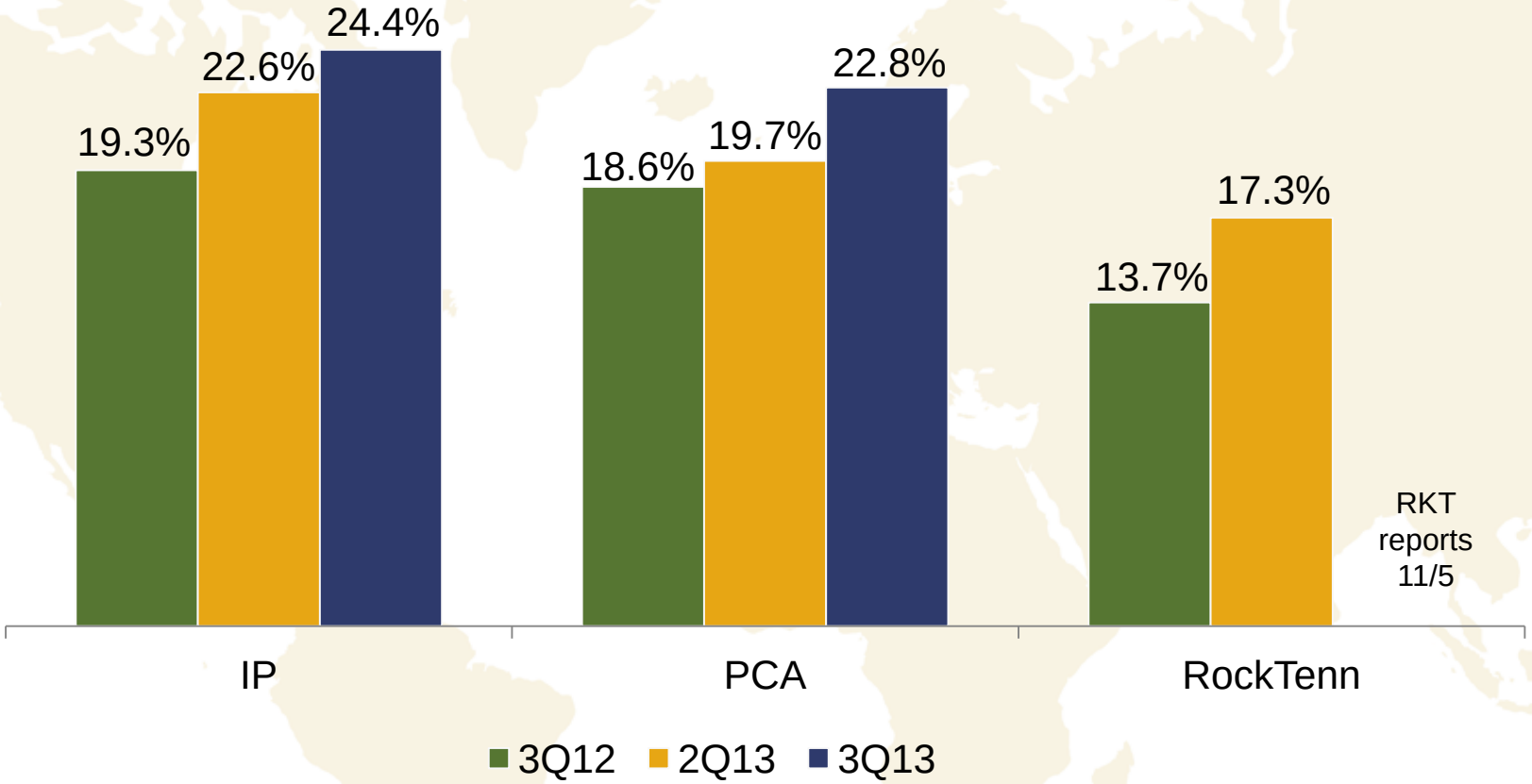
Input costs ($MM) for continuing businesses

Industrial Packaging | 3Q13 vs. 2Q13



Segment operating profit before special items

NA 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

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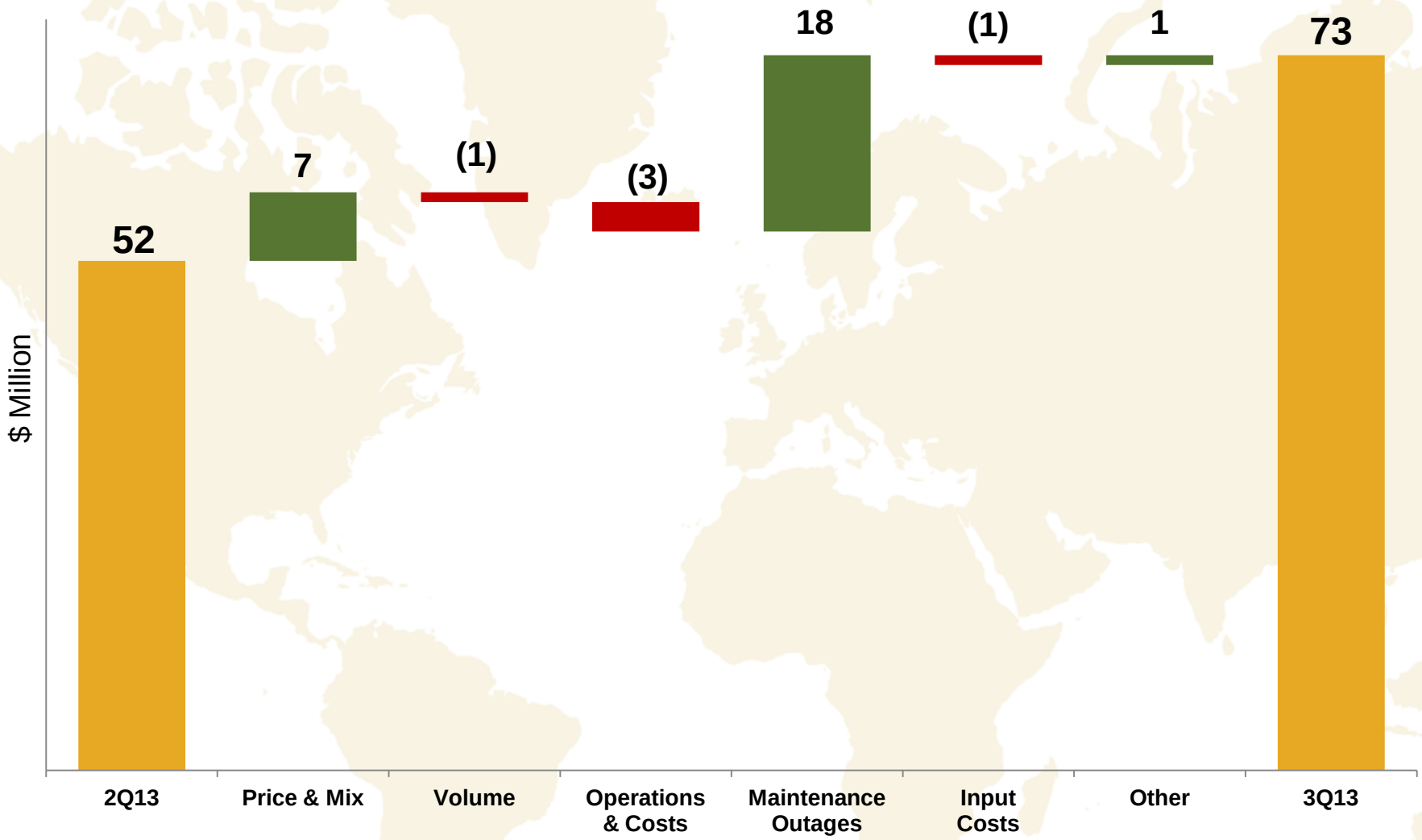
	Price Realization		
	2Q13	3Q13	4Q13
Original Outlook			Full
Updated View			Full

NA Industrial Packaging | Uniquely Positioned with Additional Upside



- Optimization opportunities
- Low cost assets and untapped capacity
- Well positioned in attractive segments
- Virgin/Recycled fiber mix (65/35)
- Balance supply to our customers' demand
- Global business opportunities

Consumer Packaging | 3Q13 vs. 2Q13



Segment operating profit before special items

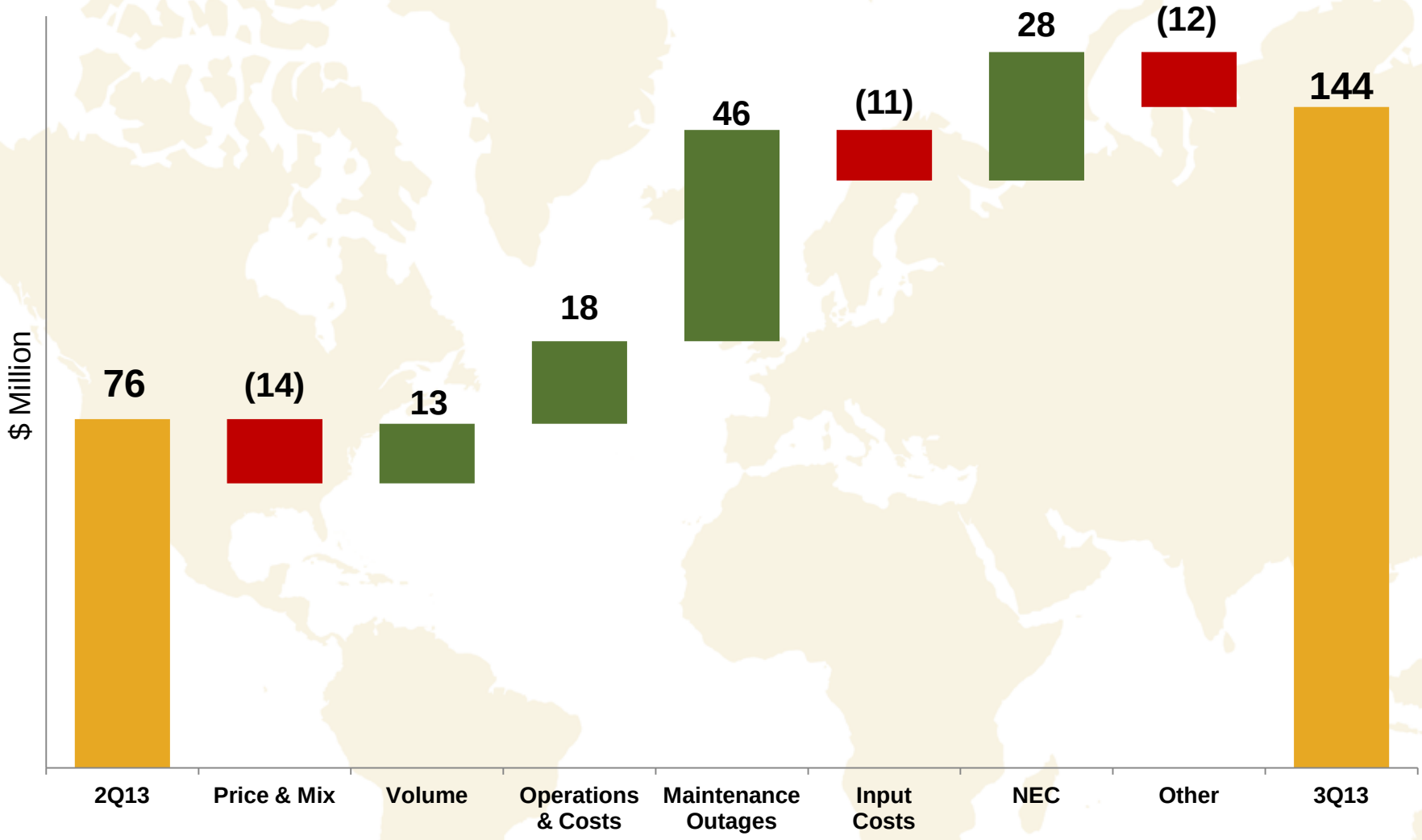
IP Foodservice | The Growing Shift to Paper Cups

- McDonald's transitioning to paper hot cups from foam at all of their 14,000+ U.S. locations
- Dunkin' Brands searching for a sustainable replacement to foam hot cups at its 7,400 stores
- Combined projected demand growth of up to 3-4 billion cups annually, equivalent of ~80,000 tons of paper stock
- IP well positioned to capitalize on shift to paper cups with our product portfolio and continued support of our customers' sustainability goals



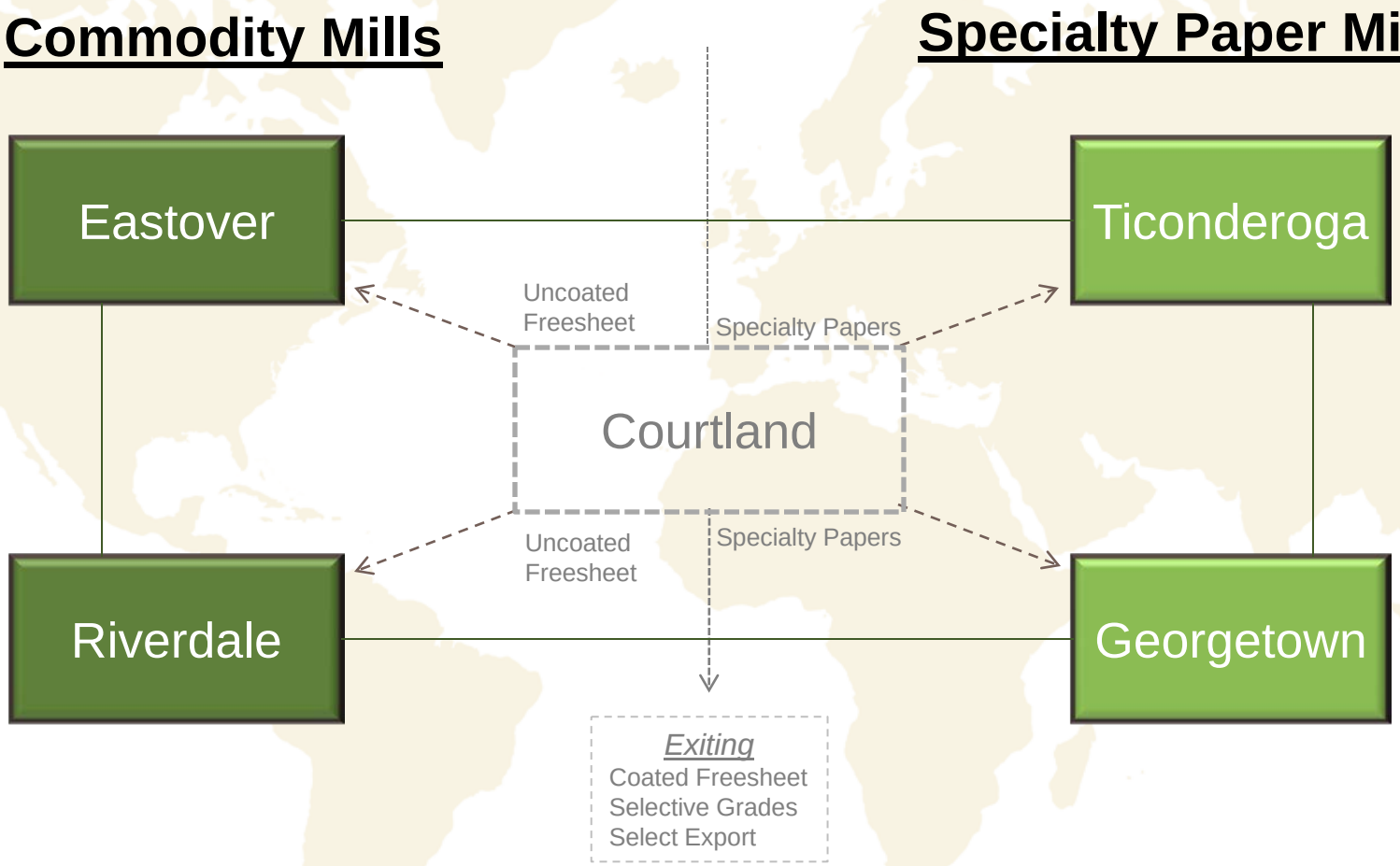
Source: RISI, The Boston Globe, McDonald's & Dunkin' Brands company announcements

Printing Papers | 3Q13 vs. 2Q13



Segment operating profit before special items

Capabilities well balanced between commodity and specialty paper mills



Distribution | 3Q13 vs. 2Q13

$ Million	3Q12	2Q13	3Q13
Sales	$1,535	$1,405	$1,445
Earnings	$24	$17	$19

Daily Sales Change	vs. 3Q12	vs. 2Q13
Printing	(4%)	7%
Packaging	(5%)	3%
Facility Solutions	(11%)	1%

- Revenue improvement quarter over quarter with 1 less day
- Continued reduction in operating costs
- Making progress toward potential xpedx-Unisource combination

Segment operating profit before special items

Ilim Joint Venture | 3Q13 vs. 2Q13

$ Million	3Q12	2Q13	3Q13
Sales Volume (thousand tons)	709	647	707
Sales	$471	$465	$488
Operational EBITDA[1]	$77	$36	$73
F/X (Impact of USD Debt[2]**)**	$49	($56)	$19
EBITDA	$126	($20)	$92
IP Equity Earnings[3]	$33	($34)	$11

- Continued progress during 3Q at Bratsk and Koryazhma; Operational performance improving
- Favorable F/X impact

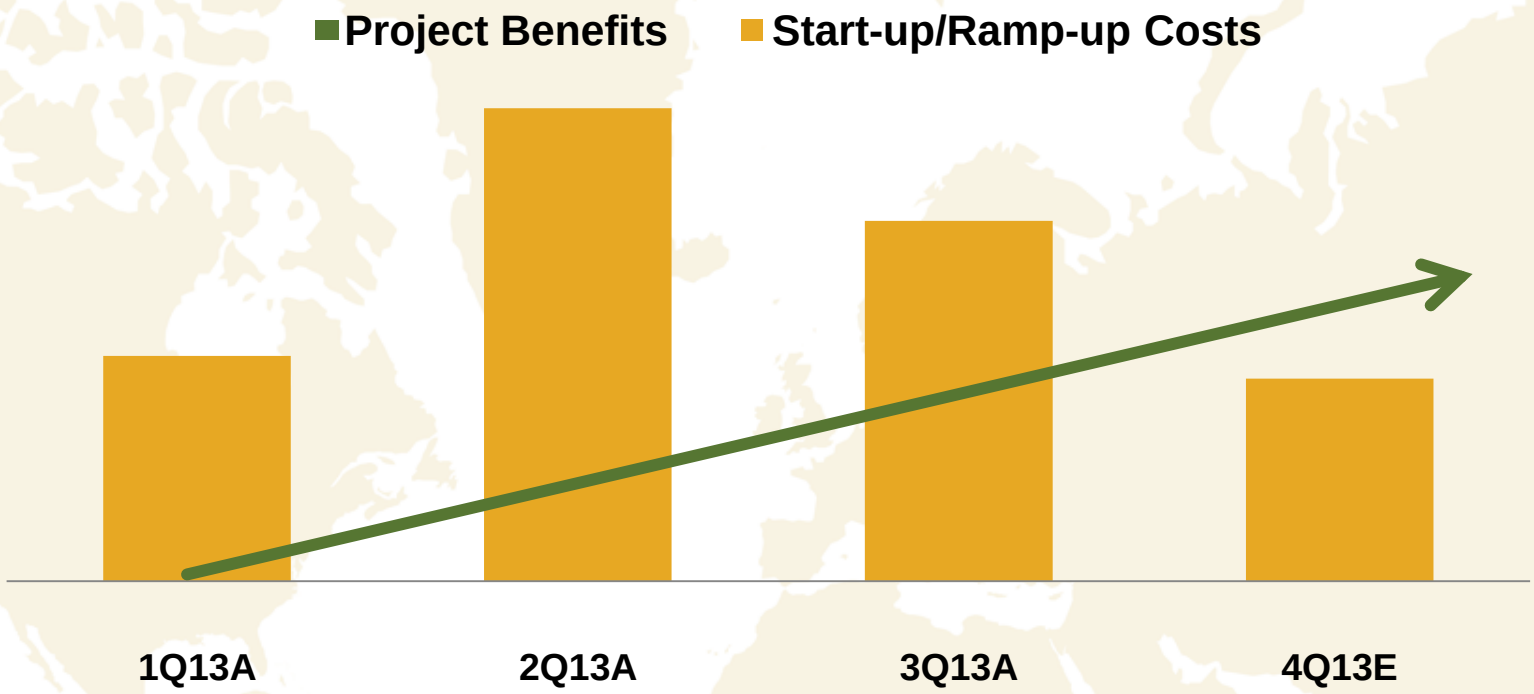
Ilim JV results are on an IFRS basis with the exception of IP Equity Earnings which is US GAAP

[1] Before F/X impact

[2] 3Q13 Ilim JV USD-denominated debt balance of ~$1.4B; Ilim Group's functional currency is the Ruble (RUB); Non-functional-denominated currency balances are measured monthly using the month-end exchange rate

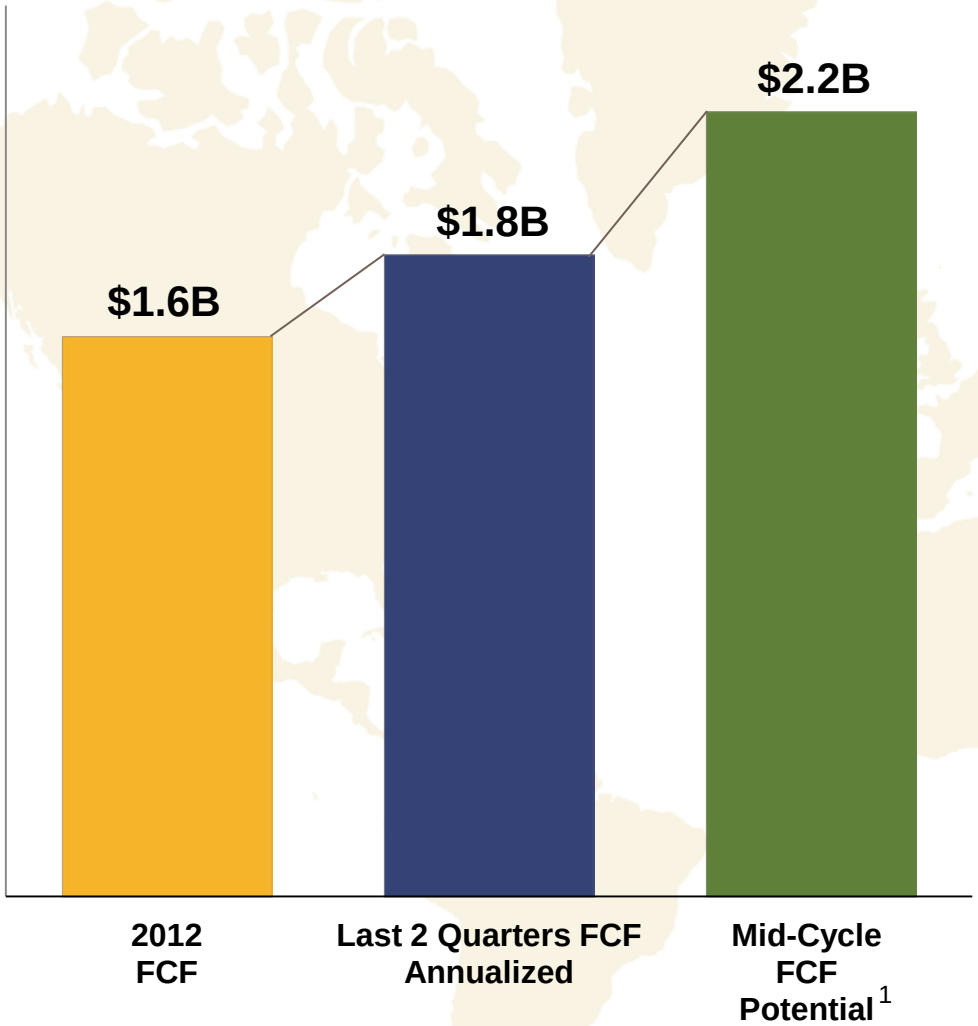
[3] IP Equity Earnings for 3Q12 and 3Q13 include after-tax f/x gains of $21MM and $8MM, respectively; 2Q13 earnings include an after-tax f/x loss of $23MM

Ilim Joint Venture | Project Ramp-ups Continue



- Commercial qualification process continuing
- Productivity and reliability of new equipment improving
- Wood supply and seasonal issues will offset some project benefits in 4Q

Free Cash Flow Growth



[1] As of May 2012 Investor Day

Balanced Use of Cash

- TIN Building Products sale
  $710MM cash received
- Dividend increase
  17% increase to $1.40/share effective October 1st
- Share buyback program
  Authorization approved Sept 10th
  Purchases to date: ~$120MM for >2.6MM shares
- Debt repayment
  $457MM in debt reduction YTD

Fourth Quarter Outlook | Changes from 3Q13

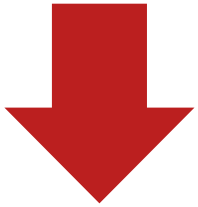
		North America	EMEA & Russia	Brazil	Asia[1]
Volume	Paper	Decline due to Restructuring	Stable	Seasonal Increase	Stable
	Packaging	Two less shipping days	Seasonal Increase	Seasonal Increase	Stable
Pricing / Mix	Paper	Increasing	Modest Decline	Stable	Stable
	Packaging	Increase Industrial & Consumer	Modest Improvement	Increasing	Stable
Operations & Other	Paper	Courtland Closure	Stable	Stable	Stable
	Packaging	Stable	Stable	Stable	Stable
Inputs & Freight	Paper	Wood	Stable	Stable	Stable
	Packaging	OCC	Stable	Stable	Stable
Mill Maintenance Outages	Paper	Decrease $16MM	Increase $11MM	Decrease $3MM	Decrease $7MM
	Packaging	Increase $25MM	None Scheduled	None Scheduled	None Scheduled
xpedx Earnings		Flat			
ILIM JV Equity Earnings			Non-recurring Currency Impact[2]		

[1] Includes India [2] Assumes stable F/X

4Q13 Outlook Summary | Continuing to run our businesses well



- Continued strong FCF generation and EBITDA results
- Full realization of NA box and NA Consumer Packaging price increases
- Begin implementations of NA Paper and Pulp price increases
- Seasonal volume increase in Brazil
- European and Brazilian packaging improvement



- NA Paper repositioning and Courtland wind down
- Seasonally lower NA corrugated volume and two less days
- Wood costs remain high; seasonally higher cost period
- Higher scheduled maintenance outages of $10mm
- Non-repeat of one-time tax benefit

- Strong / leading positions in NA – best margins
- Global footprint with growth potential
- People capability



Appendix

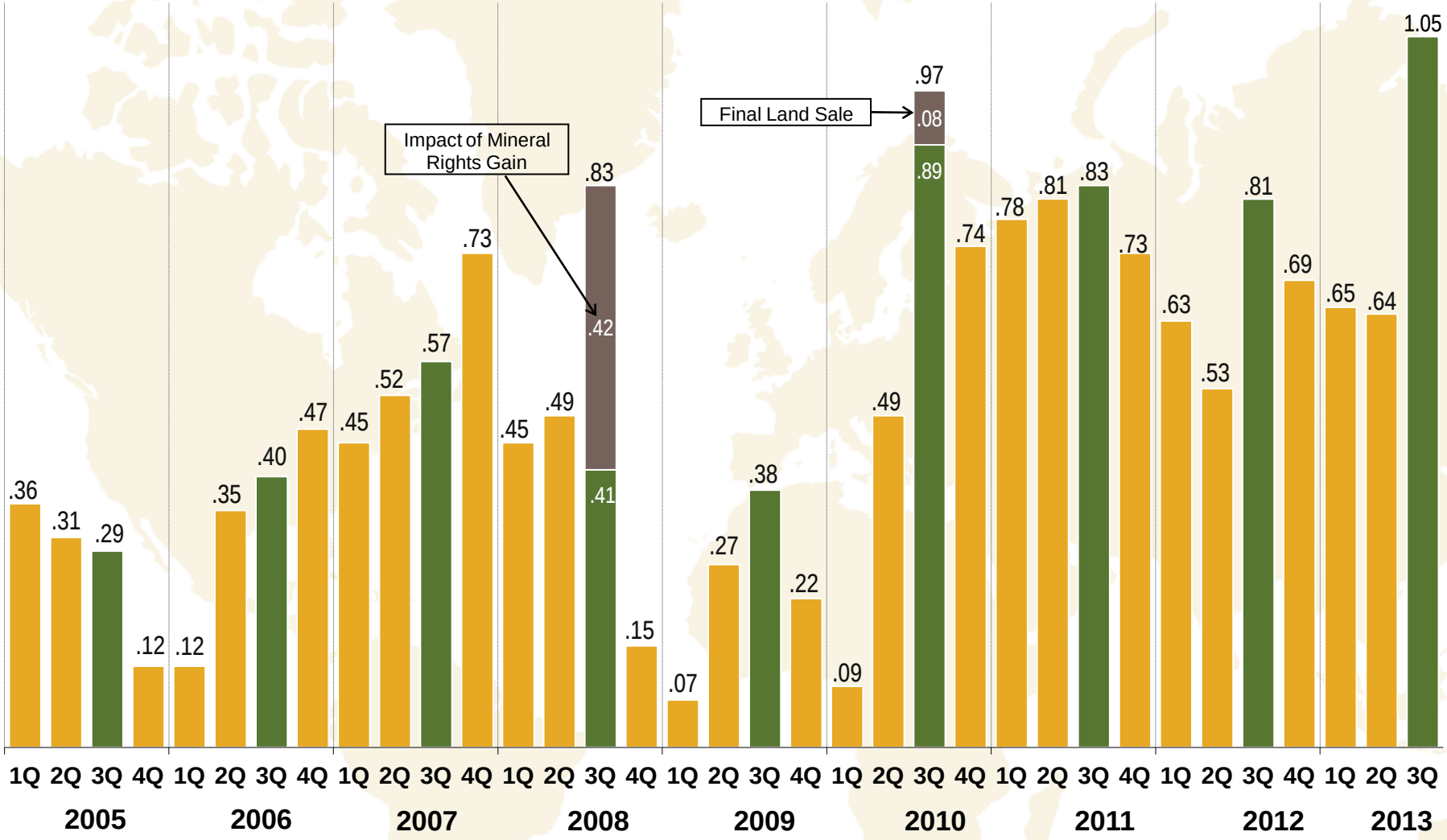
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Media Contact

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Operating Business EPS | Strongest EPS Quarter Since 1995



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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Key Financial Statistics

$ Million (Except as noted)	2011	2012	2013 Estimate
Capital Spending	$1.2 B	$1.4 B	~ $1.3 B
Depreciation & Amortization	$1.3 B	$1.5 B	~ $1.5 B
Net Interest Expense	$541	$672	~ $640
Corporate Items	$102	$51	~ $50
Effective Tax Rate	32%	29%	26 – 28%

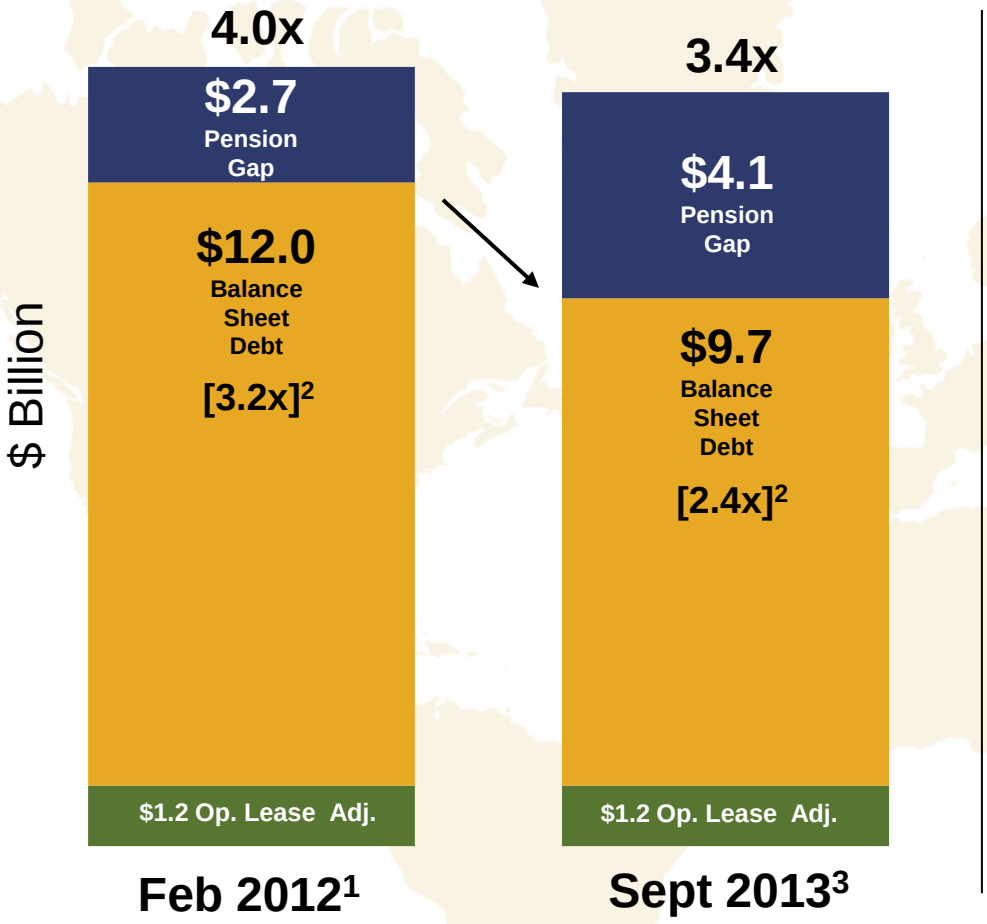
Free Cash Flow

$ Million	3Q12	2Q13	3Q13
Cash Provided by Continuing Operations	$863	$724[1]	$725
Less Capital Investment	($296)	($272)	($271)
Free Cash Flow	$567	$452	$454

[1]Excludes $31 MM cash paid for pension plan contribution and $30 MM cash received from Guaranty Bank insurance reimbursements

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
- 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)

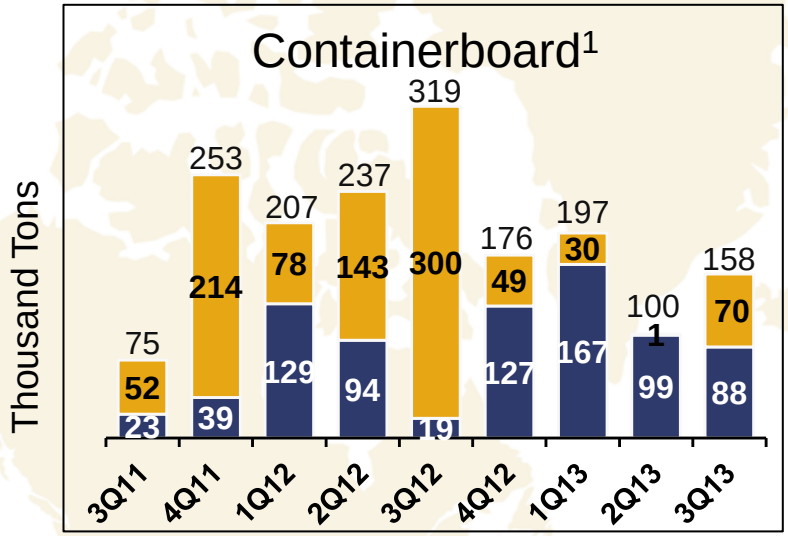
[2] Simple debt coverage: balance sheet debt / 2012 EBITDA of $3.7B; balance sheet debt / 2013 9 mos. annualized EBITDA of $4.1B

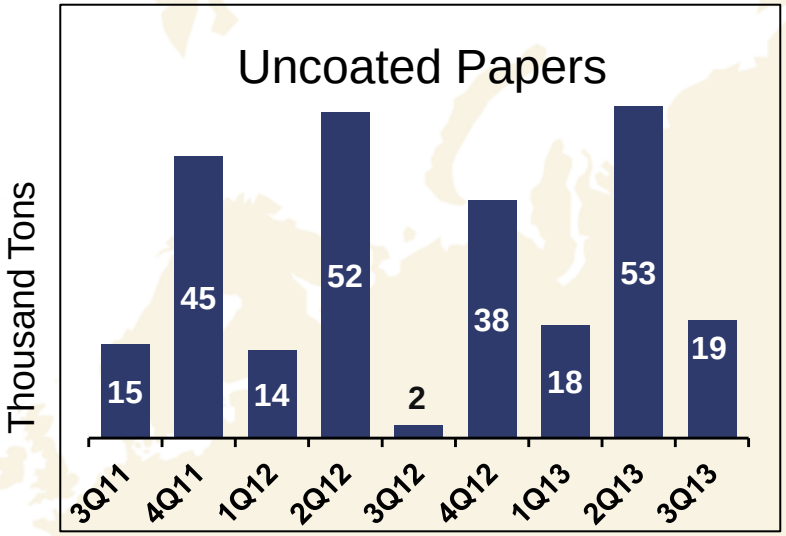
[3] Adjusted EBITDA of $4.4B reflects 9 mos. 2013 annualized plus pension and lease expense adjustments (Moody's Methodology)

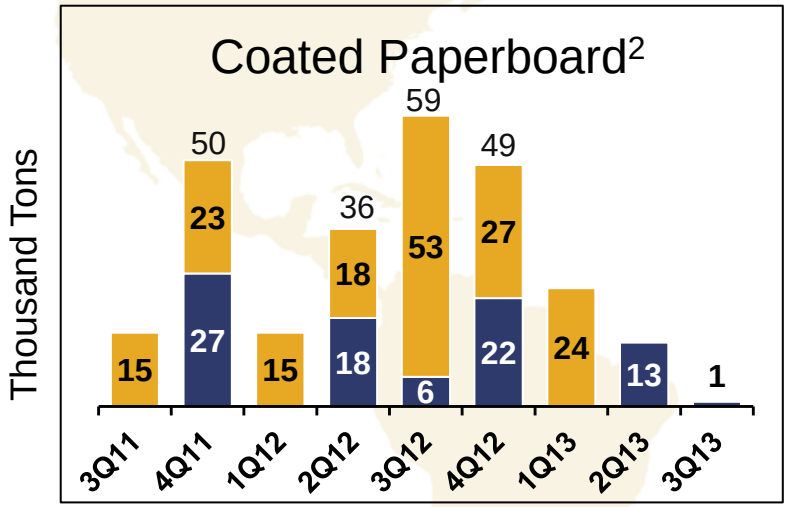
Maintenance Outages Expenses | 2013 Forecast

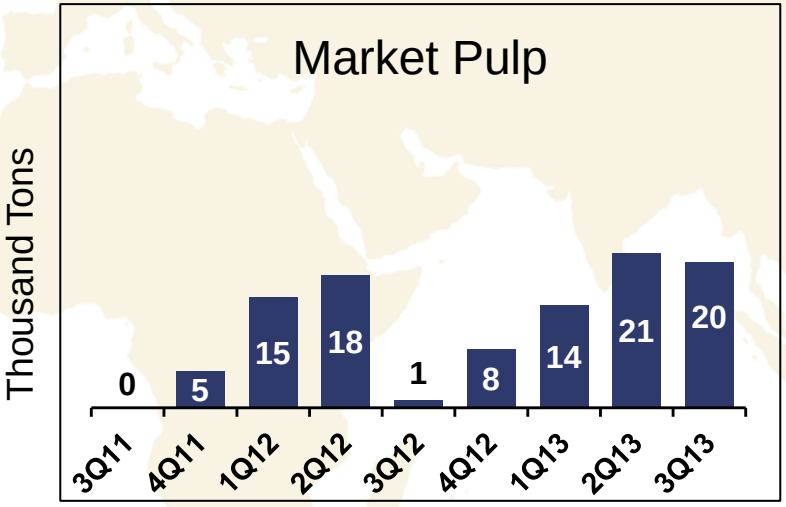
$ Million	1Q13	2Q13	3Q13	4Q13E	2013E
Industrial Packaging	**$69**	**$72**	**$37**	**$33**	**$211**
Printing Papers Total	**$24**	**$87**	**$43**	**$28**	**$182**
North America	24	66	26	10	126
Europe	0	20	3	14	37
Brazil	0	1	7	4	12
India	0	0	7	0	7
Consumer Packaging	**$0**	**$19**	**$0**	**$29**	**$48**
North America	0	12	0	29	41
Europe	0	7	0	0	7
Total Impact	**$93**	**$178**	**$80**	**$90**	**$441**

North American Downtime | Reflecting Market Conditions Across Businesses









[1] Temple-Inland mills included since 1Q12
[2] Augusta PM#2 was permanently shutdown in March 2013 (36,000 tons / quarter)

Special Items Before Tax | Continuing Operations

Special Items Pre-Tax ($ Million)		3Q12	2Q13	3Q13
Industrial Packaging	Acquisition and Integration Costs	($58)	($14)	($24)
	Mill Divestiture Costs	($19)		($1)
	Olmuksan Bargain Purchase Gain		$13	
	European Packaging Restructuring	($16)		
	Box Plant Closures			$8
	Other	$6	($2)	($1)
Printing Papers	Courtland Mill Shutdown			($51)
	Other	$1		
Consumer Pkg.	Augusta PM Shutdown		($1)	
xpedx	Reorganization	($9)	($17)	($6)
Corporate	Debt Extinguishment	($13)	($3)	($15)
	Guaranty Bank Insurance Reimbursements		$30	
	Cass Lake Environmental Reserve		($6)	
	Revaluation of Company Airplanes		($9)	
	xpedx Spinoff Evaluation			($11)
	Restructuring & Other	($2)	($3)	
Total Special Items Before Tax		**($110)**	**($12)**	**($101)**

Special Items Net of Taxes

	2Q13		3Q13	
	$ Million	EPS	$ Million	EPS
Earnings Before Special Items	$288	$0.64	$471	$1.05
Special Items Net of Taxes:				
Tax Items			$31	
Debt Extinguishment Costs	($2)		($9)	
Acquisition and Integration Costs	($8)		($15)	
Reorganization	($10)		($4)	
Box Plant Closures			$5	
Courtland Mill Shutdown			($31)	
Olmuksan Bargain Purchase Gain	$13			
Guaranty Bank Insurance Reimbursements	$19			
Cass Lake Environmental Reserve	($4)			
Revaluation of Company Airplanes	($5)			
xpedx Spinoff Evaluation			($7)	
Other	($5)		($1)	
Total Special Items Net of Taxes	($2)	($0.01)	($31)	($0.07)
Non-Operating Pension Expense	($51)	($0.11)	($48)	($0.11)
Discontinued Operations Net of Taxes	$24	$0.05	($10)	($0.02)
Net Earnings	$259	$0.57	$382	$0.85

3Q13 EBITDA | Integrated Mill Business Margins

	Operating Profit $ Million	D & A $ Million	Tons Thousand	EBITDA per Ton	EBITDA Margin
Industrial Packaging					
North America[1]	$517	$191	3,506	$202	24%
Brazil[2]	$1	$4	64	$78	7%
Printing Papers					
North America[3]	$62	$40	689	$148	16%
Europe & Russia[4]	$46	$17	359	$175	19%
Brazil	$45	$29	288	$257	28%
India[2]	($12)	$5	40	($176)	(23%)
North American Pulp	$3	$18	331	$63	10%
Consumer Packaging					
North America[5]	$51	$40	409	$222	18%
Europe	$25	$5	87	$345	32%

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	3Q12	2Q13	3Q13
Industrial Packaging	$342	$477	$517
Printing Papers	$201	$76	$144
Consumer Packaging	$67	$52	$73
Distribution	$24	$17	$19
Operating Profit	**$634**	**$622**	**$753**
Net Interest Expense	($163)	($168)	($147)
Noncontrolling Interest / Equity Earnings Adjustment	$0	$4	($3)
Corporate Items	($1)	$0	($13)
Non-Operating Pension Expense	($40)	($83)	($78)
Special Items	($110)	($12)	($101)
Net Earnings from continuing operations before income taxes, equity earnings & noncontrolling interest	**$320**	**$363**	**$411**
Equity Earnings, net of taxes - Ilim	**$33**	**($34)**	**$11**

Geographic Business Segment Operating Results | Before Special Items

$ Million	Sales			Operating Profit		
	3Q12	2Q13	3Q13	3Q12	2Q13	3Q13
Industrial Packaging						
North America	$2,935	$3,190	$3,190	$328	$468	$516
Europe	$230	$310	$305	$12	$8	($2)
Brazil	-	$100	$95	-	$1	$1
Asia	$170	$180	$165	$2	$0	$2
Printing Papers						
North American	$695	$645	$660	$110	($8)	$62
Europe	$345	$360	$355	$51	$31	$46
Brazil	$280	$270	$265	$45	$59	$45
Asia / India	$70	$60	$70	($2)	($3)	($12)
N.A. Pulp	$190	$205	$205	($3)	($3)	$3
Consumer Packaging						
North America	$475	$505	$505	$45	$33	$51
Europe	$95	$95	$95	$21	$18	$25
Asia (Sun JV)	$195	$255	$285	$1	$1	($3)
xpedx	$1,535	$1,405	$1,445	$24	$17	$19

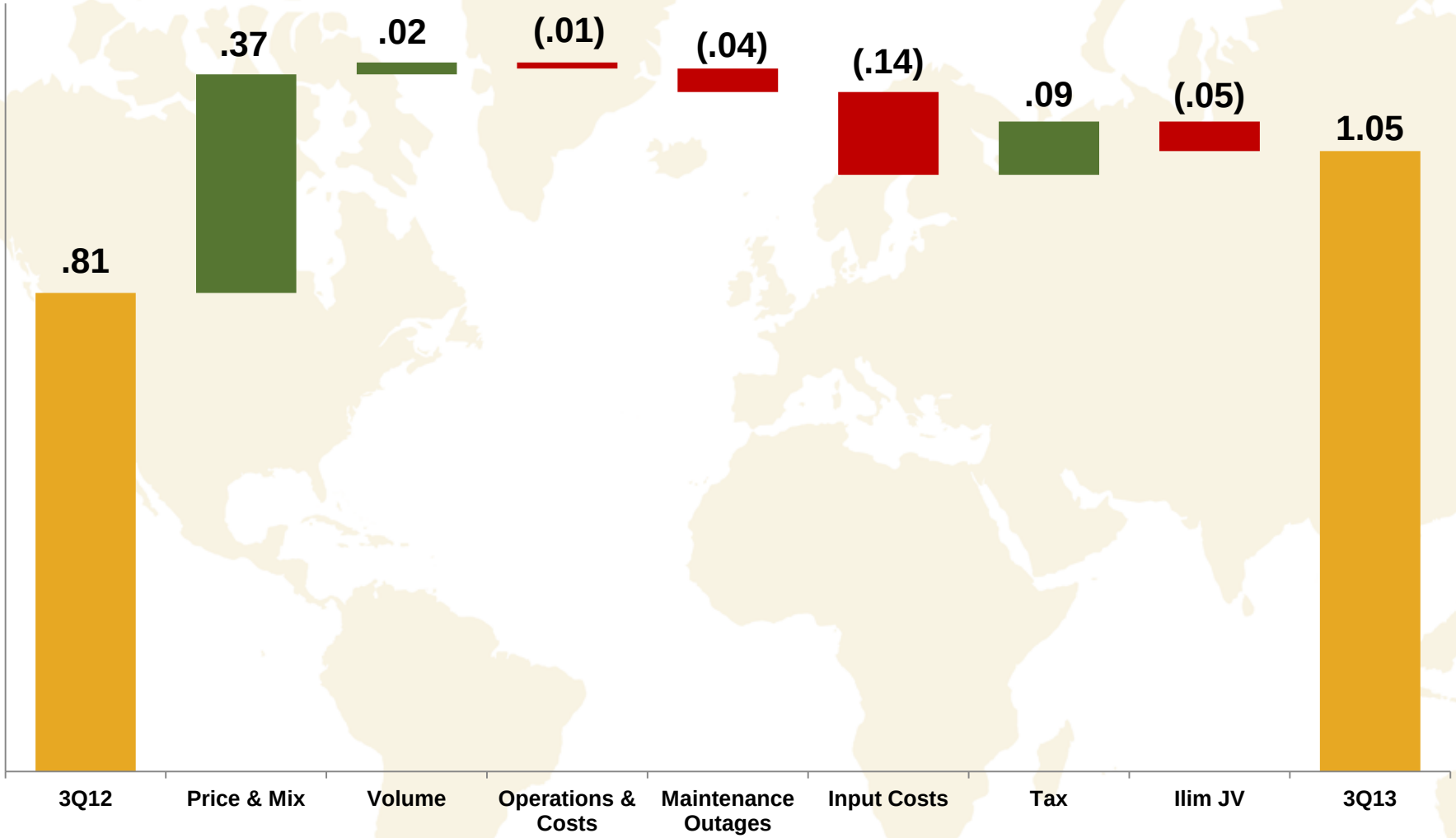
Does not reflect total company sales and operating profit

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
3Q13	$590	($141)	$6	$16	$471	450	$1.05
Non-Operating Pension Expense							
1Q13	($84)	$33	$0	$0	($51)	446	($0.11)
2Q13	($83)	$32	$0	$0	($51)	449	($0.11)
3Q13	($78)	$30	$0	$0	($48)	450	($0.11)
Net Special Items							
1Q13	($65)	$116	$0	$0	$51	446	$0.11
2Q13	($12)	$10	$0	$0	($2)	449	($0.01)
3Q13	($101)	$70	$0	$0	($31)	450	($0.07)
Net Earnings from Continuing Operations							
1Q13	$230	$69	$3	($10)	$292	446	$0.65
2Q13	$363	($94)	$2	($36)	$235	449	$0.52
3Q13	$411	($41)	$6	$16	$392	450	$0.87

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

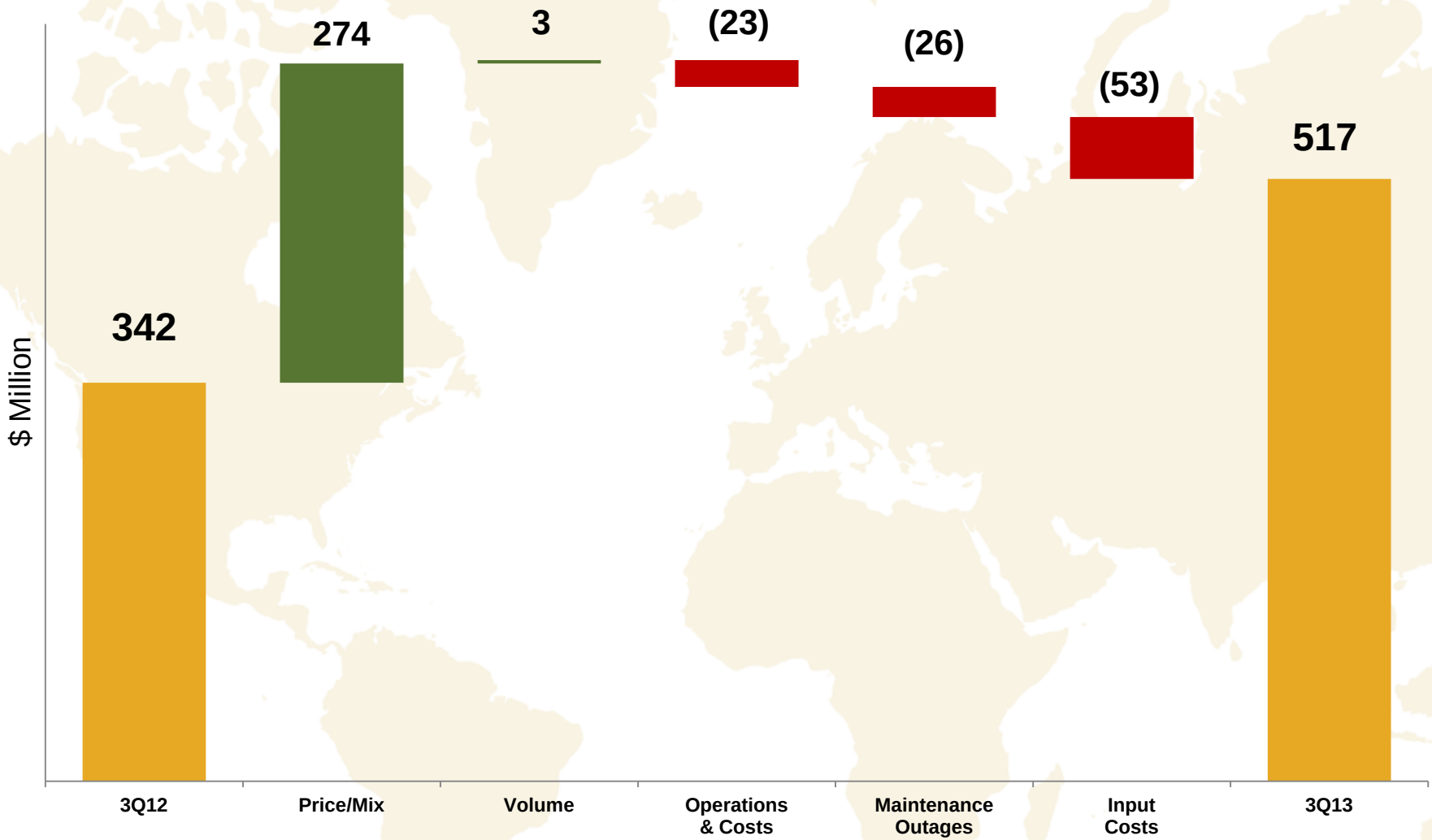
3Q13 vs. 3Q12 EPS



Operating Earnings

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Industrial Packaging | 3Q13 vs. 3Q12



Segment operating profit before special items

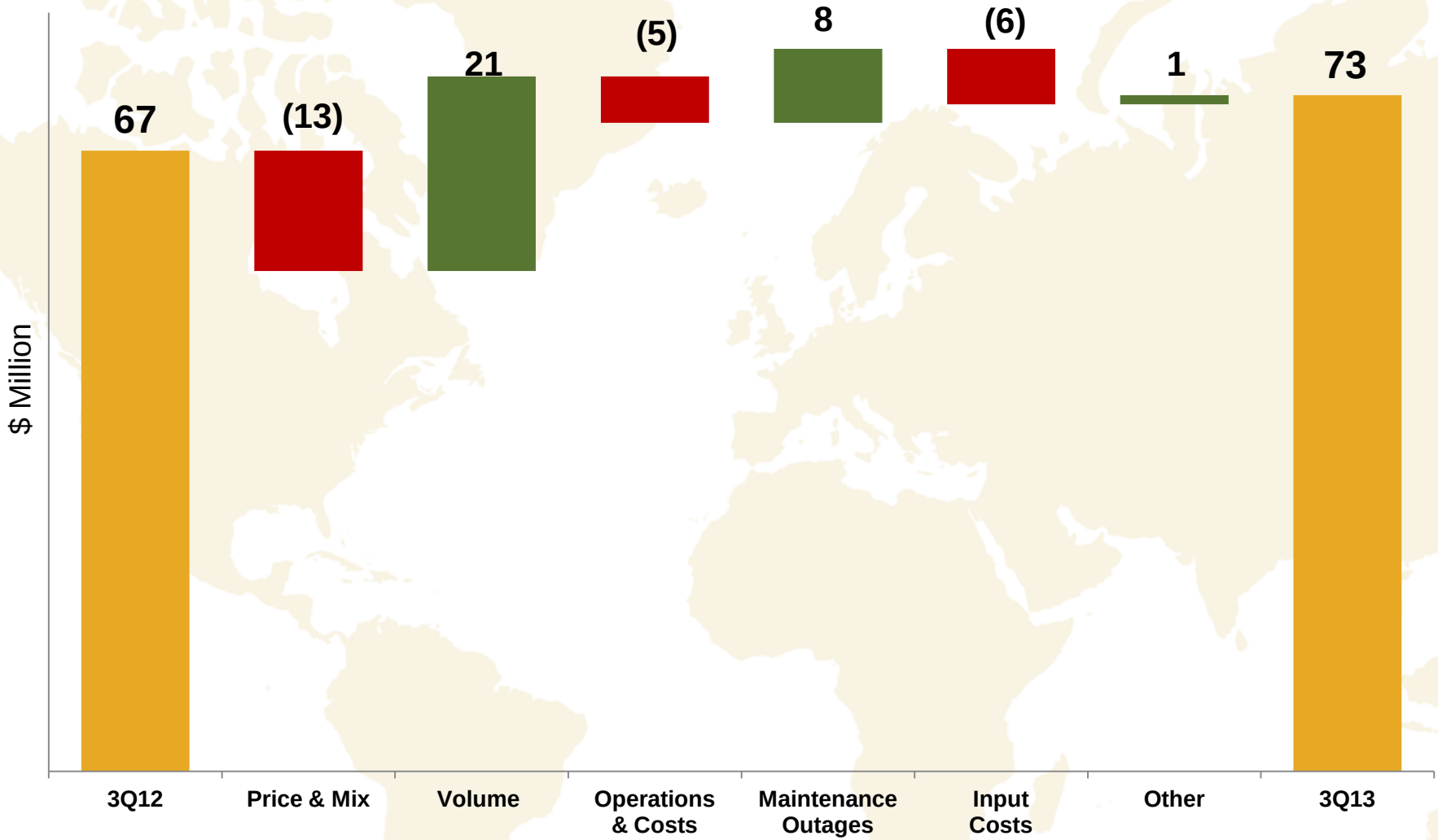
	3Q13 vs. 2Q13		3Q13 vs. 3Q12	
Business	**Volume**	**Price / Ton**	**Volume**	**Price / Ton**
NA Container[1]	**(1%)**	**$30**	**(1%)**	**$101**
European Container[2]	**(2%)**	**€17**	**3%**	**(€6)**

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)

[2] Includes volumes for Turkish box plants beginning 1Q13

Consumer Packaging | 3Q13 vs. 3Q12

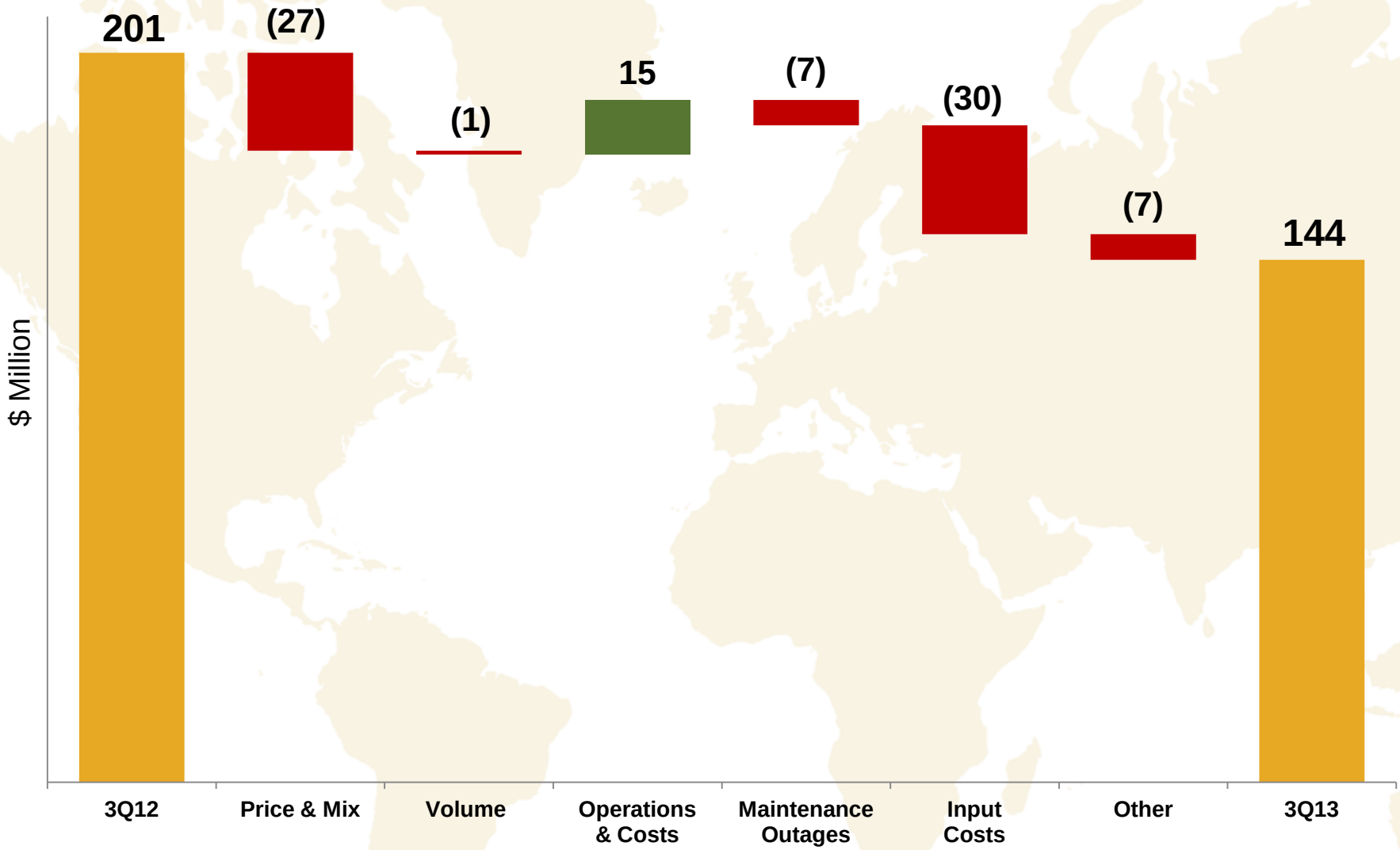


Segment operating profit before special items

	3Q13 vs. 2Q13		3Q13 vs.3Q12	
	Volume	Price/Ton	Volume	Price/Ton
NA Coated Paperboard	**1%**	**$14**	**5%**	**($25)**
	Revenue	Price	Revenue	Price
Foodservice	**Flat**	**NA**	**5%**	**NA**

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

Printing Papers | 3Q13 vs. 3Q12



Segment operating profit before special items

Printing Papers | Volume and Pricing Trends

	3Q13 vs. 2Q13		3Q13 vs. 3Q12	
Business	**Volume**	**Price / Ton**	**Volume**	**Price / Ton**
NA Paper	**4%**	**($12)**	**(1%)**	**($43)**
NA Pulp[1]	**1%**	**$4**	**6%**	**$15**
European Paper	**6%**	**(€13)**	**10%**	**(€26)**

Average IP volume and price realization (includes the impact of mix across all grades)
[1] Reflects Fluff and Market Pulp combined

$ Million	3Q12	2Q13	3Q13
Sales	$280	$270	$265
Earnings	$45	$59	$45
EBITDA Margin	27%	34%	28%

	3Q13 vs. 2Q13		3Q13 vs. 3Q12	
Business	Volume	Price/Ton	Volume	Price/Ton
Uncoated Freesheet	3%	($3)	(1%)	$11
Domestic	13%	$13	(3%)	$83
Export	(5%)	($20)	2%	($63)

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)

Ilim Joint Venture | Full Year Financials

	2008[1]	2009	2010	2011	2012
Sales Volume (Million tons)	**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**

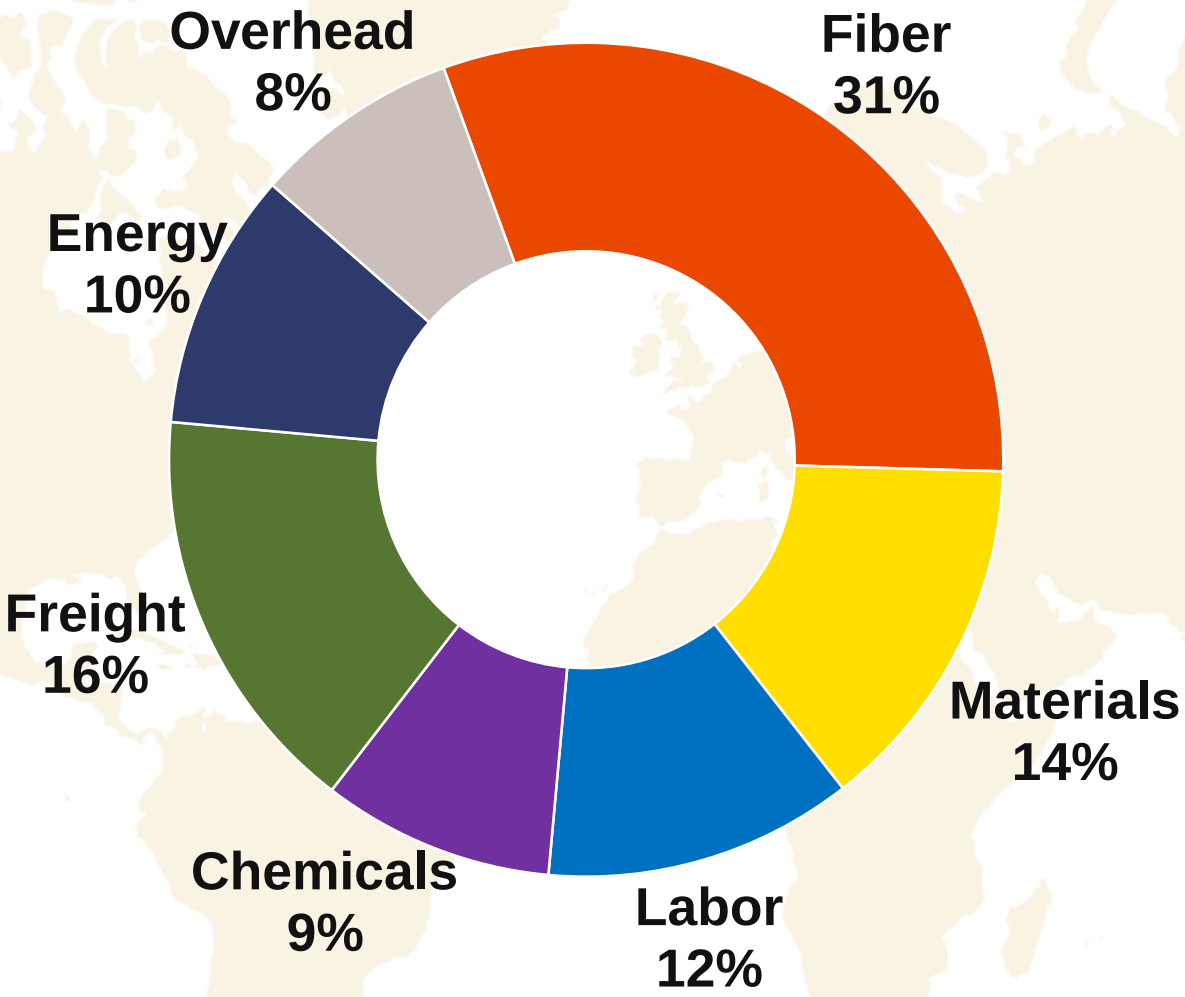
Ilim JV results are IFRS basis. [1] KPK sale was excluded from 2008 results.

Ilim Joint Venture | Volume and Pricing Trends

	3Q13 vs. 2Q13		3Q13 vs. 3Q12	
Business	**Volume**	**Price/Ton**	**Volume**	**Price/Ton**
Pulp	**7%**	**($18)**	**Flat**	**$29**
Containerboard	**16%**	**($10)**	**(11%)**	**$51**

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

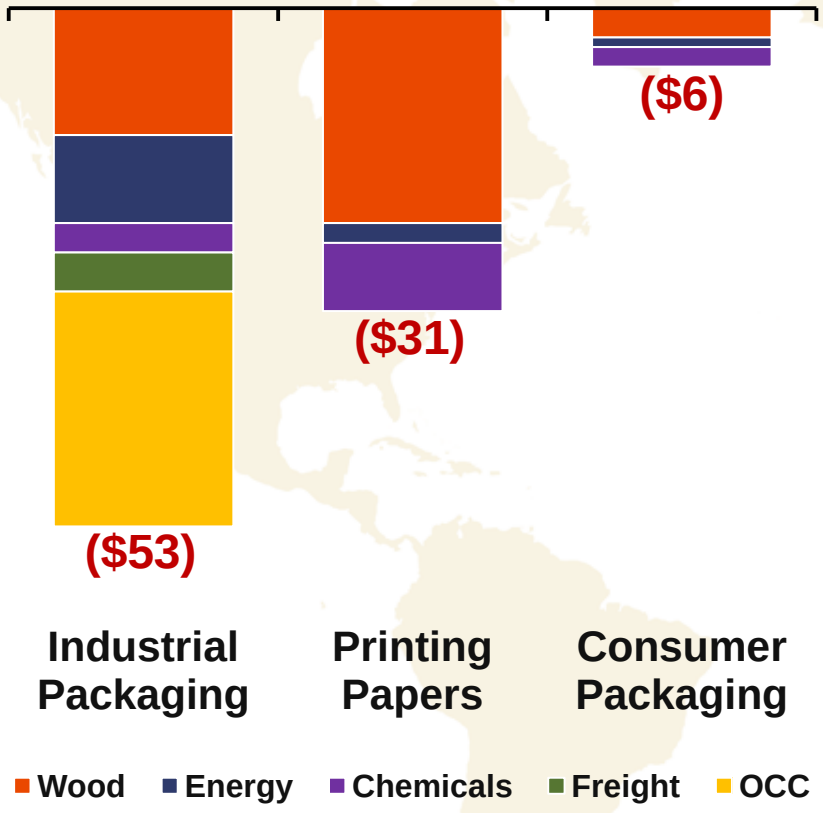
Total Cash Cost Components | 3Q13 YTD



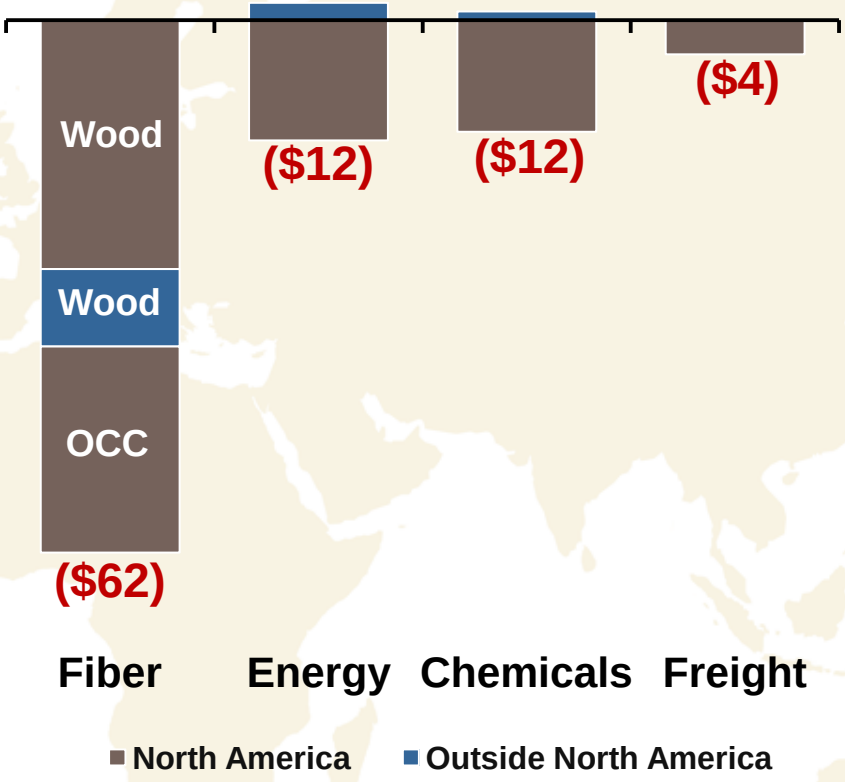
North American mills only

Global Input Costs vs. 3Q12 | $90MM Unfavorable, or $0.14/Share

By Business



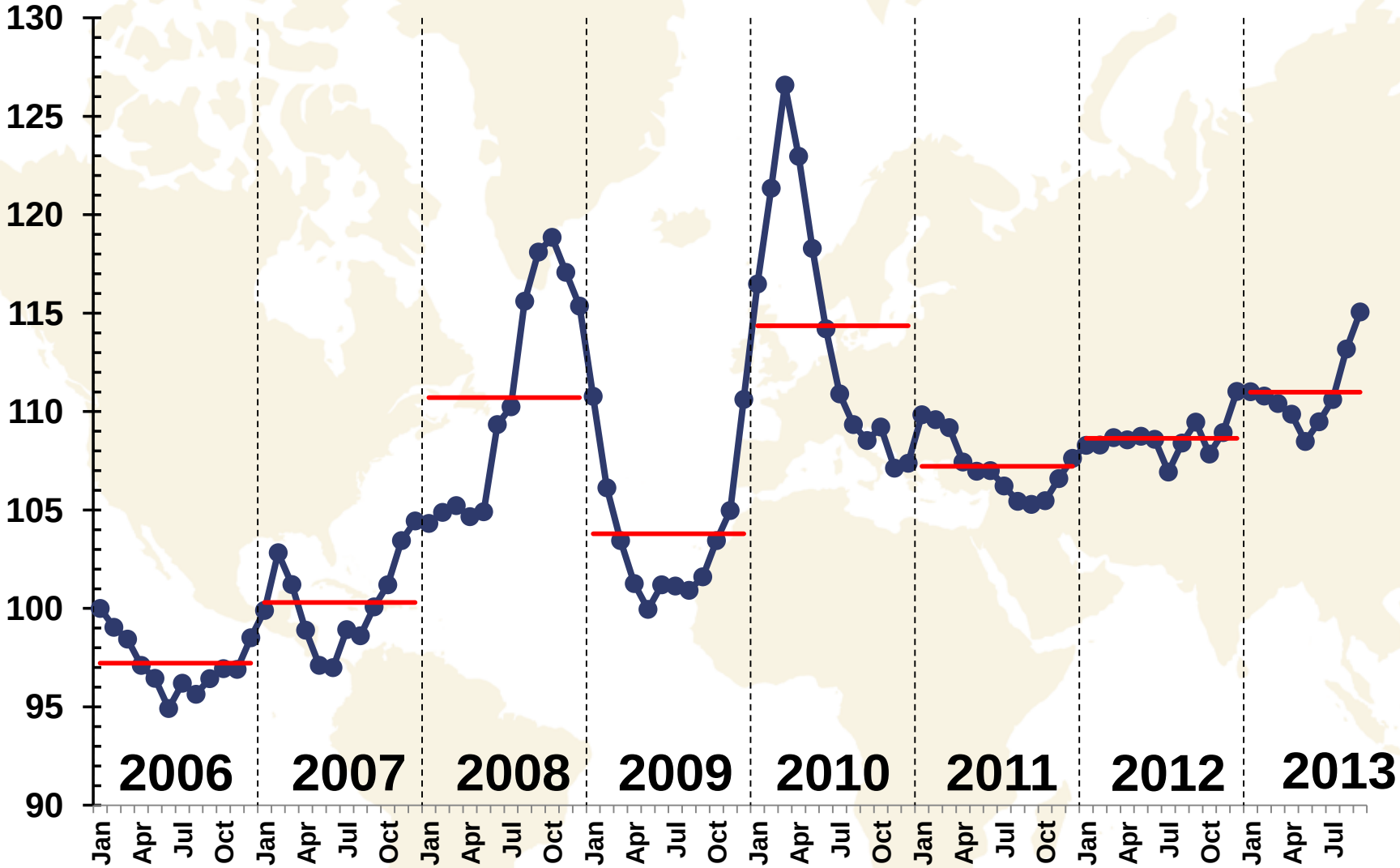
By Input Type



Input costs ($MM) for continuing businesses

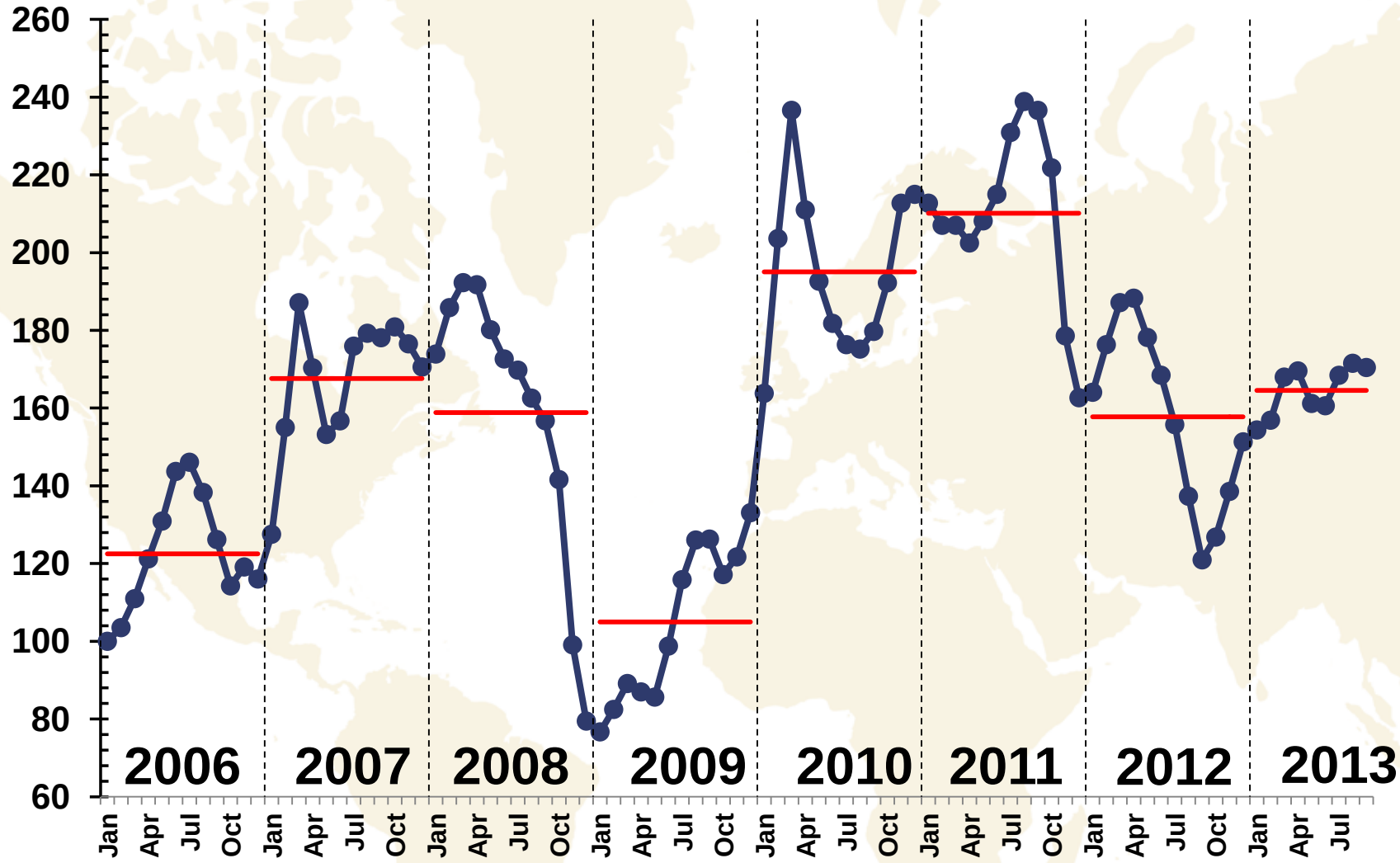
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U.S. Mill Wood Delivered Cost Trend | 3% Increase vs. 2Q13 Average Cost



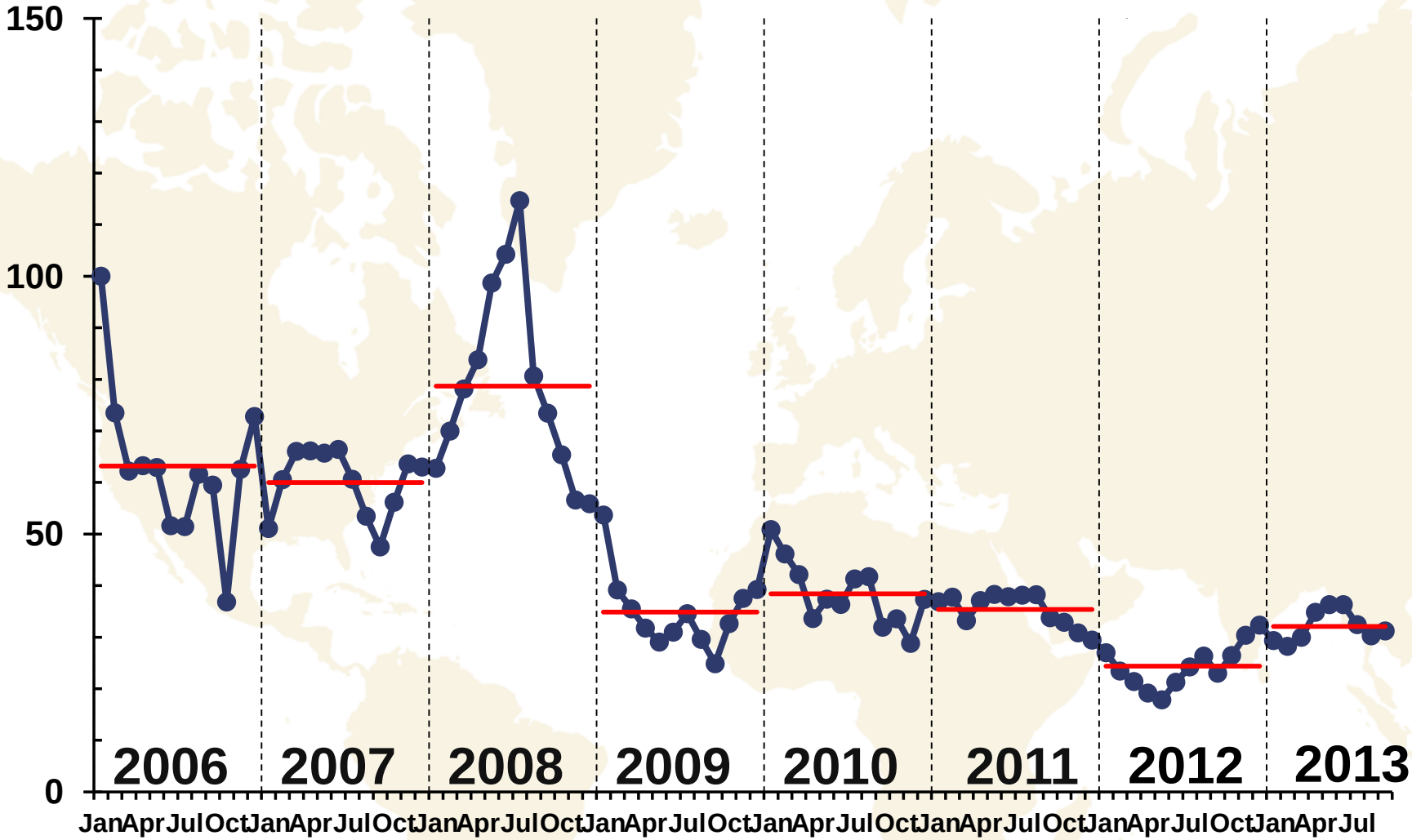
Cost Indexed to January 2006 values

U.S. OCC Delivered Cost Trend | 4% Increase vs. 2Q13 Average Cost



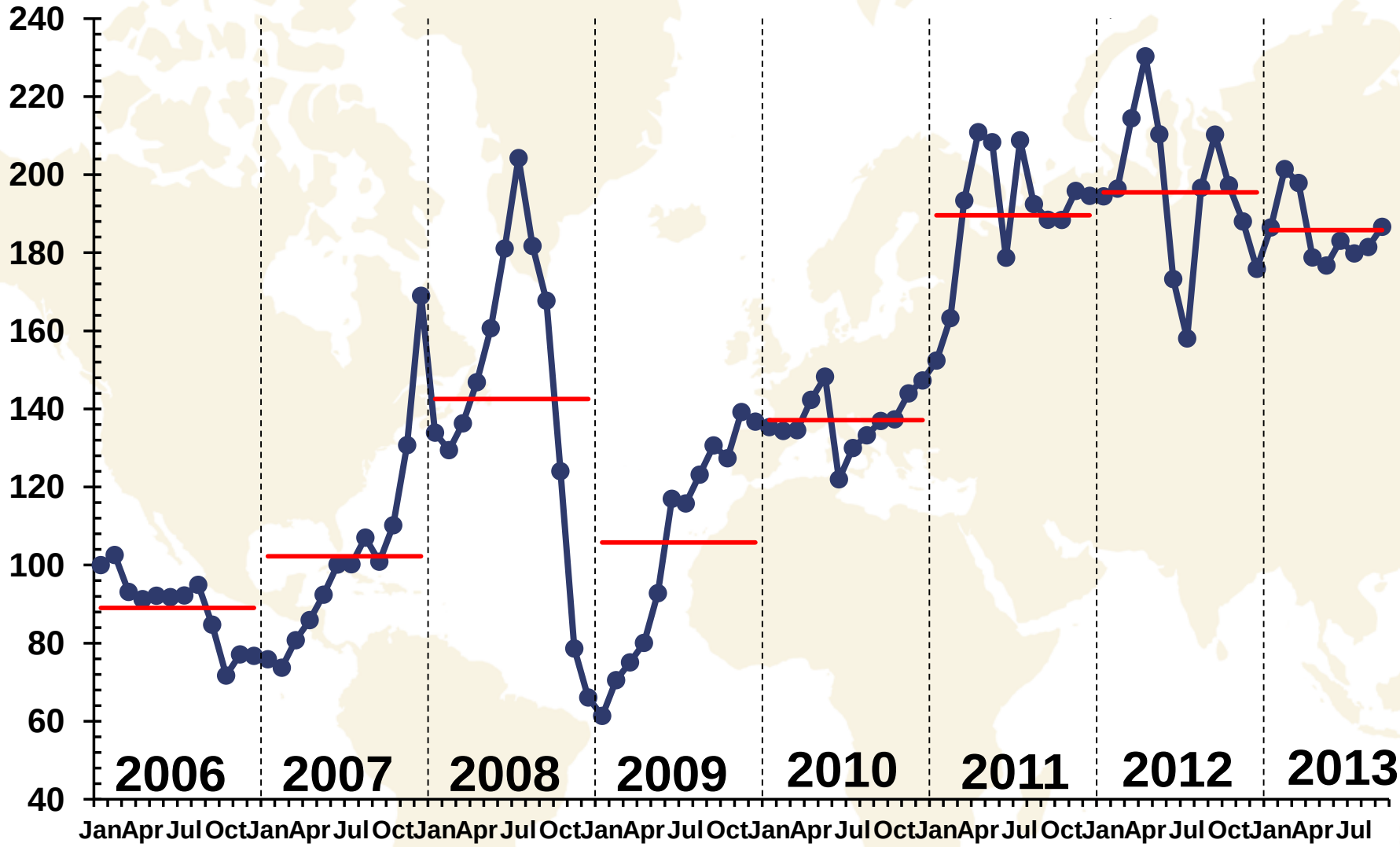
Cost Indexed to January 2006 values
2006-2007 represents WY PKG delivered costs; 2008-2010 represents delivered costs to the integrated system

Natural Gas Costs Trend | 13% Decrease vs. 2Q13 Average Cost



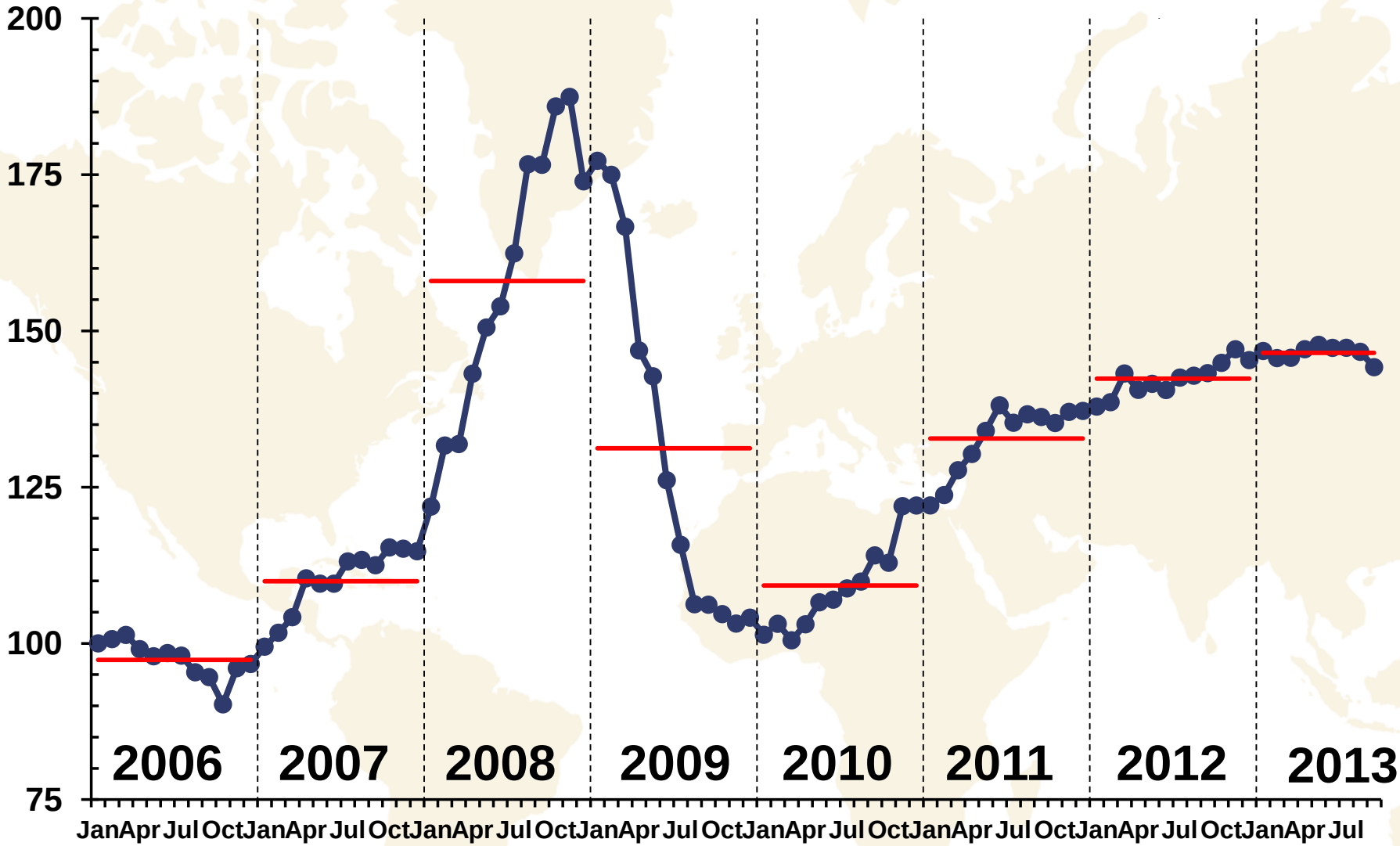
Cost Indexed to January 2006 values
NYMEX Natural Gas closing prices

U.S. Fuel Oil Trend | 2% Increase vs. 2Q13 Average Cost



Cost Indexed to January 2006 values
WTI Crude prices

U.S. Chemical Composite Index Trend | 1% Decrease vs. 2Q13 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