Deutsche Bank Global Industrials & Basic Materials Conference | June 4, 2014



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) the receipt of governmental and other approvals and favorable rulings associated with the agreed-upon transaction combining xpedx with Unisource, the successful fulfillment or waiver of all other closing conditions for such transaction without unexpected delays or conditions, and the successful closing of such 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

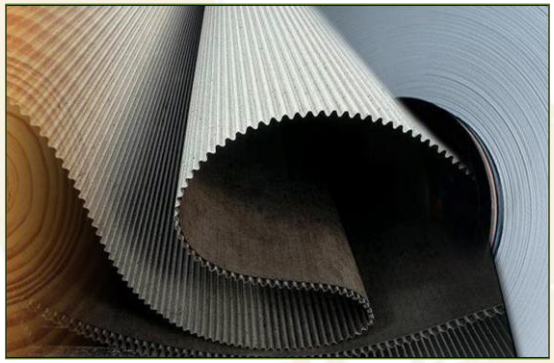
During the course of this presentation, certain non-U.S. GAAP financial information will be presented.

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

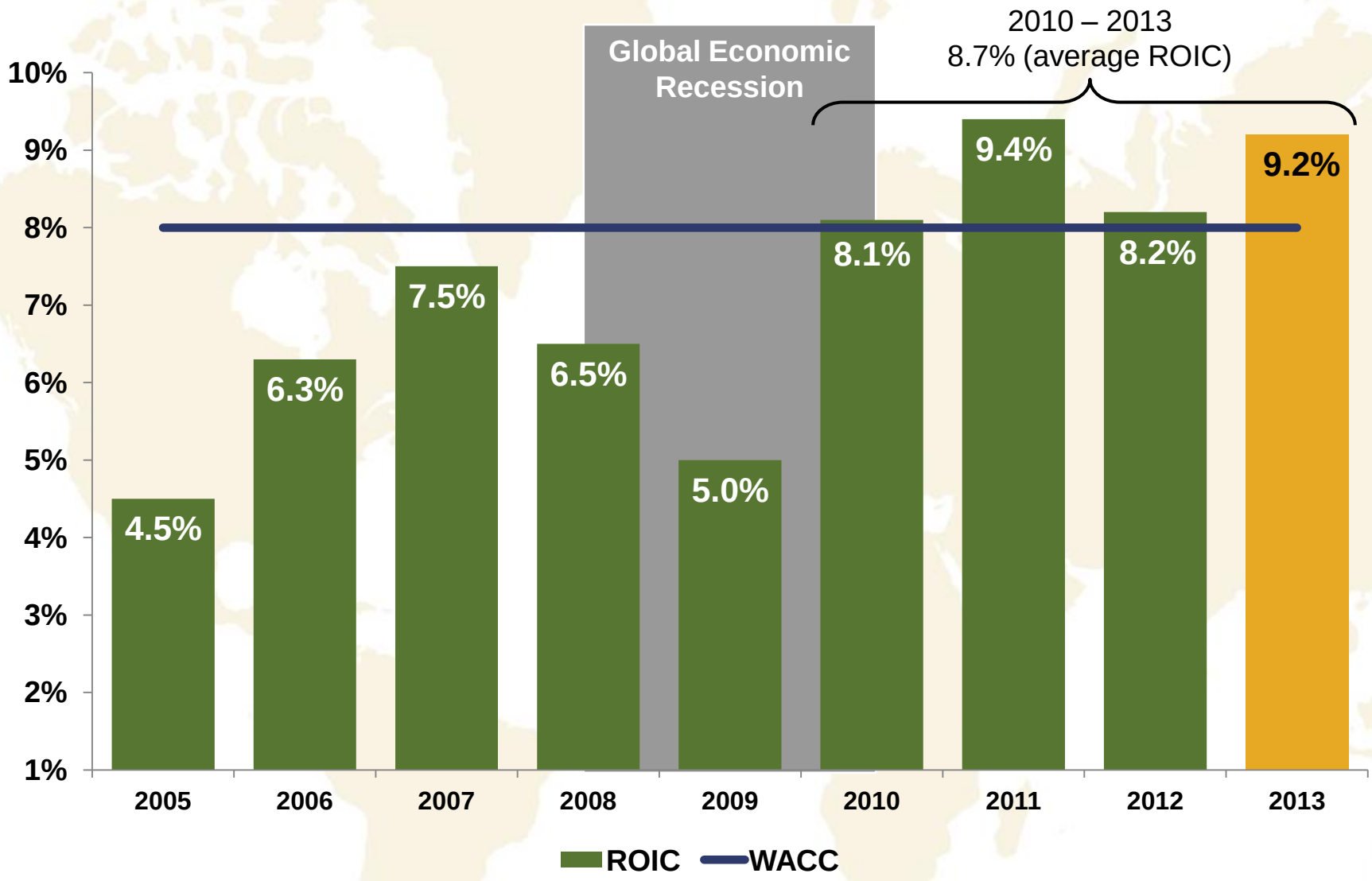
Ilim JV Information

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. Ilim management has indicated that the financial information was prepared in accordance with International Financial Reporting Standards and extracted from Ilim's financial statements, but International Paper has not verified or audited any of this information. 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."

IP Investment Thesis | Why IP Will Outperform

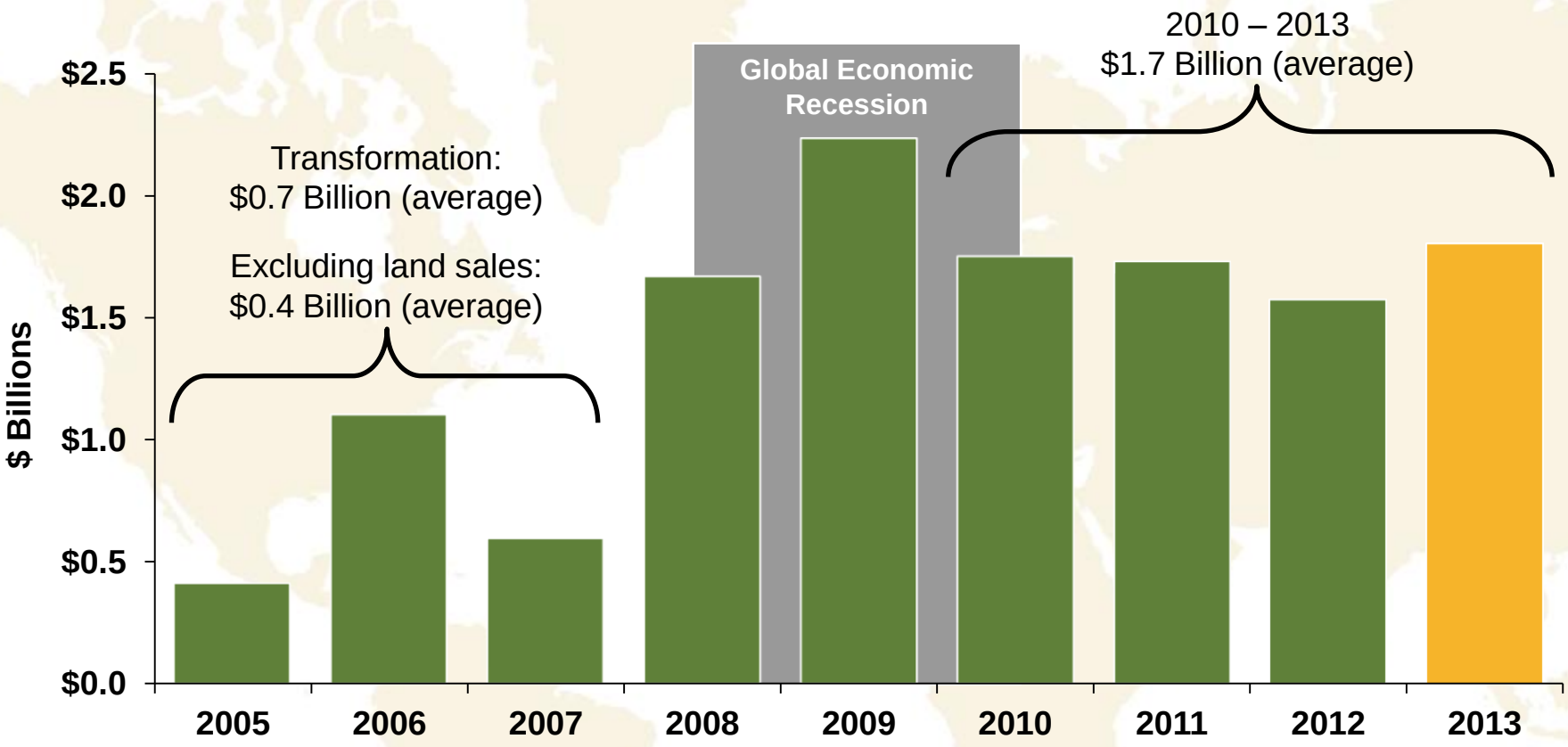
Vision	Strategy	Shareholder Value
		
Strong positions Attractive markets Low-cost assets **Generating…** Strong FCF Returns above cost-of-capital	• Global packaging and paper platforms • Leadership positions in scale businesses • Operational excellence • Key markets where we can grow profitably	**ROIC ➔** Consistently >WACC **FCF ➔** Strong Sustainable Improving **Capital Allocation** ✔ Return Cash to Shareholders ✔ Value Creation

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



[1] ROIC = Operating Earnings before Interest / Average Invested Capital [Equity (adjusted to remove pension related amounts in OCI, net of tax) + Interest-Bearing Debt]

Strong, Sustainable Free Cash Flow

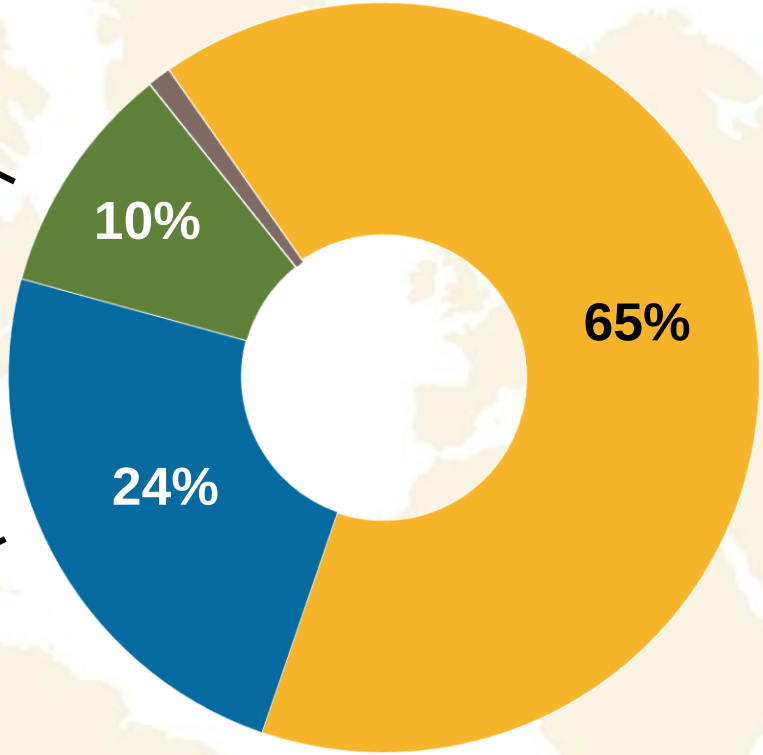


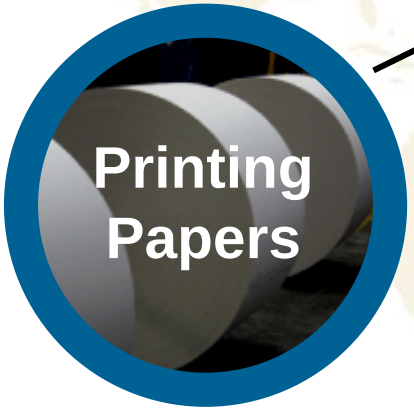
Free cash flow, based on data in the 10-K for each year at the time of filing.
Excludes net cash pension contributions impacting 2006, 2010, 2011 & 2013, cash flows under European accounts receivable securitization beginning in 2009 and ending in 2011, and cash received from Black Liquor Tax Credits in 2009 and 2010. 2012 excludes $120MM cash paid for Temple-Inland change-in-control agreements, $251MM cash received from unwinding a timber monetization, $44MM cash paid for Temple-Inland pension plan contribution, and $80MM cash paid for Guaranty Bank settlement. 2013 excludes $31MM cash paid for pension plan contribution and $30MM cash received from Guaranty Bank insurance reimbursements.

Global Segment Profile



2013 EBITDA[1]



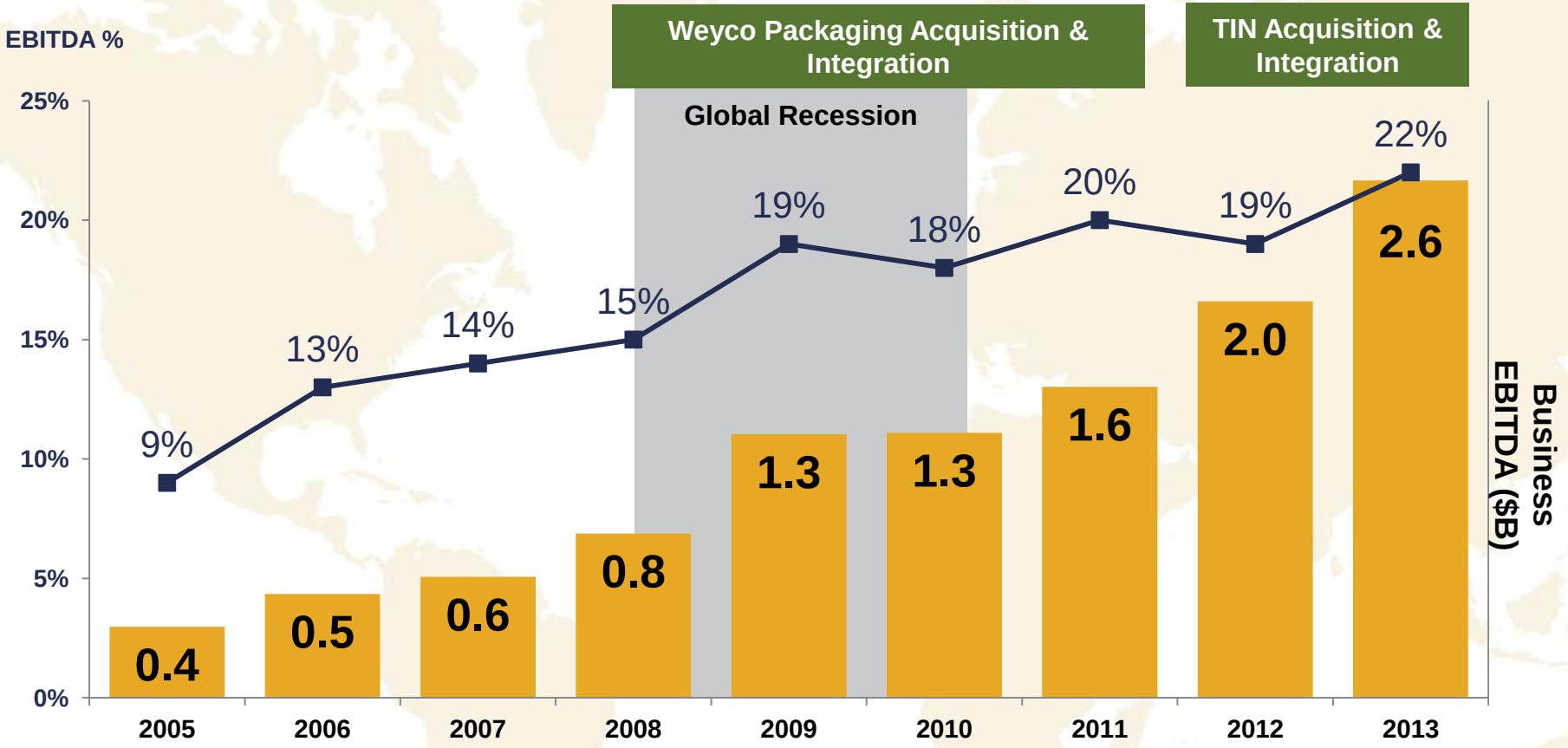




[1] From continuing operations before special items and non-operating pension expense
Does not reflect equity earnings from Ilim JV; xpedx is the remaining 1% of 2013 segment EBITDA

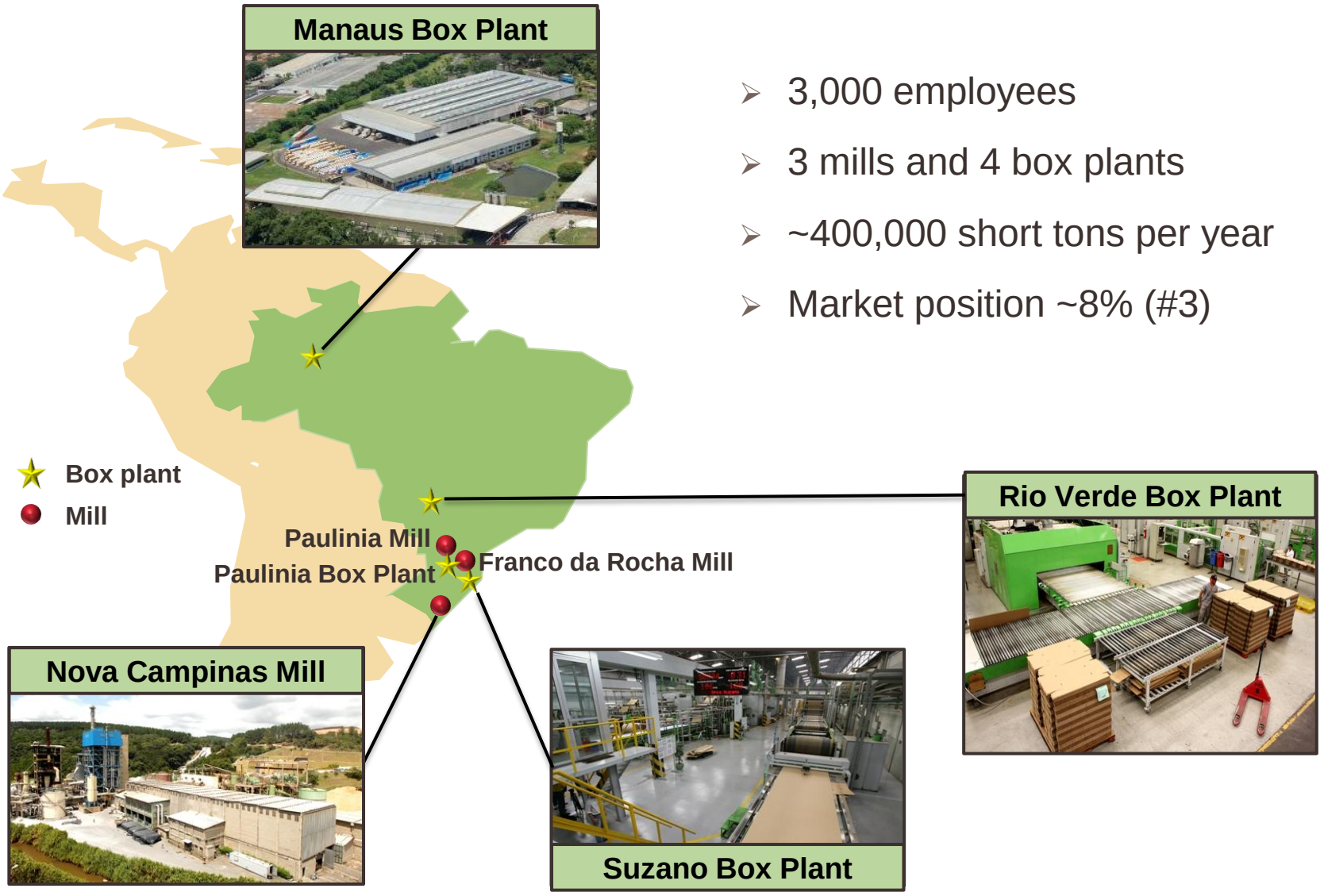
NA Industrial Packaging | Track Record of Success

Growth and Margin Expansion through Strategic Acquisitions and Successful Integrations



IP EBITDA margins based on North American Industrial Packaging operating profit before special items
Excludes the Recycling Business and revenue from trade volumes

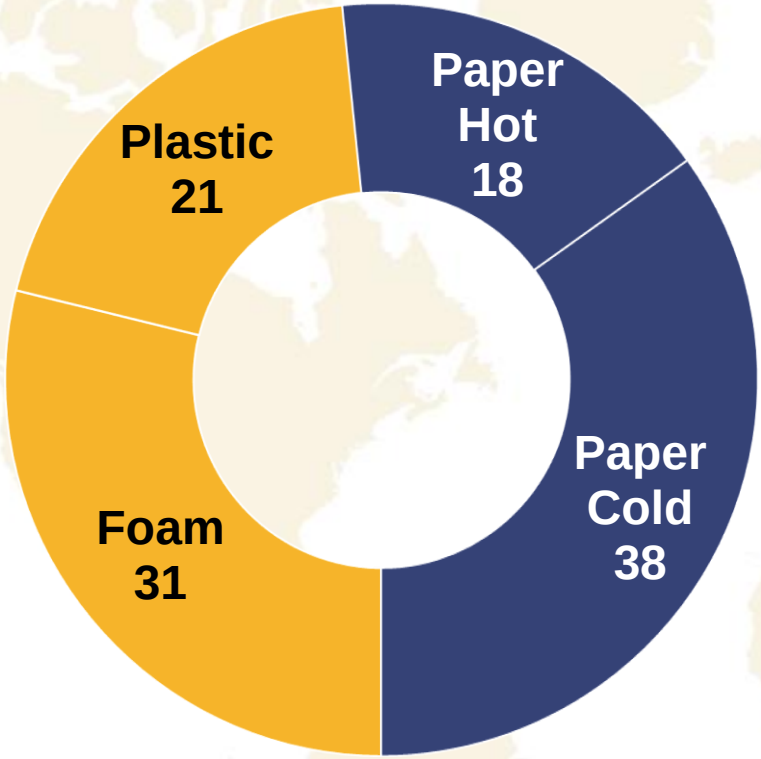
IP Brazil Packaging | Orsa IP



- 3,000 employees
- 3 mills and 4 box plants
- ~400,000 short tons per year
- Market position ~8% (#3)

Paper Cups Replacing Foam | Environmental Benefits of Paper Driving Demand

2014 U.S. Cup Demand
(Billions of Units)





Every 1 Billion Foam & Plastic Cups Converted to Paper = 15 – 25 Thousand Tons of Coated Paperboard Demand

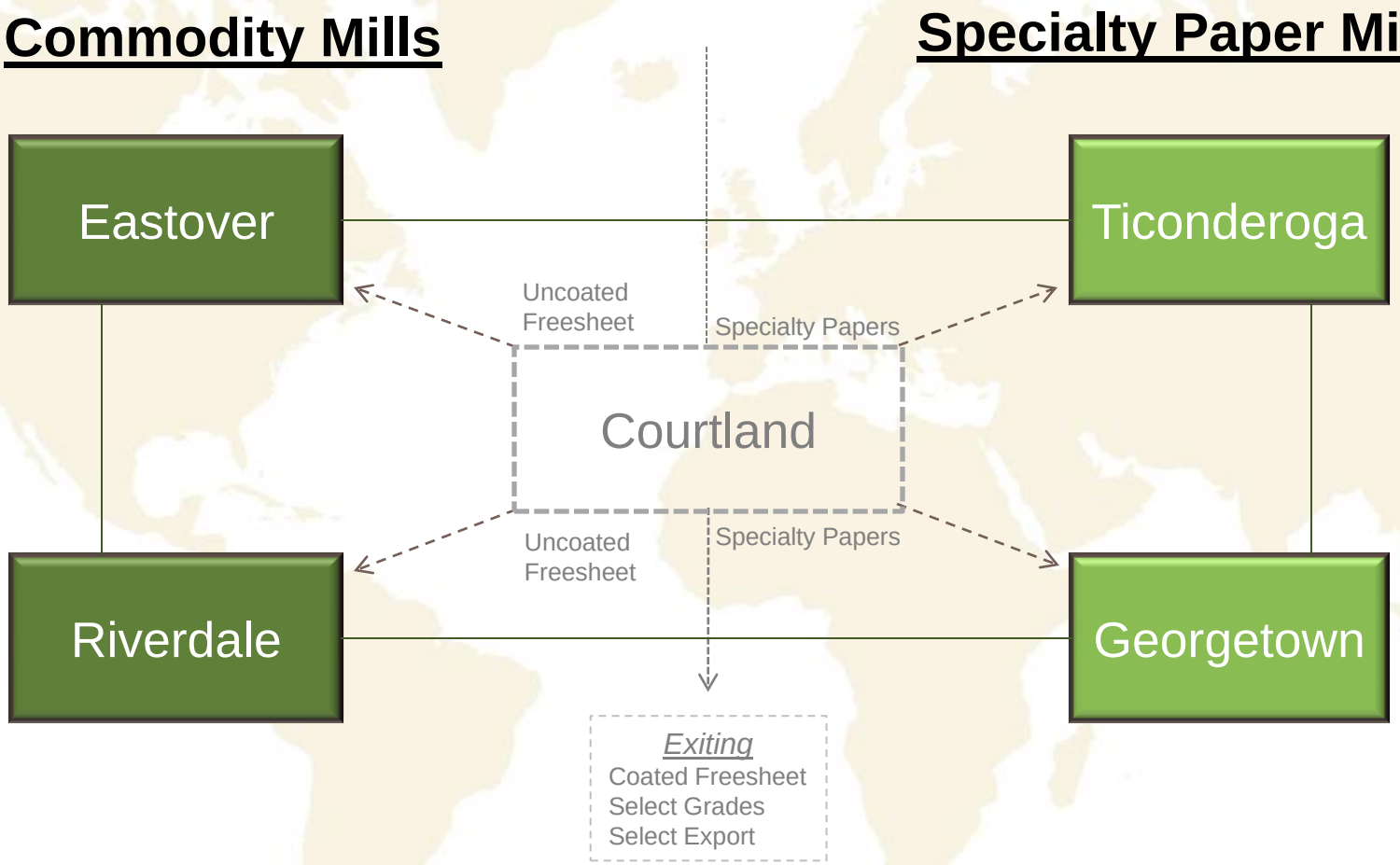
Source: Technomic 2012 Disposables Study, RISI, AF&PA, IP Analysis

Kwidzyn Folding Box Board Rebuild



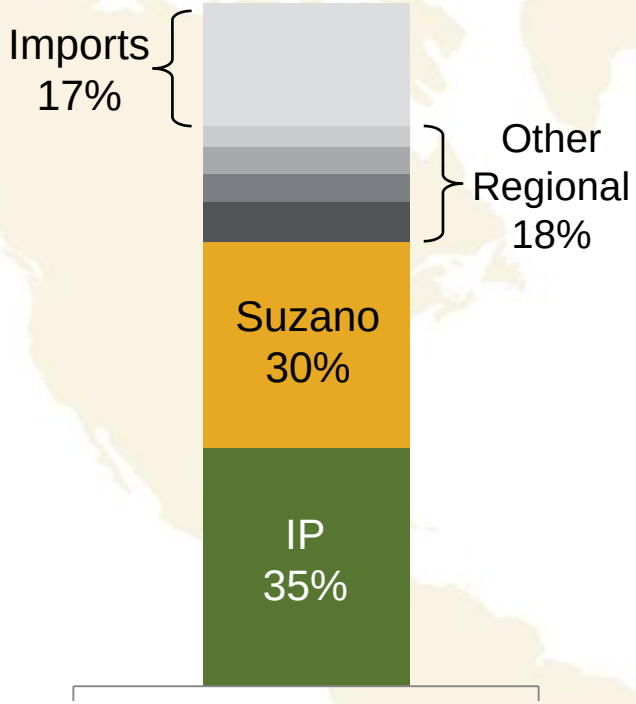


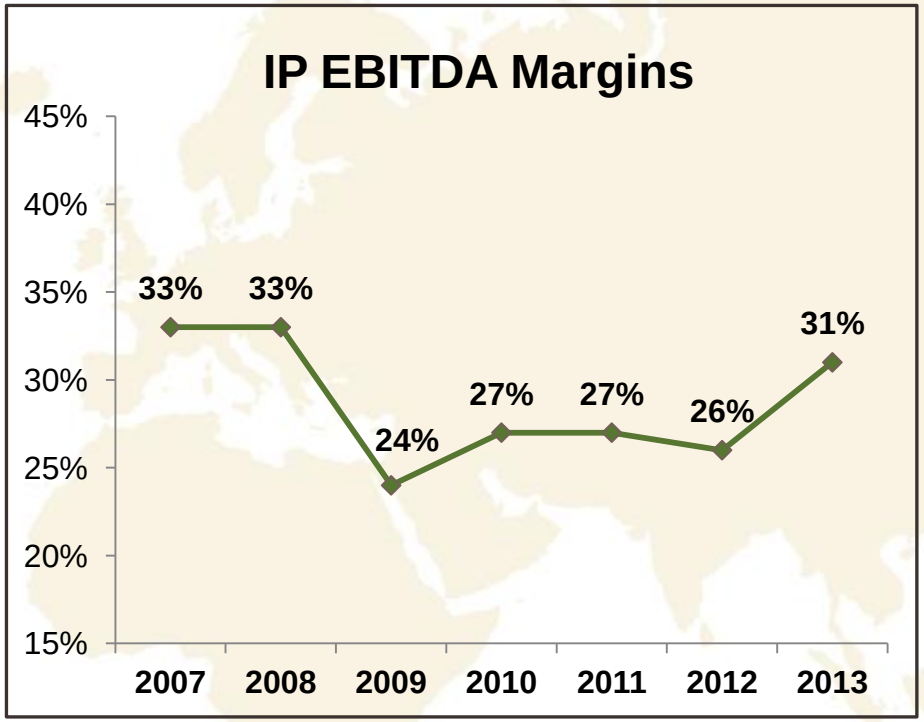
Capabilities well balanced between commodity and specialty paper mills



Latin American Uncoated Freesheet Market | IP do Brasil

Supply Positions

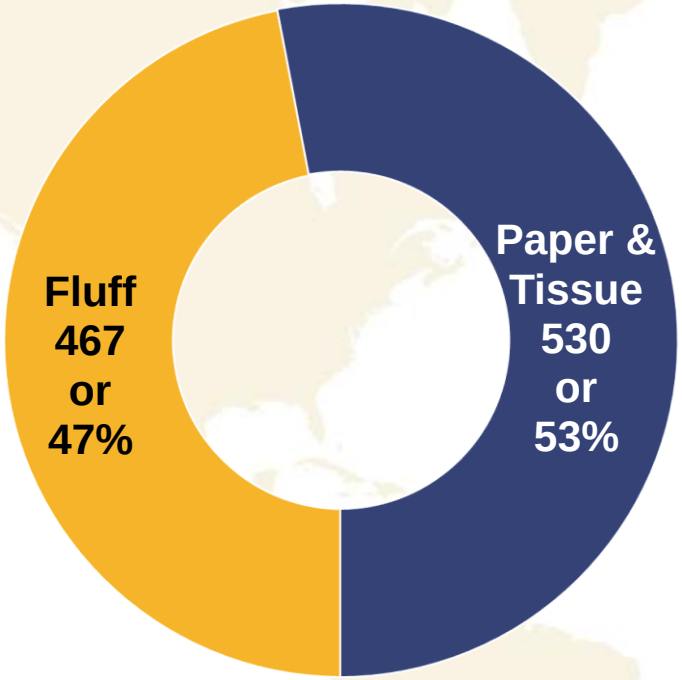




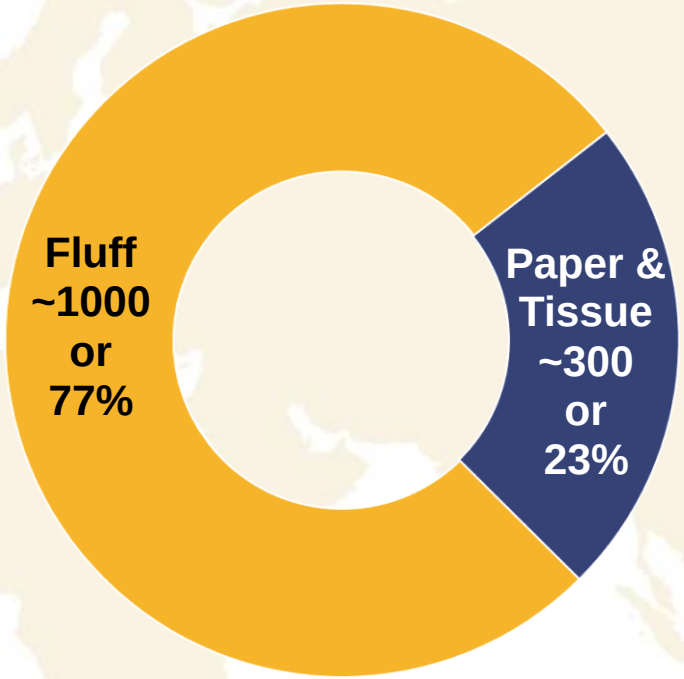
Source: Bracelpa/ AFCP / RISI/ Fisher/ IP Analysis

Leverage Repurposing | Fluff Pulp

2007 Pulp Mix
(M Tonnes)



Post-Franklin Mix
(M Tonnes)

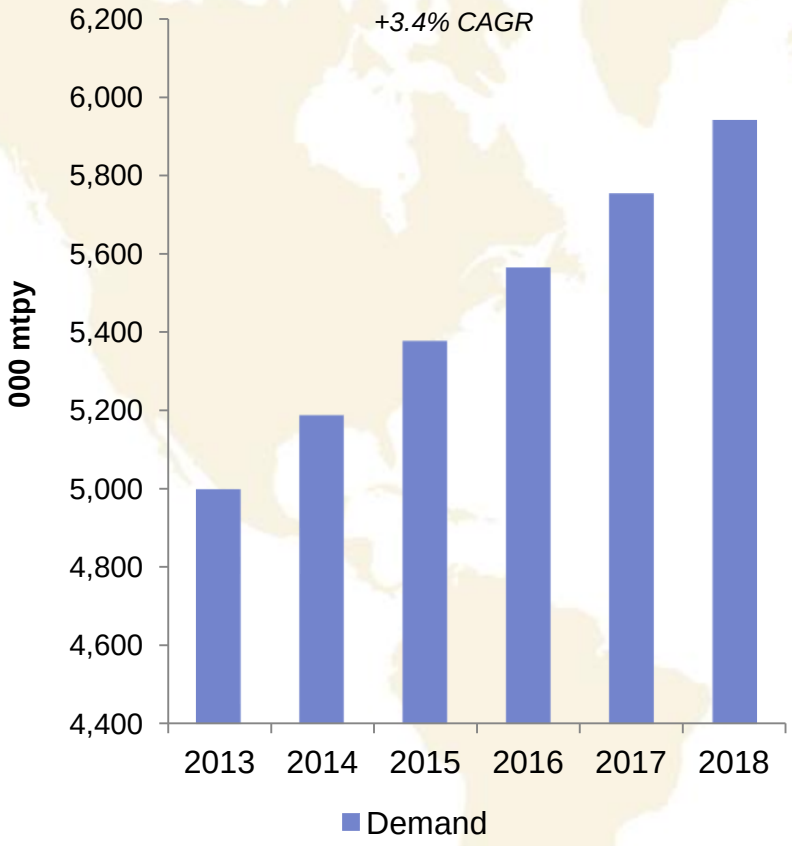


Units shown in metric tonnes

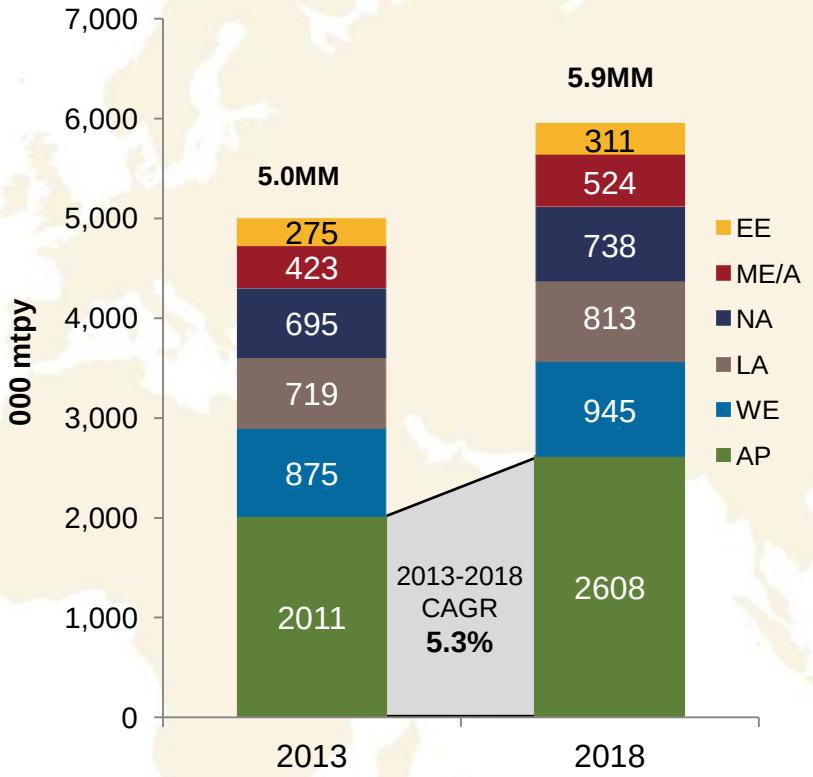
Global and Regional Fluff Demand Growth

The Asia-Pacific region is forecasted to capture 63% of global fluff growth by 2018

Global Fluff Demand Growth



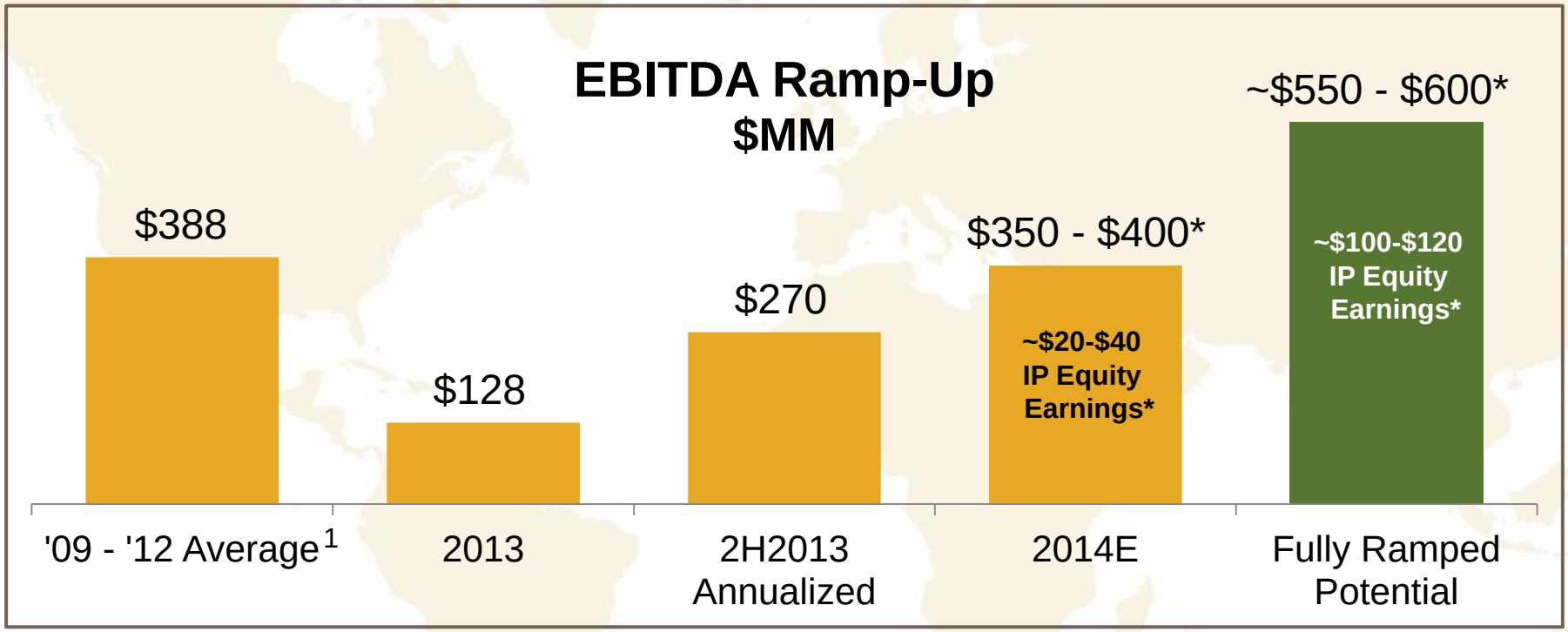
Regional Fluff Demand Growth



Units shown in metric tonnes

Ilim Joint Venture | Pro Forma View – As Shared on February 4th Earnings Call

$ Million	'09-'12 Average[1]	2013	2014
Depreciation	$125	$177	~$225
Interest Expense	$15	$39	~$75



Ilim JV figures are on an IFRS basis with the exception of IP Equity Earnings which is US GAAP. IP position in joint venture is 50%.
* Assumes stable FX & current pulp prices
[1] See Roadshow Handout on our website (www.internationalpaper.com) for yearly results and additional financial measures

Capital Allocation Plan

- **Dividend**
  - Continue to grow to 30 - 40% FCF
- **Share Buyback**
  - ~$1B of $1.5B purchased as of April 30
- **Selective Reinvestment**
  - Continue to explore opportunities with positive spread above cost of capital

Summary



Robust, Improving **Free Cash Flow** Generation



ROIC **Above WACC**
with Further **Margin Expansion**



Less Cyclical Business Results
from Refocused Portfolio



Strong, Healthy Balance Sheet Enables Greater
Commitment to **Return Cash** to Shareholders



Strong Management Team