Second Quarter 2014 Earnings | July 29, 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 joint ventures; and (vii) 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

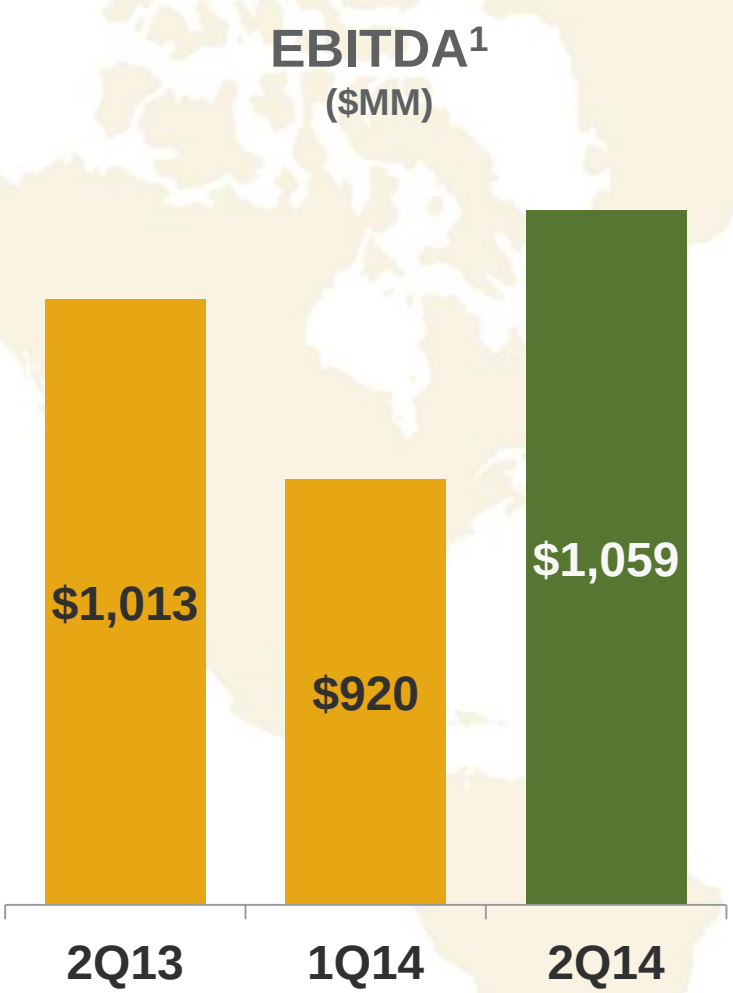
During the course of this presentation, certain non-U.S. GAAP financial information will be presented.

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."

Second Quarter 2014 Results

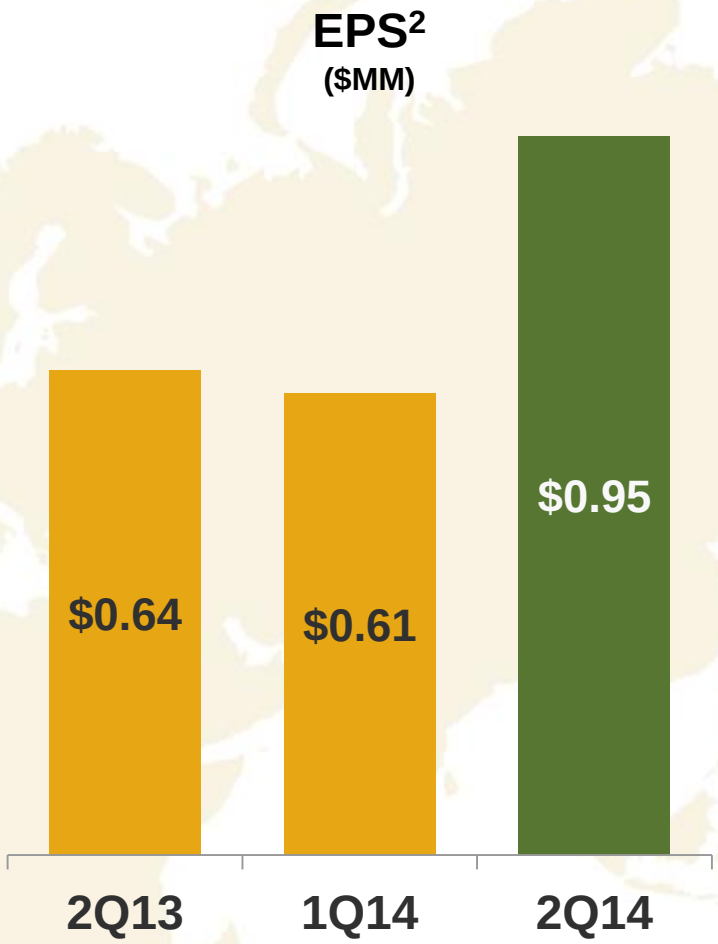


- Good execution resulting in strong earnings and margins
- Continued strong results in NA Industrial Packaging and solid performance in other key businesses
- Rebound from weather impact of 1Q, but high input costs remain
- Successfully executed peak level of annual maintenance outages
- Continued solid results in operating performance at Ilim; favorable F/X
- Additional $1.5B share buyback authorization
- Mark Sutton appointed President and Chief Operating Officer
- xpedx spin-off completed July 1

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

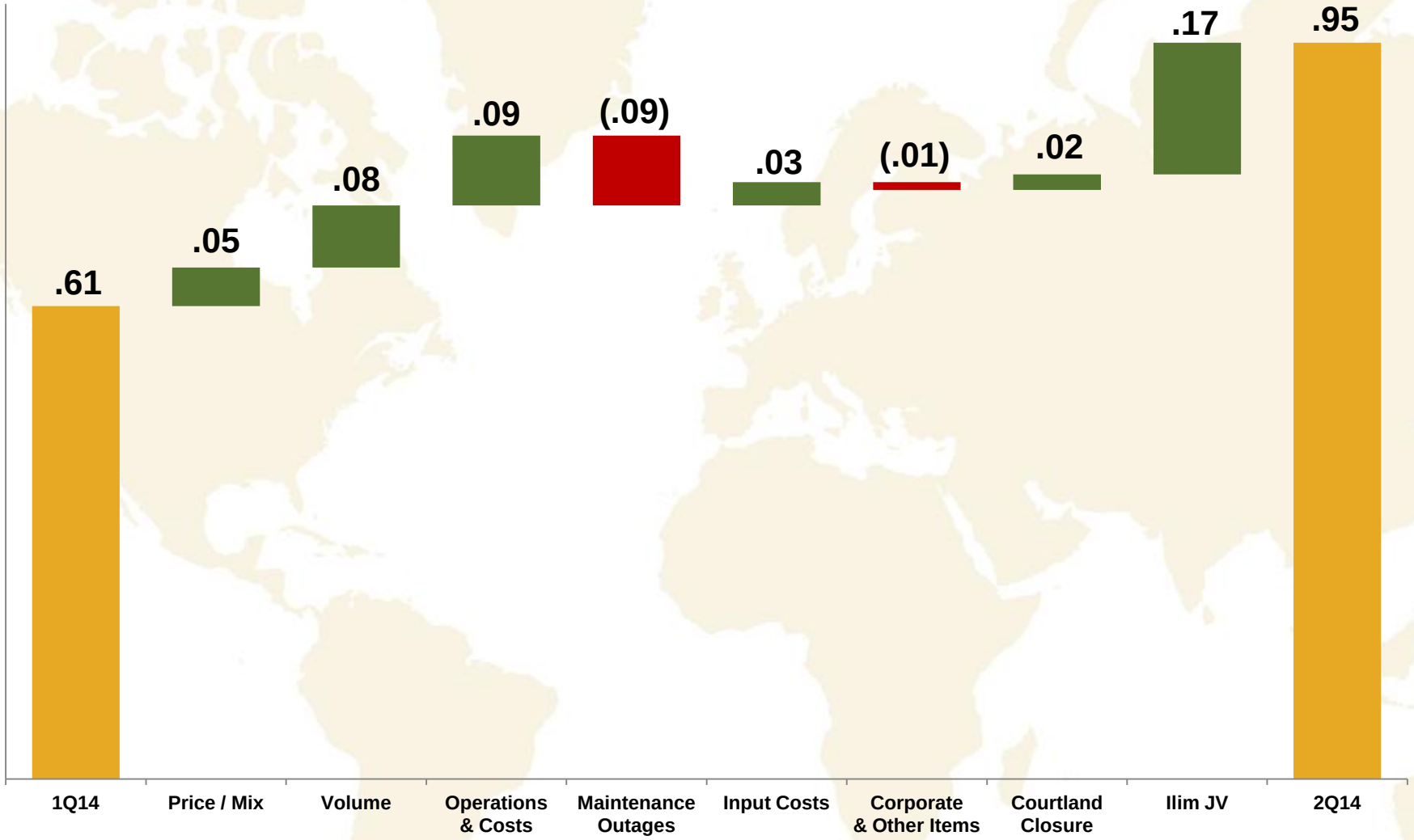
2Q14 Financial Results

	2Q13	1Q14	2Q14
Sales ($B)	$7.3	$7.0	$7.2
EBIT[1] ($MM)	$626	$568	$700
EPS[2]	$0.64	$0.61	$0.95
EBITDA[1] ($MM)	$1,013	$920	$1,059
EBITDA Margin[1]	13.8%	13.1%	14.7%
Free Cash Flow[3] ($MM)	$452	$254	$380



[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 #21 for a reconciliation of cash provided by continuing operations to free cash flow

2Q14 vs. 1Q14 EPS

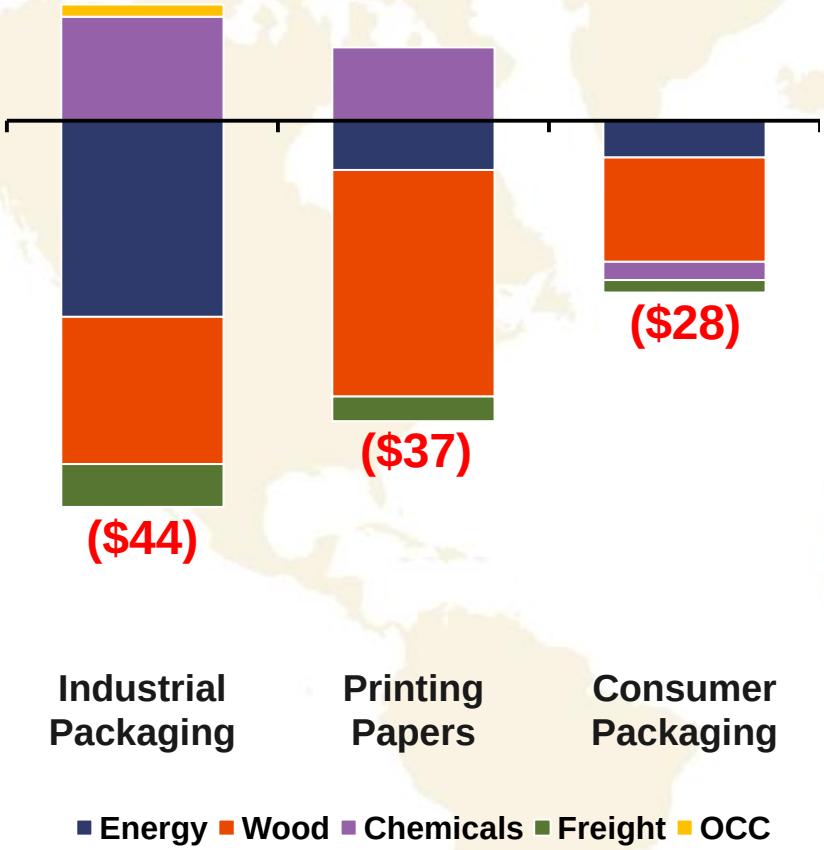


Operating Earnings

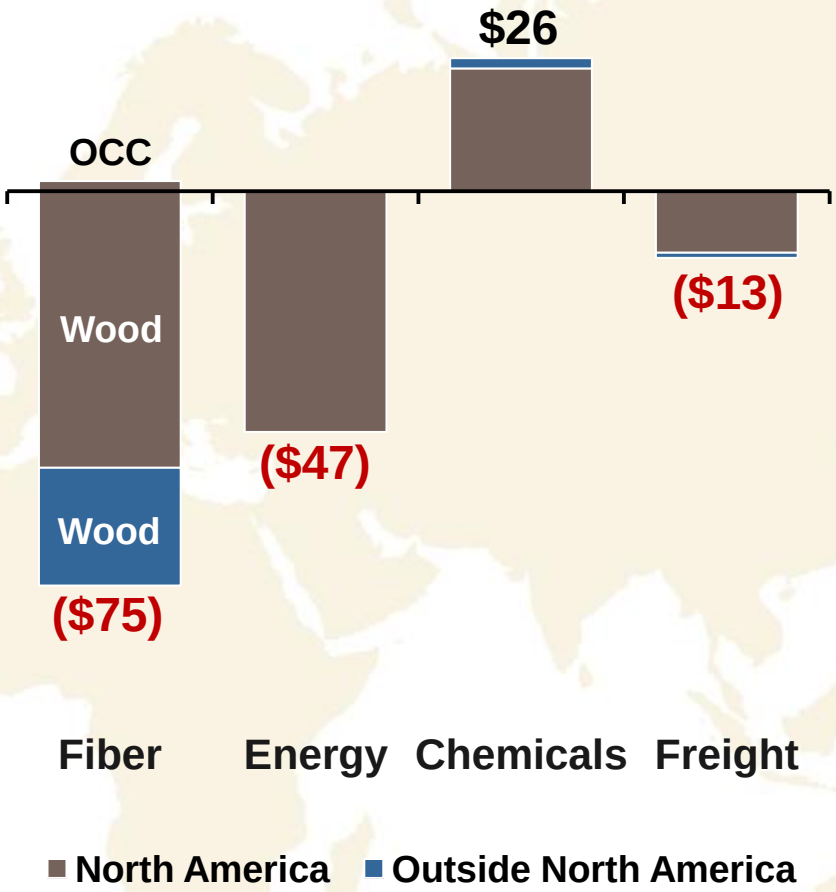
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Global Input Costs 1H14 vs. 1H13 | $109MM Unfavorable

By Business

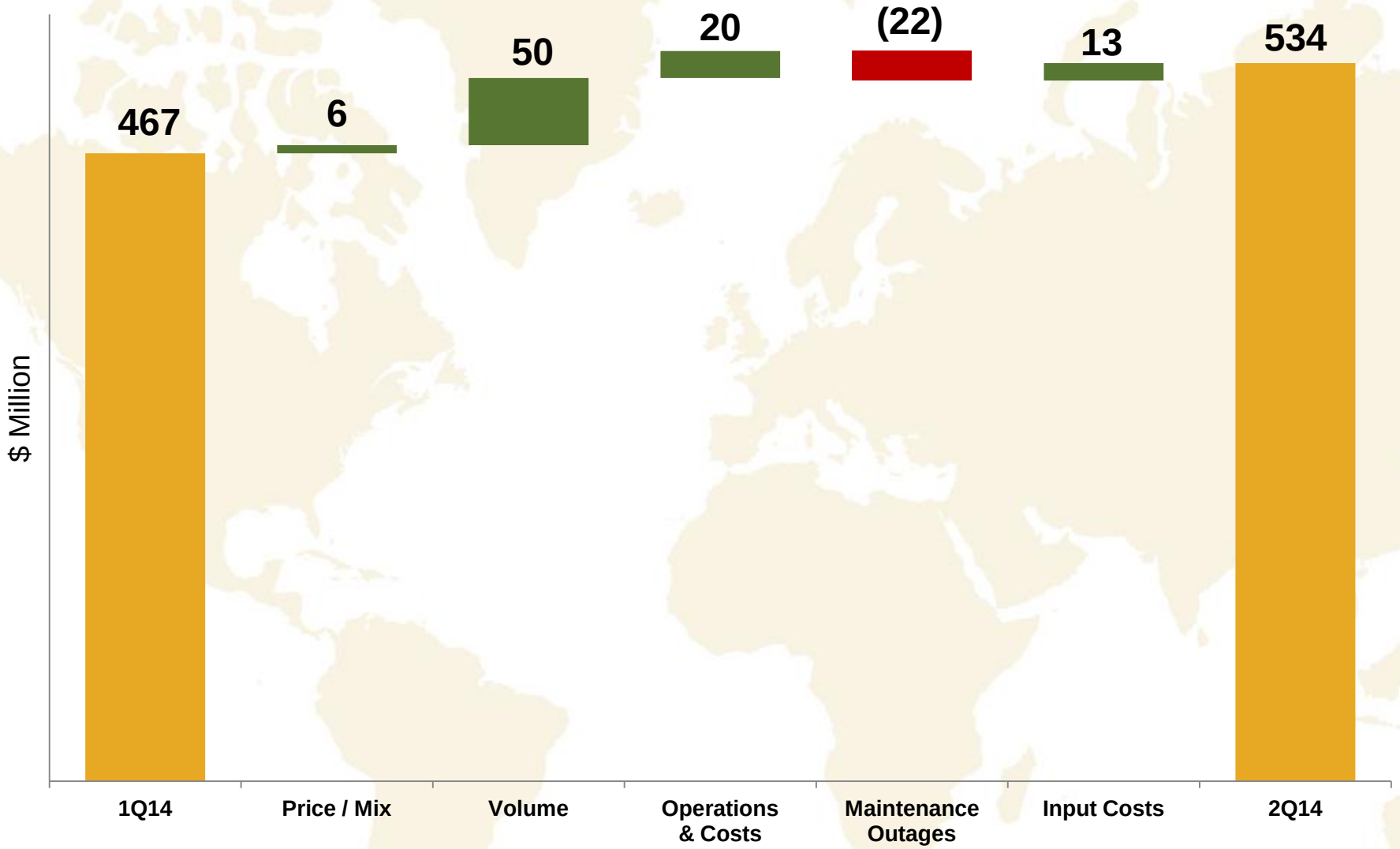


By Input Type



Input costs ($MM) for continuing businesses

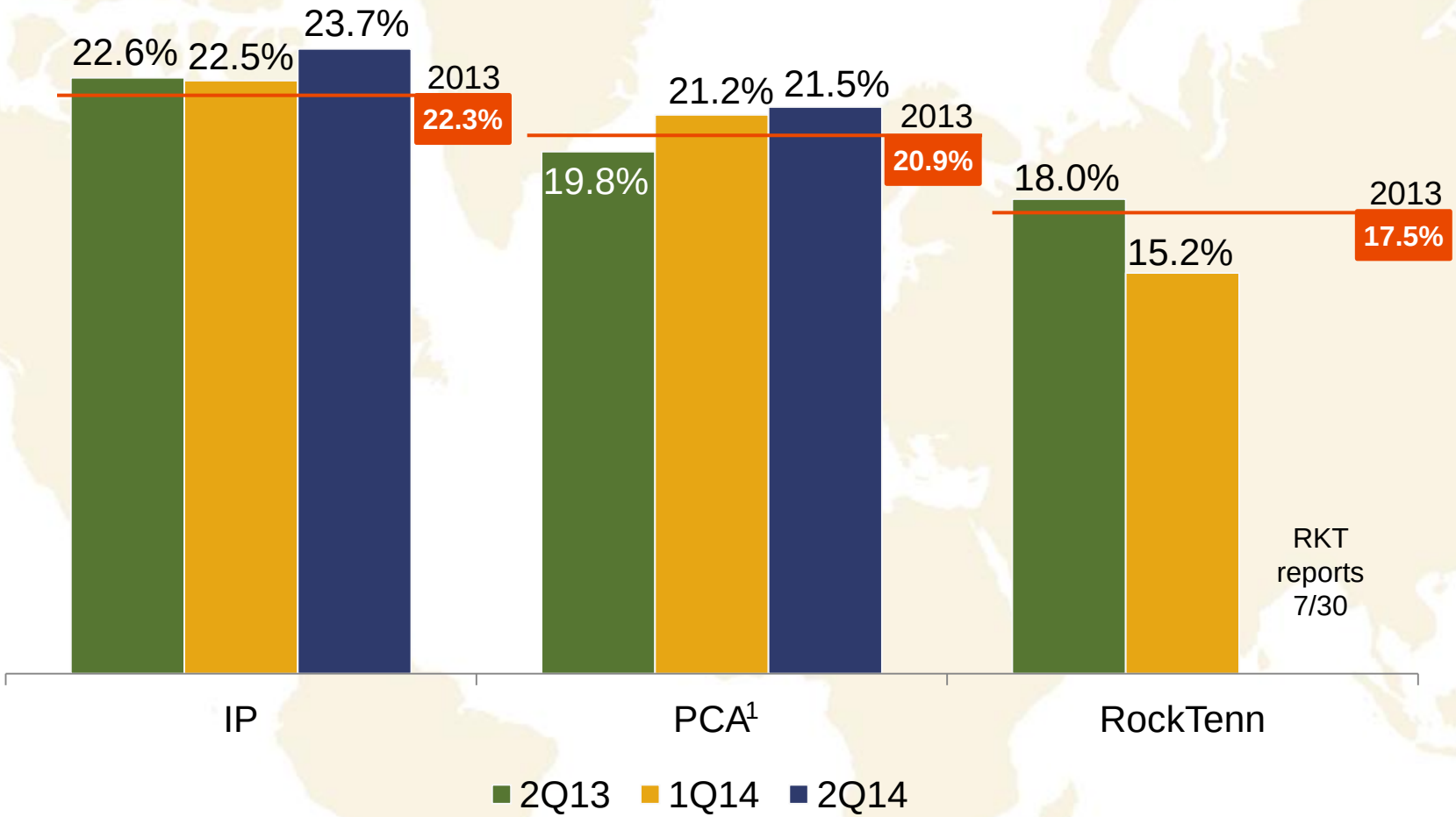
Industrial Packaging | 2Q14 vs. 1Q14



Segment operating profit before special items

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NA Industrial Packaging Relative EBITDA Margins

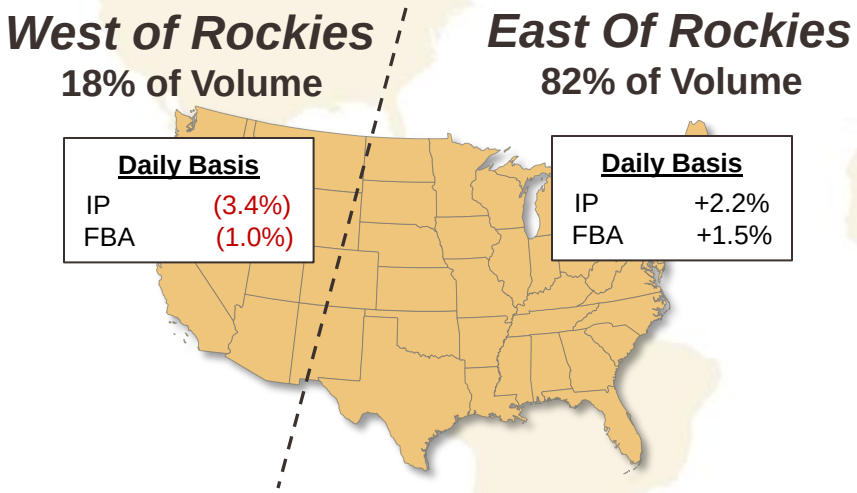


[1] Reflects Company's change in accounting method beginning in 2014
IP EBITDA margins based on North American Industrial Packaging operating profit before special items
Excludes the Recycling Business and revenue from trade volumes
Competitor EBITDA margin estimates obtained from public filings and IP analysis

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Total Box Volume *(Daily Basis)*	2014 2Q vs. 1Q	2014 2Q YOY
IP	+5.1%	+1.1%
FBA Industry	+5.3%	+1.0%

IP Volume (2Q14 vs. 2Q13)



IP Select Segment Performance (YOY)

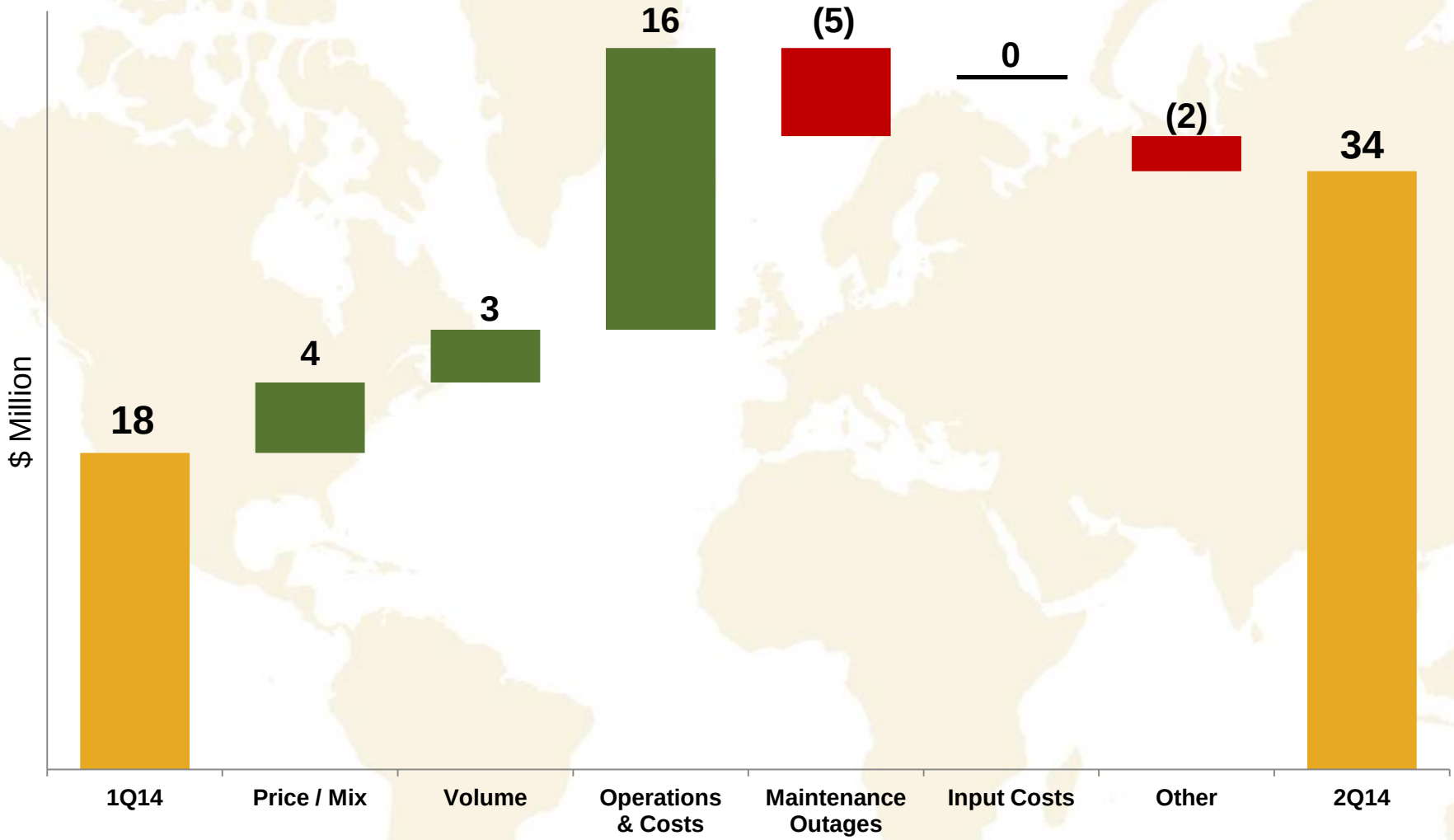
- Poultry
- Shipping & Distribution

- Beverage
- Processed Foods
- Beef

- Agriculture (West Coast)

[1]Corrugator plant sales
Source: Fibre Box Association (FBA), IP Analysis

Consumer Packaging | 2Q14 vs. 1Q14



Segment operating profit before special items

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Consumer Packaging 2H 2014 Earnings Runway

1H2014

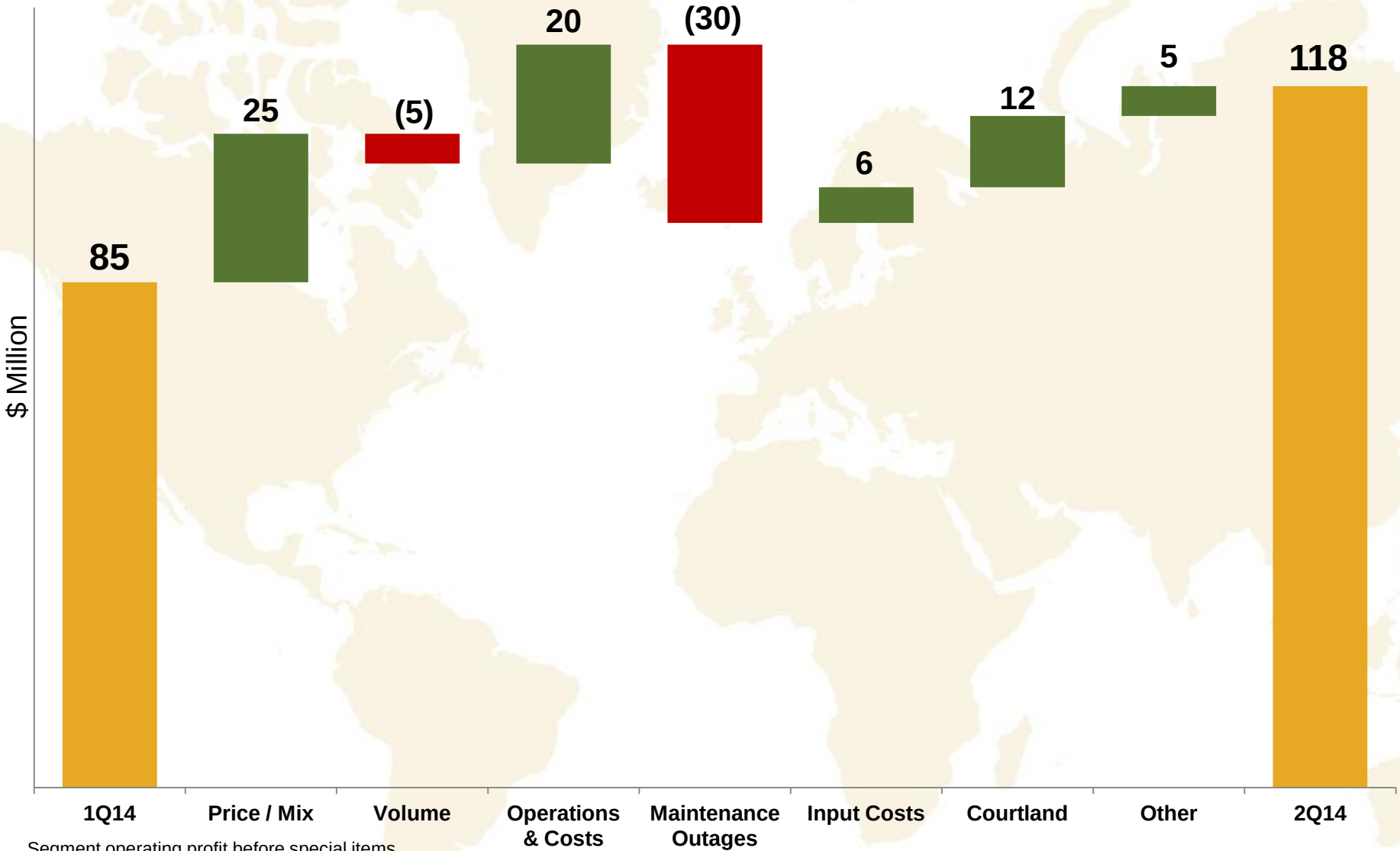
- 1Q severe weather
- Volume constrained during heavy outage period
- Price increases announced
- High input costs
- Kwidzyn project construction and start-up

2H2014

- ✓ Lower outages / Volume pickup
- ✓ Pricing realizations
- ✓ Incremental cupstock growth due to shift from foam to paper
- ✓ Double digit foodservice volume growth driving solid demand for coated paperboard
- ✓ Mix improvements associated with seasonality (hot cup season)
- ✓ Input costs remain high, above expectations
- ✓ Kwidzyn project ramp-up



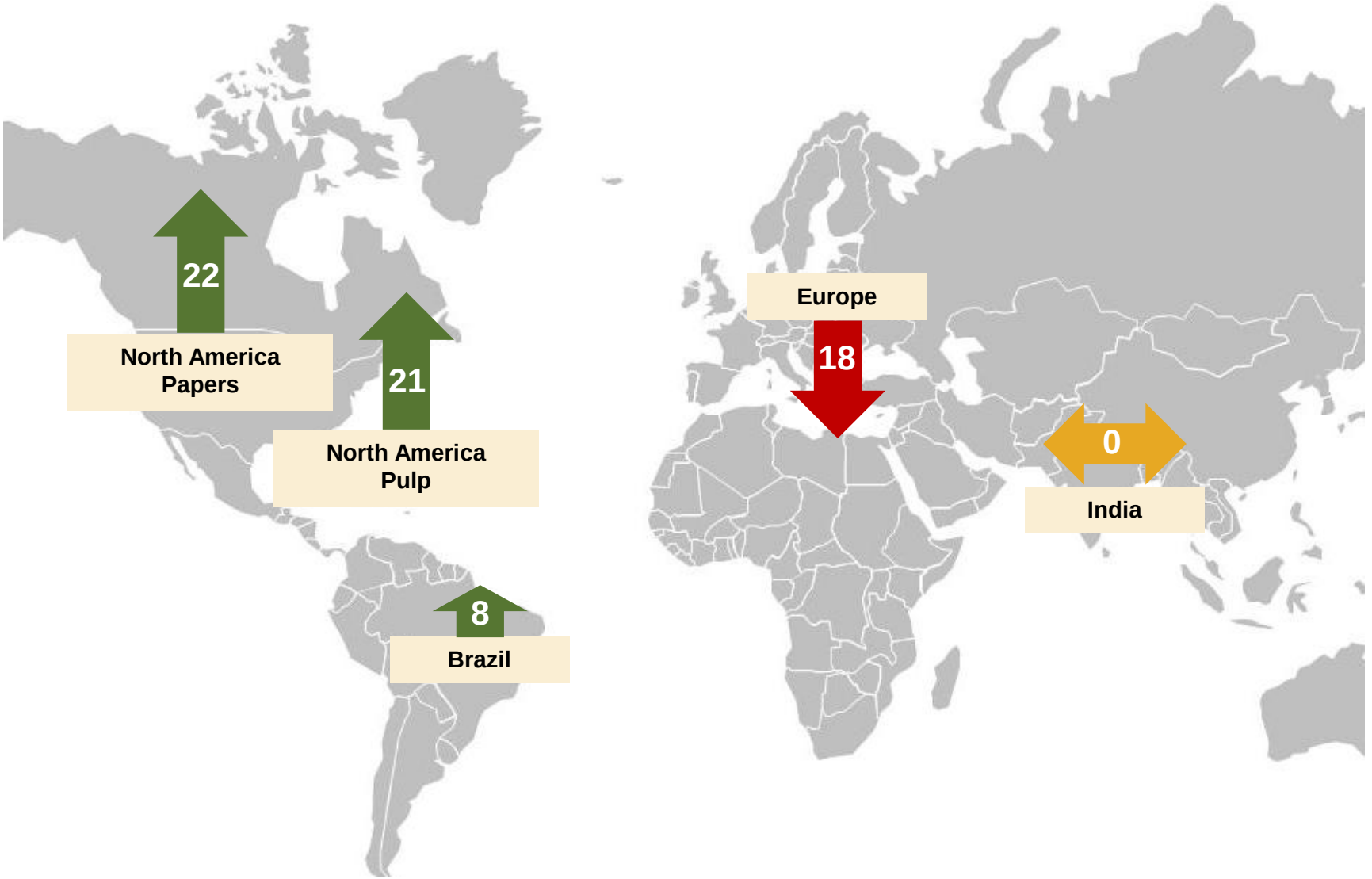
Printing Papers | 2Q14 vs. 1Q14



Segment operating profit before special items

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Printing Papers | 2Q14 vs. 1Q14 Change in Segment Operating Profit[1] ($MM)



[1]Before special items

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Ilim Joint Venture | 2Q14 vs. 1Q14

$ Million	2Q13	1Q14	2Q14
Sales Volume (thousand tons)	647	781	782
Sales	$465	$554	$545
Operational EBITDA[1]	$36	$115	$112
F/X (Impact of USD Debt[2]**)**	($56)	($114)	$72
IP Equity Earnings(Loss)[3]	($34)	($31)	$43

- Solid operational performance offsetting softening pulp prices
- Favorable F/X impact
- Bratsk productivity encouraging following July outage

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] 2Q14 Ilim JV USD-denominated debt balance of ~$1.5B; 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(Loss) for 2Q13 and 1Q14 include after-tax f/x losses of $23MM and $45MM, respectively; 2Q14 includes an after-tax f/x gain of $29MM.

Third Quarter Outlook | Changes from 2Q14

		North America	EMEA & Russia	Brazil	Asia[1]
Volume	Paper	Stable	Stable	Seasonal Improvement	Stable
	Packaging	CPG improving	Stable	Stable	Stable
Pricing / Mix	Paper	Fluff pulp continued price realization	Stable	Stable	Stable
	Packaging	CPG continued price realization	Stable	Stable	Stable
Operations & Other	Paper	Stable	Stable	Stable	Stable
	Packaging	Stable	Stable	Stable	Stable
Inputs & Freight	Paper	Increasing	Stable	Increasing	Stable
	Packaging	Increasing	Stable	Stable	Stable
Mill Maintenance Outages	Paper	Decrease $23MM	Decrease $23MM	Decrease $1MM	Increase $2MM
	Packaging	Decrease $86MM	Decrease $7MM	Increase $3MM	N/A
xpedx Earnings		Transitional costs and non-recurring earnings			
ILIM JV Equity Earnings			Non-recurring currency impact[2]		

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

Financial Strength of IP | Balance Sheet Update

- ✓ Moody's credit rating raised to Baa2 Stable
- ✓ Bond issue and tender offer successfully reduced 2018 and 2019 debt towers
- ✓ $400MM payment associated with xpedx spin (July 1)
- ✓ Share buyback continues; additional $1.5B authorization approved by IP Board of Directors
- ✓ Potential Highway Trust Fund legislation could have positive impact on future pension contributions and available cash

What Makes IP Different? | Key Levers and Runway

Enterprise



- Manufacturing expertise with low-cost assets
- People capability
- EBITDA growth based on IP specific initiatives
- Ramping dividend and sizeable share repurchase program
- Attractive FCF yield with improving FCF

North America



- Strong positions – best margins
- Industrial Packaging optimization
- Consumer Packaging foam to paper cup conversions
- Papers repositioning post Courtland

Global



- Leveraging global platform for profitable growth
- Coated Paperboard quality project at Kwidzyn
- Packaging synergies at Orsa
- Ilim ramp up

Appendix

Investor Relations Contacts

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Media Contact

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Free Cash Flow

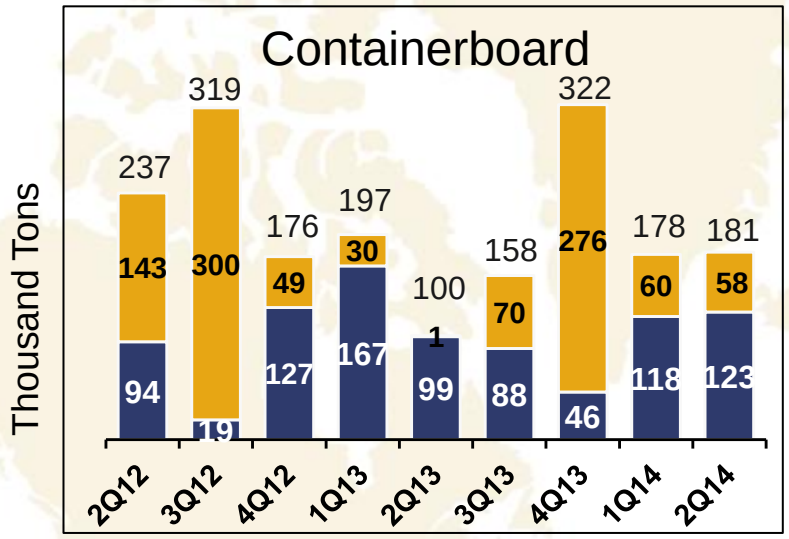
$ Million	2Q13	1Q14	2Q14
Cash Provided by Continuing Operations	$724[1]	$531[2]	$737[3]
Less Capital Investment	($272)	($277)	($357)
Free Cash Flow	$452	$254	$380

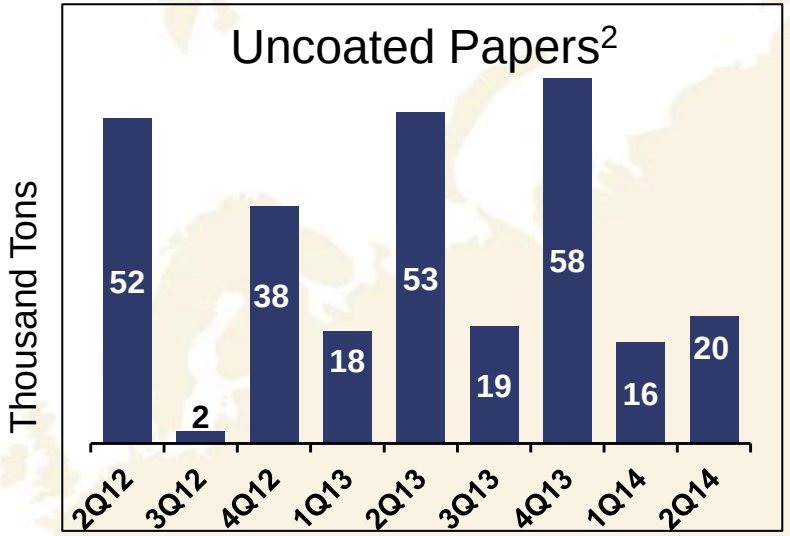
[1] Excludes $31 MM cash paid for pension plan contribution and $30 MM cash received from Guaranty Bank insurance reimbursements
[2] Excludes $58MM cash paid for pension plan contribution
[3] Excludes $205MM cash paid for pension plan contribution

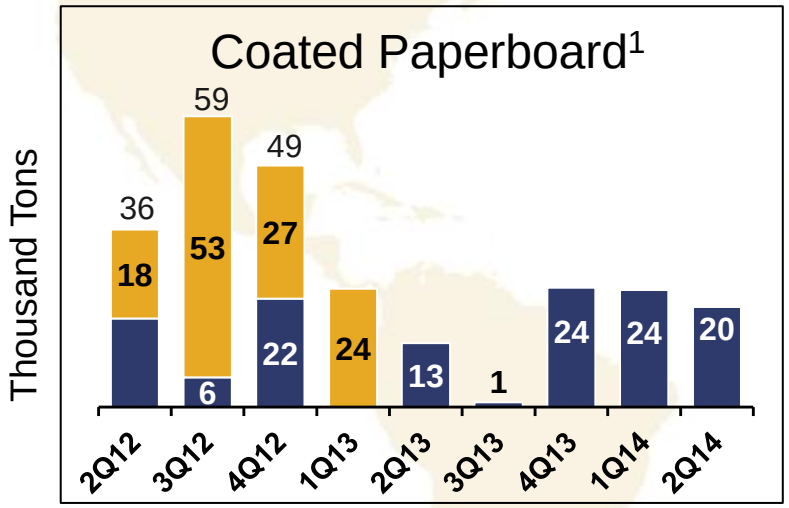
Maintenance Outages Expenses | 2014

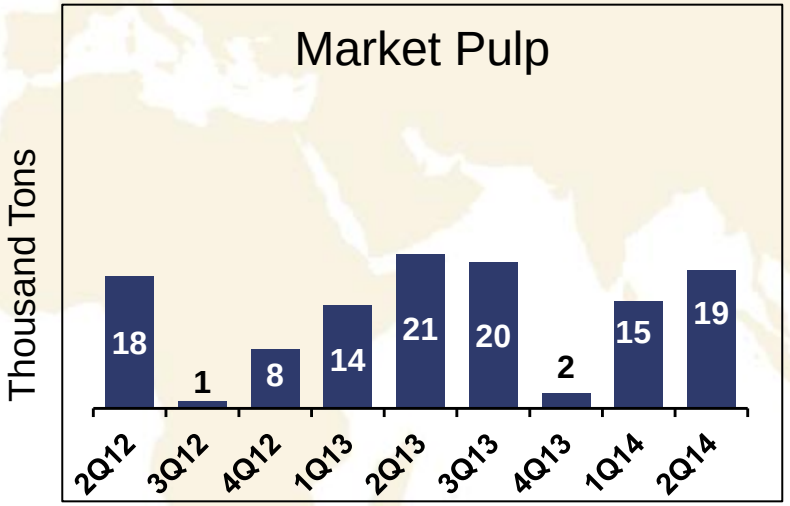
$ Million	1Q14	2Q14	3Q14F	4Q14F	2014F
Industrial Packaging	**$69**	**$91**	**$26**	**$47**	**$233**
North America	69	91	23	47	230
Brazil	0	0	3	0	3
Printing Papers Total	**$31**	**$60**	**$15**	**$47**	**$153**
North America	30	35	12	38	115
Europe	1	24	1	0	26
Brazil	0	1	0	9	10
India	0	0	2	0	2
Consumer Packaging	**$20**	**$26**	**$1**	**$14**	**$61**
North America	20	19	1	14	54
Europe	0	7	0	0	7
Total Impact	**$120**	**$177**	**$42**	**$108**	**$447**

North American Downtime









[1]Augusta PM#2 was permanently shutdown in March 2013 (36000 tons / quarter)
[2]Courtland Mill shutdown complete in February 2014

Special Items Before Tax | Continuing Operations

Special Items Pre-Tax ($ Million)		2Q13	1Q14	2Q14
Industrial Packaging	Acquisition and Integration Costs	($14)	($14)	$4
	Olmuksan Bargain Purchase Gain	$13		
	Other	($2)		($1)
Printing Papers	Courtland Mill Shutdown		($495)	($49)
Consumer Pkg.	Other	($1)	($1)	($1)
xpedx	Reorganization	($17)	($2)	$1
Corporate	Debt Extinguishment	($3)		($262)
	xpedx Spinoff		($16)	($18)
	Guaranty Bank Insurance Reimbursements	$30		
	Cass Lake Environmental Reserve	($6)		
	Revaluation of Company Airplanes	($9)		
	Other	($3)	($1)	
Total Special Items Before Tax		**($12)**	**($529)**	**($326)**

Special Items Net of Taxes

	1Q14		2Q14	
	$ Million	EPS	$ Million	EPS
Earnings Before Special Items	$265	$0.61	$409	$0.95
Special Items Net of Taxes:				
Tax Items	($9)			
Debt Extinguishment Costs			($160)	
Acquisition and Integration Costs	($8)		$3	
Courtland Mill Shutdown	($302)		($30)	
xpedx Spinoff	($10)		($20)	
Other	($2)		($1)	
Total Special Items Net of Taxes	($331)	($0.76)	($208)	($0.48)
Non-Operating Pension Expense	($27)	($0.06)	($37)	($0.09)
Discontinued Operations Net of Taxes	($2)	($0.00)	($3)	($0.01)
Net Earnings	($95)	($0.21)	$161	$0.37

2Q14 EBITDA | Integrated Mill Business Margins

	Operating Profit $ Million	D & A $ Million	Tons Thousand	EBITDA per Ton	EBITDA Margin
Industrial Packaging					
North America[1]	$523	$175	3,486	$200	24%
Brazil[2]	$1	$6	76	$92	8%
Printing Papers					
North America[3]	$33	$23	481	$116	11%
Europe & Russia[4]	$20	$16	313[5]	$115	13%[5]
Brazil	$53	$32	272	$313	32%
India[2]	($2)	$4	43	$47	7%
North American Pulp	$14	$16	335	$90	14%
Consumer Packaging					
North America[6]	$22	$43	382	$170	13%
Europe	$11	$5	78	$205	19%

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] Excludes JMA sales

[6] Includes Foodservice business

Operating Profits by Industry Segment | Continuing Operations

$ Million	2Q13	1Q14	2Q14
Industrial Packaging	$477	$467	$534
Printing Papers	$76	$85	$118
Consumer Packaging	$52	$18	$34
Distribution	$17	$7	$11
Operating Profit	**$622**	**$577**	**$697**
Net Interest Expense	($168)	($142)	($165)
Noncontrolling Interest / Equity Earnings Adjustment	$4	$0	$3
Corporate Items	$0	($9)	$0
Non-Operating Pension Expense	($83)	($44)	($61)
Special Items	($12)	($529)	($326)
Net Earnings from continuing operations before income taxes, equity earnings & noncontrolling interest	**$363**	**($147)**	**$148**
Equity Earnings(Loss), net of taxes – Ilim	**($34)**	**($31)**	**$43**

Geographic Business Segment Operating Results

$ Million	Sales			Operating Profit		
	2Q13	1Q14	2Q14	2Q13	1Q14	2Q14
Industrial Packaging						
North America	$3,190	$3,084	$3,210	$468	$460	$523
Europe	$310	$342	$339	$8	$9	$10
Brazil	$100	$85	$97	$1	($2)	$1
Asia	$180	$182	$154	$0	$0	$0
Printing Papers						
North American	$645	$515	$500	($8)	$11	$33
Europe	$360	$375	$380	$31	$38	$20
Brazil	$270	$245	$262	$59	$45	$53
Asia / India	$60	$64	$60	($3)	($2)	($2)
N.A. Pulp	$205	$207	$219	($3)	($7)	$14
Consumer Packaging						
North America	$505	$464	$505	$33	($6)	$22
Europe	$95	$91	$85	$18	$26	$11
Asia (Sun JV)	$255	$274	$253	$1	($2)	$1
xpedx	$1,405	$1,302	$1,326	$17	$7	$11

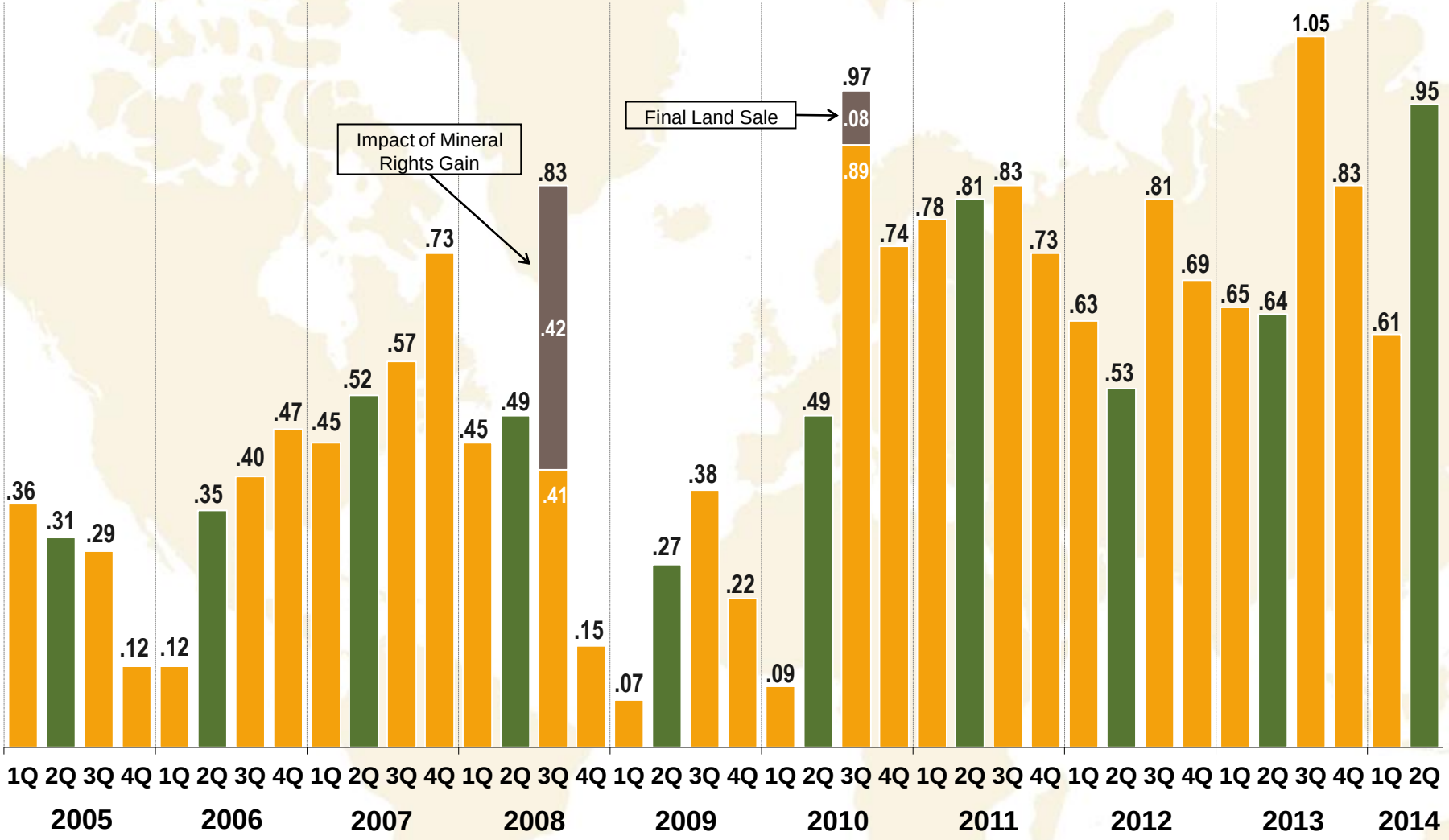
Does not reflect total company sales

2014 Operating Earnings

	Pre-Tax $MM	Tax $MM	Non-controlling Interest $MM	Equity Earnings	Net Income $MM	Average Shares MM	Diluted EPS[1]
Operating Earnings							
1Q14	$426	($132)	$4	($33)	$265	436	$0.61
2Q14	$535	($170)	$3	$41	$409	432	$0.95
Non-Operating Pension Expense							
1Q14	($44)	$17	$0	$0	($27)	436	($0.06)
2Q14	($61)	$24	$0	$0	($37)	432	($0.09)
Net Special Items							
1Q14	($529)	$198	$0	$0	($331)	436	($0.76)
2Q14	($326)	$118	$0	$0	($208)	432	($0.48)
Net Earnings from Continuing Operations							
1Q14	($147)	$83	$4	($33)	($93)	436	($0.21)
2Q14	$148	($28)	$3	$41	$164	432	$0.38

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

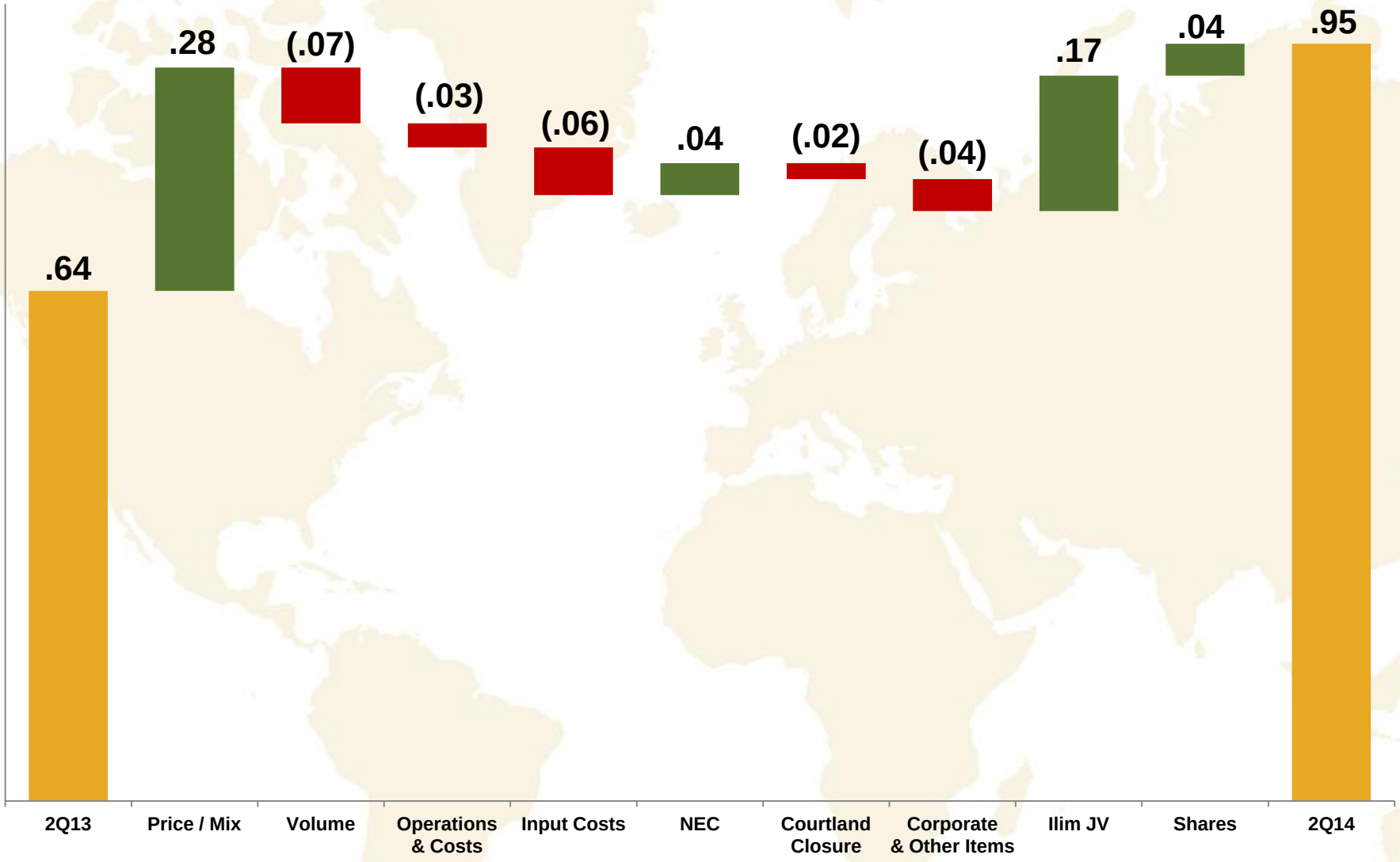
Operating Business EPS



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

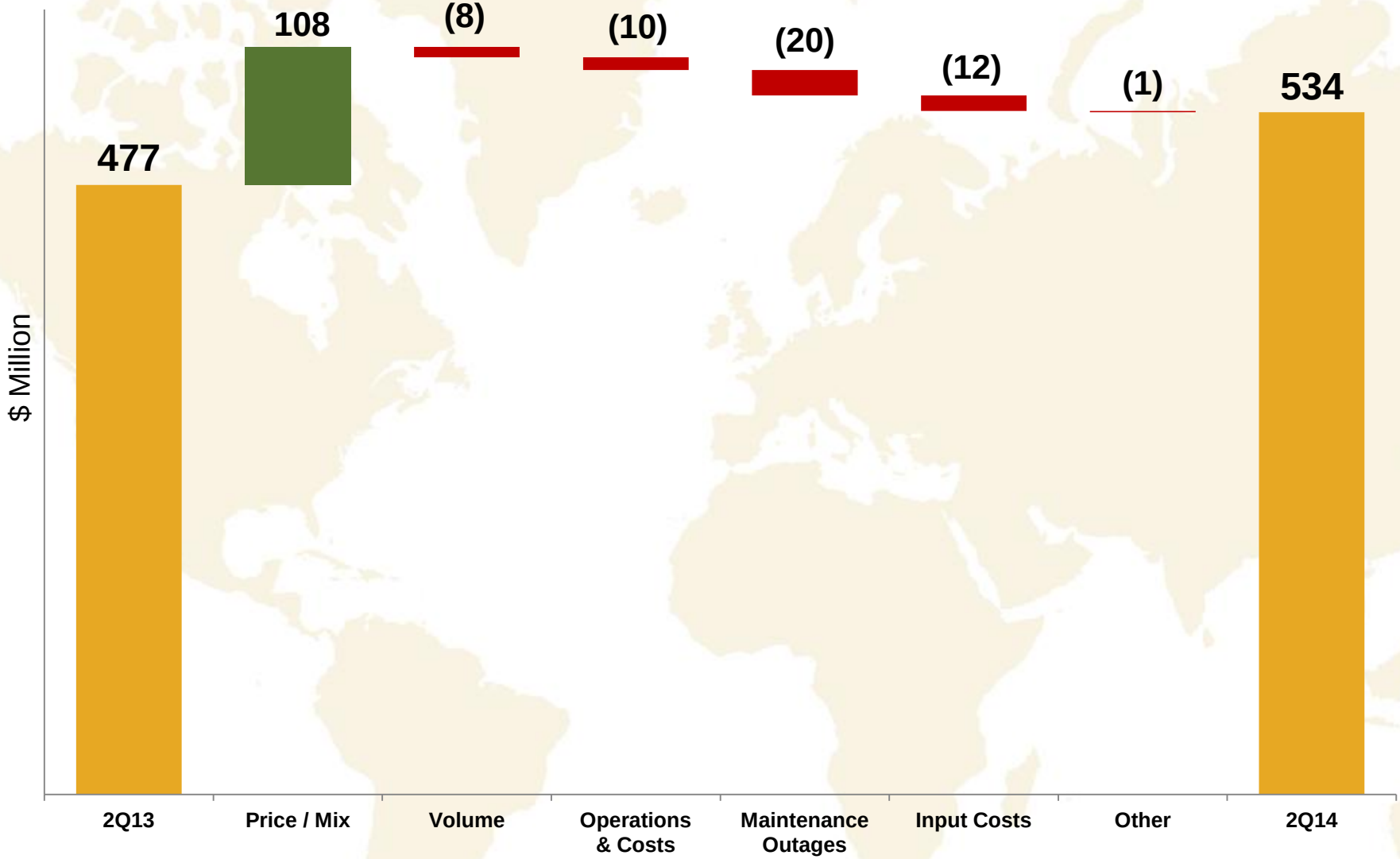
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2Q14 vs. 2Q13 EPS



Operating Earnings

Industrial Packaging | 2Q14 vs. 2Q13



Segment operating profit before special items

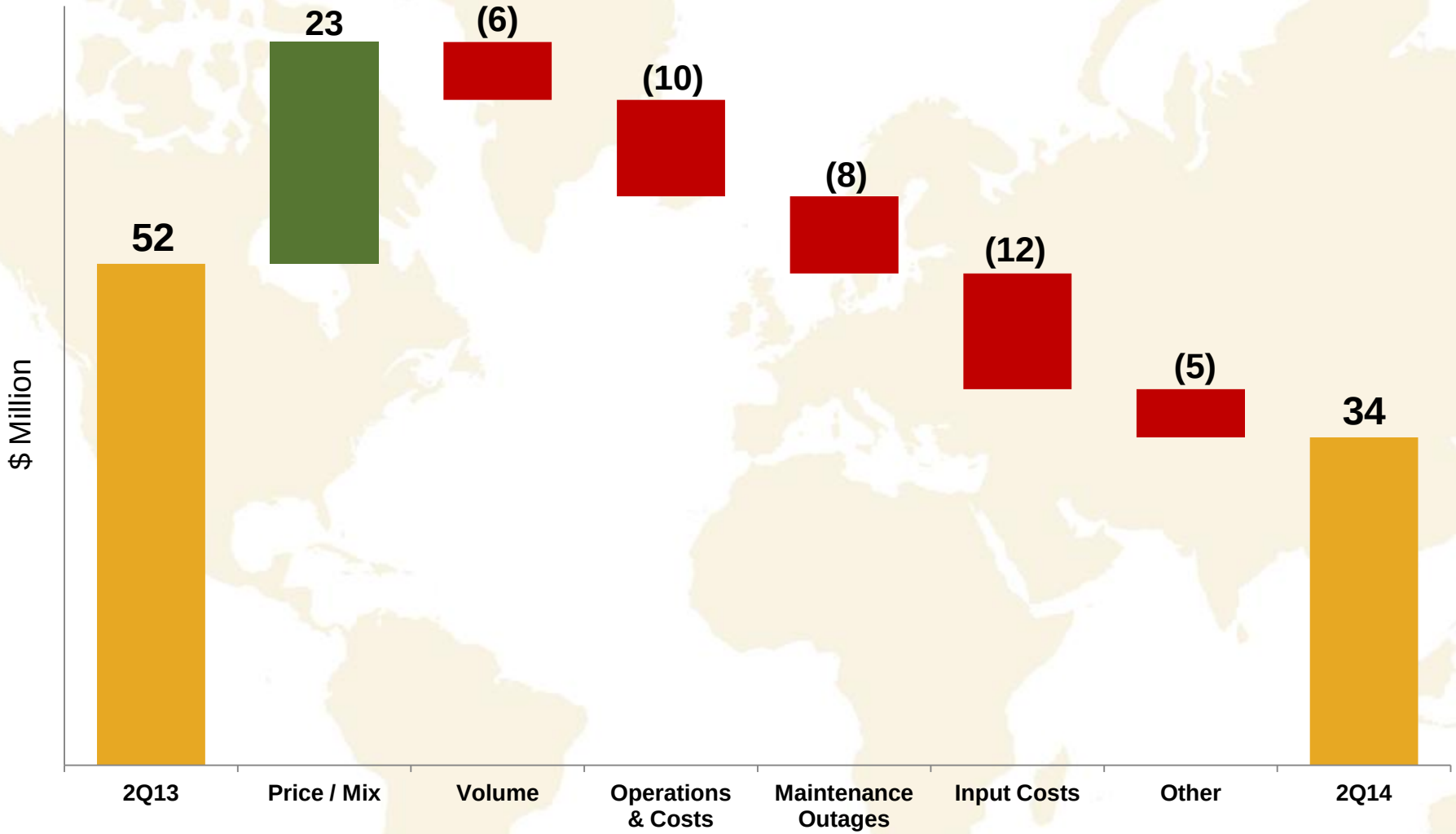
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	2Q14 vs. 1Q14		2Q14 vs. 2Q13	
Business	**Volume**	**Price / Ton**	**Volume**	**Price / Ton**
U.S. Container[1]	**5%**	**$1**	**1%**	**$43**
European Container	**(2%)**	**(€3)**	**5%**	**€0**

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

[1] Corrugator plant sales on FBA shipping day basis

Consumer Packaging | 2Q14 vs. 2Q13

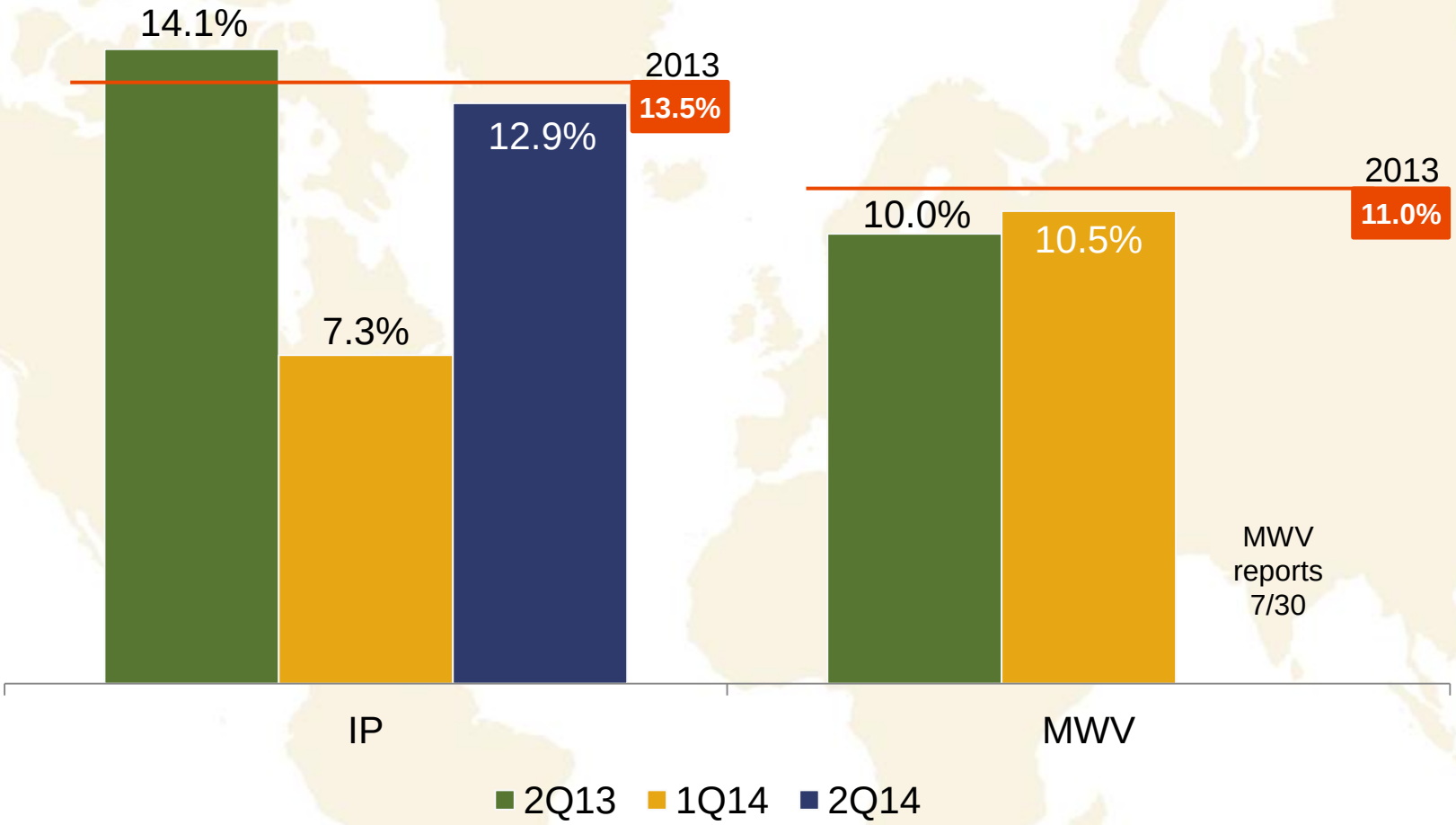


Segment operating profit before special items

	2Q14 vs. 1Q14		2Q14 vs.2Q13	
	Volume	Price/Ton	Volume	Price/Ton
NA Coated Paperboard	**8%**	**$21**	**(7%)**	**$52**
	Revenue	Price	Revenue	Price
Foodservice	**6%**	**NA**	**11%**	**NA**

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

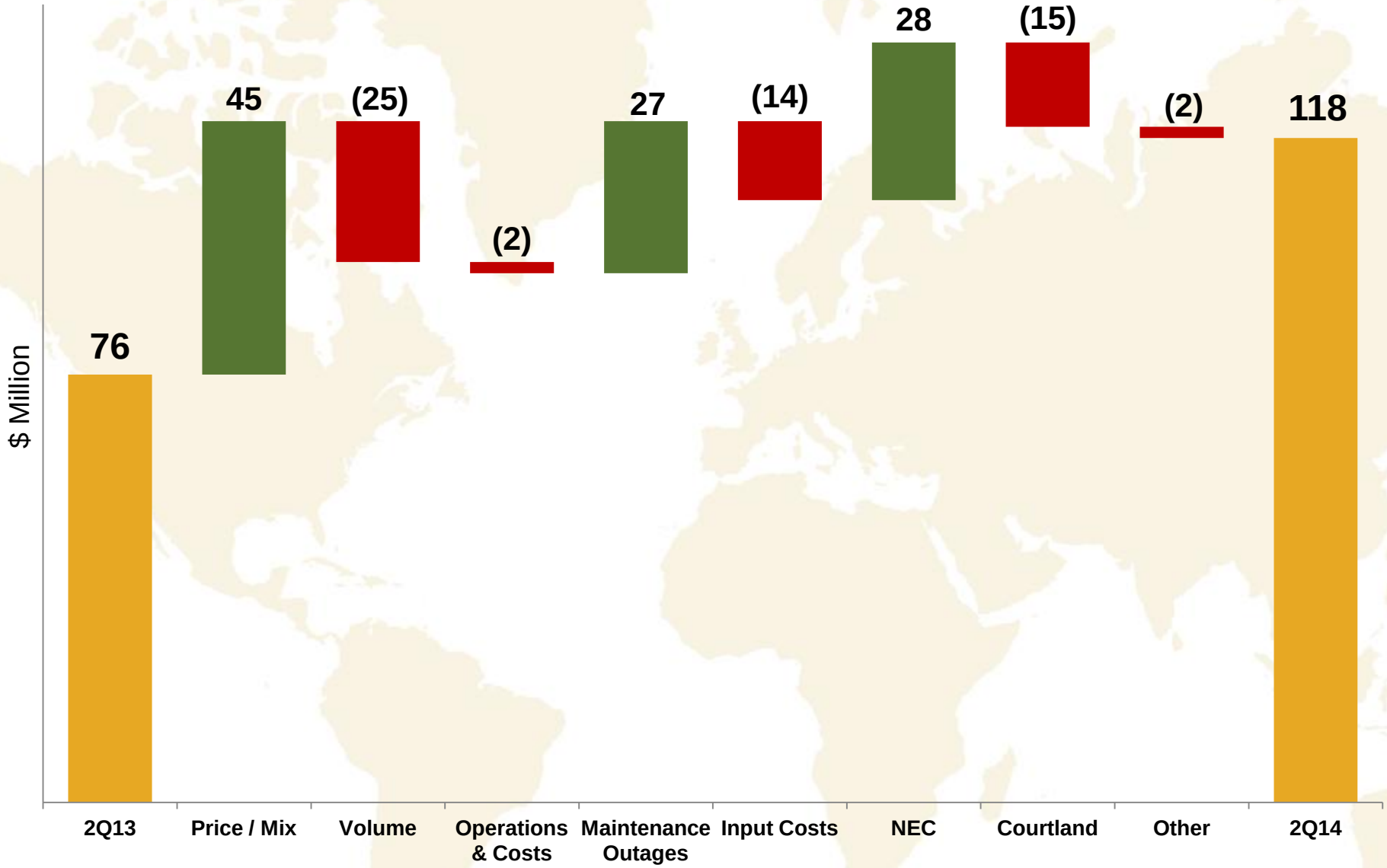
NA Consumer Packaging EBITDA Margins



IP EBITDA margins based on North American Consumer Packaging operating profit before special items
Competitor adjusted EBITDA margins obtained from public filings and IP analysis; reflects Food & Beverage segment

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Printing Papers | 2Q14 vs. 2Q13



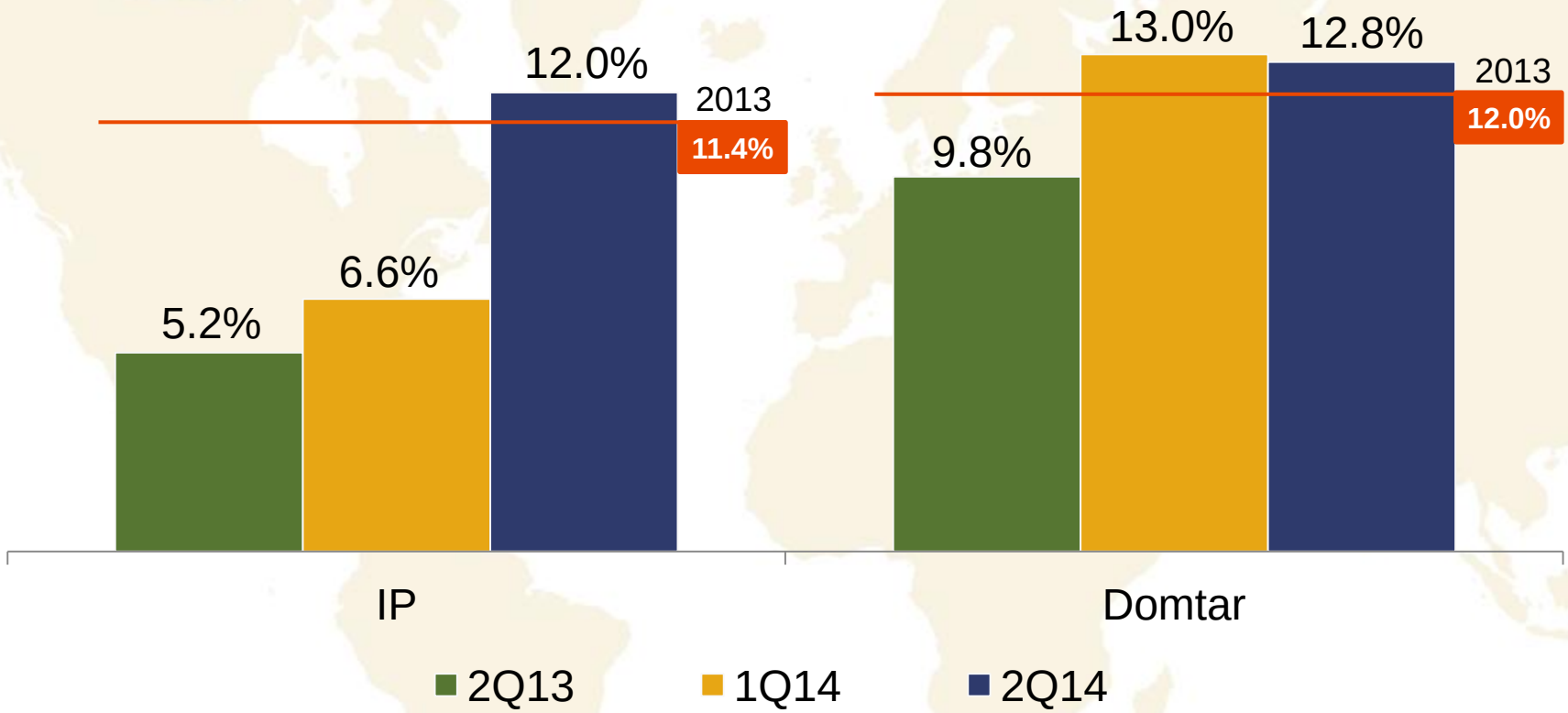
Segment operating profit before special items

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	2Q14 vs. 1Q14		2Q14 vs. 2Q13	
Business	**Volume**	**Price / Ton**	**Volume**	**Price / Ton**
NA Paper	**(5%)**	**$20**	**(28%)**	**$68**
NA Pulp[1]	**3%**	**$21**	**2%**	**$33**
European Paper[2]	**4%**	**($7)**	**3%**	**($8)**

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

N.A. Printing Papers Relative EBITDA Margins



IP EBITDA margins based on operating profit from continuing operations before special items
Competitor EBITDA margin estimates obtained from public filings and IP analysis
EBITDA margins reflect the Printing Papers and Pulp businesses

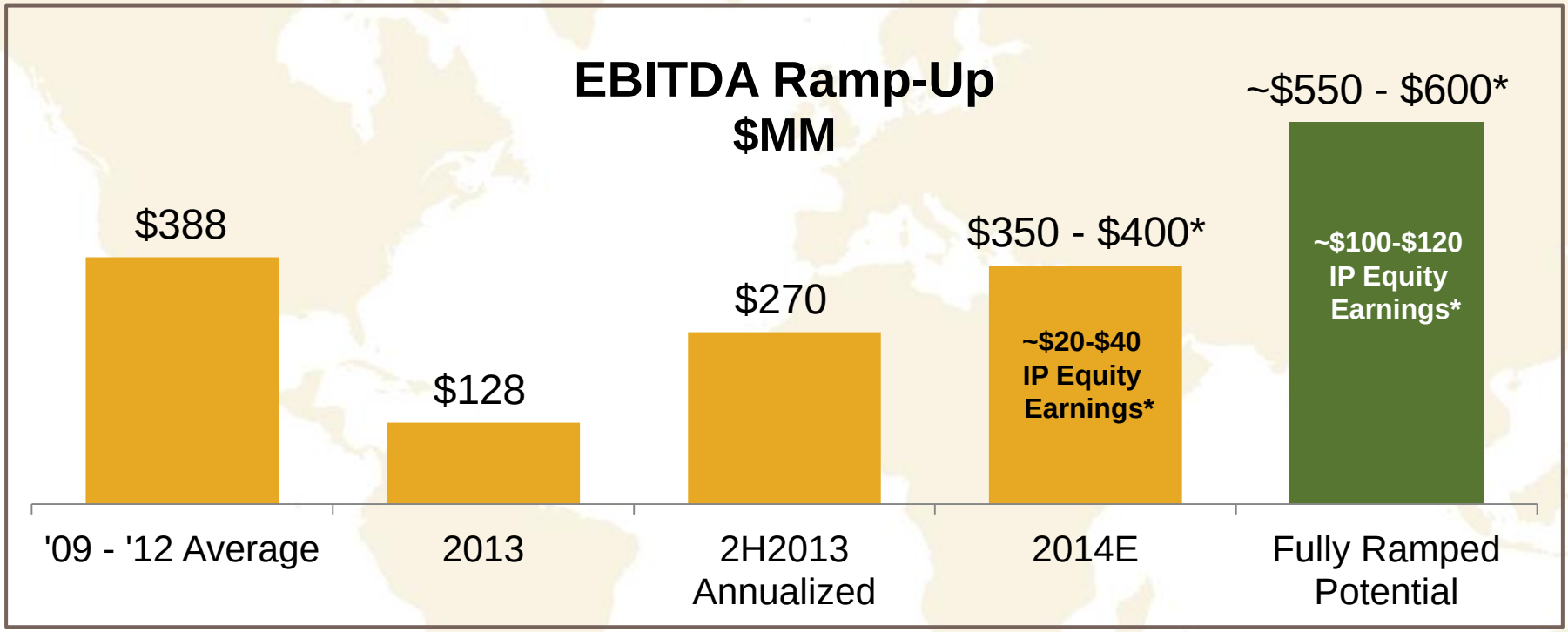
$ Million	2Q13	1Q14	2Q14
Sales	$270	$245	$262
Earnings	$59	$45	$53
EBITDA Margin	34%	30%	32%

	2Q14 vs. 1Q14		2Q14 vs. 2Q13	
Business	Volume	Price/Ton	Volume	Price/Ton
Uncoated Freesheet	0%	$21	(3%)	$34
Domestic	(6%)	$18	(3%)	$68
Export	6%	$23	(2%)	$4

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

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



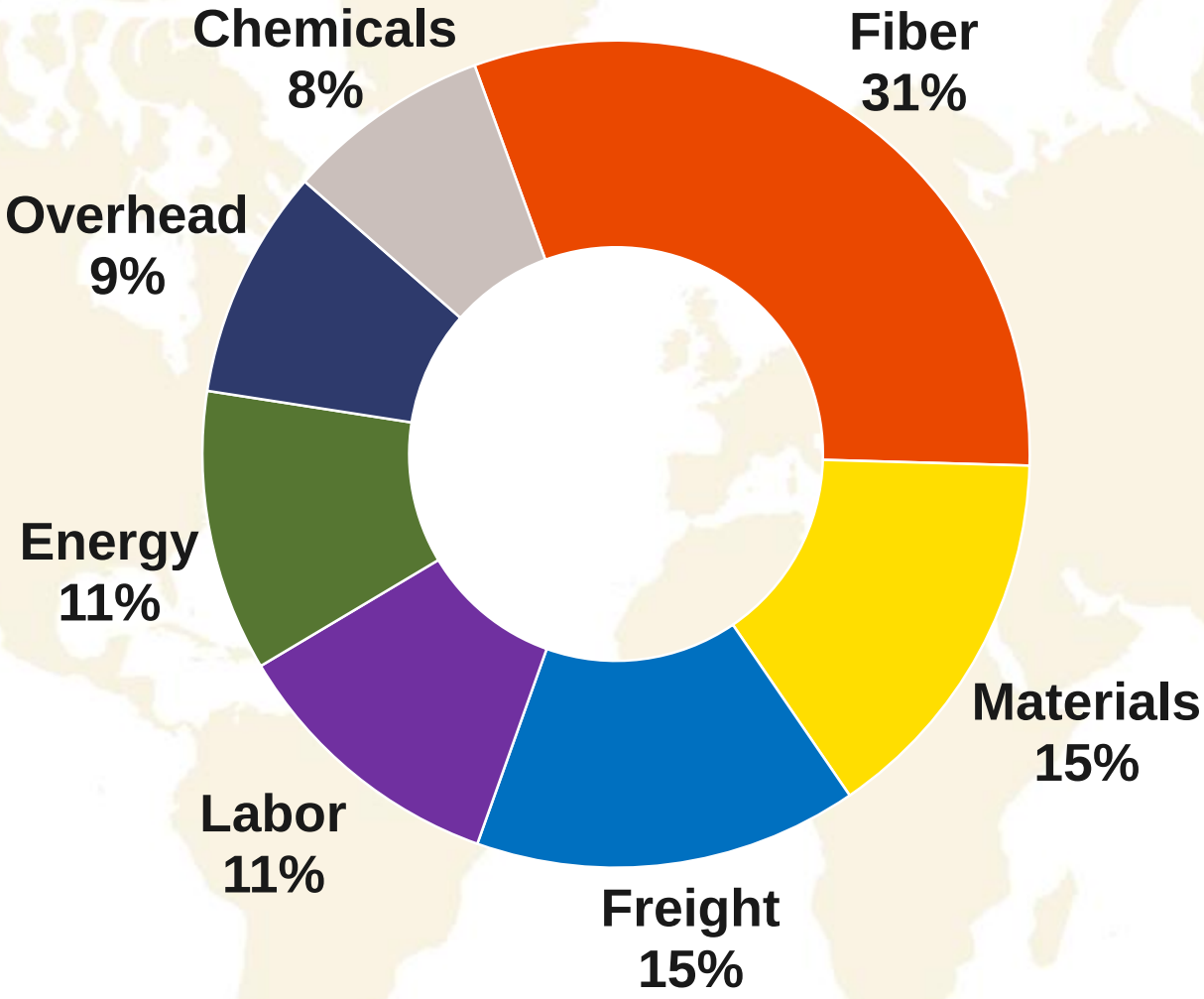
Ilim JV figures are on an IFRS basis with the exception of IP Equity Earnings which is US GAAP. IP position in joint venture is 50%.
* Assumes stable FX & current pulp prices

Ilim Joint Venture | Volume and Pricing Trends

	2Q14 vs. 1Q14		2Q14 vs. 2Q13	
Business	**Volume**	**Price/Ton**	**Volume**	**Price/Ton**
Pulp	**(3%)**	**($15)**	**14%**	**$11**
Containerboard	**8%**	**($5)**	**16%**	**($38)**

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

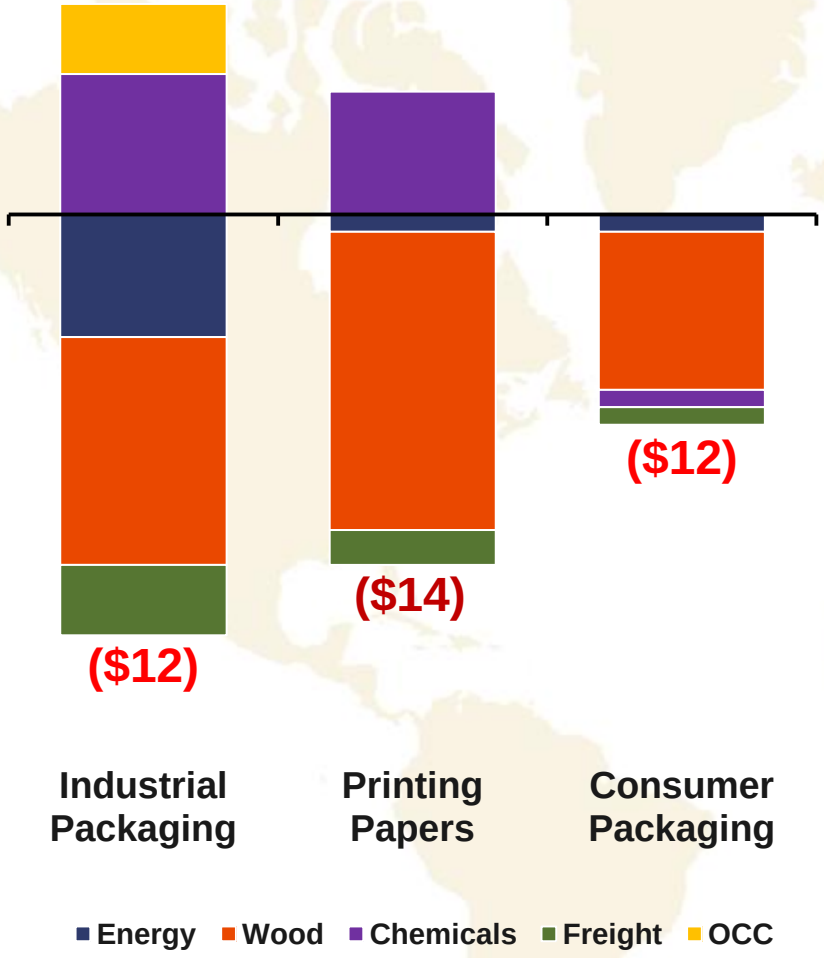
Total Cash Cost Components | 2Q14 YTD



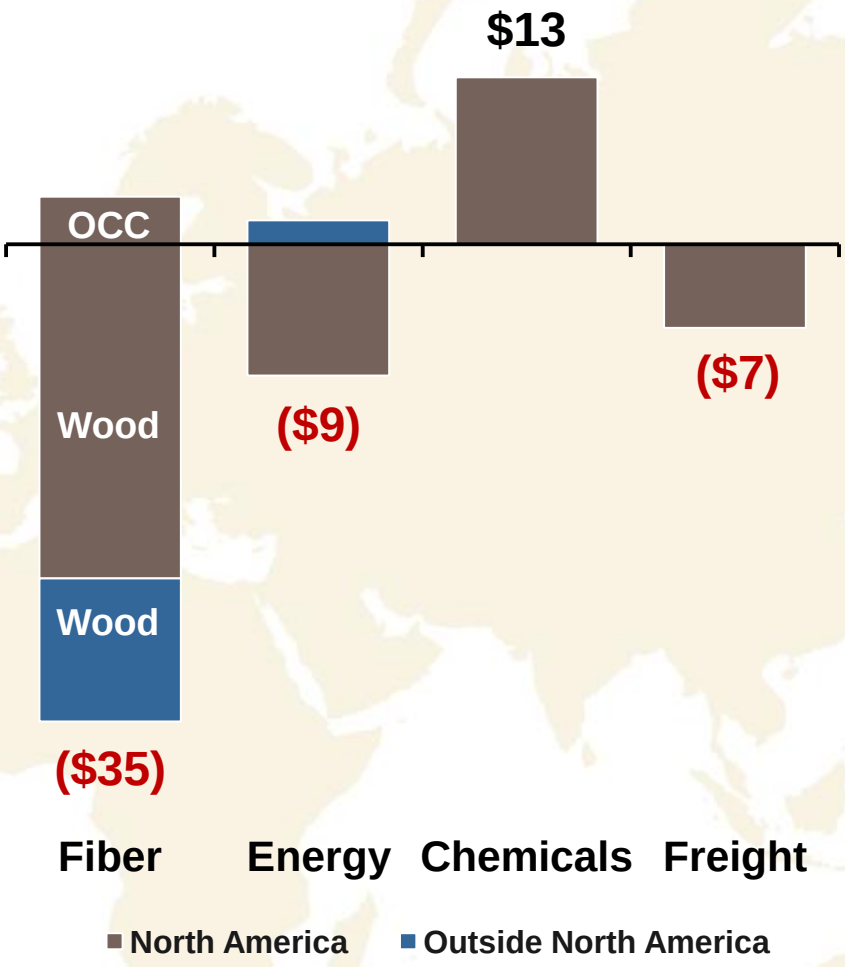
North American mills only

Global Input Costs vs. 2Q13 | $38MM Unfavorable, or $0.06/Share

By Business



By Input Type



Input costs ($MM) for continuing businesses

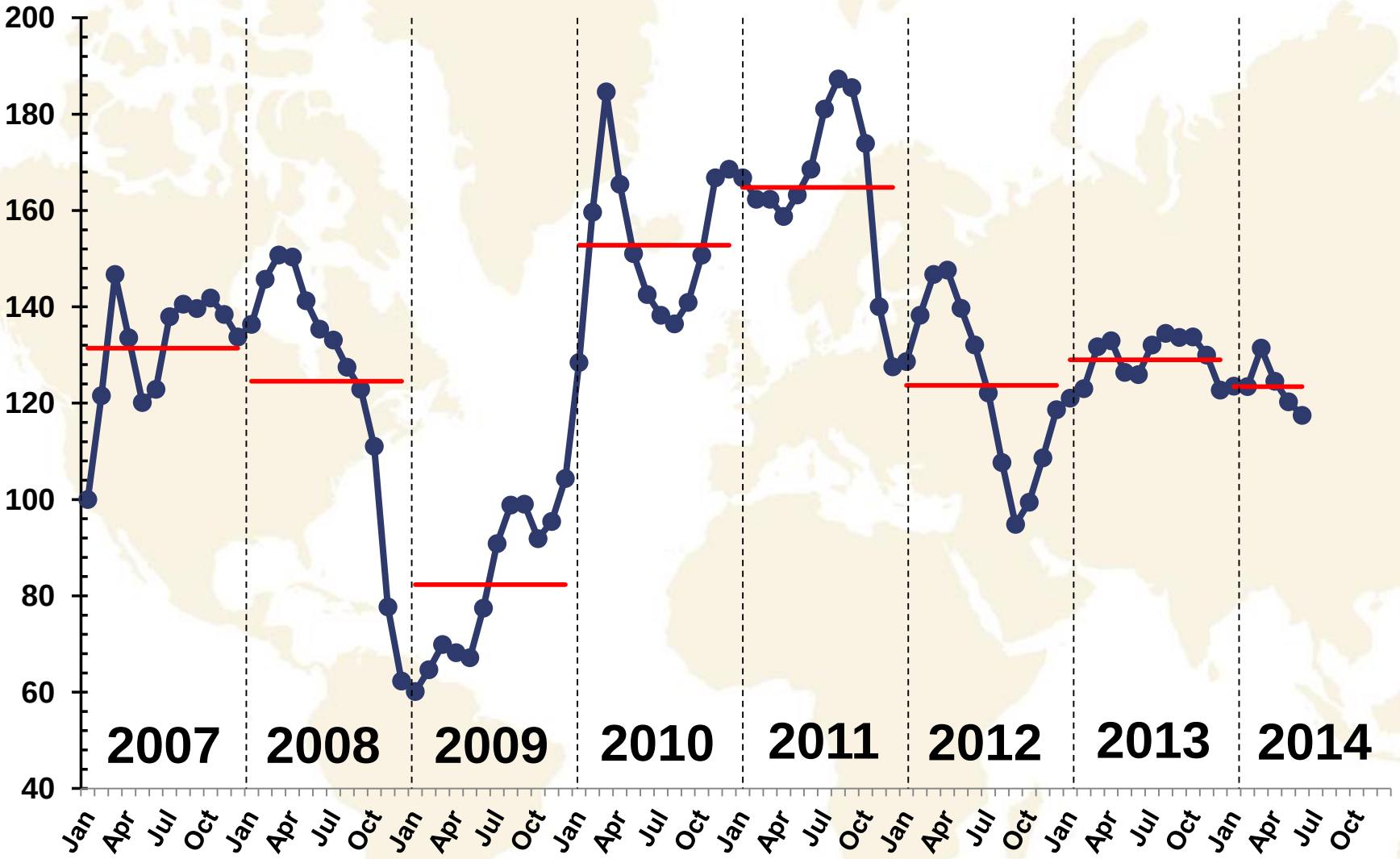
INTERNATIONAL PAPER

U.S. Mill Wood Delivered Cost Trend | 1% Decrease vs. 1Q14 Average Cost



Cost Indexed to January 2007 values

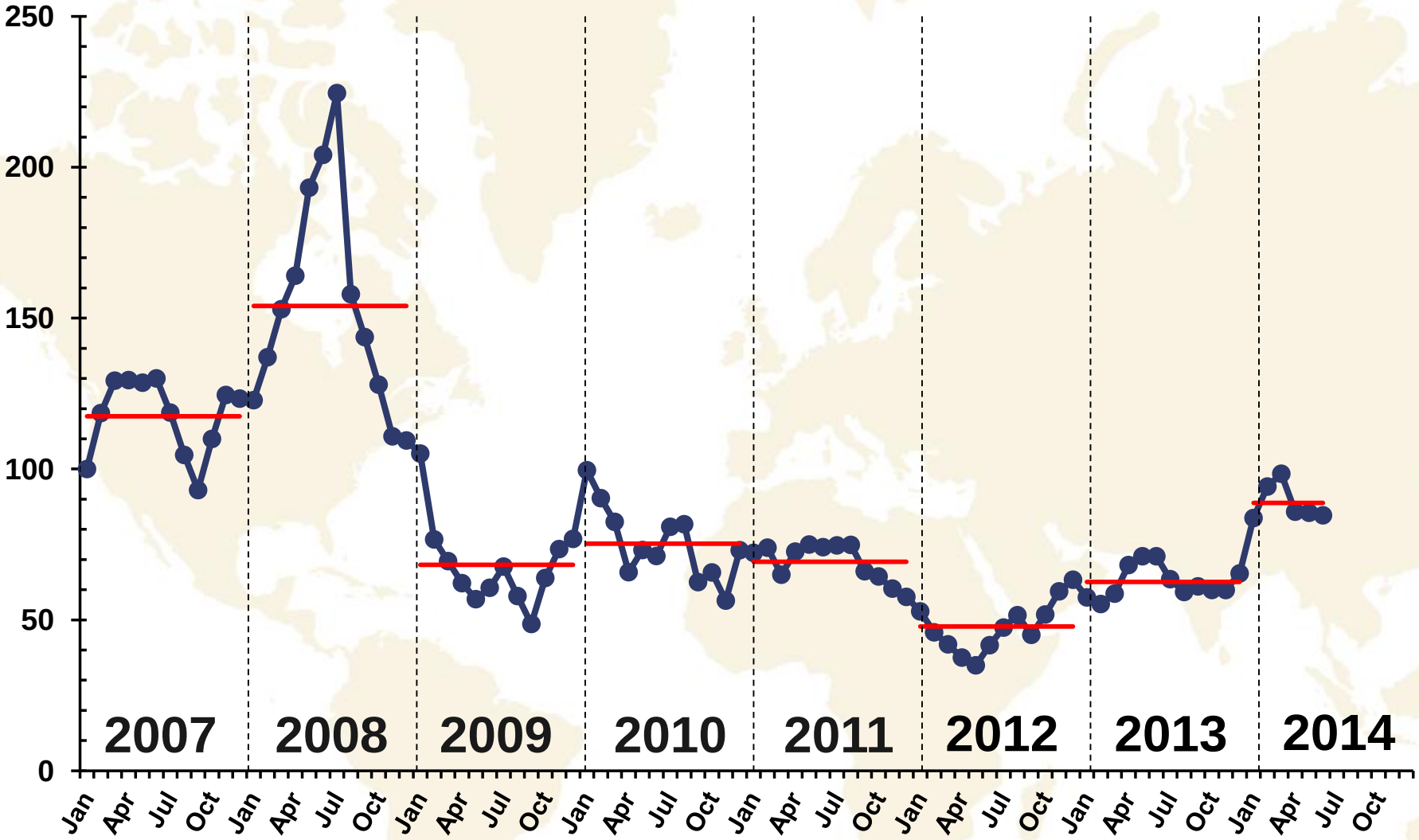
U.S. OCC Delivered Cost Trend | 4% Decrease vs. 1Q14 Average Cost



Cost Indexed to January 2007 values

INTERNATIONAL PAPER

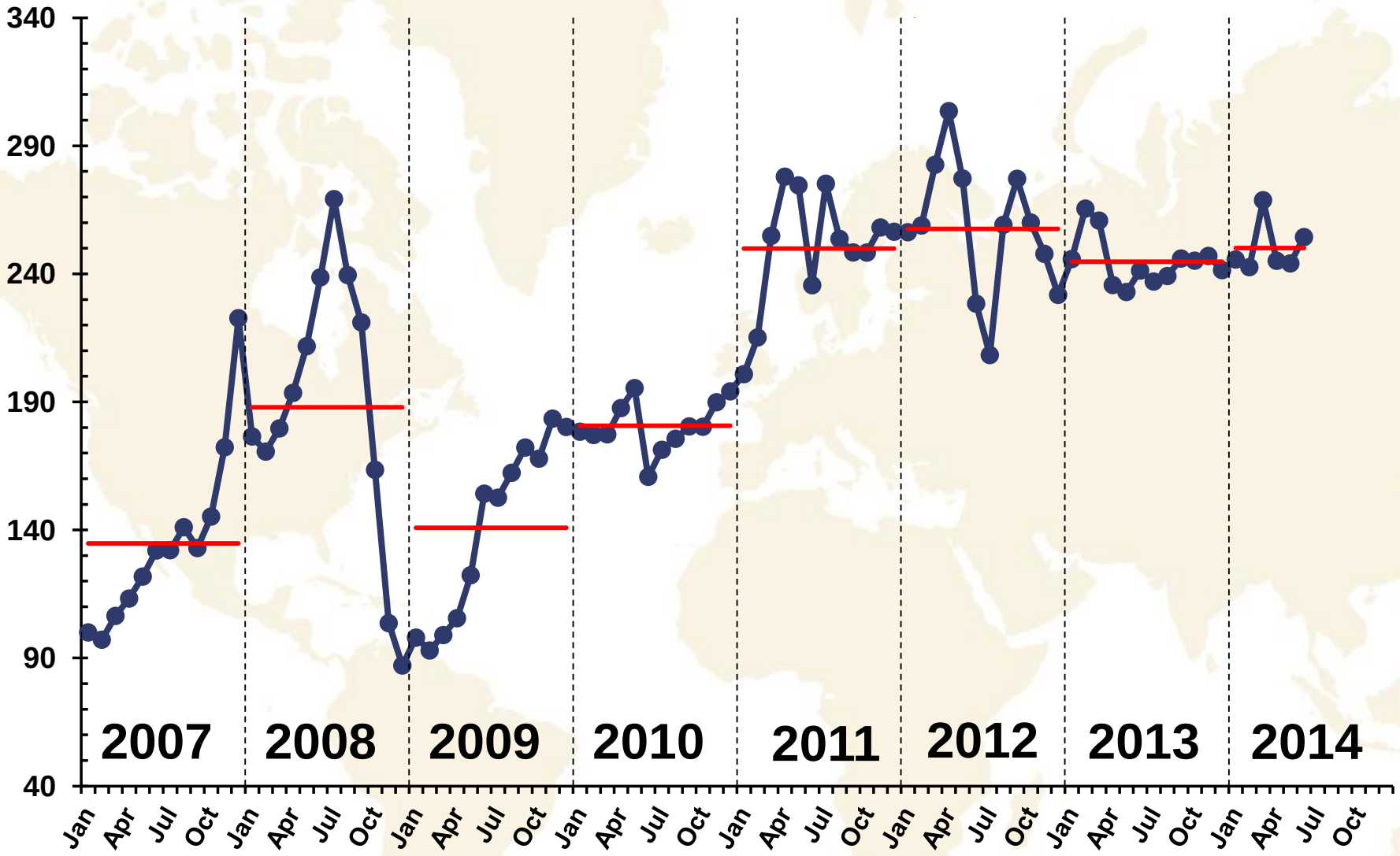
Natural Gas Costs Trend | 7% Decrease vs. 1Q14 Average Cost



Cost Indexed to January 2007 values
NYMEX Natural Gas closing prices

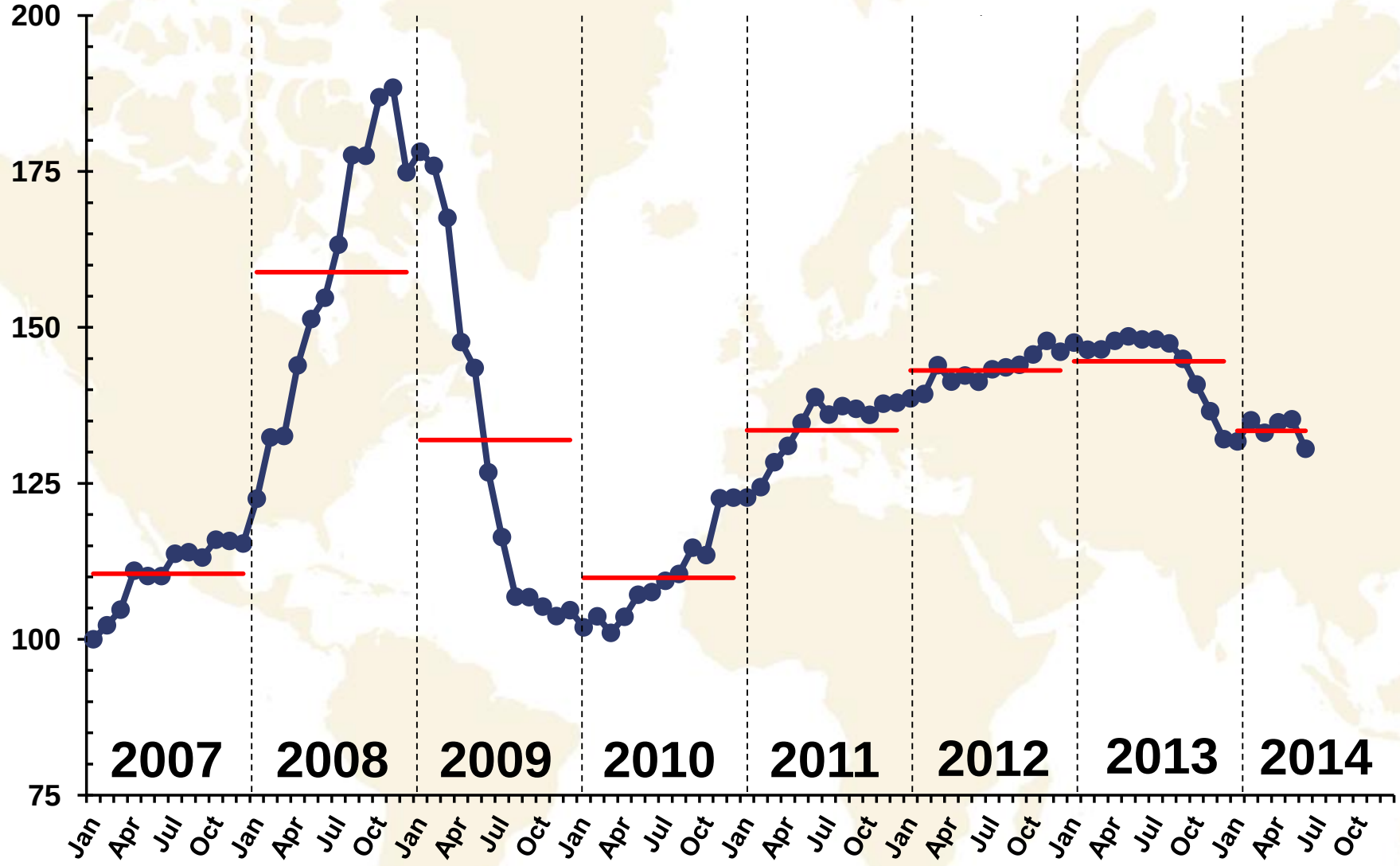
INTERNATIONAL PAPER

U.S. Fuel Oil Trend | 2% Decrease vs. 1Q14 Average Cost



Cost Indexed to January 2007 values
WTI Crude prices

U.S. Chemical Composite Index Trend | Flat vs. 1Q14 Average Cost



Cost Indexed to January 2007 values
Delivered cost to U.S. facilities: includes Caustic Soda, Sodium Chlorate, Starch and Sulfuric Acid 2006 - 2008 excludes WY PKG

2014 Global Consumption | Annual Purchase Estimates for Key Inputs

	Commodity	U. S.	Non – U. S.
Energy	Natural Gas (MM BTUs)	65,000,000	11,000,000
	Fuel Oil (Barrels)	880,000	400,000
	Coal (Tons)	490,000	700,000
Fiber	Wood (Tons)	52,000,000	9,000,000
	Old Corrugated Containers / DLK (Tons)	4,500,000	430,000
Chemicals	Caustic Soda (Tons)	370,000	95,000
	Starch (Tons)	430,000	102,000
	Sodium Chlorate (Tons)	180,000	45,000
	LD Polyethylene (Tons)	40,000	-
	Latex (Tons)	16,000	5,000

Does not include Asia or volume consumed by joint ventures (Sun JV, Ilim JV)
Estimates are based on normal operations and may be impacted by downtime
Excludes annual consumption related to Courtland operations terminated in 1Q14