First Quarter 2016 Earnings | April 27, 2016



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 changes 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; (vii) the successful closing of the sale of our corrugated box business in China and Southeast Asia 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

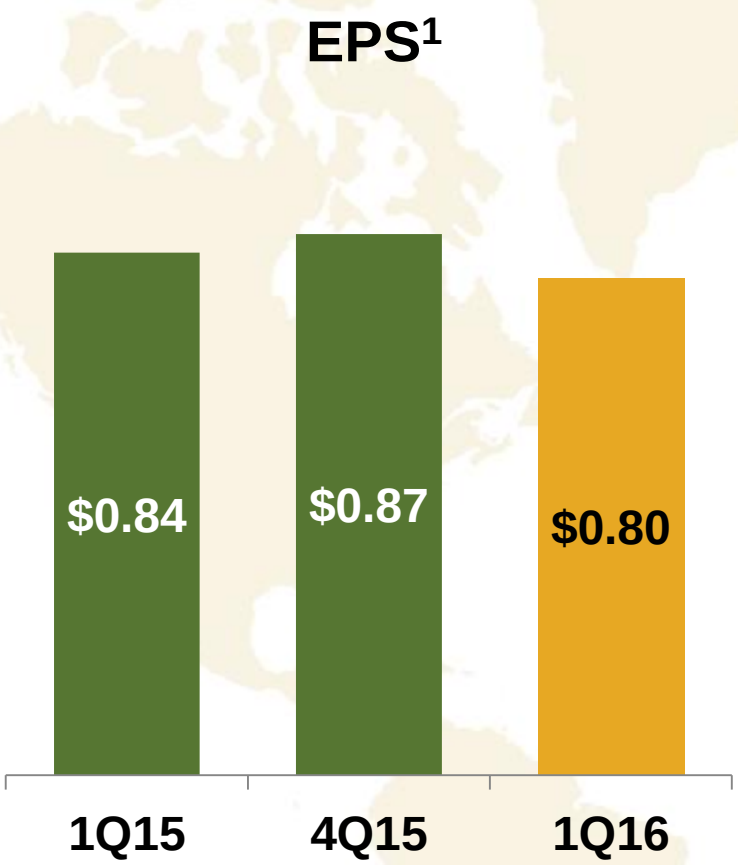
During the course of this presentation, certain non-U.S. GAAP financial information will be presented.

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."

First Quarter 2016 Results

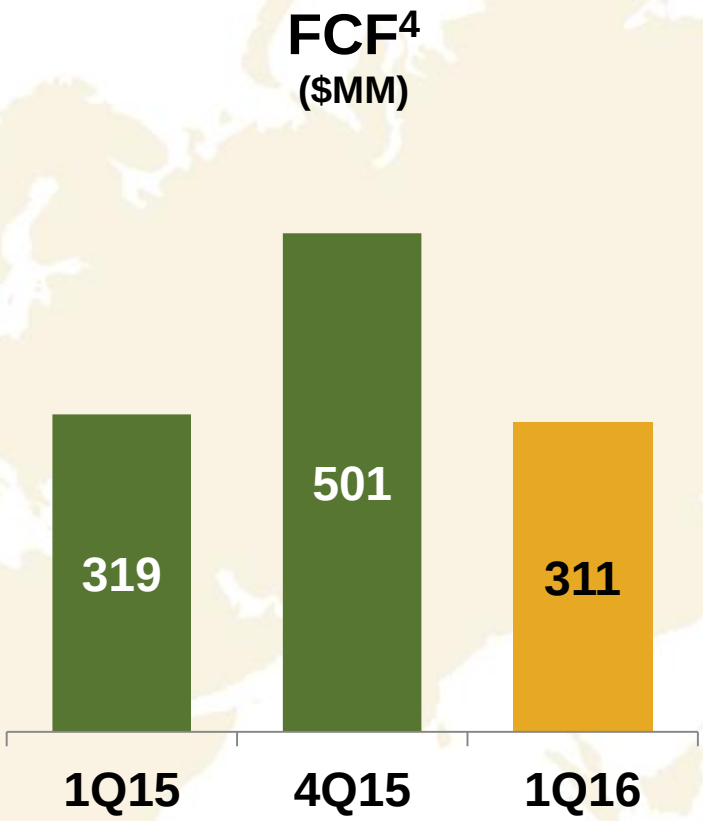


- Solid results overall for the quarter, highlighted by strong N.A. Industrial Packaging performance
- Improved global paper results driven by better conditions and lower costs
- Reliable operations and favorable input costs across businesses
- Riegelwood conversion
  - ~$45 MM of costs in 1Q
  - Completed in April
- Ilim JV continues strong performance
- Strengthened portfolio
  - Asia box sale agreement
  - Madrid Mill acquisition / conversion

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

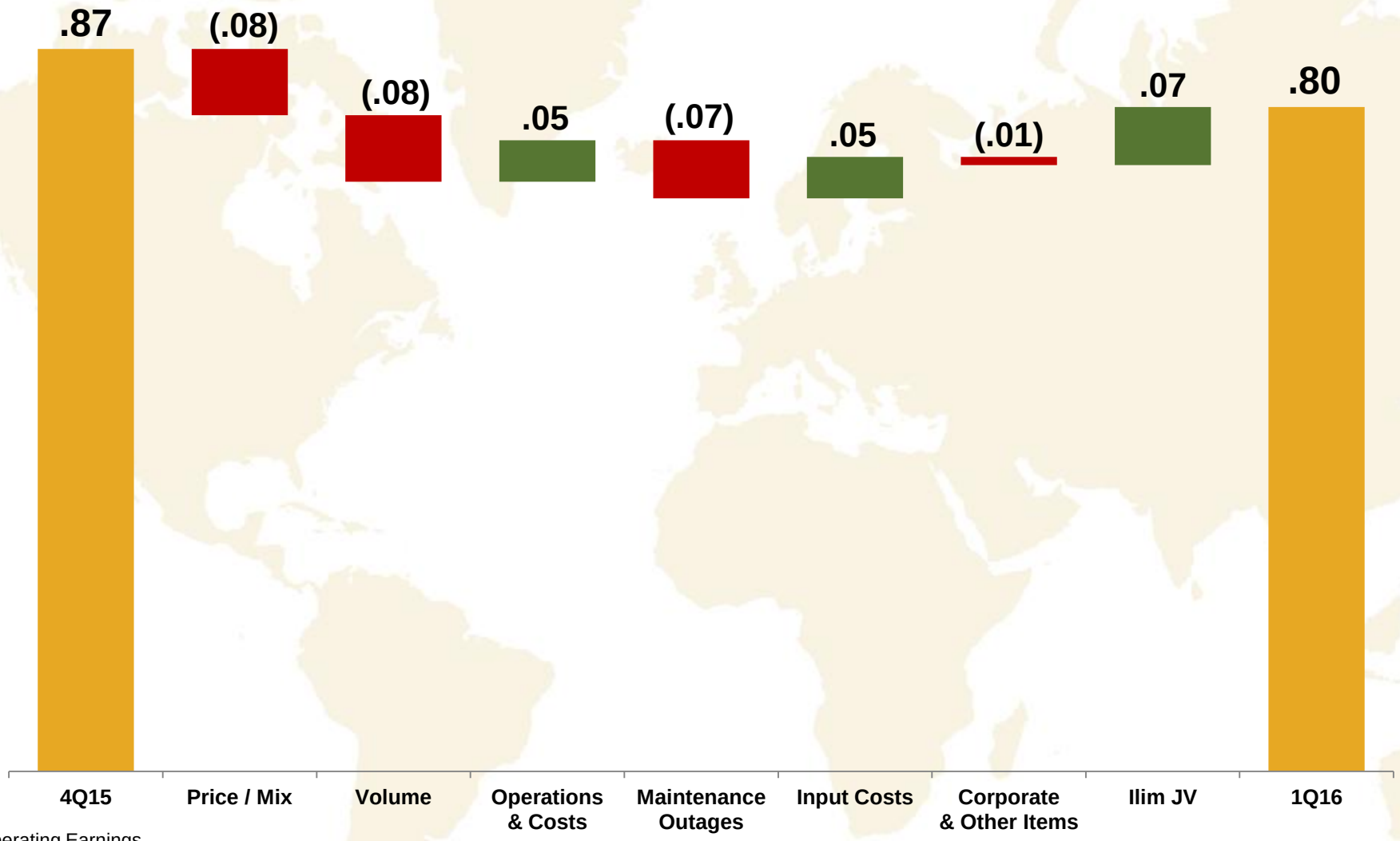
1Q16 Financial Results

	1Q15	4Q15	1Q16
Sales ($B)	$5.5	$5.4	$5.1
EBIT[1] ($MM)	$615	$616	$522
EPS[2]	$0.84	$0.87	$0.80
EPS impact of Ilim F/X[3] – IP Share	($0.04)	($0.05)	$0.03
EBITDA[1] ($MM)	$938	$930	$806
EBITDA Margin[1]	17.0%	17.1%	15.8%
Free Cash Flow[4] ($MM)	$319	$501	$311



[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] Represents F/X impact primarily related to Ilim JV USD-denominated net debt (balance of ~$0.6B at end of 1Q2016)
[4] See slide #20 for a reconciliation of cash provided by operations to free cash flow

1Q16 vs. 4Q15 EPS



Operating Earnings

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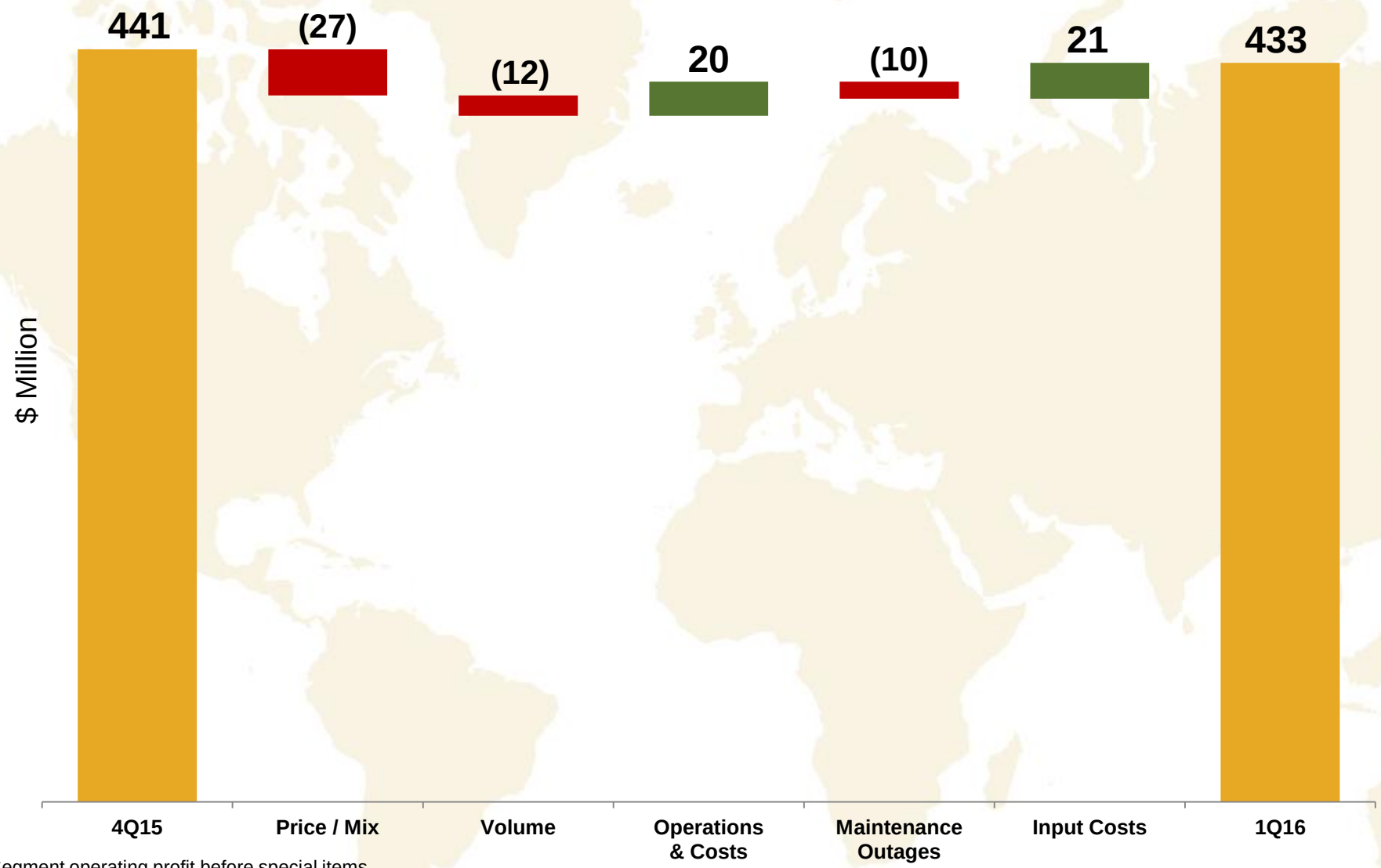
Industrial Packaging | 1Q16 vs. 4Q15



Segment operating profit before special items

N.A. Industrial Packaging | Better customer segment trends increase demand

- ✓ 1Q volume up 1.3% year-over-year
- ✓ 1Q demand as expected with good momentum into 2Q
- ✓ Key customer segments trending favorably

Shipping & Distribution		Online retail growth
Processed Foods		Adjusting to consumer trends
Agriculture		Favorable weather conditions
Protein		Improving outlook

Madrid Mill Conversion | Investment Overview

- ✓ **Strategic Rationale:** Benefit from vertical integration synergies to improve value proposition to customers and financial performance with introduction of high performance lightweight recycled containerboard
- ✓ **Deal scope:** Acquiring newsprint mill from Holmen Paper along with associated recycling operations and 50% ownership interest in a cogeneration facility
- ✓ **Investment:** ~$160 million for purchase consideration and capital to convert the mill to produce ~420k tons of recycled containerboard; IRR ~15%
- ✓ **Timing:** Deal closing targeted for 2Q16, with conversion in 2H17

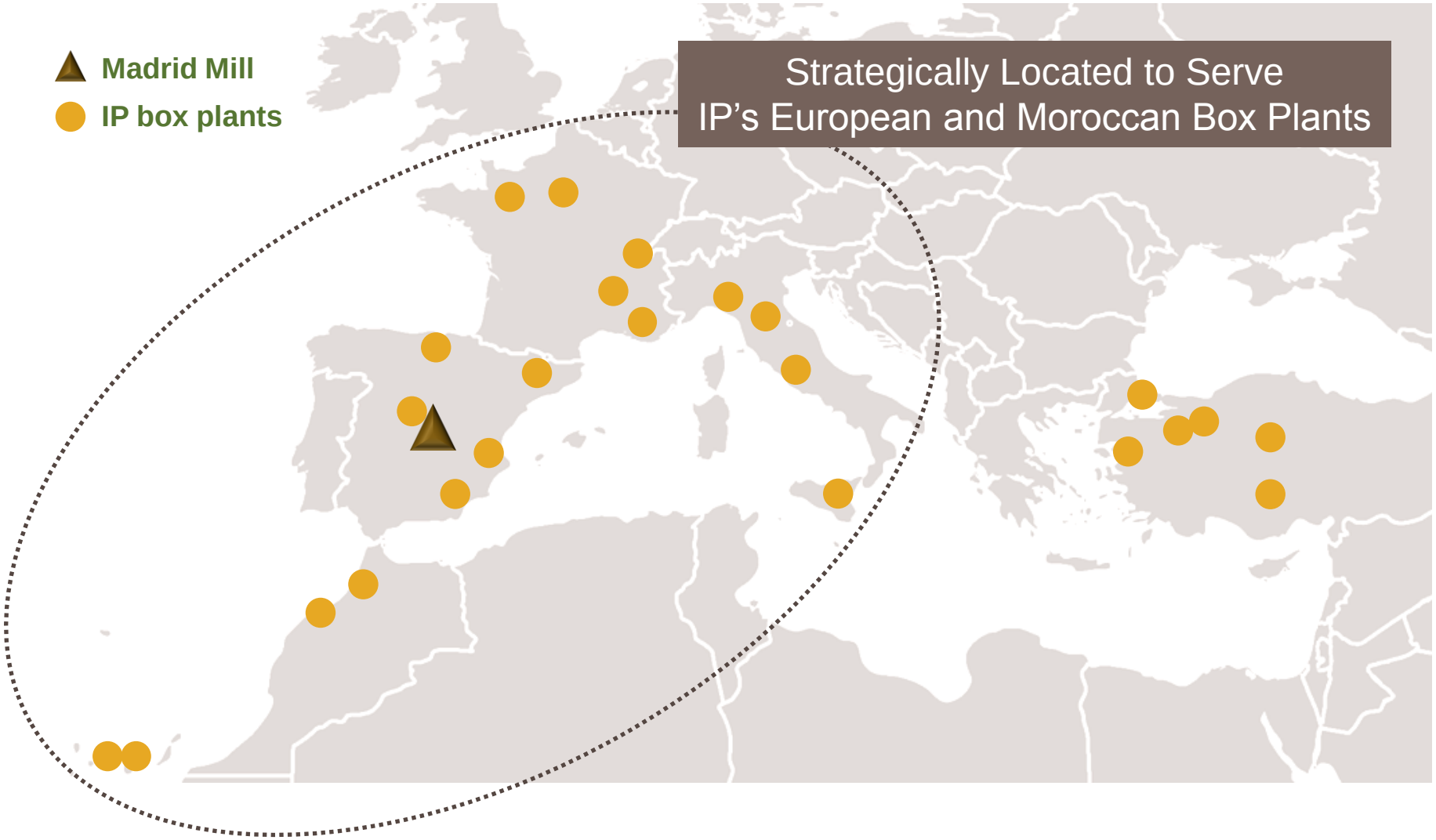






Pictures from Holmen website

Madrid Mill Conversion | IP Europe Industrial Packaging Footprint



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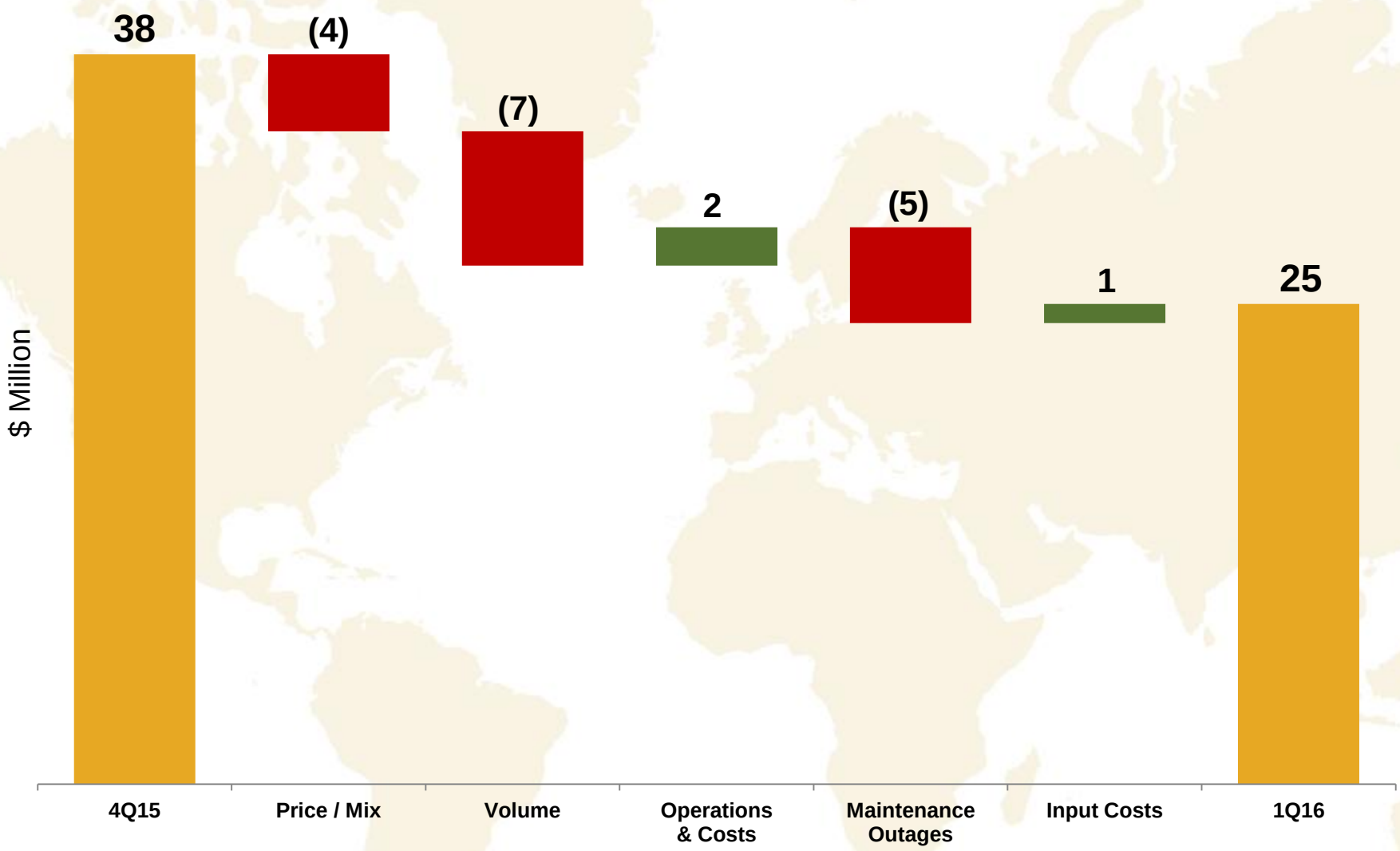
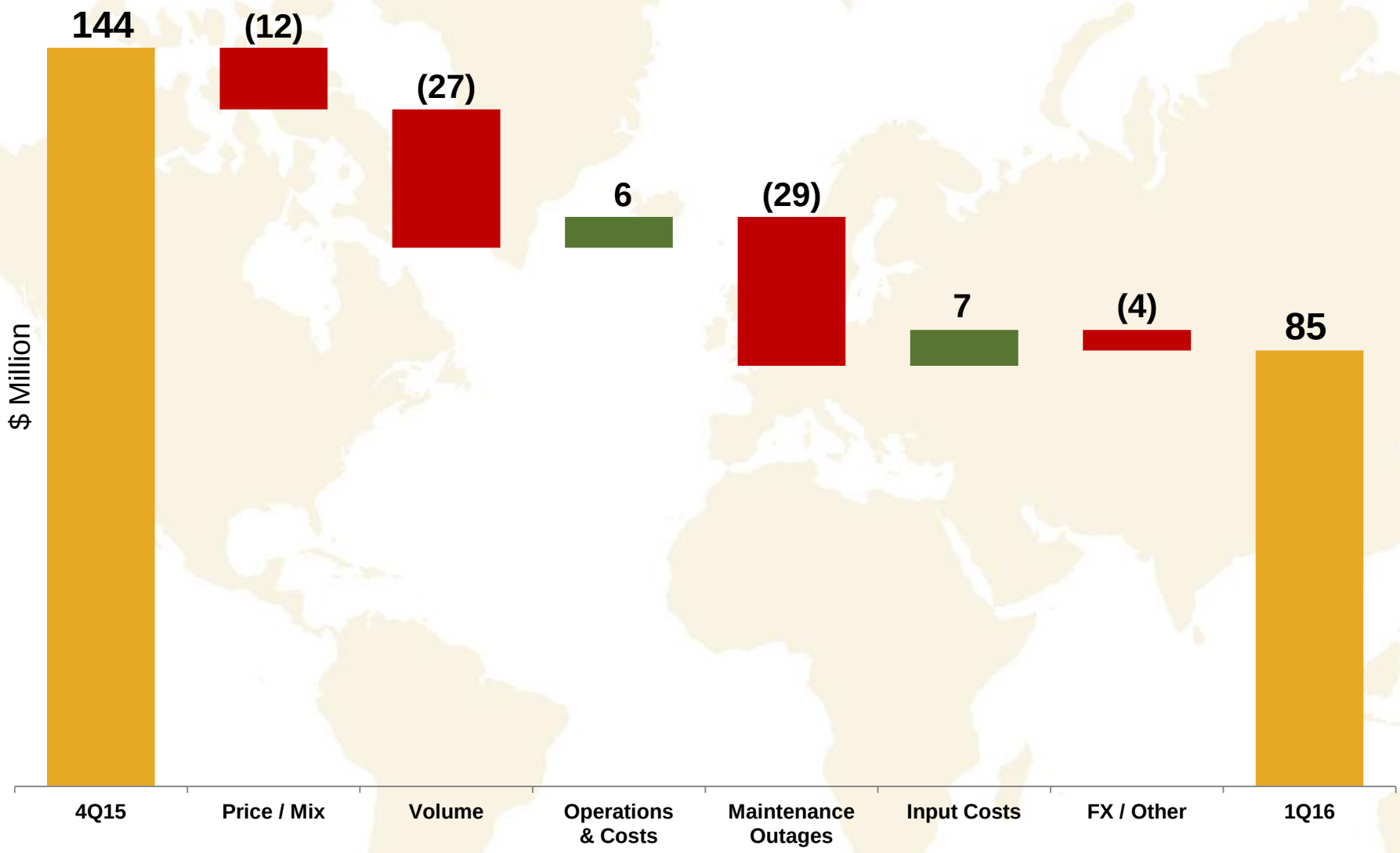
Consumer Packaging | 1Q16 vs. 4Q15



Segment operating profit before special items

Printing Papers | 1Q16 vs. 4Q15



Segment operating profit before special items

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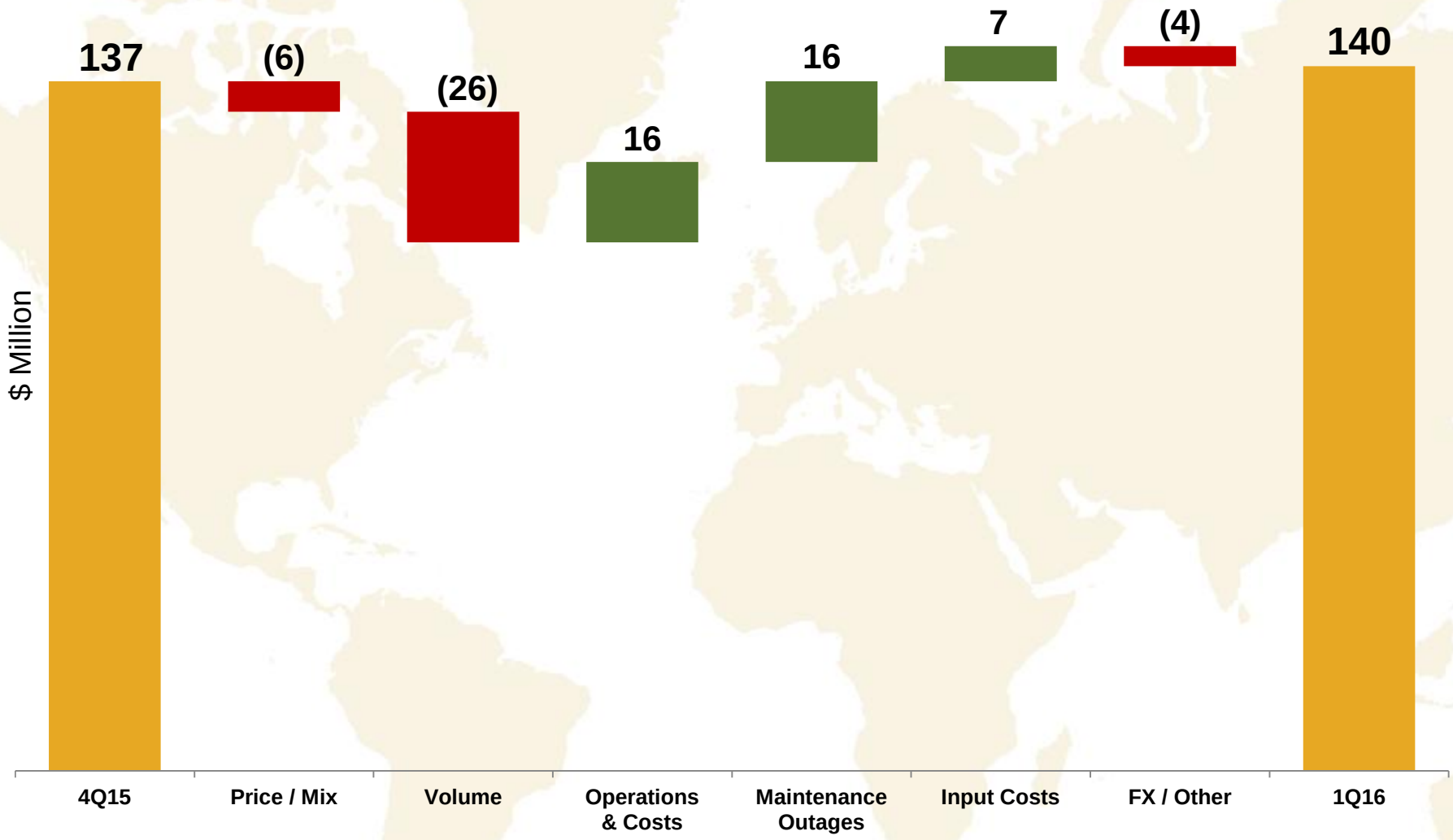
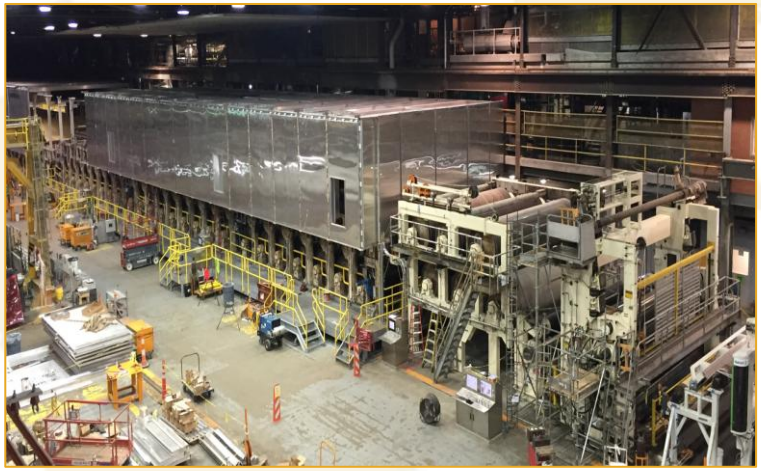
Printing Papers (ex. N.A. Pulp) | 1Q16 vs. 4Q15



Segment operating profit before special items





- ✓ Conversion completed in April on time and on budget
- ✓ Start up has commenced
- ✓ Softwood market pulp production in 2Q16
- ✓ Begin fluff trials/qualification in 3Q16

Ilim Joint Venture | 1Q16 vs. 4Q15

$ Million	1Q15	4Q15	1Q16
Sales Volume (thousand tons)	805	891	821
Sales	$462	$492	$441
Operational EBITDA[1]	$186	$191	$176
F/X (Impact of USD Net Debt[2])	($47)	($60)	$33
IP Equity Earnings(Loss)[3]	$39	$34	$62

- Strong operational performance continues
- Pulp price pressure, seasonally higher wood cost and heavy outage schedule (Bratsk and Koryazhma) will impact 2Q

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

[1] Before F/X impact primarily on USD-denominated net debt

[2] Represents F/X impact primarily related to Ilim JV USD-denominated net debt (balance of ~$600MM at end of 1Q2016); 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 1Q15 and 4Q15 include after-tax f/x losses (primarily on USD-denominated net debt) of $(18)MM and $(19)MM, respectively; 1Q16 includes an after-tax f/x gain of $11MM

Second Quarter Outlook | Changes from 1Q16

		North America	EMEA & Russia	Brazil
Volume	Paper	Stable	Stable	Seasonally Stronger
	Packaging	Seasonal Increase	Stable	Stable
Pricing / Mix	Paper	Pulp Price / Mix	Stable	Improving
	Packaging	Index Impact / Export	Stable	Stable
Operations & Other	Paper	Stable	Stable	Stable
	Packaging	Improving	Stable	Stable
Inputs & Freight	Paper	Stable	Inflationary Pressure	Stable
	Packaging	Stable	Stable	Stable
Mill Maintenance Outages	Paper	Decrease $29MM	Increase $8MM	Increase $6MM
	Packaging	Decrease $13MM	Increase $4MM	Increase $2MM
Ilim JV Equity Earnings		▪ Pulp price pressure, seasonally higher wood cost and heavy outage schedule ▪ Non-recurring 4Q currency impact of $0.03 on USD net debt, assuming stable F/X as of March 31, 2016		
Other Items		▪ Tax rate, 33% – 34% ▪ Slightly higher interest and corporate expenses		

Key Takeaways & Outlook

- ✓ Favorable demand outlook
- ✓ Focus on execution
  - Operations and costs
  - Riegelwood start-up
- ✓ Continue to generate strong Free Cash Flow and allocate capital to create value
- ✓ Strategic decisions to strengthen portfolio
- ✓ Winning strategies in the right markets







Appendix

Investor Relations Contacts

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

Media Contact

Tom Ryan	901-419-4333

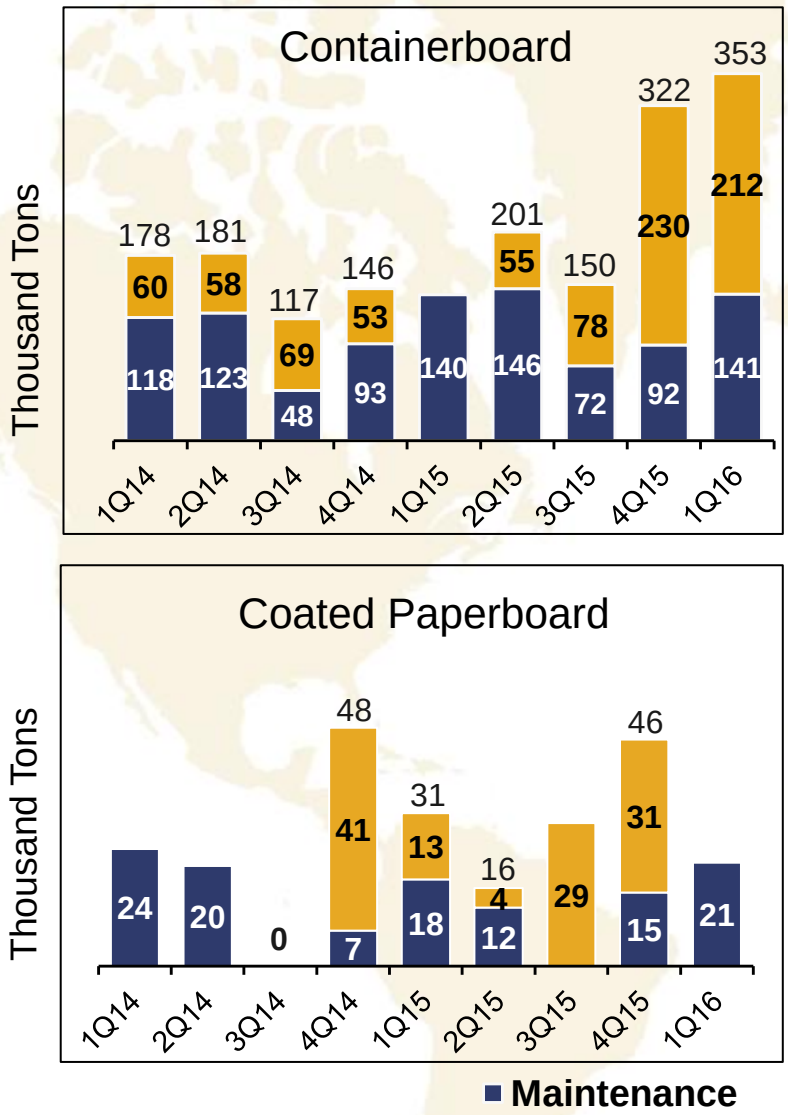
Free Cash Flow

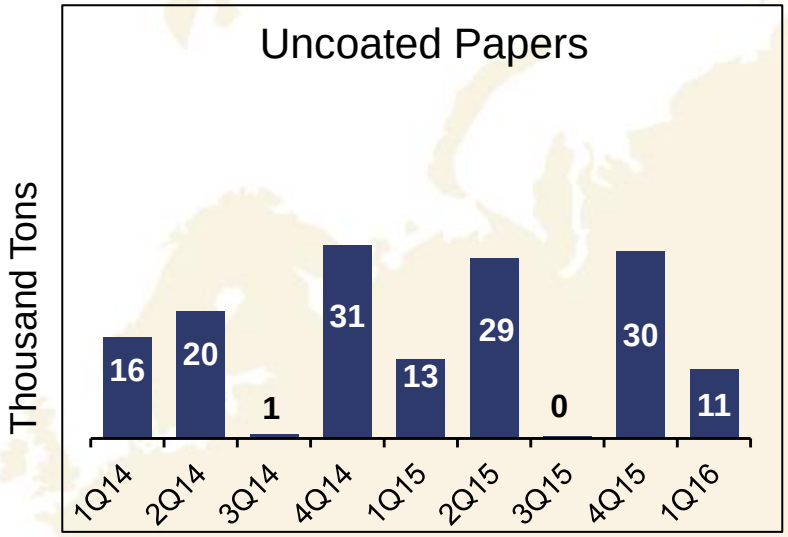
$ Million	1Q15	4Q15	1Q16
Cash Provided by Operations	$638	$990	$620
Less Capital Investment	($319)	($489)	($309)
Free Cash Flow	$319	$501	$311

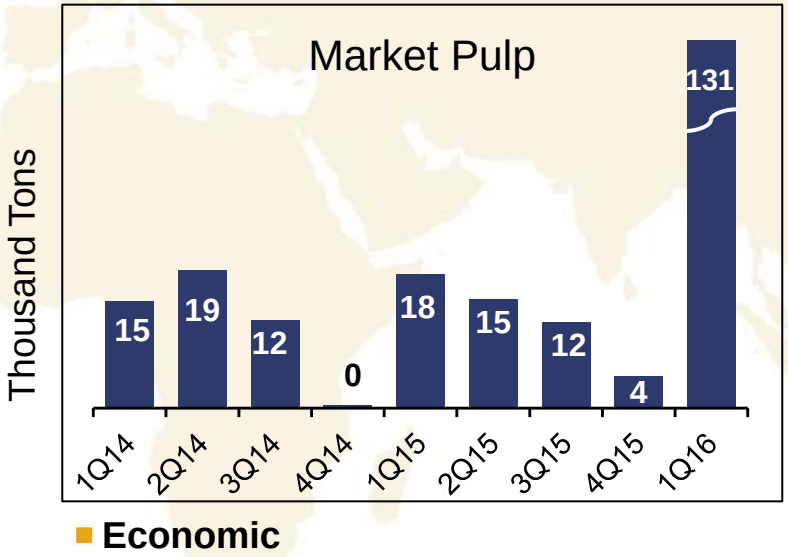
Maintenance Outages Expenses | 2016 Forecast

$ Million	1Q16A	2Q16F	3Q16F	4Q16F	2016F
Industrial Packaging	**$73**	**$81**	**$58**	**$50**	**$262**
North America	73	79	58	50	260
Brazil	0	2	0	0	2
Printing Papers Total	**$66**	**$51**	**$29**	**$55**	**$201**
North America	66	37	17	40	160
Europe	0	8	11	14	33
Brazil	0	6	0	1	7
India	0	0	1	0	1
Consumer Packaging	**$19**	**$4**	**$3**	**$19**	**$45**
North America	19	0	0	17	36
Europe	0	4	3	2	9
Total Impact	**$158**	**$136**	**$90**	**$124**	**$508**

North American Downtime







Special Items Before Tax | Continuing Operations

Special Items Pre-Tax ($ Million)		1Q15	4Q15	1Q16
Industrial Packaging	Impairment of Asia Box & Restructuring	-		($37)
	Impairment of Brazil Packaging Goodwill & Intangible	-	($137)	
Consumer Pkg.	Riegelwood Repurposing	-	($15)	($9)
	Impairment of Sun JV Goodwill & PPE	-	$12	
Corporate	Sale of Arizona Chemical Investment	-		$8
	Legal Reserve	-	($15)	
	Other	-	($3)	
Total Special Items Before Tax		**$0**	**($158)**	**($38)**

Special Items Net of Taxes

	1Q16	
	$ Million	EPS
Earnings Before Special Items	$330	$0.80
Special Items Net of Taxes:		
Gain on Sale of Arizona Chemical Investment	$5	
Tax Adjustments	$71	
Riegelwood Repurposing	($6)	
Impairment of Asia Box & Restructuring	($34)	
Total Special Items Net of Taxes	$36	$0.09
Non-Operating Pension Expense	($27)	($0.07)
Discontinued Operations Net of Taxes	($5)	($0.01)
Net Earnings	$334	$0.81

Operating Profits by Industry Segment | Continuing Operations

$ Million	1Q15	4Q15	1Q16
Industrial Packaging	$468	$441	$433
Printing Papers	$109	$144	$85
Consumer Packaging	$46	$38	$25
Operating Profit	**$623**	**$623**	**$543**
Net Interest Expense	($137)	($133)	($123)
Noncontrolling Interest / Equity Earnings Adjustment	$1	$2	-
Corporate Items	($9)	($9)	($21)
Non-Operating Pension Expense	($72)	($60)	($44)
Special Items	-	($158)	($38)
Net Earnings from continuing operations before income taxes, equity earnings & noncontrolling interest	**$406**	**$265**	**$317**
Equity Earnings(Loss), net of taxes – Ilim	**$39**	**$34**	**$62**

Geographic Business Segment Operating Results

$ Million	Sales			D & A	Operating Profit		
	1Q15	4Q15	1Q16	1Q16	1Q15	4Q15	1Q16
Industrial Packaging							
North America	$3,063	$3,098	$2,990	$160	$468	$451	$438
Europe	$282	$293	$294	$8	$4	$4	$7
Brazil	$62	$48	$42	$4	($3)	($12)	($8)
Asia	$146	$156	$126	$3	($1)	($2)	($4)
Printing Papers							
North America	$482	$489	$481	$20	$34	$33	$61
Europe	$293	$306	$289	$12	$35	$48	$45
Brazil	$197	$252	$190	$19	$37	$58	$35
India / Asia	$47	$41	$43	$4	($2)	($2)	($1)
N.A. Pulp	$209	$208	$181	$14	$5	$7	($55)
Consumer Packaging							
North America	$470	$475	$418	$25	$22	$12	($1)
Europe	$83	$81	$77	$1	$25	$26	$26
Asia (Sun JV)[1]	$225	-	-	-	($1)	-	-

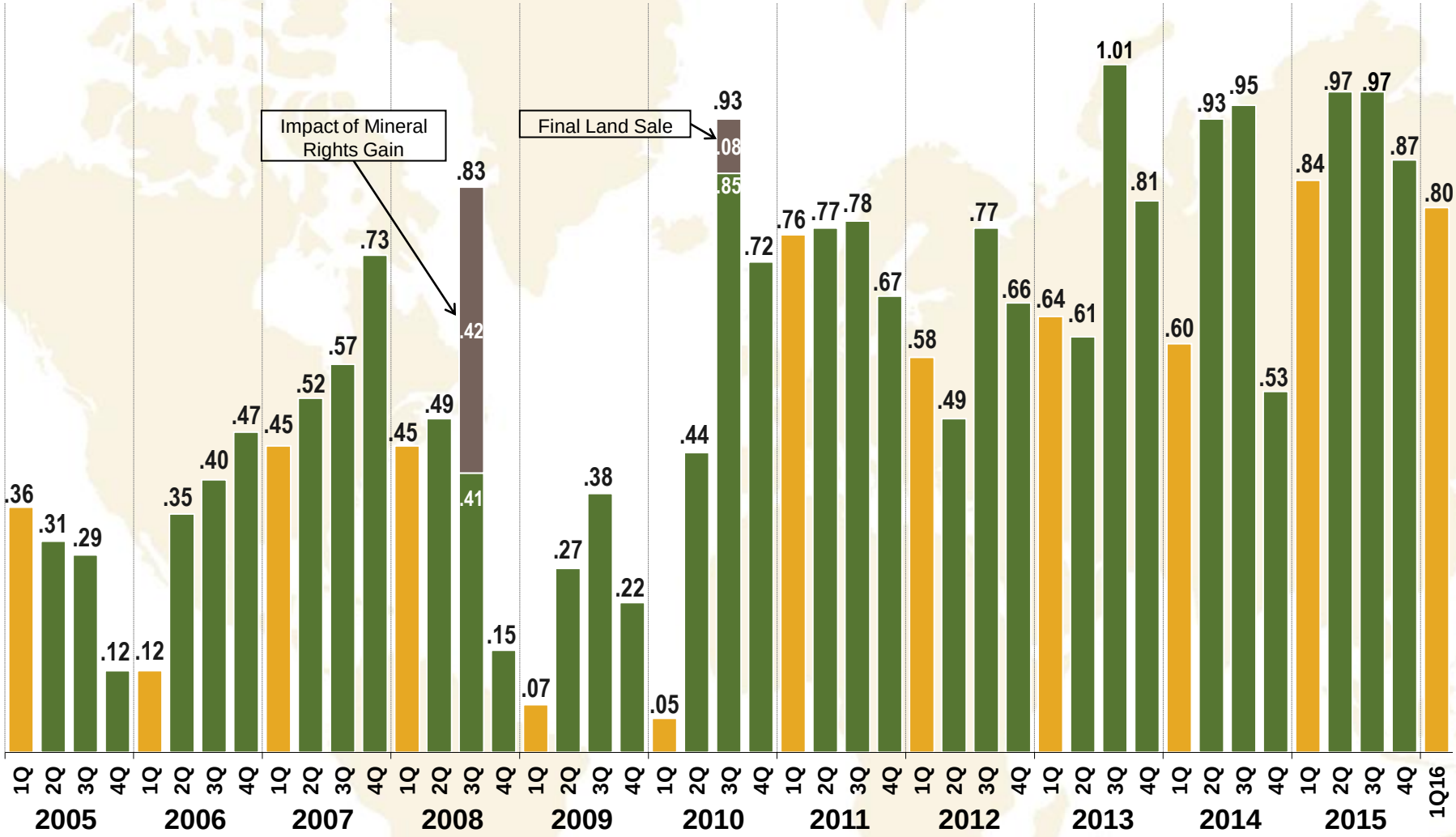
Does not reflect total company sales
[1] Sold in 4Q15

2016 Operating Earnings

	Pre-Tax $MM	Tax $MM	Non-controlling Interest $MM	Equity Earnings	Net Income $MM	Average Shares MM	Diluted EPS[1]
Operating Earnings							
1Q16	$399	($132)	-	$63	$330	414	$0.80
Non-Operating Pension Expense							
1Q16	($44)	$17	-	-	($27)	414	($0.07)
Net Special Items							
1Q16	($38)	$74	-	-	$36	414	$0.09
Net Earnings from Continuing Operations							
1Q16	$317	($41)	-	$63	$339	414	$0.82

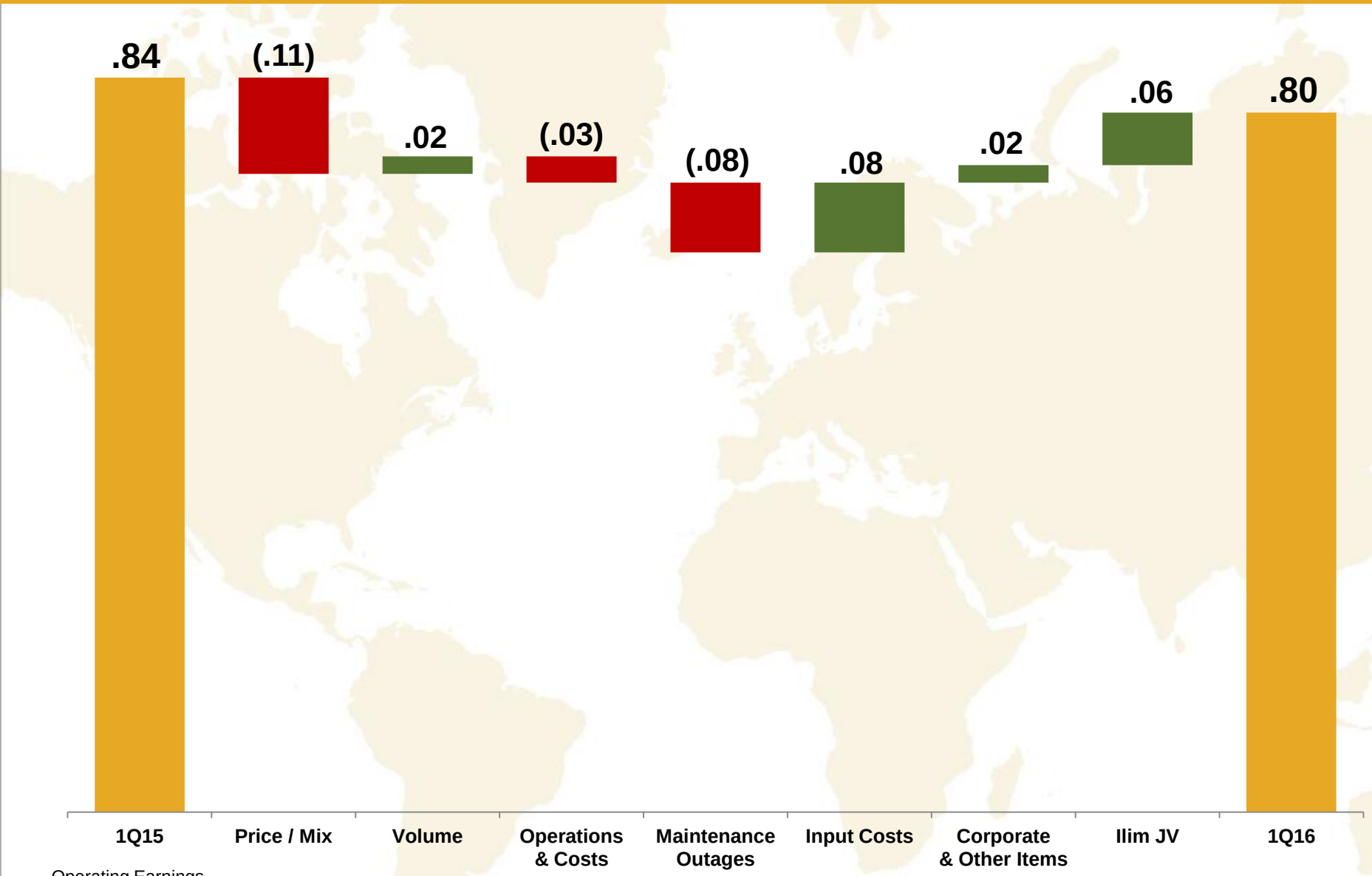
[1] A reconciliation to GAAP EPS is available at www.internationalpaper.com under the Investors tab at Webcasts and Presentations

Operating Business EPS



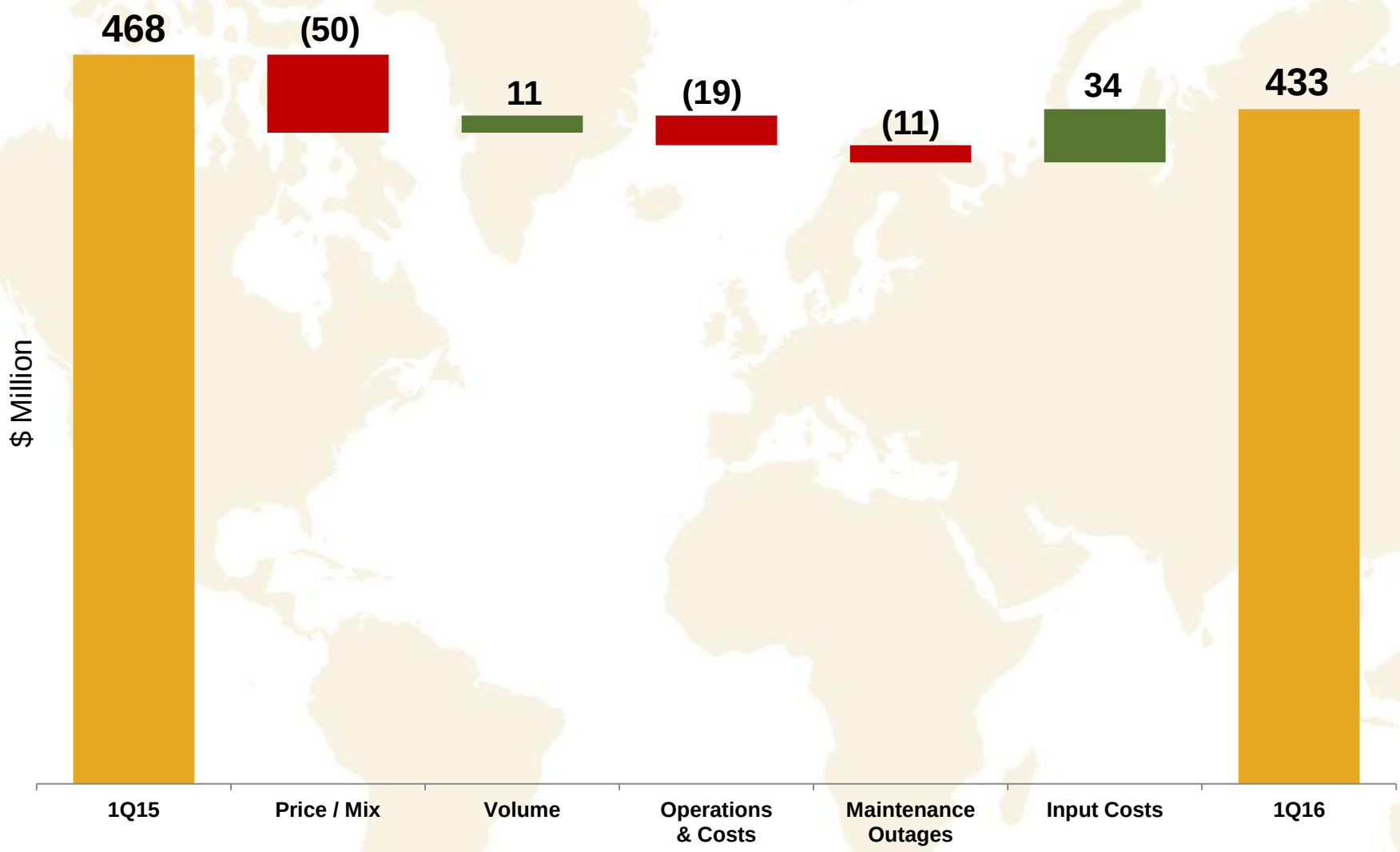
2005-2006 as originally reported
2007-2011 adjusted for elimination of the Ilim JV reporting lag
2005-2010 Net Earnings from continuing operations and before special items; 2010 onward reflects Operating Earnings
xpedx is reflected as a Discontinued Operation from 2010 onward

1Q16 vs. 1Q15 EPS



Operating Earnings

Industrial Packaging | 1Q16 vs. 1Q15



Segment operating profit before special items

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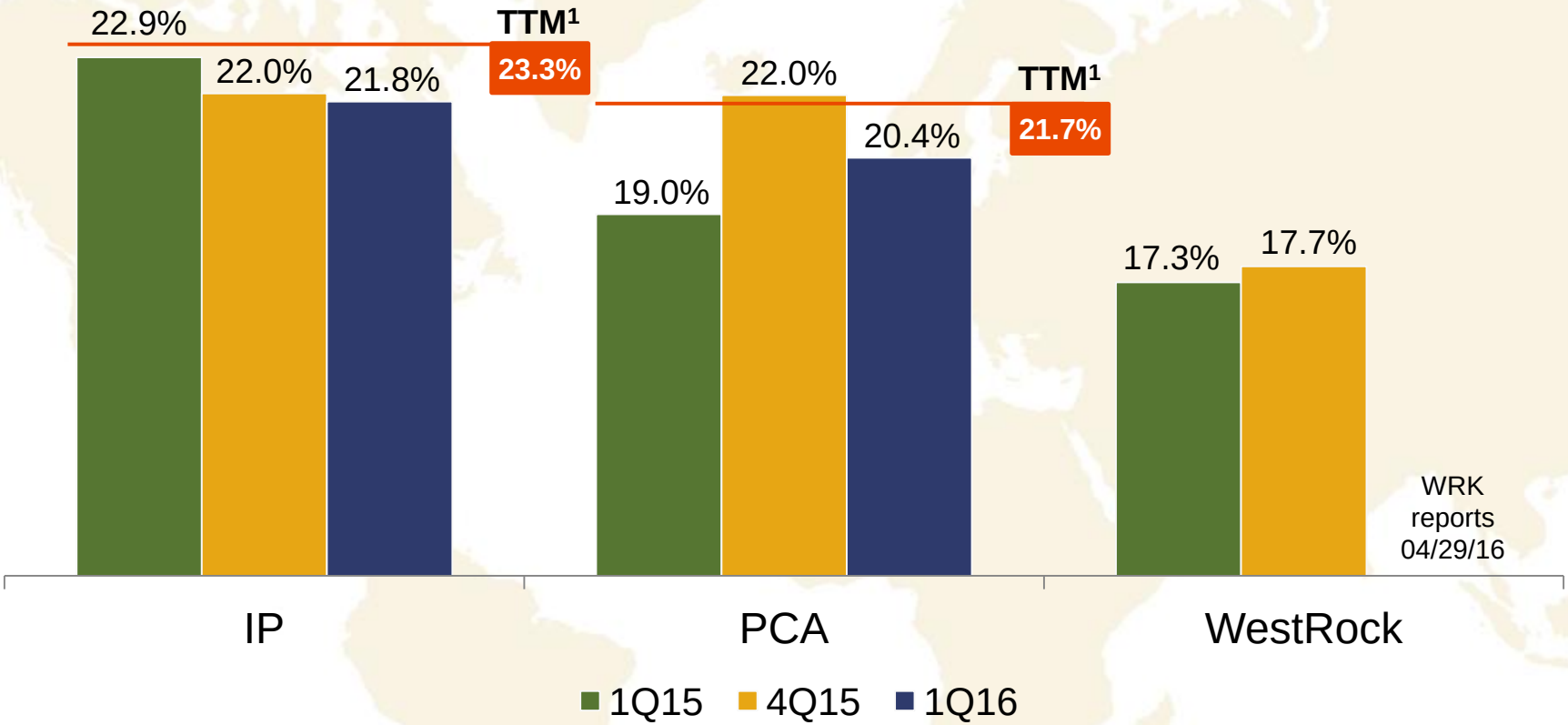
	1Q16 vs. 4Q15		1Q16 vs. 1Q15	
Business	**Volume**	**Price / Mix per Ton**	**Volume**	**Price / Mix per Ton**
N.A. Container[1]	**(5%)**	**($8)**	**Flat**	**($16)**
European Container	**(1%)**	**€4**	**6%**	**€10**

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

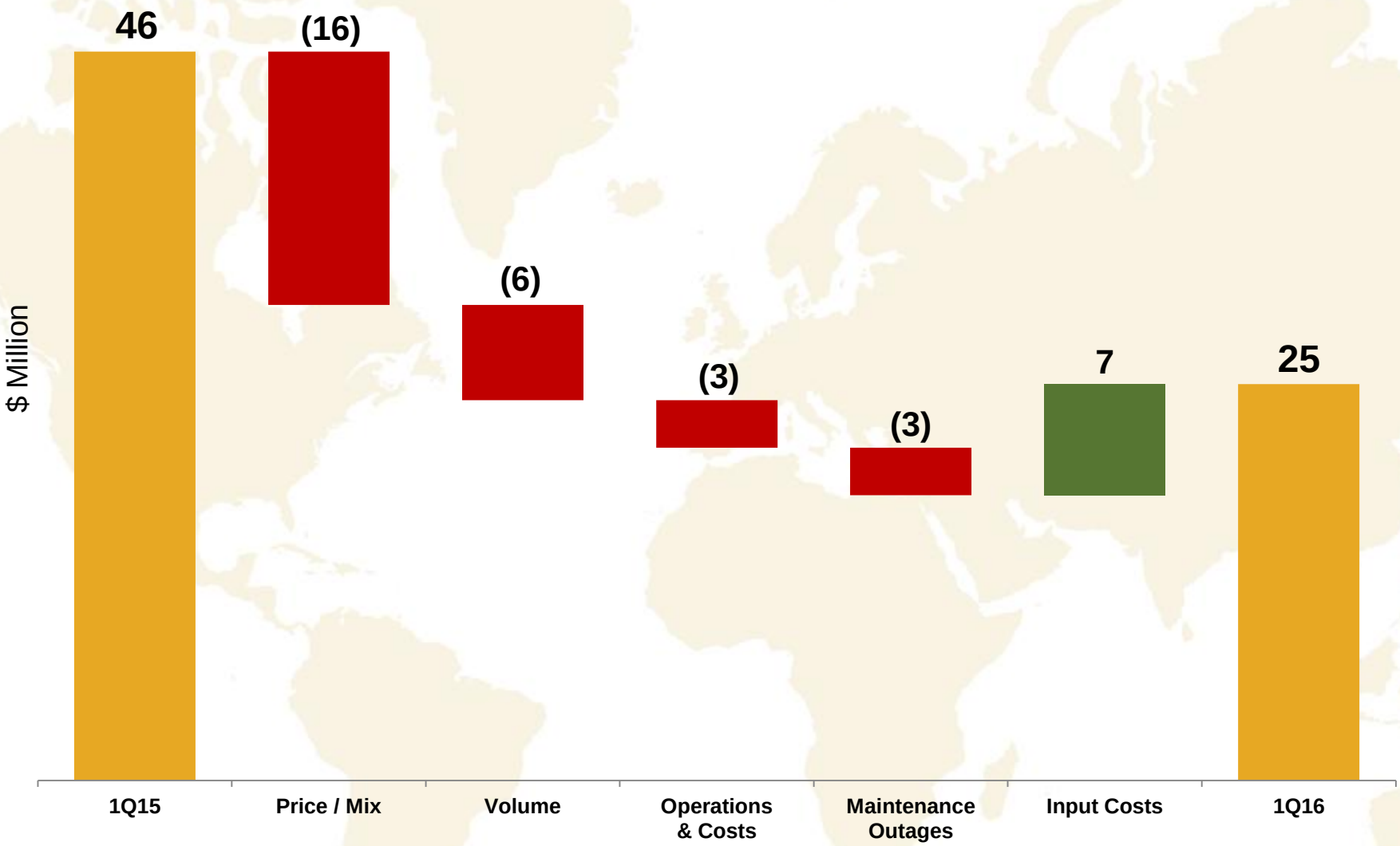
[1] Corrugator plant sales on FBA shipping day basis

N.A. Industrial Packaging Relative EBITDA Margins



[1] Trailing twelve months
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

Consumer Packaging | 1Q16 vs. 1Q15



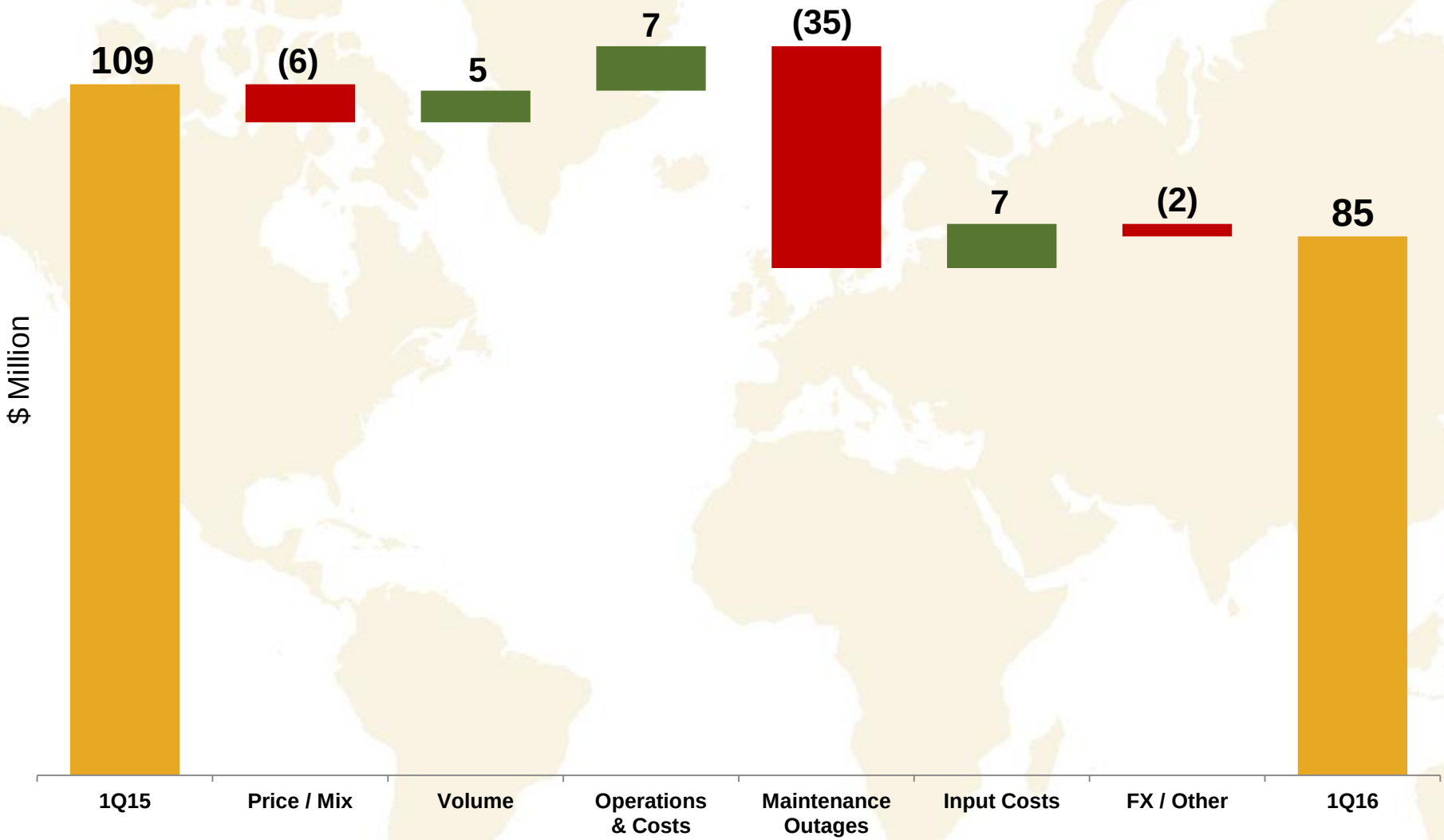
Segment operating profit before special items

Consumer Packaging | Volume and Pricing Trends

	1Q16 vs. 4Q15		1Q16 vs. 1Q15	
	Volume	Price / Mix per Ton	Volume	Price / Mix per Ton
N.A. Coated Paperboard	(9%)	($24)	(10%)	($70)
N.A Coated Paperboard (Ex. Coated Bristols)	7%	($9)	1%	($45)
	Revenue		Revenue	
Foodservice	(10%)		(1%)	

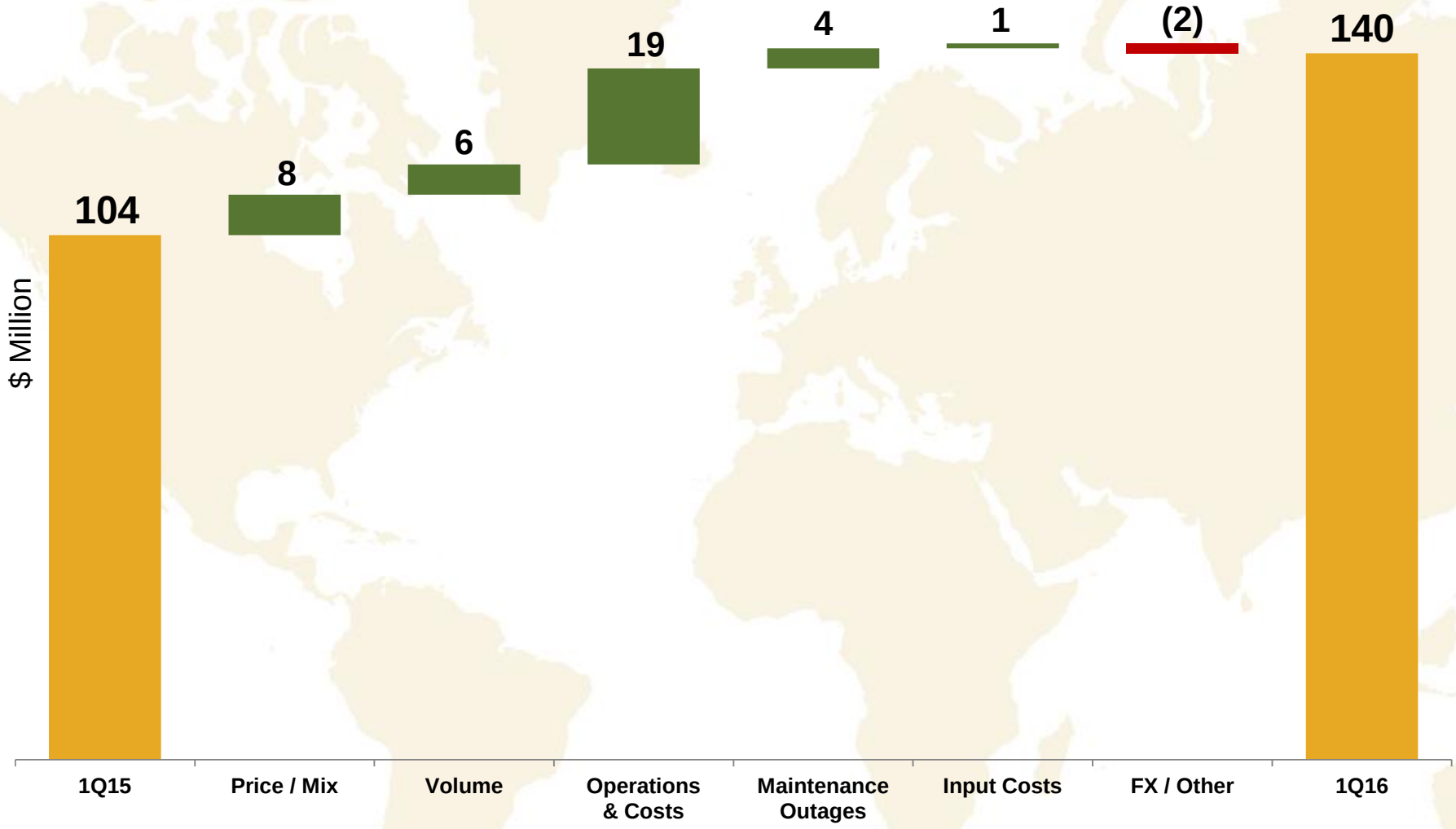
Average IP price realization (includes the impact of mix across all grades)

Printing Papers | 1Q16 vs. 1Q15



Segment operating profit before special items

Printing Papers (ex. N.A. Pulp) | 1Q16 vs. 1Q15



Segment operating profit before special items

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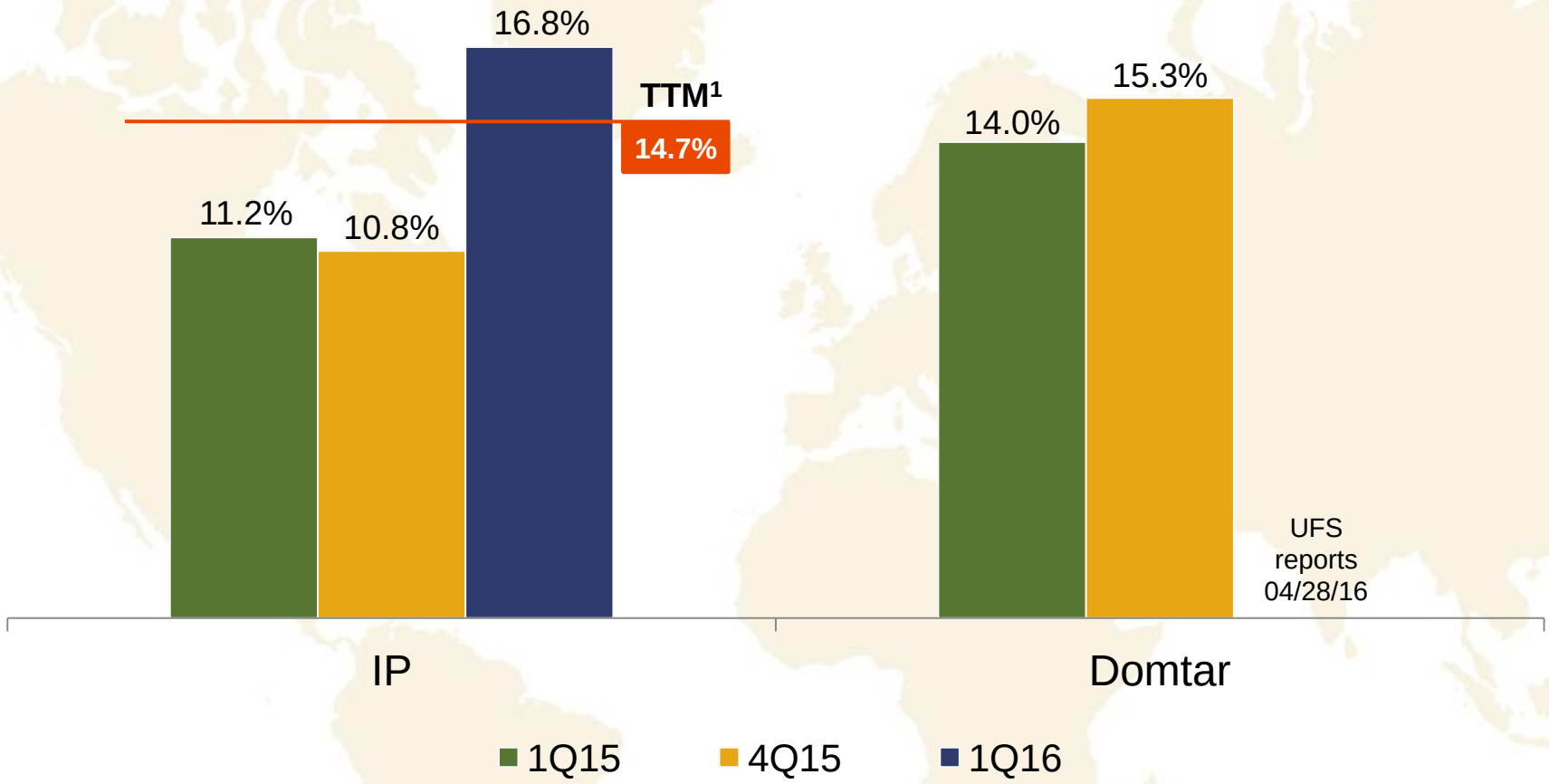
	1Q16 vs. 4Q15		1Q16 vs. 1Q15	
Business	**Volume**	**Price / Mix per Ton**	**Volume**	**Price / Mix per Ton**
N.A. Printing Papers	**Flat**	**($19)**	**2%**	**($21)**
N.A. Pulp[1]	**(9%)**	**($26)**	**(7%)**	**($45)**
European Papers[2]	**(3%)**	**€18**	**(2%)**	**€54**

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

N.A. Printing Papers Relative EBITDA Margins



[1] Trailing twelve months
Excludes N.A. Pulp
IP EBITDA margins based on operating profit from continuing operations before special items
Competitor EBITDA margin estimates obtained from public filings and IP analysis

$ Million	1Q15	4Q15	1Q16
Sales	$197	$252	$190
Earnings	$37	$58	$35
EBITDA Margin	31%	31%	29%

	1Q16 vs. 4Q15		1Q16 vs. 1Q15	
Uncoated Freesheet	Volume	Price / Mix per Ton	Volume	Price / Mix per Ton
Domestic (BRL)	(25%)	R$157	14%	R$294
Export (USD)	(26%)	($35)	3%	($64)

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

	2009	2010	2011	2012	2013	2014	2015
Sales Volume (Million short tons)	**2.6**	**2.8**	**2.8**	**2.9**	**2.7**	**3.2**	**3.3**
Sales ($B)	**1.3**	**1.9**	**2.2**	**2.0**	**1.9**	**2.1**	**1.9**
Debt ($B)	**0.4**	**0.5**	**0.9**	**1.2**	**1.5**	**1.4**	**1.2**
Operating EBITDA ($MM)	**197**	**516**	**591**	**291**	**208**	**470**	**724**
F/X Gain (loss)[1]	(35)	12	(60)	39	(80)	(684)	(218)
EBITDA ($MM)	**163**	**528**	**531**	**330**	**128**	**(214)**	**506**
Depreciation ($MM)	120	121	124	134	177	193	240
EBIT ($MM)	**43**	**407**	**406**	**196**	**(49)**	**(408)**	**266**
Interest Expense ($MM)	**28**	**18**	**7**	**6**	**39**	**69**	**53**
Net Income (loss) ($MM)	**(19)**	**266**	**299**	**132**	**(72)**	**(362)**	**150**
IP Equity Earnings (loss) ($MM)	**(27)**	**103**	**134**	**56**	**(46)**	**(194)**	**131**
Dividends (to IP) ($MM)	**50**	**34**	**85**	**0**	**0**	**56**	**35**

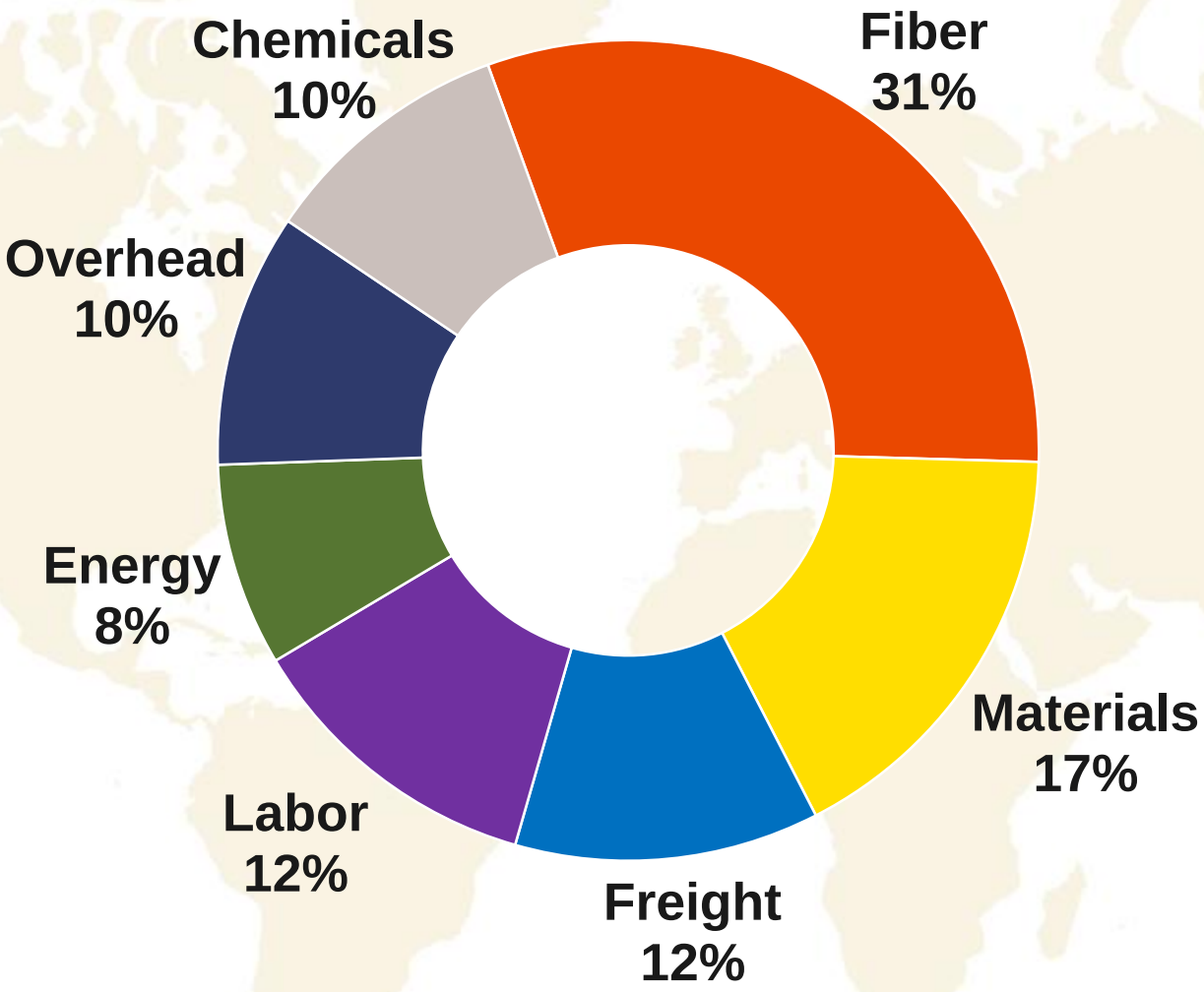
Ilim JV results are IFRS basis.
IP Equity Earnings (loss) on US GAAP basis.
[1] Represents F/X impact primarily related to Ilim JV USD-denominated net debt (balance of ~$700MM at year end 2015)

Ilim Joint Venture | Volume and Pricing Trends

	1Q16 vs. 4Q15		1Q16 vs. 1Q15	
Business	**Volume**	**Price / Mix per Ton**	**Volume**	**Price / Mix per Ton**
Pulp	**(10%)**	**($22)**	**3%**	**($61)**

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

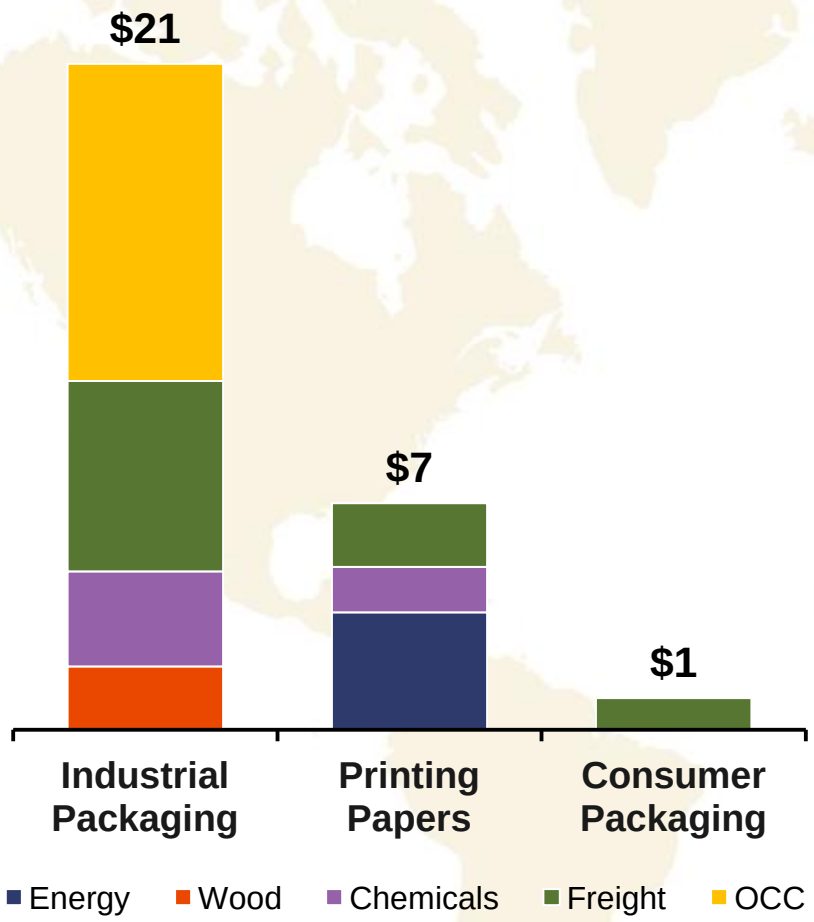
Total Cash Cost Components | 1Q16 YTD



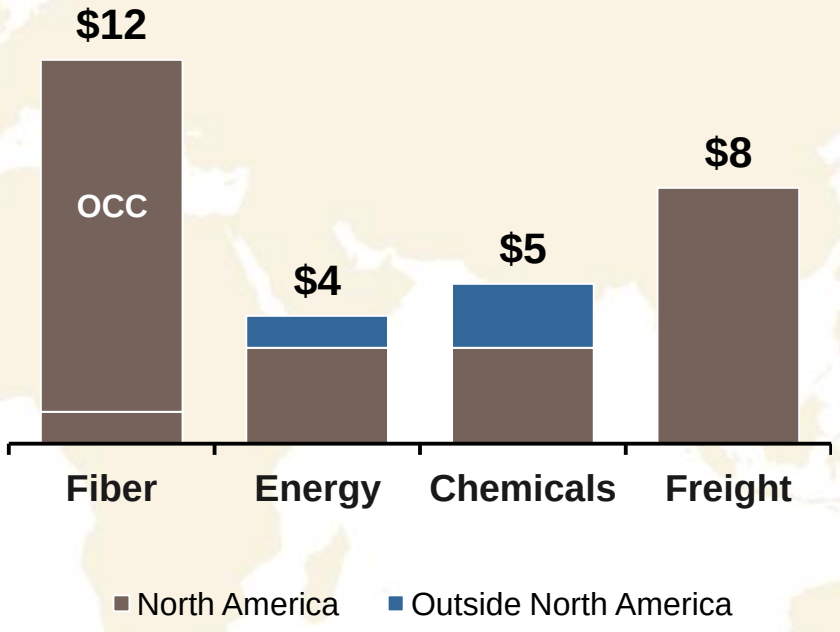
North American mills only

Global Input Costs vs. 4Q15 | $29MM Favorable, or $0.05/Share

By Business



By Input Type

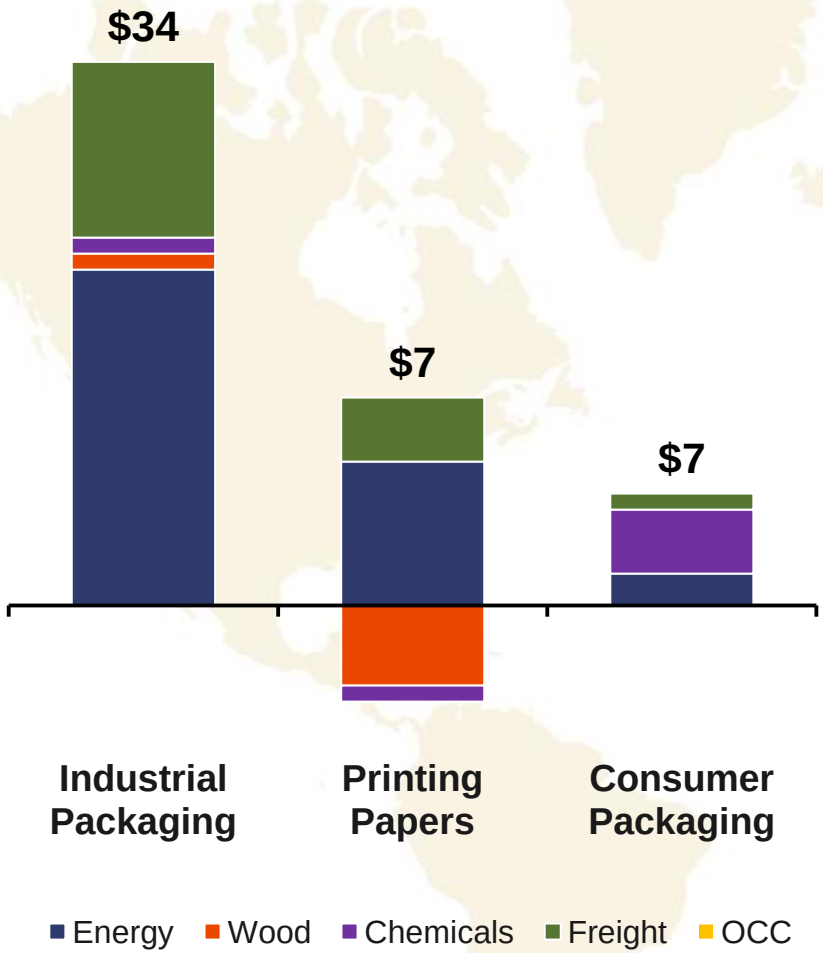


Input costs ($MM) for continuing businesses

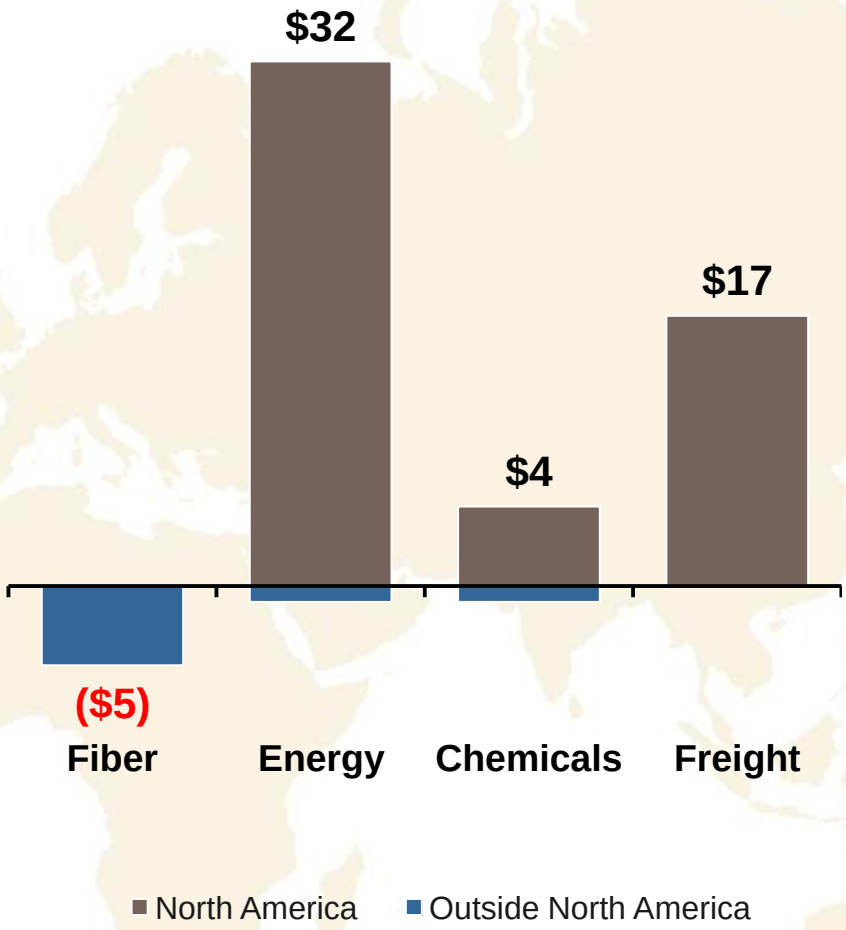
INTERNATIONAL PAPER

Global Input Costs vs. 1Q15 | $48MM Favorable, or $0.08/Share

By Business

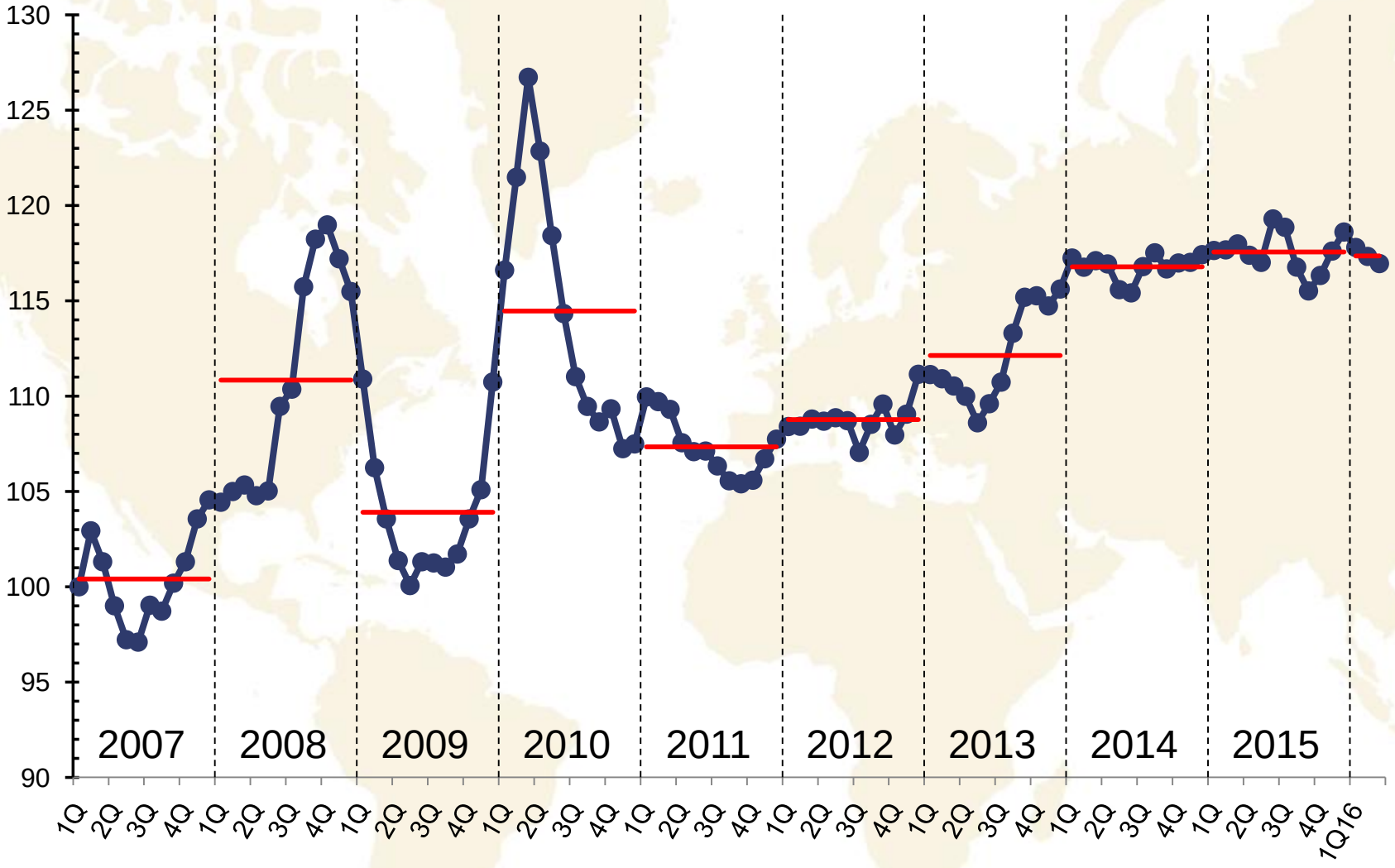


By Input Type



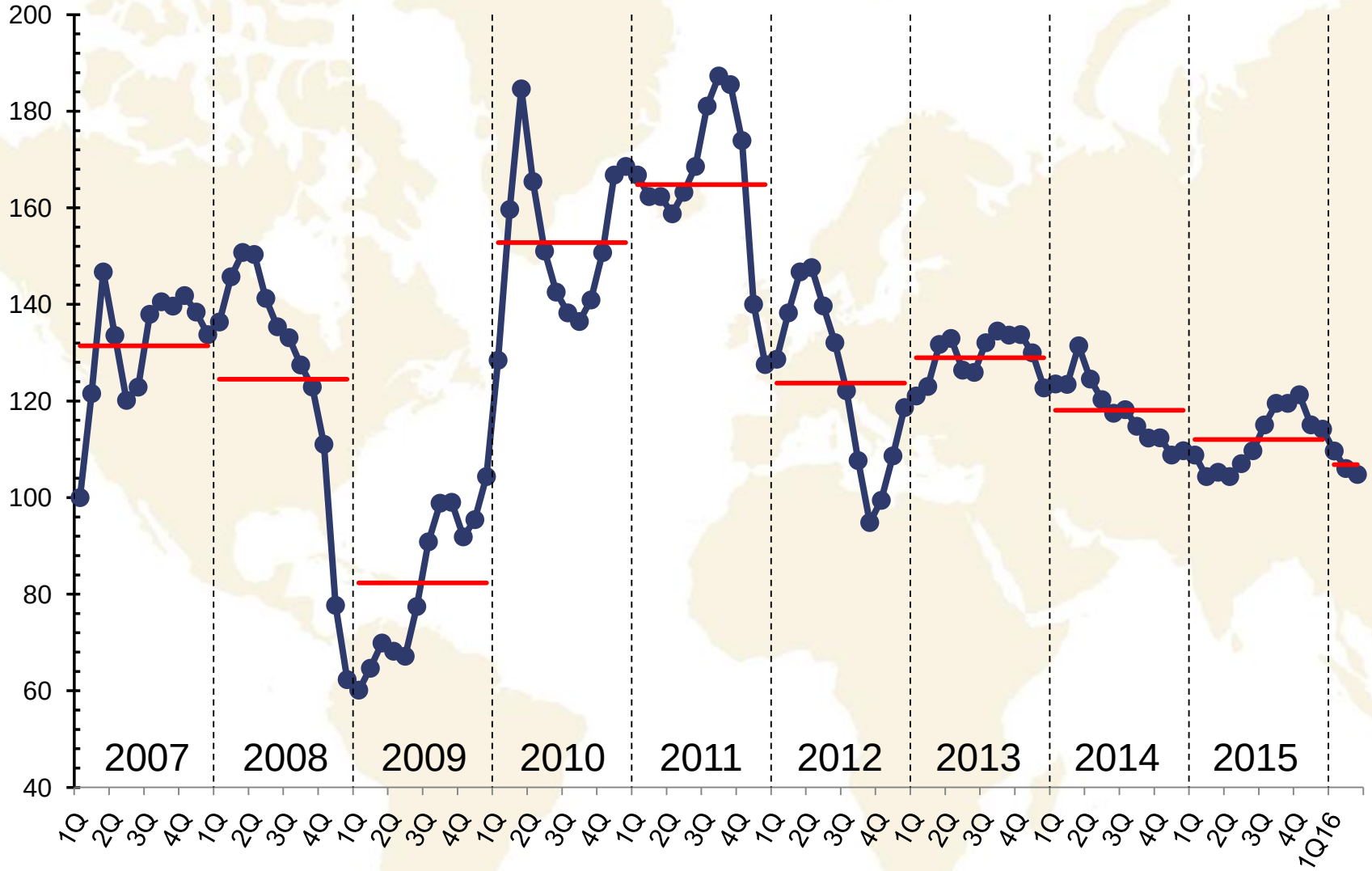
Input costs ($MM) for continuing businesses

U.S. Mill Wood Delivered Cost Trend | Flat vs. 4Q15 Average Cost



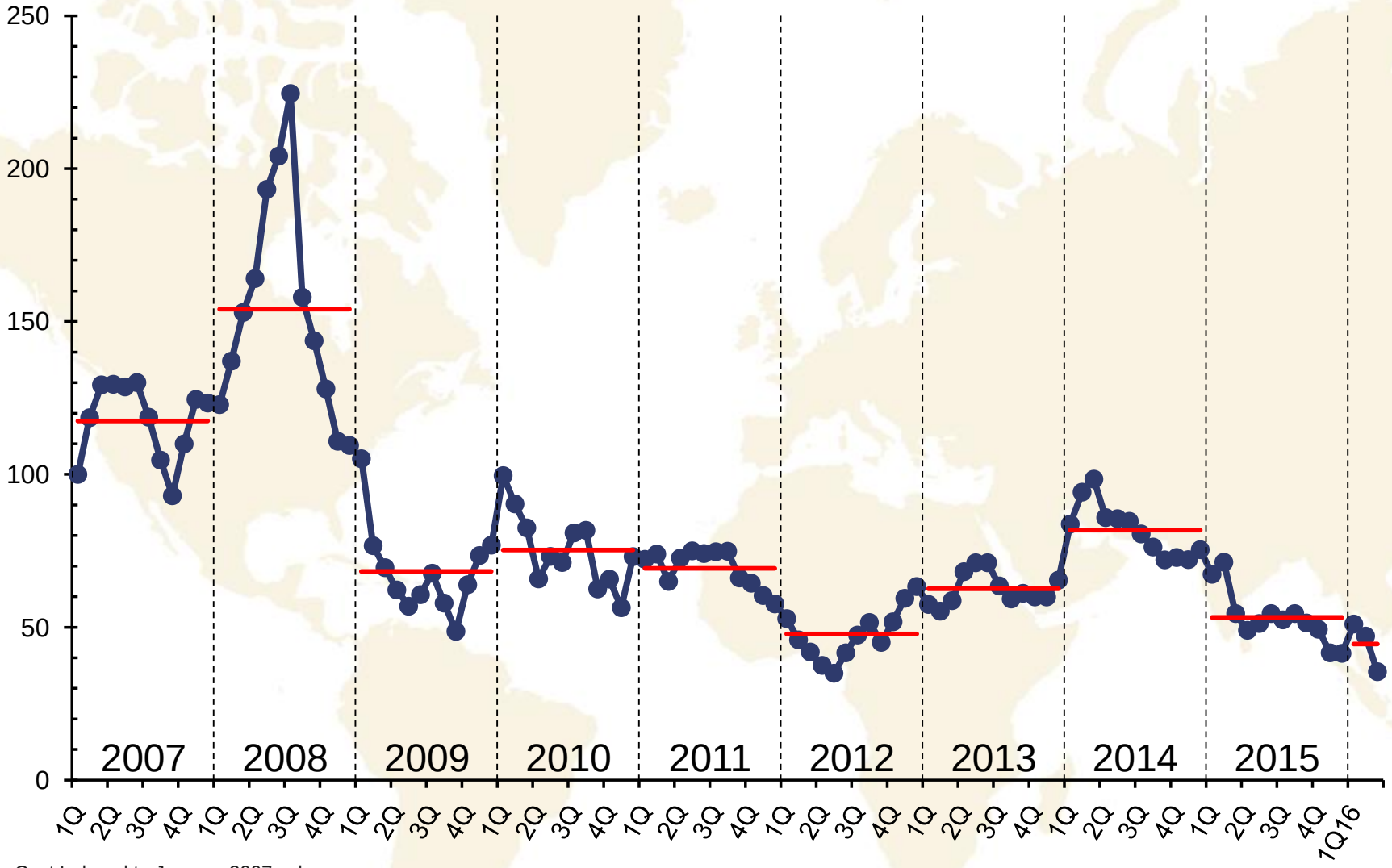
Cost Indexed to January 2007 values

U.S. OCC Delivered Cost Trend | 9% Decrease vs. 4Q15 Average Cost



Cost Indexed to January 2007 values

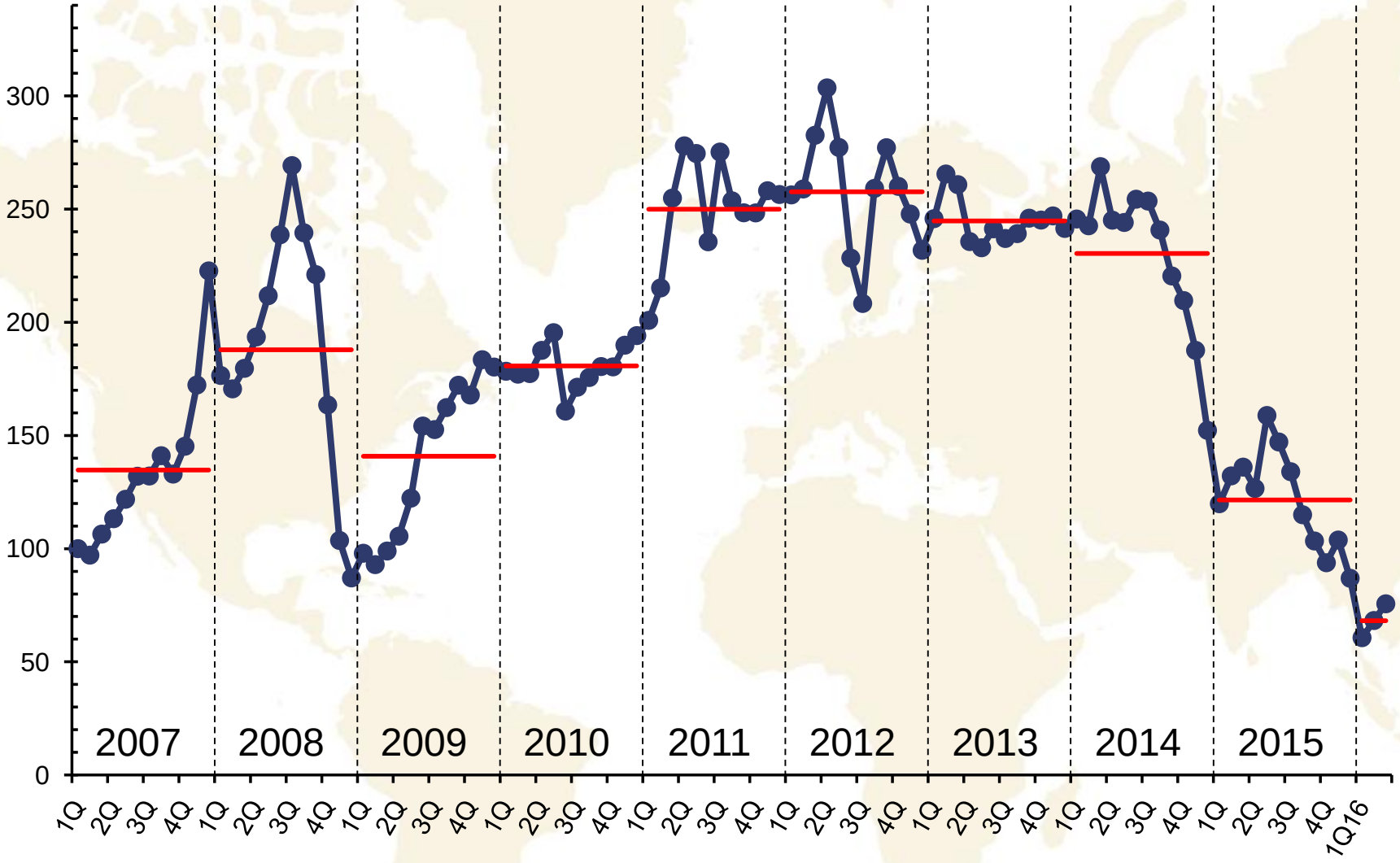
U.S. Natural Gas Cost Trend | 1% Increase vs. 4Q15 Average Cost



Cost Indexed to January 2007 values
NYMEX Natural Gas closing prices

INTERNATIONAL PAPER

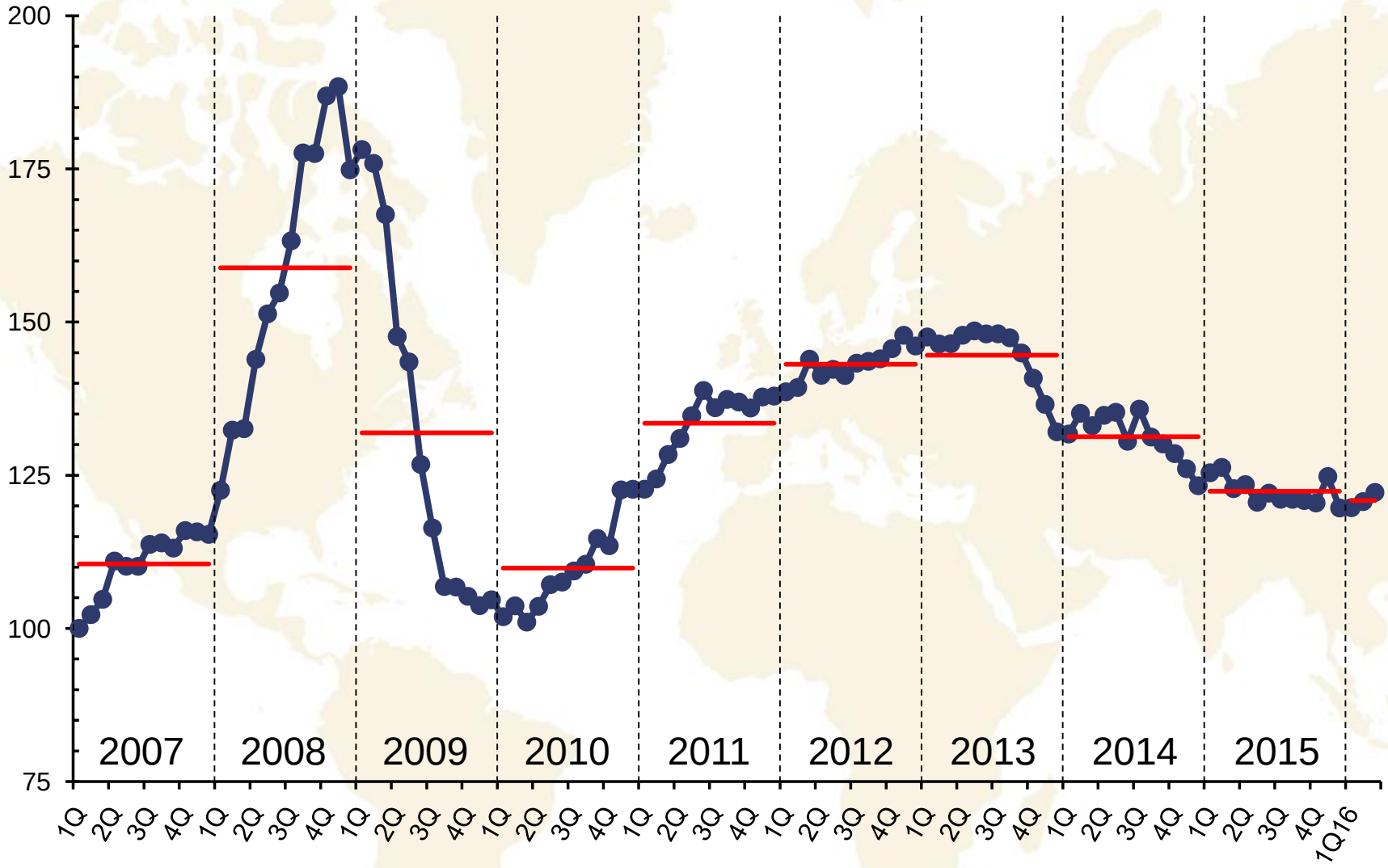
U.S. Fuel Oil Cost Trend | 28% Decrease vs. 4Q15 Average Cost



Cost Indexed to January 2007 values
WTI Crude prices

INTERNATIONAL PAPER

U.S. Chemical Composite Cost Trend | 1% Decrease vs. 4Q15 Average Cost



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

2016 Global Consumption | Annual Purchase Estimates for Key Inputs

	Commodity	U. S.	Non – U. S.
Energy	Natural Gas (MM BTUs)	73,000,000	11,000,000
	Fuel Oil (Barrels)	440,000	460,000
	Coal (Tons)	250,000	600,000
Fiber	Wood (Tons)	52,000,000	7,700,000
	Old Corrugated Containers / DLK (Tons)	4,800,000	400,000
Chemicals	Caustic Soda (Tons)	340,000	70,000
	Starch (Tons)	380,000	120,000
	Sodium Chlorate (Tons)	160,000	50,000
	LD Polyethylene (Tons)	40,000	-
	Latex (Tons)	10,000	6,000