Second Quarter 2016 Earnings | July 28, 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 receipt of regulatory approvals for our pending transaction to purchase the pulp business of Weyerhaeuser Company and the successful fulfillment or waiver of all other closing conditions without unexpected delays or conditions; (viii) the successful financing of the Weyerhaeuser transaction; (ix) the failure to realize the expected synergies and cost-savings from the Weyerhaeuser transaction or delay in realization thereof; and (x) 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 measures will be presented, such as Operating EPS, EBIT, EBITDA, EBITDA Margin, Free Cash Flow and ROIC.

As with our non-GAAP measure “Operating Earnings,” the earnings-related components of Operating EPS, EBIT, EBITDA, EBITDA Margin and ROIC are non-GAAP earnings measures, which are adjusted to exclude special items and non-operating pension expense from our GAAP net earnings. Therefore, references to such measures should be considered “Adjusted,” as the measures themselves are non-GAAP measures that we have further adjusted.

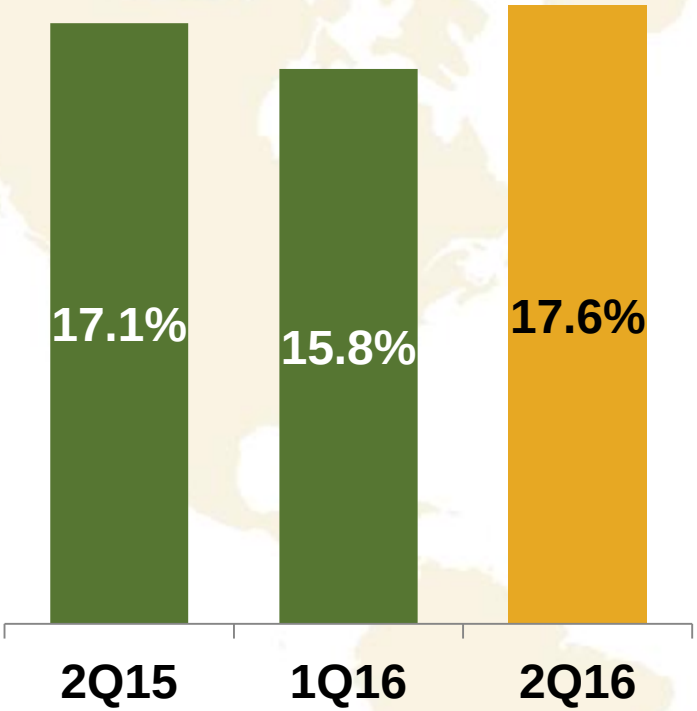
A reconciliation of all presented non-GAAP measures (and their components) to U.S. GAAP financial measures is available on the company’s website at internationalpaper.com under Performance/Investors.

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 2016 Highlights

EBITDA Margin[1]

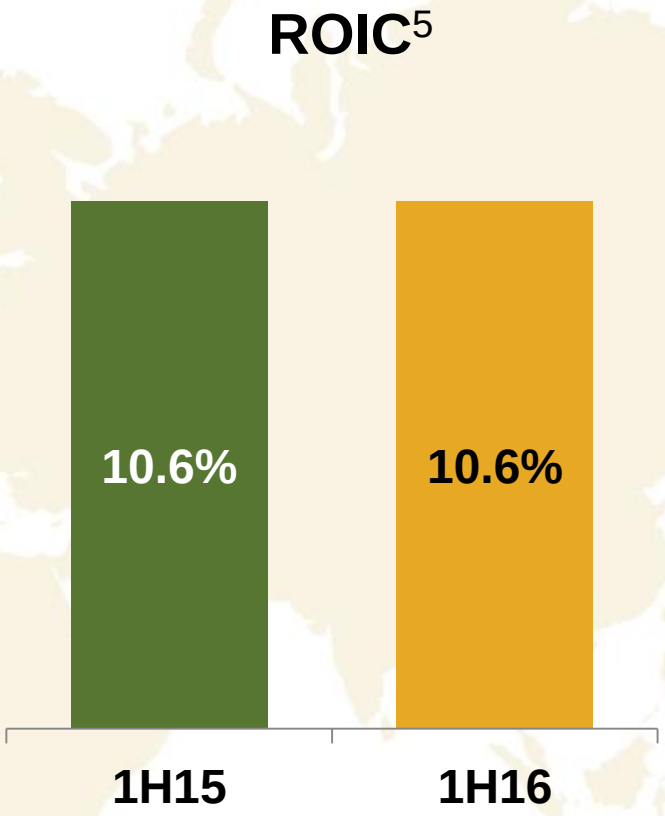


- Strong results overall for the quarter, driven by consistent execution across businesses
- Free Cash Flow of $527MM
- Good operational performance
- Heavy level of maintenance outages executed very effectively
- Riegelwood converted machine running well
- Strengthening portfolio
  - Asia box sale completed
  - Madrid mill acquisition closed
  - Agreed to acquire Weyerhaeuser's pulp business
- Successfully completed pension plan term vested lump sum buyout
- Ilim JV continues to perform well; IP received $58MM dividend

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

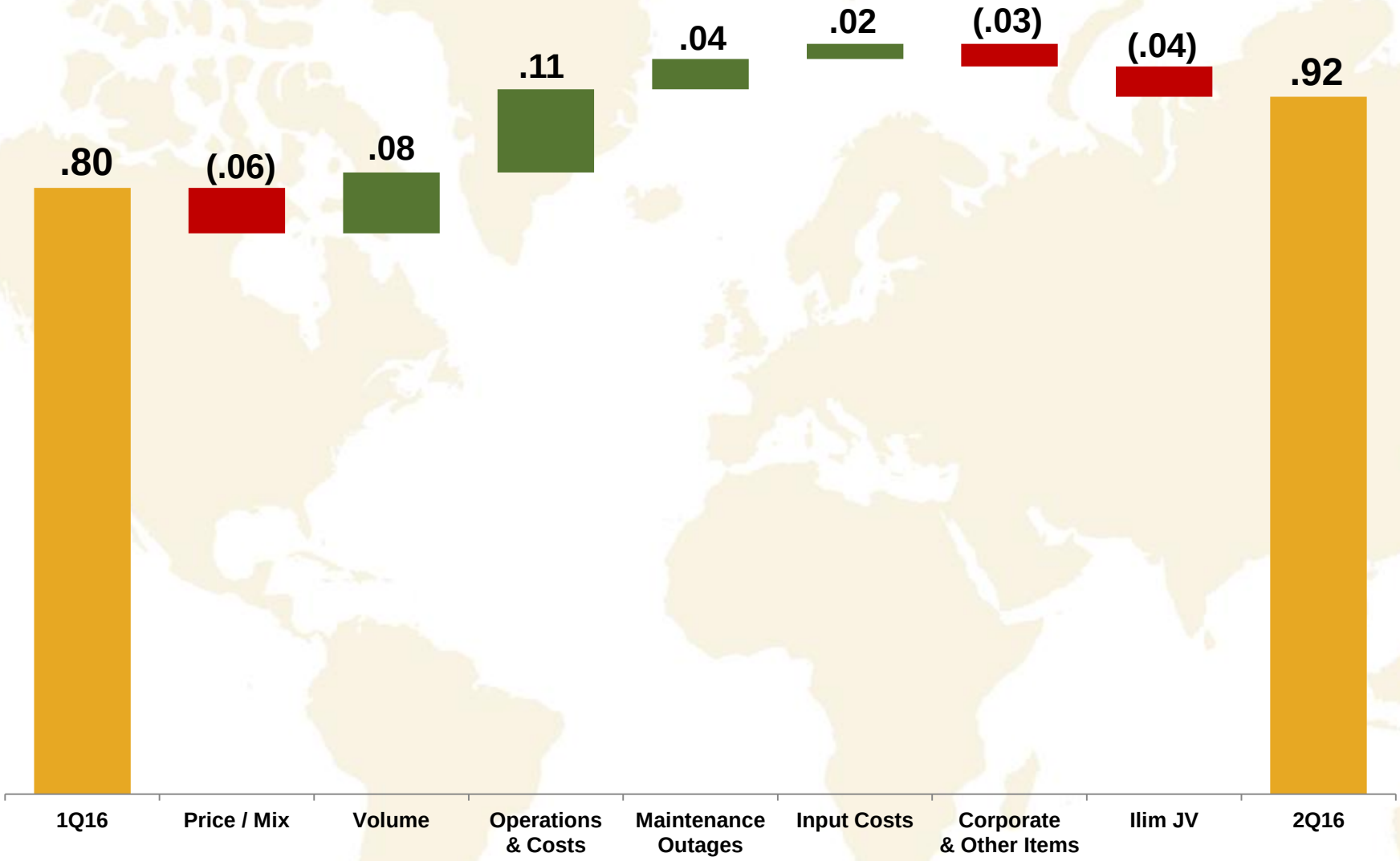
2Q16 Financial Results

	2Q15	1Q16	2Q16
Sales ($B)	$5.7	$5.1	$5.3
EBIT[1] ($MM)	$650	$522	$635
Operating EPS[2]	$0.97	$0.80	$0.92
Operating EPS impact of Ilim F/X[3] – IP Share	$0.06	$0.03	$0.01
EBITDA[1] ($MM)	$978	$806	$936
EBITDA Margin[1]	17.1%	15.8%	17.6%
Free Cash Flow[4] ($MM)	$511	$311	$527



[1] From continuing operations before special items and non-operating pension expense
[2] Operating 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 2Q2016)
[4] See slide #19 for a reconciliation of cash provided by operations to free cash flow
[5] ROIC = Operating Earnings before Interest / Average Invested Capital [Equity (adjusted to remove pension related amounts in OCI, net of tax) + Interest-bearing Debt]

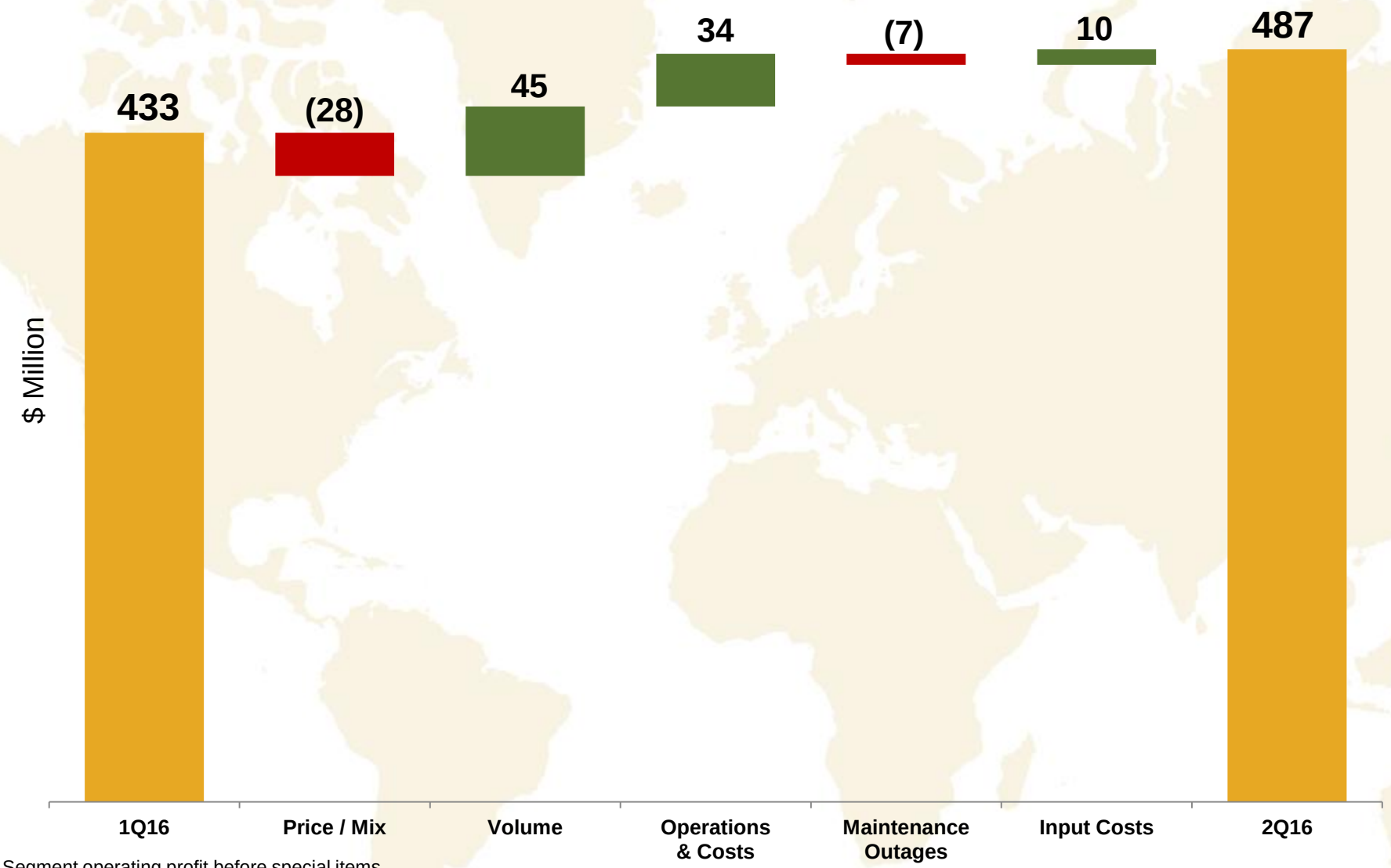
2Q16 vs. 1Q16 Operating EPS



Operating Earnings

INTERNATIONAL PAPER

Industrial Packaging | 2Q16 vs. 1Q16



Segment operating profit before special items

Key levers contributing to IP's track record of success…



- Commercial execution
- World-class, low-cost assets
- Engaged and talented workforce



- Innovation & value-added capabilities



- Breadth of footprint

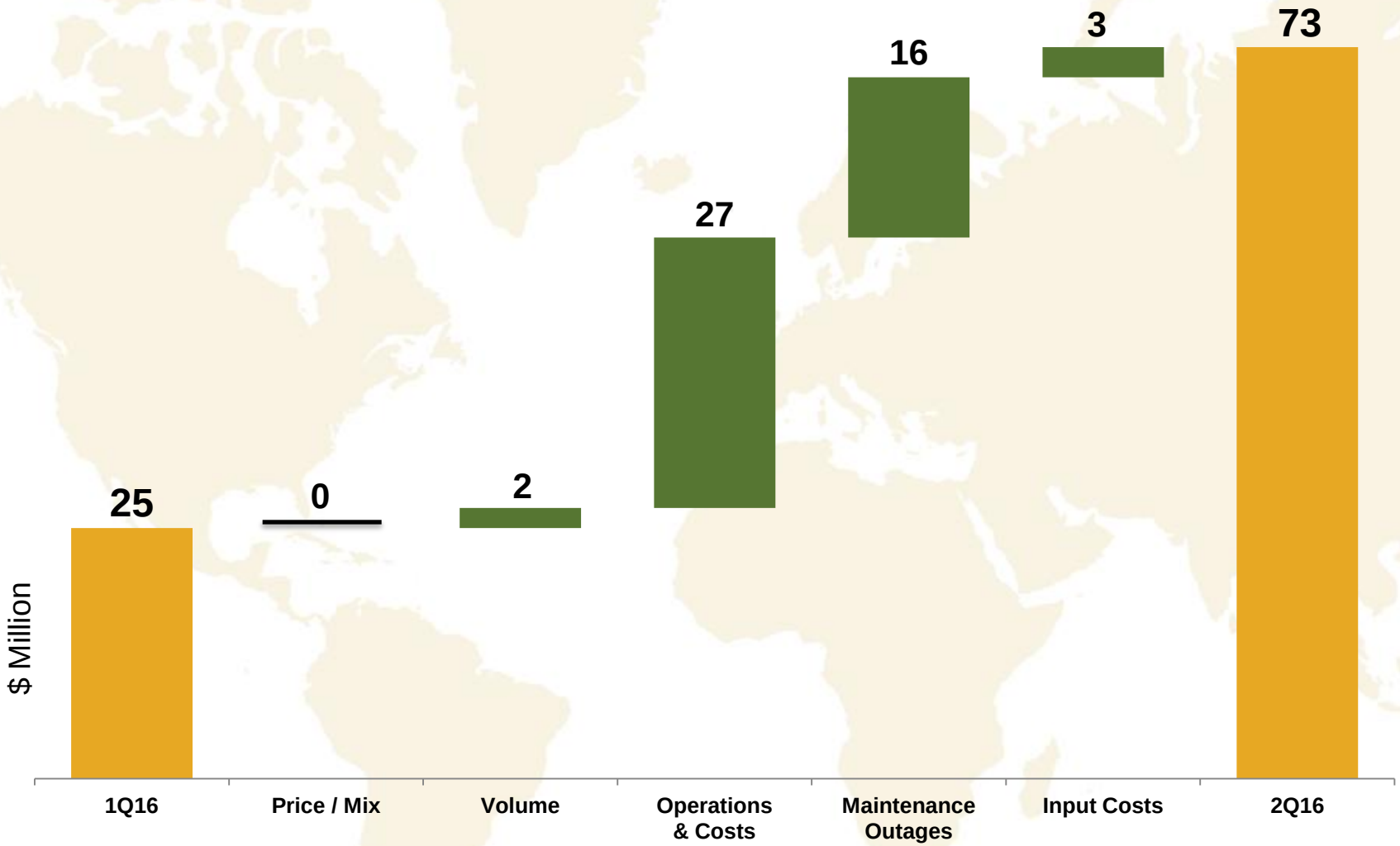


- Manufacturing/supply chain excellence



- Disciplined, targeted capital investment

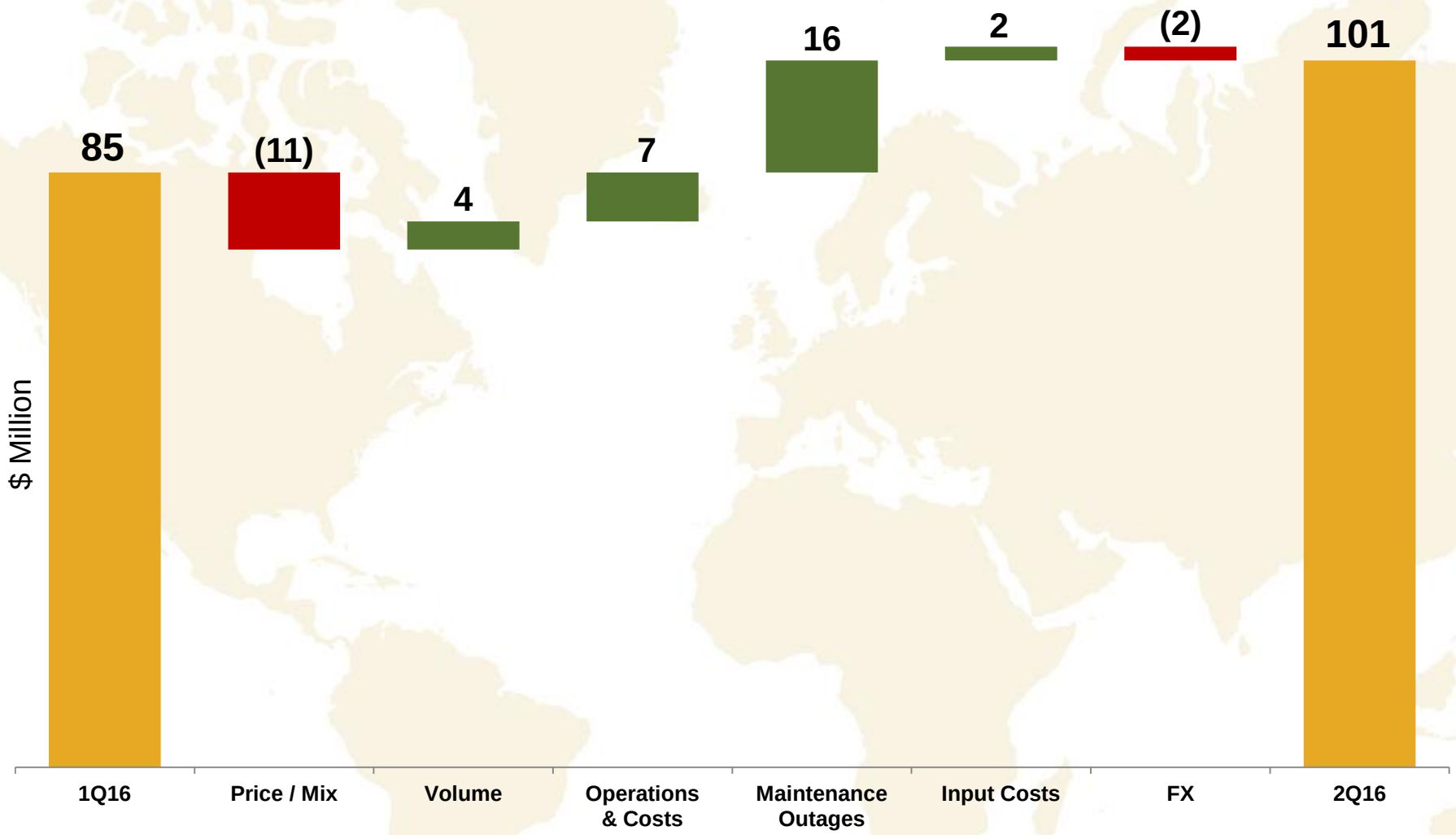
Consumer Packaging | 2Q16 vs. 1Q16



Segment operating profit before special items

INTERNATIONAL PAPER

Printing Papers | 2Q16 vs. 1Q16



Segment operating profit before special items

INTERNATIONAL PAPER

Ilim Joint Venture | 2Q16 vs. 1Q16

$ Million	2Q15	1Q16	2Q16
Sales Volume (thousand tons)	826	821	866
Sales	$500	$441	$473
Operational EBITDA[1]	$153	$176	$152
F/X (Impact of USD Net Debt[2]**)**	$65	$33	$18
IP Equity Earnings[3]	$67	$62	$46

- Strong operational performance continues with good execution in 2Q
- IP received $58MM dividend payment
- 3Q outlook in line with prior quarter excluding 2Q F/X benefit

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 2Q2016); 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 2Q15, 1Q16 and 2Q16 include after-tax F/X gains (primarily on USD-denominated net debt) of $27MM, $11MM and $6MM, respectively

ILIM | INTERNATIONAL PAPER

- ✓ Term vested lump sum buyout completed in 2Q
  - ➢ $1.2B paid out of plan assets
  - ➢ Non-cash after tax settlement charge of $270MM recorded in non-operating pension expense
- ✓ $250MM voluntary contribution made; $500MM additional planned for balance of year
  - ➢ Fee savings and immediately tax deductible
  - ➢ Consistent with philosophy/strategy for plan

Third Quarter Outlook | Changes from 2Q16

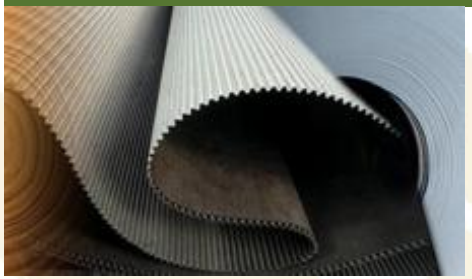
		North America	EMEA & Russia	Brazil
Volume	Paper	Stable	Stable	Stable
	Packaging	Stable	Seasonality	Stable
Pricing / Mix	Paper	RW Pulp Mix Impact	Stable	Stable
	Packaging	Index Impact	Stable	Stable
Operations & Other	Paper	Stable	Stable	Stable
	Packaging	Stable	Stable	Stable
Inputs & Freight	Paper	Higher Energy	Inflationary Pressure	Stable
	Packaging	Higher OCC & Energy	Stable	Higher OCC
Mill Maintenance Outages	Paper	Decrease $19MM	Increase $2MM	Decrease $7MM
	Packaging	Decrease $33MM	Decrease $1MM	Decrease $2MM
Ilim JV Equity Earnings		▪ 3Q outlook in line with prior quarter ▪ Non-recurring 2Q currency impact of $0.01 on USD net debt, assuming stable F/X as of June 30, 2016		
Other Items		▪ Tax rate, 33% – 34% ▪ Corporate expense, ~$15MM in 3Q16 ▪ Higher interest expense		

Compelling Strategic Acquisition | Strengthening IP Global Pulp Business

- IP has agreed to acquire the assets of Weyerhaeuser's pulp business for $2.2B (announced May 2, 2016)
- Strengthens IP's position in the growing global fluff pulp markets
- Adds significant value to IP and for its shareholders
  - Annual run-rate synergies of ~$175MM expected by end of 2018
  - Additional cash tax benefit of ~$300MM by purchasing assets
  - 3.6X EBITDA multiple[1], net of tax benefit and with synergies
- Weyerhaeuser pulp business consists of best-in-class assets, outstanding customers and a highly talented workforce
- Expansive portfolio of value-added, innovative pulp products in addition to fluff pulp will allow IP to offer a broader portfolio of products to customers
- IP has proven track record of successful large-scale integrations

[1] Based on Weyerhaeuser's pulp business 2015 EBITDA of $350 Million

Strategy



- Fiber-based Packaging, Pulp and Paper
- Advantaged positions in advantaged markets

✓Channels to Market

- Strong market positions
- Sell products in markets where they are valued
- Winning with the right customers and segments

✓Renewable Natural Resources

Availability and access to low-cost, sustainable fiber in key manufacturing regions



✓Cost Positions

- Low-cost asset base
  - Mill footprint on cost curve
  - Disciplined capital investment
- Sustained low-cost positions through operational excellence and optimization

Key Takeaways & Outlook

- ✓ IP continues to navigate well in a challenging and changing global environment
- ✓ Focus on execution
  - Partnering with our customers to deliver value
  - Reliable and consistent operations
  - Cost management
- ✓ Financial discipline
- ✓ Strengthening portfolio to increase shareholder value
- ✓ Remain focused on strong Free Cash Flow generation and returns above cost of capital









Appendix

Investor Relations Contacts

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

Media Contact

Tom Ryan	901-419-4333

Free Cash Flow

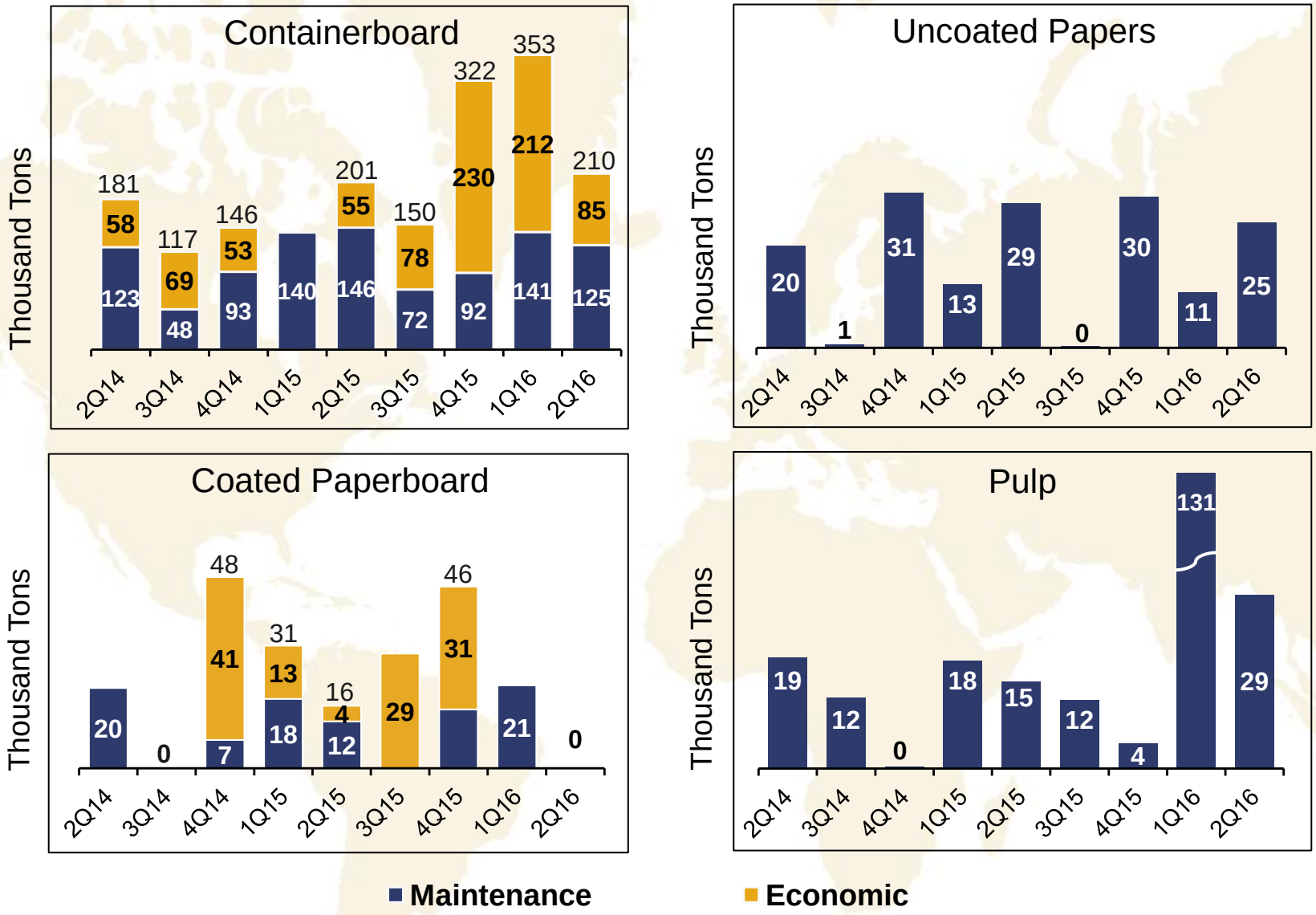
$ Million	2Q15	1Q16	2Q16
Cash Provided by Operations	$865[1]	$620	$855[1]
Less Capital Investment	($354)	($309)	($328)
Free Cash Flow	$511	$311	$527

[1] Excludes $750MM cash paid for pension plan contribution in 2Q15, and $250MM in 2Q16

Maintenance Outages Expenses | 2016 Forecast

$ Million	1Q16A	2Q16A	3Q16F	4Q16F	2016F
Industrial Packaging	**$73**	**$80**	**$45**	**$46**	**$244**
North America	73	78	45	46	242
Brazil	0	2	0	0	2
Printing Papers Total	**$66**	**$50**	**$27**	**$36**	**$179**
North America	66	35	16	17	134
Europe	0	8	10	18	36
Brazil	0	7	0	1	8
India	0	0	1	0	1
Consumer Packaging	**$19**	**$3**	**$2**	**$15**	**$39**
North America	19	0	0	14	33
Europe	0	3	2	1	6
Total Impact	**$158**	**$133**	**$74**	**$97**	**$462**

North American Downtime



Special Items Before Tax | Continuing Operations

Special Items Pre-Tax ($ Million)		2Q15	1Q16	2Q16
Industrial Packaging	Impairment of Asia Box & Restructuring	-	($37)	($28)
Consumer Packaging	Riegelwood Repurposing	$14	($9)	-
	Other	($1)	-	-
Printing Papers	Pulp Business Acquisition	-	-	($5)
Corporate	Debt Premium Costs	($207)	-	-
	Sale of Arizona Chemical Investment	-	$8	-
	Other	$4	-	-
Total Special Items Before Tax		**($190)**	**($38)**	**($33)**

Special Items Net of Taxes

	1Q16		2Q16	
	$ Million	EPS	$ Million	EPS
Earnings Before Special Items	$330	$0.80	$379	$0.92
Special Items Net of Taxes:				
Gain on Sale of Arizona Chemical Investment	$5		-	
Tax Adjustments	$71		($17)	
Riegelwood Repurposing	($6)		-	
Impairment of Asia Box & Restructuring	($34)		($20)	
Pulp Business Acquisition	-		($3)	
Total Special Items Net of Taxes	$36	$0.09	($40)	($0.10)
Non-Operating Pension Expense	($27)	($0.07)	($299)[1]	($0.72)[1]
Discontinued Operations Net of Taxes	($5)	($0.01)	-	-
Net Earnings	$334	$0.81	$40	$0.10

[1] Includes non-cash settlement charge before tax of $439MM and net of taxes of $270MM, or ($0.65) EPS

Operating Profits by Industry Segment | Continuing Operations

$ Million	2Q15	1Q16	2Q16
Industrial Packaging	$528	$433	$487
Printing Papers	$101	$85	$101
Consumer Packaging	$34	$25	$73
Operating Profit	**$663**	**$543**	**$661**
Net Interest Expense	($144)	($123)	($129)
Noncontrolling Interest / Equity Earnings Adjustment	($5)	-	-
Corporate Items	($8)	($21)	($26)
Non-Operating Pension Expense	($50)	($44)	($487)[1]
Special Items	($190)	($38)	($33)
Net Earnings from continuing operations before income taxes, equity earnings & noncontrolling interest	**$266**	**$317**	**($14)**
Equity Earnings, net of taxes – Ilim	**$67**	**$62**	**$46**

[1] Includes non-cash settlement charge before tax of $439MM

Geographic Business Segment Operating Results

$ Million	Sales			D & A	Operating Profit		
	2Q15	1Q16	2Q16	2Q16	2Q15	1Q16	2Q16
Industrial Packaging							
North America	$3,205	$2,990	$3,086	$163	$533	$438	$496
Europe	$277	$294	$295	$8	$4	$7	$6
Brazil	$63	$42	$51	$5	($7)	($8)	($12)
Asia	$149	$126	$165	$3	($2)	($4)	($3)
Printing Papers							
North America	$471	$481	$466	$19	$31	$61	$51
Europe	$312	$289	$318	$11	$20	$45	$36
Brazil	$210	$190	$220	$20	$35	$35	$34
India	$45	$43	$42	$5	($3)	($1)	($2)
N.A. Pulp	$211	$181	$225	$23	$18	($55)	($18)
Consumer Packaging							
North America	$500	$418	$416	$27	$27	($1)	$48
Europe	$75	$77	$85	$5	$16	$26	$25
Asia (Sun JV)[1]	$222	-	-	-	($9)	-	-

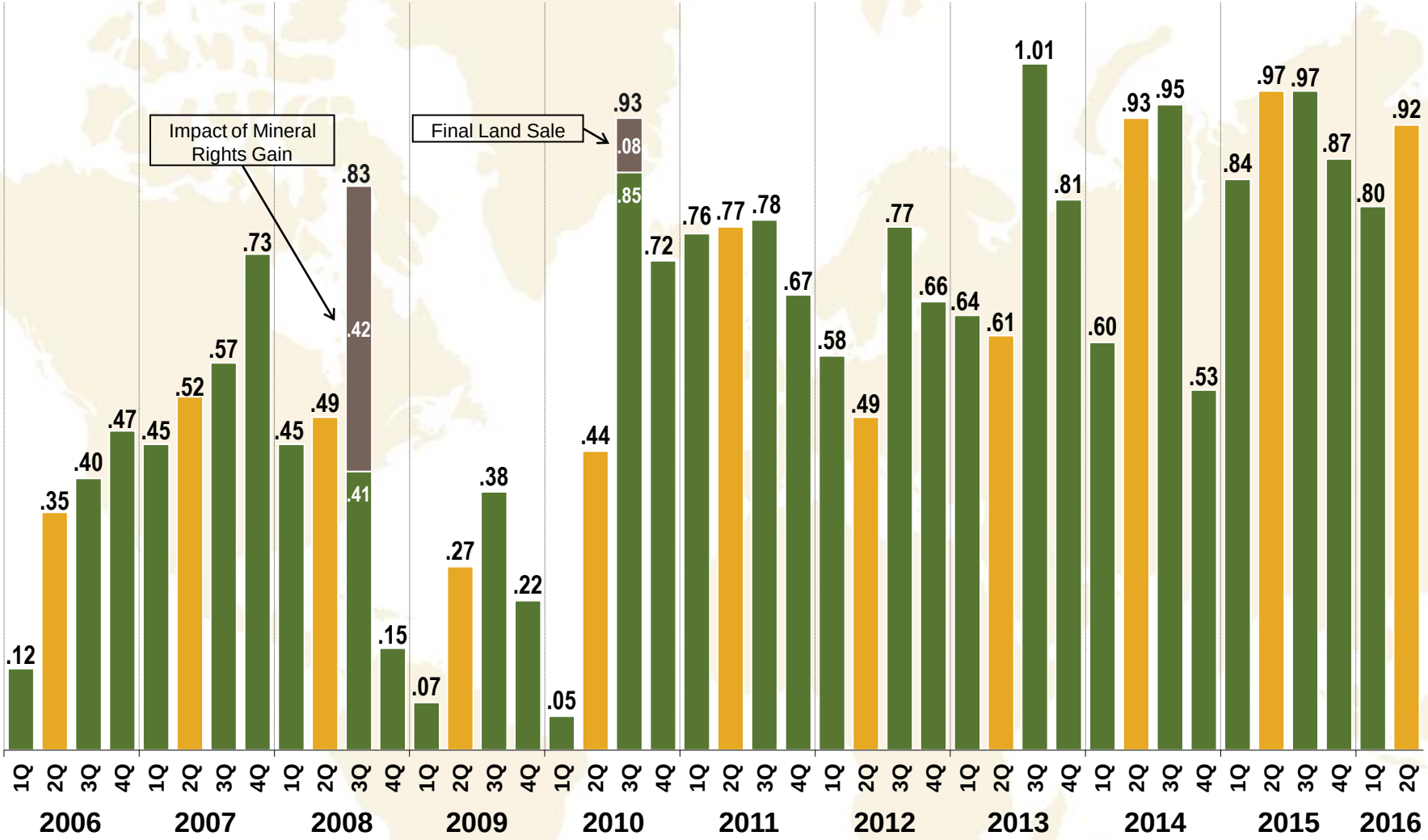
[1] Sold in 4Q15

2016 Operating Earnings

	Pre-Tax $MM	Tax $MM	Equity Earnings	Net Income $MM	Average Shares MM	Diluted EPS[1]
Operating Earnings						
1Q16	$399	($132)	$63	$330	414	$0.80
2Q16	$506	($172)	$45	$379	415	$0.92
Non-Operating Pension Expense						
1Q16	($44)	$17	-	($27)	414	($0.07)
2Q16	($487)	$188	-	($299)[2]	415	($0.72)[2]
Net Special Items						
1Q16	($38)	$74	-	$36	414	$0.09
2Q16	($33)	($7)	-	($40)	415	($0.10)
Net Earnings from Continuing Operations						
1Q16	$317	($41)	$63	$339	414	$0.82
2Q16	($14)	$9	$45	$40	415	$0.10

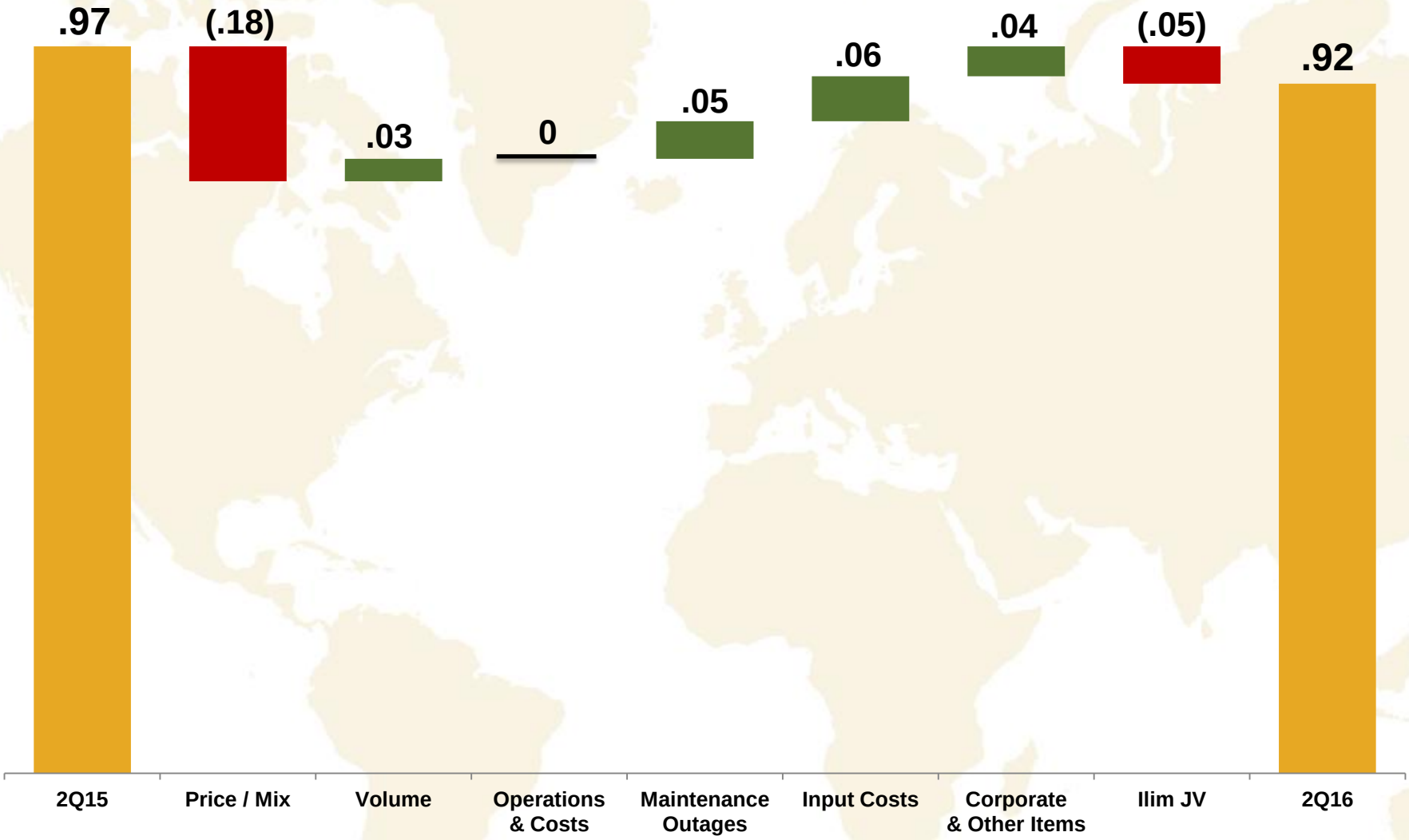
[1] A reconciliation to GAAP EPS is available at www.internationalpaper.com under the Performance tab, Investors section
[2] Includes non-cash settlement charge before tax of $439MM and net of taxes of $270MM, or ($0.65) EPS

Operating Business EPS



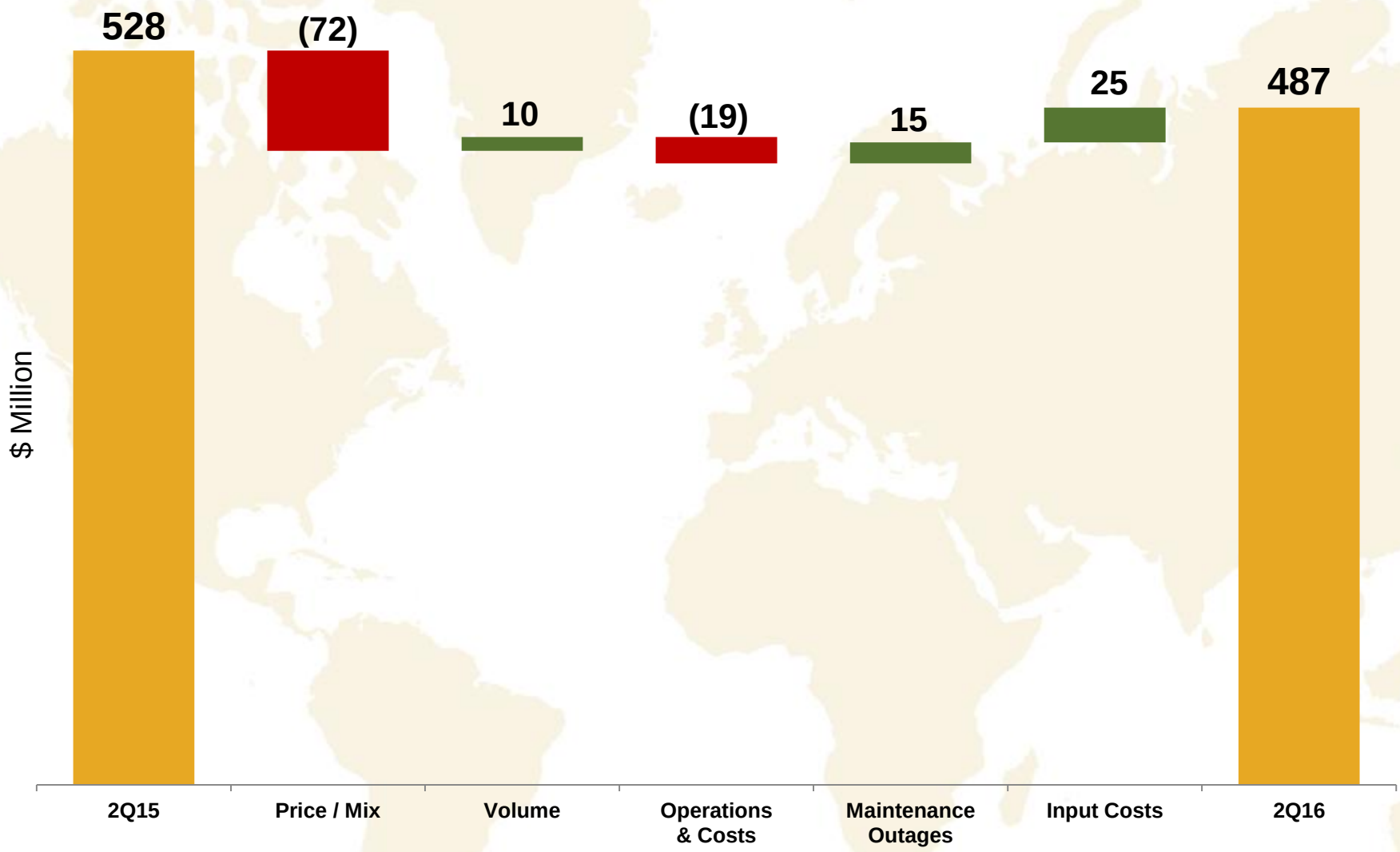
2006 as originally reported
2007-2011 adjusted for elimination of the Ilim JV reporting lag
2006-2010 Net Earnings from continuing operations and before special items; 2010 onward reflects Operating Earnings
xpedx is reflected as a Discontinued Operation from 2010 onward

2Q16 vs. 2Q15 Operating EPS



Operating Earnings

Industrial Packaging | 2Q16 vs. 2Q15



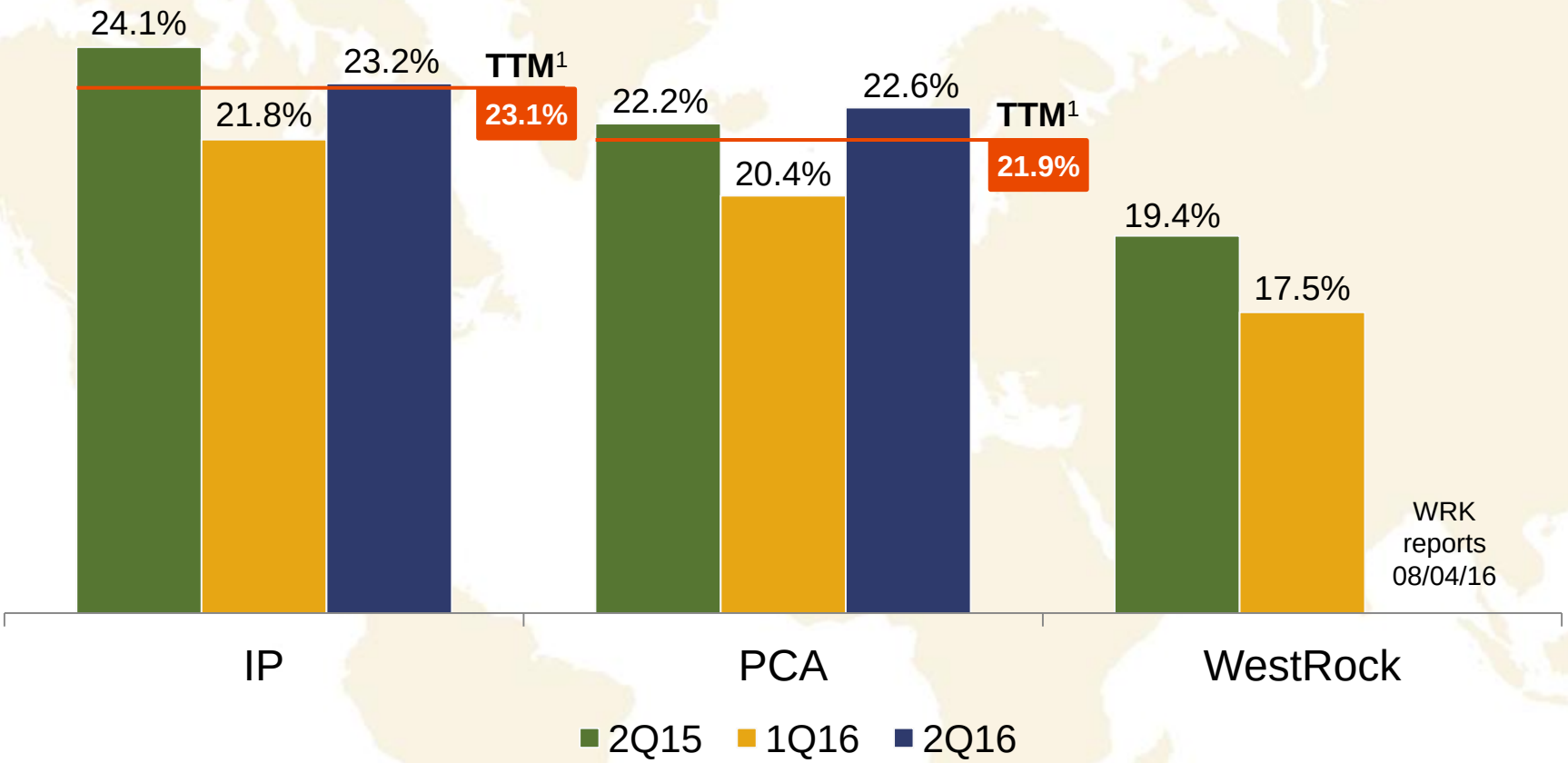
Segment operating profit before special items

	2Q16 vs. 1Q16		2Q16 vs. 2Q15	
Business	**Volume**	**Price / Mix per Ton**	**Volume**	**Price / Mix per Ton**
N.A. Container[1]	**3%**	**($10)**	**Flat**	**($26)**
European Container	**(1%)**	**€2**	**4%**	**€10**

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

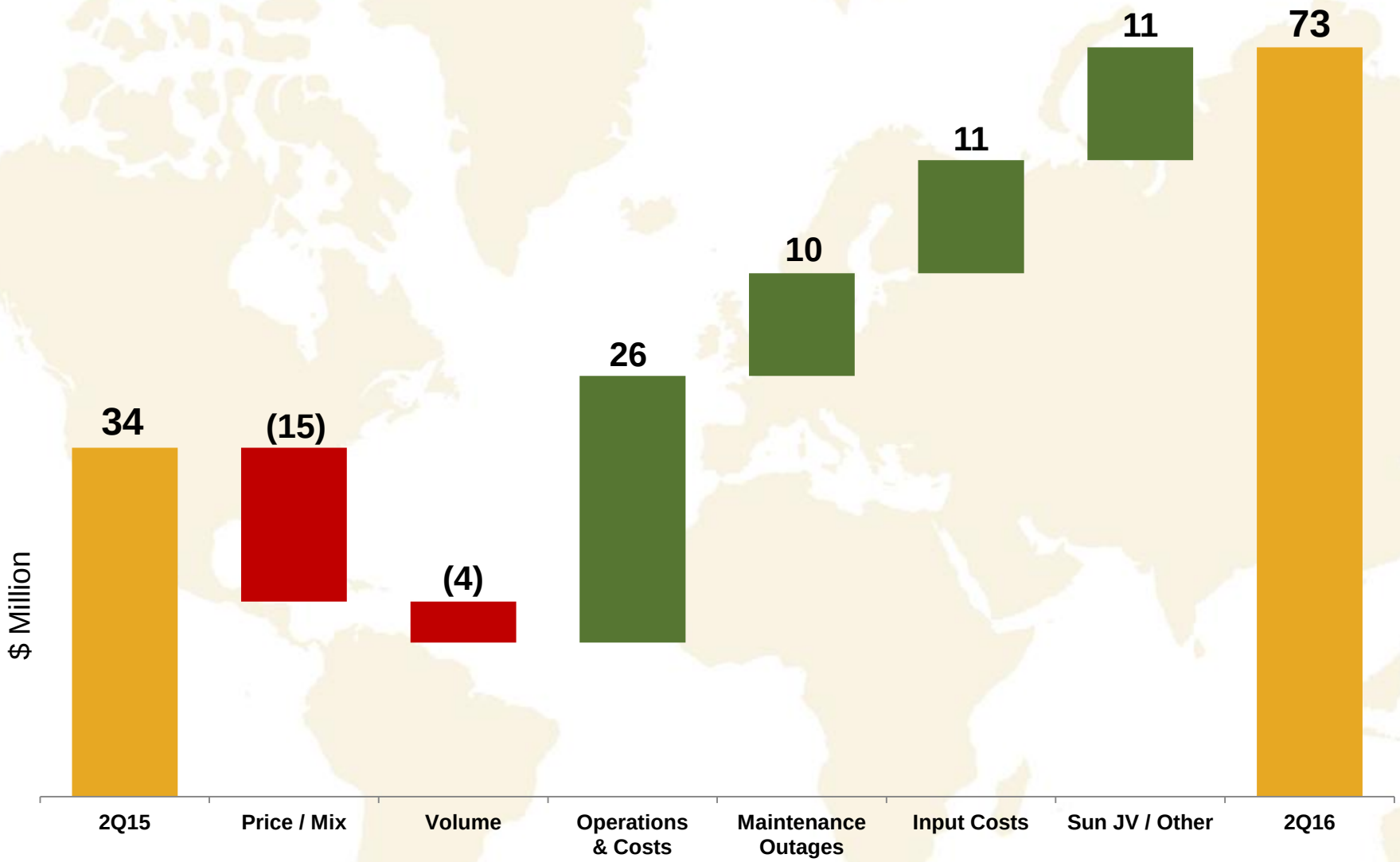
[1] Corrugator plant sales on FBA shipping day basis

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 | 2Q16 vs. 2Q15



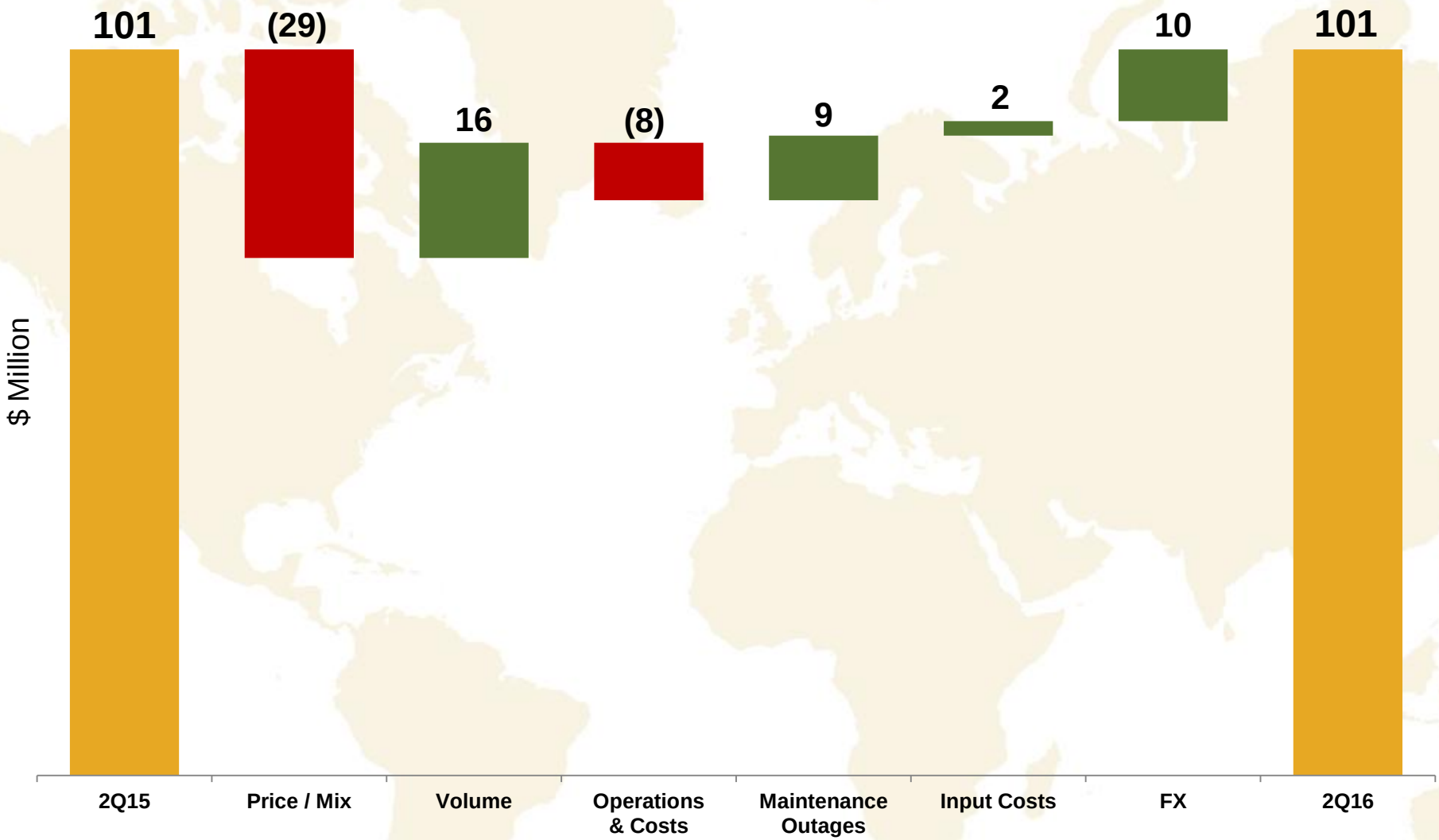
Segment operating profit before special items

Consumer Packaging | Volume and Pricing Trends

	2Q16 vs. 1Q16		2Q16 vs. 2Q15	
	Volume	Price / Mix per Ton	Volume	Price / Mix per Ton
N.A Coated Paperboard[1]	3%	($12)	(2%)	($37)
	Revenue		Revenue	
Foodservice	3%		(2%)	

Average IP price realization (includes the impact of mix across all grades)
[1] All periods exclude Carolina brand coated bristols sales

Printing Papers | 2Q16 vs. 2Q15



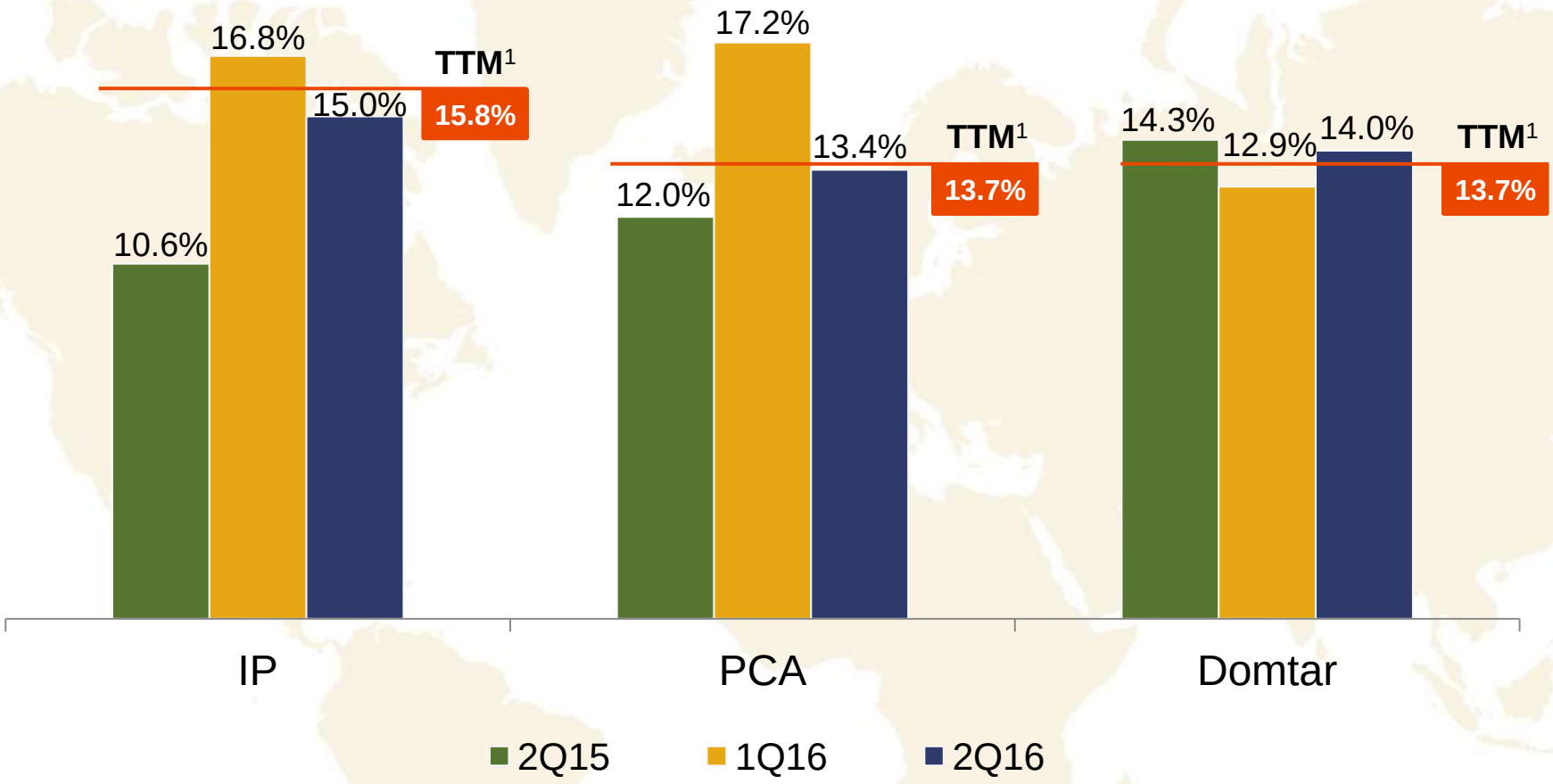
Segment operating profit before special items

INTERNATIONAL PAPER

	2Q16 vs. 1Q16		2Q16 vs. 2Q15	
Business	**Volume**	**Price / Mix per Ton**	**Volume**	**Price / Mix per Ton**
N.A. Printing Papers	**(3%)**	**Flat**	**2%**	**($29)**
N.A. Pulp[1]	**30%**	**($26)**	**21%**	**($78)**
European Papers[2]	**3%**	**(€4)**	**1%**	**€44**

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	2Q15	1Q16	2Q16
Sales	$210	$190	$220
Earnings	$35	$35	$34
EBITDA Margin	28%	29%	25%

	2Q16 vs. 1Q16		2Q16 vs. 2Q15	
Uncoated Freesheet	Volume	Price / Mix per Ton	Volume	Price / Mix per Ton
Domestic (BRL)	(7%)	R$282	7%	R$537
Export (USD)	20%	($6)	7%	($60)

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**

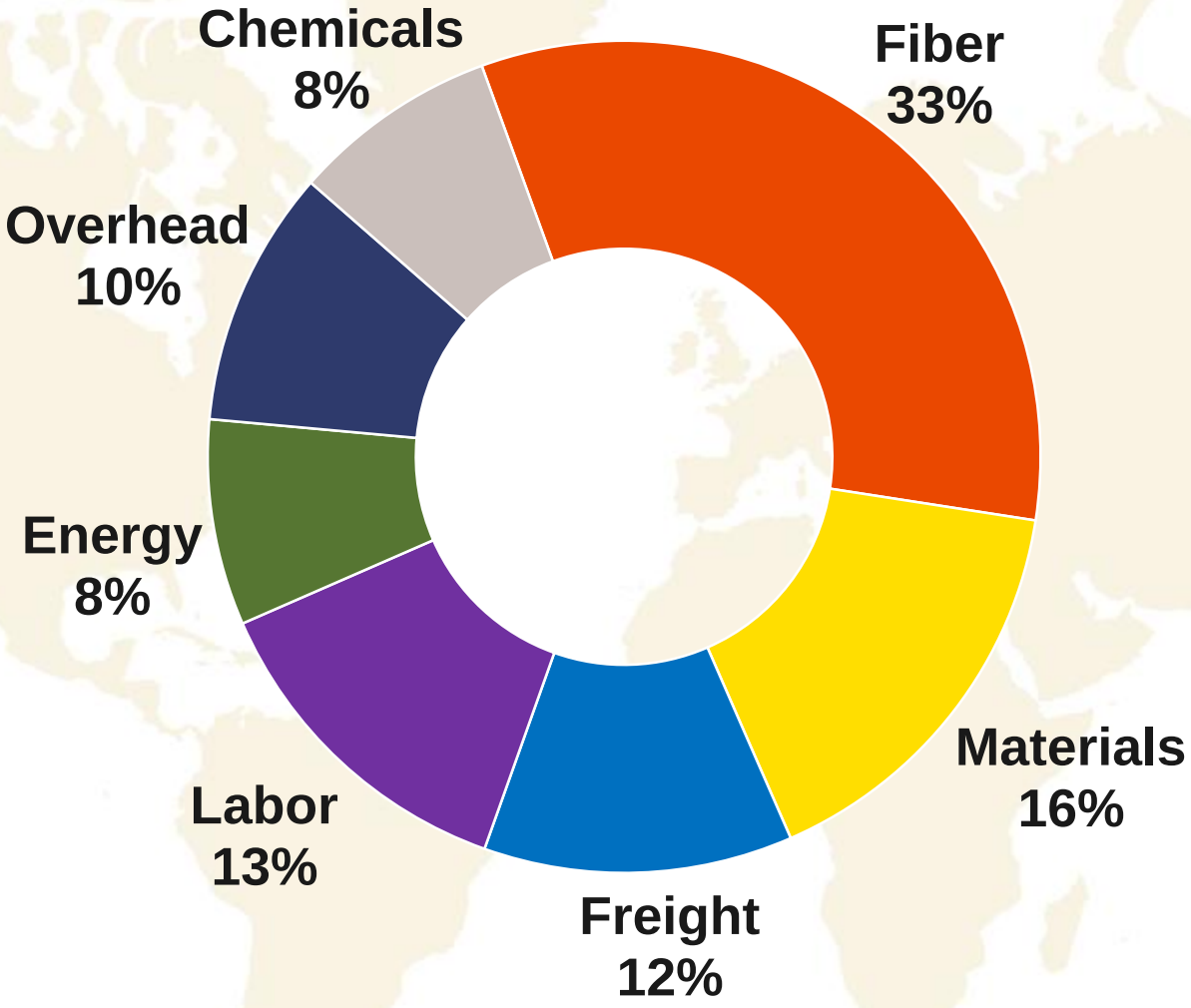
Ilim JV results are IFRS basis
IP Equity Earnings (loss) on US GAAP basis
[1] Represents F/X impact primarily related to Ilim JV USD-denominated net debt (balance of ~$700MM at year end 2015)

Ilim Joint Venture | Volume and Pricing Trends

	2Q16 vs. 1Q16		2Q16 vs. 2Q15	
Business	**Volume**	**Price / Mix per Ton**	**Volume**	**Price / Mix per Ton**
Pulp	**7%**	**Flat**	**6%**	**($59)**

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

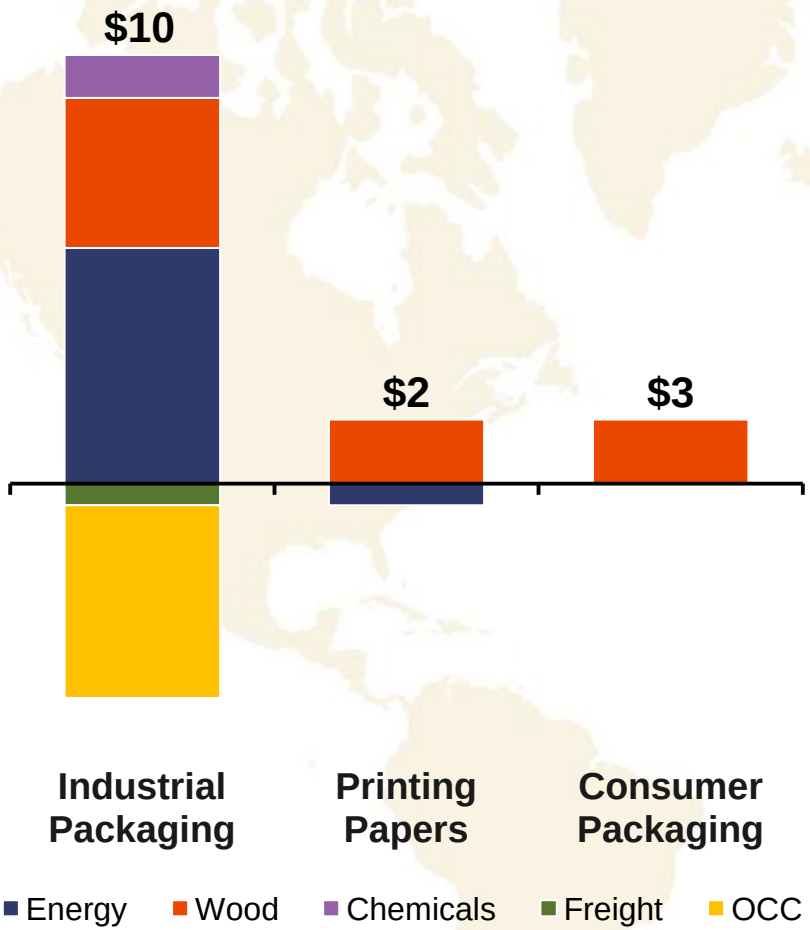
Total Cash Cost Components | 2Q16 YTD



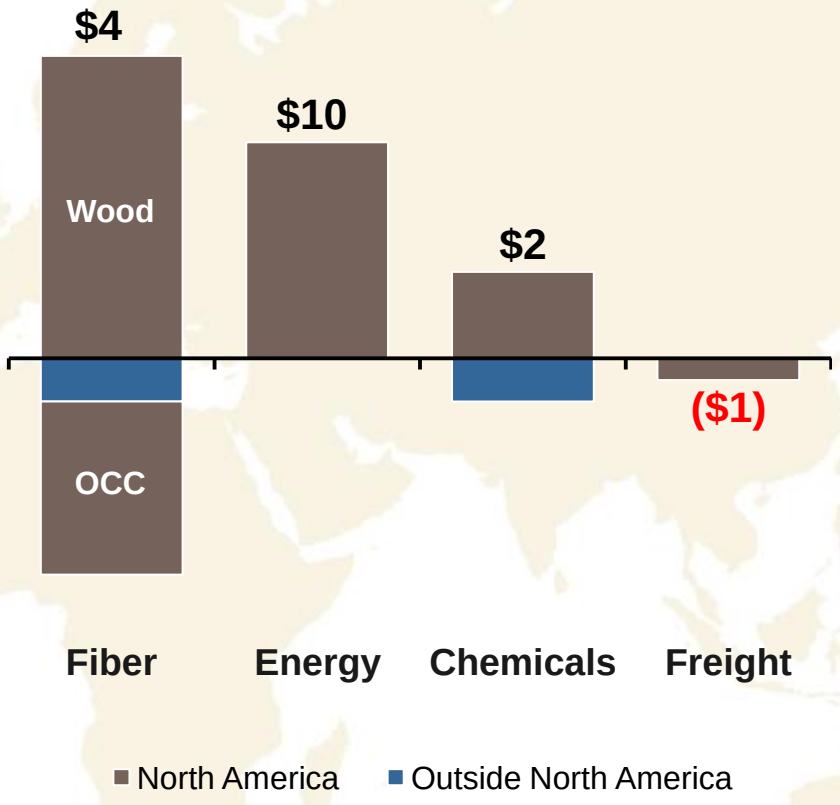
North American mills only

Global Input Costs vs. 1Q16 | $15MM Favorable, or $0.02/Share

By Business



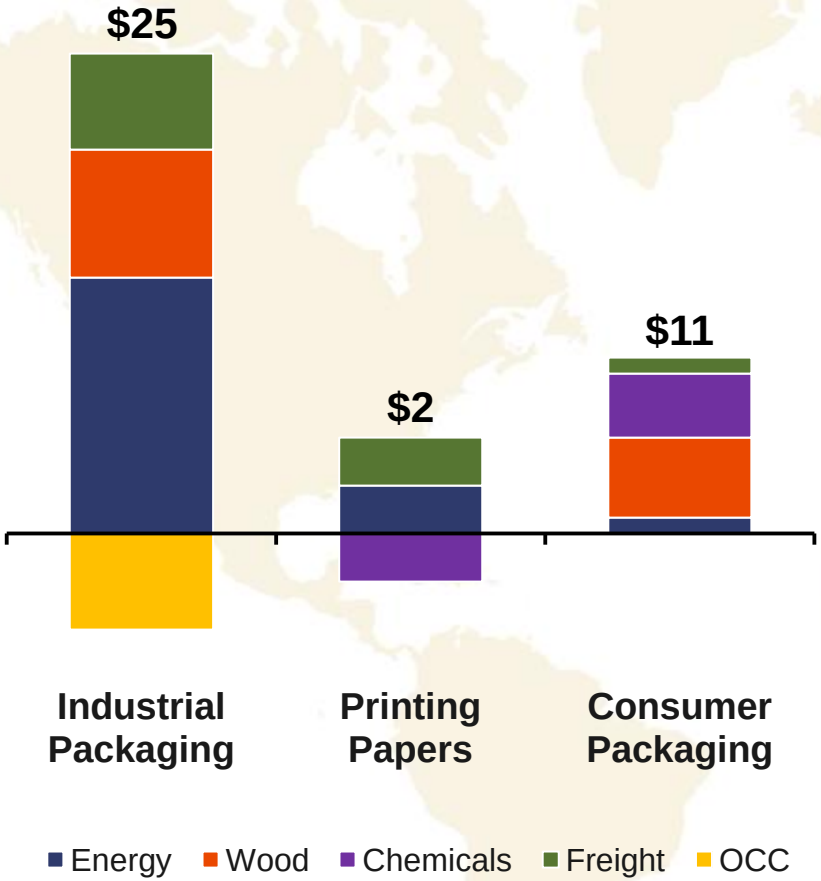
By Input Type



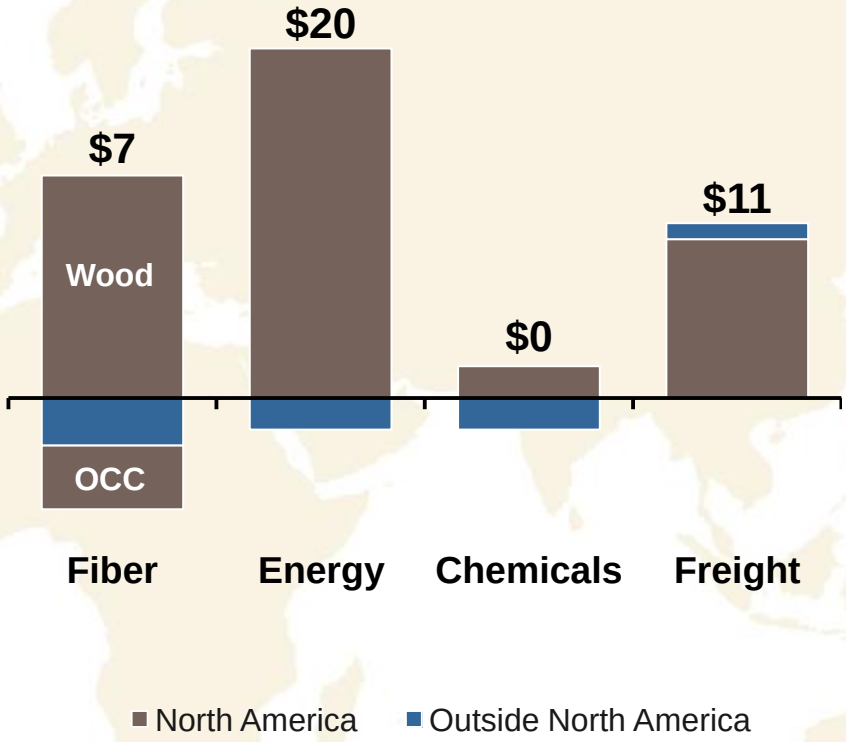
Input costs ($MM) for continuing businesses

Global Input Costs vs. 2Q15 | $38MM Favorable, or $0.06/Share

By Business



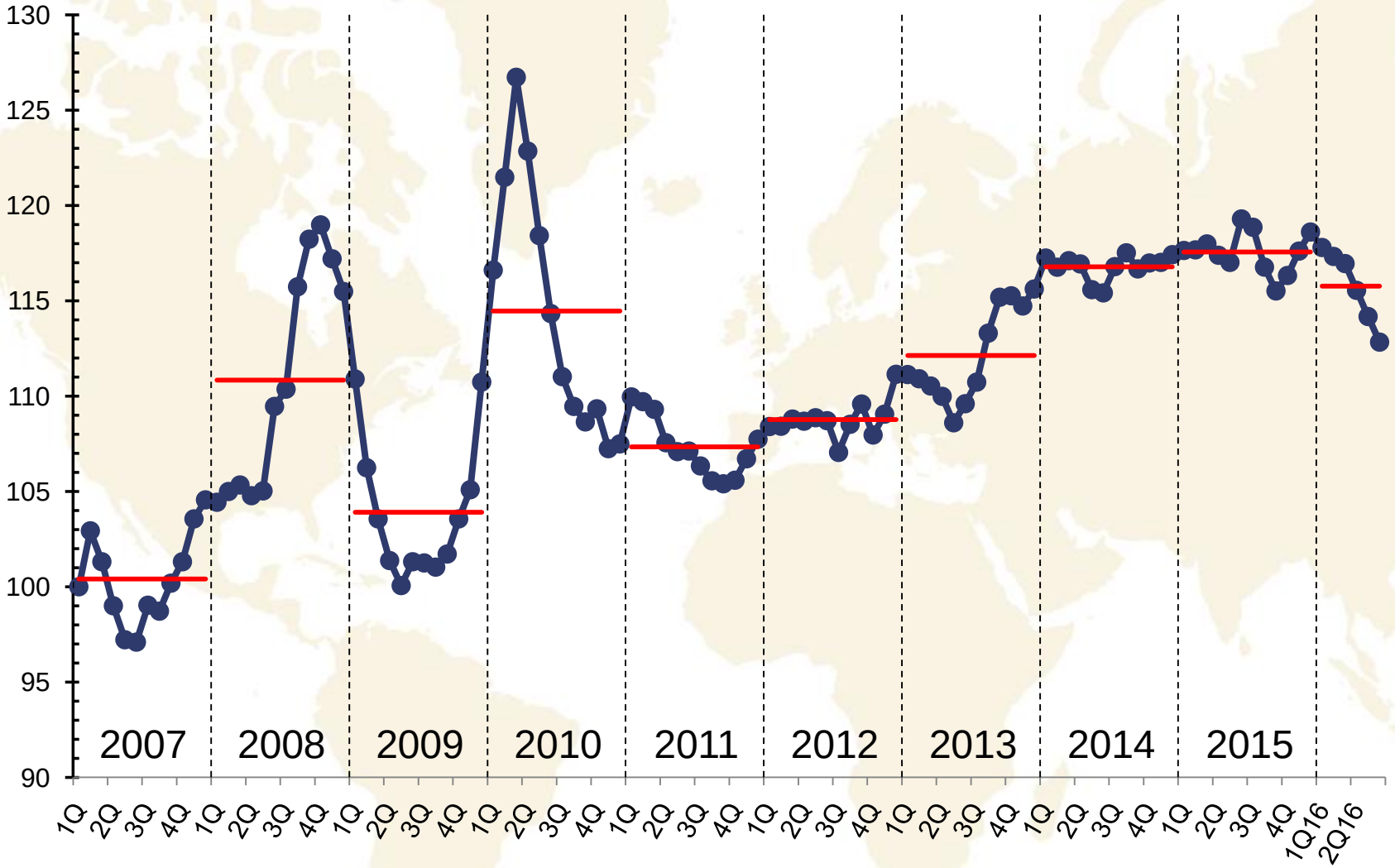
By Input Type



Input costs ($MM) for continuing businesses

INTERNATIONAL PAPER

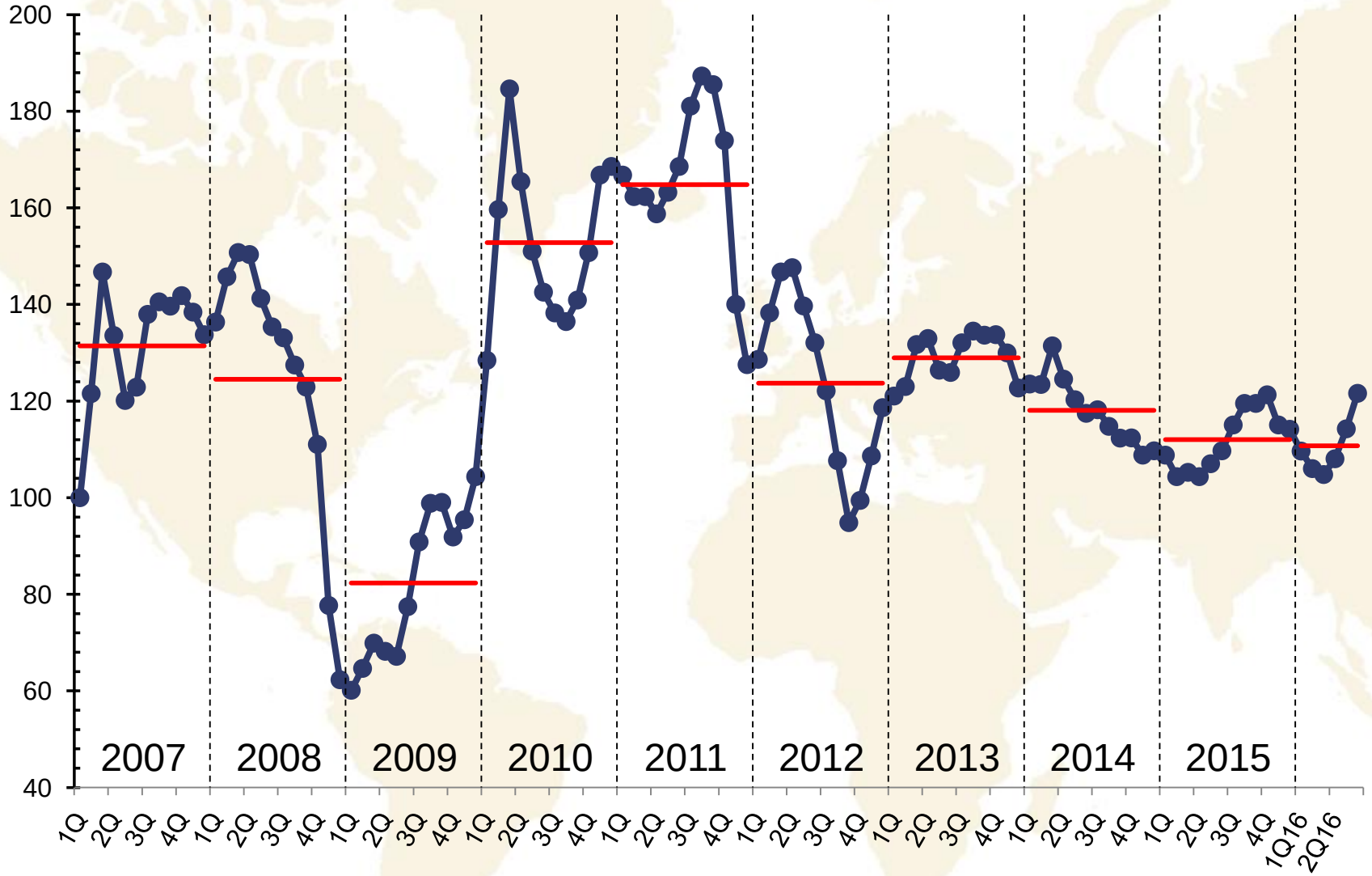
U.S. Mill Wood Delivered Cost Trend | 2Q16 Average Cost Down 3% vs. 1Q16



Cost Indexed to January 2007 values

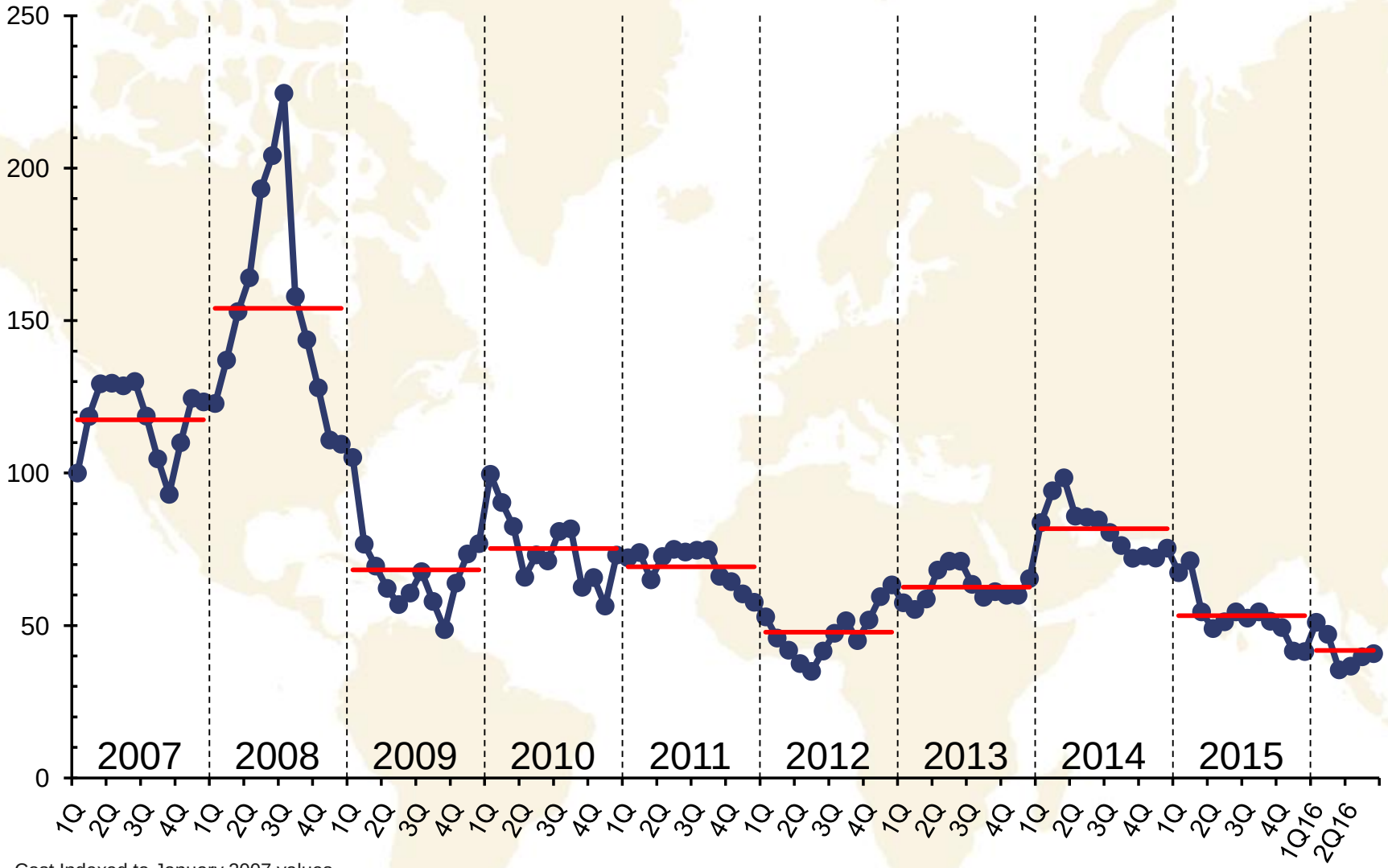
INTERNATIONAL PAPER

U.S. OCC Delivered Cost Trend | 2Q16 Average Cost Up 7% vs. 1Q16



Cost Indexed to January 2007 values

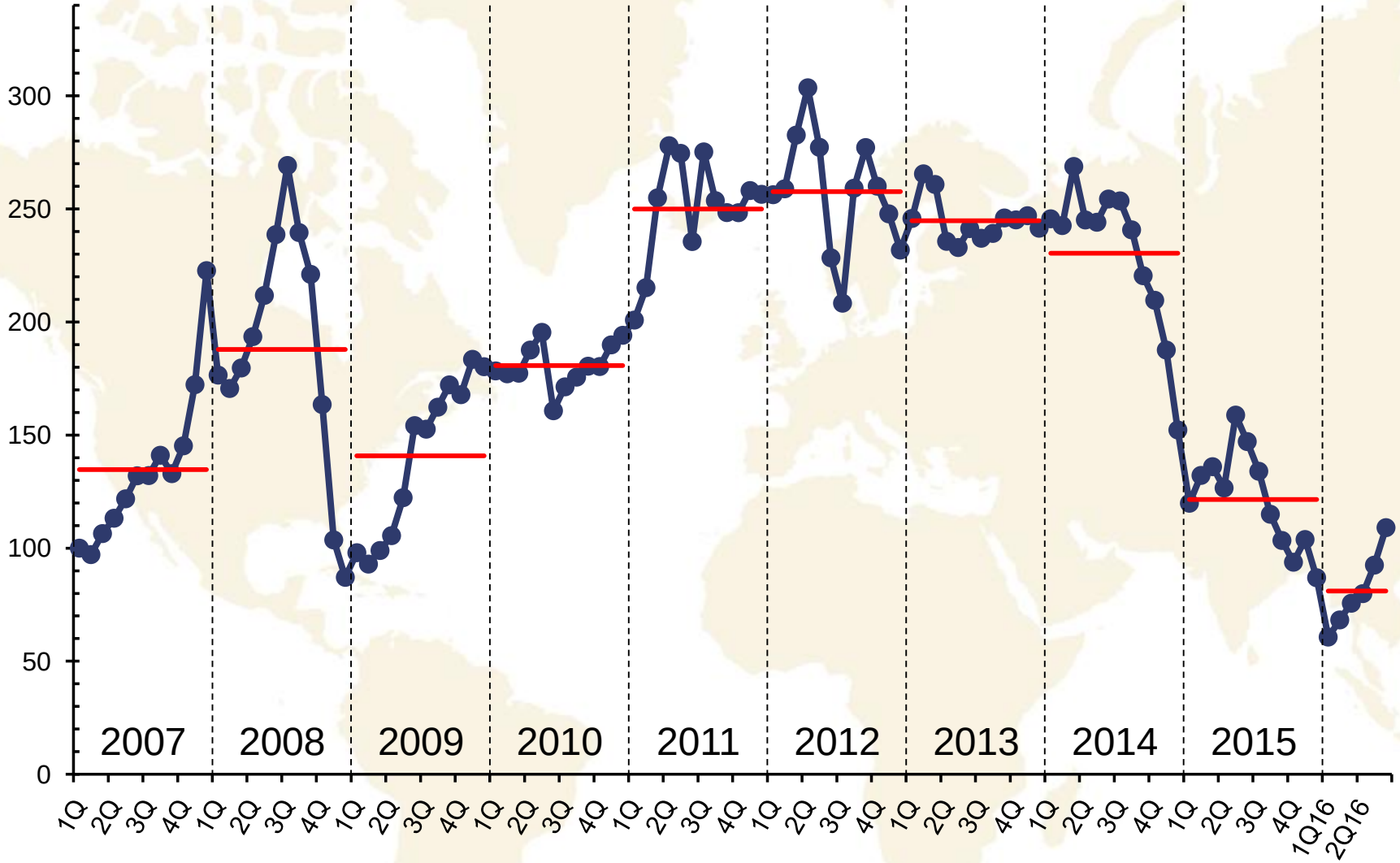
U.S. Natural Gas Cost Trend | 2Q16 Average Cost Down 12% vs. 1Q16



Cost Indexed to January 2007 values
NYMEX Natural Gas closing prices

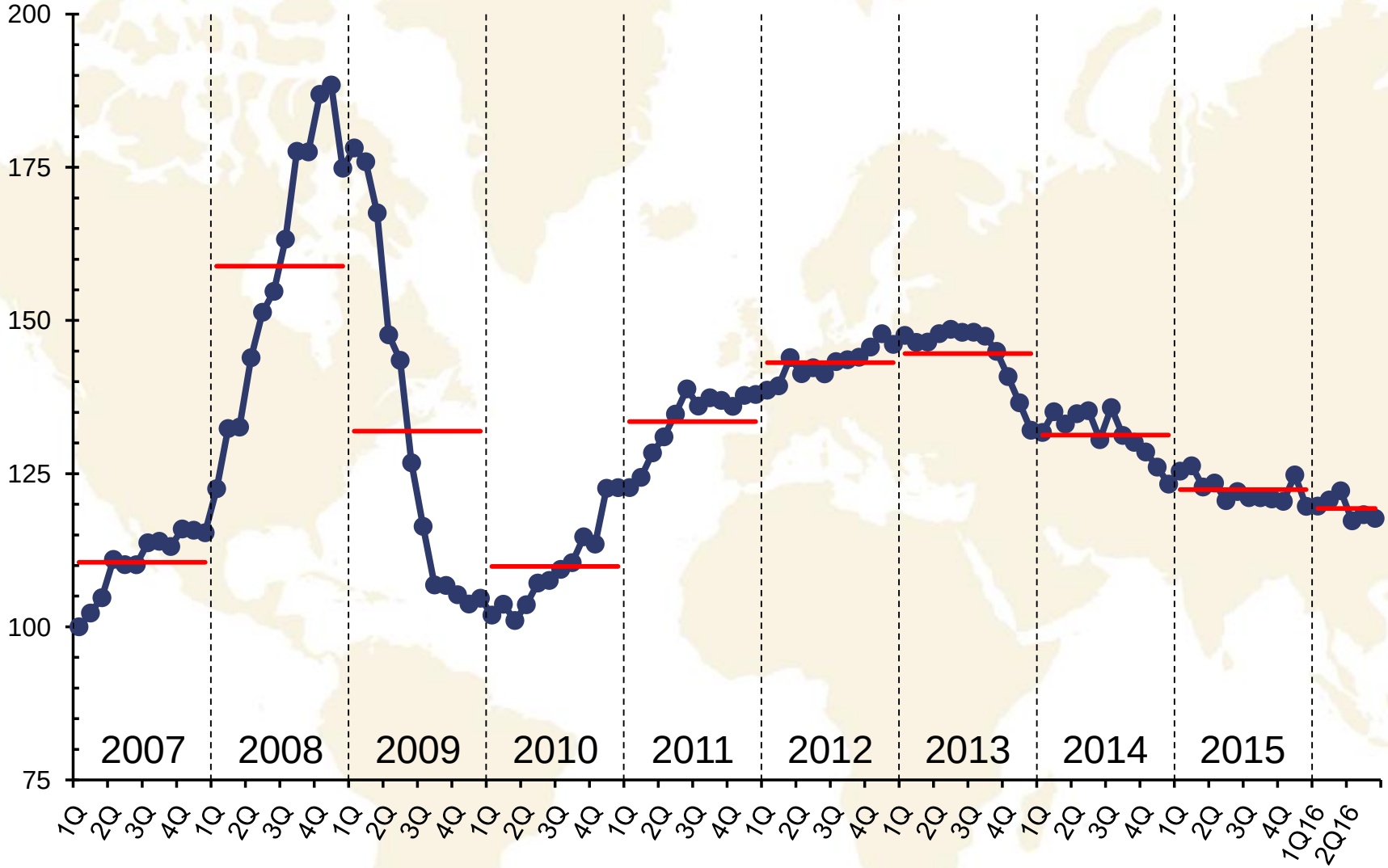
INTERNATIONAL PAPER

U.S. Fuel Oil Cost Trend | 2Q16 Average Cost Up 38% vs. 1Q16



Cost Indexed to January 2007 values
WTI Crude prices

U.S. Chemical Composite Cost Trend | 2Q16 Average Cost Down 3% vs. 1Q16



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)	75,000,000	11,000,000
	Fuel Oil (Barrels)	540,000	460,000
	Coal (Tons)	200,000	600,000
Fiber	Wood (Tons)	52,000,000	7,700,000
	Old Corrugated Containers / DLK (Tons)	4,600,000	400,000
Chemicals	Caustic Soda (Tons)	370,000	70,000
	Starch (Tons)	380,000	120,000
	Sodium Chlorate (Tons)	150,000	50,000
	LD Polyethylene (Tons)	40,000	-
	Latex (Tons)	10,000	6,000