Third Quarter 2016 Earnings | October 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 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 failure to realize the expected synergies and cost-savings from the Weyerhaeuser transaction or delay in realization thereof; and (ix) 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 Adjusted Operating EPS, Adjusted EBIT, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow and Adjusted ROIC.

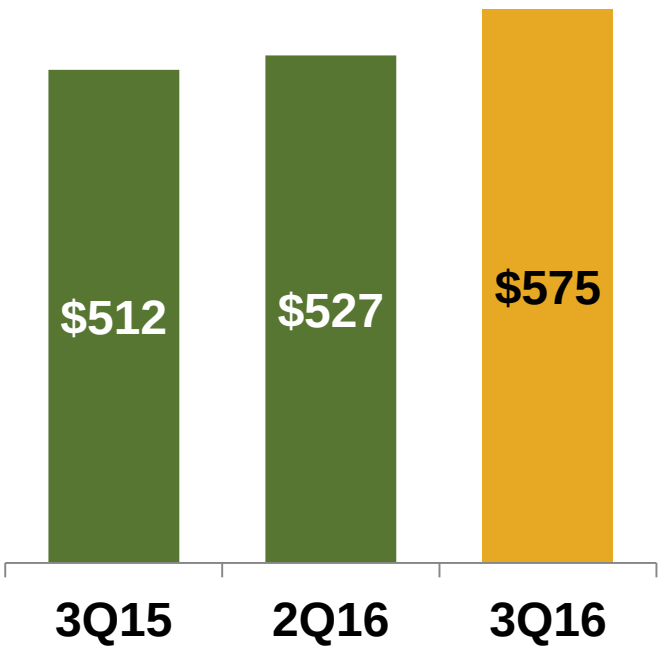
A reconciliation of all presented non-GAAP measures (and their components) to U.S. GAAP financial measures is available on the company's website at internationalpaper.com under Performance/Investors.

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."

Third Quarter 2016 Highlights

Free Cash Flow[1]
($MM)

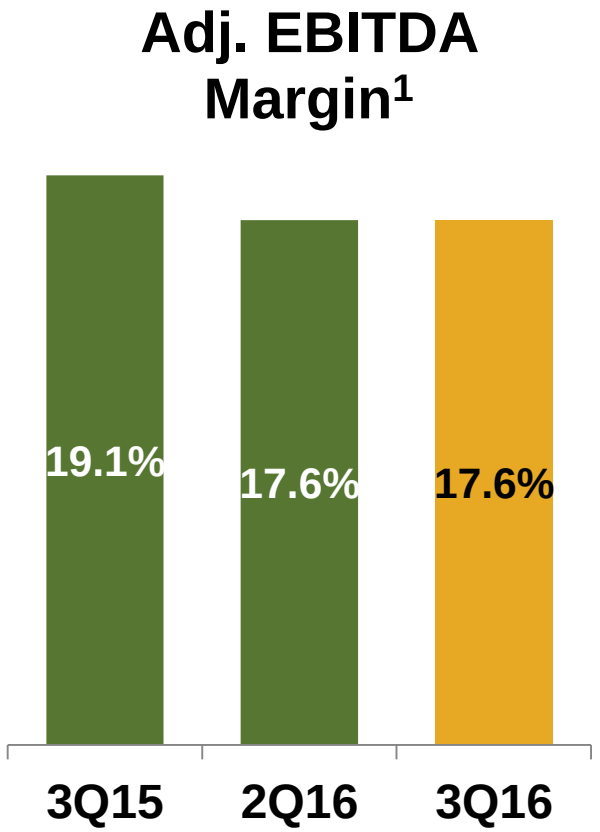


- Delivered solid performance and strong Free Cash Flow of $575MM
- N.A. Industrial Packaging results impacted by rising input costs ($36MM), mix and modest price erosion
- N.A. Containerboard price increase implemented Oct 1st; box price implementation underway
- Improved market demand across N.A. Industrial Packaging and Global Pulp
- Strong operational performance in Papers and Ilim JV
- Maintained robust margins overall
- Dividend increase of 5% to $1.85/share
- Strengthening portfolio
  - Continue to work toward 4Q'16 close of Weyerhaeuser's pulp business acquisition
  - No longer evaluating packaging opportunities in India

[1] See slide #18 for a reconciliation of cash provided by operations to free cash flow

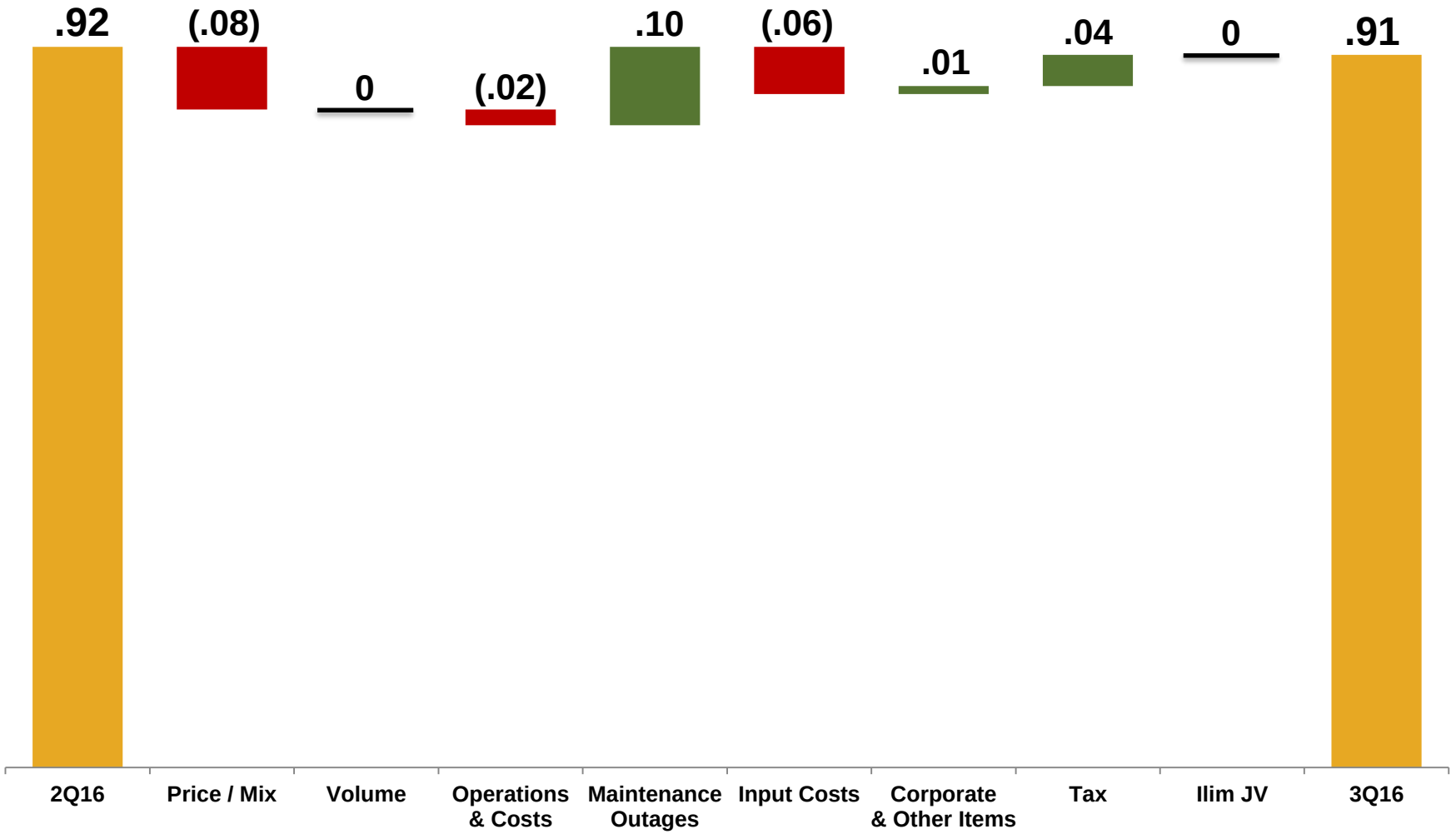
3Q16 Financial Results

	3Q15	2Q16	3Q16
Sales ($B)	$5.7	$5.3	$5.3
Adj. EBIT[1] ($MM)	$757	$635	$613
Adj. Operating EPS[2]	$0.97	$0.92	$0.91
Operating EPS impact of Ilim F/X[3] – IP Share	($0.15)	$0.01	$0.01
Adj. EBITDA[1] ($MM)	$1,086	$936	$927
Adj. EBITDA Margin[1]	19.1%	17.6%	17.6%
Free Cash Flow[4] ($MM)	$512	$527	$575



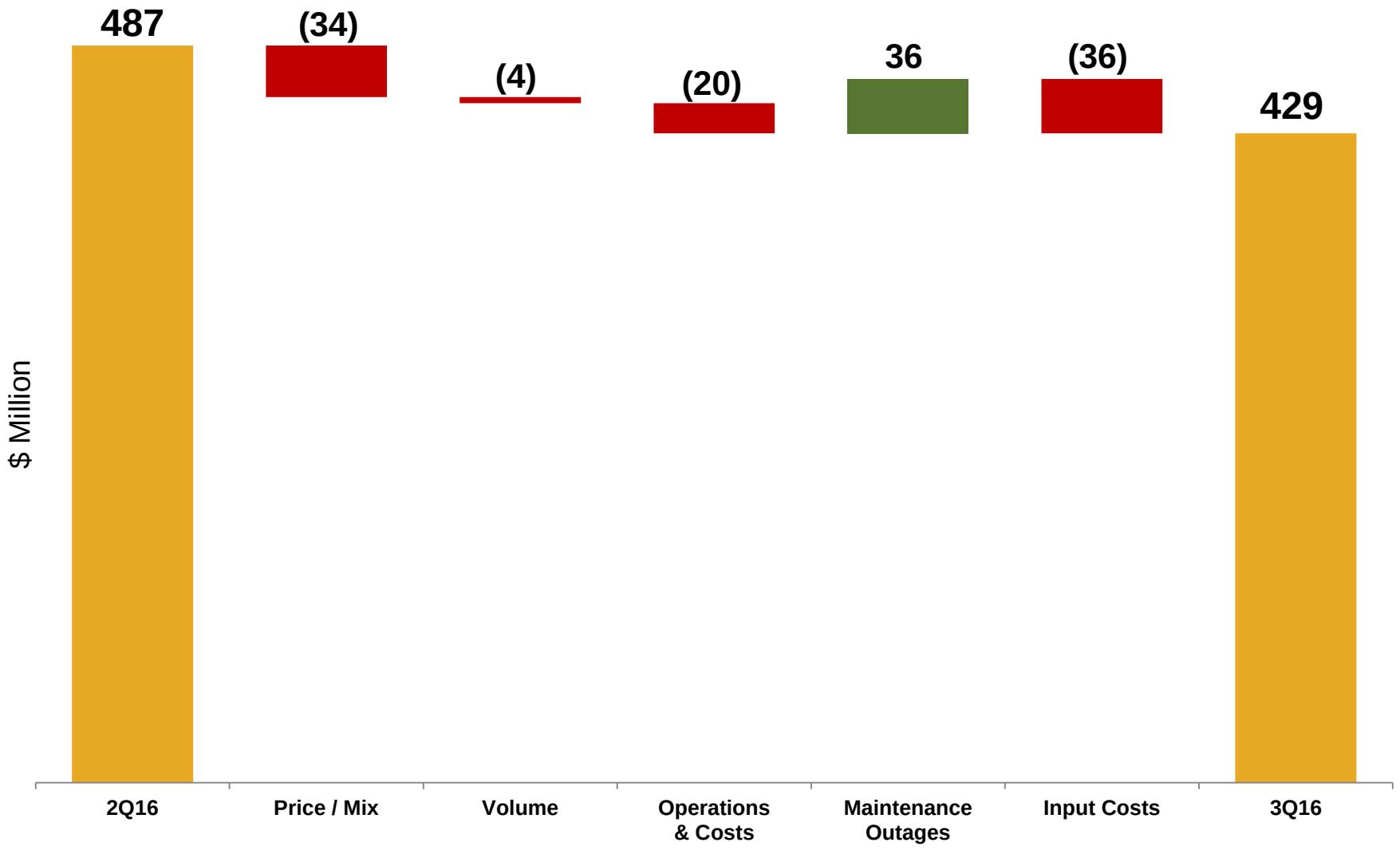
[1] From continuing operations before special items and non-operating pension expense
[2] Adjusted operating EPS based on Adjusted Operating Earnings (defined as Net Earnings (GAAP) from continuing operations before special items and non-operating pension expense)
[3] Represents F/X impact primarily related to Ilim JV USD-denominated net debt (balance of ~$0.6B at end of 3Q16)
[4] See slide #18 for a reconciliation of cash provided by operations to free cash flow

3Q16 vs. 2Q16 Adj. Operating EPS



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

Industrial Packaging | Adj. EBIT[1] 3Q16 vs. 2Q16



[1] Segment adjusted operating profit before special items

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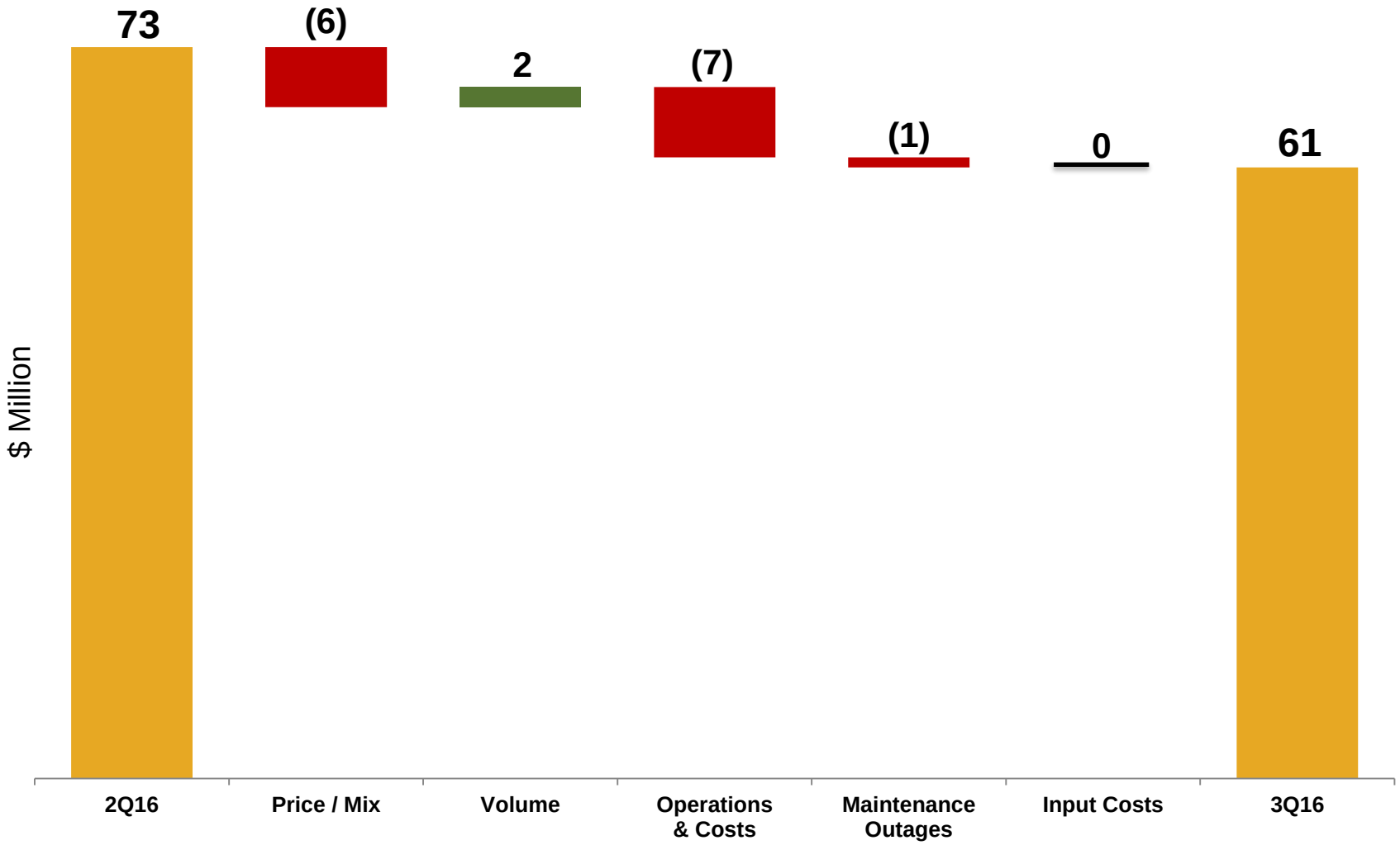
N.A. Industrial Packaging | Better Customer Trends Increase IP's Demand

- ✓ Stronger demand trend continued throughout 3Q
- ✓ 3Q volume up 1.2% year-over-year
- ✓ Key customer segments trending favorably

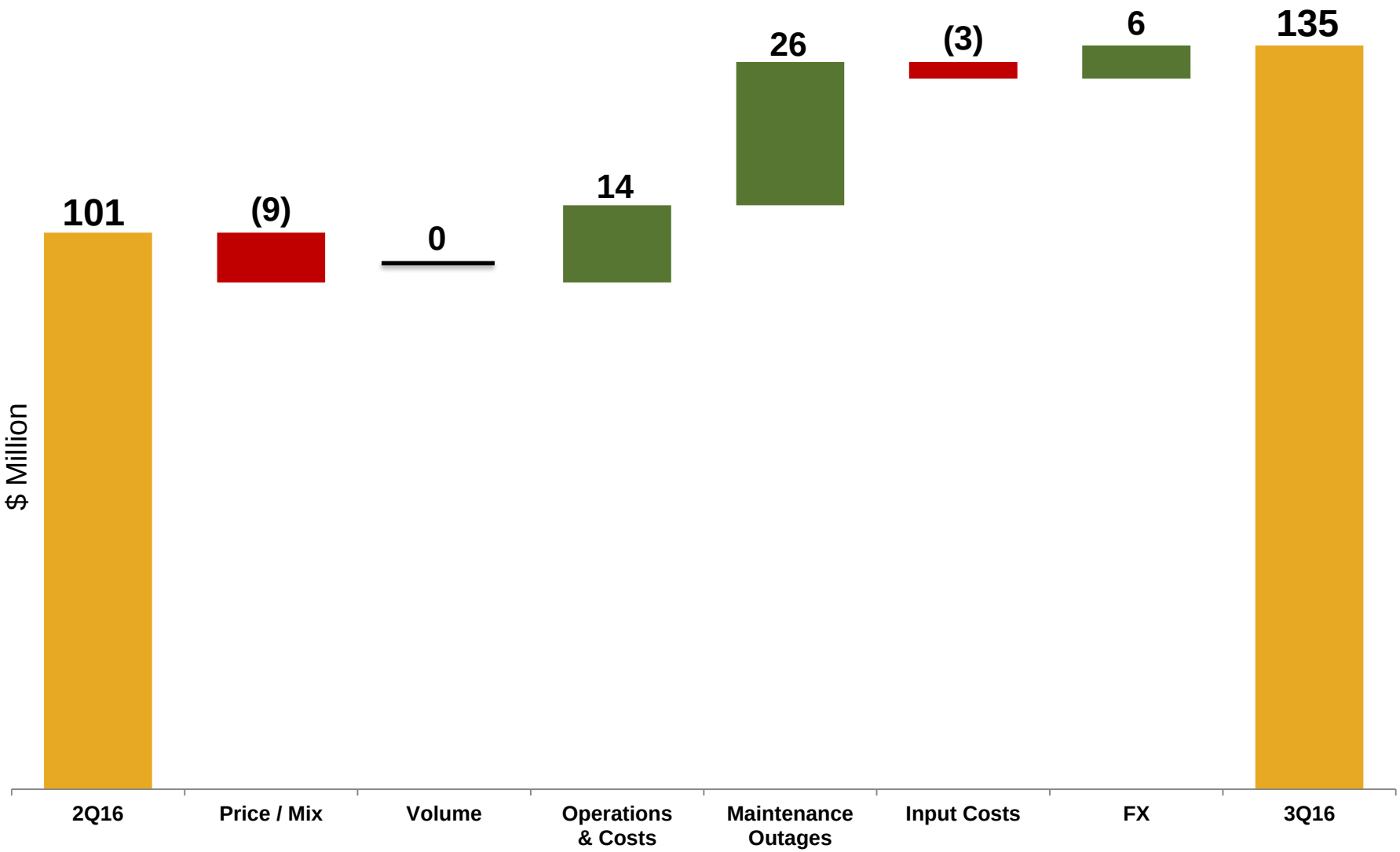
	Shipping & Distribution	Strong online retail and traditional distribution growth
	Processed Foods	Trend associated with healthier product offerings
	Protein	Driven by increased beef & pork production/consumption
	Produce	Favorable crop conditions

Consumer Packaging | Adj. EBIT[1] 3Q16 vs. 2Q16



[1] Segment adjusted operating profit before special items

Printing Papers | Adj. EBIT[1] 3Q16 vs. 2Q16



[1] Segment adjusted operating profit before special items

Ilim Joint Venture | 3Q16 vs. 2Q16

$ Million	3Q15	2Q16	3Q16
Sales Volume (thousand tons)	828	866	849
Sales	$477	$473	$473
EBITDA	$18	$170	$170
F/X (Impact of USD Net Debt[1])	($176)	$18	$2
Adj. Operational EBITDA[2]	$194	$152	$168
IP Equity Earnings (Loss)[3]	($9)	$46	$46

- Strong operational performance with continued good execution
- 4Q outlook slightly lower than prior quarter; increased volume expected to be more than offset by seasonally higher wood cost

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

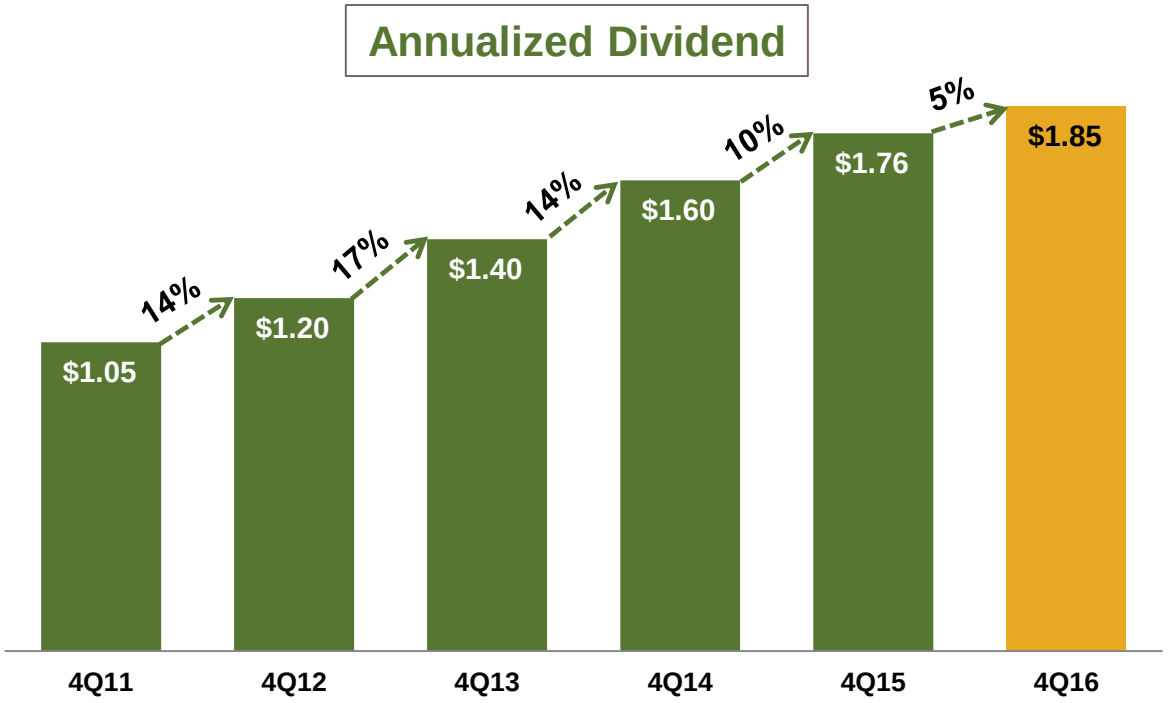
[1] Represents F/X impact primarily related to Ilim JV USD-denominated net debt (balance of ~$0.6B at end of 3Q16); Ilim Group's functional currency is the Ruble (RUB); Non-functional-denominated currency balances are measured monthly using the month-end exchange rate

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

[3] IP Equity Earnings (Loss) for 3Q16 and 2Q16 include after-tax F/X gains (primarily on USD-denominated net debt) of $3MM and $6MM, respectively; 3Q15 includes an after-tax f/x loss of $(65)MM

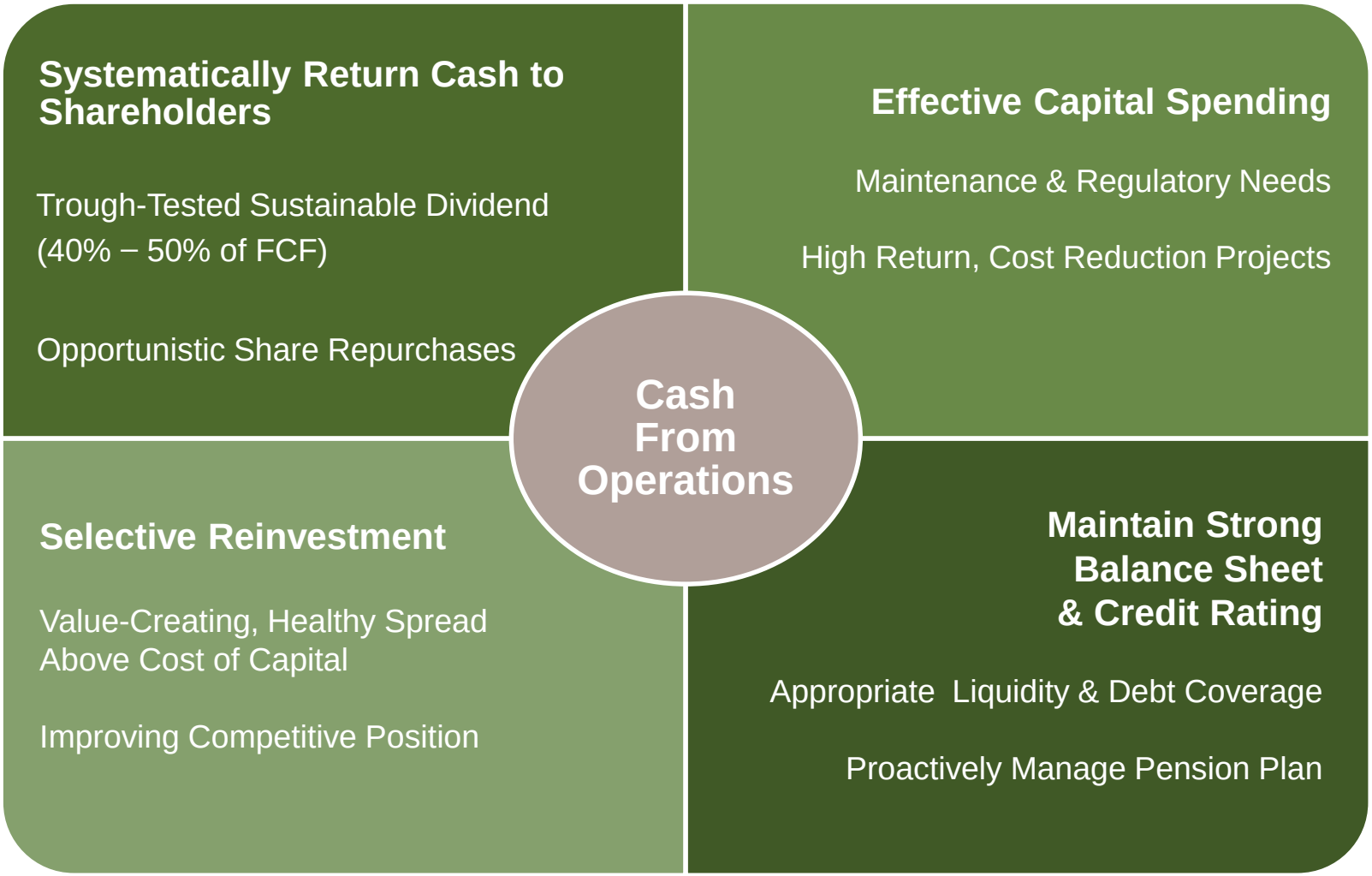
IP Financial Update

- $2.3B debt issuance successfully completed
  - Pending acquisition of Weyerhaeuser Company's pulp business
  - Voluntary contributions to the pension plan[1], $500MM in 3Q, $750MM YTD
- Dividend increase of 5% from $1.76/share to $1.85/share



[1] U.S. qualified pension plan

Capital Allocation | IP's Balanced Use of Cash



Fourth Quarter Outlook | Changes from 3Q16

		North America	EMEA & Russia	Brazil
Volume	Paper	Stable	Stable	Seasonality
	Packaging	Strong Daily Demand / 4 Less Days	EMEA Seasonal Improvement	Stable
Pricing / Mix	Paper	Pulp Mix Impact	Stable	Improving
	Packaging	Increase	Stable	Stable
Operations & Other	Paper	Hurricane / Seasonality	Stable	Stable
	Packaging	Hurricane / Other	Stable	Stable
Inputs & Freight	Paper	Higher Energy	Inflationary Pressure	Stable
	Packaging	Higher Energy	Stable	Stable
Mill Maintenance Outages	Paper	Decrease $2MM	Increase $5MM	Increase $1MM
	Packaging	Increase $6MM	Decrease $2MM	N/A
Ilim JV Equity Earnings		▪ 4Q operational outlook slightly lower than prior quarter ▪ Non-recurring 3Q currency impact of $0.01 on USD net debt, assuming stable F/X as of Sept. 30, 2016		
Other Items		▪ Tax rate, ~32% ▪ Corporate expense, ~$15MM in 4Q16 ▪ Higher interest expense		

Key Takeaways & Outlook

- ✓ IP continues to perform well amidst an uneven global environment
- ✓ Remain committed to Free Cash Flow generation and Adj. ROIC[1]; YTD Adj. ROIC of 10.3% well above cost of capital
- ✓ Relentless focus on execution and strong margins
- ✓ Financial discipline
- ✓ Focus on value-creating catalysts
  - Containerboard and box price increase
  - Weyerhaeuser pulp business acquisition
  - Madrid mill conversion









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

Appendix

Investor Relations Contacts

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

Media Contact

Tom Ryan	901-419-4333

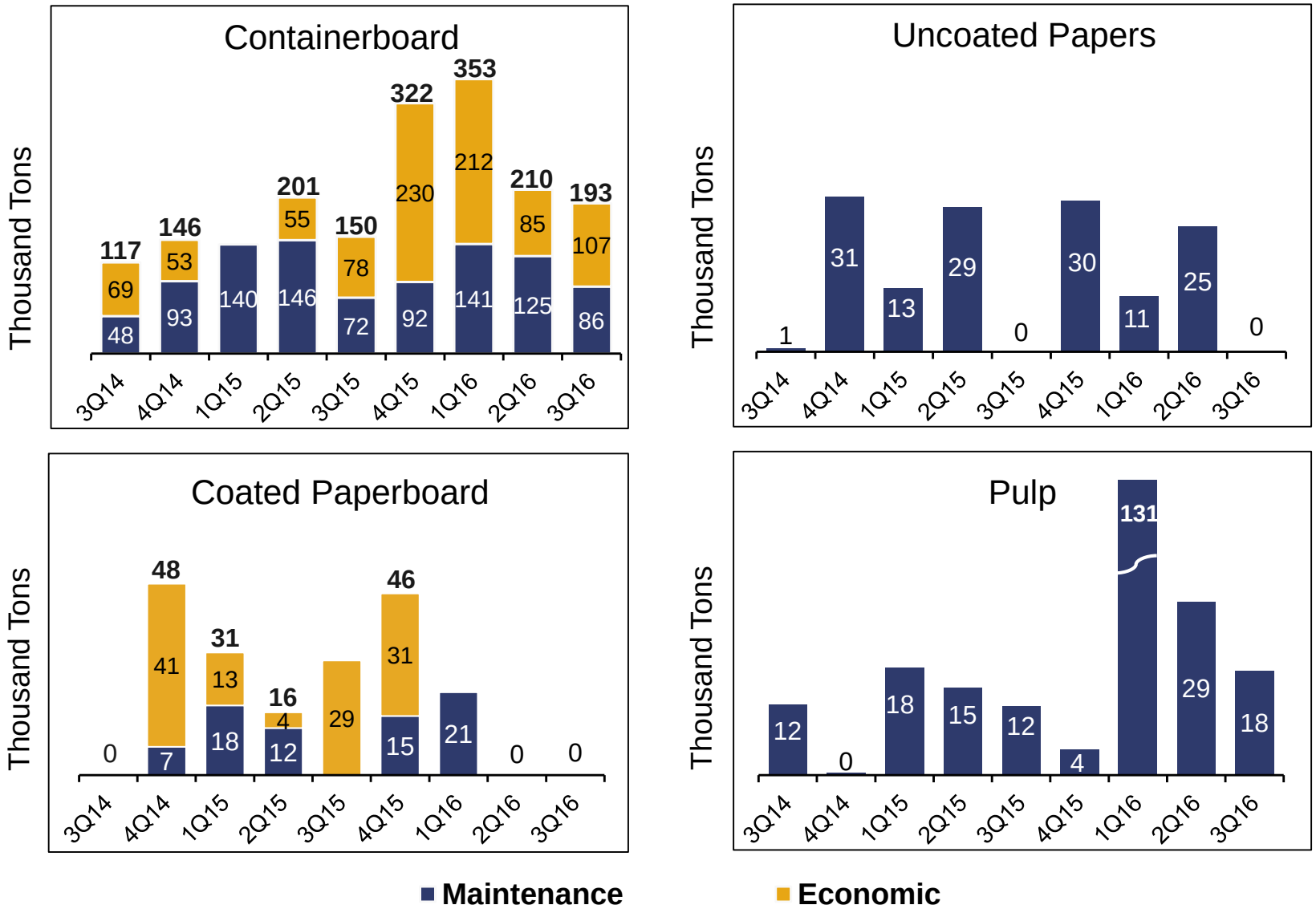
Free Cash Flow

$ Million	3Q15	2Q16	3Q16
Cash Provided by Operations	**$837**	**$605**	**$341**
Cash Invested in Capital Projects	($325)	($328)	($266)
Cash Contribution to Pension Plan	-	$250	$500
Free Cash Flow	**$512**	**$527**	**$575**

Maintenance Outages Expenses | 2016 Forecast

$ Million	1Q16A	2Q16A	3Q16A	4Q16F	2016F
Industrial Packaging	**$73**	**$80**	**$44**	**$38**	**$235**
North America	73	78	44	38	233
Brazil	0	2	0	0	2
Printing Papers Total	**$66**	**$50**	**$26**	**$29**	**$171**
North America	66	35	16	14	131
Europe	0	8	9	14	33
Brazil	0	7	0	1	8
India	0	0	1	0	1
Consumer Packaging	**$19**	**$3**	**$3**	**$13**	**$38**
North America	19	0	0	12	31
Europe	0	3	3	1	7
Total Impact	**$158**	**$133**	**$73**	**$80**	**$444**

North American Downtime



Special Items Before Tax | Continuing Operations

Special Items Pre-Tax ($ Million)		3Q15	2Q16	3Q16
Industrial Packaging	Impairment of Asia Box & Restructuring		($28)	($5)
Consumer Packaging	Riegelwood Repurposing	($7)		
	Impairment of Sun JV Goodwill & PPE	($186)		
	Other	($1)		
Printing Papers	Pulp Business Acquisition		($5)	($7)
Corporate	Timber Monetization Restructure	($17)		
	Debt Extinguishment			($29)
	India Packaging Evaluation Write-off			($17)
	Regulatory Pre-Engineering Write-off			($8)
Total Special Items Before Tax		**($211)**	**($33)**	**($66)**

Special Items Net of Taxes

	2Q16		3Q16	
	$ Million	EPS	$ Million	EPS
Earnings Before Special Items	$379	$0.92	$380	$0.91
Special Items Net of Taxes:				
Debt Extinguishment			($18)	
India Packaging Evaluation Write-off			($11)	
Regulatory Pre-Engineering Write-off			($5)	
Tax Adjustments	($17)			
Impairment of Asia Box & Restructuring	($20)		($4)	
Pulp Business Acquisition	($3)		($4)	
Total Special Items Net of Taxes	($40)	($0.10)	($42)	($0.10)
Non-Operating Pension Expense	($299)[1]	($0.72)[1]	($26)	($0.06)
Net Earnings	$40	$0.10	$312	$0.75

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

Adj. Operating Profits by Industry Segment | Continuing Operations

$ Million	3Q15	2Q16	3Q16
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	**$329**	**($14)**	**$373**
Interest Expense, Net	$141	$129	$132
Noncontrolling Interest / Equity Earnings Adjustment	$6	-	$1
Corporate Items, Net	$10	$26	$11
Special Items, Net	$211	$33	$66
Non-Operating Pension Expense	$76	$487[1]	$42
Adj. Operating Profit[2]	**$773**	**$661**	**$625**
Industrial Packaging[2]	$553	$487	$429
Printing Papers[2]	$179	$101	$135
Consumer Packaging[2]	$41	$73	$61
Total Adj. Industry Segment Operating Profit	**$773**	**$661**	**$625**
Equity Earnings (Loss), net of taxes – Ilim	**($9)**	**$46**	**$46**

[1] Includes non-cash settlement charge before tax of $439MM
[2] Excludes special items (Non-GAAP)

Geographic Business Segment Operating Results

$ Million	Sales			D & A	Adj. Operating Profit[2]		
	3Q15	2Q16	3Q16	3Q16	3Q15	2Q16	3Q16
Industrial Packaging							
North America	$3,175	$3,086	$3,099	$166	$557	$496	$439
Europe	$262	$295	$313	$9	$1	$6	$0
Brazil	$55	$51	$61	$5	($4)	($12)	($9)
Asia	$150	$165	$109	$0	($1)	($3)	($1)
Printing Papers							
North America	$500	$466	$478	$21	$81	$51	$81
Europe	$284	$318	$306	$12	$30	$36	$41
Brazil	$219	$220	$227	$26	$56	$34	$53
India	$39	$42	$35	$5	($4)	($2)	($8)
N.A. Pulp	$216	$225	$220	$25	$16	($18)	($32)
Consumer Packaging							
North America	$494	$416	$407	$27	$30	$48	$39
Europe	$80	$85	$87	$5	$20	$25	$22
Asia (Sun JV)[1]	$235	-	-	-	($9)	-	-

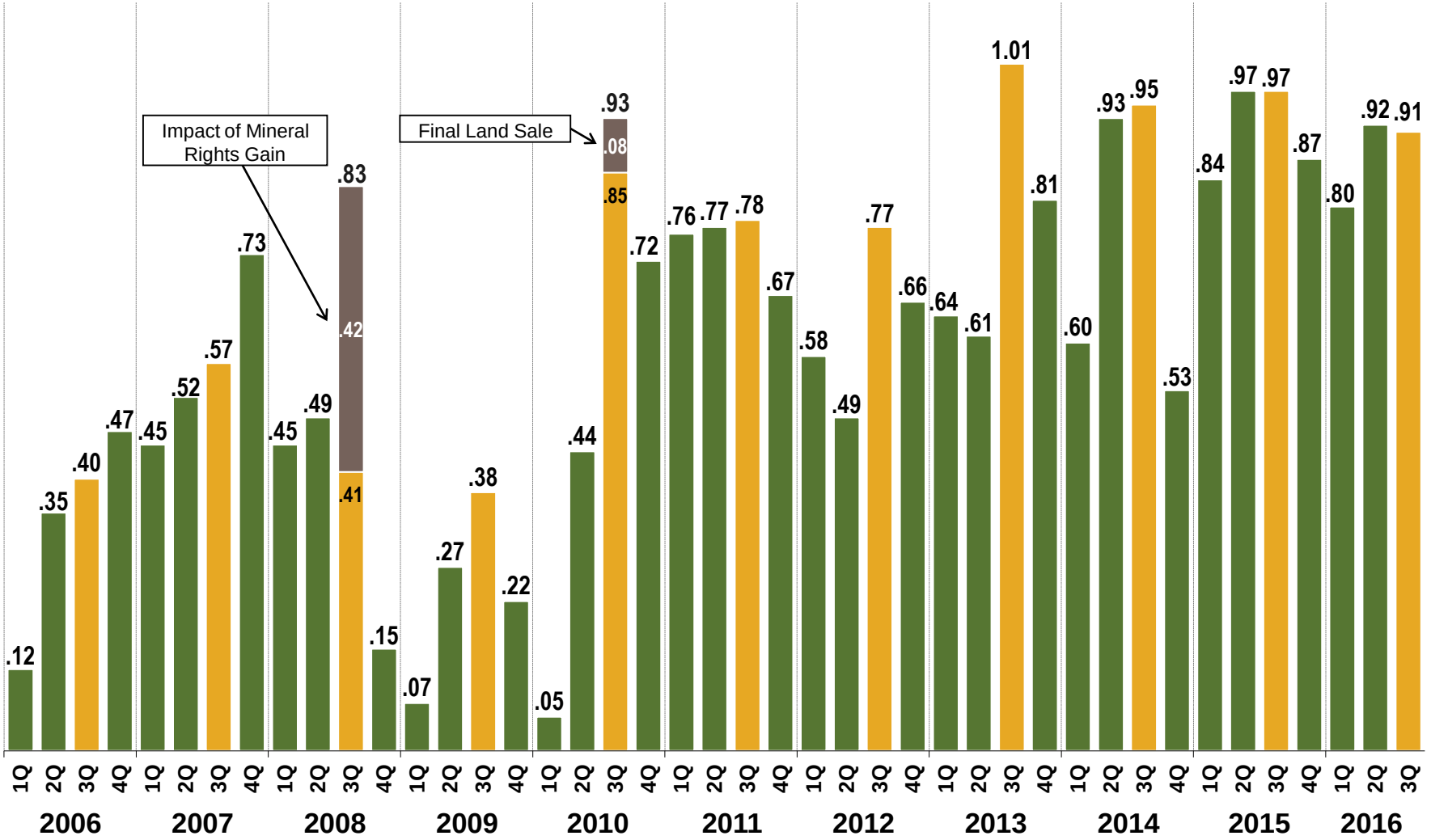
[1] Sold in 4Q15
[2] Excludes special items (Non-GAAP)

2016 Operating Earnings

	Pre-Tax $MM	Tax $MM	Non-controlling Interest $MM	Equity Earnings	Net Income $MM	Average Shares MM	Diluted EPS[1]
Net Earnings from Continuing Operations							
1Q16	$317	($41)	-	$63	$339	414	$0.82
2Q16	($14)	$9	-	$45	$40	415	$0.10
3Q16	$373	($107)	$3	$43	$312	415	$0.75
Net Special Items							
1Q16	$38	($74)	-	-	($36)	414	($0.09)
2Q16	$33	$7	-	-	$40	415	$0.10
3Q16	$66	($24)	-	-	$42	415	$0.10
Non-Operating Pension Expense							
1Q16	$44	($17)	-	-	$27	414	$0.07
2Q16	$487	($188)	-	-	$299[2]	415	$0.72[2]
3Q16	$42	($16)	-	-	$26	415	$0.06
Adj. Operating Earnings							
1Q16	$399	($132)	-	$63	$330	414	$0.80
2Q16	$506	($172)	-	$45	$379	415	$0.92
3Q16	$481	($147)	$3	$43	$380	415	$0.91

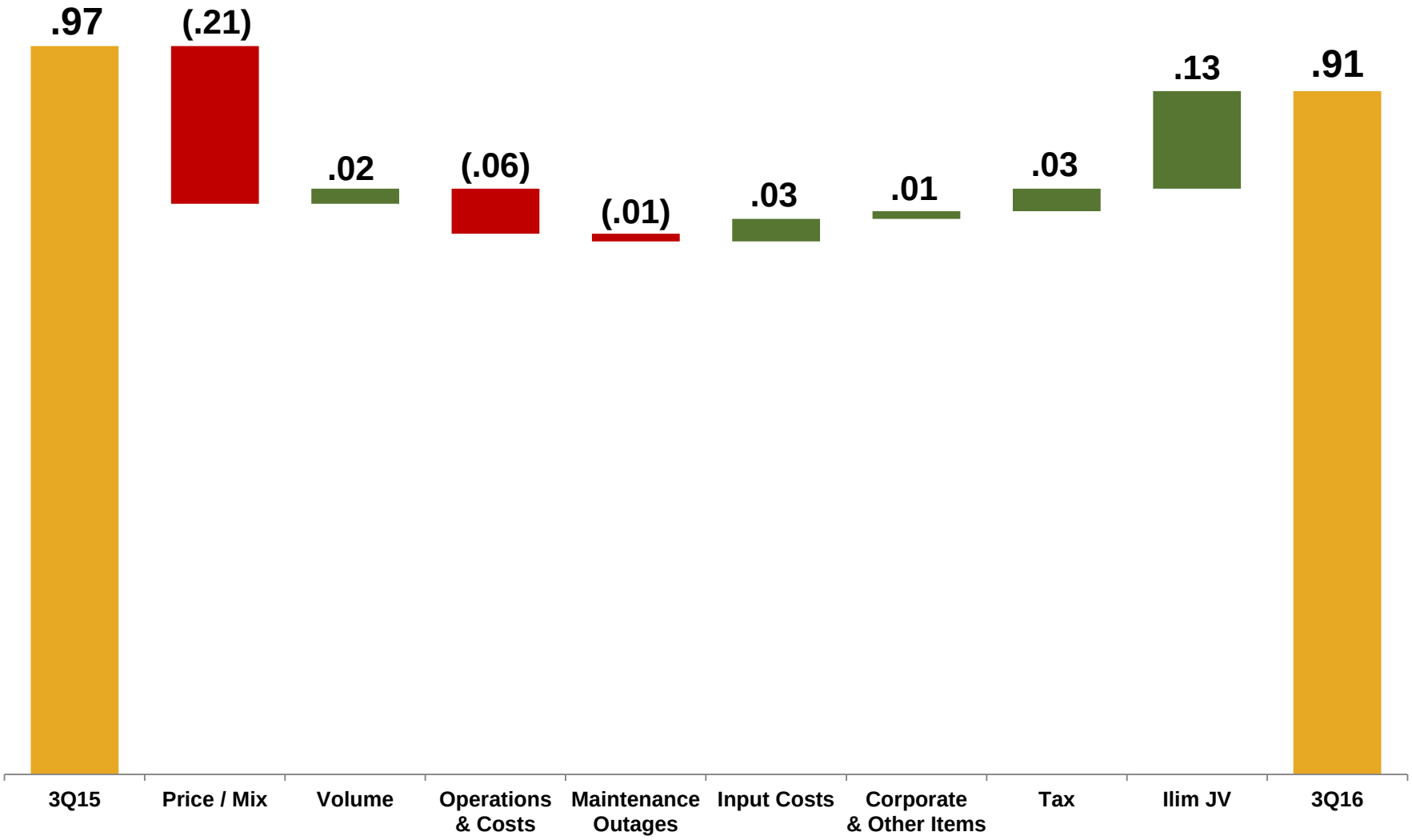
[1] A reconciliation to GAAP EPS is available at www.internationalpaper.com under the Performance tab, Investors section
[2] Includes non-cash settlement charge before tax of $439MM and net of taxes of $270MM, or ($0.65) EPS

Adj. Operating EPS



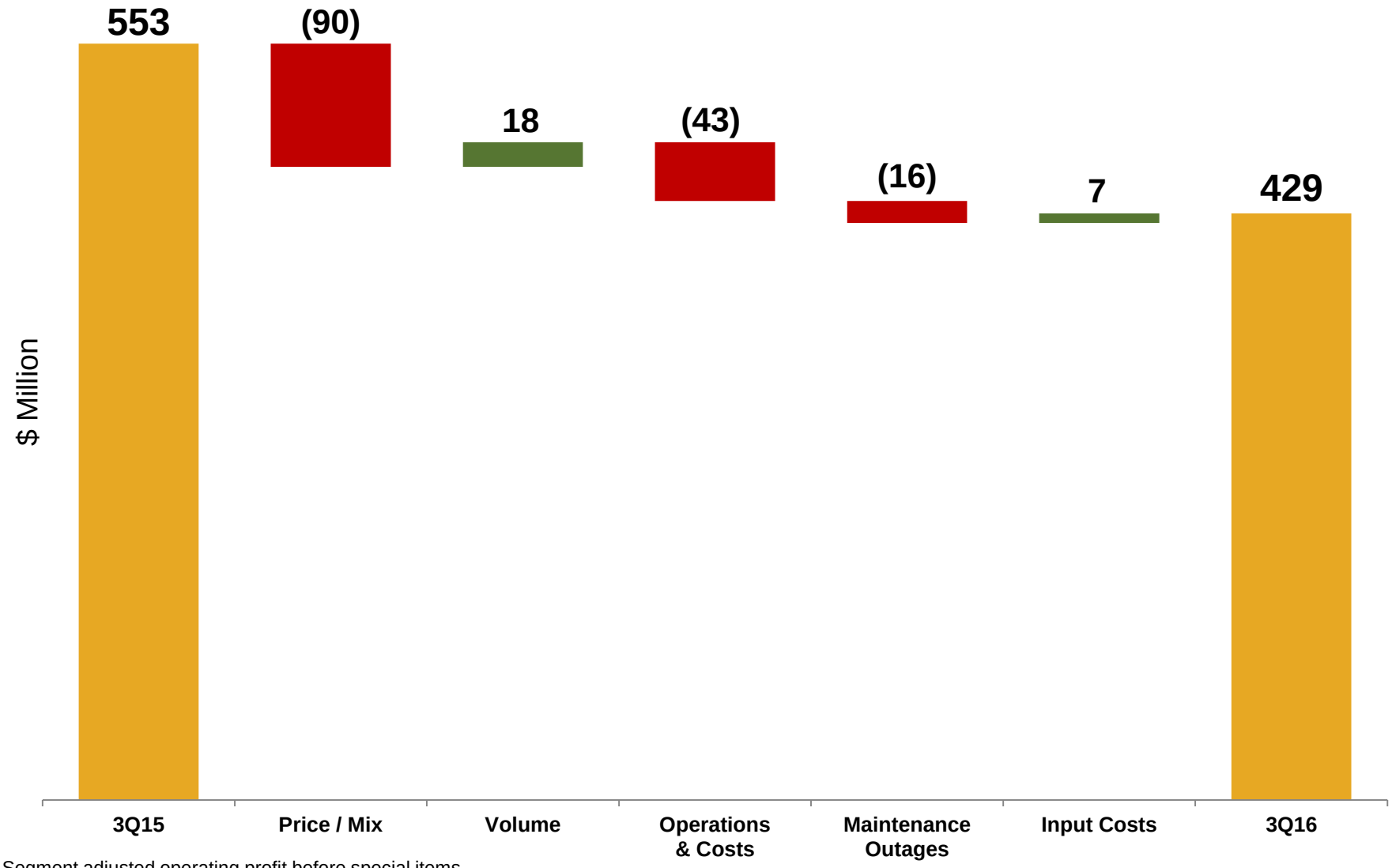
2006 as originally reported
2007-2011 adjusted for elimination of the Ilim JV reporting lag
2006-2010 Net Earnings from continuing operations and before special items; 2010 onward reflects Operating Earnings
xpedx is reflected as a Discontinued Operation from 2010 onward

3Q16 vs. 3Q15 Adj. Operating EPS



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

Industrial Packaging | Adj. EBIT[1] 3Q16 vs. 3Q15



[1] Segment adjusted operating profit before special items

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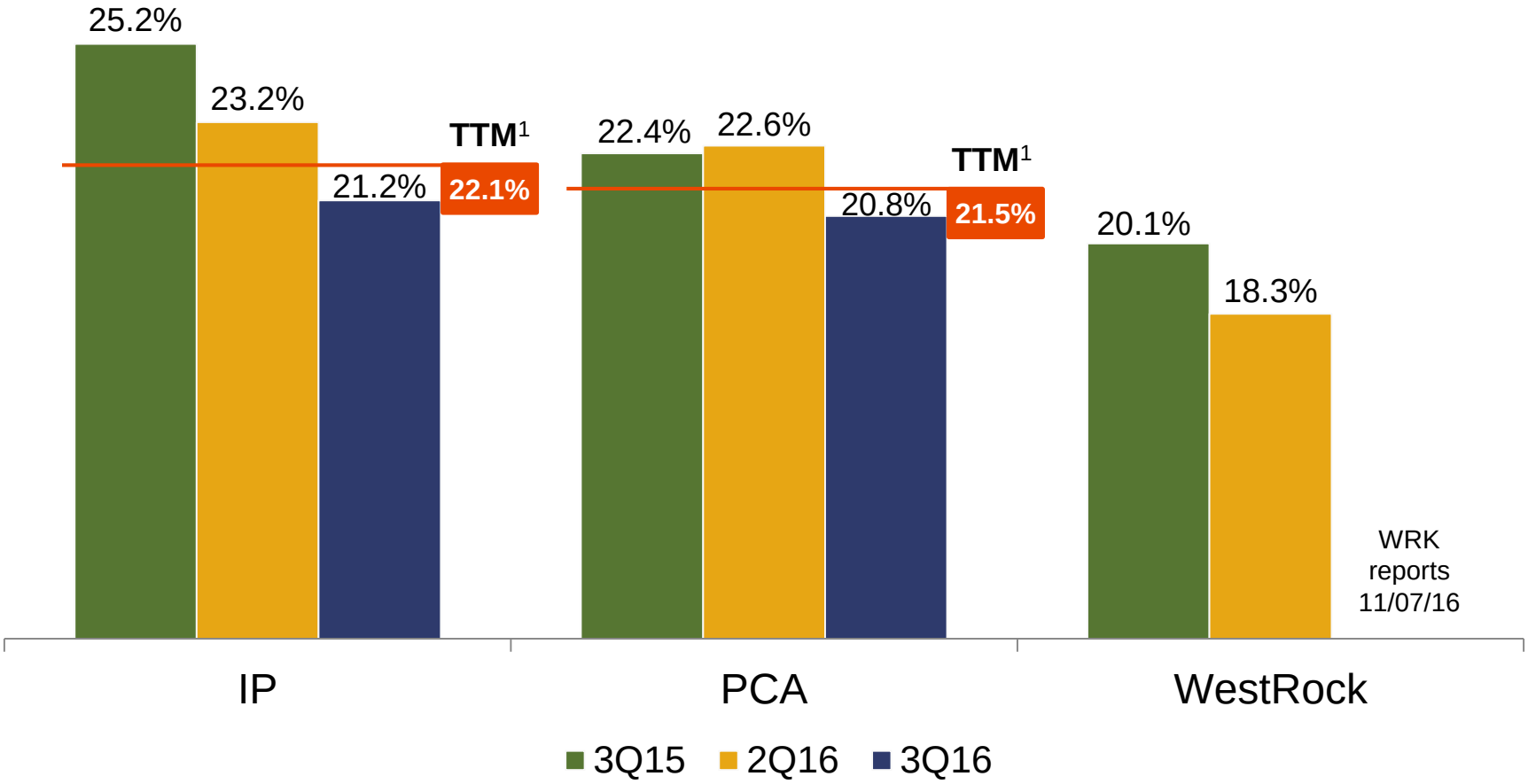
	3Q16 vs. 2Q16		3Q16 vs. 3Q15	
Business	**Volume**	**Price / Mix per Ton**	**Volume**	**Price / Mix per Ton**
N.A. Container[1]	**Flat**	**($5)**	**1%**	**($27)**
European Container	**(8%)**	**€7**	**Flat**	**€3**

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

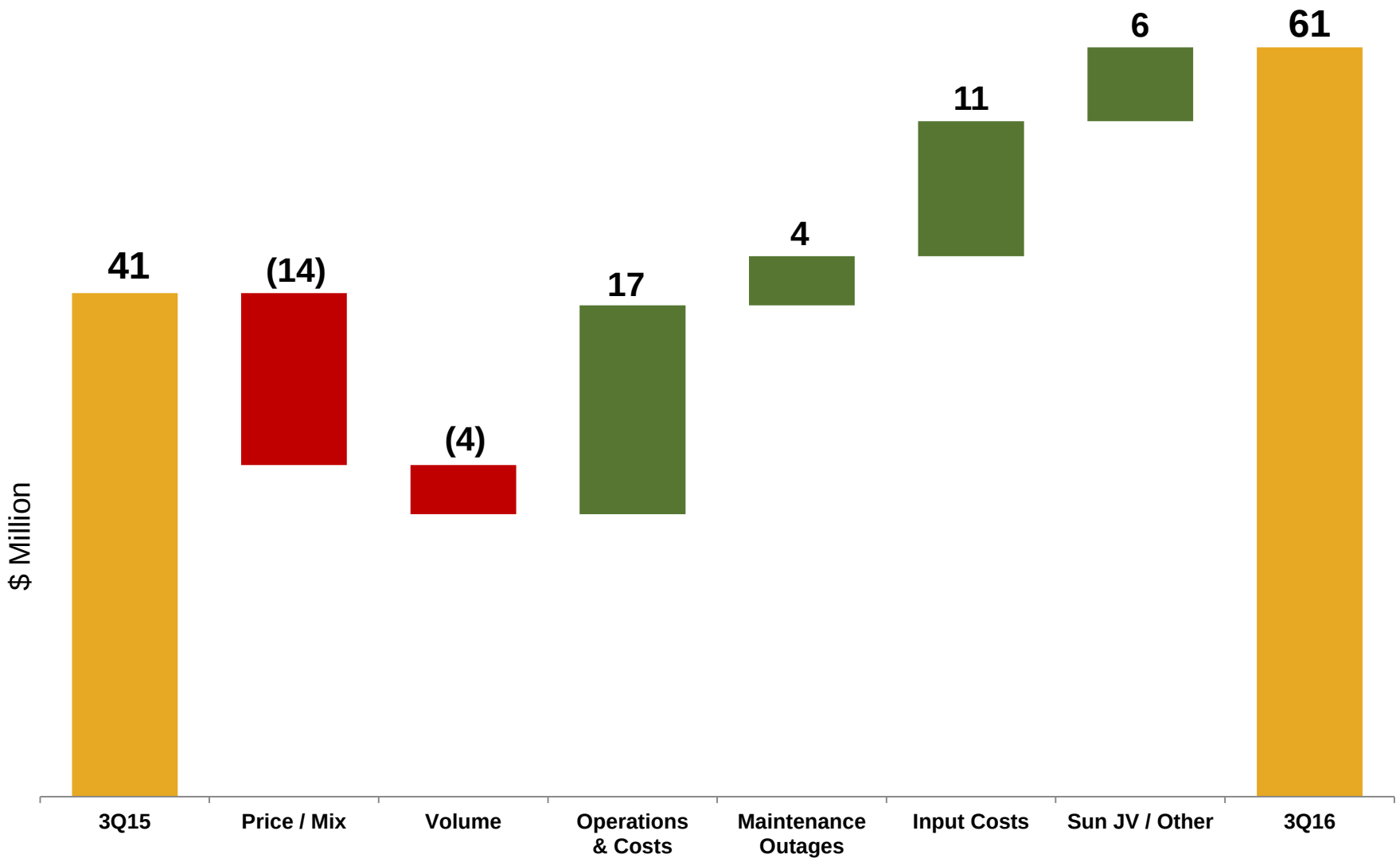
[1] Corrugator plant sales on FBA shipping day basis

N.A. Industrial Packaging Relative Adj. EBITDA Margins



[1] Trailing twelve months
IP Adj. EBITDA margins based on North American Industrial Packaging operating profit before special items
Excludes the Recycling Business and revenue from trade volumes
Competitor Adj. EBITDA margin estimates obtained from public filings and IP analysis

Consumer Packaging | Adj. EBIT[1] 3Q16 vs. 3Q15

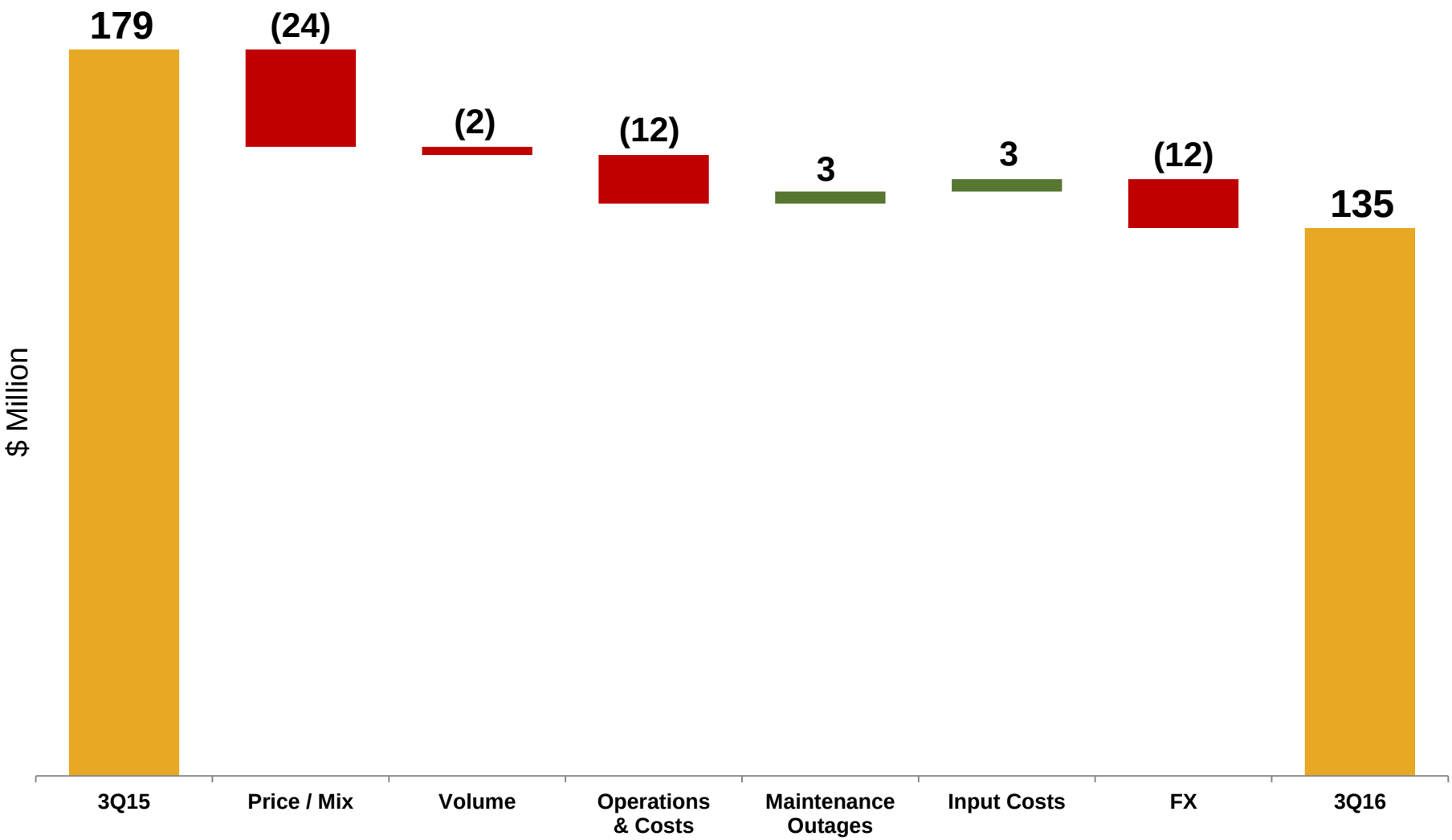


[1] Segment adjusted operating profit before special items

	3Q16 vs. 2Q16		3Q16 vs. 3Q15	
	Volume	Price / Mix per Ton	Volume	Price / Mix per Ton
N.A. Coated Paperboard[1]	**Flat**	**($15)**	**(3%)**	**($43)**
	Revenue		Revenue	
Foodservice	**1%**		**Flat**	

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

Printing Papers | Adj. EBIT[1] 3Q16 vs. 3Q15



[1] Segment adjusted operating profit before special items

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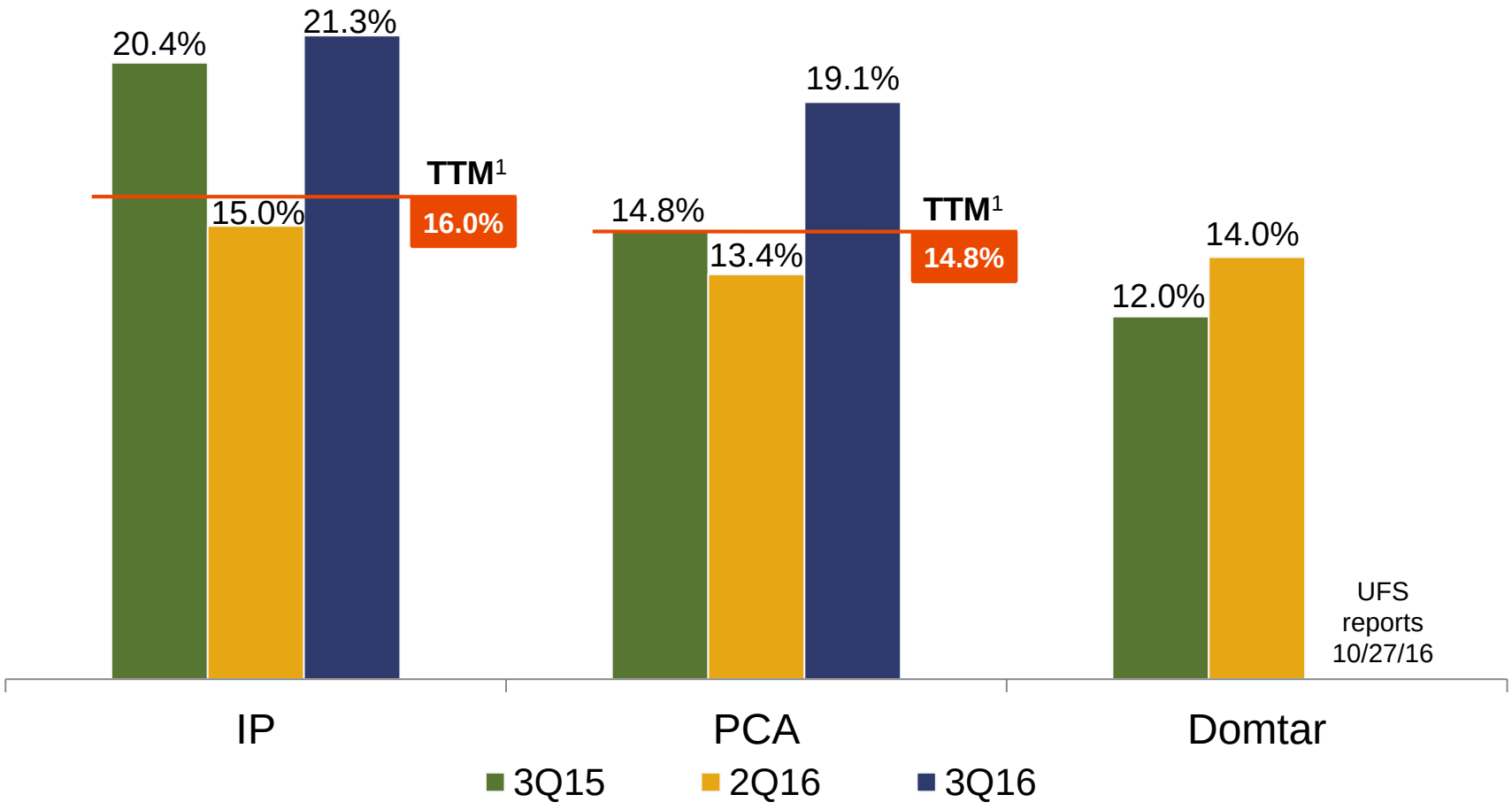
	3Q16 vs. 2Q16		3Q16 vs. 3Q15	
Business	**Volume**	**Price / Mix per Ton**	**Volume**	**Price / Mix per Ton**
N.A. Printing Papers	**3%**	**Flat**	**(3%)**	**($16)**
N.A. Pulp[1]	**(3%)**	**($1)**	**14%**	**($72)**
European Papers[2]	**(6%)**	**(€14)**	**1%**	**€25**

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 Adj. EBITDA Margins



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

$ Million	3Q15	2Q16	3Q16
Sales	$219	$220	$227
Adj. Earnings	$56	$34	$53
Adj. EBITDA Margin	35%	25%	35%

	3Q16 vs. 2Q16		3Q16 vs. 3Q15	
Uncoated Freesheet	Volume	Price / Mix per Ton	Volume	Price / Mix per Ton
Domestic (BRL)	12%	R$43	(9%)	R$573
Export (USD)	(7%)	($13)	(3%)	($67)

Segment adjusted 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**
Adj. 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**

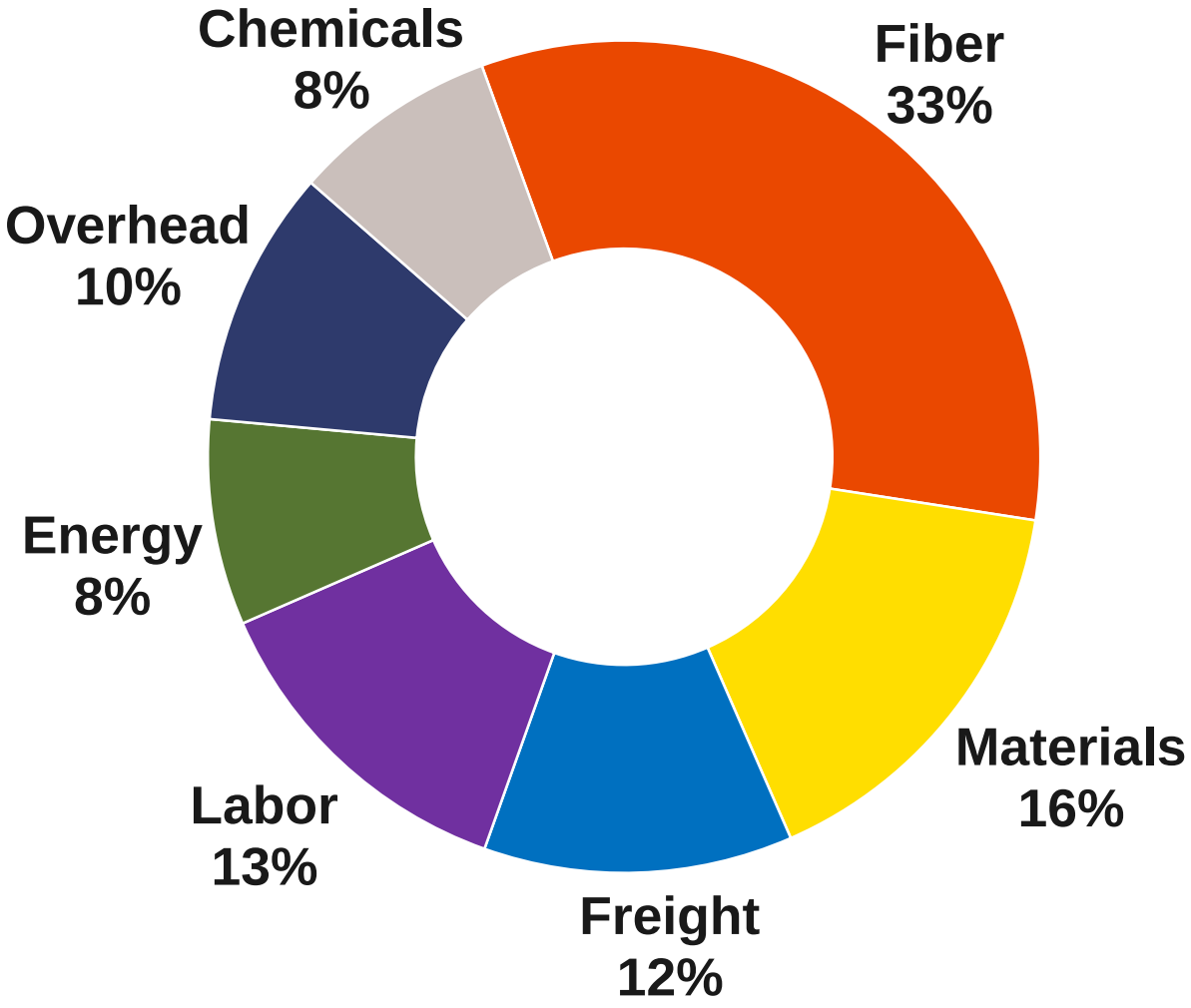
Ilim JV results are IFRS basis
IP Equity Earnings (Loss) on US GAAP basis
[1] Represents F/X impact primarily related to Ilim JV USD-denominated net debt (balance of ~$0.7B at year end 2015)

Ilim Joint Venture | Volume and Pricing Trends

	3Q16 vs. 2Q16		3Q16 vs. 3Q15	
Business	**Volume**	**Price / Mix per Ton**	**Volume**	**Price / Mix per Ton**
Pulp (metric ton)	**(1%)**	**$10**	**6%**	**($46)**

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

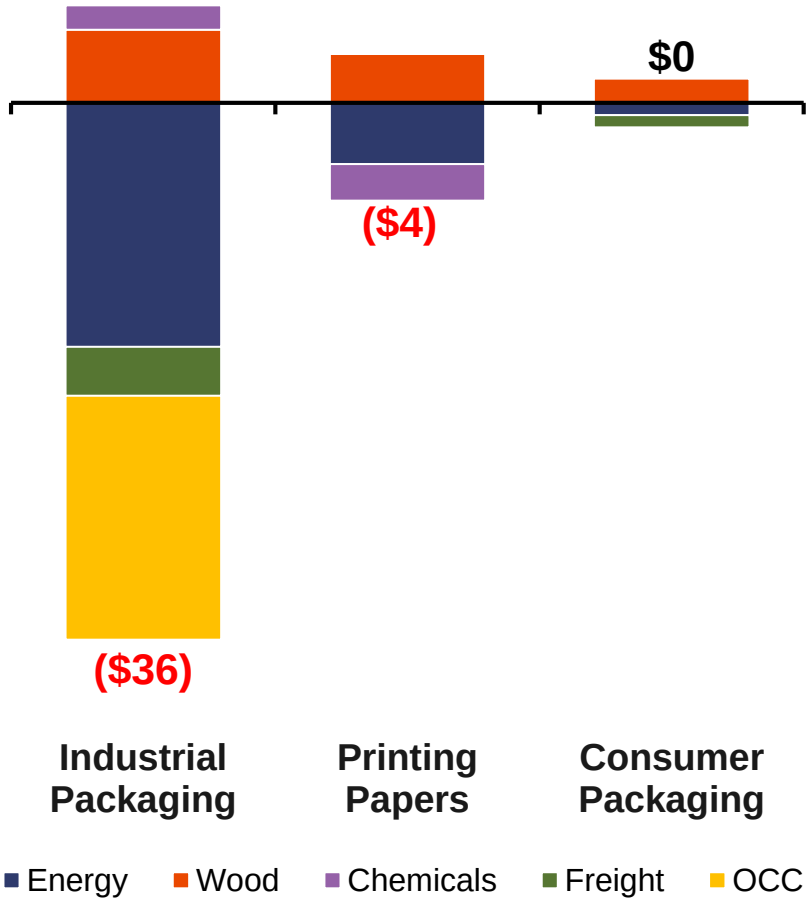
Total Cash Cost Components | 3Q16 YTD



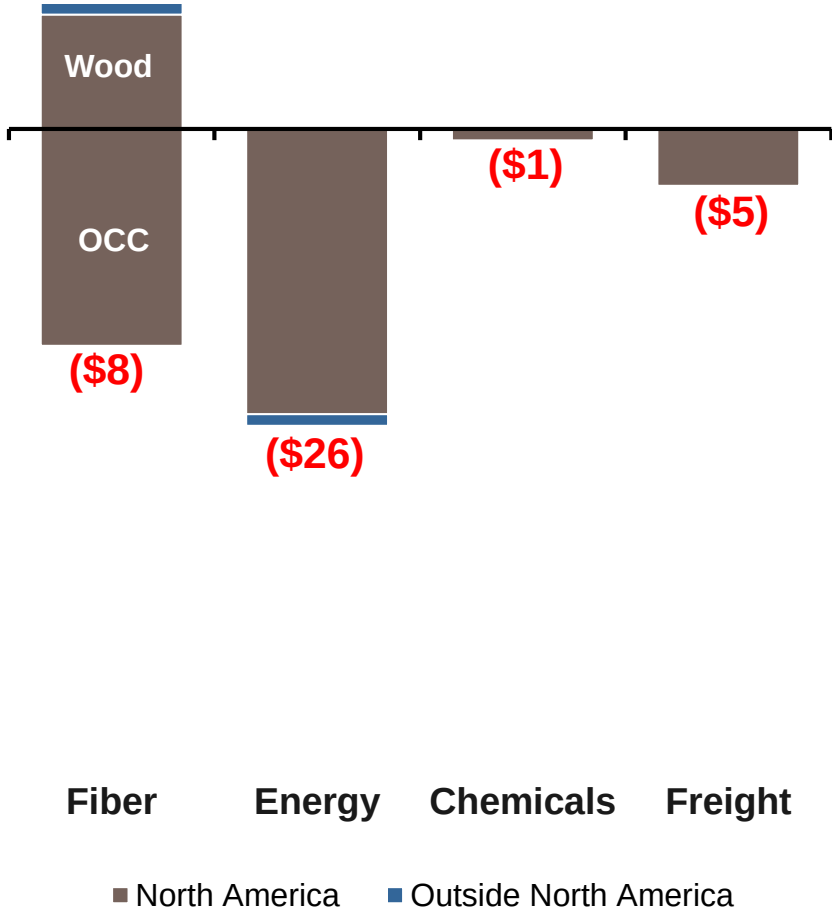
North American mills only

Global Input Costs vs. 2Q16 | $40MM Unfavorable, or $0.06/Share

By Business



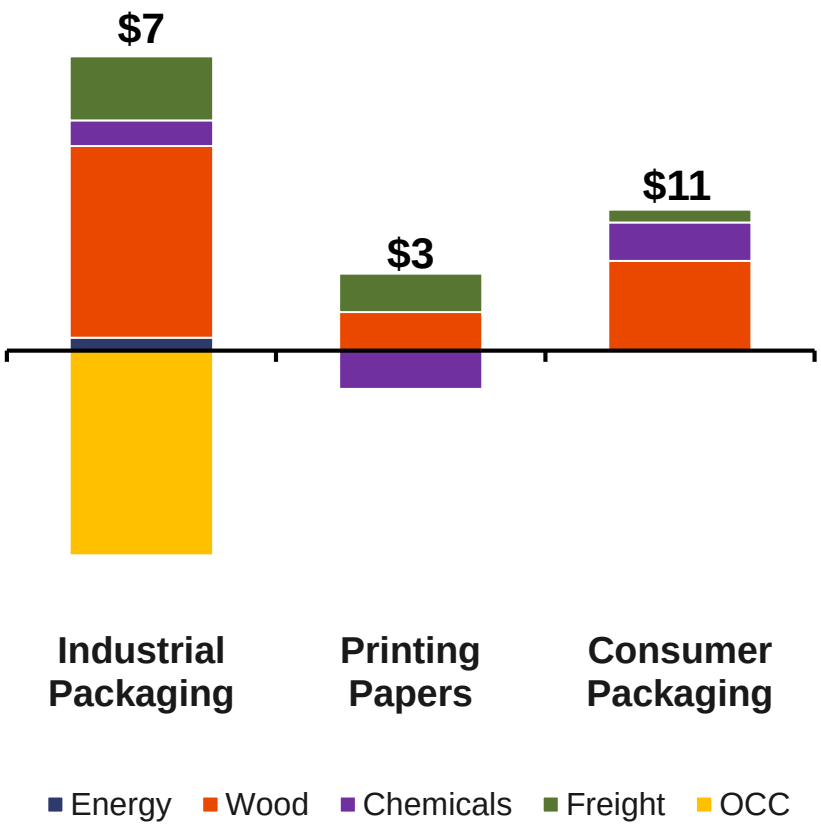
By Input Type



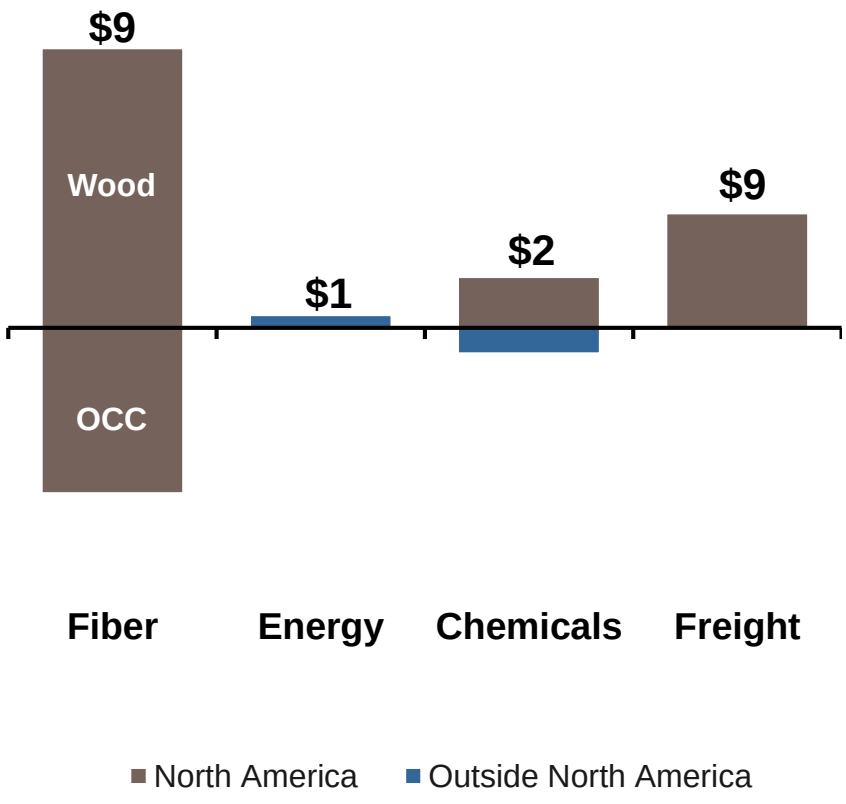
Input costs ($MM) for continuing businesses

Global Input Costs vs. 3Q15 | $21MM Favorable, or $0.03/Share

By Business



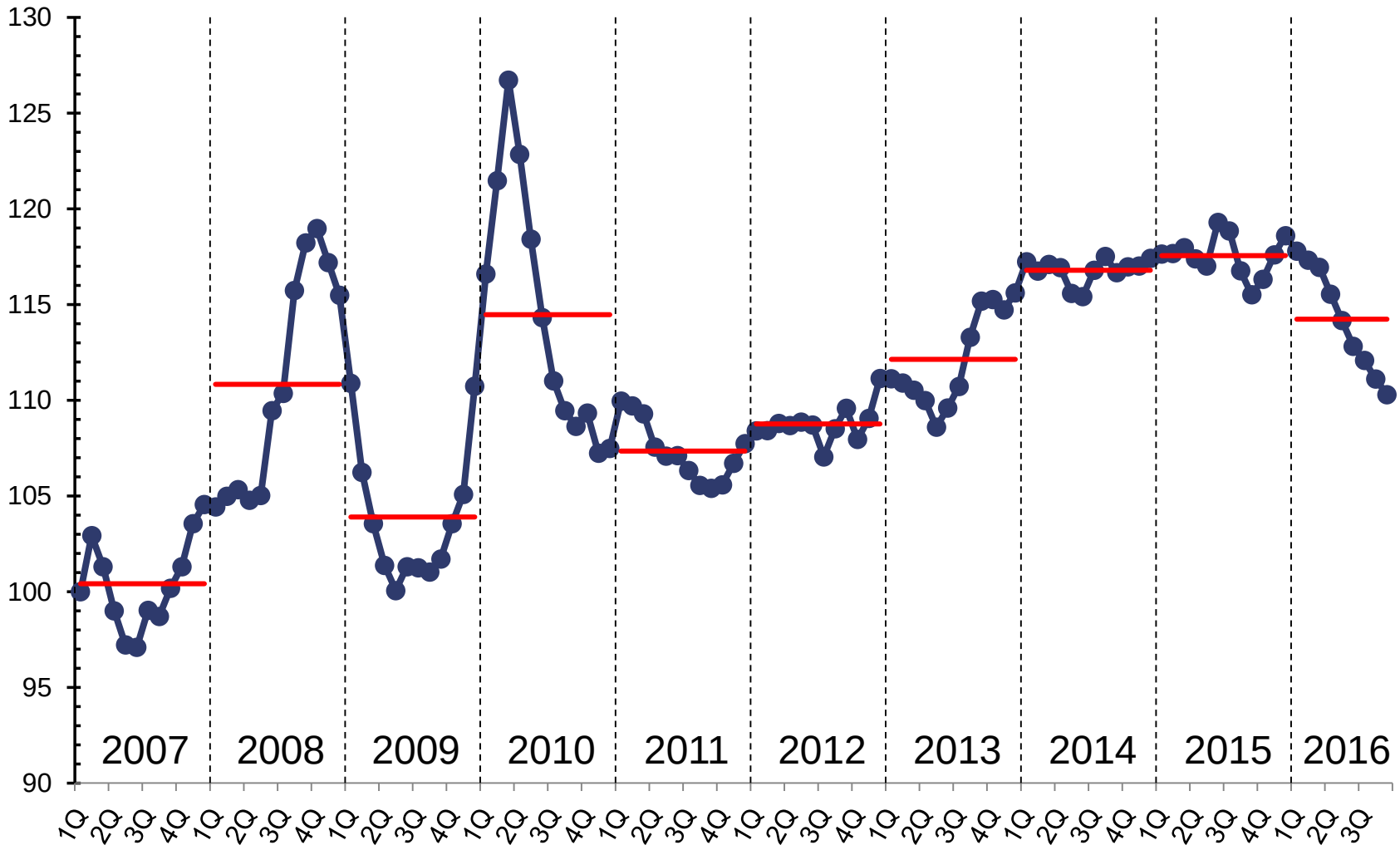
By Input Type



Input costs ($MM) for continuing businesses

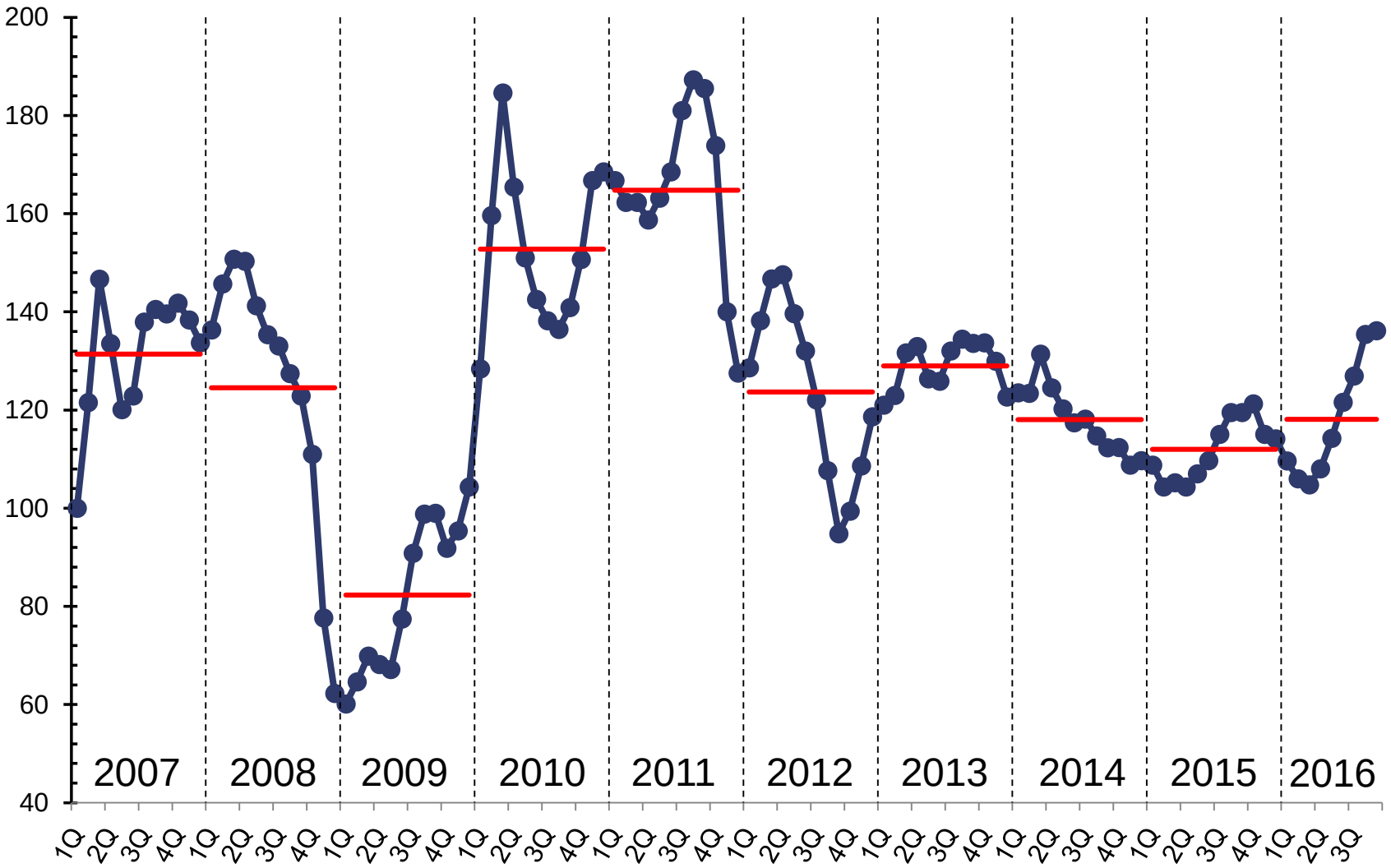
INTERNATIONAL PAPER

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



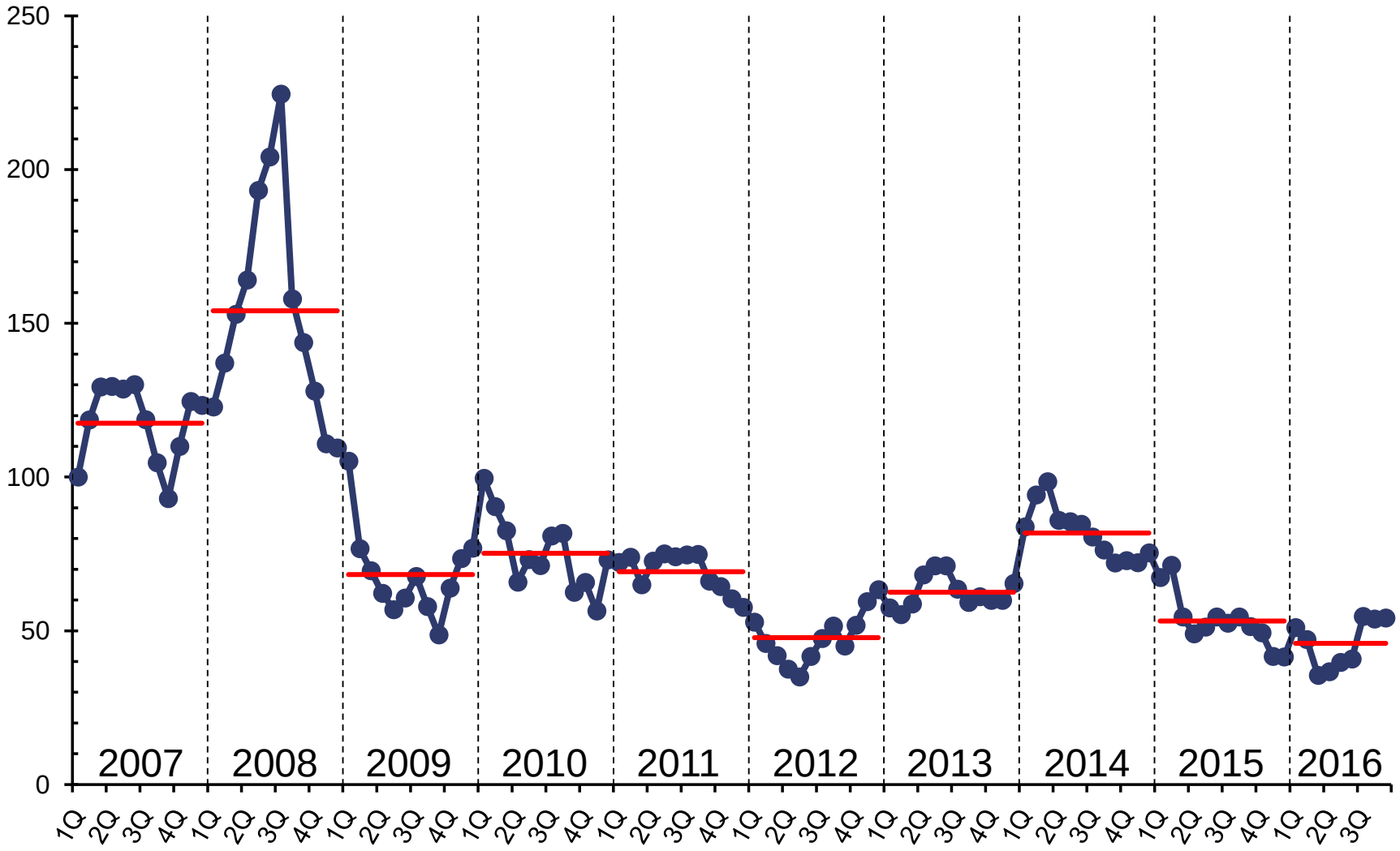
Cost Indexed to January 2007 values

U.S. OCC Delivered Cost Trend | 3Q16 Average Cost Up 16% vs. 2Q16



Cost Indexed to January 2007 values

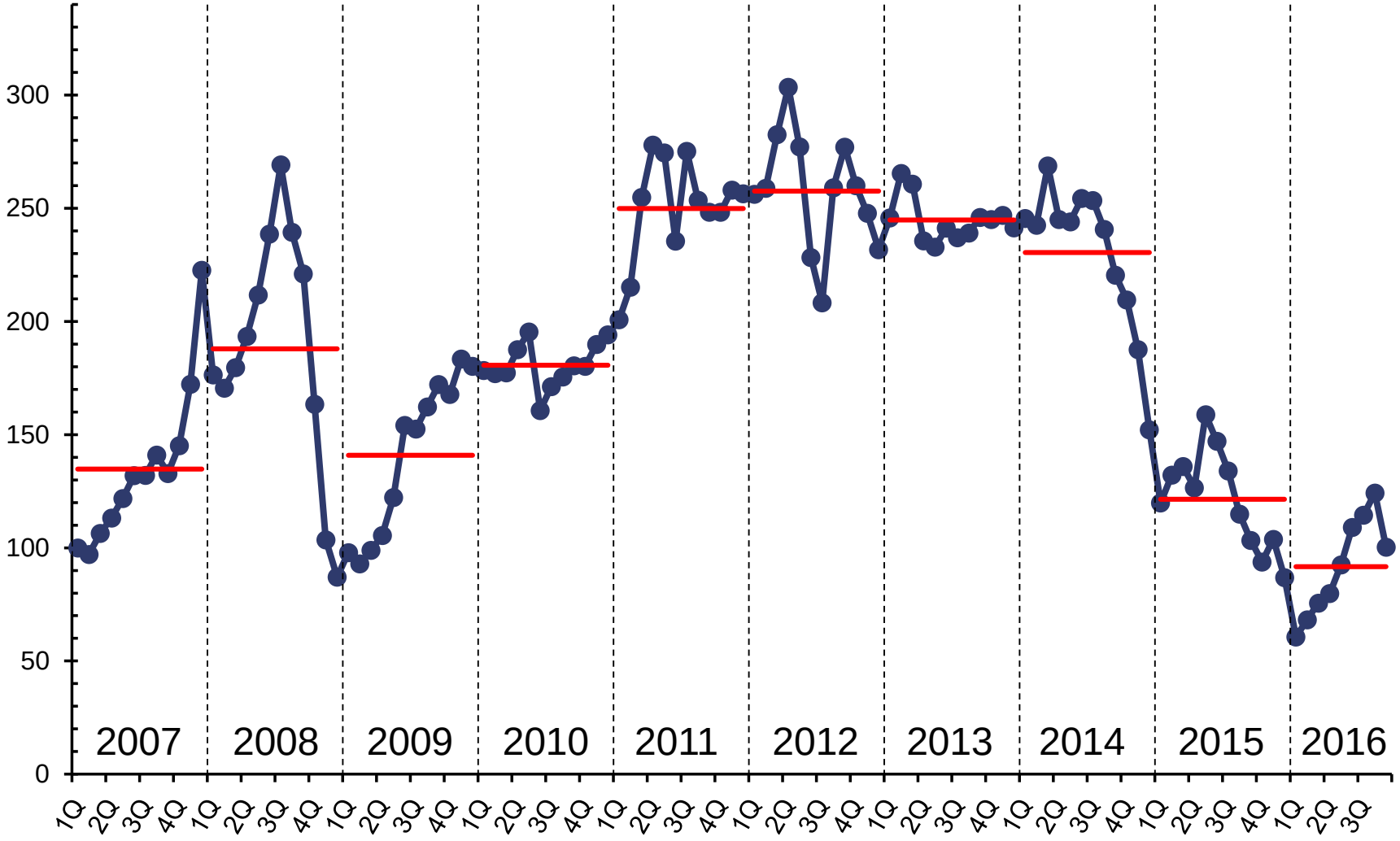
U.S. Natural Gas Cost Trend | 3Q16 Average Cost Up 39% vs. 2Q16



Cost Indexed to January 2007 values
NYMEX Natural Gas closing prices

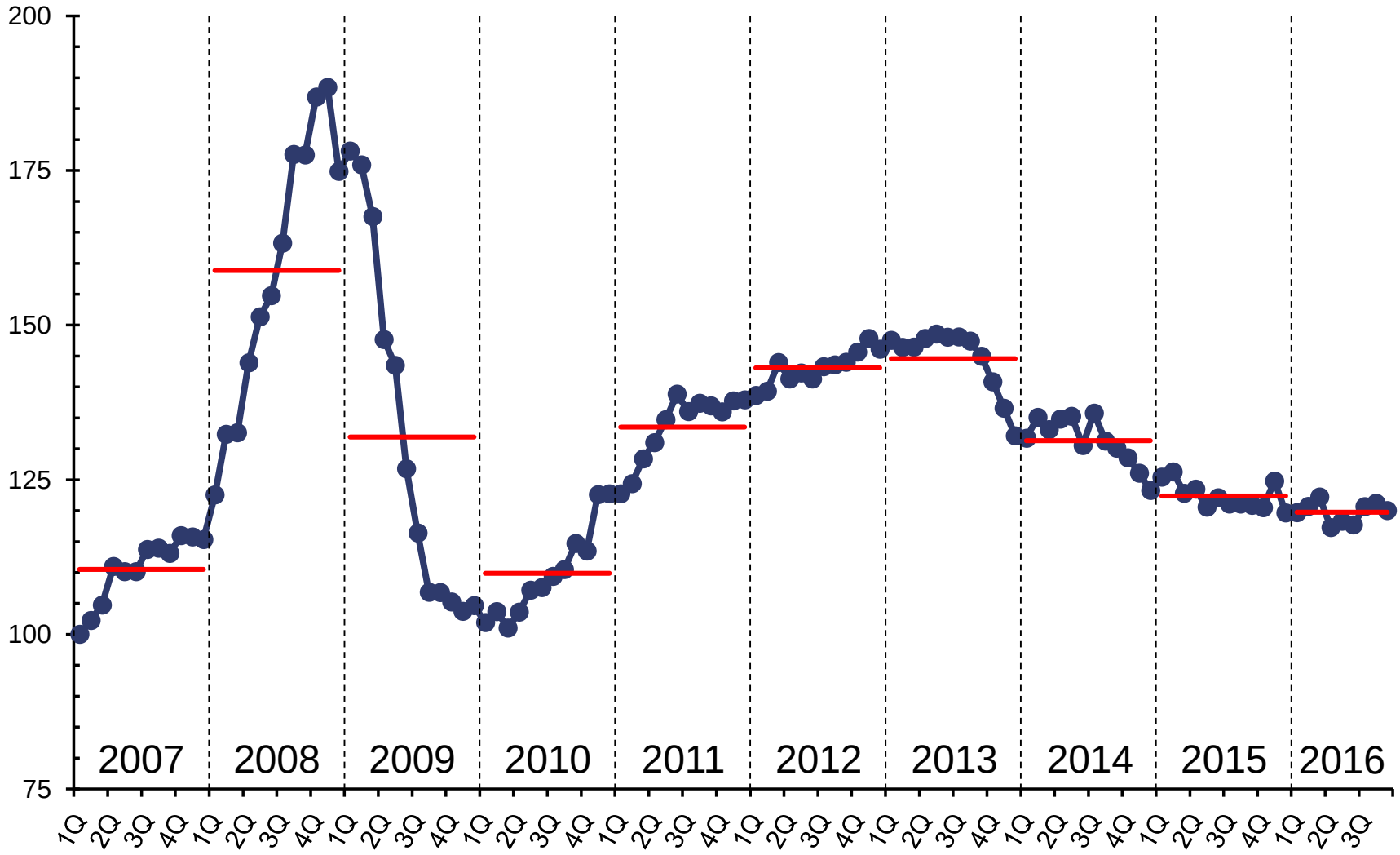
INTERNATIONAL PAPER

U.S. Fuel Oil Cost Trend | 3Q16 Average Cost Up 20% vs. 2Q16



Cost Indexed to January 2007 values
WTI Crude prices

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



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)	70,000,000	11,000,000
	Fuel Oil (Barrels)	525,000	460,000
	Coal (Tons)	200,000	600,000
Fiber	Wood (Tons)	51,000,000	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)	160,000	50,000
	LD Polyethylene (Tons)	40,000	-
	Latex (Tons)	10,000	6,000