First Quarter 2017 Earnings | April 27, 2017



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) changes in our estimates for the costs and insurance coverage associated with the January 2017 incident at our Pensacola, Florida mill; (vi) whether we experience a material disruption at one of our other manufacturing facilities; (vii) risks inherent in conducting business through joint ventures; (viii) the failure to realize the expected synergies and cost-savings from our purchase of the cellulose fibers business of Weyerhaeuser Company; and (ix) our ability to achieve the benefits we expect from all other 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. 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 2017 Results

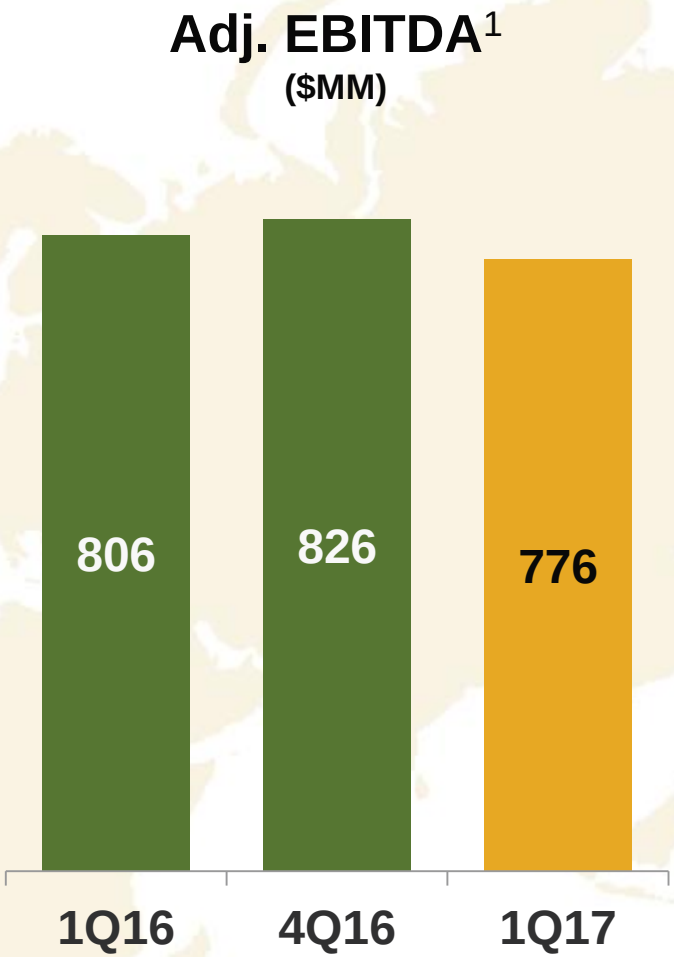


- Transitional quarter with overall results as expected
- Price realizations and recent announcements across key businesses:
  - N.A. Industrial Packaging
  - Global Cellulose Fibers (GCF)
  - Brazil and EMEA Papers
  - N.A. Consumer Packaging
- Good management of Pensacola mill digester incident and successful start-up achieved
- Integration of GCF progressing well with $14MM of synergies in the quarter
- OCC a significant headwind (~$30MM impact); 1Q17 average prices up $40/ton vs. 4Q16
- Received $127MM dividend YTD from Ilim JV

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

1Q17 Financial Results

	1Q16	4Q16	1Q17
Sales ($B)	$5.1	$5.4	$5.5
Adj. EBIT[1] ($MM)	$522	$498	$431
Adj. Operating EPS[2]	$0.80	$0.73	$0.60
Operating EPS impact of Ilim F/X[3] – IP Share	$0.03	$0.01	$0.06
Adj. EBITDA[1] ($MM)	$806	$826	$776
Adj. EBITDA Margin[1]	15.8%	15.4%	14.1%
Free Cash Flow[4] ($MM)	$311	$467	$259



[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 including that related to Ilim JV USD-denominated net debt (balance of ~$0.8B at end of 1Q17)
[4] See slide #21 for a reconciliation of cash provided by operations to free cash flow

Pensacola Recovery | Digester Event Summary

Community Outreach

- Remediation teams began cleaning common areas within 24 hours of the incident
- Assessment and cleanup of impacted residences initiated within 48 hours
- Established information line, conducted door-to-door visits, held open house



System Efforts to Mitigate Impact

- Adjustments to maintenance outage schedule
- Orders redirected to other mills
- Ability to use spare digester dome from Riegelwood mill

Findings

- Naturally produced pulping gases combined with pressurized air, triggered an event never before experienced in IP
- Issued an alert to all IP mills to prevent recurrence
- Shared findings with industry globally



Costs & Insurance Recovery

- Total costs estimated to be ~$80MM, including $16MM of capex
- Unfavorable 1Q17 earnings impact of $46MM before insurance and mitigation
- Insurance recovery of $12MM booked for 1Q17
- Bottom line impact for 1Q17 mitigated by outage moves and other cost-saving measures

Jan 22, 2017
Digester Incident
No Injuries Reported
Mill Down

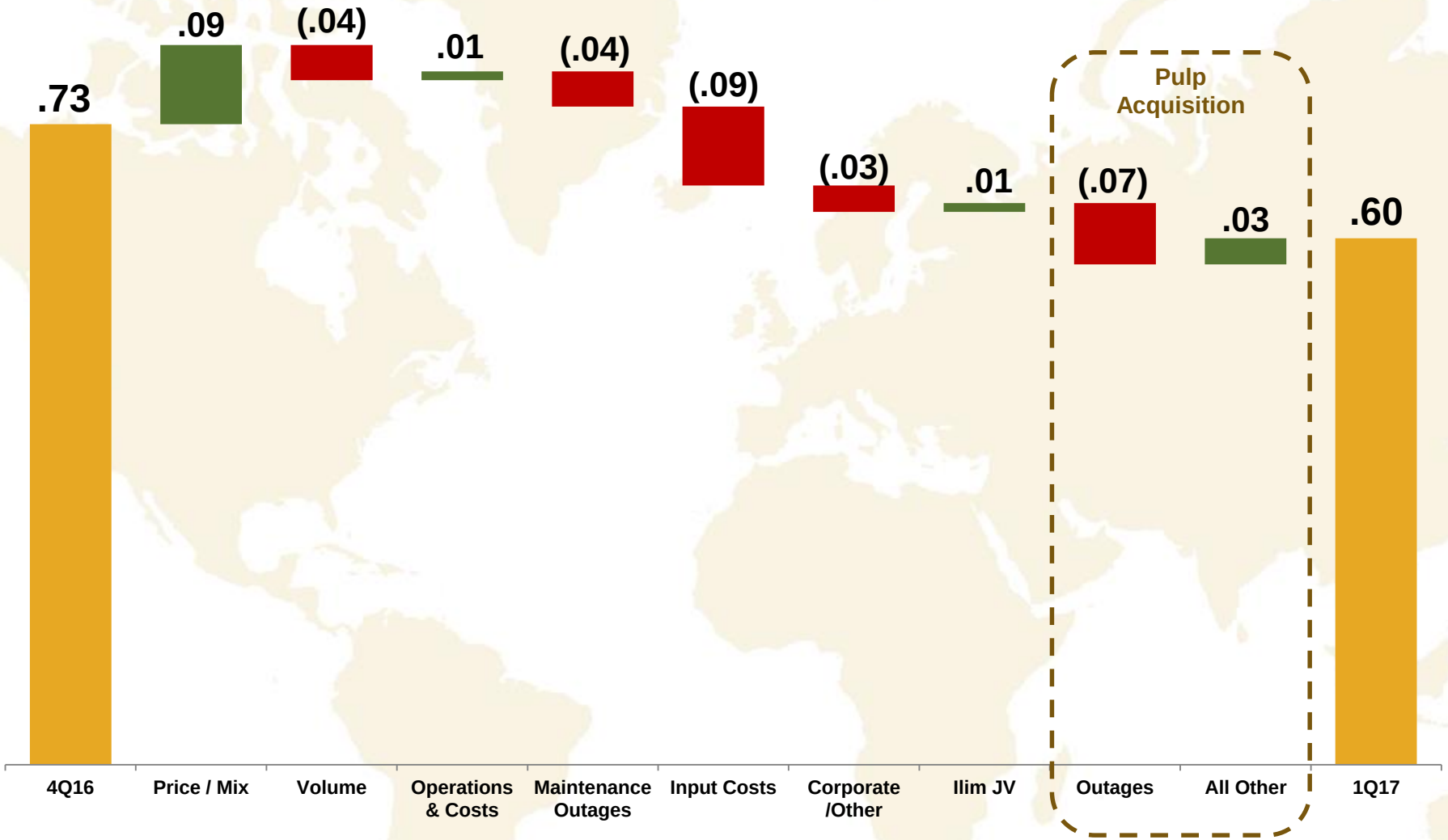
Jan 23, 2017
Unified Command in place - Initiated clean up efforts Investigation

Feb 3, 2017
Fluff Line Start Up

Mar 17, 2017
Spare Digester Dome Delivered from Riegelwood

April 3, 2017
Containerboard Start Up

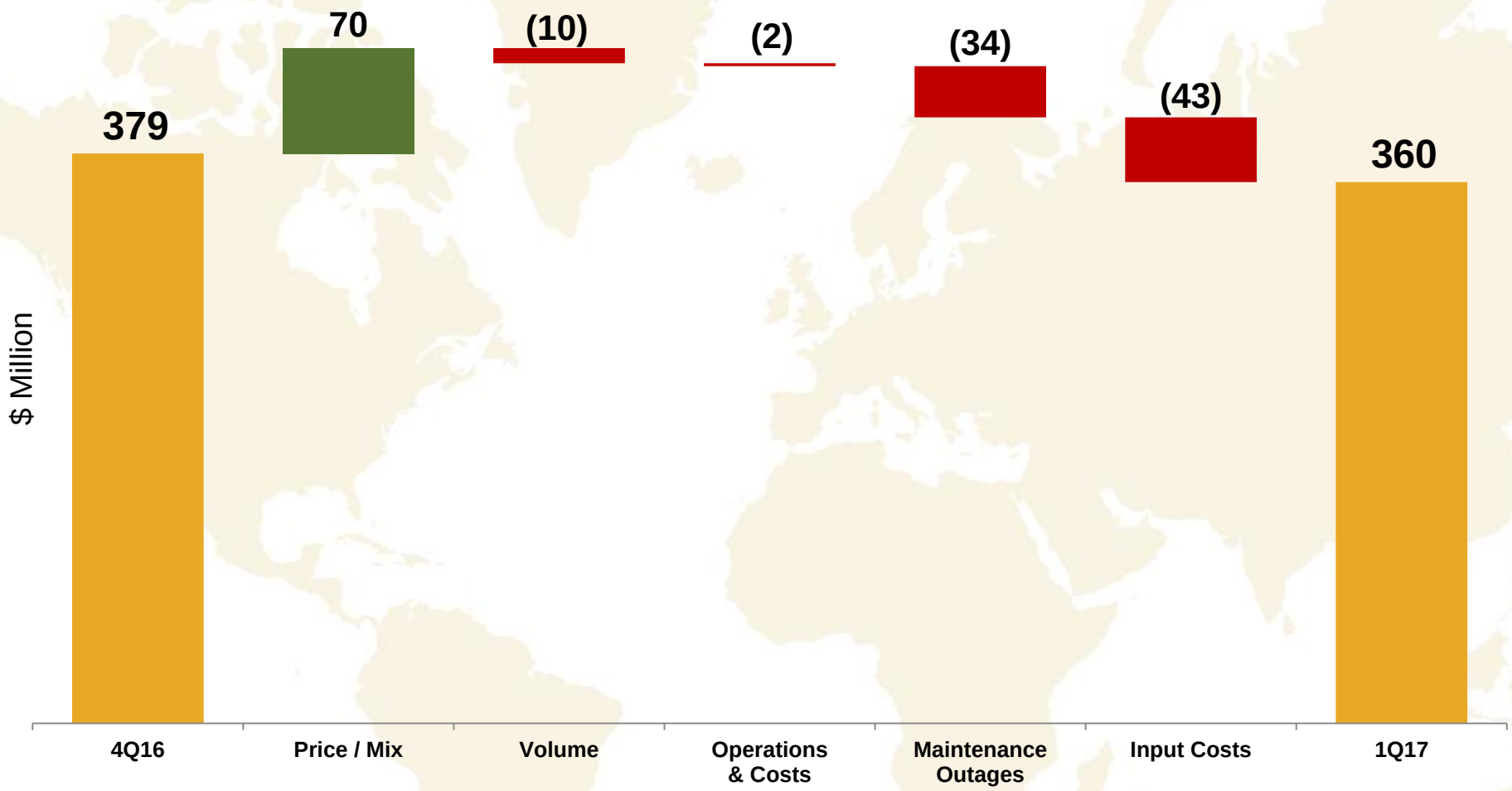
1Q17 vs. 4Q16 Adj. Operating EPS



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

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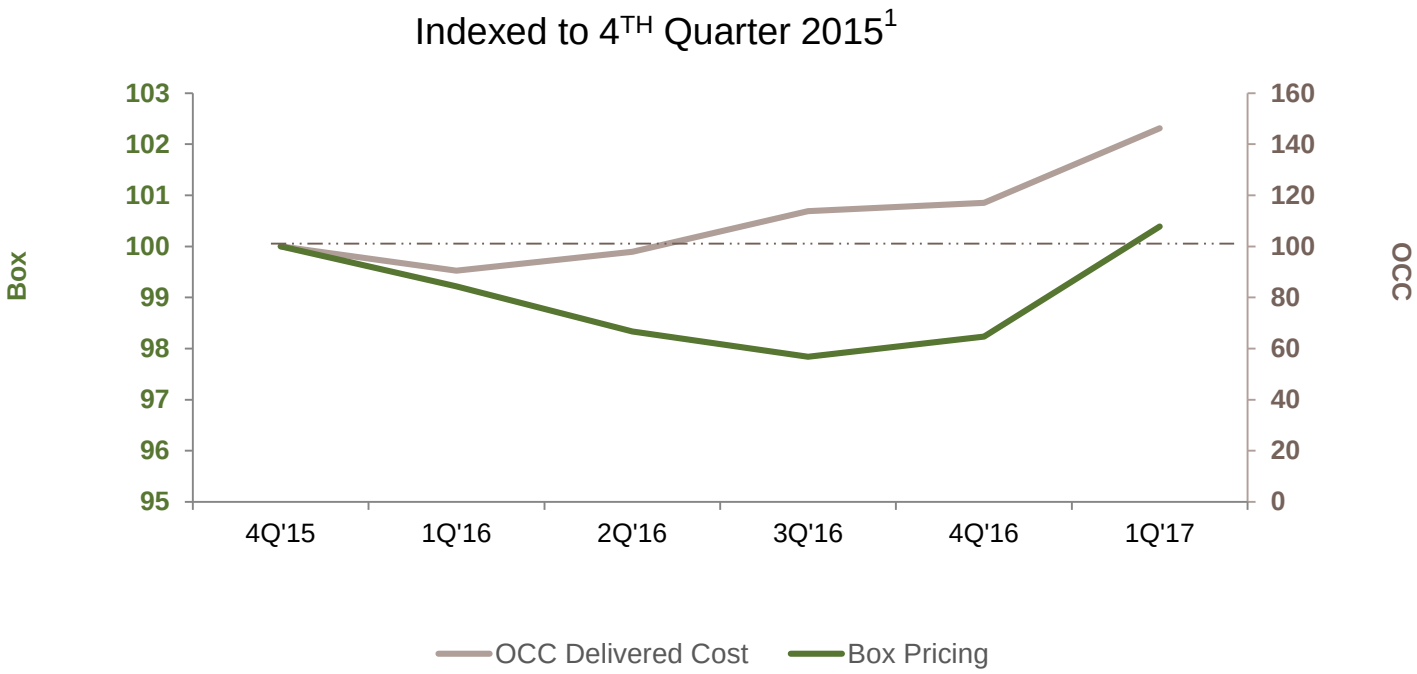
Industrial Packaging | 1Q17 vs. 4Q16 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

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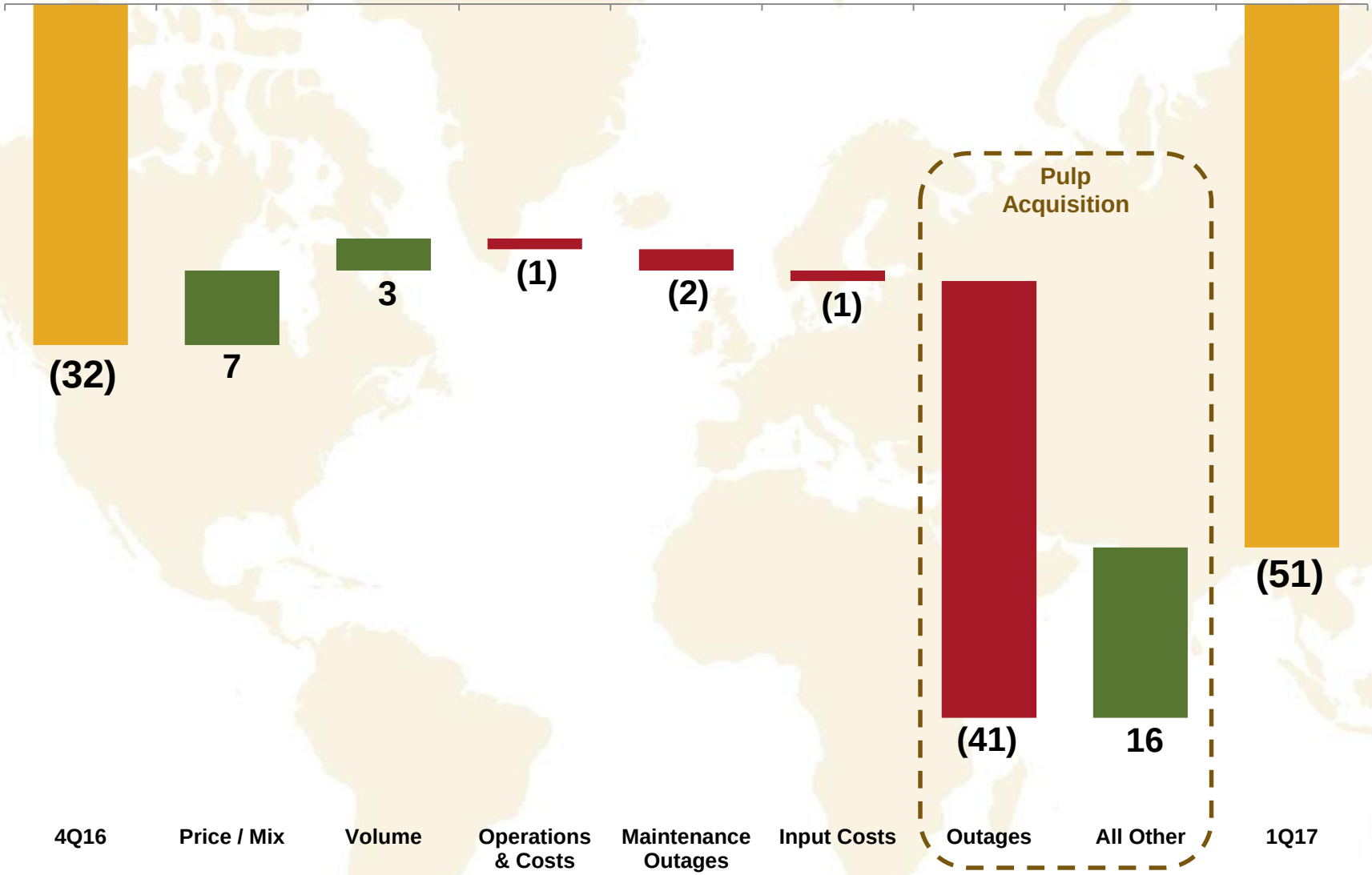
N.A. Industrial Packaging | Update on IP Pricing Activity



- October 2016 price increase fully implemented
- Box prices back to 4Q15 levels, but margins remain lower due to higher input costs
- 2Q17 average OCC cost forecast similar to 1Q17 levels
- Export containerboard pricing continues to improve
- March 2017 price increase implementation underway

[1] IP data

Global Cellulose Fibers | 1Q17 vs. 4Q16 Adj. EBIT[1]



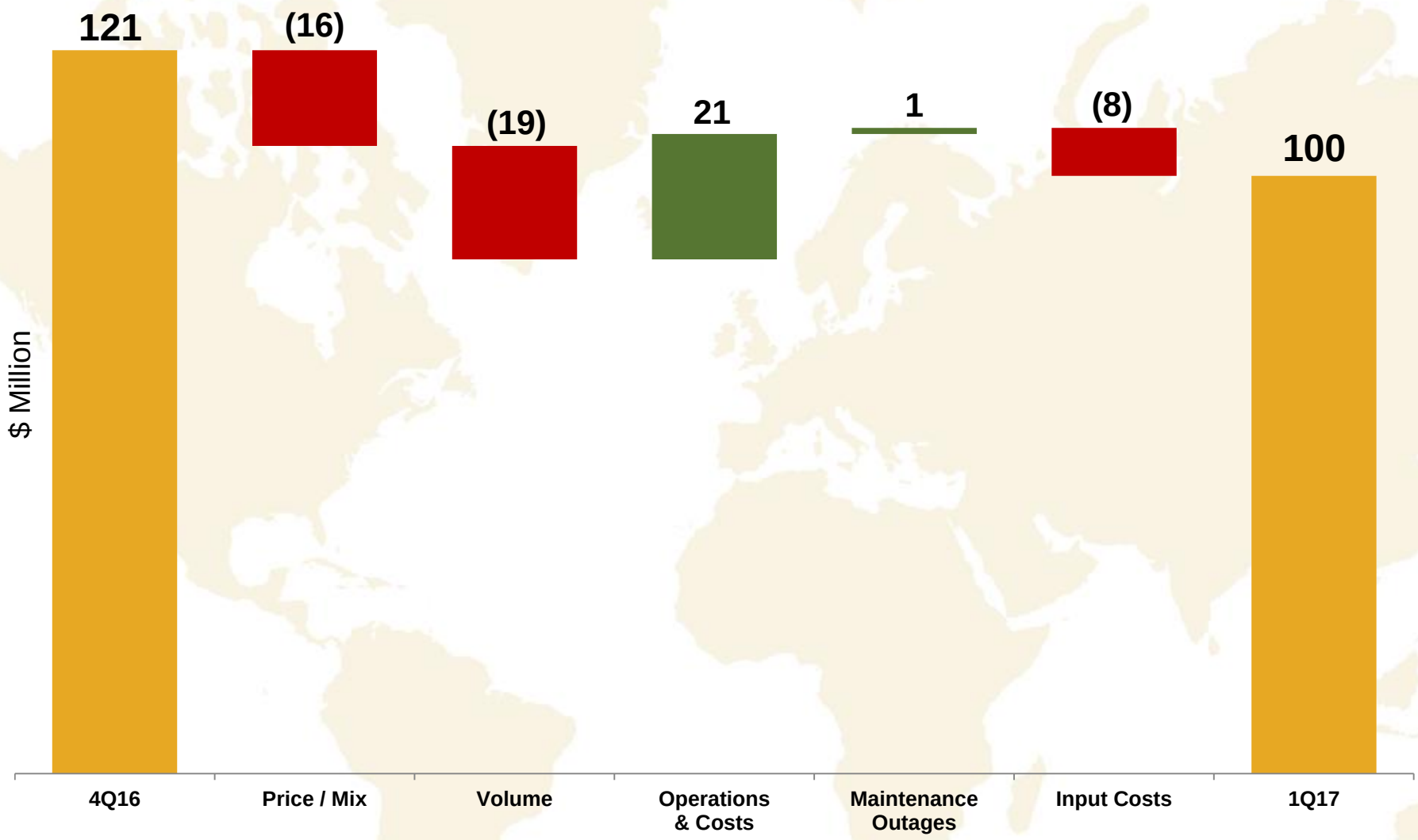
[1] Segment adjusted operating profit before special items

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Global Cellulose Fibers | Integration Synergies Update

Synergy Category	Description	1Q17 Actual ($MM)	1Q17 Run Rate Annualized ($MM)	Full Synergy Target ($MM)
SG&A / Other	▪ Eliminate duplication	$7.0	$28	$45
Commercial Mix Opportunities	▪ Customer and segment optimization ▪ High value product growth ▪ Leverage innovation	$3.5	$14	$40
Manufacturing, Supply Chain, & Sourcing	▪ Grade / machine mix optimization ▪ Logistics optimization ▪ Efficiency improvements (Waste, Freight) ▪ Purchasing opportunities	$3.5	$14	$90
Total		$14	$56	$175

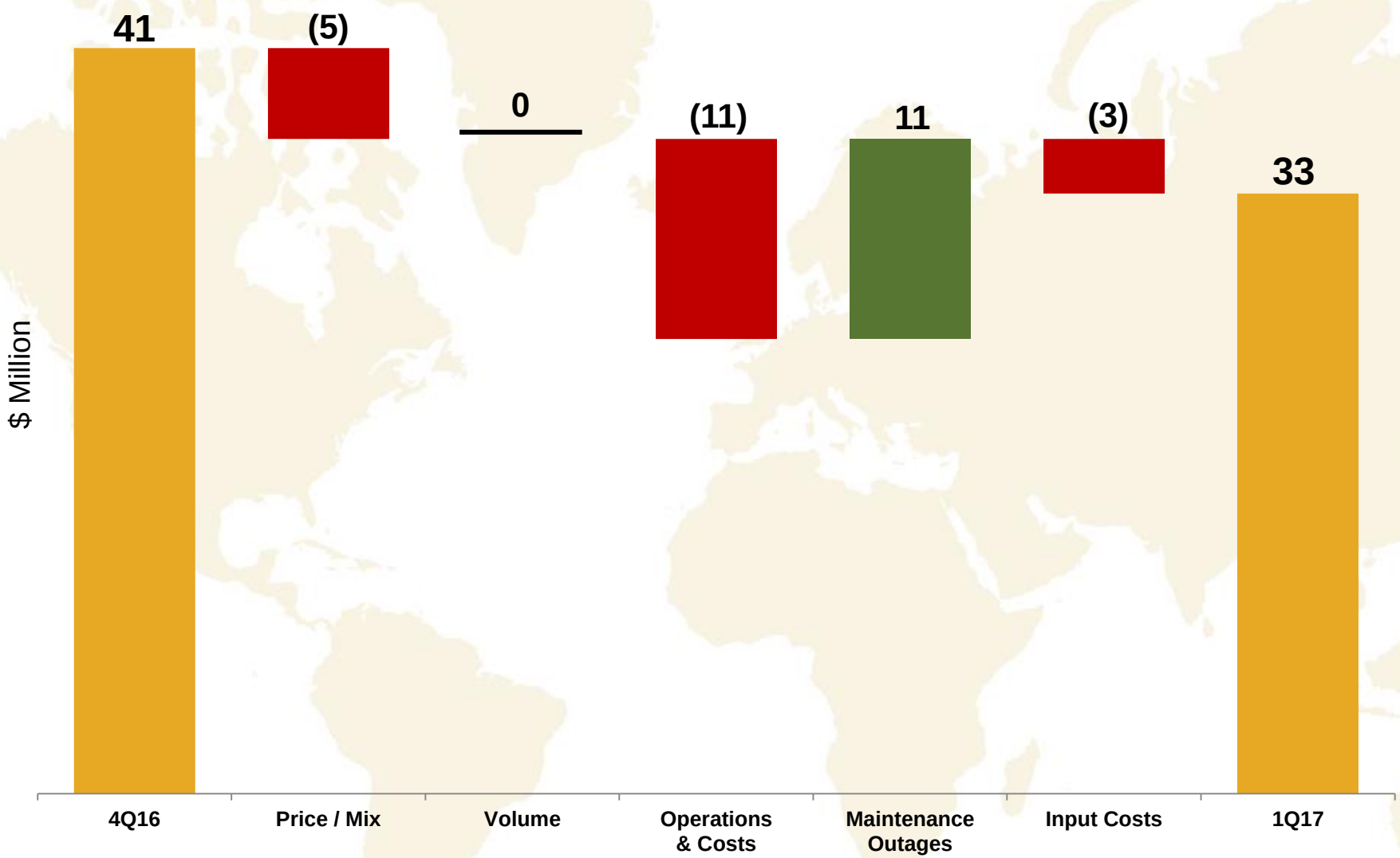
Printing Papers | 1Q17 vs. 4Q16 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

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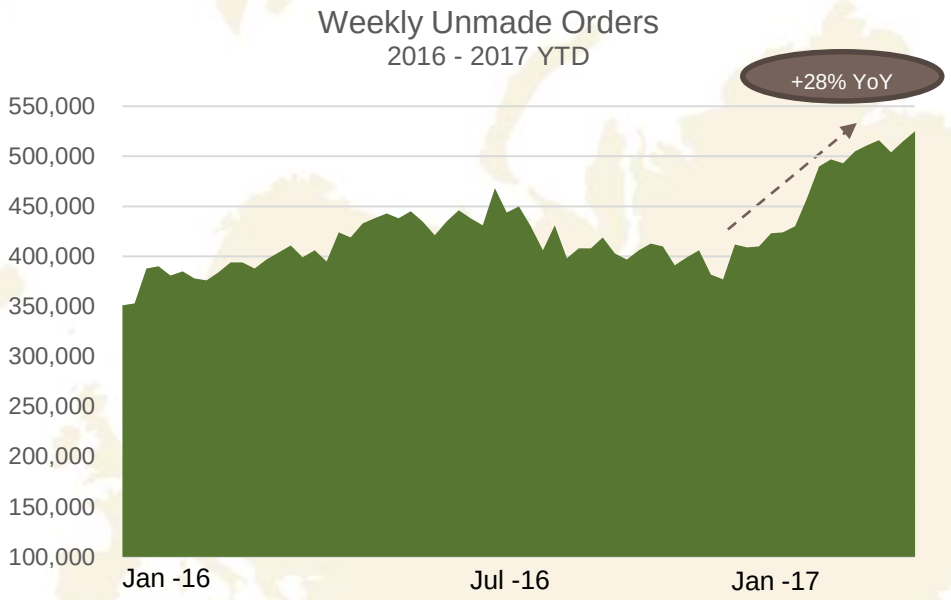
Consumer Packaging | 1Q17 vs. 4Q16 Adj. EBIT[1]

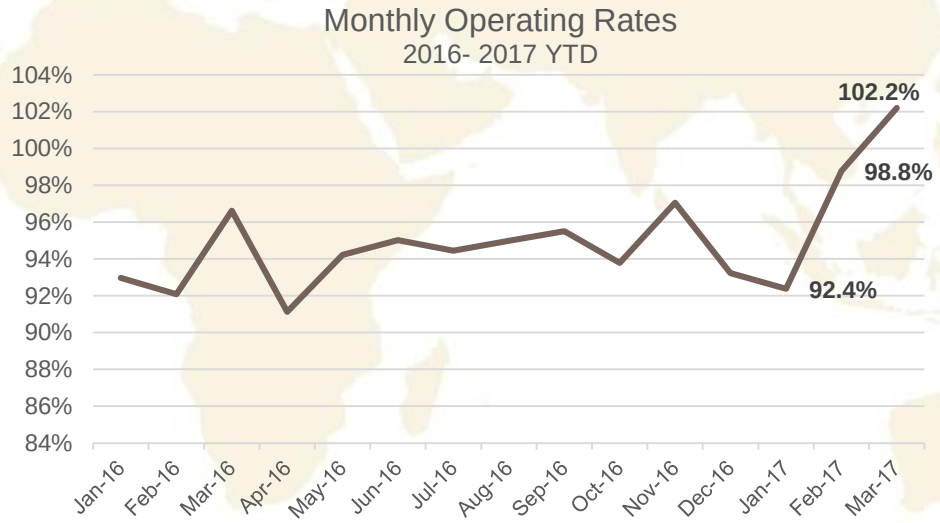


[1] Segment adjusted operating profit before special items

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U.S. SBS Industry - 1Q17	
Backlogs	+28% Y/Y
Shipments	+4.5% Y/Y
Mill Inventory	Flat Y/Y
Trade Flows	Export and Imports Up Modestly Y/Y





Source: AF&PA

Ilim Joint Venture | 1Q17 vs. 4Q16

$ Million	1Q16	4Q16	1Q17
Sales Volume (thousand tons)	821	987	748
Sales	$441	$539	$449
EBITDA	$208	$194	$191
F/X (Impact of USD Net Debt)[1]	$28	$14	$58
Adj. Operational EBITDA[2]	$180	$180	$133
IP Equity Earnings (Loss)[3]	$62	$45	$50

- Seasonally weaker sales volume and higher input costs partially offset by higher pulp prices
- F/X gain on USD denominated net debt driven by ruble strengthening
- Seasonally stronger volume expected in 2Q17, partially offset by heavy outages; non-repeat of 1Q17 F/X gain

Ilim JV results are on U.S. GAAP basis

[1] Represents F/X impact including that related to Ilim JV USD-denominated net debt (balance of ~$0.8B at end of 1Q17); Ilim Group's functional currency is the Ruble (RUB); Non-functional-denominated currency balances are measured monthly using the month-end exchange rate

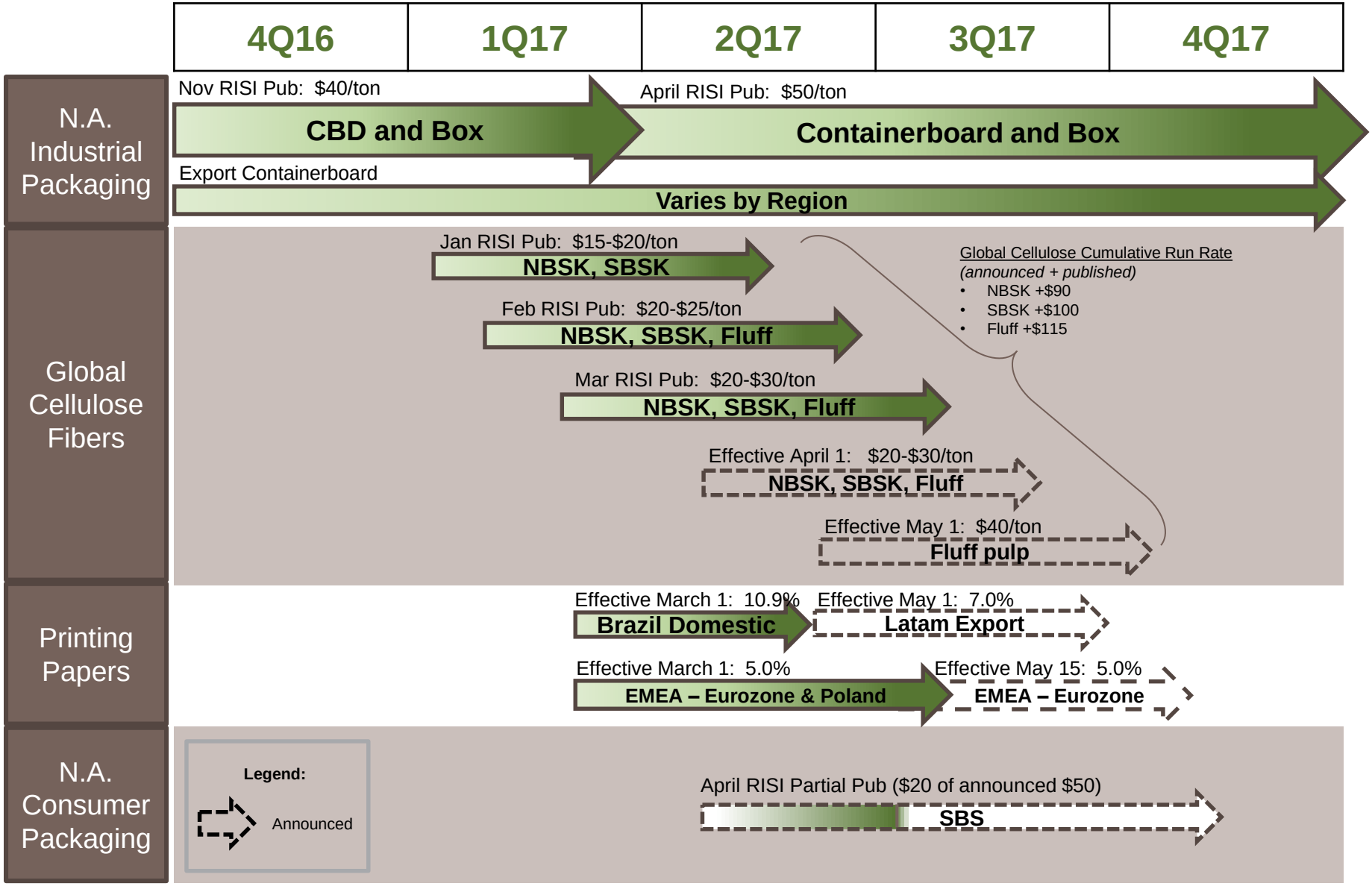
[2] Before F/X impact including USD-denominated net debt

[3] IP Equity Earnings (Loss) for 1Q16, 4Q16 and 1Q17 include after-tax F/X gains (primarily on USD-denominated net debt) of $11MM, $6MM and $23MM, respectively

Second Quarter Outlook | Changes from 1Q17

		North America	EMEA & Russia	Brazil
Price / Mix	Packaging	Implementation	Stable	Stable
	Cellulose Fibers	Implementation		
	Paper	Stable	Increasing	Increasing
Volume	Packaging	Seasonal Increase	Stable	Stable
	Cellulose Fibers	Stable		
	Paper	Stable	Stable	Stable
Operations & Other	Packaging	Pensacola Costs	Stable	Stable
	Cellulose Fibers	Non-repeats		
	Paper	Stable	Stable	Stable
Mill Maintenance Outages	Packaging	Increase $63MM	Increase $3MM	Decrease $2MM
	Cellulose Fibers	Decrease $5MM		
	Papers	Increase $13MM	Increase $7MM	Increase $3MM
Inputs & Freight	Packaging	Stable	Stable	Stable
	Cellulose Fibers	Stable		
	Printing Papers	Stable	Stable	Stable
Other Items		▪ Corporate expense, ~$15MM in 2Q17 ▪ Interest expense, in line with full-year outlook of ~$575MM-$600MM ▪ Tax rate, in line with full-year outlook of ~33% ▪ Ilim JV, forecasting Equity Earnings of ~$40MM		

IP Key Pricing Activity | Setting the Stage for Strong Second Half



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Key Takeaways & Outlook

- **First half initiatives set stage for strong second half with continued momentum**
  - Implementation of recent price announcements / margin improvement
  - Operational excellence and cost-savings efforts
  - Significantly lower maintenance outage expenses in second half
  - GCF integration and synergies
  - Madrid Mill conversion and start up
- **Allocate capital to create value with a near-term focus on debt reduction**
- **Remain confident in upside to full year 10%+ YoY EBITDA growth**









Appendix

Investor Relations Contacts

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

Media Contact

Tom Ryan	901-419-4333

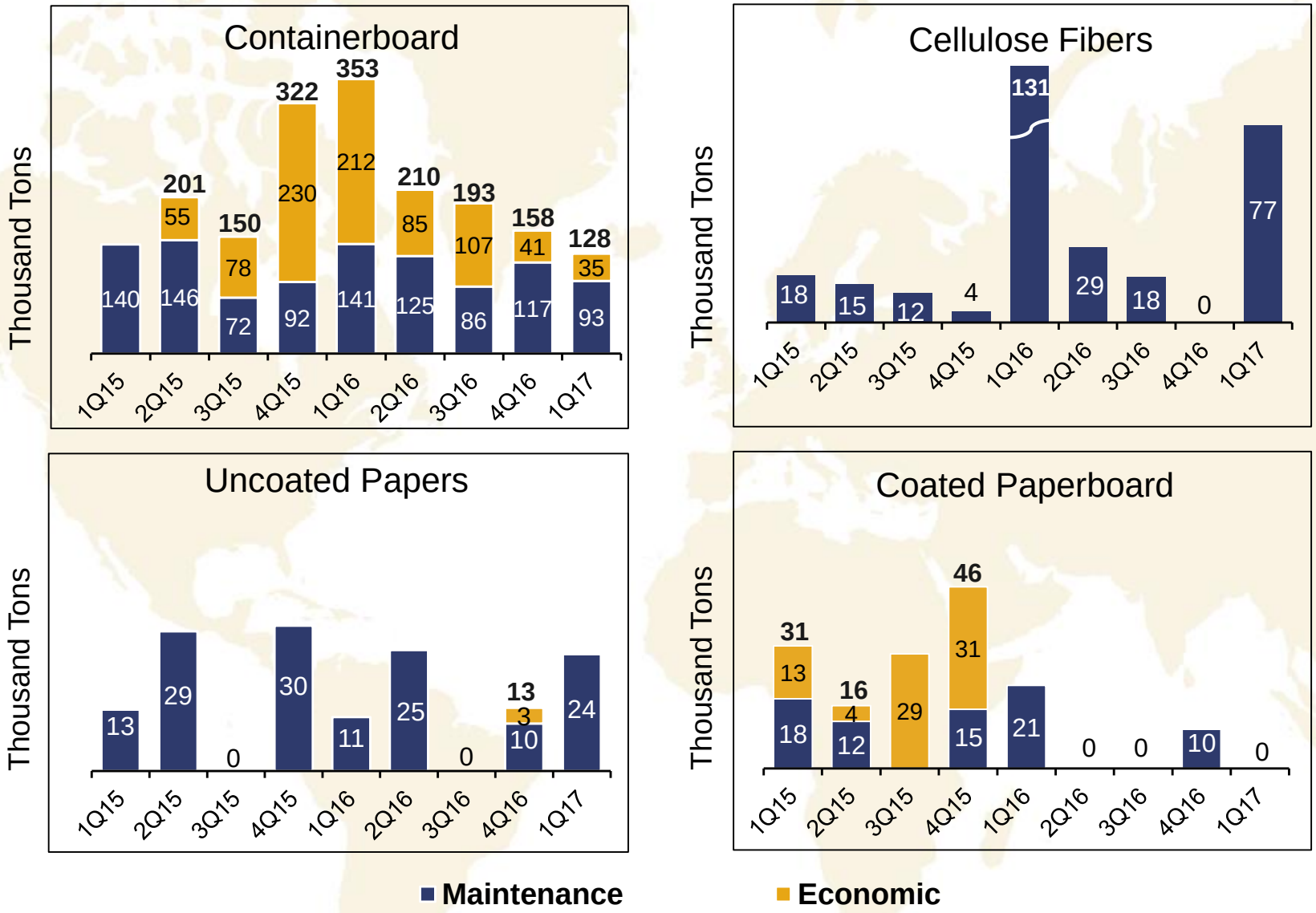
Free Cash Flow

$ Million	1Q16	4Q16	1Q17
Cash Provided by Operations	**$620**	**$912**	**$633**
Cash Invested in Capital Projects	($309)	($445)	($374)
Cash Contribution to Pension Plan	-	-	-
Free Cash Flow	**$311**	**$467**	**$259**

Maintenance Outages Expenses | 2017 Forecast

$ Million	1Q17A	2Q17F	3Q17F	4Q17F	2017F
Industrial Packaging	**$70**	**$103**	**$47**	**$32**	**$252**
North America	68	103	47	32	250
Brazil	2	0	0	0	2
Global Cellulose Fibers	**$50**	**$45**	**$8**	**$11**	**$114**
Printing Papers	**$23**	**$46**	**$2**	**$13**	**$84**
North America	23	36	1	11	71
Europe	0	7	0	0	7
Brazil	0	3	0	2	5
India	0	0	1	0	1
Consumer Packaging	**$0**	**$31**	**$0**	**$4**	**$35**
North America	0	28	0	4	32
Europe	0	3	0	0	3
Total Impact	**$143**	**$225**	**$57**	**$60**	**$485**

IP North American Downtime



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Special Items Before Tax | Continuing Operations

Special Items Pre-Tax ($ Million)		1Q16	4Q16	1Q17
Industrial Packaging	Holmen Acquisition Bargain Purchase Gain			$6
	Turkey Facility Closure		($7)	
	Impairment of Asia Box & Restructuring	($37)		
	Other			($1)
Global Cellulose Fibers	Pulp Business Inventory Step-up Amortization		($19)	($14)
	Pulp Business Acquisition		($19)	($4)
	Other			($1)
Consumer Pkg.	Riegelwood Repurposing	($9)		
Corporate	Sale of Arizona Chemical Investment	$8		
Total Special Items Before Tax		**($38)**	**($45)**	**($14)**

Special Items Net of Taxes

	1Q17	
	$ Million	EPS
Earnings Before Special Items	$249	$0.60
Special Items Net of Taxes:		
Tax Expense – International Investment Restructuring	($15)	
Pulp Business Inventory Step-up Amortization	($8)	
Pulp Business Acquisition	($2)	
Holmen Acquisition Bargain Purchase Gain	$6	
Other	($2)	
Total Special Items Net of Taxes	($21)	($0.05)
Non-Operating Pension Expense	($19)	($0.05)
Net Earnings	$209	$0.50

Adj. Operating Profits by Industry Segment | Continuing Operations

$ Million	1Q16	4Q16	1Q17
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	**$317**	**$280**	**$244**
Interest Expense, Net	$123	$136	$142
Noncontrolling Interest / Equity Earnings Adjustment	-	-	-
Corporate Items, Net	$21	$11	$11
Special Items, Net	$38	$45	$14
Non-Operating Pension Expense	$44	$37	$31
Adj. Operating Profit Before Special Items	**$543**	**$509**	**$442**
Industrial Packaging[1]	$433	$379	$360
Global Cellulose Fibers[1,2]	($50)	($32)	($51)
Printing Papers[1]	$135	$121	$100
Consumer Packaging[1]	$25	$41	$33
Total Adj. Industry Segment Operating Profit[1,2]	**$543**	**$509**	**$442**
Equity Earnings (Loss), net of taxes – Ilim	**$62**	**$45**	**$50**

[1] Excludes special items (Non-GAAP)
[2] Earnings from newly acquired pulp business are reflected beginning December 1, 2016

Geographic Business Segment Operating Results | Quarterly

$ Million	Sales			D & A	Adj. Operating Profit[1]		
	1Q16	4Q16	1Q17	1Q17	1Q16	4Q16	1Q17
Industrial Packaging							
North America	$2,990	$3,052	$3,155	$170	$438	$384	$362
Europe	$294	$325	$317	$8	$7	$9	$8
Brazil	$42	$77	$59	$5	($8)	($14)	($10)
Global Cellulose Fibers[2]							
Global Cellulose Fibers	$212	$379	$564	$59	($50)	($32)	($51)
Printing Papers							
North America	$481	$465	$468	$19	$61	$43	$33
Europe	$258	$284	$274	$10	$40	$28	$29
Brazil	$190	$260	$214	$26	$35	$50	$39
India	$43	$47	$48	$5	($1)	$0	($1)
Consumer Packaging							
North America	$418	$386	$388	$25	($1)	$21	$14
Europe	$77	$78	$78	$2	$26	$20	$19

Does not reflect total company sales

[1] Excludes special items (Non-GAAP)

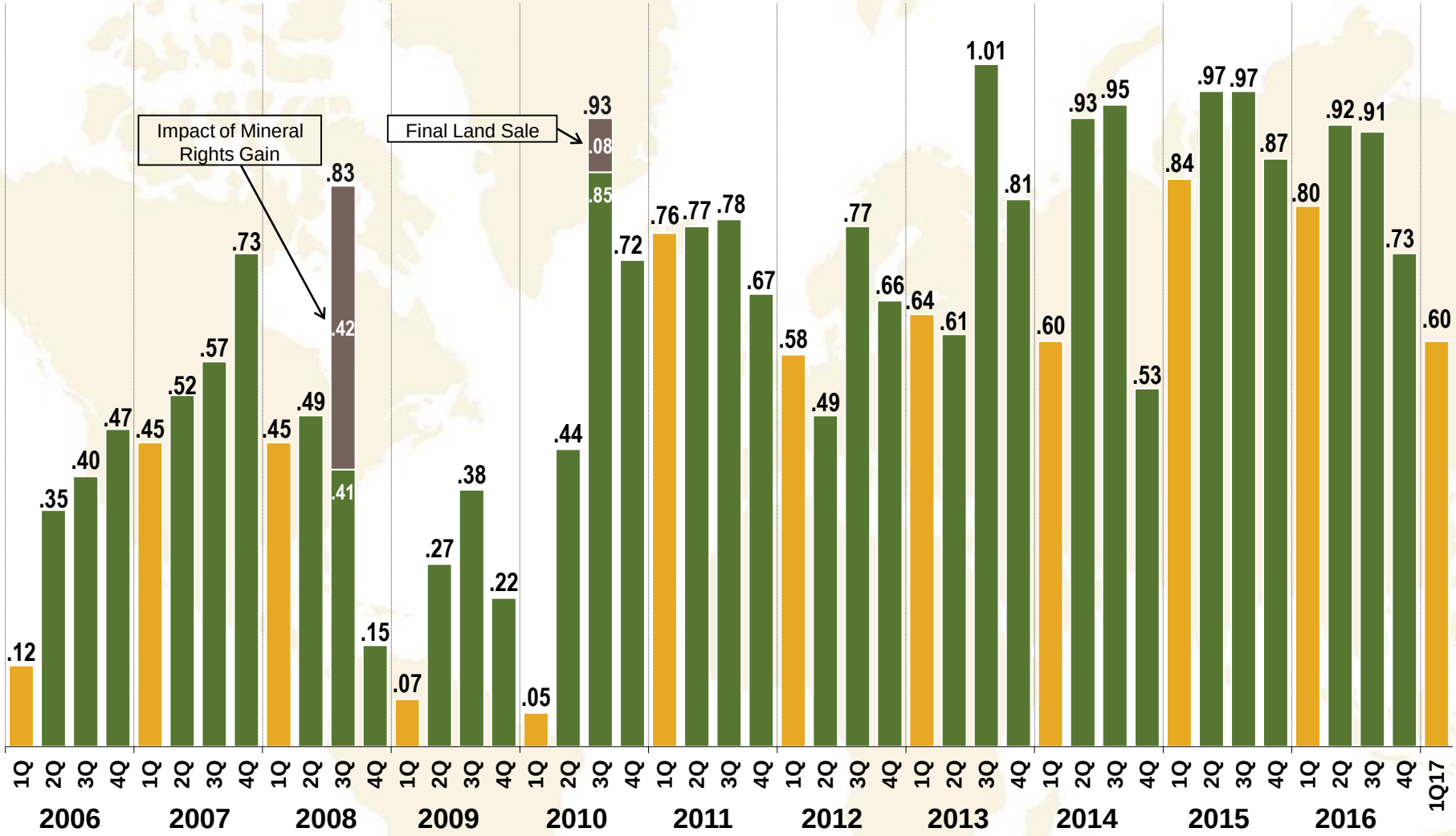
[2] Earnings from newly acquired pulp business are reflected beginning December 1, 2016

2017 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							
1Q17	$244	($83)	-	$48	$209	416	$0.50
Net Special Items							
1Q17	$14	$7	-	-	$21	416	$0.05
Non-Operating Pension Expense							
1Q17	$31	($12)	-	-	$19	416	$0.05
Adj. Operating Earnings							
1Q17	$289	($88)	-	$48	$249	416	$0.60

[1] A reconciliation to GAAP EPS is available at www.internationalpaper.com under the Performance tab, Investors section

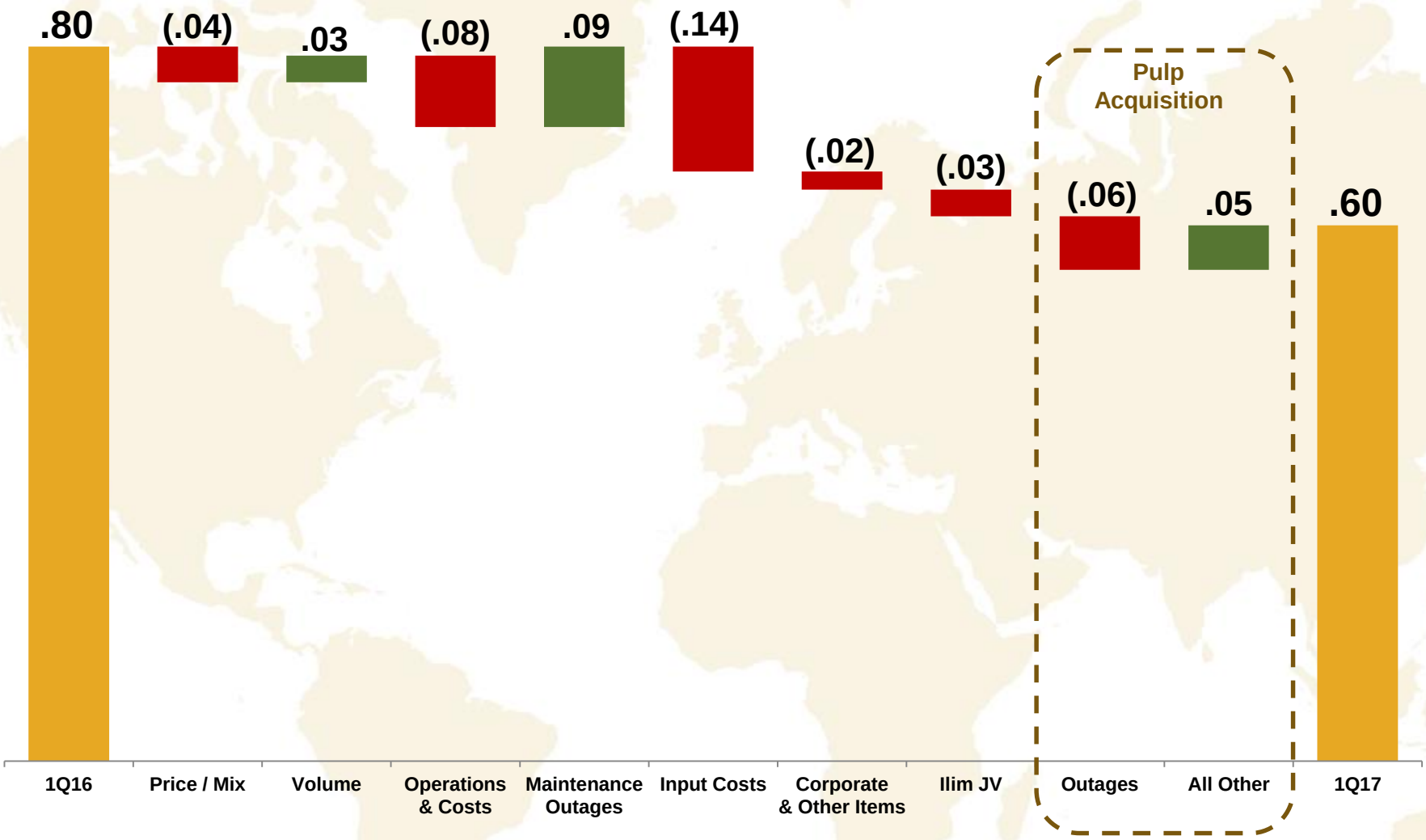
Adj. Operating EPS



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

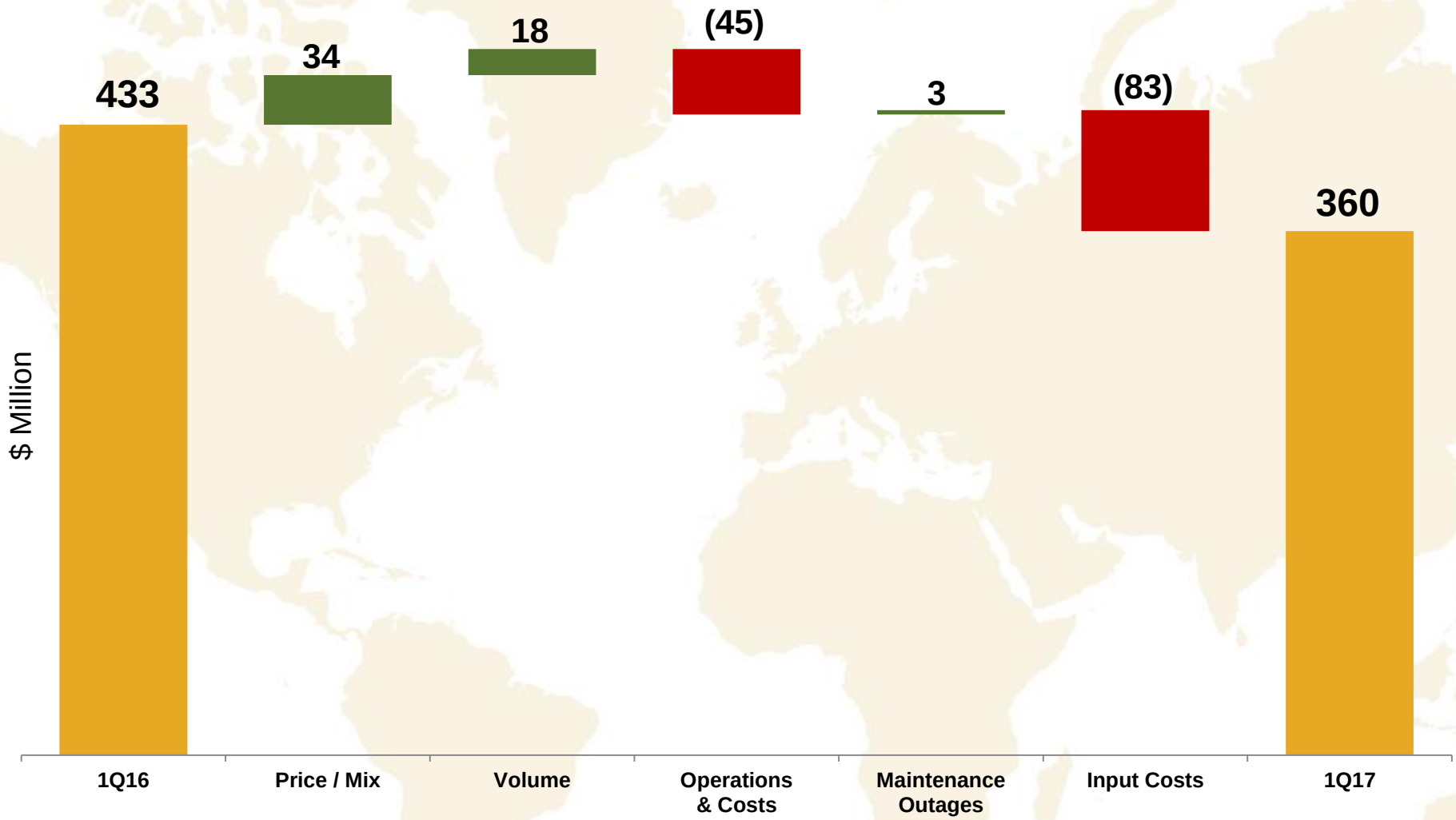
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1Q17 vs. 1Q16 Adj. Operating EPS



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 | 1Q17 vs. 1Q16 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

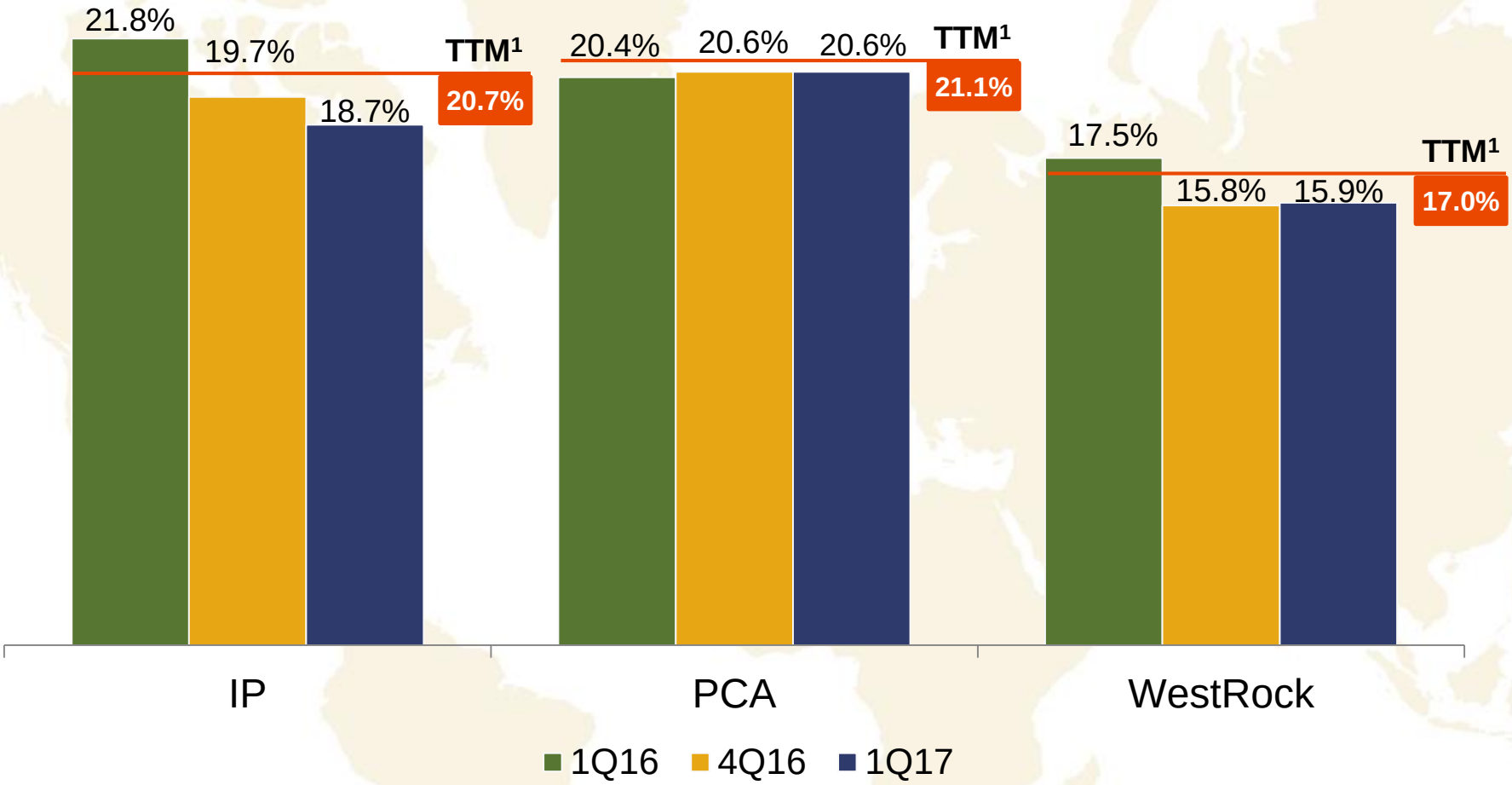
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Industrial Packaging | Volume and Pricing Trends

	1Q17 vs. 4Q16		1Q17 vs. 1Q16	
Business	**Volume**	**Price / Mix per Ton**	**Volume**	**Price / Mix per Ton**
N.A. Container[1]	**(9.0%)**	**$22**	**(0.7%)**	**$11**
European Container	**(2%)**	**(€4)**	**1%**	**(€6)**

Average IP volume and price realization (includes the impact of mix across all segments)
[1] On a per day FBA basis

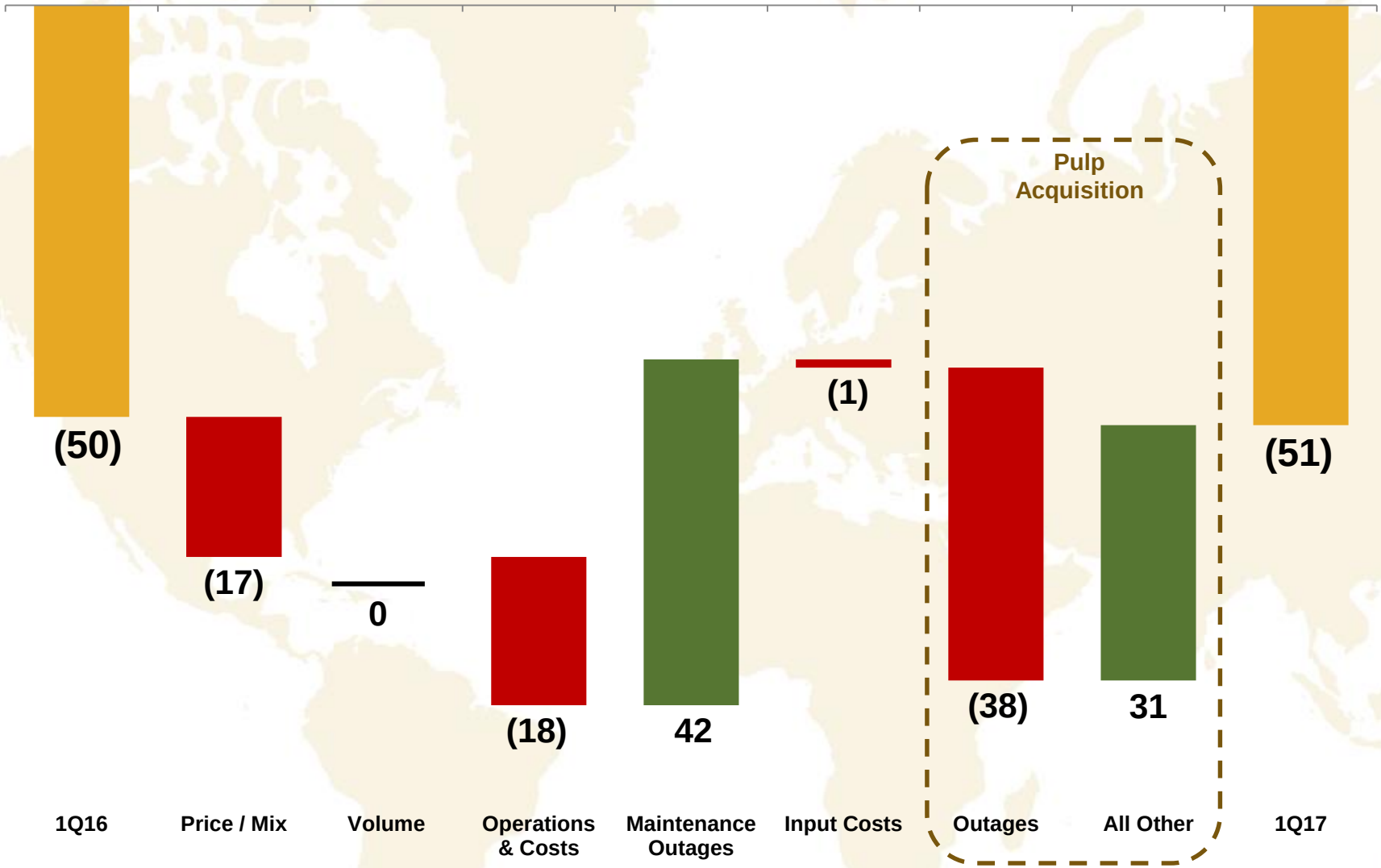
N.A. Industrial Packaging Relative Adj. EBITDA Margins



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

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Global Cellulose Fibers | 1Q17 vs. 1Q16 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

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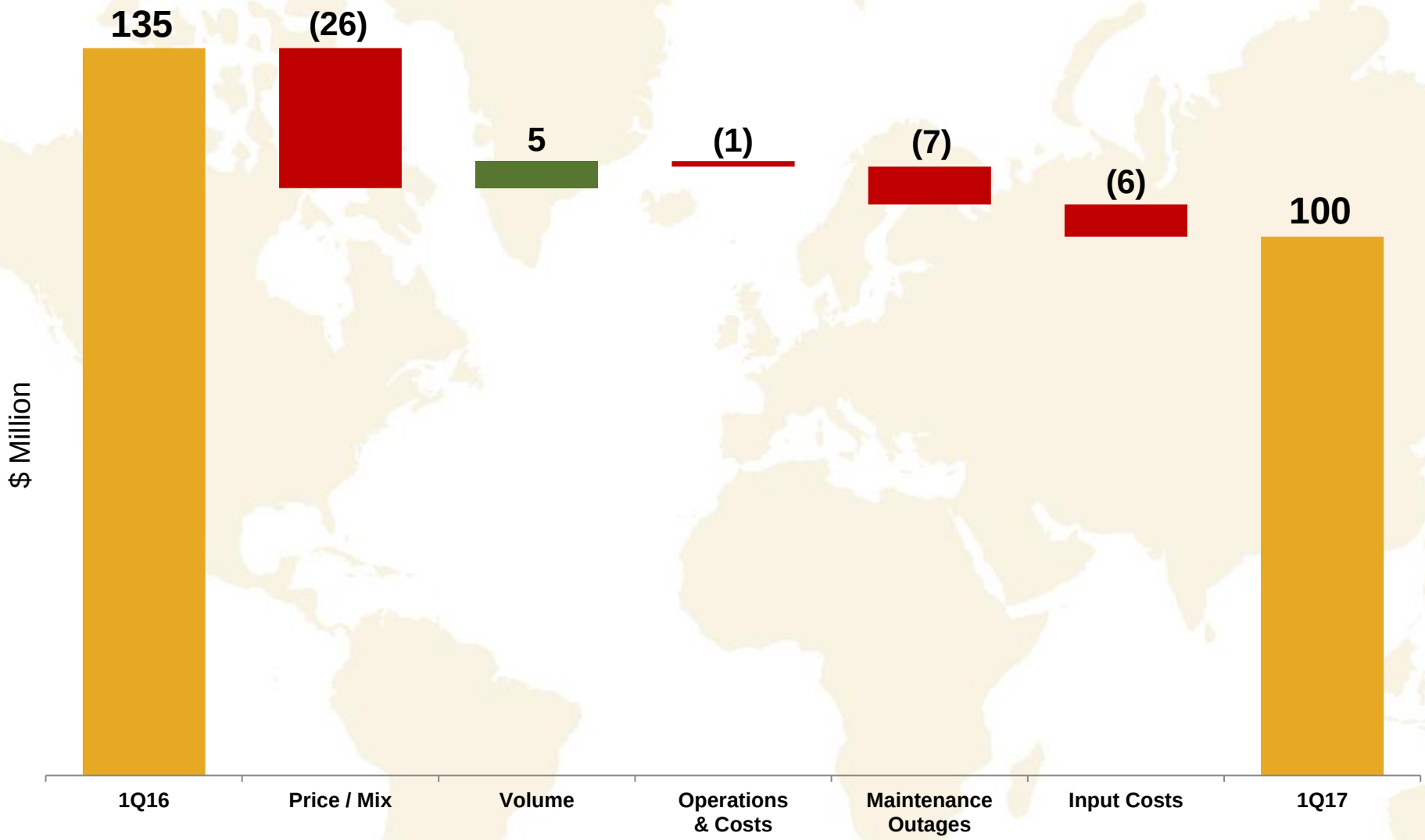
Global Cellulose Fibers | Volume and Pricing Trends

	1Q17 vs. 4Q16[1]		1Q17 vs. 1Q16[1]	
Business	**Volume**	**Price / Mix per Tonne**	**Volume**	**Price / Mix per Tonne**
Pulp (metric ton)	**(1%)**	**($27)**	**6%**	**($28)**

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

[1]Proforma basis- Combined Global Cellulose Fibers

Printing Papers | 1Q17 vs. 1Q16 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

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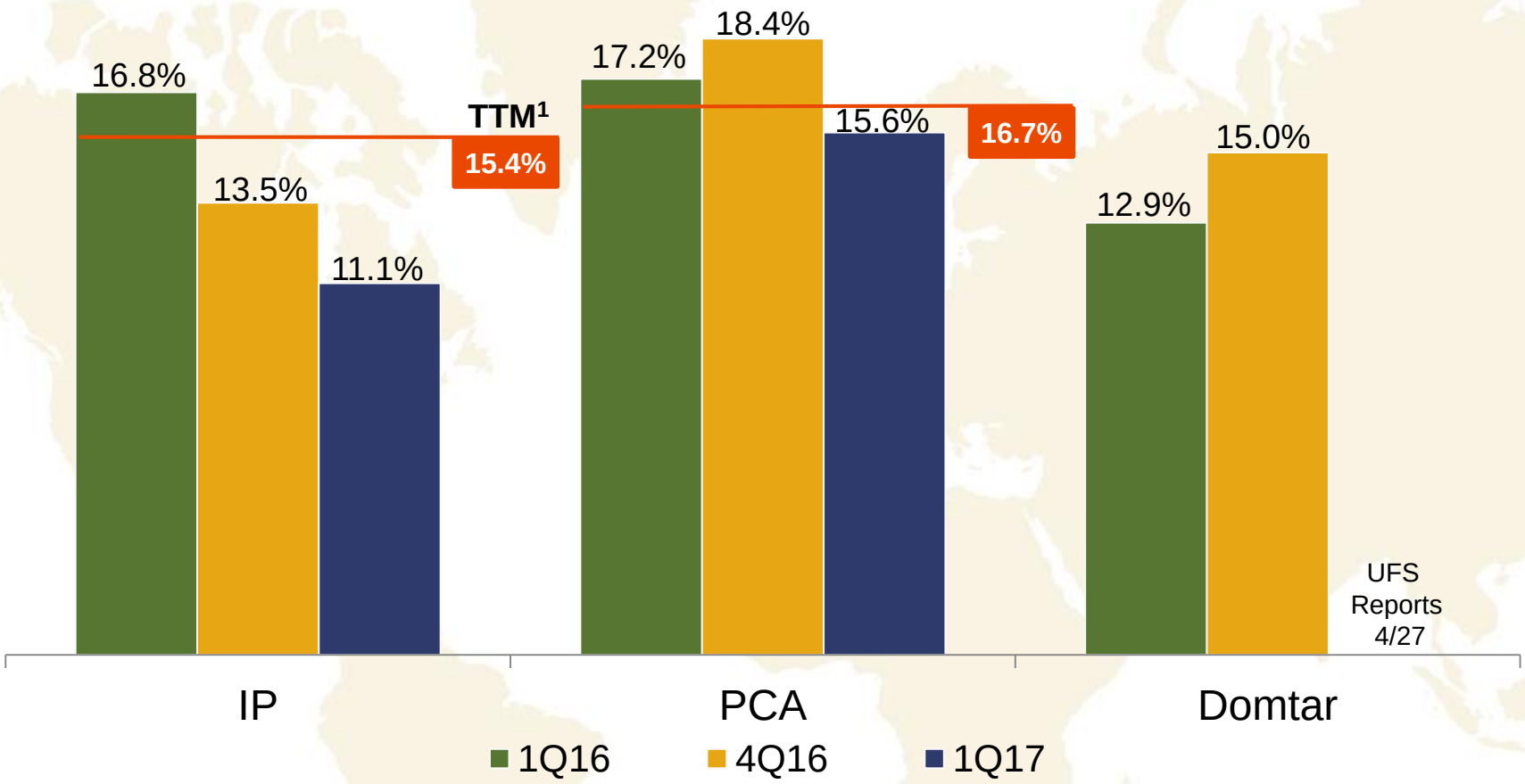
Printing Papers | Volume and Pricing Trends

	1Q17 vs. 4Q16		1Q17 vs. 1Q16	
Business	**Volume**	**Price / Mix per Ton**	**Volume**	**Price / Mix per Ton**
N.A. Printing Papers	**4%**	**($32)**	**3%**	**($55)**
European Papers[1]	**(8%)**	**(€3)**	**7%**	**(€36)**

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

[1] Excludes Russia

N.A. Printing Papers Relative Adj. EBITDA Margins



[1]Trailing Twelve Months
IP Adjusted EBITDA margins based on operating profit from continuing operations before special items
Competitor Adjusted EBITDA margin estimates obtained from public filings and IP analysis

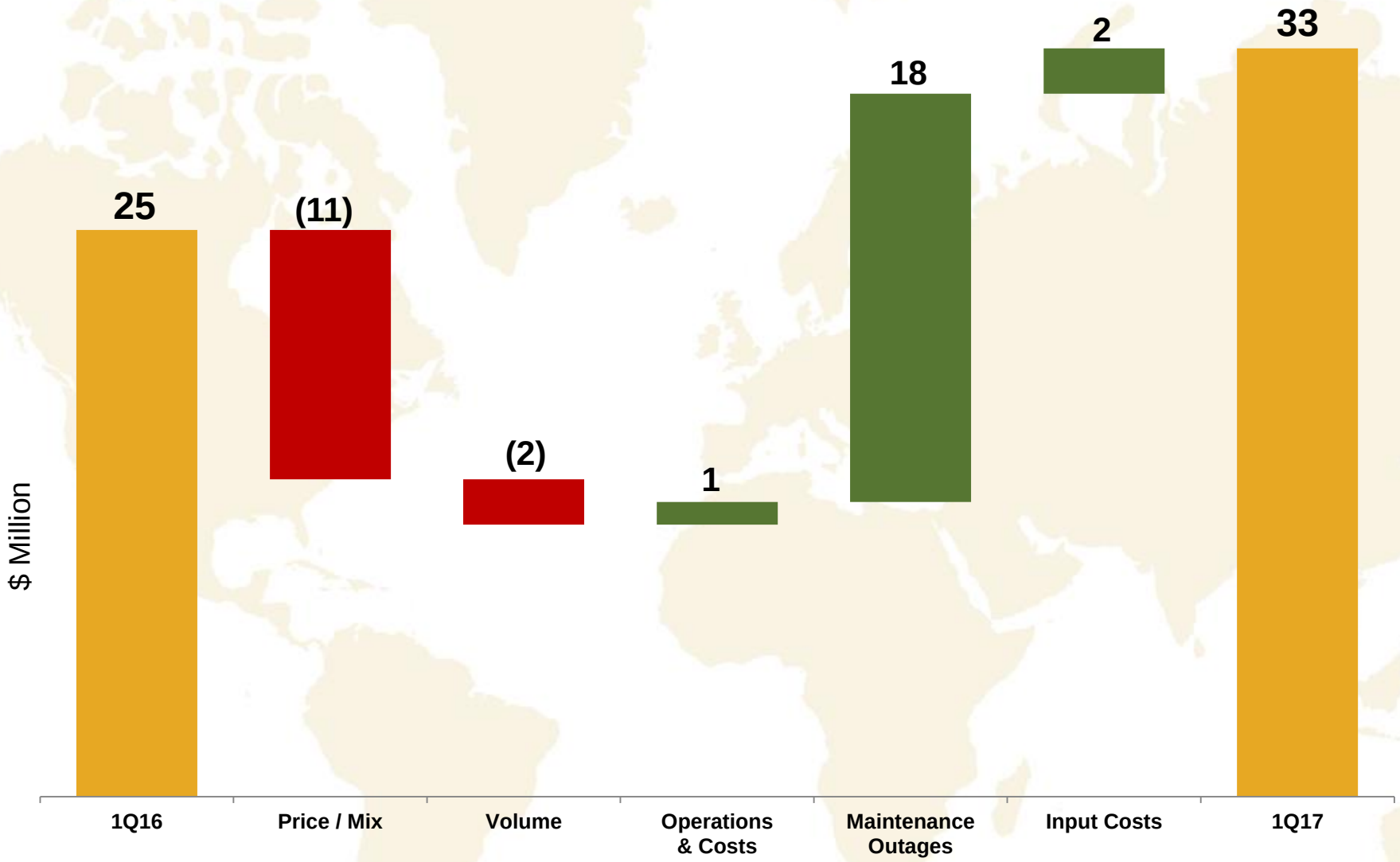
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$ Million	1Q16	4Q16	1Q17
Sales	$190	$260	$214
Adj. Earnings	$35	$50	$39
Adj. EBITDA Margin	29%	29%	30%

	1Q17 vs. 4Q16		1Q17 vs. 1Q16	
Uncoated Freesheet	Volume	Price / Mix per Ton	Volume	Price / Mix per Ton
Domestic (BRL)	(21%)	(R$33)	(11%)	R$345
Export (USD)	(11%)	($21)	18%	($42)

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)

Consumer Packaging | 1Q17 vs. 1Q16 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

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Consumer Packaging | Volume and Pricing Trends

	1Q17 vs. 4Q16		1Q17 vs. 1Q16	
	Volume	Price / Mix per Ton	Volume	Price / Mix per Ton
N.A. Coated Paperboard[1]	6%	($18)	(2%)	($42)
	Revenue		Revenue	
Foodservice	(8%)		(2%)	

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

[1] All periods exclude Carolina brand coated bristols sales

Ilim Joint Venture | Full Year Financials

	2013	2014	2015	2016
Sales Volume (Million tons)	**2.7**	**3.2**	**3.3**	**3.5**
Sales ($B)	**1.9**	**2.1**	**1.9**	**1.9**
Debt ($B)	**1.5**	**1.4**	**1.2**	**1.5**
Adj. Operating EBITDA ($MM)	**203**	**459**	**694**	**680**
F/X Gain (Loss)[1] ($MM)	(80)	(674)	(188)	63
EBITDA ($MM)	**123**	**(215)**	**506**	**743**
Depreciation ($MM)	176	188	128	121
EBIT ($MM)	**(53)**	**(403)**	**378**	**622**
Interest Expense ($MM)	**39**	**69**	**52**	**81**
Net Income / (Loss) ($MM)	**(72)**	**(359)**	**237**	**385**
IP Equity Earnings / (Loss) ($MM)	**(46)**	**(194)**	**131**	**199**
Dividends (to IP) ($MM)	**0**	**56**	**35**	**60**

Ilim JV results are US GAAP basis

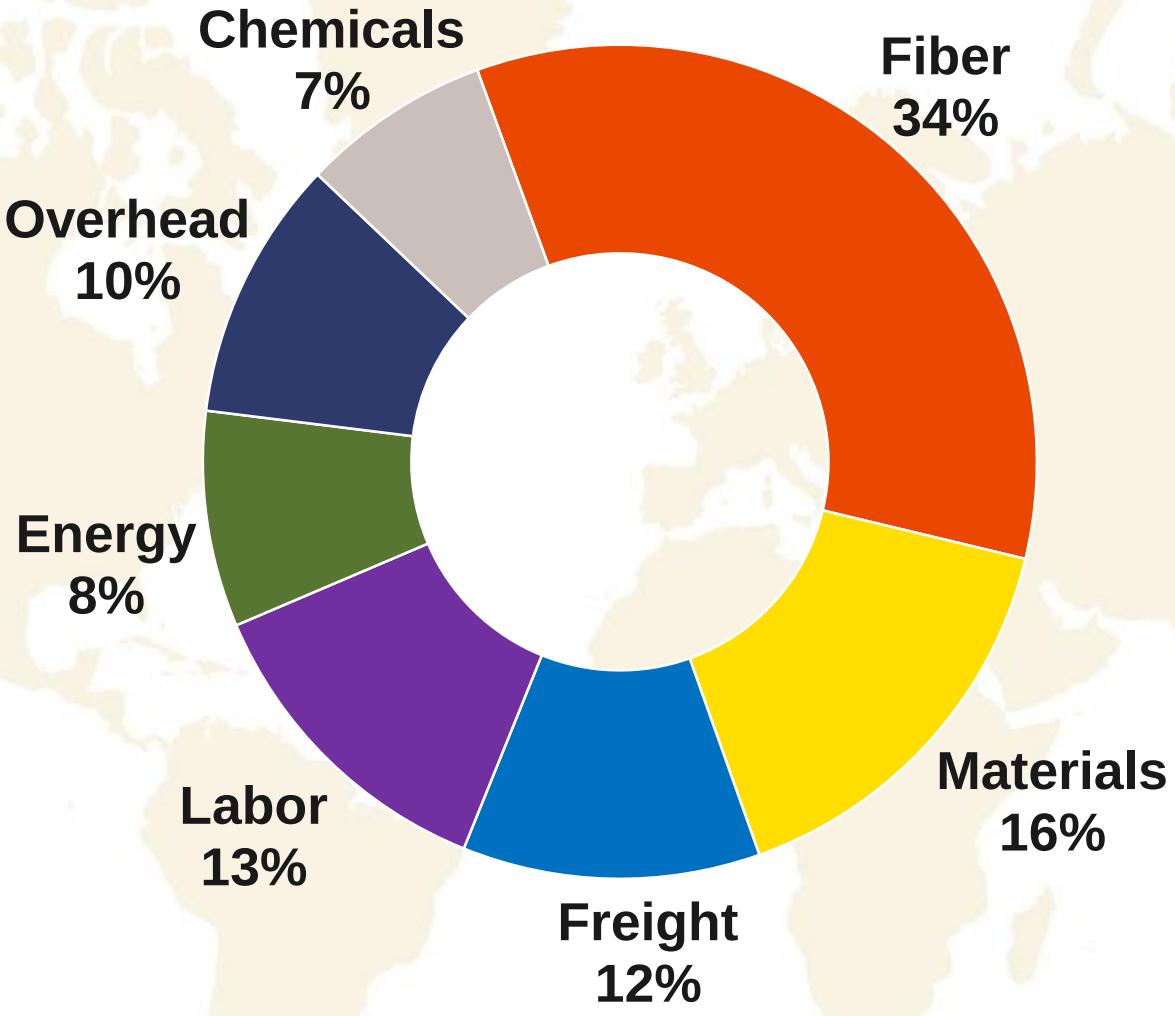
[1] Represents F/X impact including that related to Ilim JV USD-denominated net debt (balance of ~$0.6B at year end 2016)

Ilim Joint Venture | Volume and Pricing Trends

	1Q17 vs. 4Q16		1Q17 vs. 1Q16	
Business	**Volume**	**Price / Mix per Tonne**	**Volume**	**Price / Mix per Tonne**
Pulp (metric ton)	**(24%)**	**$22**	**(7%)**	**$17**

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

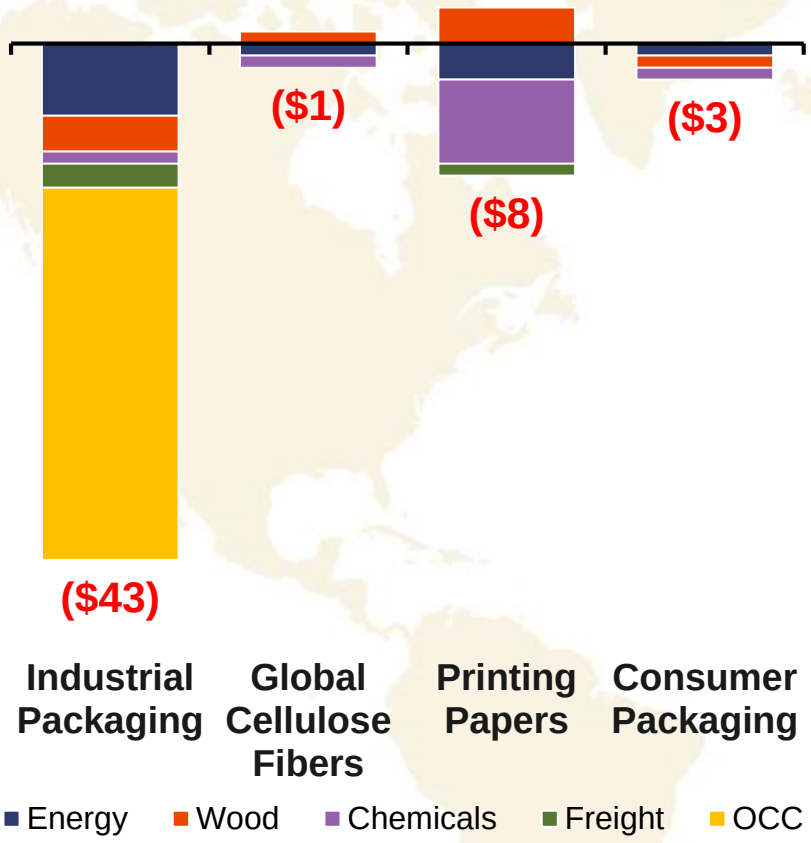
Total Cash Cost Components | 1Q17 YTD



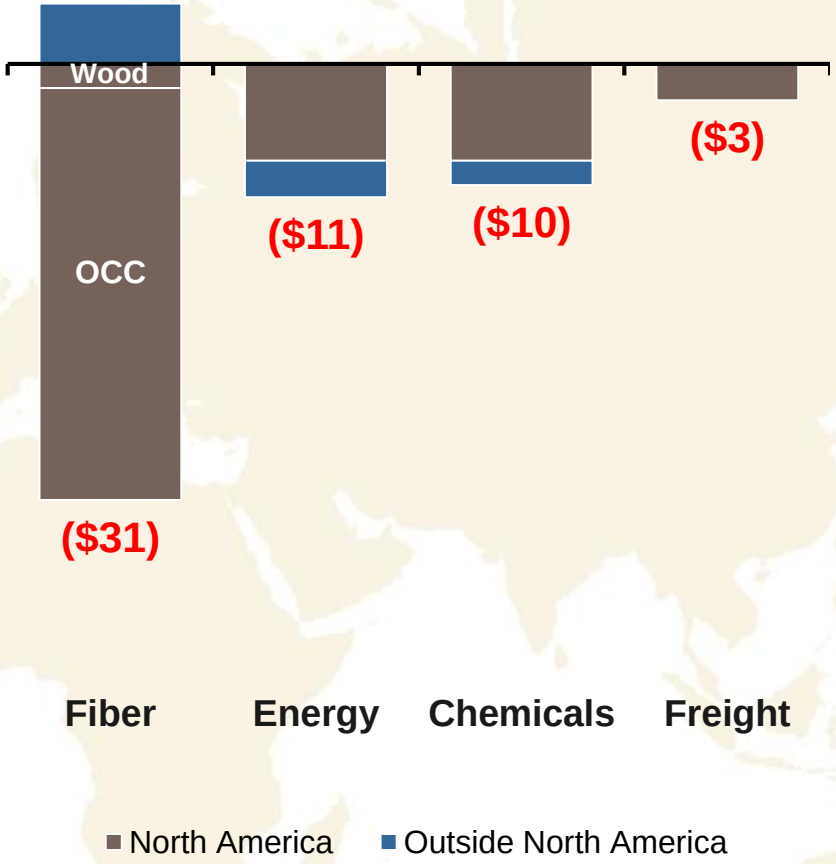
North American mills only (excludes newly acquired pulp business)

Global Input Costs vs. 4Q16 | $55MM Unfavorable, or $0.09/Share

By Business



By Input Type

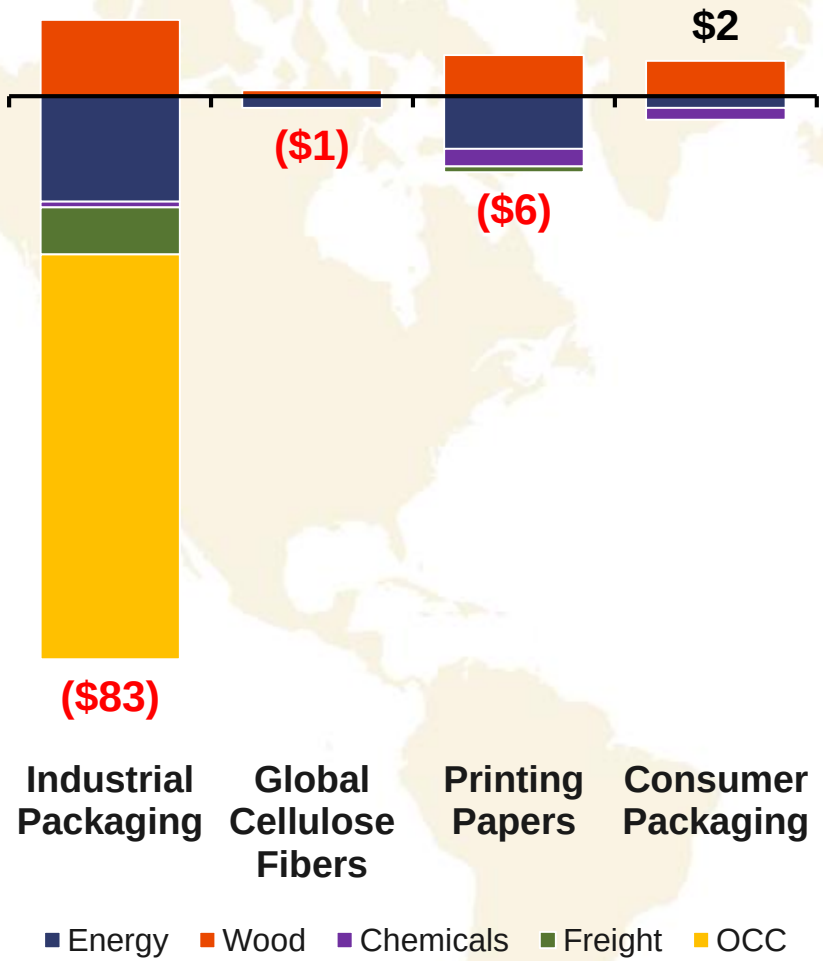


Input costs ($MM) for continuing businesses

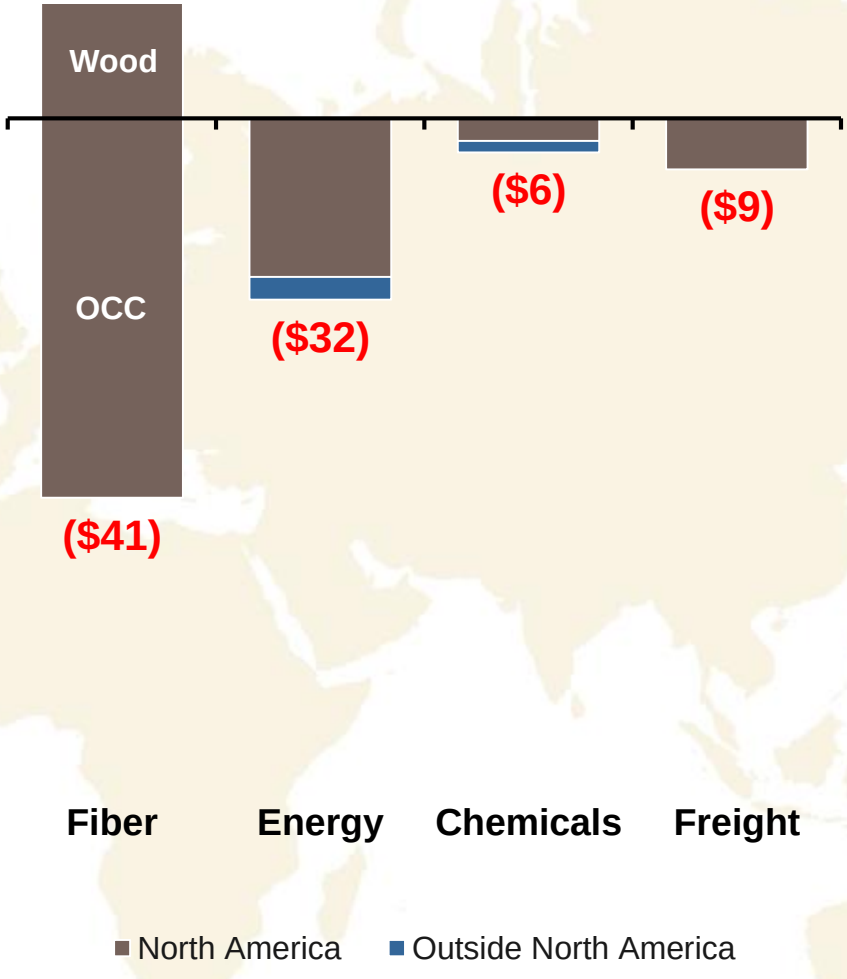
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Global Input Costs vs. 1Q16 | $88MM Unfavorable, or $0.14/Share

By Business



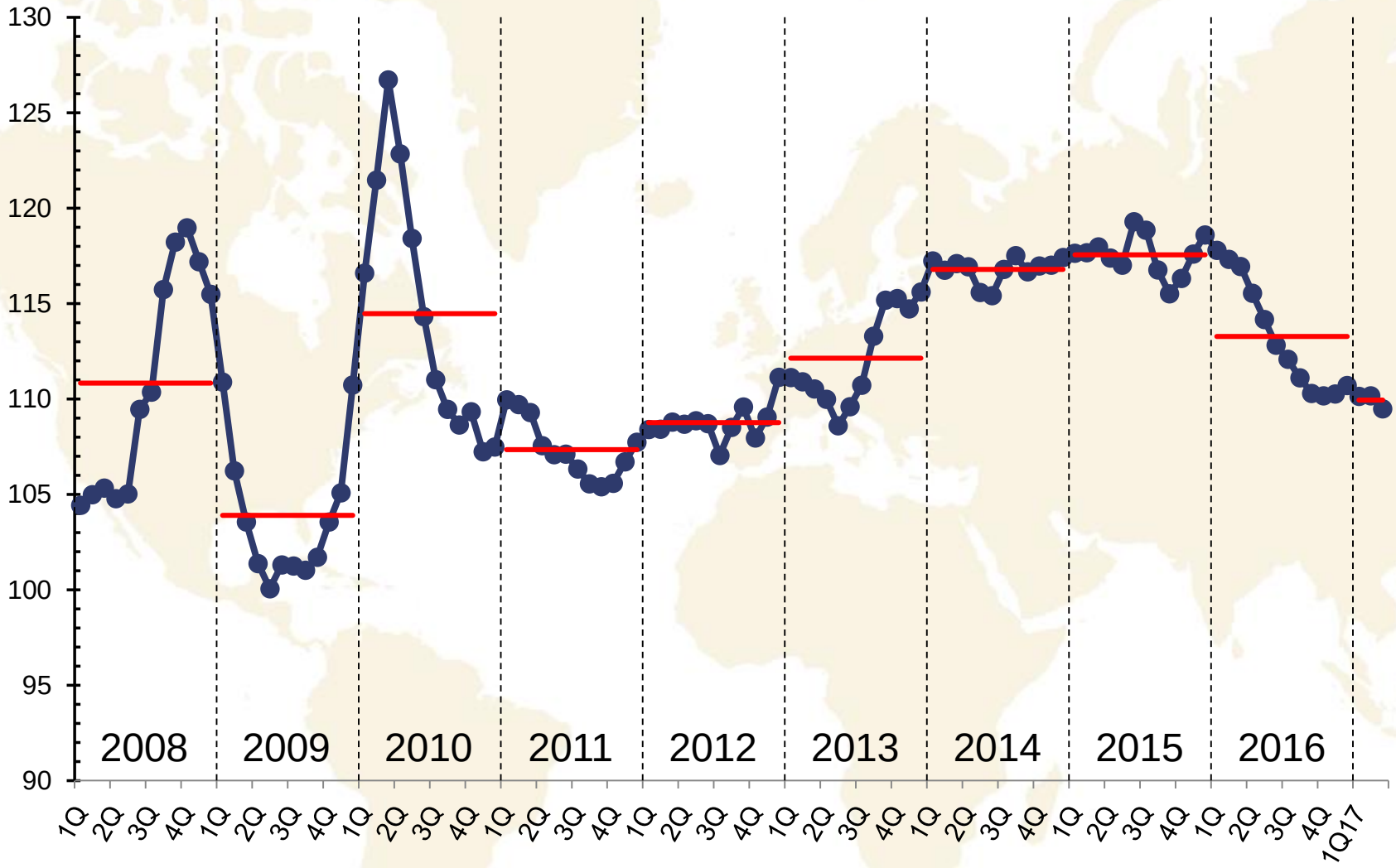
By Input Type



Input costs ($MM) for continuing businesses

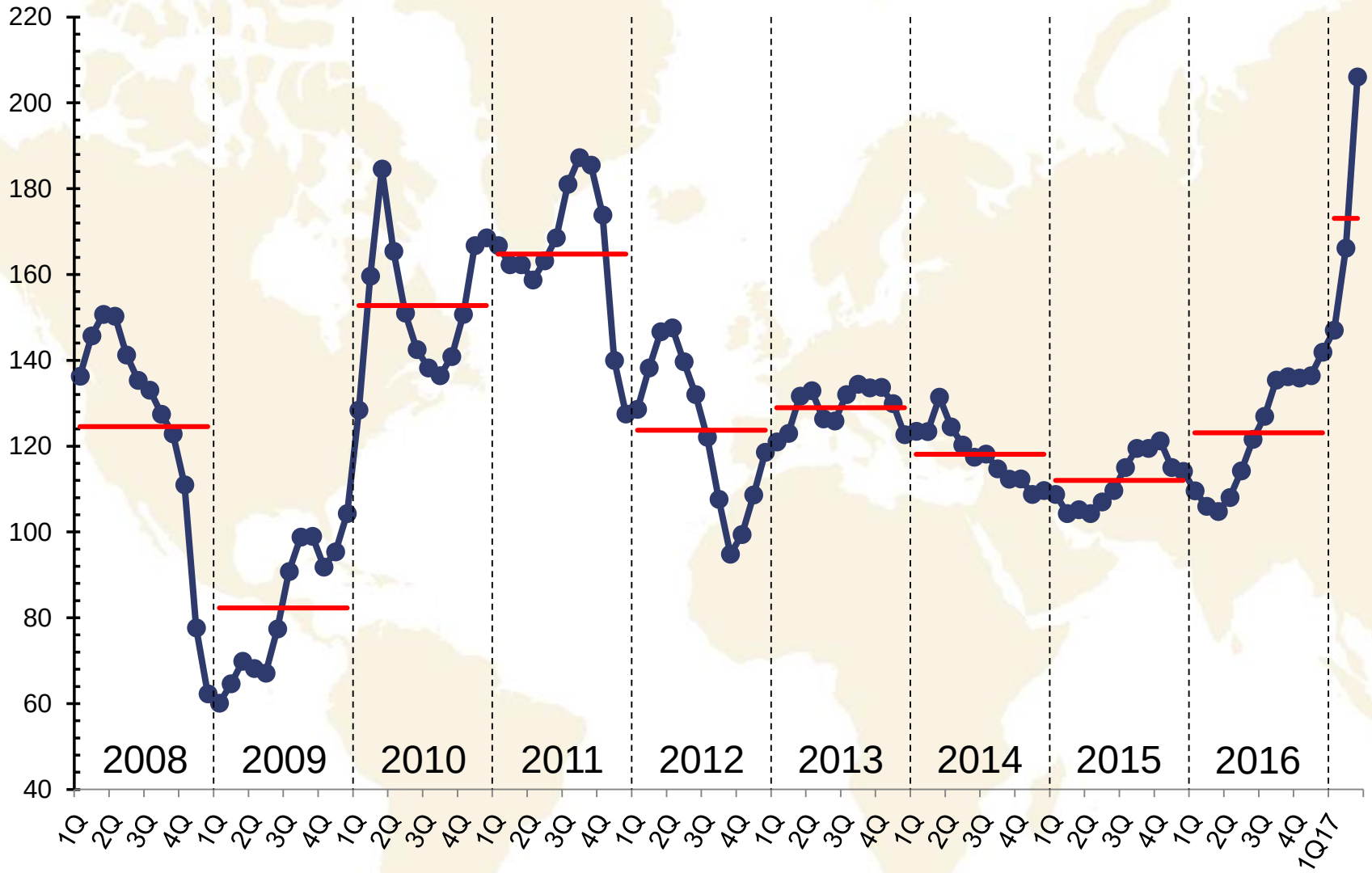
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U.S. Mill Wood Delivered Cost Trend | 1Q17 Average Cost Down 1% vs. 4Q16



IP data, cost Indexed to January 2007 values

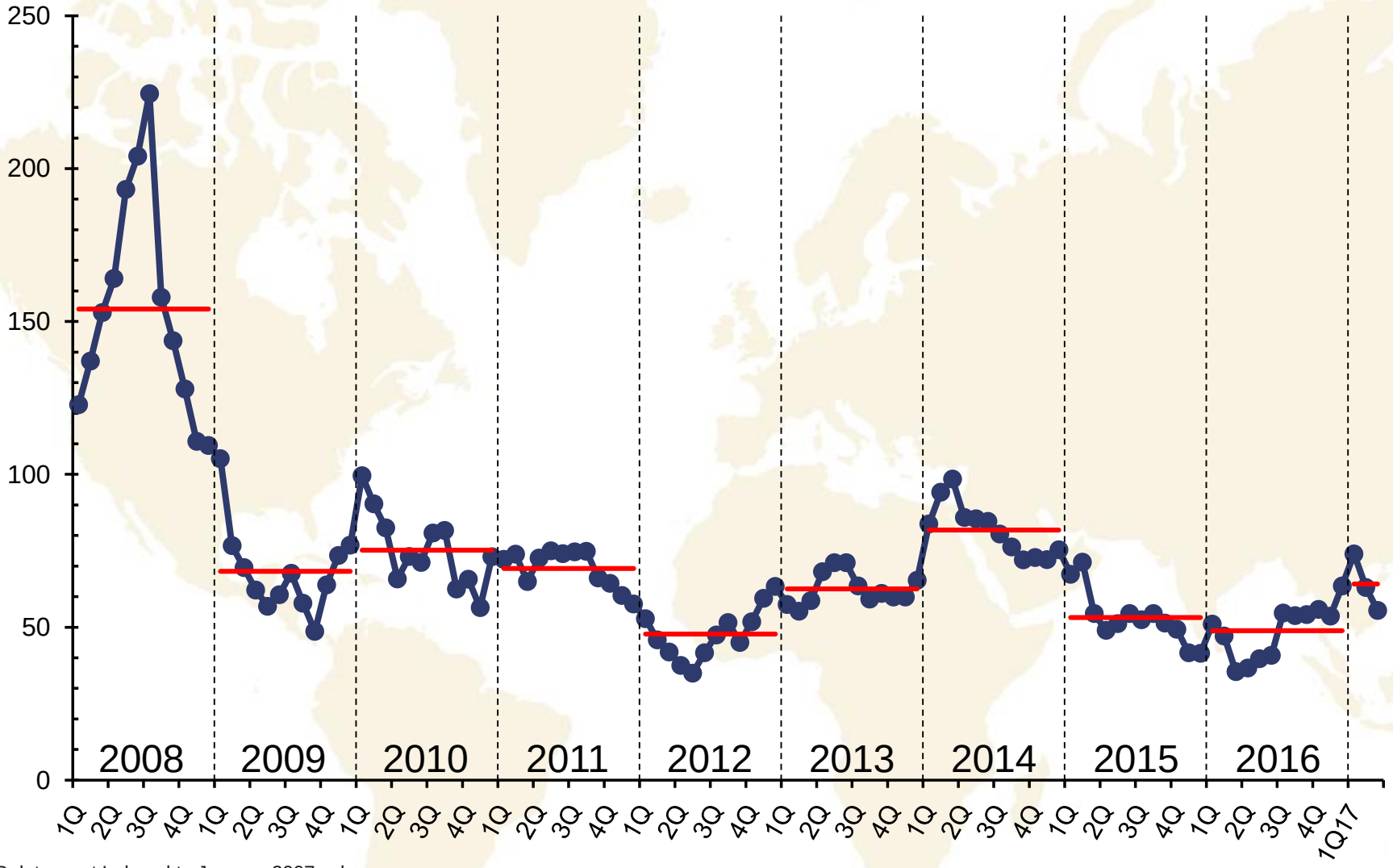
U.S. OCC Delivered Cost Trend | 1Q17 Average Cost Up 25% vs. 4Q16



IP data, cost Indexed to January 2007 values

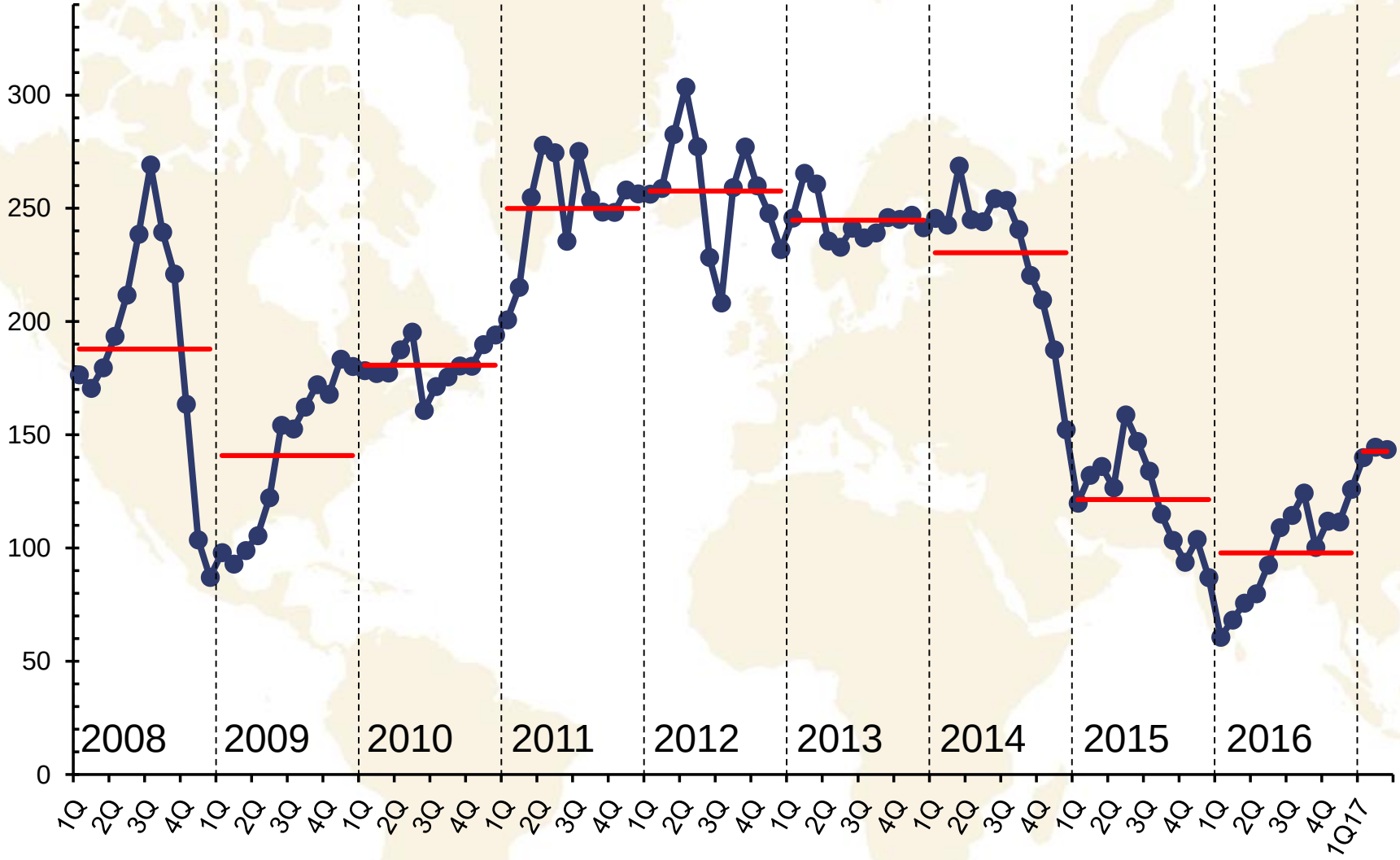
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U.S. Natural Gas Cost Trend | 1Q17 Average Cost Up 11% vs. 4Q16



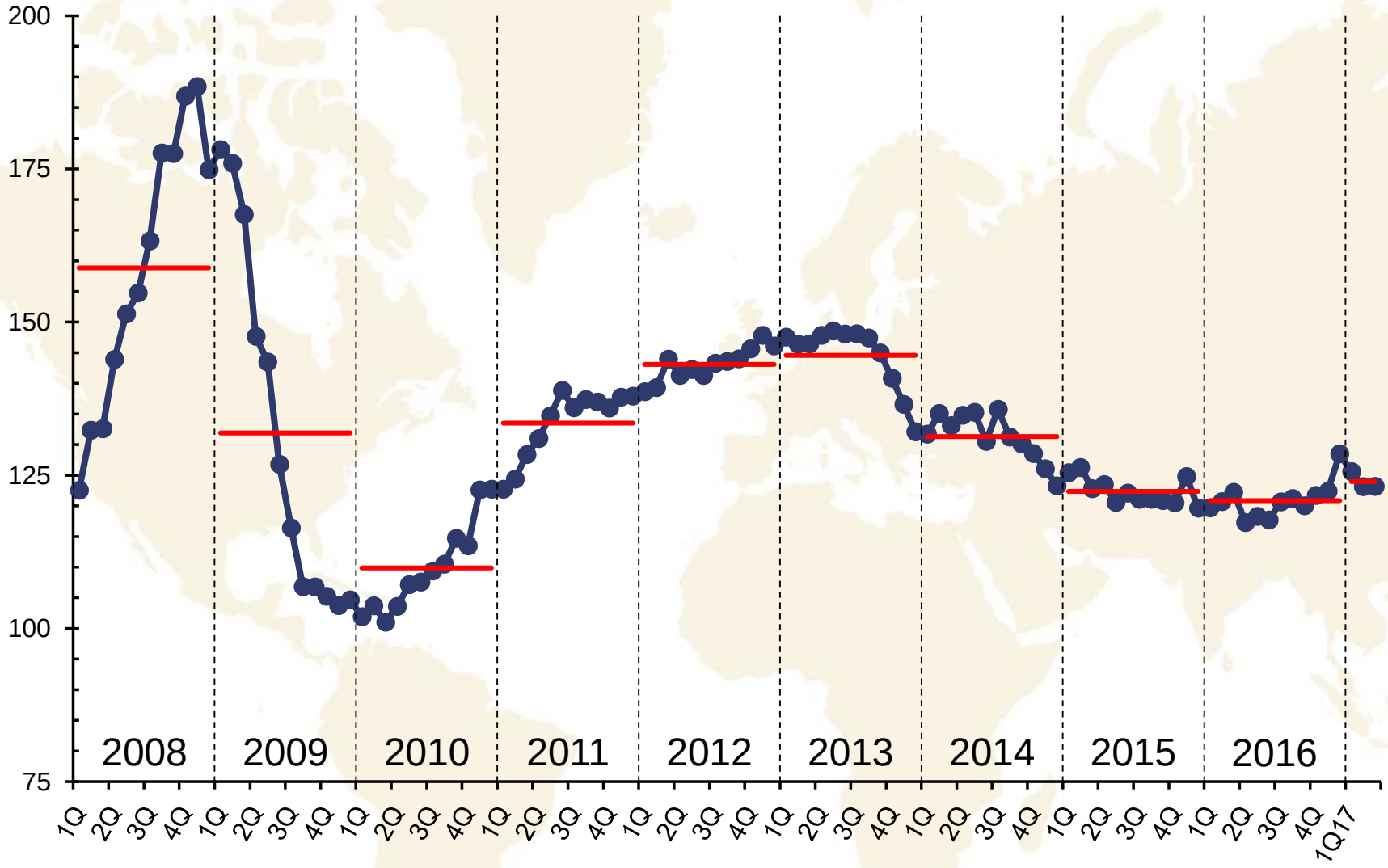
IP data, cost Indexed to January 2007 values
NYMEX Natural Gas closing prices

U.S. Fuel Oil Cost Trend | 1Q17 Average Cost Up 23% vs. 4Q16



IP data, cost Indexed to January 2007 values
WTI Crude prices

U.S. Chemical Composite Cost Trend | 1Q17 Average Cost Flat vs. 4Q16



IP data, 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

2017 Global Consumption | Annual Purchase Estimates for Key Inputs

	Commodity	North America	Non – North America
Energy	Natural Gas (MMBTUs)	85,000,000	11,000,000
	Fuel Oil (Barrels)	370,000	400,000
	Coal (Tons)	130,000	600,000
Fiber	Wood (Tons)	60,000,000	8,000,000
	Old Corrugated Containers / DLK (Tons)	4,800,000	400,000
Chemicals	Caustic Soda (Tons)	400,000	70,000
	Starch (Tons)	390,000	120,000
	Sodium Chlorate (Tons)	220,000	50,000
	LD Polyethylene (Tons)	40,000	-
	Latex (Tons)	10,000	6,000

Includes purchase estimates for newly acquired pulp business