Second Quarter 2017 Earnings | July 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) whether we experience a material disruption at one of our other manufacturing facilities; (vi) risks inherent in conducting business through joint ventures; (vii) the failure to realize the expected synergies and cost-savings from our purchase of the cellulose fibers business of Weyerhaeuser Company; and (viii) 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.

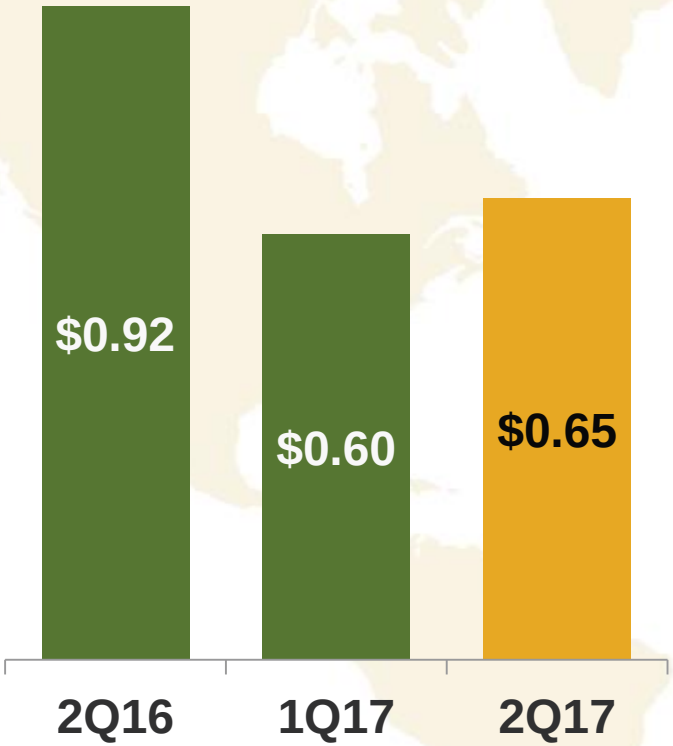
A reconciliation of all presented non-GAAP measures (and their components) to U.S. GAAP financial measures is available on the company's website at internationalpaper.com under Performance/Investors.

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.”

Second Quarter 2017 Results

Adj. Operating EPS[1]

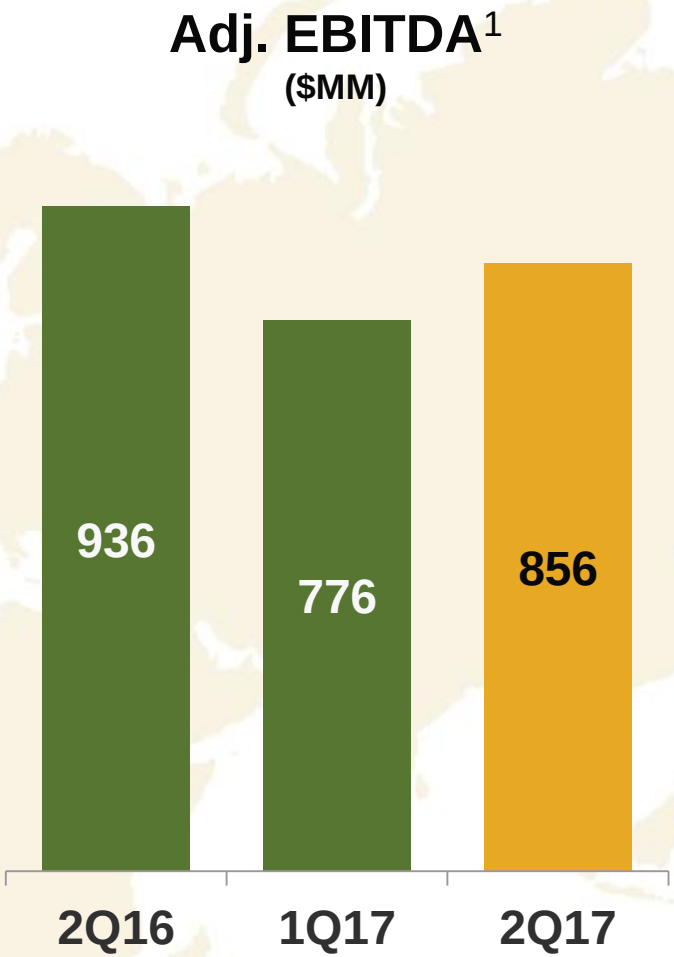


- Healthy box and containerboard demand driving N.A. Industrial Packaging performance
- Positive momentum in Global Cellulose Fibers
  - Record fluff pulp sales
  - Synergies being realized faster
- Recent price increases being implemented and realized across key businesses
- OCC cost averaged $20/ton higher than 1Q17
- Executed seasonally heavy maintenance outage schedule; ~75% of outages completed in 1H17
- Strong Ilim operational results; equity earnings negatively impacted by non-cash FX

[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)

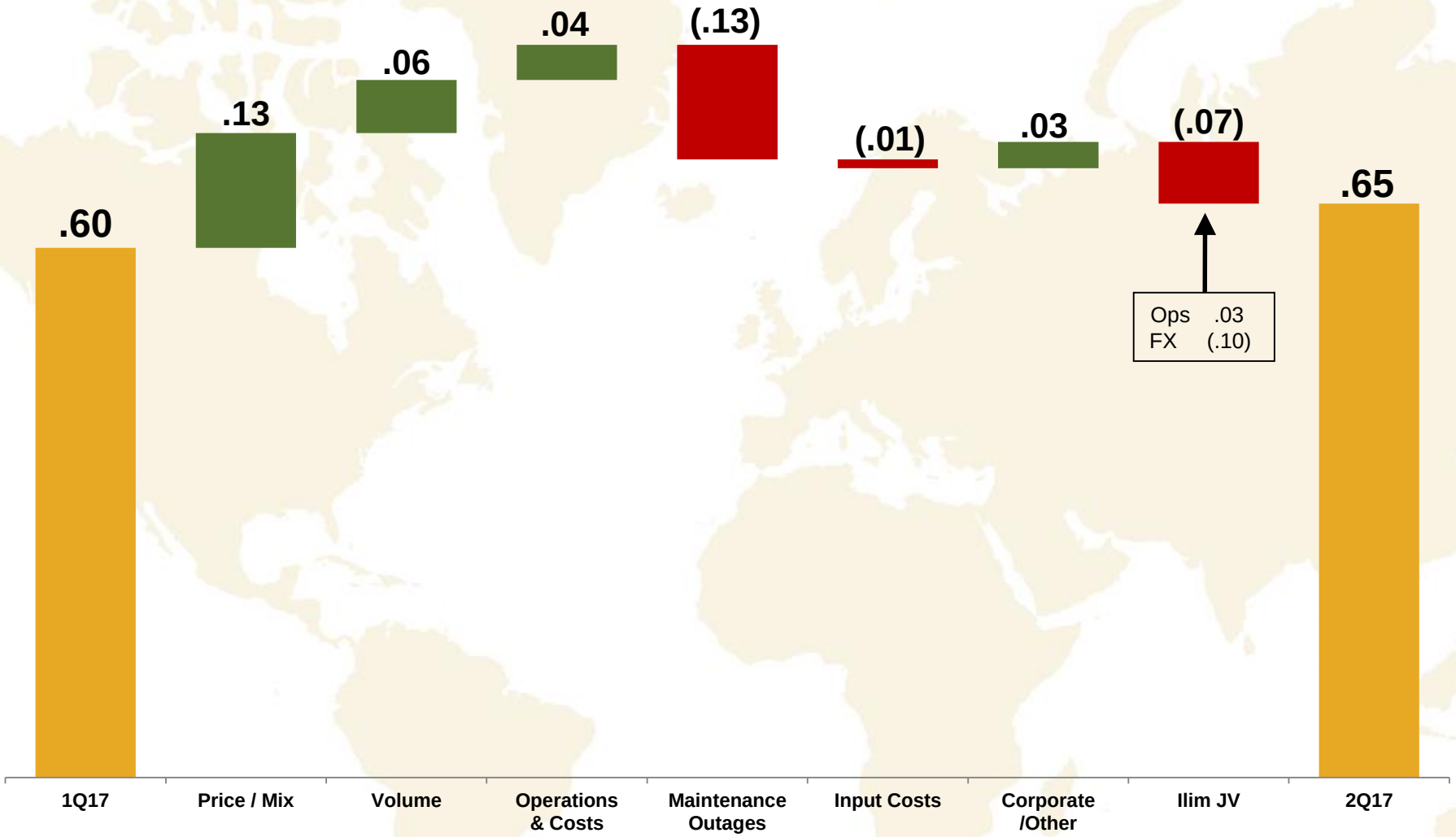
2Q17 Financial Results

	2Q16	1Q17	2Q17
Sales ($B)	$5.3	$5.5	$5.8
Adj. EBIT[1] ($MM)	$635	$431	$499
Adj. Operating EPS[2]	$0.92	$0.60	$0.65
Operating EPS impact of Ilim F/X[3] – IP Share	$0.01	$0.06	($0.04)
Adj. EBITDA[1] ($MM)	$936	$776	$856
Adj. EBITDA Margin[1]	17.6%	14.1%	14.8%
Free Cash Flow[4] ($MM)	$527	$259	$355



[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 2Q17)
[4] See slide #20 for a reconciliation of cash provided by operations to free cash flow

2Q17 vs. 1Q17 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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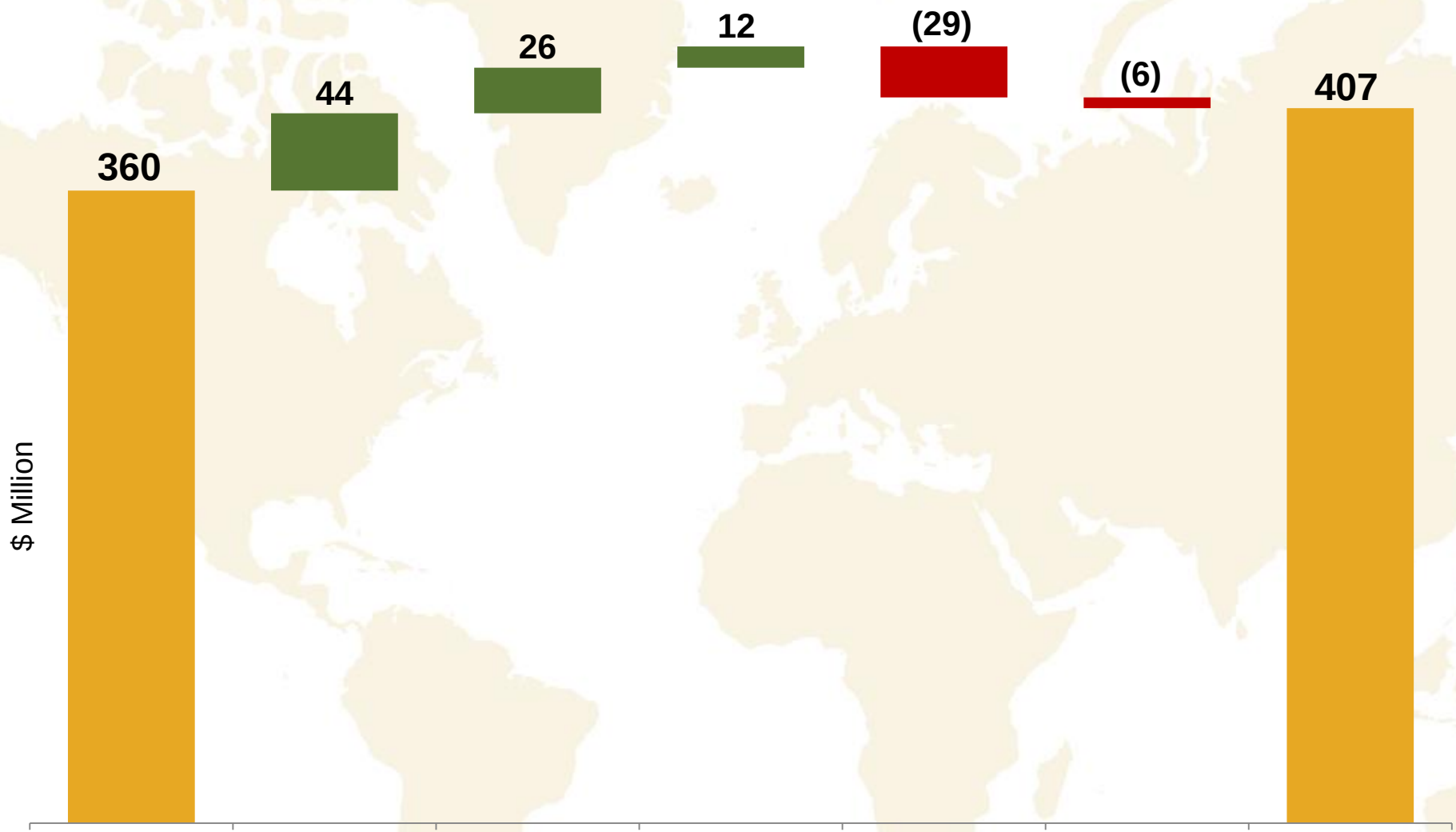
Industrial Packaging | 2Q17 vs. 1Q17 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

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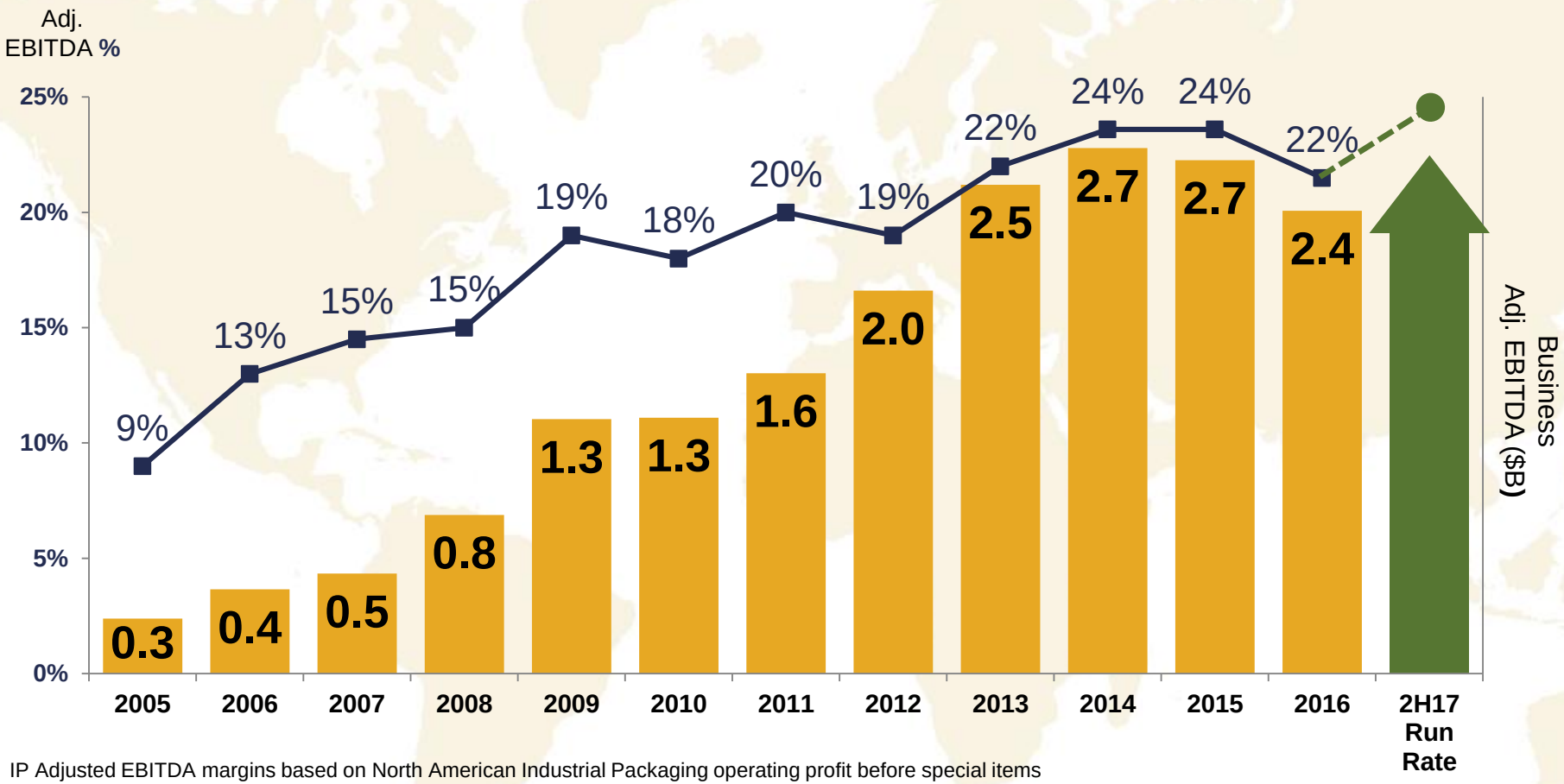
N.A. Industrial Packaging | Margin Expansion

Margin expansion in 2H 2017 driven by price realization in domestic and export channels and lower maintenance outages



IP Adjusted EBITDA margins based on North American Industrial Packaging operating profit before special items
Excludes the Recycling Business and revenue from trade volumes

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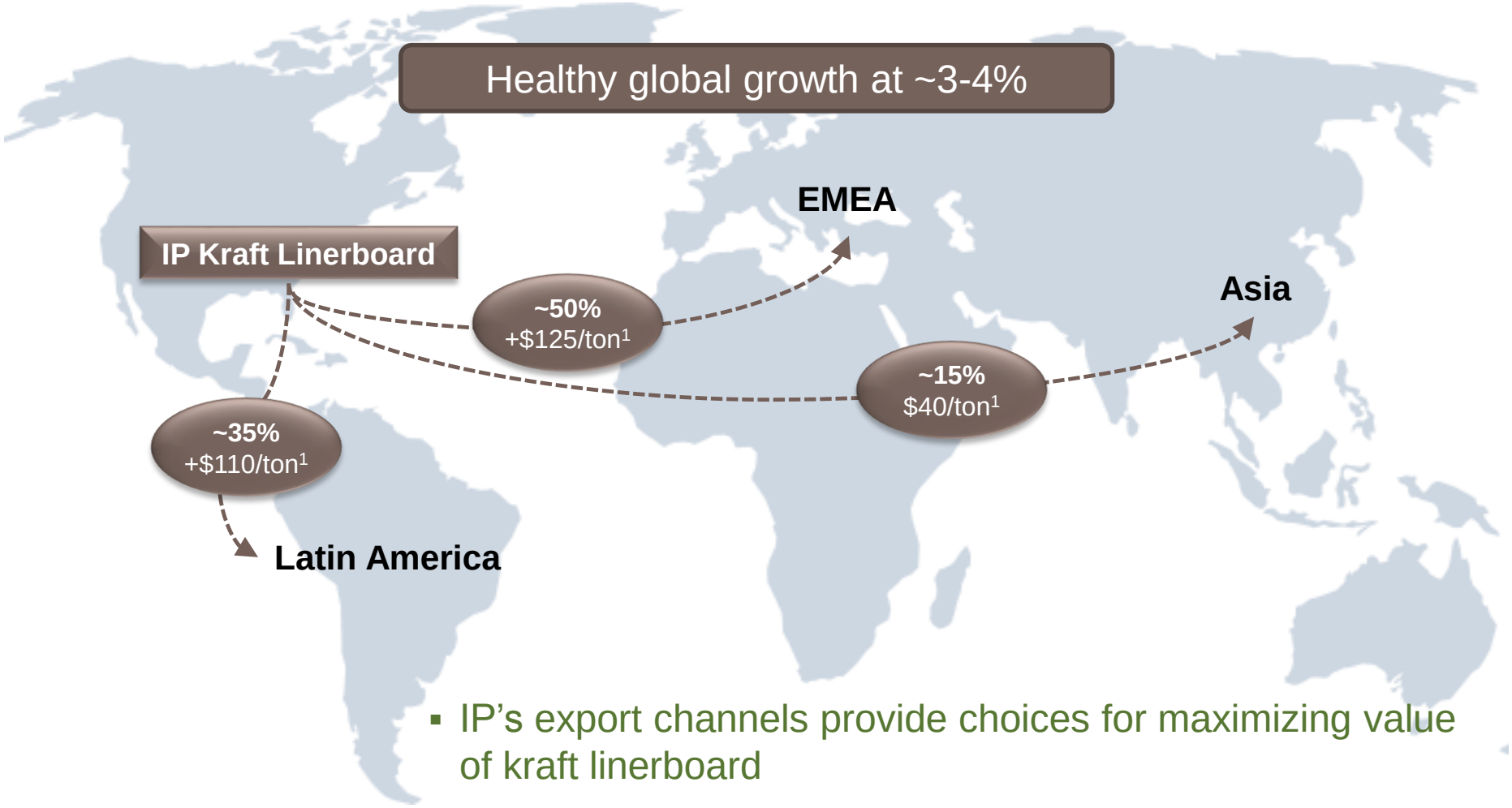
N.A. Industrial Packaging | Containerboard Exports



- IP's export channels provide choices for maximizing value of kraft linerboard
- Price momentum continues

[1] RISI Published Pricing; change in pricing from December 2016 to June 2017

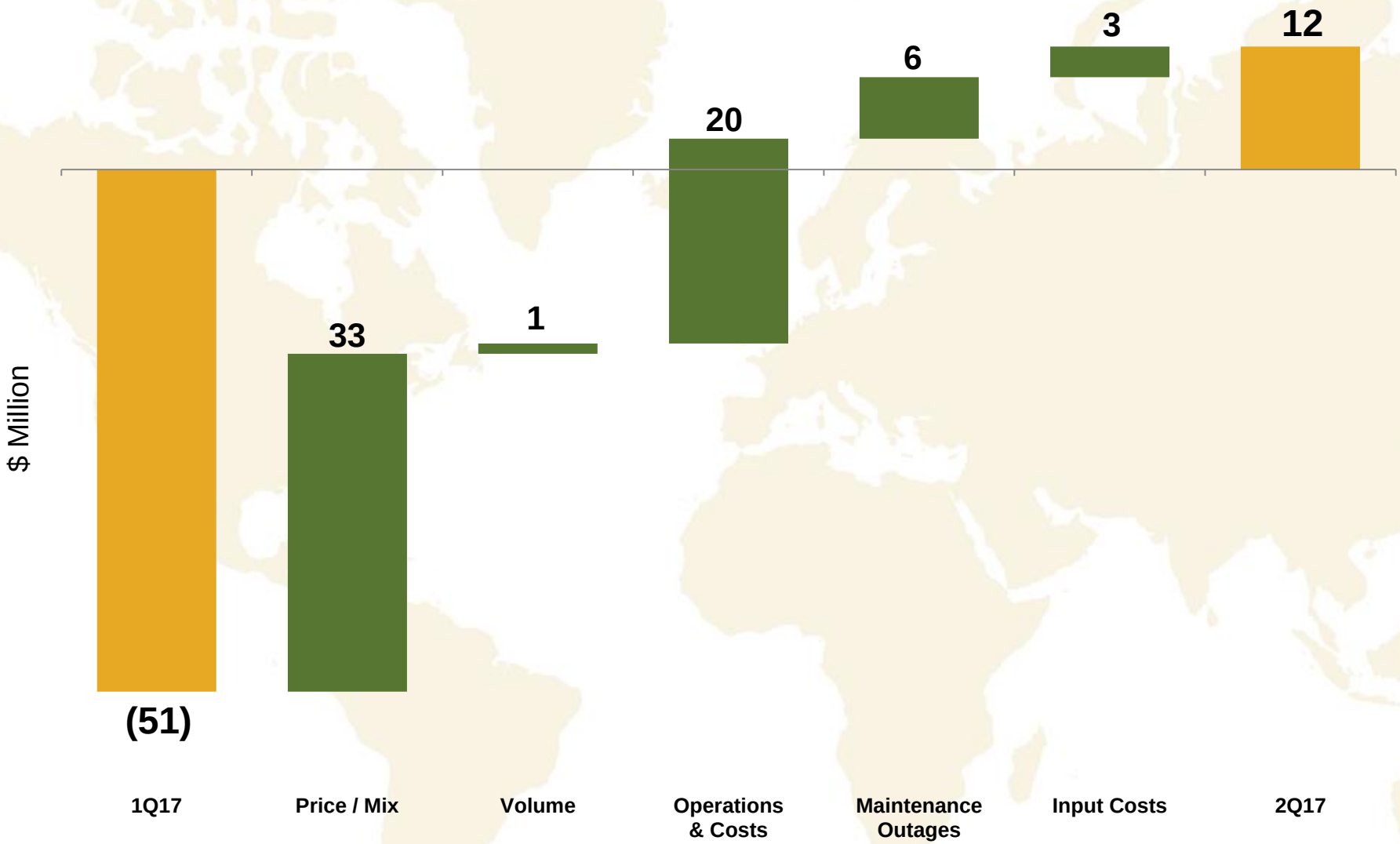
Continuing to optimize our EMEA Packaging business

- Acquired Europac's Tangier plant in Morocco
- Began operations in 2016; attractive asset base
- Supports Morocco's growing export economy





Global Cellulose Fibers | 2Q17 vs. 1Q17 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

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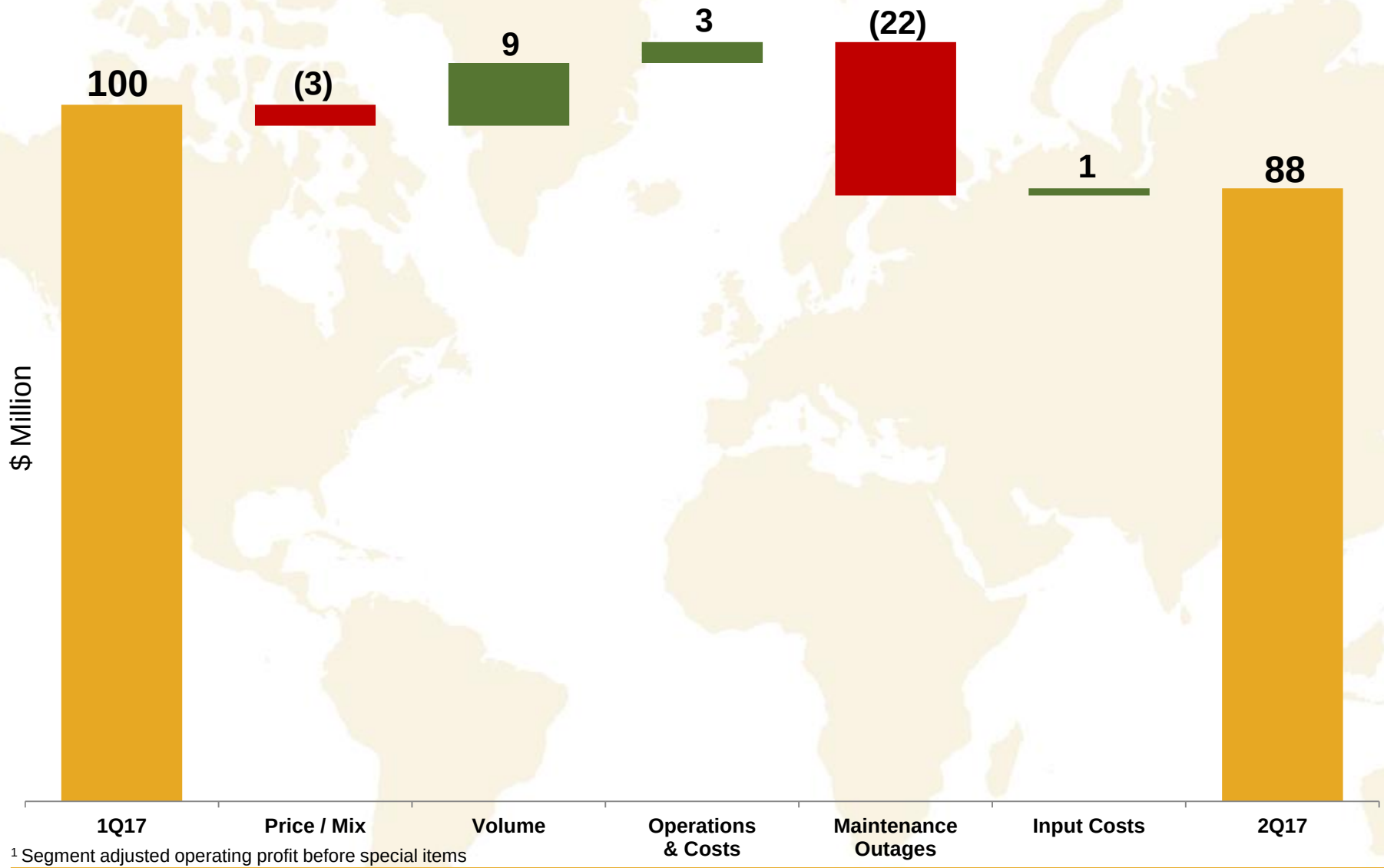
Global Cellulose Fibers | Integration Synergies Update

Synergy Category	Description	2Q17 Actual ($MM)	YTD Actual ($MM)	Current Run Rate Annualized ($MM)	Full Synergy Target ($MM)
SG&A / Other	▪ Eliminate duplication	$12	$19	$38	$45
Commercial Mix Opportunities	▪ Customer and segment optimization ▪ High value product growth ▪ Leverage innovation	$8	$12	$32	$40
Manufacturing, Supply Chain, & Sourcing	▪ Grade / machine mix optimization ▪ Logistics optimization ▪ Efficiency improvements (Waste, Freight) ▪ Purchasing opportunities	$14	$17	$56	$90
Total		$34	$48	$126	$175

Printing Papers | 2Q17 vs. 1Q17 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

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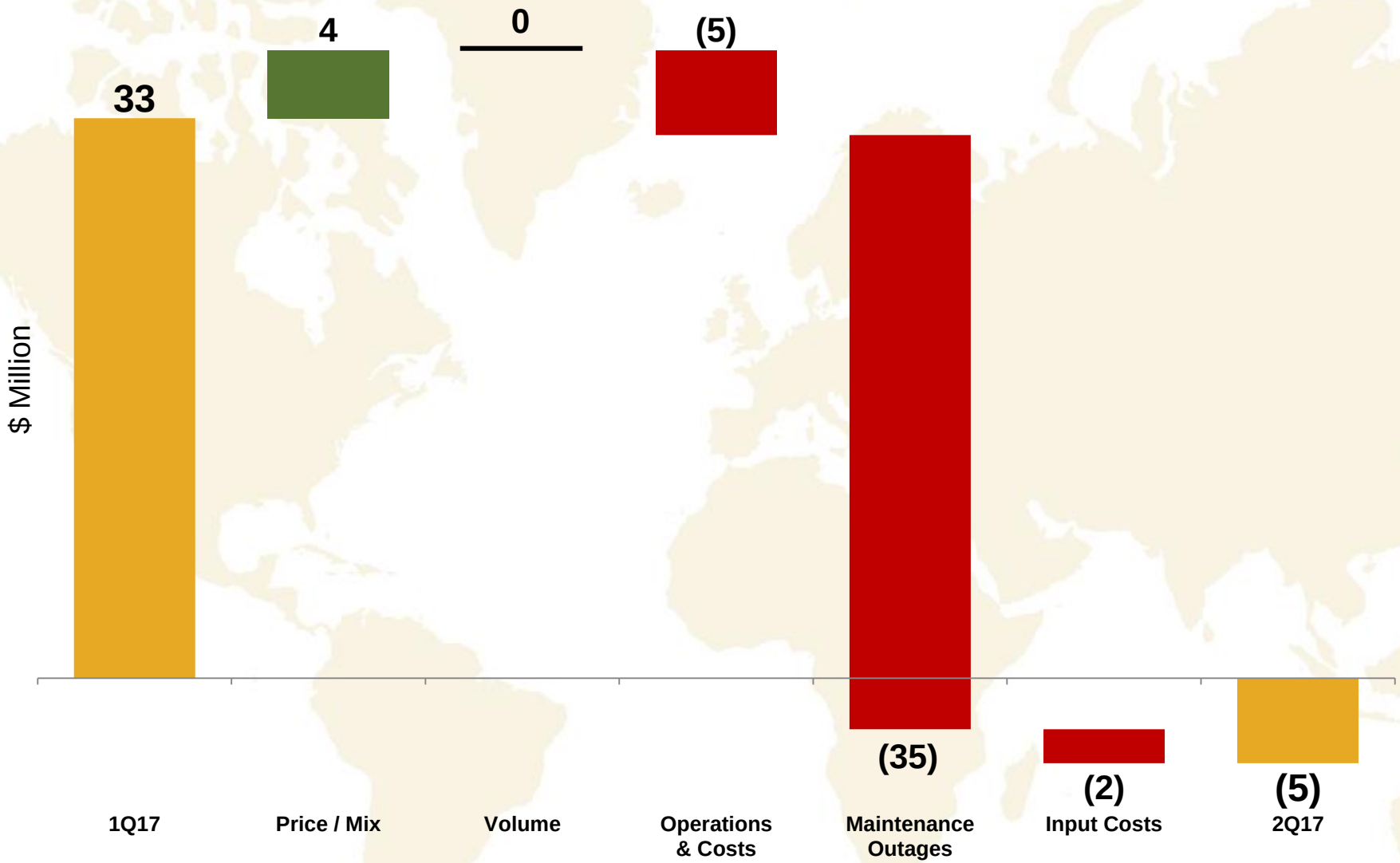
Consumer Packaging | 2Q17 vs. 1Q17 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

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Ilim Joint Venture | 2Q17 vs. 1Q17

$ Million$	2Q16	1Q17	2Q17
Sales Volume (thousand tons)	866	748	900
Sales	$473	$449	$546
EBITDA	$169	$191	$121
F/X (Impact of USD Net Debt)[1]	$15	$58	($46)
Adj. Operational EBITDA[2]	$154	$133	$167
IP Equity Earnings (Loss)[3]	$46	$50	$21

- Seasonally stronger demand and higher pulp pricing drove operational EBITDA improvement
- F/X loss (non-cash) on USD denominated net debt driven by ruble weakening
- Seasonally weaker volume expected in 3Q17; equity earnings projected to be $35MM[4]

Ilim JV results are on U.S. GAAP basis

[1] Represents F/X impact including amounts related to Ilim JV USD-denominated net debt (balance of ~$0.8B at end of 2Q17); 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 2Q16, 1Q17 and 2Q17 include after-tax F/X gains (losses) (primarily on USD-denominated net debt) of $6MM, $23MM and ($18MM), respectively

[4] At June 30, 2017 RUB/USD exchange rate

Third Quarter Outlook | Changes from 2Q17

		North America	EMEA & Russia	Brazil
Price / Mix	Packaging	Realization	Stable	Stable
	Cellulose Fibers	Realization		
	Paper	Mix Pressure	Stable	Stable
Volume	Packaging	1 Less Day	Stable	Stable
	Cellulose Fibers	Stable		
	Paper	Stable	Stable	Stable
Operations & Other	Packaging	Non-repeats	Stable	Stable
	Cellulose Fibers	Stable		
	Paper	Stable	Stable	Stable
Mill Maintenance Outages	Packaging	Decrease $86MM	Decrease $2MM	Stable
	Cellulose Fibers	Decrease $36MM		
	Papers	Decrease $33MM	Decrease $6MM	Decrease $3MM
Inputs & Freight	Packaging	OCC & Energy	Stable	Stable
	Cellulose Fibers	Stable		
	Printing Papers	Stable	Stable	Stable
Other Items		▪ Corporate expense, ~$15MM in 3Q17 ▪ Interest expense, in line with full-year outlook of ~$575MM-$600MM ▪ Tax rate, ~33% in 3Q17 ▪ Ilim JV, forecasting Equity Earnings of ~$35MM[1]		

[1] At June 30, 2017 RUB/USD exchange rate

Full Year Outlook | Positioned for Strong Second Half Performance

- **Key drivers of margin expansion**
  - Healthy demand outlook in Industrial Packaging and Global Cellulose Fibers
  - Realization of recent price increases
  - Solid operational performance and cost reduction initiatives
  - Significantly lower maintenance outage expense
  - Global Cellulose Fibers synergies and momentum
- **Allocate capital to create value with a near-term focus on debt reduction**
- **Remain confident in upside to full year view of 10%+ YoY EBITDA growth**









Appendix

Investor Relations Contacts

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Michele Vargas	901-419-7287

Media Contact

Tom Ryan	901-419-4333

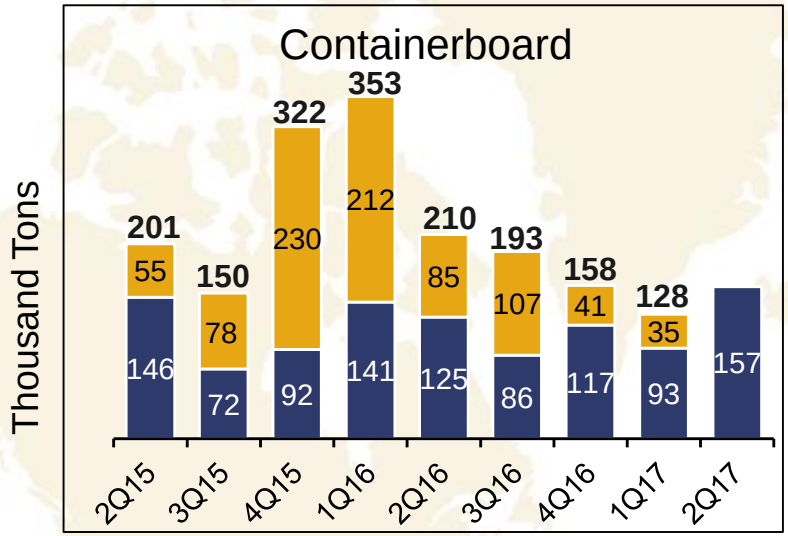
Free Cash Flow

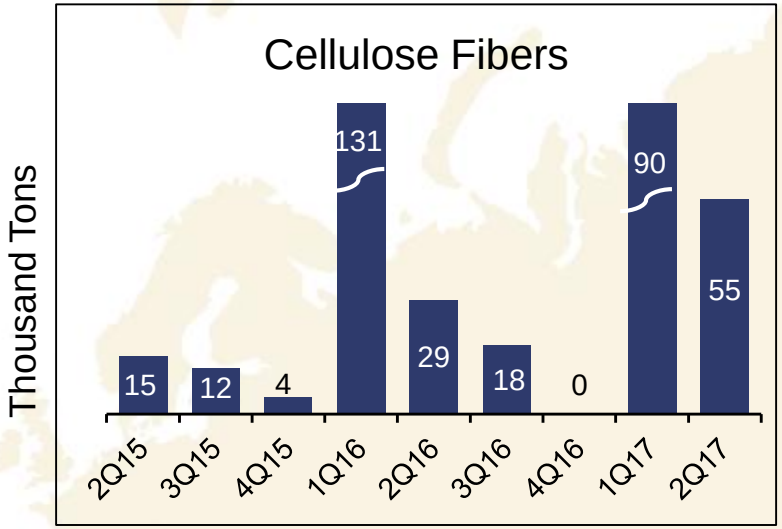
$ Million	2Q16	1Q17	2Q17
Cash Provided by Operations	**$605**	**$633**	**$645**
Cash Invested in Capital Projects	($328)	($374)	($290)
Cash Contribution to Pension Plan	$250	-	-
Free Cash Flow	**$527**	**$259**	**$355**

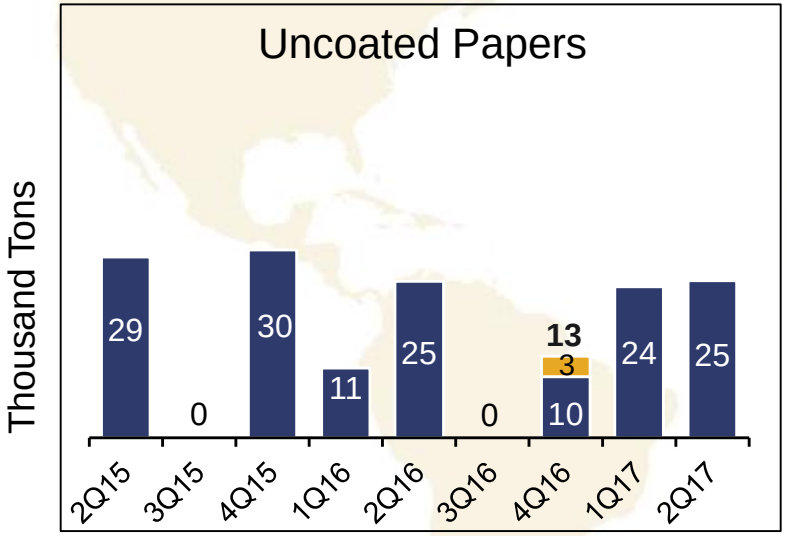
Maintenance Outages Expenses | 2017 Forecast

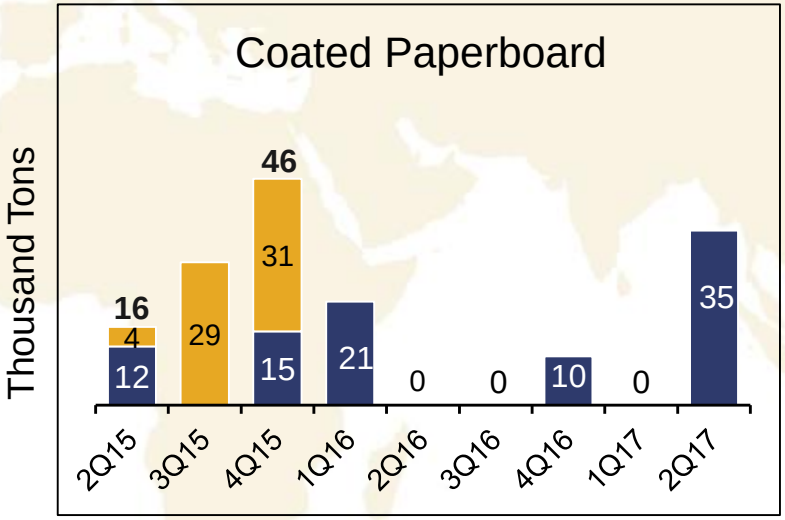
$ Million	1Q17A	2Q17A	3Q17F	4Q17F	2017F
Industrial Packaging	**$71**	**$100**	**$47**	**$32**	**$250**
North America	69	100	47	32	248
Brazil	2	0	0	0	2
Global Cellulose Fibers	**$50**	**$44**	**$8**	**$11**	**$113**
Printing Papers	**$23**	**$43**	**$2**	**$13**	**$81**
North America	23	34	1	11	69
Europe	0	6	0	0	6
Brazil	0	3	0	2	5
India	0	0	1	0	1
Consumer Packaging	**$0**	**$35**	**$0**	**$4**	**$39**
North America	0	33	0	4	37
Europe	0	2	0	0	2
Total Impact	**$144**	**$222**	**$57**	**$60**	**$483**

IP North American Downtime









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Special Items Before Tax | Continuing Operations

Special Items Pre-Tax ($ Million)		2Q16	1Q17	2Q17
Industrial Packaging	Kleen Products Settlement Agreement			($354)
	Holmen Acquisition Bargain Purchase Gain		$6	
	Impairment of Asia Box & Restructuring	($28)		
	Other		($1)	($3)
Global Cellulose Fibers	Pulp Business Inventory Step-up Amortization		($14)	
	Pulp Business Acquisition	($5)	($4)	($5)
	Other		($1)	
Printing Papers	Other			($2)
Consumer Pkg.	Asia Foodservice Sale			($9)
Corporate	ArborGen Sale			$14
	Interest Income on Income Tax Refund Claims			$4
	Other			$2
Total Special Items Before Tax		**($33)**	**($14)**	**($353)**

Special Items Net of Taxes

	1Q17		2Q17	
	$ Million	EPS	$ Million	EPS
Earnings Before Special Items	$249	$0.60	$270	$0.65
Special Items Net of Taxes:				
Kleen Products Settlement Agreement			($219)	
Tax Expense – International Investment Restructuring	($15)			
Pulp Business Inventory Step-up Amortization	($8)			
Asia Foodservice Sale			($4)	
Pulp Business Acquisition	($2)		($3)	
Holmen Acquisition Bargain Purchase Gain	$6			
ArborGen Sale			$9	
Net Income Tax Refund Claims			$47	
Other	($2)		$1	
Total Special Items Net of Taxes	($21)	($0.05)	($169)	($0.41)
Non-Operating Pension Expense	($19)	($0.05)	($21)	($0.05)
Net Earnings	$209	$0.50	$80	$0.19

Adj. Operating Profits by Industry Segment | Continuing Operations

$ Million$	2Q16	1Q17	2Q17
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	**($14)**	**$244**	**($29)**
Interest Expense, Net	$129	$142	$141[3]
Noncontrolling Interest / Equity Earnings Adjustment	-	-	($1)
Corporate Items, Net	$25	$11	$4
Special Items, Net	$33	$14	$353
Non-Operating Pension Expense	$487	$31	$34
Adj. Operating Profit Before Special Items	**$660**	**$442**	**$502**
Industrial Packaging[1]	$486	$360	$407
Global Cellulose Fibers[1,2]	($16)	($51)	$12
Printing Papers[1]	$117	$100	$88
Consumer Packaging[1]	$73	$33	($5)
Total Adj. Industry Segment Operating Profit[1,2]	**$660**	**$442**	**$502**
Equity Earnings (Loss), net of taxes – Ilim	**$46**	**$50**	**$21**

[1] Excludes special items (Non-GAAP)
[2] Earnings from newly acquired pulp business are reflected beginning December 1, 2016
[3] Excludes a special item of $4MM in interest income

Geographic Business Segment Operating Results | Quarterly

$ Million	Sales			D & A	Adj. Operating Profit[1]		
	2Q16	1Q17	2Q17	2Q17	2Q16	1Q17	2Q17
Industrial Packaging							
North America	$3,138	$3,155	$3,336	$172	$496	$362	$408
Europe	$295	$317	$341	$9	$6	$8	$5
Brazil	$51	$59	$60	$5	($12)	($10)	($6)
Global Cellulose Fibers[2]							
Global Cellulose Fibers	$259	$564	$612	$65	($16)	($51)	$12
Printing Papers							
North America	$466	$468	$446	$19	$51	$33	$21
Europe	$288	$274	$299	$11	$34	$29	$26
Brazil	$219	$214	$232	$27	$34	$39	$43
India	$42	$48	$47	$5	($2)	($1)	($2)
Consumer Packaging							
North America	$416	$388	$395	$23	$48	$14	($19)
Europe	$85	$78	$79	3	$25	$19	$14

Does not reflect total company sales

[1] Excludes special items (Non-GAAP)

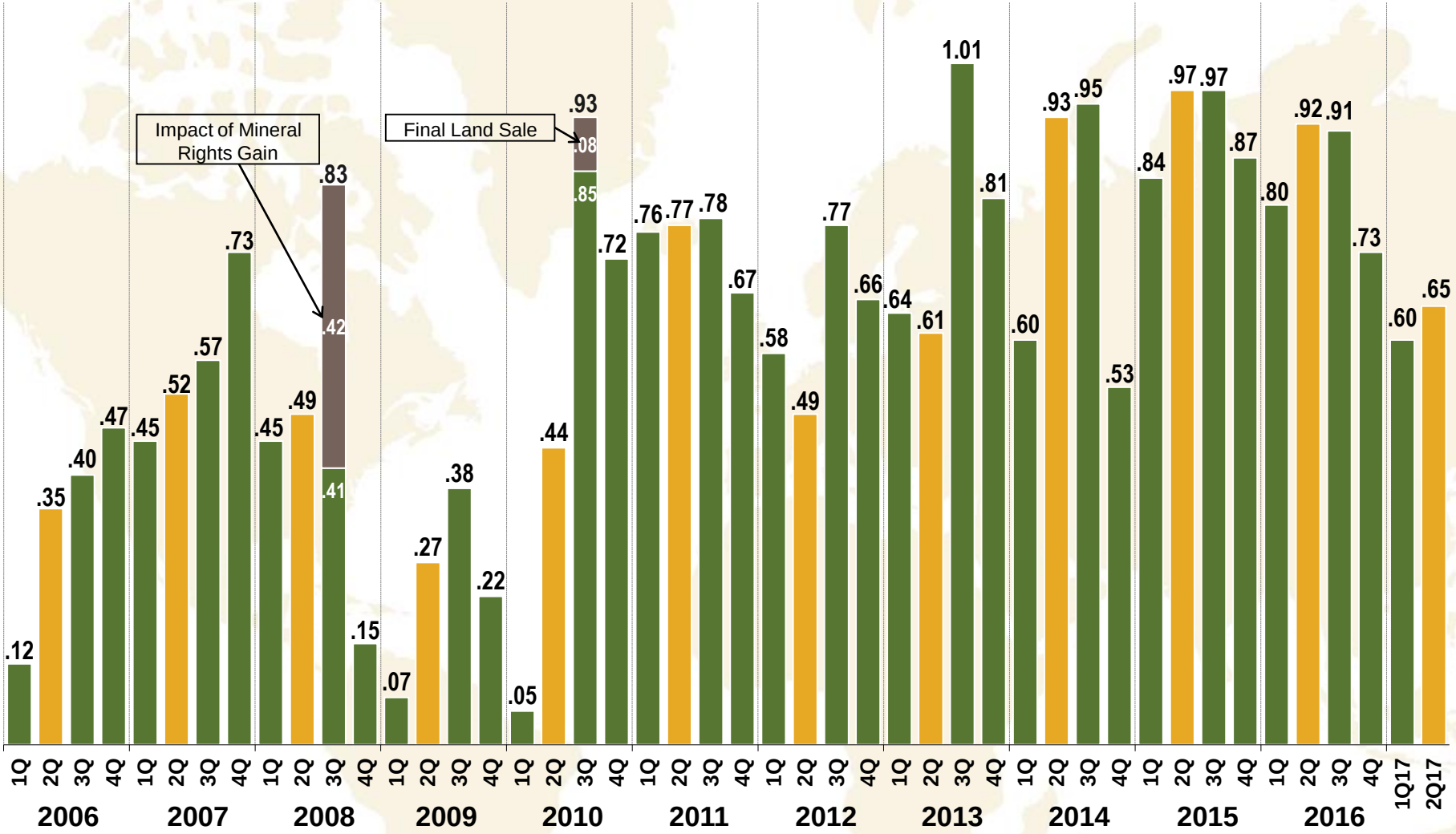
[2] Sales and Earnings from newly acquired pulp business are reflected beginning December 1, 2016

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
2Q17	($29)	$89	-	$20	$80	416	$0.19
Net Special Items							
1Q17	$14	$7	-	-	$21	416	$0.05
2Q17	$353	($184)	-	-	$169	416	$0.41
Non-Operating Pension Expense							
1Q17	$31	($12)	-	-	$19	416	$0.05
2Q17	$34	($13)	-	-	$21	416	$0.05
Adj. Operating Earnings							
1Q17	$289	($88)	-	$48	$249	416	$0.60
2Q17	$358	($108)	-	$20	$270	416	$0.65

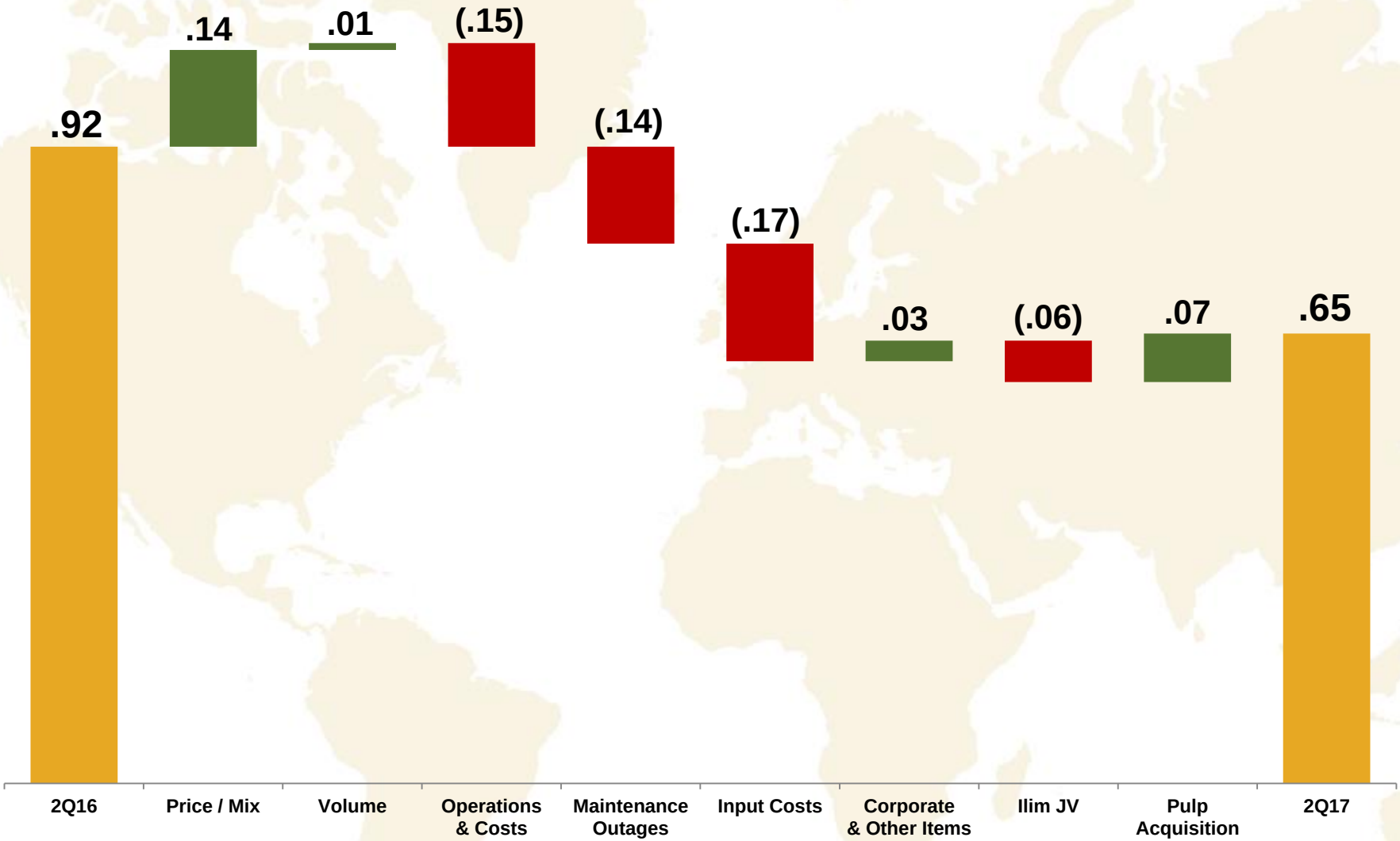
[1] A reconciliation to GAAP EPS is available at www.internationalpaper.com under the Performance tab, Investors section

Adj. Operating EPS



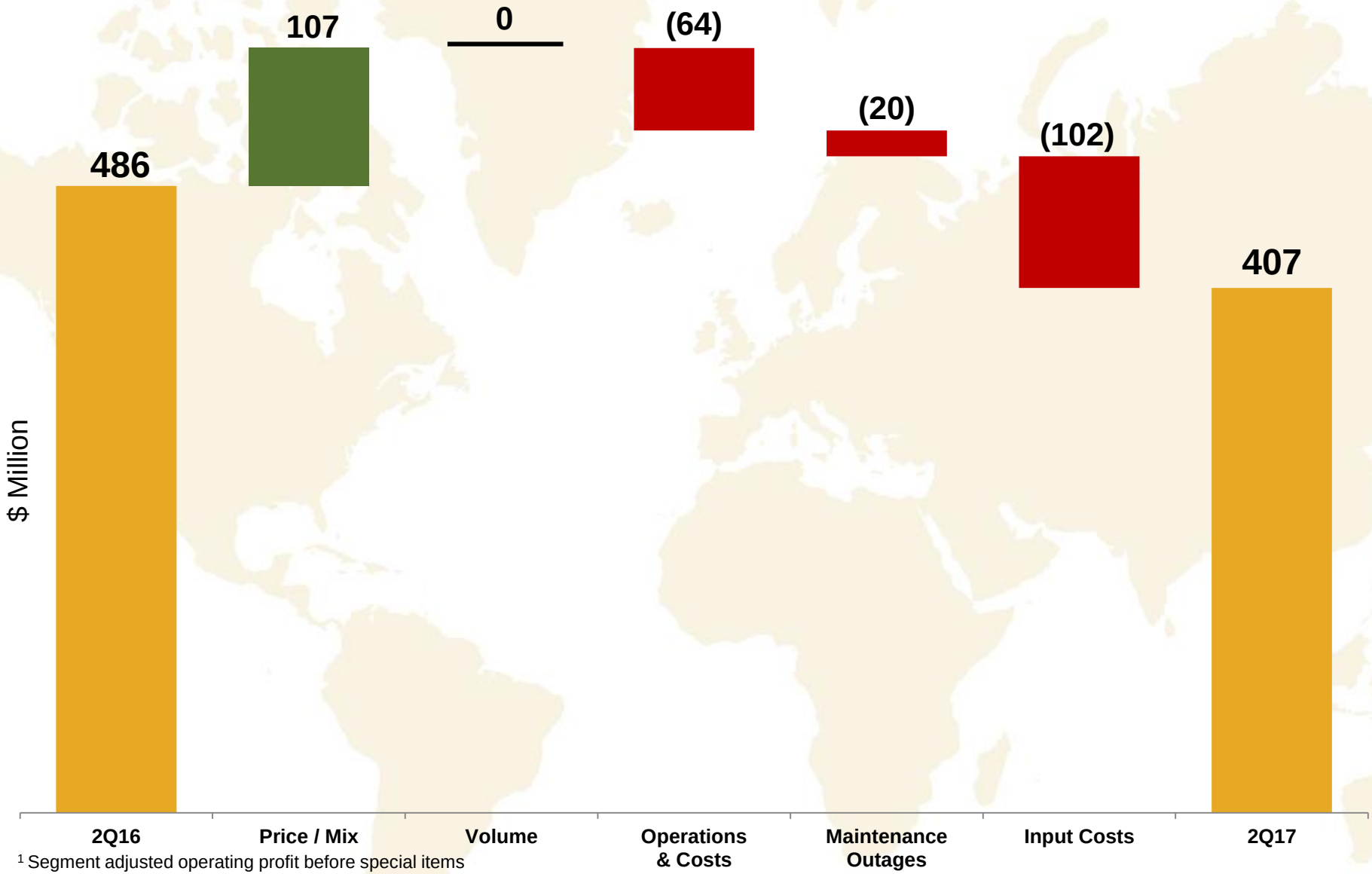
2006 as originally reported
2007-2011 adjusted for elimination of the Ilim JV reporting lag
2006-2010 Net Earnings from continuing operations and before special items; 2010 onward reflects Operating Earnings
xpedx is reflected as a Discontinued Operation from 2010 onward

2Q17 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 | 2Q17 vs. 2Q16 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

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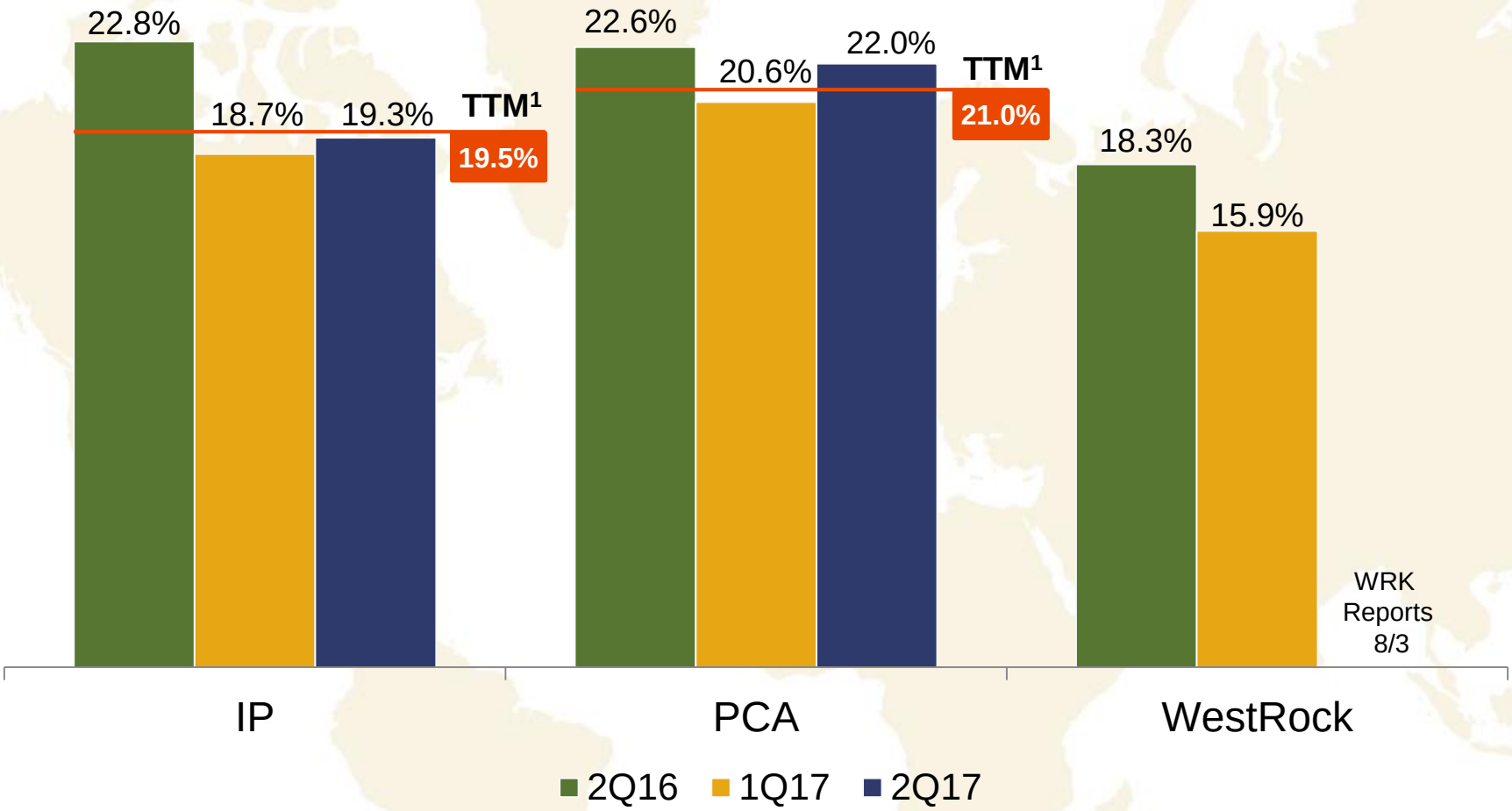
	2Q17 vs. 1Q17		2Q17 vs. 2Q16	
Business	**Volume**	**Price / Mix per Ton**	**Volume**	**Price / Mix per Ton**
N.A. Container[1]	**5.9%**	**$13**	**1.6%**	**$34**
European Container	**Flat**	**€19**	**2%**	**€10**

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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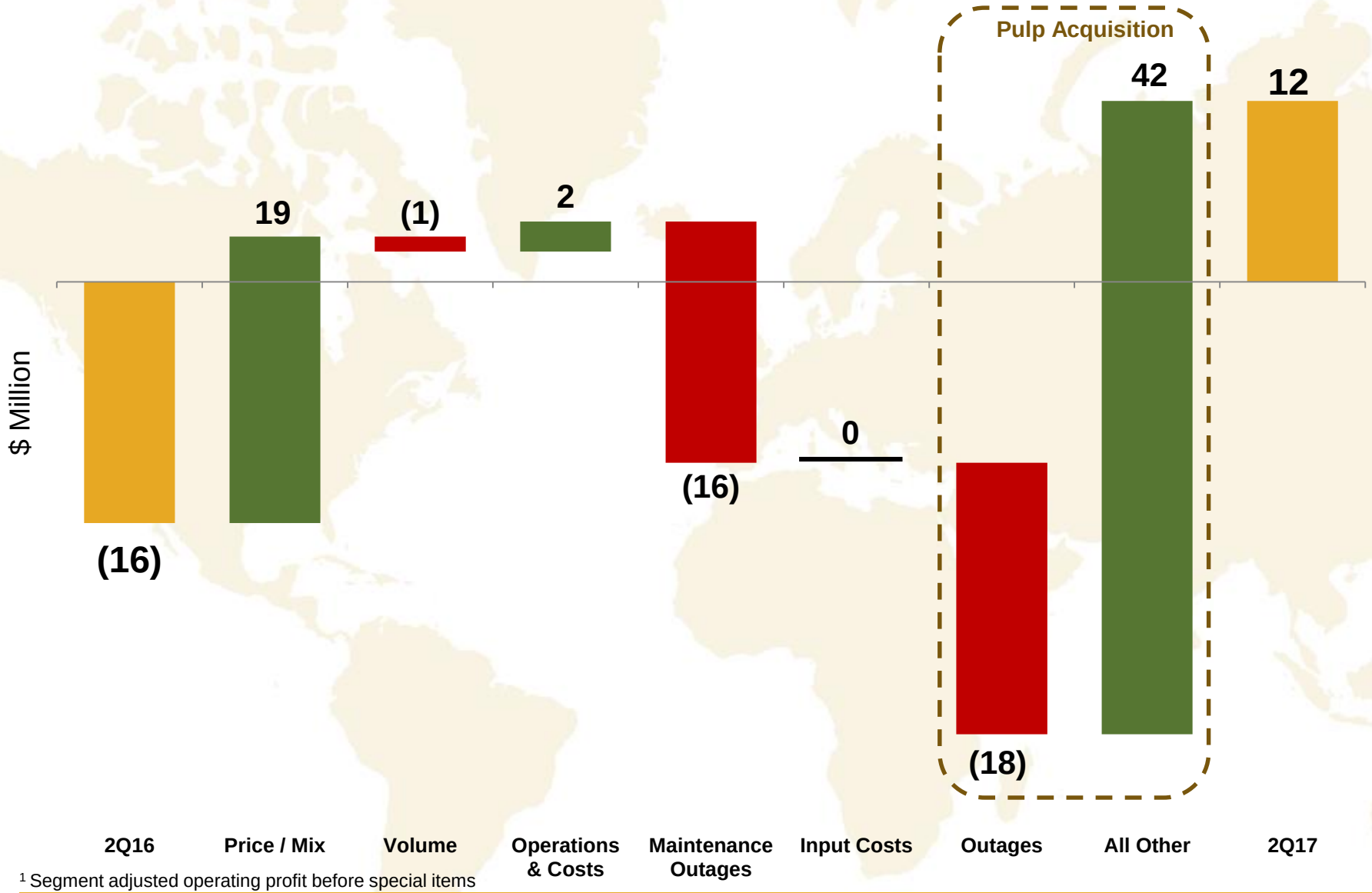
Global Cellulose Fibers | 2Q17 vs. 2Q16 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

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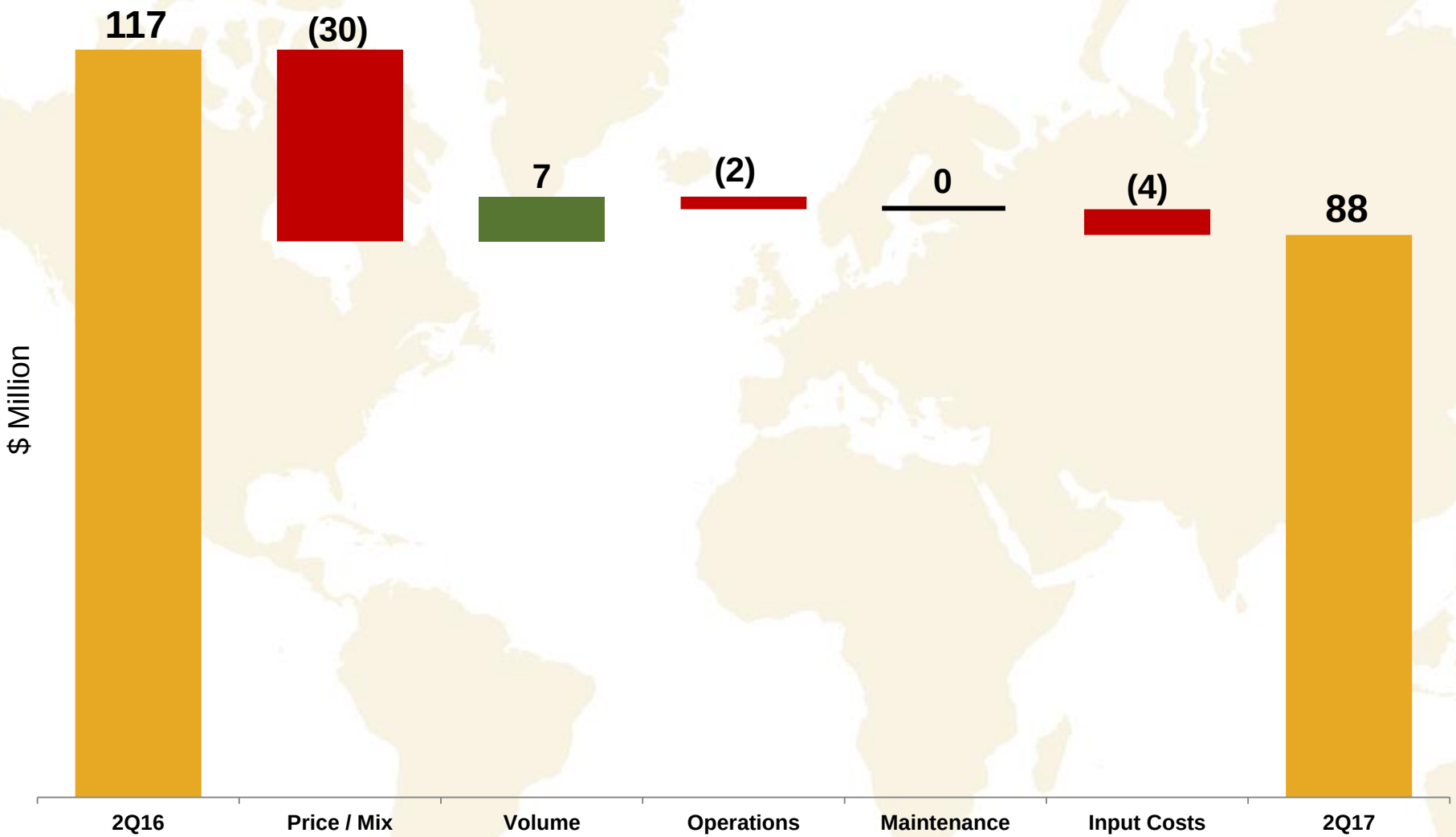
Global Cellulose Fibers | Volume and Pricing Trends

	2Q17 vs. 1Q17		2Q17 vs. 2Q16[1]	
Business	**Volume**	**Price / Mix per Tonne**	**Volume**	**Price / Mix per Tonne**
Pulp (metric ton)	**3%**	**$45**	**7%**	**$20**

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

[1]Proforma basis- Combined Global Cellulose Fibers

Printing Papers | 2Q17 vs. 2Q16 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

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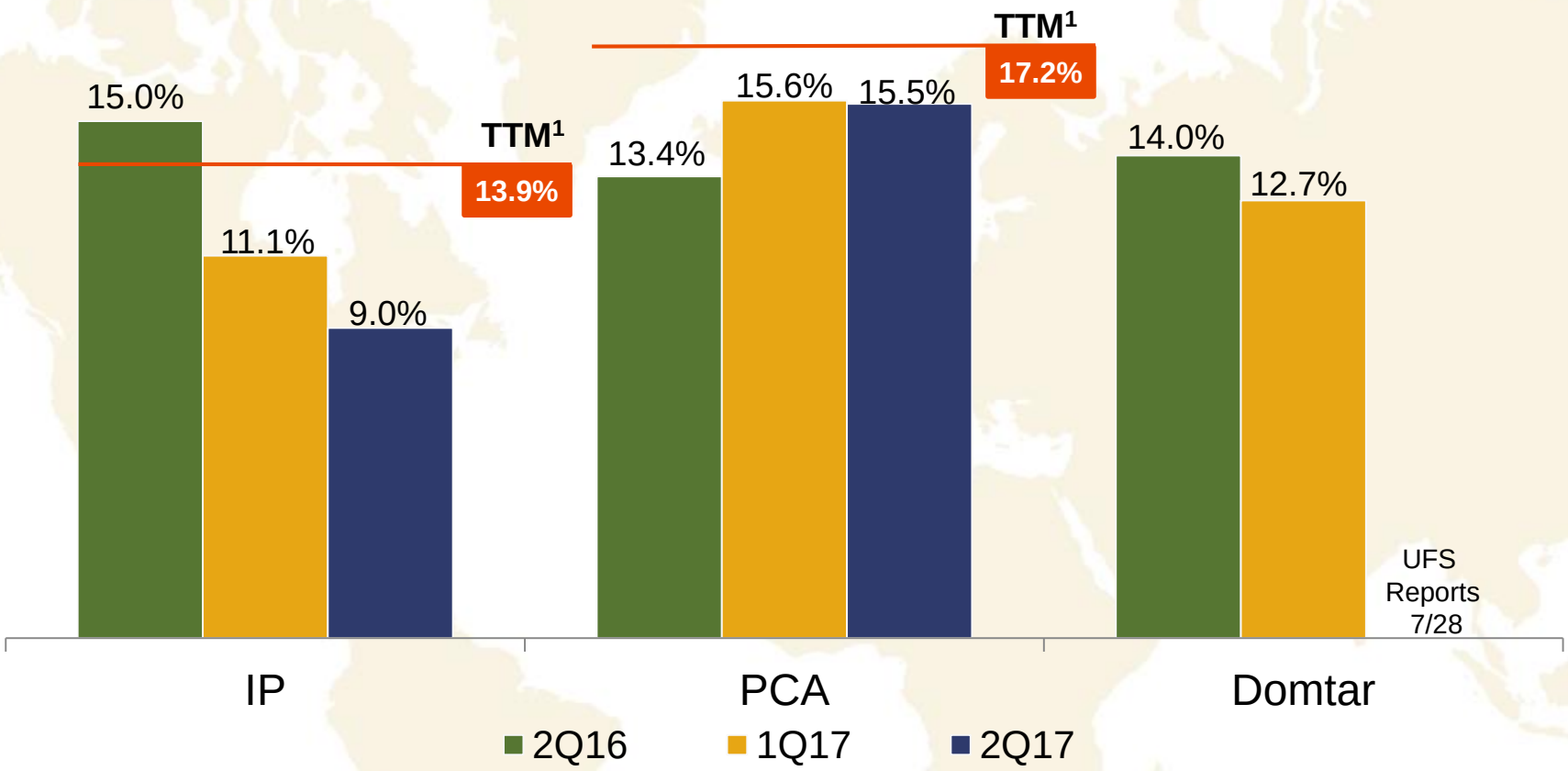
Printing Papers | Volume and Pricing Trends

Business	2Q17 vs. 1Q17		2Q17 vs. 2Q16	
	Volume	Price / Mix per Ton	Volume	Price / Mix per Ton
N.A. Printing Papers	(4%)	($12)	2%	($59)
European Papers[1]	(5%)	€14	(1%)	(€18)

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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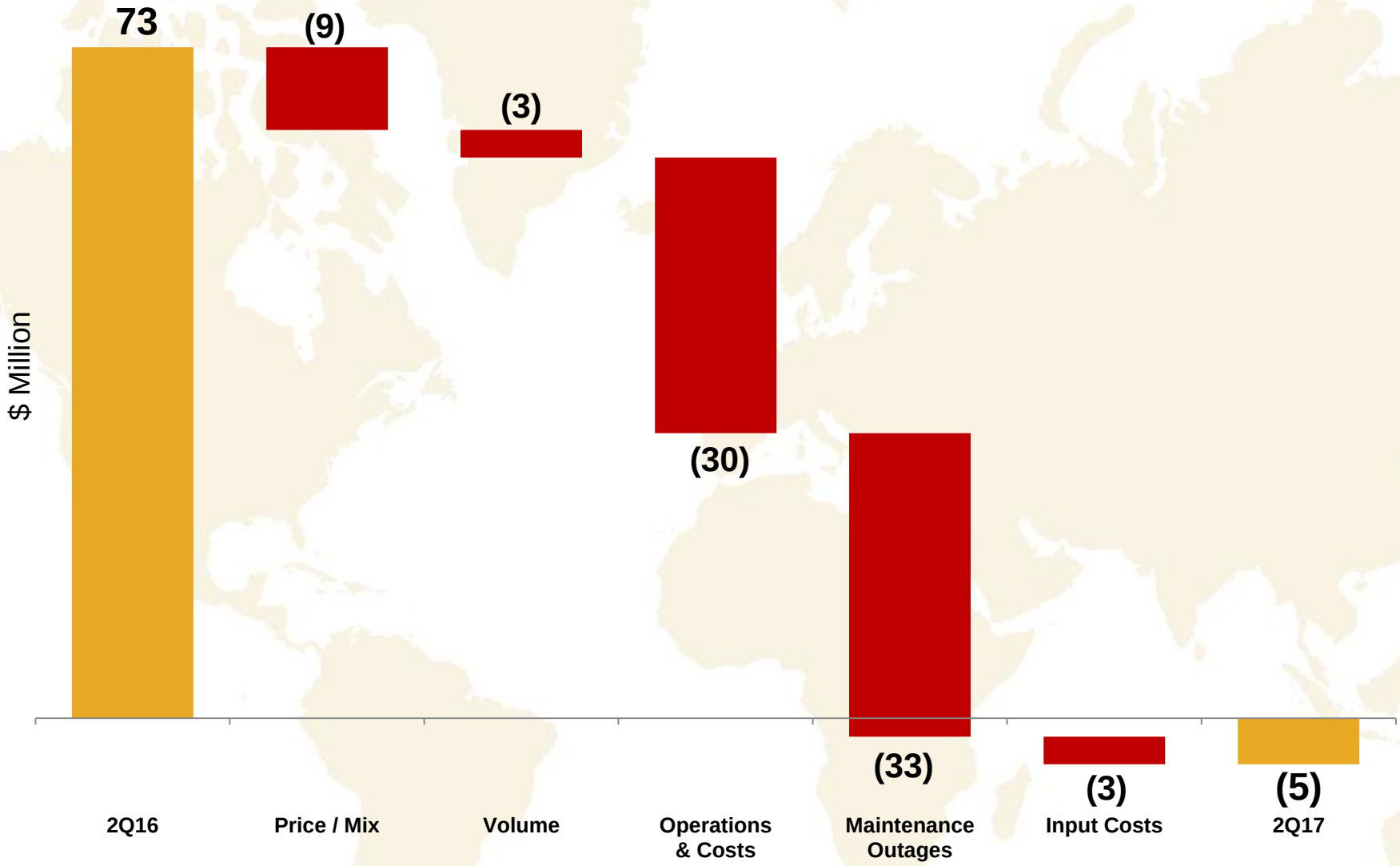
$ Million	2Q16	1Q17	2Q17
Sales	$219	$214	$232
Adj. Earnings	$34	$39	$43
Adj. EBITDA Margin	25%	30%	30%

	2Q17 vs. 1Q17		2Q17 vs. 2Q16	
Uncoated Freesheet	Volume	Price / Mix per Ton	Volume	Price / Mix per Ton
Domestic (BRL)	(8%)	R$68	(12%)	R$131
Export (USD)	22%	$13	20%	($24)

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 | 2Q17 vs. 2Q16 Adj. EBIT[1]



[1] Segment adjusted operating profit before special items

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Consumer Packaging | Volume and Pricing Trends

	2Q17 vs. 1Q17		2Q17 vs. 2Q16	
	Volume	Price / Mix per Ton	Volume	Price / Mix per Ton
N.A. Coated Paperboard[1]	**Flat**	**$13**	**(5%)**	**($18)**
	Revenue		Revenue	
Foodservice	**5%**		**Flat**	

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

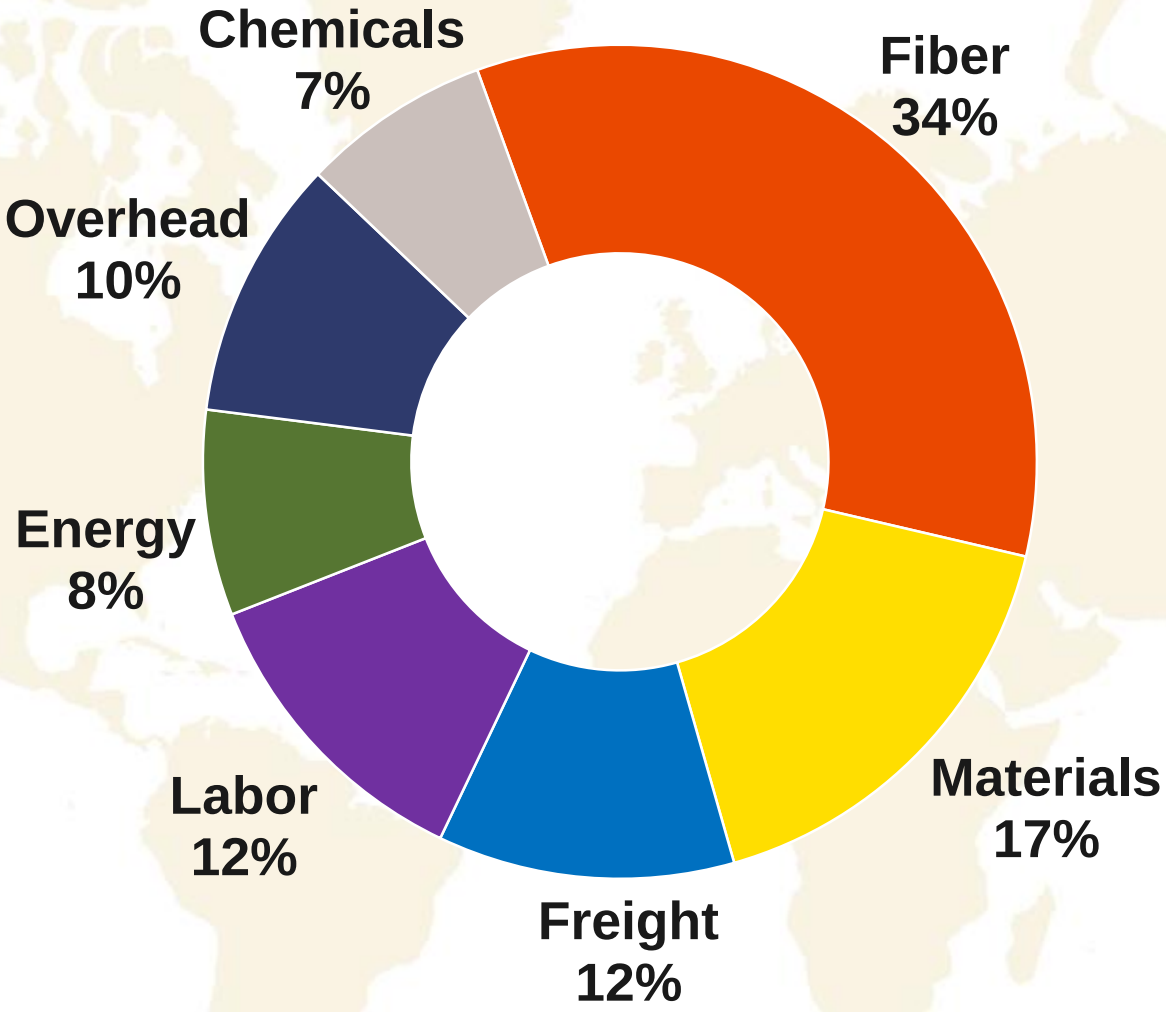
[1] Represents F/X impact including that related to Ilim JV USD-denominated net debt (balance of ~$0.6B at year end 2016)

Ilim Joint Venture | Volume and Pricing Trends

	2Q17 vs. 1Q17		2Q17 vs. 2Q16	
Business	**Volume**	**Price / Mix per Tonne**	**Volume**	**Price / Mix per Tonne**
Pulp (metric ton)	**19%**	**$44**	**3%**	**$61**

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

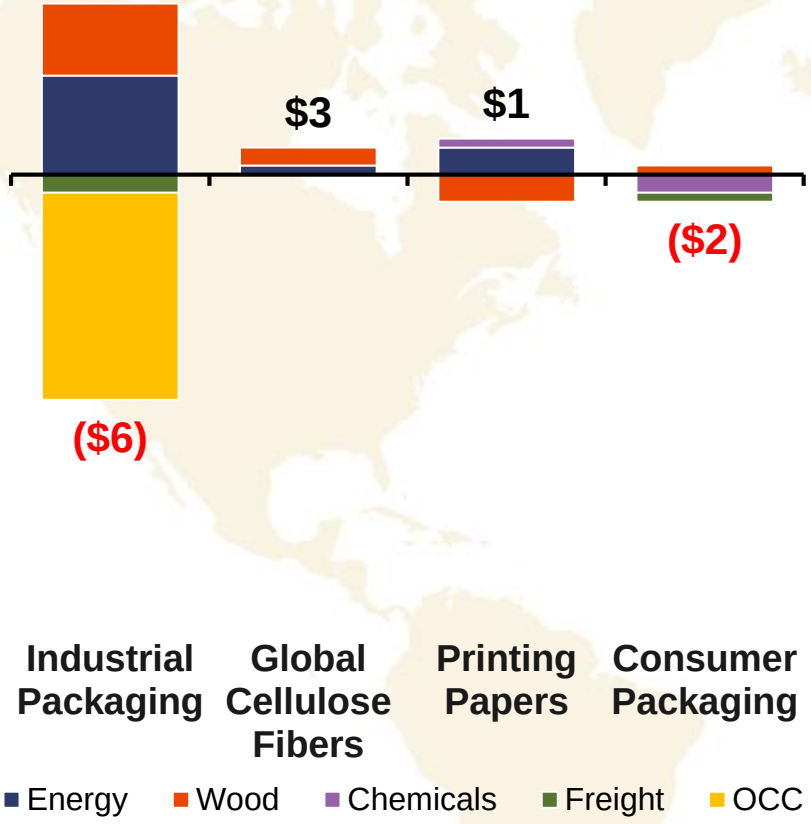
Total Cash Cost Components | 2Q17 YTD



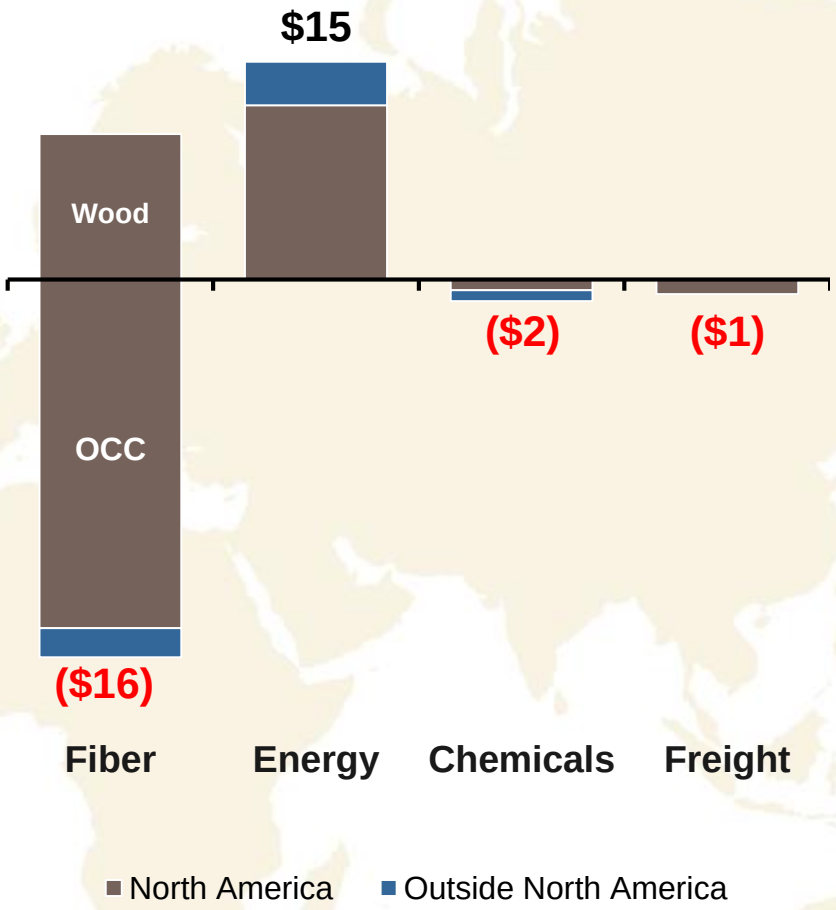
North American mills only (excludes newly acquired pulp business)

Global Input Costs vs. 1Q17 | $4MM Unfavorable, or $0.01/Share

By Business



By Input Type



Input costs ($MM) for continuing businesses

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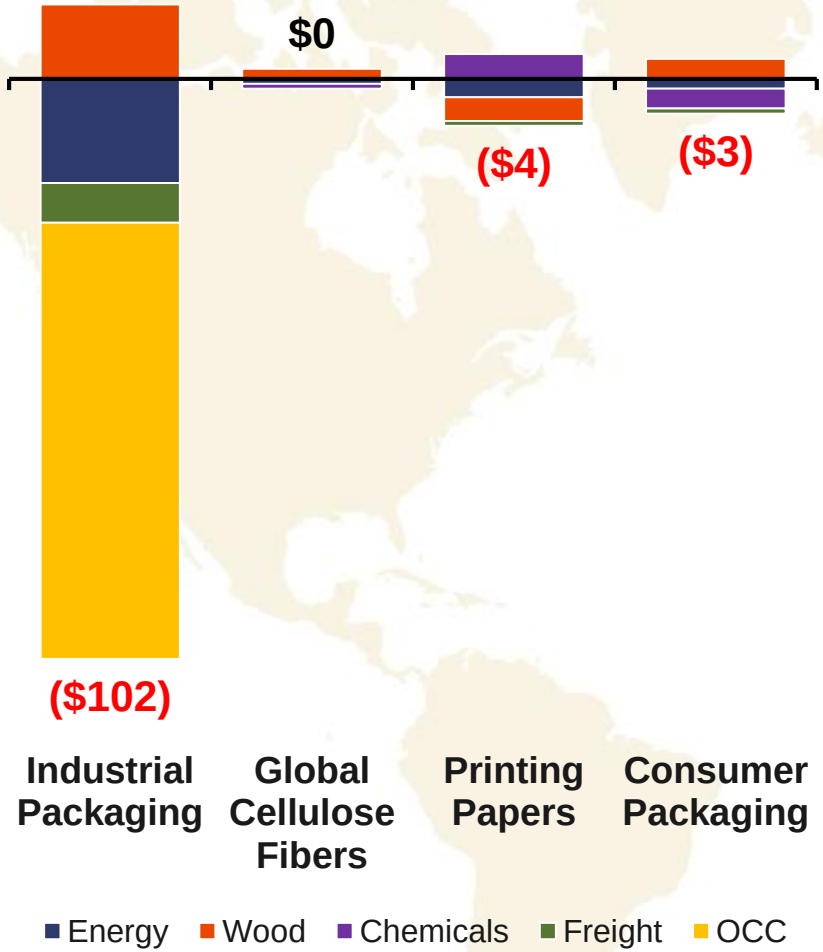
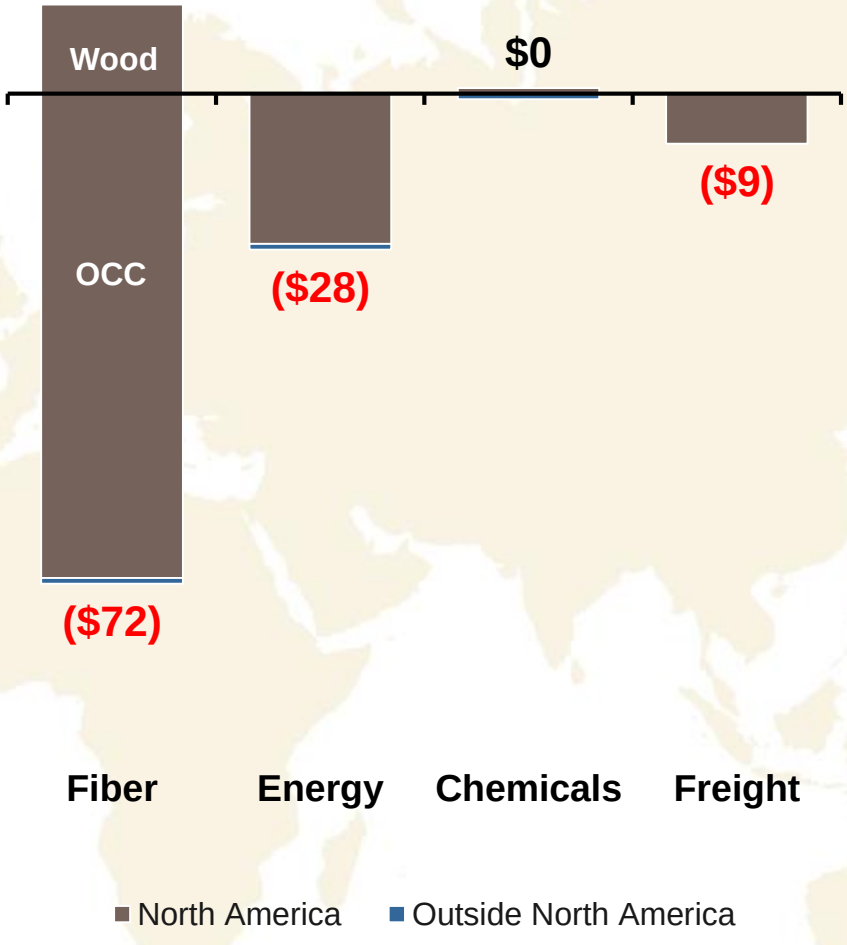
Global Input Costs vs. 2Q16 | $109MM Unfavorable, or $0.17/Share

By Business



By Input Type



Input costs ($MM) for continuing businesses

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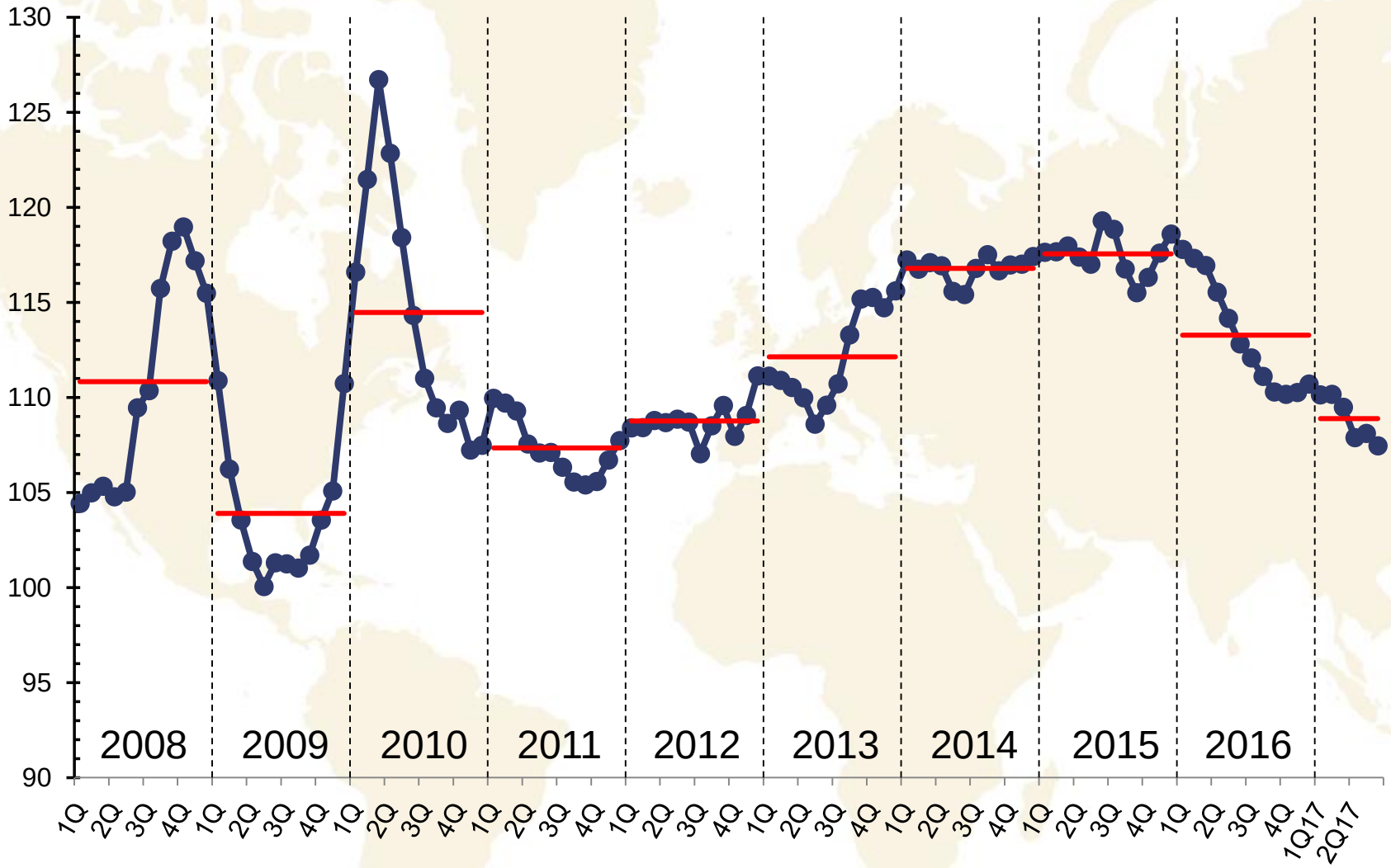
U.S. Mill Wood Delivered Cost Trend | 2Q17 Average Cost Down 2% vs. 1Q17



IP data, cost Indexed to January 2007 values

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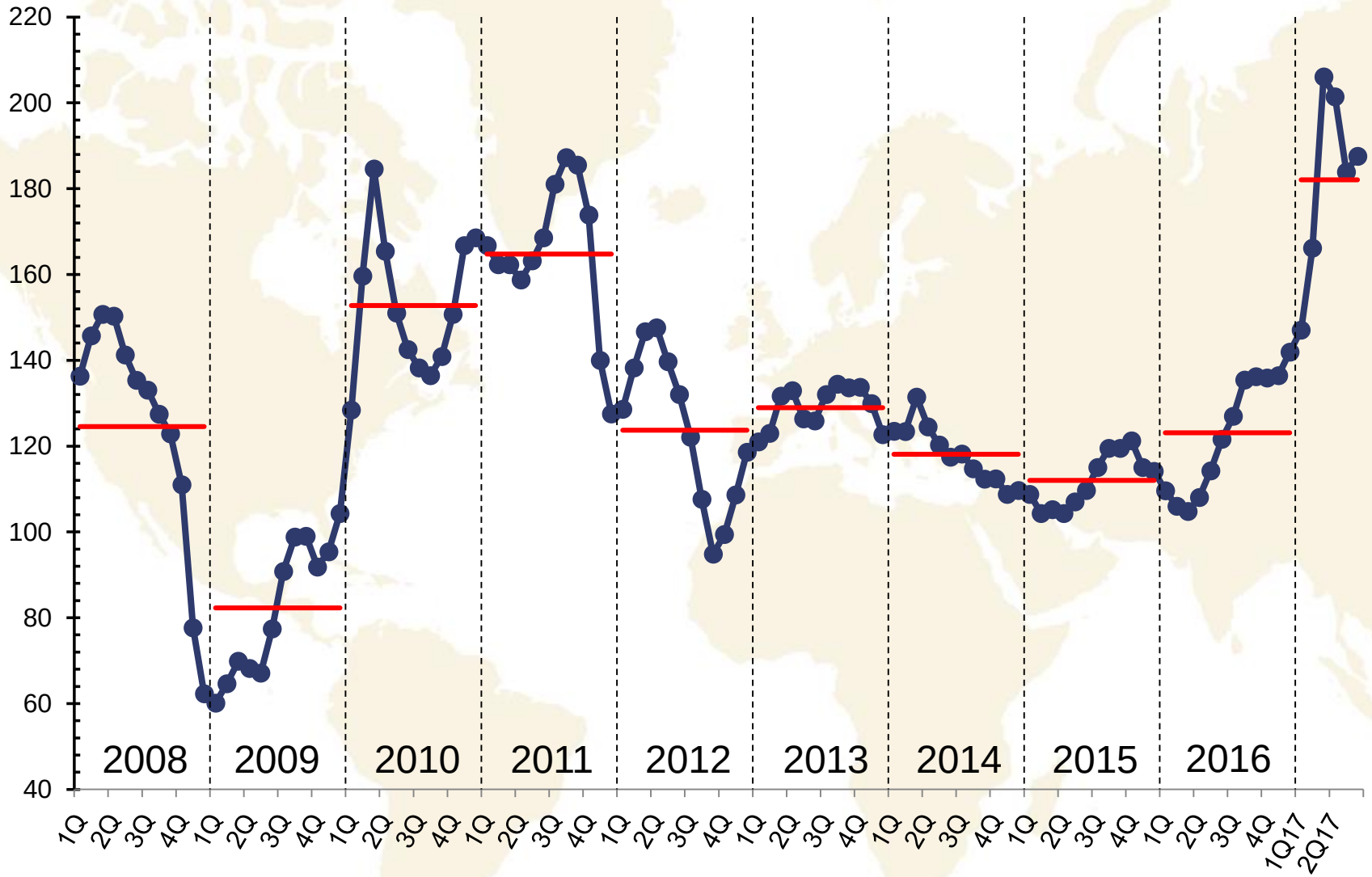
U.S. OCC Delivered Cost Trend | 2Q17 Average Cost Up 10% vs. 1Q17



IP data, cost Indexed to January 2007 values

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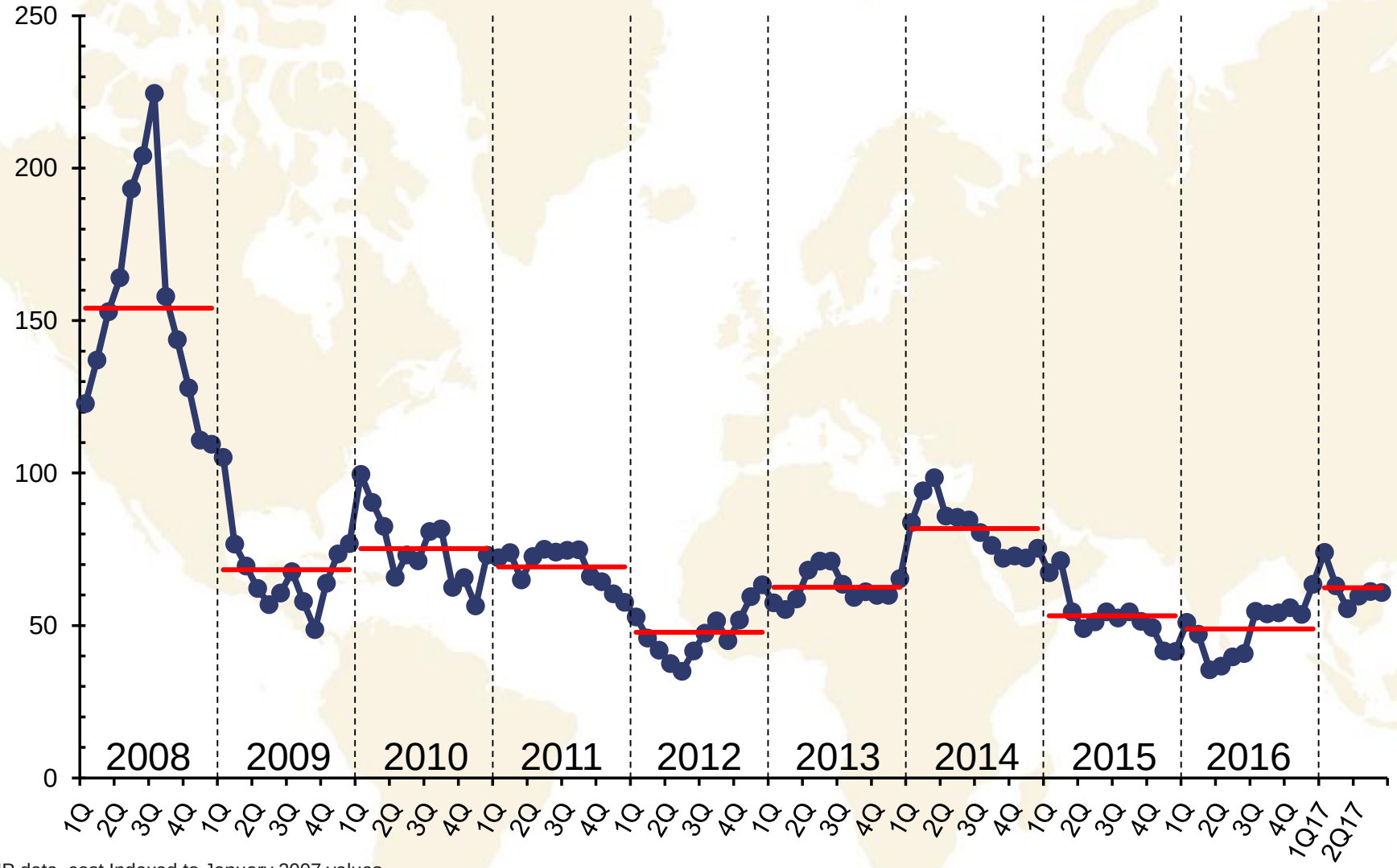
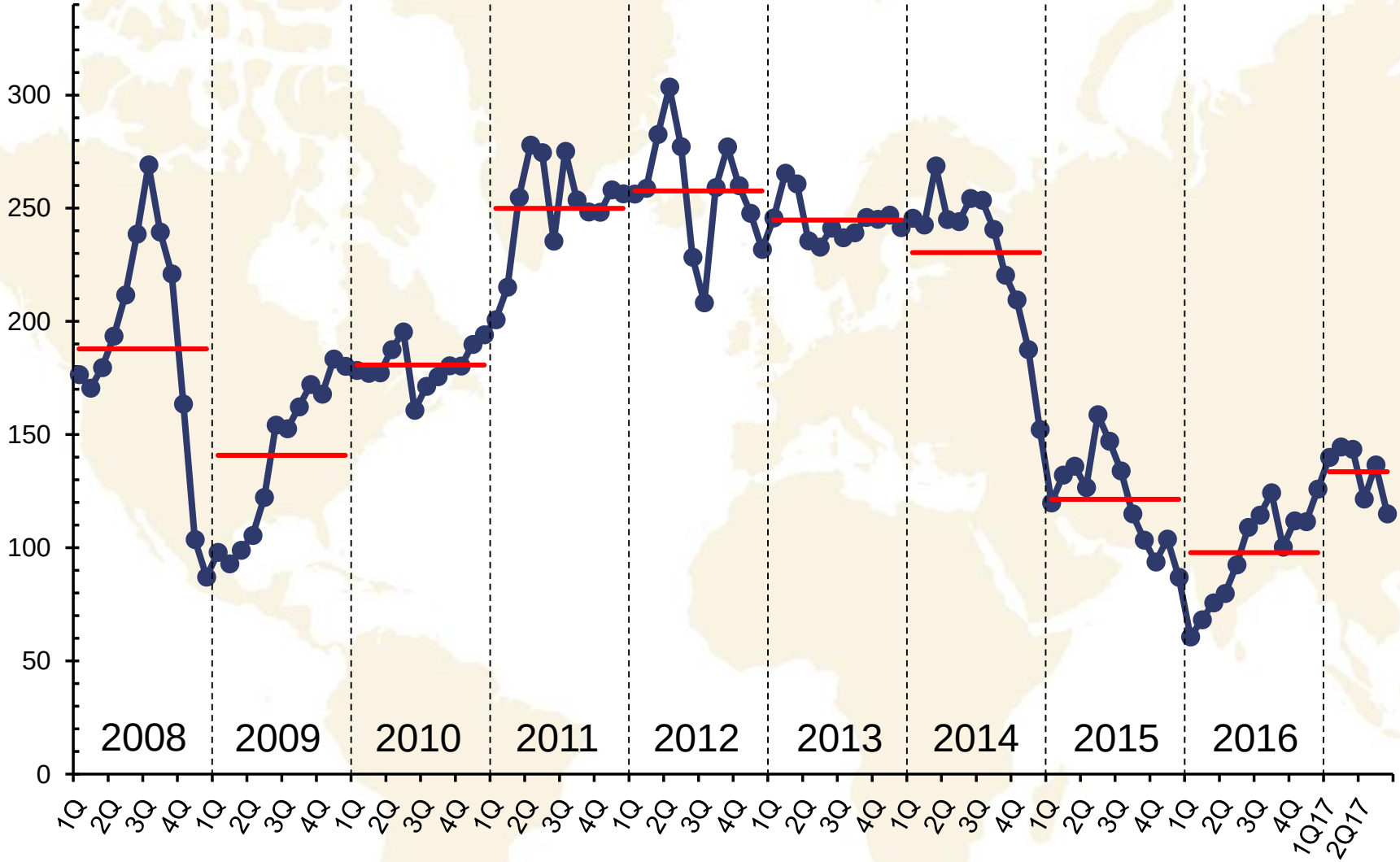
U.S. Natural Gas Cost Trend | 2Q17 Average Cost Down 6% vs. 1Q17



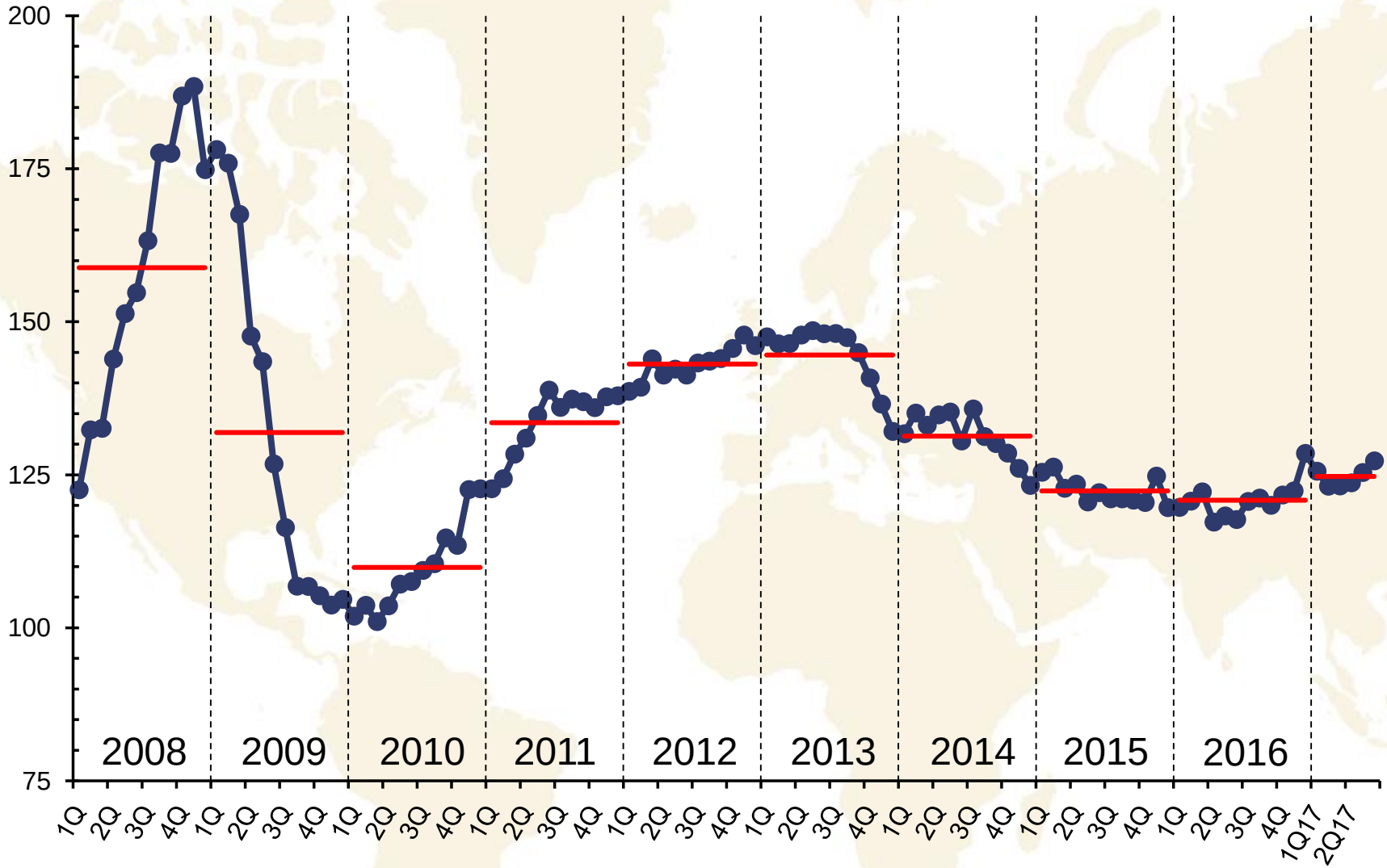
IP data, cost Indexed to January 2007 values
NYMEX Natural Gas closing prices

U.S. Fuel Oil Cost Trend | 2Q17 Average Cost Down 13% vs. 1Q17



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

U.S. Chemical Composite Cost Trend | 2Q17 Average Cost up 1% vs. 1Q17



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

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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)	450,000	400,000
	Coal (Tons)	95,000	600,000
Fiber	Wood (Tons)	60,000,000	8,000,000
	Old Corrugated Containers / DLK (Tons)	4,800,000	300,000
Chemicals	Caustic Soda (Tons)	470,000	70,000
	Starch (Tons)	390,000	120,000
	Sodium Chlorate (Tons)	200,000	60,000
	LD Polyethylene (Tons)	40,000	-
	Latex (Tons)	10,000	6,000