



INTERNATIONAL PAPER

Vertical Research Partners – Global Materials Conference

June 14, 2018

Forward-Looking Statements

Certain statements in this presentation may be considered forward-looking statements. Words such as “expects”, “anticipates”, “estimates”, “believes” and similar expressions identify forward-looking statements. The forward-looking statements include, but are not limited to, information regarding the ability of International Paper to complete the transaction, the timing of an offer by International Paper, the nature of International Paper’s offer including whether or not a secondary listing will be made and potential synergies and benefits for the combined company. 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 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 faced, cyclicalities and changes in consumer preferences, demand and pricing for International Paper 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 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 International Paper experiences a material disruption at one of its manufacturing facilities; (vi) risks inherent in conducting business through joint ventures; (vii) our ability to achieve the benefits expected from strategic acquisitions, divestitures and restructurings; and (viii) other factors that can be found in International Paper’s press releases and U.S. Securities and Exchange Commission (the “SEC”) filings. 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 International Paper’s SEC filings. International Paper undertakes 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 Measures

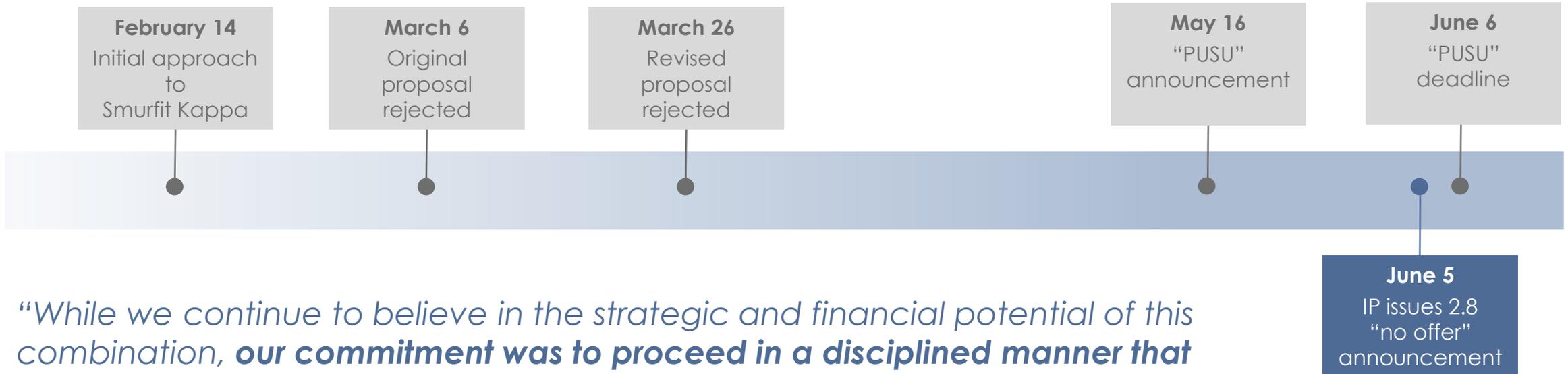
During the course of this presentation, certain non-U.S. GAAP financial measures may be presented. A reconciliation of all presented non-GAAP measures (and their components) to U.S. GAAP financial measures is available on IP’s website at internationalpaper.com under Performance/Investors.

Ilim JV and Graphic Packaging Investment Information

All financial information and statistical measures regarding our 50/50 Ilim joint venture in Russia (“Ilim”) and our 20.5% ownership interest in a subsidiary of Graphic Packaging Holding Company, other than historical International Paper Equity Earnings and dividends received by International Paper, have been prepared by the management of Ilim and Graphic Packaging Holding Company, respectively. Any projected financial information and statistical measures reflect the current views of Ilim and Graphic Packaging Holding Company 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.”

Recap of Proposal to Acquire Smurfit Kappa

Upheld commitment to disciplined approach



*"While we continue to believe in the strategic and financial potential of this combination, **our commitment was to proceed in a disciplined manner that would create value for both sets of shareholders.** Moving forward, we remain focused on executing our strategy and are excited about our outlook. We have many levers to create shareholder value and will be responsible stewards of our shareholders' capital."*

Mark S. Sutton
Chairman and CEO
Press Release – June 5, 2018

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The Strength of International Paper

IP has never been in a better position to grow value for our shareholders

Strong and Sustainable Free Cash Flow Generation

A Stronger IP

- Less complex
- More focused portfolio
- Higher growth profile
- Sustainable earnings runway
- Strong balance sheet

Market Fundamentals & Internal Catalysts

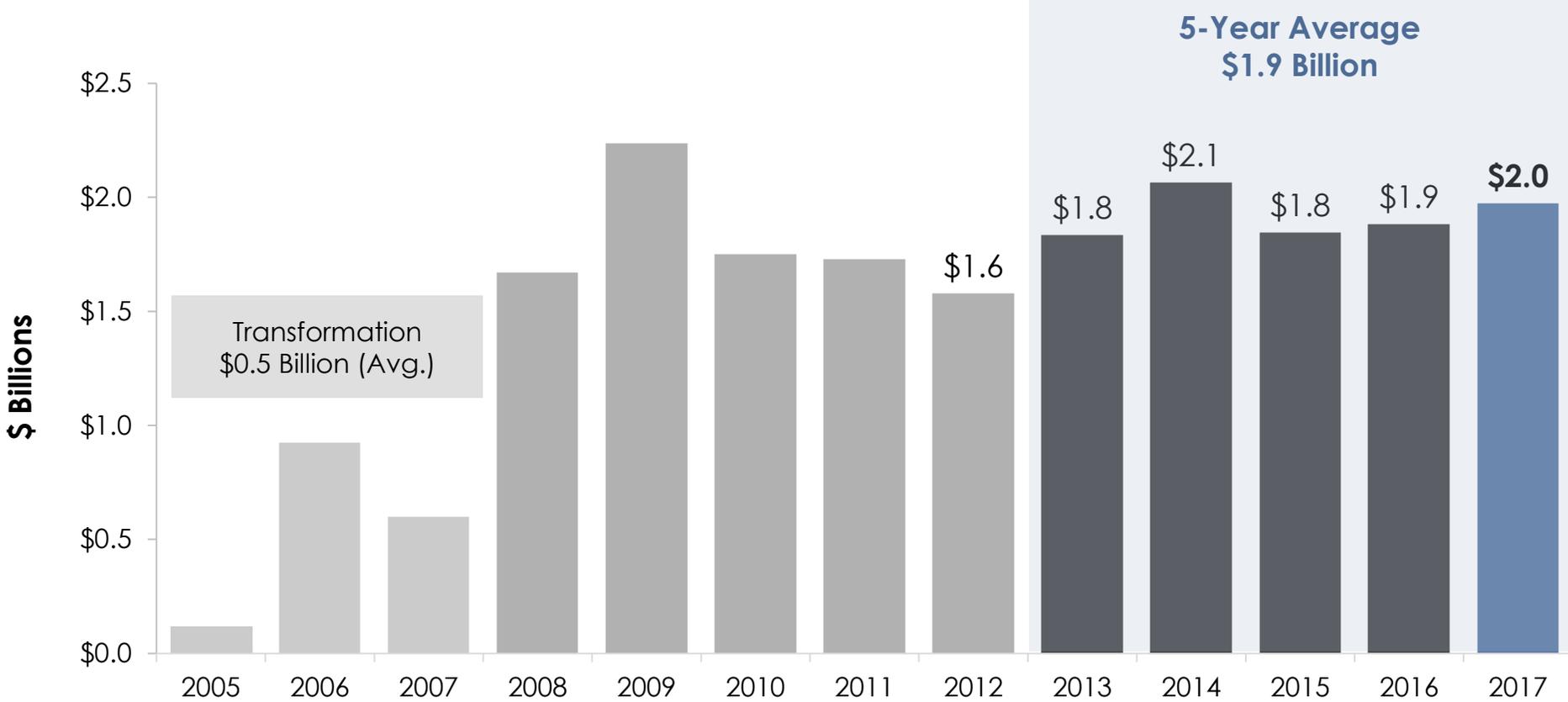
- Robust global demand
- Continued price realization (all businesses)
- Targeted initiatives in Industrial Packaging and Cellulose Fibers
- Commitment to commercial excellence and innovation

**Many levers to
grow value
for our
shareholders**

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Strong, Sustainable Free Cash Flow



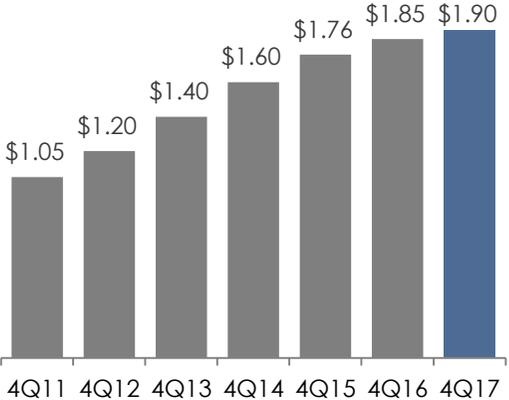
See footnotes on Slide 9



Value-creating Capital Allocation | Responsible Stewards of Enterprise Value

Return Capital to Shareholders

Annualized Dividend



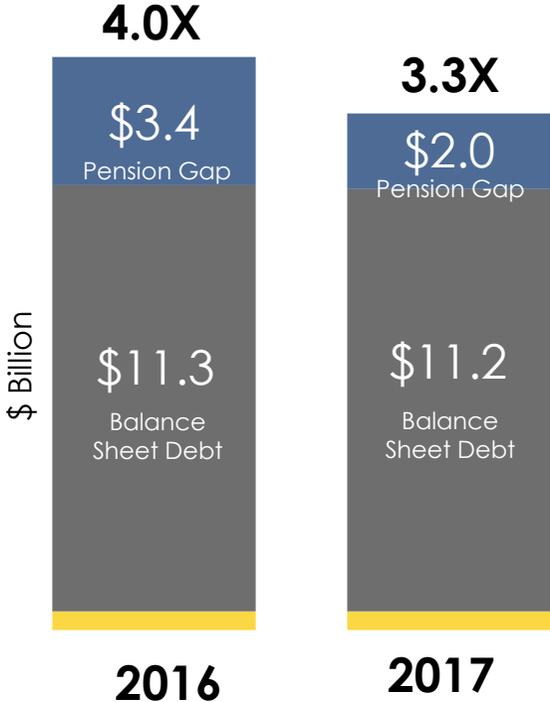
Share Buybacks

\$0.9B Authorization Remaining³

See footnotes on Slide 9

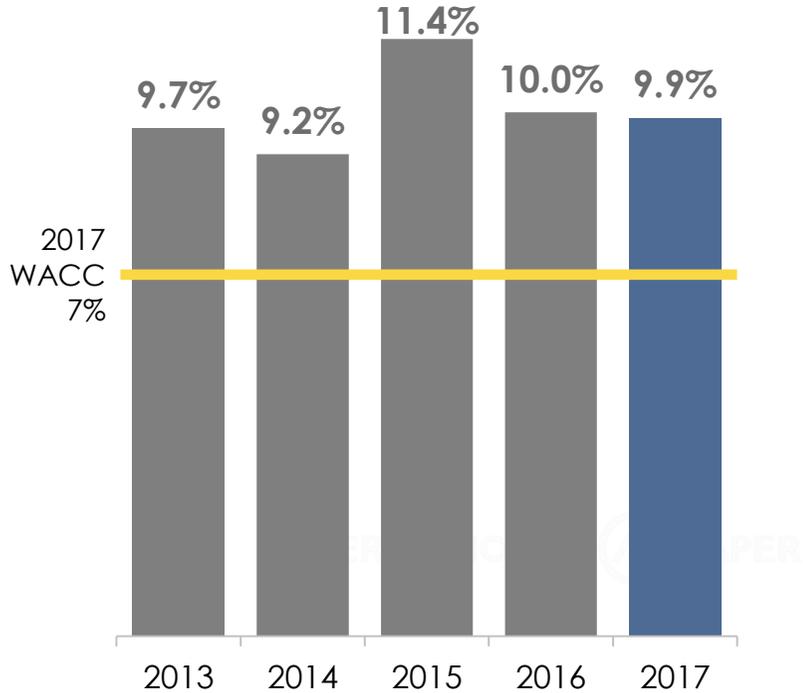
Maintain Strong Balance Sheet

Moody's Target: Adj. Debt < 3X Adj. EBITDA¹



Invest to Grow Intrinsic Value

Adjusted ROIC² > WACC



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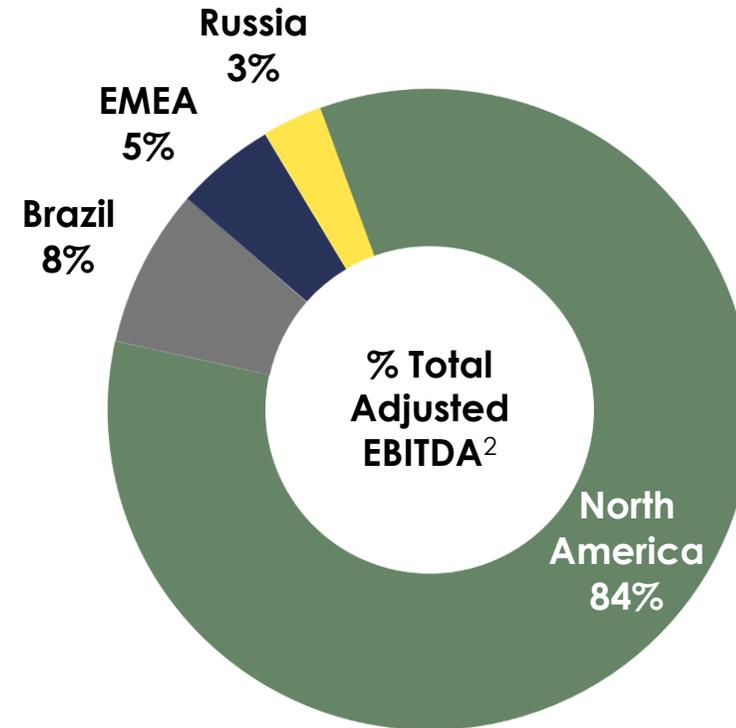
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IP Overview

\$ Billion (Except as noted)	2017
Sales	\$21.7
Adj. EBITDA¹	\$3.7
Adj. EBITDA Margin	17.2%
Equity Earnings (\$MM)	\$177
Free Cash Flow	\$2.0
Dividend per share³	\$1.90



See footnotes on Slide 9

Footnotes

Slide 5

Free Cash Flow, a non U.S. GAAP measure, reflects cash provided by continuing operations for 2005 – 2011, based on data in the 10-K for each year at the time of filing. Free Cash Flow reflects cash provided by operations for 2012 onward. Excludes net cash pension contributions impacting 2006, 2010, 2011, 2013, 2014, 2015, 2016 & 2017, cash flows under European accounts receivable securitization beginning in 2009 and ending in 2011, and cash received from Black Liquor Tax Credits in 2009 and 2010. 2012 excludes \$120MM cash paid for Temple-Inland change-in-control agreements, \$251MM cash received from unwinding a timber monetization, \$44MM cash paid for Temple-Inland pension plan contribution, and \$80MM cash paid for Guaranty Bank settlement. 2013 excludes \$30MM cash received from Guaranty Bank insurance reimbursements. For 2015 onward, see slide #60 for a reconciliation of cash provided by operations to Free Cash Flow.

Slide 6

¹Moody's methodology adjusted to exclude N.A. Consumer Packaging in 2017

²Years 2013-2017 restated to reflect N.A. Consumer Packaging and xpedx as discontinued operations. Years 2005-2012 are as reported in the 10-K for each year at time of filing

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]

³ As of end of 1Q 2018

Slide 8

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

² Based on 2017 Adjusted EBITDA

³ Annualized dividend as of 4Q17