

## AN OVERVIEW OF THE INTERNATIONAL PAPER DEFINED BENEFIT RETIREMENT PLAN FOR SALARIED EMPLOYEES

The Retirement Plan of International Paper for salaried employees is our defined benefit pension plan that, as we have previously announced, will be frozen December 31, 2018. Over the past couple of months we have received a number of requests asking us to help participants better understand how the plan works. This document provides highlights of the Pension Plan, an example of how benefits are determined and information on where to go for more details.

**How Can You Get the Most From Your Pension Plan?** Even though your pension benefit will be frozen on December 31, 2018, there are important components of the pension plan with which you should become familiar.

- You may continue to increase your credited service through December 31, 2018. Credited service is used to calculate your pension benefit.
- Your annual earnings received through December 31, 2018 may be used in the calculation of your Final Average Earnings. Final Average Earnings are used to calculate your pension benefit.
- Your age at termination and your years of vesting service — which continue to grow beyond the December 31, 2018 pension freeze — will affect the amount of the benefit that you can start receiving as early as age 55.

As you will see in the following examples, age and vesting service are important factors affecting the amount of your pension benefit.

**Please note the following Plan Highlights explain pension provisions for employees who have been eligible for the Retirement Plan for Salaried Employees (what we refer to as Plan “C”) throughout their careers with IP. Employees who participated for part of their career in an alternative Benefit Schedule or under a different Pension Plan (such as the Temple-Inland Retirement Plan or the Weyerhaeuser Company Retirement Plan for Salaried Employees) must refer to that Benefit Schedule’s or Pension Plan’s Summary Plan Description (SPD) to understand the provisions of their schedule or plan.**

INTERNATIONAL PAPER RETIREMENT PLAN HIGHLIGHTS	
<b>Your pension benefit is based on a benefit formula...</b>	<p>The benefit formula takes into account three factors:</p> <p><b>Credited Service</b> - the period of time you work for the company as an eligible employee, generally from your date of hire to the earlier of (a) the date you terminate your employment or (b) December 31, 2018, the date of the pension plan freeze.</p> <p><b>Monthly Final Average Earnings</b> - the average of your annual earnings from the highest five consecutive complete years of the 10 years preceding the earlier of (a) the date you terminate your employment or (b) December 31, 2018, divided by 12.</p> <p><b>Monthly Primary Social Security Benefit</b> - An estimate of your monthly Social Security benefit payable at age 65.</p>
<b>What makes up your Monthly Final Average Earnings...</b>	<p>The following Annual Earnings are used to determine your Monthly Final Average Earnings:</p> <ul style="list-style-type: none"> <li>• Base salary</li> <li>• Shift premiums</li> <li>• Overtime</li> <li>• Gainsharing</li> <li>• Incentive compensation awards and variable compensation awards — excluding PSP and other stock awards— earned in the calendar year</li> <li>• Amounts deferred as elective deferrals under a qualified cash or deferred arrangement</li> <li>• Salary reduction contributions to a plan excludible from income</li> </ul>
<b>Pension benefits are paid at normal retirement age...</b>	<p>Full, unreduced benefits are payable at age 65. You also can receive an unreduced benefit if you terminate employment at age 62 or older with at least 10 years of service or at age 61 with at least 20 years of service.</p>
<b>You can retire before age 65 and receive a reduced benefit...</b>	<p>You can receive a reduced <b>Early Retirement benefit</b> if you have at least 10 years of service and terminate employment on or after age 55. You can receive a reduced <b>Vested Termination benefit</b> if you terminate employment prior to age 55 with at least 10 years of service. Both reduced benefits are payable as early as age 55. See the <i>Benefits Reductions</i> table on page 2.</p>
<b>Who is eligible...</b>	<p>Salaried employees hired on or before June 30, 2004,* were enrolled automatically after completing one year of eligibility service in a participating business.</p> <p>*March 1, 2007, for former Temple-Inland employees.</p>

## INTERNATIONAL PAPER RETIREMENT PLAN HIGHLIGHTS

<b>There is no charge to you...</b>	International Paper pays the full cost of the Plan.
<b>You must be vested to receive a benefit...</b>	You are 100% vested once you complete at least five years of vesting service or reach age 65 while actively employed.
<b>Benefits are also available to your surviving spouse...</b>	Benefits are paid based on the form of payment you elect when you retire. If you are vested and die while actively employed, your surviving spouse will receive payments in the form of a 50% Joint and Survivor Annuity.

### How Do Credited Service and Final Average Earnings Affect the Amount of Your Pension Benefit?

Increased Credited Service and higher Final Average Earnings can result in an increased pension benefit. In general, Credited Service includes the years and partial years you work for IP from your date of hire to the date you terminate employment, **although Credited Service cannot extend beyond the pension freeze date of 12/31/2018**. Final Average Earnings are the average of your highest annual earnings for five consecutive years within the last 10 years of your employment with IP, **although earnings beyond the pension freeze date of 12/31/2018 cannot be included**. Until the freeze date, the amount of your unreduced pension benefit increases both as your Credited Service increases and your Final Average Earnings increase.

### What Are the Differences Between A Vested Termination Benefit and an Early Retirement Benefit?

Although the amount of your Normal Retirement Benefit is based on the assumption that you remain actively employed until normal retirement age, which is age 65, you can receive a reduced pension benefit as early as age 55, with at least 10 years of service, either as an **Early Retirement** benefit or a **Vested Termination** benefit, as shown in the chart below, but there are some important differences.

- An **Early Retirement** benefit is available to employees who retire from active service between ages 55 and 65, with at least 10 years of service. Early Retirement benefits are reduced for each year benefits are paid before age 62 (age 61 if you have at least 20 years of service).
- A **Vested Termination** benefit is available to employees who terminate active service before age 55, with a vested pension benefit and at least 10 years of service at the time of termination. Vested Termination benefits are reduced for each year benefits are paid before age 65, and the annual reduction is greater than it is for early retirement.

### How Does Your Age at Retirement Affect Your Benefit?

Whether you have a Vested Termination benefit or an Early Retirement benefit, the amount of your monthly benefit may be reduced for each year or partial year benefits are paid before age 65. The age reduction factors for both benefits are shown in the chart below.

BENEFIT REDUCTIONS IF YOUR PAYMENTS BEGIN BEFORE NORMAL RETIREMENT		
If Your Age When Payments Begin Is...	You Will Receive This Percentage of Your Normal (Age 65) Retirement Benefits...	
	Early Retirement Reduction (Leave at age 55 or later)	Vested Termination Reduction (Leave prior to age 55)
55	72%	40%
56	76%	44%
57	80%	48%
58	84%	52%
59	88%	56%
60	92%	60%
61	96%*	68%
62	100%	76%
63	100%	84%
64	100%	92%
65	100%	100%

\*If you have at least 20 years of vesting service and are at least age 61 on your last day of active employment, you will receive 100% of your accrued benefit.

## How Is Your Pension Benefit Determined?

Your pension benefit is calculated based on your Monthly Final Average Earnings, years of Credited Service and estimated Monthly Primary Social Security Benefit. The benefit calculation formula assumes you retire at your normal retirement age of 65. If you leave the company or retire earlier than age 62 with 10 years of continuous service, your benefit will be reduced.

For example, let's look at Jill:

Jill's Pension Benefit Information	
Age as of Today	46
Years of Service with IP as of Today	15
Estimated age 65 benefit as of December 31, 2018 (the pension plan freeze date)	\$3,000 per month

While her age 65 benefit will not change once it is frozen on December 31, 2018, the amount Jill will receive if she starts receiving monthly benefits early (before age 65) will depend on when she terminates employment with IP.

Jill is considering two options:

- **Option 1:** Leaving IP at the end of 2018 (age 51) when the pension plan freezes and starting her pension benefit when she reaches age 55 (Vested Termination benefit), or
- **Option 2:** Staying at IP until age 55 and taking an Early Retirement benefit.

This example shows how Jill's monthly pension benefit is affected under each of these options. While the benefit payable at age 65 is the same under both options, you can see that Jill would have a significantly higher benefit through the Early Retirement option.

The monthly benefit at age 65 is \$3,000 payable as a single life annuity for both Option 1 and Option 2.

However, the benefit payable at age 55 is much higher if Jill stays with IP until age 55 (Option 2) than if she leaves IP at the end of 2018 (Option 1), as you can see in the following chart:

	Option 1 Vested Termination	Option 2 Early Retirement
Monthly benefit payable at age 65	\$3,000	\$3,000
Percentage of Normal Retirement Benefit	40%	72%
Monthly benefit payable at age 55	\$1,200	\$2,160

## How Can You Find More Information?

You can find more plan details in the summary plan description (SPD) for the Retirement Plan available in the Benefits Library of My-IP. In addition, the table below lists resources where you can learn more about your International Paper retirement benefits.

For Questions or More Information About	Contact	Online or by Calling
Financial planning call center, including: <ul style="list-style-type: none"> <li>• One-on-one counseling</li> <li>• Retirement income needs</li> <li>• Retirement planning</li> </ul>	Ayco AnswerLine®	Call 1-866-325-2105 (TTY/TDD: 1-800-437-6380).
Financial planning education, including: <ul style="list-style-type: none"> <li>• A 5-minute financial checkup to assess your financial health</li> <li>• Access to MyLearning Center and a library of financial planning content</li> <li>• Appointment scheduling for financial counseling</li> <li>• Modeling tools</li> </ul>	Ayco Financial Network	Log in to <a href="http://www.aycofn.com/ip.afn">www.aycofn.com/ip.afn</a>
The International Paper defined benefit retirement plan (our pension plan) or the Temple-Inland Retirement Plan, including: <ul style="list-style-type: none"> <li>• Answers to plan-related questions</li> <li>• Estimates of your plan benefit</li> <li>• Information on how the plan works and how benefits are calculated</li> <li>• Personalized plan benefit information</li> </ul>	International Paper Employee Service Center (ESC)	Log in to <b>My-IP</b> at work (or <a href="http://www.my-ip.com">www.my-ip.com</a> at home) and select <i>Manage My Retirement and Savings Plans</i> . You also may log in directly to <a href="http://www.myipretirement.com">www.myipretirement.com</a> or call 1-888-ESC-2YOU (1-888-372-2968).
The International Paper Salaried Savings Plan (our 401(k) savings plan), including: <ul style="list-style-type: none"> <li>• Answers to plan-related questions</li> <li>• Account balance information</li> <li>• Loans/withdrawals</li> <li>• Plan transactions</li> </ul>	J.P. Morgan Retirement Plan Services	Log in to <b>My-IP</b> at work (or <a href="http://www.my-ip.com">www.my-ip.com</a> at home) and select <i>Manage My Retirement and Savings Plans</i> . You also may log in directly to <a href="http://www.myipretirement.com">www.myipretirement.com</a> or call 1-800-345-2345 (TTY/TDD: 1-800-345-1833).