INTERNATIONAL PAPER CO /NEW/
Form 424B5
July 31, 2017
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-202334

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement, dated July 31, 2017

PROSPECTUS SUPPLEMENT

(TO PROSPECTUS DATED FEBRUARY 27, 2015)

$

International Paper Company

$ Floating Rate Notes due 2020

$ % Fixed Rate Notes due 2048

The Floating Rate Notes due 2020 (the Floating Rate Notes) will bear interest at a floating rate, reset quarterly, equal to three-month LIBOR plus % per year. The % Fixed Rate Notes due 2048 (the Fixed Rate Notes and, together with the Floating Rate Notes, the Notes) will bear interest at the rate of % per year. Interest on the Floating Rate Notes will be payable on , , and of each year, beginning , 2017. Interest on the Fixed Rate Notes will be payable on and of each year, beginning , 2018. The Floating Rate Notes will mature on , 2020, and the Fixed Rate Notes will mature on , 2048. We may redeem all or a portion of the Floating Rate Notes on the first business day after the date that is one year following the date of issuance of the Floating Rate Notes pursuant to this offering or at any time or from time to time thereafter, and we may redeem all or a portion of the Fixed Rate Notes at any time or from time to time; in each case, at the redemption prices described under the caption Description of the Notes Optional Redemption. If we experience a Change of Control Triggering Event with respect to the Notes of a series, we will be required to offer to repurchase such Notes from holders at 101% of the principal amount thereof. See Description of the Notes Change of Control Triggering Event.

The Notes will be our unsecured senior obligations and will rank equally with all of our other unsecured senior indebtedness from time to time outstanding.

Investing in the Notes involves risks. See **"Risk Factors" beginning on page S-11 of this prospectus supplement.**

	Per Floating Rate Note	Total	Per Fixed Rate Note	Total
Public Offering Price	%	$	%	$
Underwriting Discount	%	$	%	$
Proceeds to International Paper (before expenses)	%	$	%	$

Interest on the Notes will accrue from , 2017.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The Notes will not be listed on any securities exchange. Currently, there is no public market for the Notes.

The underwriters expect that the Notes will be ready for delivery in book-entry form only through The Depository Trust Company, including Euroclear and Clearstream Luxembourg, as participants, on or about , 2017.

Joint Book-Running Managers

BofA Merrill Lynch **SMBC Nikko**

BBVA **BNP PARIBAS** **Citigroup** **Credit Agricole CIB** **Deutsche Bank Securities**
DNB Markets **J.P. Morgan** **Mizuho Securities** **Regions Securities LLC**

, 2017

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus with respect to this offering filed by us with the Securities and Exchange Commission, or the SEC. We have not, and the underwriters have not, authorized any other person to provide you with different information. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give to you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and any free writing prospectus with respect to this offering filed by us with the SEC, as well as information we previously filed with the SEC and incorporated by reference, is accurate as of its respective date. Our business, financial condition, results of operations and prospects may have changed since that date.

We are offering to sell, and are seeking offers to buy, the Notes only in jurisdictions where offers and sales are permitted. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement and the accompanying prospectus must inform themselves about and observe any restrictions relating to the offering of the Notes and the distribution of this prospectus supplement and the accompanying prospectus outside the United States. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any Notes offered by this prospectus supplement and the accompanying prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

PRESENTATION OF INFORMATION

These offering materials consist of two documents: (A) this prospectus supplement, which describes the terms of the Notes that we are currently offering, and (B) the accompanying prospectus, which provides, among other things, general information about our debt securities, some of which may not apply to the Notes that we are currently offering. The information contained in this prospectus supplement supersedes any inconsistent information included or incorporated by reference in the accompanying prospectus.

In various places in this prospectus supplement and the accompanying prospectus, we refer you to other sections of such documents for additional information by indicating the caption heading of such other sections. The page on which each principal caption included in this prospectus supplement and the accompanying prospectus can be found is listed in the table of contents above. All such cross references in this prospectus supplement are to captions contained in this prospectus supplement and not in the accompanying prospectus, unless otherwise stated.

As used in this prospectus supplement, the terms International Paper, IP, the Company, we, us and our refer t International Paper Company and its subsidiaries, unless the context requires otherwise, such as in Summary The Offering and Description of the Notes.

FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act, as amended. These include statements concerning our financial condition, results of operations and business. These statements are often identified by the words will, may, should, continue, anticipate, believe, expect, plan, appear, project, estimate, intend, and words of

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These forward-looking statements reflect our current views with respect to future events and are subject to risks and uncertainties. A number of factors, including those discussed under Risk Factors, could cause our actual results to differ materially from those expressed or implied in these statements. Factors that could cause actual results to differ include, among other things, the following:

- the level of our indebtedness and changes in interest rates;
- 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;
- 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;
- unanticipated expenditures related to the cost of compliance with existing and new environmental and other governmental regulations and to actual or potential litigation;
- whether we experience a material disruption at one of our manufacturing facilities;
- risks inherent in conducting business through a joint venture;
- the failure to realize the expected synergies and cost-savings from our purchase of the pulp business of Weyerhaeuser Company (Weyerhaeuser) or delay in realization thereof; and
- our ability to achieve the benefits we expect from all other acquisitions, divestitures and restructurings.

In view of such uncertainties, investors are cautioned not to place undue reliance on these forward-looking statements. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Additional information concerning these and other factors is contained in our filings with the SEC, including, but not limited to, (i) our Annual Report on Form 10-K for the year ended December 31, 2016 and (ii) our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.

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SUMMARY

International Paper Company

We are a global paper and packaging company with primary markets and manufacturing operations in North America, Europe, Latin America, Russia, Asia, Africa and the Middle East. We are a New York corporation, incorporated in 1941 as the successor to the New York corporation of the same name organized in 1898.

In the United States at March 31, 2017, we operated 29 pulp, paper and packaging mills, 170 converting and packaging plants, 16 recycling plants and three bag facilities. Production facilities at March 31, 2017 in Canada, Europe, Asia, Africa, India and Latin America included 16 pulp, paper and packaging mills, 46 converting and packaging plants and two recycling plants. We operate a printing and packaging products distribution business principally through 12 branches in Asia. At March 31, 2017, we owned or managed approximately 326,000 acres of forestland in Brazil and had, through licenses and forest management agreements, harvesting rights on government-owned forestlands in Russia. Substantially all of our businesses have experienced, and are likely to continue to experience, cycles relating to industry capacity and general economic conditions.

For management and financial reporting purposes, our businesses are separated into four segments: Industrial Packaging, Global Cellulose Fibers, Printing Papers and Consumer Packaging. Subsequent to the acquisition of the Weyerhaeuser pulp business in December 2016, we began reporting the Global Cellulose Fibers business as a separate business segment due to the increased materiality of the results of this business. This segment includes the Company s legacy pulp business and the pulp business acquired from Weyerhaeuser. The Company s 50% equity interest in Ilim Holding S.A. (Ilim) is also a separate reportable industry segment.

For the year ended December 31, 2016, our net sales were $21.1 billion and the net earnings attributable to us were $904 million. For the three months ended March 31, 2017, our net sales were $5.5 billion and the net earnings attributable to us were $209 million.

The address of our principal executive offices is 6400 Poplar Avenue, Memphis, Tennessee 38197 and our main telephone number is 901-419-9000.

Recent Developments

The following is a discussion of our preliminary results for the quarter ended June 30, 2017. The information is subject to completion and the filing of our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017.

Consolidated Results. On July 27, 2017, we reported preliminary 2017 second quarter net earnings attributable to International Paper of $80 million, compared with net earnings attributable to International Paper of $209 million in the first quarter of 2017 and net earnings attributable to International Paper of $40 million in the second quarter of 2016. Such net earnings in these periods include the impact of special items discussed below, non-operating pension expense and discontinued operations. Loss from continuing operations before income taxes and equity earnings in the second quarter of 2017 was $29 million, compared with loss from continuing operations before income taxes and equity earnings of $14 million for the second quarter of 2016. Earnings from continuing operations before income taxes and equity earnings for the six months ended June 30, 2017 totaled $215 million, compared with earnings of $303 million for the six months ended June 30, 2016.

Net sales were $5.8 billion in the second quarter of 2017, compared with $5.5 billion in the first quarter of 2017 and $5.3 billion in the second quarter of 2016. The year-over-year revenue increase was primarily due to the pulp business that was acquired in late 2016. Cash provided by operations was $645 million in the second quarter of 2017. During the six months ended June 30, 2017, we invested $664 million of cash in capital projects.

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Business Segment Results. Our Industrial Packaging segment s operating profits in the second quarter of 2017 were $50 million ($407 million excluding special items) compared with $365 million ($360 million excluding special items) in the first quarter of 2017. U.S. box shipments remained strong driven by favorable domestic conditions. Earnings were also favorably impacted by solid sales price realization and strong demand for U.S. kraft linerboard exports. This was partially offset by mill outage costs and rising costs for old corrugated containers.

Our Global Cellulose Fibers segment s operating profits were $7 million ($12 million excluding special items) in the second quarter of 2017 compared with an operating loss of $70 million ($51 million excluding special items) in the first quarter of 2017. The business achieved record fluff pulp sales volumes in the quarter as global demand for fluff pulp remains strong. Greater synergy benefits, favorable pricing and lower overall manufacturing cost, along with lower planned maintenance outage expenses, contributed to the earnings increase.

Operating profits in our Printing Papers segment were $86 million ($88 million excluding special items) in the second quarter of 2017 compared with $100 million in the first quarter of 2017. Earnings in North America were impacted by lower sales volumes, unfavorable mix and heavy maintenance outage expenses, partially offset by higher export sales volume from our business in Brazil.

Our Consumer Packaging segment s operating profits were a loss of $14 million (a loss of $5 million excluding special items) in the second quarter of 2017 compared with earnings of $33 million in the first quarter of 2017. The earnings decrease in the quarter was largely attributable to annual outage expenses and reliability issues at the Augusta, Georgia mill.

We recorded Ilim joint venture equity earnings of $21 million in the second quarter of 2017 compared with $50 million in the first quarter of 2017. Primarily due to Ilim s U.S. dollar denominated net debt, we recognized a non-cash after-tax foreign exchange loss of $18 million in the second quarter of 2017, compared with an after-tax gain of $23 million in the first quarter of 2017.

Corporate Expenses. Net corporate expenses, excluding non-operating pension expense, were $4 million for the second quarter of 2017, compared with $11 million in the first quarter of 2017.

Effects of Special Items. Special items in the second quarter of 2017 included a pre-tax gain of $16 million ($11 million after taxes) for Restructuring and other charges. Included within Restructuring and other charges were a pre-tax gain of $14 million ($9 million after taxes) related to the sale of our investment in ArborGen and a gain of $2 million (before and after taxes) for other items. Special items also included a pre-tax charge of $354 million ($219 million after taxes) related to an agreement to settle the Kleen Products antitrust class action lawsuit, a pre-tax loss of $9 million ($4 million after taxes) for the impairment of the assets of our Foodservice business in Asia, a pre-tax loss of $5 million ($3 million after taxes) for integration costs associated with the 2016 acquisition of the Weyerhaeuser pulp business, and a net charge of $1 million (before and after taxes) for other items. Also included in special items is a tax benefit of $47 million primarily due to planned income tax refund claims.

Special items in the first quarter of 2017 included a pre-tax charge of $14 million ($8 million after taxes) to amortize the inventory fair value step-up of the pulp business acquired in December 2016, pre-tax charges of $4 million ($2 million after taxes) for costs associated with the acquisition of that business, a net bargain purchase gain of $6 million (before and after taxes) on the June 2016 acquisition of the Holmen Paper newsprint mill in Madrid, Spain and a charge of $2 million (before and after taxes) for other items. Also included in special items is a $15 million tax expense associated with an international investment restructuring.

Special items in the second quarter of 2016 included a pre-tax charge of $28 million ($20 million after taxes) for costs associated with the sale of our Asia corrugated packaging business, a pre-tax charge of $5 million ($3 million after taxes) for costs associated with the announced agreement to purchase the Pulp Business, a tax expense of $23 million associated with 2016 cash pension contributions and a tax benefit of $6 million related to an international legal entity restructuring.

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Acquisition of Tangier, Morocco Facility. On June 30, 2017, the Company completed the acquisition of Europac s Med Packaging, a corrugated packaging facility located in Tangier, Morocco. With this acquisition, the Company expects to realize significant synergies in its box system in Morocco, as well as from the paper integration with the recently acquired Madrid, Spain mill and its existing recycled containerboard mill in Kenitra, Morocco.

Sale of Asia Foodservice Business. On June 29, 2017, the Company announced that it had entered into a definitive agreement to sell its foodservice business in China to Huhtamaki Hong Kong Limited. The transaction is expected to be completed in the third quarter of 2017, subject to satisfaction of closing conditions, including obtaining required governmental approvals. A pre-tax charge of $9 million was recorded during the second quarter of 2017, in the Company s Consumer Packaging Segment, to write down the long-lived assets of this business to their estimated fair value.

Commitment and Contingencies Update. In August 2014, a lawsuit captioned *Signature Industrial Services LLC et al. v. International Paper Company* was filed in state court in Texas. The *Signature* lawsuit arises out of approximately $1 million in disputed invoices related to the installation of new equipment at the Company s Orange, Texas mill. In addition to the invoices in dispute, Signature and its president allege consequential damages arising from the Company s nonpayment of those invoices. The lawsuit was tried before a jury in Beaumont, Texas, in May 2017. On June 1, 2017, the jury returned a verdict awarding approximately $125 million in damages to the plaintiffs. The verdict will not be final until post-trial motions are decided, and the Company will appeal the final judgment thereafter. The Company has numerous and strong bases for appeal, and we believe the Company will prevail on appeal. Because post-trial proceedings are in a preliminary stage, we are unable to estimate a range of reasonably possible loss, but we expect the amount of any loss to be immaterial.

Pension Plan Cash Contribution and Possible Initiatives

We sponsor and maintain the Retirement Plan of International Paper Company (the Pension Plan), a tax-qualified defined benefit pension plan covering substantially all of our U.S. salaried employees hired prior to July 1, 2004 and substantially all of our U.S. hourly and union employees regardless of hire date. We continually reassess the amount and timing of contributions to the Pension Plan and elected to make voluntary cash contributions to the Pension Plan of $750 million in each of 2016 and 2015 and $353 million in 2014. We intend to use the net proceeds of the offering of the Notes, together with available cash and other borrowings, to make a voluntary cash contribution to the Pension Plan in the aggregate amount of $1.25 billion by September 15, 2017. The amount and timing of future contributions to the Pension Plan, which could be material, will depend upon a number of factors, including the actual earnings of plan assets, changes in values of plan assets and changes in interest rates.

We have implemented in the past, and currently intend to implement, initiatives designed to address the underfunded Pension Plan and future funding needs and to reduce risk in the Pension Plan. For instance, in 2016, we implemented a voluntary opportunity for former IP employees to request early payment of their pension benefits in the form of a single lump-sum payment that program resulted in total payments of $1.2 billion out of plan trust assets, a reduction in plan liabilities of approximately $1.4 billion, and a non-cash charge of $439 million to IP s earnings in the second quarter of 2016. Going forward, we intend to make changes in plan asset allocations to emphasize more fixed income investments, re-allocate the plan s fixed income investments to longer duration maturities, expand certain hedging strategies and explore other risk-mitigation actions. There can be no assurances that we will pursue any of these initiatives or that, if pursued, any such initiative would have a material positive impact on the future funding needs of the Pension Plan or actually reduce risk in the Pension Plan. In addition, implementing certain initiatives could result in non-cash charges to IP s earnings, which could be material, such as the charge we recorded in the second quarter of 2016 resulting from the buyout program for former IP employees. See Risk Factors Our pension and health care costs are subject to numerous factors which could cause these costs to change and The Pension Plan is currently underfunded, and over time we may be required to make cash payments to the Pension Plan, reducing the cash available for our business.

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The Offering

The following is a brief summary of some of the terms of this offering. For a more complete description of the terms of the Notes, see Description of the Notes. As used in this Summary The Offering, the terms International Paper Company, the Company, we, our, us and other similar references refer only to International Paper Company and not to any of its subsidiaries.

Issuer	International Paper Company.
Notes Offered	$ aggregate principal amount of Floating Rate Notes due 2020 (referred to as the Floating Rate Notes).
	$ aggregate principal amount of % Fixed Rate Notes due 2048 (referred to as the Fixed Rate Notes).
	We refer to the Floating Rate Notes and the Fixed Rate Notes collectively as the Notes.
Maturity Date	The Floating Rate Notes will mature on , 2020.
	The Fixed Rate Notes will mature on , 2048.
Interest Rate	The Floating Rate Notes will bear interest at a floating rate, reset quarterly, equal to three-month LIBOR plus % per year.
	The Fixed Rate Notes will bear interest at the rate of % per year.
Interest Payment Dates	Interest on the Floating Rate Notes will be payable quarterly in arrears on , , and of each year, beginning , 2017.
	Interest on the Fixed Rate Notes will be payable semi-annually in arrears on and of each year, beginning , 2018.
Ranking	The Notes will be our senior unsecured debt and will rank equally with all of our existing and future senior unsecured debt. The Notes will be

effectively subordinated to all of our existing and future secured debt to the extent of the value of the assets securing that debt. The Notes will be structurally subordinated to all indebtedness and other obligations of our subsidiaries.

Optional Redemption

We may redeem all or a portion of the Floating Rate Notes on the first business day after the date that is one year following the date of issuance of the Floating Rate Notes pursuant to this offering or at any time or from time to time thereafter at a price equal to 100% of the aggregate principal amount of the Floating Rate Notes being redeemed, plus accrued and unpaid interest to the redemption date.

If the Fixed Rate Notes are redeemed prior to , 2047 (the date that is six months prior to the final maturity date) (the Par Call Date), we may redeem all or a portion of the Fixed Rate Notes, at our option, at any time or from time to time at a redemption price equal to the

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	greater of (1) 100% of the aggregate principal amount of the Fixed Rate Notes being redeemed, plus accrued and unpaid interest to the redemption date, and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the Fixed Rate Notes matured on the Par Call Date discounted to the redemption date, on a semi-annual basis, at the Treasury Rate (as defined in Description of the Notes Optional Redemption) plus basis points, plus accrued and unpaid interest on the principal amount of the Fixed Rate Notes being redeemed to the redemption date. If the Fixed Rate Notes are redeemed on or after the Par Call Date, the redemption price for the Fixed Rate Notes to be redeemed will equal 100% of the principal amount of such Fixed Rate Notes, plus accrued and unpaid interest to the redemption date. See Description of the Notes Optional Redemption.
Offer to Repurchase Upon a Change of Control Triggering Event	Upon the occurrence of a Change of Control Triggering Event (as defined herein) with respect to the Notes of a series, we will be required to make an offer to purchase the Notes of such series at a price equal to 101% of their principal amount plus accrued and unpaid interest to the date of repurchase. See Description of the Notes Change of Control Triggering Event.
Sinking Fund	None.
Covenants	The indenture that will govern the Notes contains covenants that, among other things, will limit our ability and the ability of our subsidiaries to: create certain liens; enter into certain sale and leaseback transactions; and consolidate, merge or transfer all or substantially all of our assets. These covenants are subject to important exceptions and qualifications, which are described under Description of the Notes Certain Covenants.
Use of Proceeds	The net proceeds, after deducting underwriters discounts and commissions and estimated offering expenses payable by us, from the sale of the Notes offered hereby will be approximately $ million. We intend to use the net proceeds from this offering, together with available

	cash and other borrowings, to make a voluntary cash contribution to the Pension Plan in the aggregate amount of $1.25 billion by September 15, 2017. See Use of Proceeds.
Form of Notes	Global notes, held in the name of The Depository Trust Company.
Governing Law	State of New York.

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Risk Factors	Investing in the Notes involves substantial risks. See Risk Factors beginning on page S-11 in this prospectus supplement for a description of certain of the risks you should consider before investing in the Notes.

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Summary Historical Financial Data

Our summary historical financial information presented below as of and for the three years ended December 31, 2016 has been derived from our audited consolidated financial statements. The summary historical financial information as of and for the three months ended March 31, 2017 and March 31, 2016 has been derived from our unaudited condensed consolidated financial statements and includes all adjustments (consisting of normal recurring items) which are, in our opinion, necessary for a fair presentation of our financial position as of such dates and results of operations for such periods. The results of operations for the three months ended March 31, 2017 are not necessarily indicative of the results for our full fiscal year ending December 31, 2017.

The summary historical financial information should be read in conjunction with our filings with the SEC. Our summary historical financial information set forth below should be read in conjunction with the following, each of which is incorporated by reference herein:

- our Current Report on Form 8-K filed July 31, 2017;
- our Annual Report on Form 10-K for the year ended December 31, 2016 (except for Items 6, 7 and 8 of Part II thereof and XBRL Exhibits 101 and Schedule II of Item 15 of Part IV thereto which have been updated by our Current Report on Form 8-K referenced above); and
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017.

	For the Three Months Ended March 31,		For the Year Ended December 31,		
	2017	2016	2016	2015	2014
	(Dollar amounts in millions)				
Statement of operations data:					
Net sales	$ 5,511	$ 5,110	$ 21,079	$ 22,365	$ 23,617
Costs and expenses					
Cost of products sold	3,940	3,611	15,152	15,468	16,254
Selling and administrative expenses	422	376	1,575	1,645	1,793
Depreciation, amortization and cost of timber harvested	345	284	1,227	1,294	1,406
Distribution expenses	379	320	1,361	1,406	1,521
Taxes other than payroll and income taxes	45	41	164	168	180
Restructuring and other charges		1	54	252	846
Impairment of goodwill and other intangibles				137	100
Net (gains) losses on sales and impairments of businesses		37	70	174	38
Net bargain purchase gain on acquisition of business	(6)				

Interest expense, net		142		123		520			555			607	
Earnings (loss) from continuing operations before income taxes and equity earnings		244		317		956	(b)		1,266	(e)		872	(g)
Income tax provision (benefit)		83		41		247			466			123	
Equity earnings (loss), net of taxes		48		63		198			117			(200)	
Earnings (loss) from continuing operations		209		339		907			917			549	
Discontinued operations, net of taxes				(5)		(5)	(c)					(13)	(h)
Net earnings (loss)		209		334		902	(b-d)		917	(e-f)		536	(g-i)
Less: Net earnings attributable to noncontrolling interests						(2)			(21)			(19)	
Net earnings (loss) attributable to International Paper Company	$	209	$	334	$	904	(b-d)	$	938	(e-f)	$	555	(g-i)

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	For the Three Months Ended March 31, 2017	2016	For the Year Ended December 31, 2016	2015	2014
	(Dollar amounts in millions)				
Balance sheet data (at period end):					
Working capital(a)	$ 2,454	$ 2,694	$ 2,601	$ 2,244	$ 2,719
Plants, properties and equipment, net	14,049	12,037	13,990	11,980	12,728
Forestlands	471	399	456	366	507
Total assets	33,301	31,043	33,093	30,271	28,369
Long-term debt, including notes payable and current maturities	11,277	9,375	11,314	9,270	9,326
Total equity	4,594	4,260	4,359	3,909	5,263
Other financial data:					
Cash provided by (used for) operations	$ 633	$ 620	$ 2,478	$ 2,580	$ 3,077
Cash (used for) provided by investment activities	(400)	(364)	(3,498)	(1,739)	(860)
Cash (used for) provided by financing activities	(284)	(164)	982	(1,601)	(2,086)
Capital expenditures	374	309	1,348	1,487	1,366
Ratio of earnings to fixed charges(j)	2.73x	2.72x	2.30x	2.82x	2.32x

(a) Current assets minus current liabilities.
(b) Includes the following pre-tax charges (gains):

In millions	**2016**
Riegelwood mill conversion costs	$ 9
India Packaging evaluation write-off	17
Write-off of certain regulatory pre-engineering costs	8
Early debt extinguishment costs	29
Costs associated with the newly acquired pulp business	31
Asia Box impairment / restructuring	70
Gain on sale of investment in Arizona Chemical	(8)
Turkey mill closure	7
Amortization of Weyerhaeuser inventory fair value step-up	19
Total	$ 182

(c) Includes a pre-tax charge of $8 million ($5 million after taxes) for a legal settlement associated with the xpedx business.
(d) Include the following tax expenses (benefits):

In millions	**2016**
Cash pension contribution	$ 23

U.S. Federal audit	(14)
Brazil goodwill	(57)
International legal entity restructuring	(6)
Luxembourg tax rate change	31
Total	$ (23)

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(e) Includes the following pre-tax charges (gains):

In millions	**2015**
Riegelwood mill conversion costs, net of proceeds from sale of Carolina Coated Bristols brand	$ 8
Timber monetization restructuring	16
Early debt extinguishment costs	207
IP-Sun JV impairment	174
Legal liability reserve adjustment	15
Refund of state tax credits	(4)
Impairment of Orsa goodwill and trade name intangible	137
Other items	6
Total	$ 559

(f) Includes the following tax expenses (benefits):

In millions	**2015**
IP-Sun JV impairment	$ (67)
Cash pension contribution	23
Other items	7
Total	$ (37)

(g) Includes the following pre-tax charges (gains):

In millions	**2014**
Temple-Inland integration	$ 16
Courtland mill shutdown	554
Early debt extinguishment costs	276
India legal contingency resolution	(20)
Multi-employer pension plan withdrawal liability	35
Foreign tax amnesty program	32
Asia Industrial Packaging goodwill impairment	100
Loss on sale by investee and impairment of investment	47
Other items	12
Total	$ 1,052

(h)

Includes the after-tax operating earnings of the xpedx business prior to the spin-off and the following after-tax charges (gains):

In millions	**2014**
xpedx spinoff	$ 16
Building Products divestiture	9
xpedx restructuring	(1)
Total	$ 24

(i) Includes the following tax expenses (benefits):

In millions	**2014**
State legislative tax change	$ 10
Internal restructuring	(90)
Other items	(1)
Total	$ (81)

(j) For purposes of computing the ratio of earnings to fixed charges, earnings include pre-tax earnings before extraordinary items and the cumulative effect of accounting changes, interest expense, the estimated interest factor in rent expense (which, we believe, approximates one-third of rent expense), preferred dividends of subsidiaries, adjustments for undistributed equity earnings and the amortization of capitalized interest. Fixed charges include interest incurred (including amounts capitalized), amortized premiums, discounts and capitalized expenses related to indebtedness, the estimated interest factor in rent expense and preferred dividends of subsidiaries.

RISK FACTORS

You should carefully consider the risks described below and in the documents incorporated by reference herein before making a decision to invest in the Notes. Some of these factors relate principally to our business. Other factors relate principally to your investment in the Notes. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also have a material adverse effect on our business and operations. If any of the matters included in the following risks were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, you may lose all or part of your original investment.

Risks Relating to the Amount of Our Indebtedness and the Notes

Our substantial debt could adversely affect our business and limit our ability to plan for or respond to changes in our business.

As of March 31, 2017, we had $11.3 billion of outstanding indebtedness under our floating and fixed rate notes. There were no borrowings outstanding under our credit facilities. After giving effect to this offering, we would have had $ billion of outstanding indebtedness as of such date. The level of our indebtedness could have important consequences to our financial condition, operating results and business, including the following:

- it may limit our ability to obtain additional debt or equity financing for working capital, capital expenditures, product development, dividends, share repurchases, debt service requirements, acquisitions and general corporate or other purposes;
- a portion of our cash flows from operations will be dedicated to payments on indebtedness and will not be available for other purposes, including operations, capital expenditures and future business opportunities;
- the debt service requirements of our indebtedness could make it more difficult for us to satisfy other obligations;
- our indebtedness that is subject to variable rates of interest exposes us to increased debt service obligations in the event of increased interest rates;
- it may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to our competitors that have less debt; and
- it may increase our vulnerability to a downturn in general economic conditions or in our business, and may make us unable to carry out capital spending that is important to our growth.

In addition, the restrictions in certain of our credit agreements may prevent us from taking actions that we believe would be in the best interest of our business and may make it difficult for us to execute our business strategy successfully or effectively compete with companies that are not similarly restricted. For example, certain of our loan agreements require us to maintain a total debt-to-total capital ratio, as defined in those agreements, of not greater than 0.60 to 1.00. As of March 31, 2017, we had a total debt-to-total capital ratio, as calculated in accordance with these agreements, of 0.44 to 1.00. After giving effect to this offering, we would have had a total debt-to-total capital ratio, as calculated in accordance with these agreements, of to 1.00 as of such date.

We and our subsidiaries may also be able to incur substantial additional indebtedness in the future and the agreements governing such indebtedness might subject us to additional restrictive covenants that could affect our financial and operational flexibility. The terms of the indenture governing the Notes do not prohibit us or our subsidiaries from doing so. If new indebtedness is added to our current indebtedness levels, the related risks that we now face would increase, and this may make it more difficult for us to satisfy our obligations with respect to the Notes and may lead to a loss in the market value of your Notes and a risk that the credit rating of the Notes is lowered or withdrawn.

Increases in interest rates will increase the cost of servicing our debt, could reduce our profitability and could result in a decrease in the value of the Notes.

As of March 31, 2017, approximately $755 million of our outstanding indebtedness bears interest at variable rates. After giving effect to this offering, we would have had $ billion of outstanding variable rate debt as of such date. As a result, increases in interest rates will increase the cost of servicing such debt and could materially reduce our profitability and cash flows. As of March 31, 2017, each one percentage point increase in interest rates would result in an $8 million ($ million after giving effect to this offering) increase in the annual cash interest payments due on such indebtedness. While we periodically use derivatives or other financial instruments to hedge exposures to interest rate risks, no assurances can be made that effective hedges will be in place with respect to all or any of our variable rate debt, or that any hedges that are in place will be honored.

We may not be able to generate sufficient cash flows to meet our substantial debt service obligations.

We have considerable debt service obligations. Our ability to make payments on and to refinance our debt obligations and to fund planned capital expenditures depends on our ability to generate cash from our future operations. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We may not be able to refinance any of our indebtedness on commercially reasonable terms, or at all. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances, any of which could impede the implementation of our business strategy or prevent us from entering into transactions that would otherwise benefit our business. Additionally, we may not be able to effect such actions, if necessary, on commercially reasonable terms, or at all.

The terms of the indenture and the Notes provide only limited protection against significant events that could adversely impact your investment in the Notes.

As described under Description of the Notes Change of Control Triggering Event, upon the occurrence of a Change of Control Triggering Event, holders are entitled to require us to repurchase their Notes at 101% of their principal amount. However, the definition of the term Change of Control Triggering Event is limited and does not cover a variety of transactions (such as acquisitions, divestitures, spin-offs, split-offs, strategic partnerships, joint ventures, investments or changes in business strategy by us or recapitalizations) that could negatively impact the value of your Notes. As such, if we were to enter into a significant corporate transaction that would negatively impact the value of the Notes, but which would not constitute a Change of Control Triggering Event, you would not have any rights to require us to repurchase the Notes prior to their maturity. In addition, if we experience a Change of Control Triggering Event, we may not have sufficient financial resources available to satisfy our obligations to repurchase the Notes. Our failure to repurchase the Notes as required under the indenture governing the Notes would result in a default under the indenture, which could have material adverse consequences for us and the holders of the Notes.

Furthermore, the indenture for the Notes does not:

- require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flow or liquidity;

limit our ability to incur indebtedness or other obligations that are equal in right of payment to the Notes;

restrict our subsidiaries ability to issue securities or otherwise incur indebtedness or other obligations that would be senior to our equity interests in our subsidiaries and therefore rank effectively senior to the Notes with respect to the assets of our subsidiaries;

restrict our ability to repurchase or prepay any other of our securities or other indebtedness;

restrict our ability to make investments or to repurchase, or pay dividends or make other payments in respect of, our common stock or other securities ranking junior to the Notes; or

provide for any adjustment to the interest rate on the Notes in the event our credit rating is downgraded (unlike certain of our other outstanding notes).

As a result of the foregoing, when evaluating the terms of the Notes, you should be aware that the terms of the indenture and the Notes do not restrict our ability to engage in, or to otherwise be a party to, a variety of corporate transactions, circumstances and events that could have an adverse impact on your investment in the Notes.

The Notes are effectively junior to the existing and future liabilities of our subsidiaries and consolidated joint ventures and any secured debt we may incur to the extent of the assets securing the same.

Our subsidiaries and consolidated joint ventures are separate and distinct legal entities and have no obligation to pay any amounts due on the Notes. In addition, any payment of dividends, loans or advances by our subsidiaries and consolidated joint ventures could be subject to statutory or contractual restrictions. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or reorganization, and therefore the right of the holders of the Notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary s creditors, including trade creditors. As of March 31, 2017, our subsidiaries and consolidated joint ventures had approximately $6.5 billion of debt outstanding, including $6.4 billion in nonrecourse loans borrowed by our monetization subsidiaries and secured only by the $7.2 billion of notes and the letters of credit related to our monetization subsidiaries.

The Notes are our unsecured obligations and will rank equally in right of payment with all of our other existing and future unsecured, unsubordinated obligations. The Notes are not secured by any of our assets. Claims of secured lenders with respect to assets securing their loans will be prior to any claim of the holders of the Notes with respect to those assets. As of March 31, 2017, we had $6.4 billion of secured debt outstanding comprising the nonrecourse loans borrowed by our monetization subsidiaries.

Changes in inter-bank lending rate reporting practices or the method pursuant to which LIBOR rates are determined may adversely affect the value of the Floating Rate Notes.

Since February 1, 2014, the administration of LIBOR has been undertaken by ICE Benchmark Administration Limited (IBA), a subsidiary of Intercontinental Exchange Group, and is known by the name ICE LIBOR. IBA, as the administrator of LIBOR, may make changes in methodology that could change the level of LIBOR, which in turn may adversely affect the value of the Floating Rate Notes. Since 2014, the IBA published multiple papers and other literature, including a LIBOR Code of Conduct relating to the setting of LIBOR IBA has the power to alter, discontinue or suspend calculation or dissemination of LIBOR. IBA may take any actions in respect of LIBOR without regard to the interests of any investor in the Floating Rate Notes, and any of these actions could have an adverse effect on the value of the Floating Rate Notes.

At the present time it is uncertain what further changes, if any, may be made by the U.K. government or other governmental or regulatory authorities in the method for determining LIBOR or whether these changes would cause any decrease or increase in LIBOR rates. Any changes in the method pursuant to which the LIBOR rates are determined, or the development of a widespread market view that LIBOR rates have been or are being manipulated by members of the bank panel, may result in a sudden or prolonged increase or decrease in the reported LIBOR rates. If that were to occur, the level of interest payments and the value of the Floating Rate Notes may be adversely affected.

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The amount of interest payable on the Floating Rate Notes is set only once per period based on the three-month LIBOR rate on the Interest Determination Date, which rate may fluctuate substantially, and affect our ability to make payment on the Floating Rate Notes.

In the past, the level of the three-month LIBOR rate has experienced significant fluctuations. You should note that historical levels, fluctuations and trends of the three-month LIBOR rate are not necessarily indicative of future levels. Any historical upward or downward trend in the three-month LIBOR rate is not an indication that the three-month LIBOR rate is more or less likely to increase or decrease at any time during a Floating Rate Interest Period (as described in Description of the Notes), and you should not take the historical levels of the three-month LIBOR rate as an indication of its future performance. In addition, although the actual three-month LIBOR rate on an Interest Payment Date or at other times during a Floating Rate Interest Period may be higher than the three-month LIBOR rate on the applicable Interest Determination Date (as described in Description of the Notes), the only relevant date for purposes of determining the interest payable on the Floating Rate Notes is the three-month LIBOR rate as of the respective Interest Determination Date. Changes in the three-month LIBOR rates between Interest Determination Dates will not affect the interest payable on the Floating Rate Notes. As a result, changes in the three-month LIBOR rate may not result in a comparable change in the market value of the Floating Rate Notes.

The Floating Rate Notes bear interest at floating rates that could rise significantly, increasing our interest expense and reducing our cash flow. If our interest expense increases significantly, whether due to changes in LIBOR or increased borrowing costs when we refinance our current indebtedness, we may not be able to make payments on the Floating Rate Notes or our other indebtedness.

There is currently no market for the Notes and we cannot assure you that an active trading market will develop. The Notes may trade at prices below the price you paid for them.

Each series of the Notes is a new issue of securities with no established trading market. In addition, we have not applied and do not intend to apply to list the Notes on any securities exchange or to have the Notes quoted on a quotation system. The underwriters have advised us that they intend to make a market in each series of Notes. However, they are not obligated to do so and may discontinue any market-making in any series of the Notes at any time in their sole discretion. Therefore, we cannot assure you that a liquid trading market for any series of Notes will develop or that you will be able to sell your Notes at a particular time. Even if you are able to resell your Notes, the price you receive will depend on many other factors that may vary over time, some of which are outside our control, including:

- our financial performance, actual and projected;
- the amount of debt we have outstanding;
- the market for similar securities;
- prevailing interest rates;

- our credit ratings or the ratings on the Notes, if any;
- the redemption and repayment features of the Notes to be sold; and
- the time remaining to maturity of your Notes.

As a result, you may not be able to sell your Notes at the price you paid for them. Additionally, as market interest rates rise, debt securities will generally decline in value as the premium, if any, over market interest rates decreases. Consequently, if you purchase Notes and market interest rates increase, the market value of your Notes may decline. This is a particular risk for debt securities that bear interest at a fixed rate, such as the Fixed Rate Notes.

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Risks Relating to Industry Conditions

Changes in the cost or availability of raw materials, energy and transportation could affect our profitability.

We rely heavily on the use of certain raw materials (principally virgin wood fiber, recycled fiber, caustic soda and starch), energy sources (principally natural gas, coal and fuel oil) and third-party companies that transport our goods. The market price of virgin wood fiber varies based upon availability and source. In addition, the increase in demand of products manufactured, in whole or in part, from recycled fiber, on a global basis, may cause an occasional tightening in the supply of recycled fiber. Energy prices, in particular prices for oil and natural gas, have fluctuated dramatically in the past and may continue to fluctuate in the future.

Our profitability has been, and will continue to be, affected by changes in the costs and availability of such raw materials, energy sources and transportation sources.

The industries in which we operate experience both economic cyclicality and changes in consumer preferences. Fluctuations in the prices of, and the demand for, our products could materially affect our financial condition, results of operations and cash flows.

Substantially all of our businesses have experienced, and are likely to continue to experience, cycles relating to industry capacity and general economic conditions. The length and magnitude of these cycles have varied over time and by product. In addition, changes in consumer preferences may increase or decrease the demand for our fiber-based products and non-fiber substitutes. These consumer preferences affect the prices of our products. Consequently, our operating cash flow is sensitive to changes in the pricing and demand for our products.

Competition in the United States and internationally could negatively impact our financial results.

We operate in a competitive environment, both in the United States and internationally, in all of our operating segments. Product innovations, manufacturing and operating efficiencies, and marketing, distribution and pricing strategies pursued or achieved by competitors could negatively impact our financial results.

Risks Relating to Market and Economic Factors

Adverse developments in general business and economic conditions could have an adverse effect on the demand for our products and our financial condition and results of operation.

General economic conditions may adversely affect industrial non-durable goods production, consumer spending, commercial printing and advertising activity, white-collar employment levels and consumer confidence, all of which impact demand for our products. In addition, volatility in the capital and credit markets, which impacts interest rates, currency exchange rates and the availability of credit, could have a material adverse effect on our business, financial condition and our results of operations.

Changes in credit ratings issued by nationally recognized statistical rating organizations could adversely affect our cost of financing and have an adverse effect on the market price of our securities, including the Notes.

Maintaining an investment-grade credit rating is an important element of our financial strategy, and a downgrade of the Company s ratings below investment grade may limit our access to the capital markets, have an adverse effect on the market price of our securities, including the Notes, increase our cost of borrowing and require us to post collateral for derivatives in a net liability position. The Company s desire to maintain its investment grade rating may cause the

Company to take certain actions designed to improve its cash flow, including sale of assets, suspension or reduction of our dividend and reductions in capital expenditures and working capital.

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Under the terms of the agreements governing approximately $2.3 billion of our debt as of March 31, 2017, the applicable interest rate on such debt may increase upon each downgrade in our credit rating below investment grade. As a result, a downgrade in our credit rating below investment grade may lead to an increase in our interest expense. There can be no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency s judgment, circumstances so warrant. Any such downgrade of our credit ratings could adversely affect our cost of borrowing, limit our access to the capital markets or result in more restrictive covenants in agreements governing the terms of any future indebtedness that we may incur.

Downgrades in the credit ratings of banks issuing certain letters of credit will increase our cost of maintaining certain indebtedness and may result in the acceleration of deferred taxes.

We are subject to the risk that a bank with currently issued irrevocable letters of credit supporting installment notes delivered to Temple-Inland in connection with Temple-Inland s 2007 sales of forestlands may be downgraded below a required rating. Since 2007, certain banks have fallen below the required ratings threshold and were successfully replaced, or waivers were obtained regarding their replacement. As a result of continuing uncertainty in the banking environment, a number of the letter-of-credit banks currently in place remain subject to risk of downgrade and the number of qualified replacement banks remains limited. The downgrade of one or more of these banks may subject the Company to additional costs of securing a replacement letter-of-credit bank or could result in an acceleration of payments of up to $831 million in deferred income taxes if replacement banks cannot be obtained. The deferred taxes are currently recorded in the Company s consolidated financial statements. See Note 13 to our unaudited consolidated financial statements for the quarter ended March 31, 2017 and Note 12 and Note 10 to our audited consolidated financial statements for the year ended December 31, 2016, each incorporated by reference into this prospectus supplement.

Our pension and health care costs are subject to numerous factors which could cause these costs to change.

The Pension Plan covers substantially all our U.S. salaried employees hired prior to July 1, 2004 and substantially all our U.S. hourly and union employees regardless of hire date. We provide retiree health care benefits to certain former U.S. hourly employees, as well as financial assistance towards the cost of individual retiree medical coverage for certain former U.S. salaried employees. Our pension costs are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. Pension Plan assets are primarily made up of equity and fixed income investments. Fluctuations in actual equity market returns, changes in general interest rates and changes in the number of retirees may result in increased pension costs in future periods. Likewise, changes in assumptions regarding current discount rates and expected rates of return on plan assets could increase pension costs. Health care reform under the Patient Protection and Affordable Care Act of 2010, and modifications thereto, could also increase costs with respect to medical coverage of the Company s full-time employees. Significant changes in any of these factors may adversely impact our cash flows, financial condition and results of operations.

The Pension Plan is currently underfunded, and over time we may be required to make cash payments to the Pension Plan, reducing the cash available for our business.

We record a liability associated with the Pension Plan equal to the excess of the benefit obligation over the fair value of plan assets. The benefit liability associated with the Pension Plan recorded under the provisions of Accounting Standards Codification (ASC) 715, Compensation Retirement Benefits, at June 30, 2017 was approximately $3.0 billion. In addition, the aggregate benefit liability associated with our U.S. nonqualified pension plans and non-U.S. pension plans at June 30, 2017 was approximately $400 million. We continually reassess the amount and timing of contributions to the Pension Plan and elected to make voluntary cash contributions to the Pension Plan of

$750 million in each of 2016 and 2015 and $353 million in 2014. We intend to use the net proceeds from this offering, together with available cash and other borrowings, to make a voluntary cash contribution to the Pension Plan in the aggregate amount of $1.25 billion by September 15, 2017. The amount and timing of future contributions, which could be material, will depend upon a number of factors, including the actual earnings and changes in values of plan assets and changes in interest rates. See Summary Pension Plan Cash Contribution and Possible Initiatives.

Changes in international conditions could adversely affect our business and results of operations.

Our operating results and business prospects could be substantially affected by risks related to the countries outside the United States in which we have manufacturing facilities or sell our products. Specifically, Russia, Brazil, Poland, India and Turkey, where we have substantial manufacturing facilities, are countries that are exposed to economic and political instability in their respective regions of the world. Fluctuations in the value of local currency versus the U.S. dollar, downturns in economic activity, adverse tax consequences, nationalization or any change in social, political or labor conditions in any of these countries or regions could negatively affect our financial results. Trade protection measures in favor of local producers of competing products, including governmental subsidies, tax benefits and other measures giving local producers a competitive advantage over the Company, may also adversely impact our operating results and business prospects in these countries. In addition, our international operations are subject to regulation under U.S. law and other laws related to operations in foreign jurisdictions. For example, the Foreign Corrupt Practices Act prohibits U.S. companies and their representatives from offering, promising, authorizing or making payments to foreign officials for the purpose of obtaining or retaining business abroad, and the U.S. Department of Treasury s Office of Foreign Asset Control and other non-U.S. government entities maintain economic sanctions targeting various countries, persons and entities. Failure to comply with domestic or foreign laws could result in various adverse consequences, including the imposition of civil or criminal sanctions and the prosecution of executives overseeing our international operations.

Risks Relating to Legal Proceedings and Compliance Costs

We are subject to a wide variety of laws, regulations and other government requirements that may change in significant ways, and the cost of compliance with such requirements could impact our business and results of operations.

Our operations are subject to regulation under a wide variety of U.S. federal and state and non-U.S. laws, regulations and other government requirements including, among others, those relating to the environment, health and safety, labor and employment, data privacy, and health care. There can be no assurance that laws, regulations and government requirements will not be changed, applied or interpreted in ways that will require us to modify our operations and objectives or affect our returns on investments by restricting existing activities and products, subjecting them to escalating costs. For example, we have incurred, and expect that we will continue to incur, significant capital, operating and other expenditures complying with applicable environmental laws and regulations. There can be no assurance that future remediation requirements and compliance with existing and new laws and requirements, including with global climate change laws and regulations, Boiler MACT and National Ambient Air Quality Standards (NAAQSs), will not require significant expenditures, or that existing reserves for specific matters will be adequate to cover future costs. We could also incur substantial fines or sanctions, enforcement actions (including orders limiting our operations or requiring corrective measures), natural resource damages claims, cleanup and closure costs, and third-party claims for property damage and personal injury as a result of violations of, or liabilities under, environmental laws, regulations, codes and common law. The amount and timing of environmental expenditures is difficult to predict, and, in some cases, liability may be imposed without regard to contribution or to whether we knew of, or caused, the release of hazardous substances. As another example, we are subject to a number of labor and employment laws and regulations that could significantly increase our operating costs and reduce our operational flexibility.

Results of legal proceedings could have a material adverse effect on our consolidated financial statements.

The costs and other effects of pending litigation against us cannot be determined with certainty. Although we do not believe that the outcome of any pending or threatened lawsuits or claims will have a material effect on

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our business or consolidated financial statements, there can be no assurance that the outcome of any lawsuit or claim will be as expected.

Risks Relating to Our Operations

Material disruptions at one of our manufacturing facilities could negatively impact our financial results.

We operate our facilities in compliance with applicable rules and regulations and take measures to minimize the risks of disruption at our facilities. A material disruption at our corporate headquarters or one of our manufacturing facilities could prevent us from meeting customer demand, reduce our sales and/or negatively impact our financial condition. Any of our manufacturing facilities, or any of our machines within an otherwise operational facility, could cease operations unexpectedly due to a number of events, including:

- fires, floods, earthquakes, hurricanes or other catastrophes;
- the effect of a drought or reduced rainfall on its water supply;
- the effect of other severe weather conditions on equipment and facilities;
- terrorism or threats of terrorism;
- domestic and international laws and regulations applicable to our Company and our business partners, including joint venture partners, around the world;
- unscheduled maintenance outages;
- prolonged power failures;
- an equipment failure;
- a chemical spill or release;
- explosion of a boiler or other equipment;
- damage or disruptions caused by third parties operating on or adjacent to one of our manufacturing facilities;

- disruptions in the transportation infrastructure, including roads, bridges, railroad tracks and tunnels;
- a widespread outbreak of an illness or any other communicable disease, or any other public health crisis;
- labor difficulties; and
- other operational problems.

Any such downtime or facility damage could prevent us from meeting customer demand for our products and/or require us to make unplanned expenditures. If one of these machines or facilities were to incur significant downtime, our ability to meet our production targets and satisfy customer requirements could be impaired, resulting in lower sales and having a negative effect on our business and financial results.

We are subject to information technology risks related to breaches of security pertaining to sensitive company, customer, employee and vendor information as well as breaches in the technology used to manage operations and other business processes.

Our business operations rely upon secure information technology systems for data capture, processing, storage and reporting. Despite careful security and controls design, implementation, updating and independent third party verification, our information technology systems, and those of our third party providers, could become subject to employee error or malfeasance, cyber attacks, or natural disasters. Network, system, application and data breaches could result in operational disruptions or information misappropriation including, but not limited

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to, interruption to systems availability, denial of access to and misuse of applications required by our customers to conduct business with us. Access to internal applications required to plan our operations, source materials, manufacture and ship finished goods and account for orders could be denied or misused. Theft of intellectual property or trade secrets, and inappropriate disclosure of confidential company, employee, customer or vendor information, could stem from such incidents. Any of these operational disruptions and/or misappropriation of information could result in lost sales, business delays, negative publicity and could have a material effect on our business.

Certain operations are conducted by joint ventures that we cannot operate solely for our benefit.

Certain operations in Russia are carried on by a joint venture, Ilim. In joint ventures, we share ownership and management of a company with one or more parties who may or may not have the same goals, strategies, priorities or resources as we do. In general, joint ventures are intended to be operated for the benefit of all co-owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities as well as time-consuming procedures for sharing information and making decisions. In joint ventures, we are required to pay more attention to our relationship with our co-owners as well as with the joint venture, and if a co-owner changes, our relationship may be adversely affected. In addition, the benefits from a successful joint venture are shared among the co-owners, so we receive only our portion of those benefits.

We may not achieve the expected benefits from strategic acquisitions, joint ventures, divestitures and other corporate transactions that we may pursue.

Our strategy for long-term growth, productivity and profitability depends, in part, on our ability to accomplish prudent acquisitions, joint ventures, divestitures and other corporate transactions that we may pursue and to realize the benefits we expect from such transactions, and we are subject to the risk that we may not achieve the expected benefits. Among the benefits we expect from potential as well as completed acquisitions and joint ventures are synergies, cost savings, growth opportunities or access to new markets (or a combination thereof), and in the case of divestitures, the realization of proceeds from the sale of businesses and assets to purchasers who place higher strategic value on such businesses and assets than us.

On December 1, 2016, for example, we completed our acquisition of Weyerhaeuser s pulp business. The success of the acquisition will depend, in part, on our ability to realize the anticipated synergies, cost savings and growth opportunities from integrating the acquired business with our existing businesses. The integration process may be complex, costly and time-consuming, and we may not accomplish the integration of the business smoothly, successfully or within the anticipated costs or timeframe. Potential integration risks include, among other things, our ability to successfully implement our business plan for the combined business and retain key customers, suppliers and employees.

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USE OF PROCEEDS

The net proceeds, after deducting underwriters discounts and commissions and estimated offering expenses payable by us, from the sale of the Notes offered hereby will be approximately $ million. We intend to use the net proceeds from this offering, together with available cash and other borrowings, to make a voluntary cash contribution to the Pension Plan in the aggregate amount of $1.25 billion by September 15, 2017. See Summary Pension Plan Cash Contribution and Possible Initiatives.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges on a historical basis for each of the five years in the period ended December 31, 2016 and for the three months ended March 31, 2017.

	Three Months Ended March 31,	Year Ended December 31,				
	2017	2016	2015	2014	2013	2012
Ratio of earnings to fixed charges	2.73x	2.30x	2.82x	2.32x	2.73x	2.16x

For purposes of computing the ratio of earnings to fixed charges, earnings include pre-tax earnings before extraordinary items and the cumulative effect of accounting changes, interest expense, the estimated interest factor in rent expense (which, we believe, approximates one-third of rent expense), preferred dividends of subsidiaries, adjustments for undistributed equity earnings and the amortization of capitalized interest. Fixed charges include interest incurred (including amounts capitalized), amortized premiums, discounts and capitalized expenses related to indebtedness, the estimated interest factor in rent expense and preferred dividends of subsidiaries.

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CAPITALIZATION

We set forth below our (i) actual unaudited consolidated capitalization as of March 31, 2017 and (ii) unaudited consolidated capitalization as of March 31, 2017, as adjusted to give effect to the issuance and sale of the Notes. This information should be read in conjunction with our consolidated financial statements, including the Notes thereto, Management s Discussion and Analysis of Financial Condition and Results of Operations and other financial information pertaining to us included in our Annual Report on Form 10-K for the year ended December 31, 2016 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, each of which is incorporated by reference in this prospectus supplement.

	As of March 31, 2017	
	Actual	As Adjusted
	(In millions)	
Cash and temporary investments(a)	$ 998	$
Debt:		
Credit facilities(b)	$	$
Notes offered hereby		
Environmental and industrial development bonds	995	
Other notes due 2017-2047	10,172	
Other debt	110	
Total long-term debt, including notes payable and current maturities(c)	11,277	
Nonrecourse financial liabilities of special purpose entities(d)	6,286	
Total equity(c)	$ 4,594	
Total capitalization	$ 22,157	$

(a) We estimate that the net proceeds, after deducting underwriters discounts and commissions and estimated offering expenses payable by us, from the sale of the Notes offered hereby will be approximately $ million. We intend to use such net proceeds, together with approximately $ million of available cash and other borrowings, to make a voluntary cash contribution to the Pension Plan. See Use of Proceeds.

(b) At March 31, 2017, availability under International Paper s credit agreements totaled $2.1 billion, including a $1.5 billion contractually committed bank credit agreement that expires in December 2021.

(c) At June 30, 2017, total long-term debt, including notes payable and current maturities, was $11,216 million, and total equity was $4,565 million. Subsequent to June 30, 2017, we have repaid $240 million of debt outstanding under our commercial paper program; however, we intend to incur $354 million in principal amount of debt under our commercial paper program on August 1, 2017, which we will use to fund the recently announced $354 million ($219 million, net of tax) settlement of the *Kleen Products LLC et al. v. International Paper Co. et al.* antitrust lawsuit, as disclosed in our Current Report on Form 8-K filed on June 27, 2017.

(d) Represents non-recourse debt obligations of special purpose entities incurred in connection with sales of timberlands or related restructuring transactions. See Note 13 to our unaudited consolidated financial statements for the quarter ended March 31, 2017.

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