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The Prospectus has been approved by the FCA in accordance with section 87A of the Financial Services and Markets Act 2000 and has been filed with the FCA in accordance with the Prospectus Regulation Rules of the FCA. The Prospectus, together with the documents to be incorporated by reference, will be made available in accordance with Prospectus Regulation Rule 3.2.1 by the same being made available at https://www.internationalpaper.com/uk-listing-prospectus and at the Company's registered office at 6400 Poplar Avenue, Memphis, Tennessee 38197, United States of America.

THIS PROSPECTUS IS ISSUED SOLELY IN CONNECTION WITH ADMISSION. THIS PROSPECTUS DOES NOT CONSTITUTE OR FORM PART OF AN OFFER OR INVITATION TO SELL OR ISSUE, OR ANY SOLICITATION OF AN OFFER TO PURCHASE OR SUBSCRIBE FOR, ANY SECURITIES BY ANY PERSON. NONE OF THE SECURITIES REFERRED TO IN THE PROSPECTUS SHALL BE SOLD, ISSUED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

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This document (this "**Prospectus**") comprises a prospectus relating to International Paper Company ("**International Paper**", "**IP**" or the "**Company**") prepared in accordance with the Prospectus Regulation Rules of the U.K. Financial Conduct Authority ("**FCA**") (the "**Prospectus Regulation Rules**") made under section 73A of FSMA in connection with the admission of the shares of common stock of par value US $1.00 of the Company (the "**International Paper Shares**" or "**Common Stock**") to the equity shares (international commercial companies secondary listing) category of the Official List of the FCA (the "**Official List**") and to trading on the main market for listed securities (the "**Main Market**") of London Stock Exchange plc ("**LSE**") ("**Admission**"). This Prospectus has been filed with, and approved by, the FCA as competent authority under Regulation (EU) 2017/1129 as it forms part of U.K. law by virtue of the European Union (Withdrawal) Act 2018 (the "**U.K. Prospectus Regulation**") and has been made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules. No other authority has approved this Prospectus. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the U.K. Prospectus Regulation and such approval should not be considered as an endorsement of the Company that is, or of the quality of the securities that are, the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the International Paper Shares.

Admission to trading on the Main Market of the LSE constitutes admission to trading on a U.K. regulated market. Admission will take place following the completion of a recommended all-share combination of International Paper with DS Smith Plc ("**DS Smith**") to be implemented by way of scheme of arrangement under Part 26 of the Companies Act 2006 (the "**Scheme**") pursuant to which International Paper UK Holdings Limited (an indirectly wholly-owned subsidiary of International Paper, "**Bidco**") will acquire the entire issued and to be issued ordinary share capital of DS Smith (the "**Combination**") in consideration for which holders of ordinary shares in the capital of DS Smith at the relevant record date (the "**DS Smith Shareholders**") will be entitled to receive 0.1285 new International Paper Shares for each DS Smith ordinary share (the "**New International Paper Shares**"). Applications are intended to be made (i) to the FCA for up to 578,000,000 International Paper Shares to be admitted to listing to the equity shares (international commercial companies secondary listing) category of the Official List and (ii) to the LSE for up to 578,000,000 International Paper Shares to be admitted to trading on the Main Market of the LSE as set out in this Prospectus. It is expected that, subject to the conditions to the proposed Combination (the "**Conditions**") being satisfied, or where appropriate, waived, Admission will become effective, and that unconditional dealings in the International Paper Shares will commence, on or shortly after the Effective Date.

This Prospectus is issued solely in connection with Admission. This Prospectus does not constitute or form part of an offer or invitation to sell or issue, or any solicitation of an offer to purchase or subscribe for, any securities by any person.

International Paper has established arrangements to enable investors to settle interests in International Paper Shares through the CREST System. Securities issued by non-U.K. incorporated companies, such as International Paper, cannot be directly held or transferred electronically in the CREST System. However, Depositary Interests allow such securities to be dematerialized and settled electronically through CREST. The Depositary Interests will be independent securities constituted under English law which may be held and transferred through the CREST System. Investors should note that it is the Depositary Interests which will be used to settle trades of International Paper Shares through CREST and not International Paper Shares directly. In this Prospectus, save where the context otherwise requires, references to International Paper Shares in the context of the admission to trading on the Main Market of the LSE include any Depositary Interests.

International Paper and the International Paper Directors, whose names appear on page 84 of this Prospectus in Part 11 (*International Paper Directors, Company Named Executive Officers and Corporate Governance*) of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of International Paper and the International Paper Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

The distribution of this Prospectus and any accompanying documents into certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus and any accompanying documents comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Further information on distribution restrictions is set out in Part 6 (*Presentation of Information*) of this Prospectus. Recipients of this Prospectus agree to the foregoing by accepting delivery of this Prospectus.

You should read this Prospectus and documents (or parts thereof) incorporated in it by reference in its entirety and, in particular, Part 2 (*Risk Factors*) of this Prospectus for a discussion of certain risks and other factors that should be considered in connection with the Combination and an investment in the Company, the Combined Company and the International Paper Shares. Accordingly, an investment in the International Paper Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.

International Paper

INTERNATIONAL PAPER COMPANY

(Incorporated in the State of New York, United States of America with registration number 53310)

Application for admission of up to 578,000,000 shares of common stock of US$1.00 each in International Paper Company to the equity shares (international commercial companies secondary listing) category of the Official List of the Financial Conduct Authority and to trading on London Stock Exchange plc's main market for listed securities

The International Paper Shares (excluding the New International Paper Shares) are currently admitted to trading on the New York Stock Exchange (the "**NYSE**"). Application will be made by the Company (i) to the NYSE for the New International Paper Shares to be issued pursuant to the Combination to be admitted to trading on the NYSE and (ii) to the FCA in its capacity as competent authority under FSMA for the International Paper Shares (including the New International Paper Shares to be issued pursuant to the Combination) to be admitted to the equity shares (international commercial companies secondary listing) category of the Official List and to trading on the Main Market of the LSE. However, this Prospectus has not been approved by any securities regulatory authority in the United States or in any other jurisdiction.

No person has been authorized to give any information or make any representations other than those contained in this Prospectus and any document (or part thereof) incorporated by reference herein and, if given or made, such information or representation must not be relied upon as having been so authorized by the Company or the International Paper Directors. In particular, the contents of International Paper's and DS Smith's websites (or parts thereof or any other website directly or indirectly accessible from hyperlinks on these websites), including any Annual Report on Form 10-K, any Current Report on Form 8-K, any Proxy Statement on Form DEF 14A or any other filings with the United States Securities and Exchange Commission (the "**SEC**"), have not been incorporated herein by reference and do not form part of this Prospectus and investors should not rely on them.

Without prejudice to any legal or regulatory obligation on the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and Prospectus Regulation Rule 3.4, the delivery of this Prospectus shall not, under any circumstances, create any implication that there has been no change in the business or affairs of International Paper, the International Paper Group, DS Smith, the DS Smith Group or the Combined Company since the date of this Prospectus or that the information in it is correct as of any time subsequent to its date. International Paper will comply with its obligation to publish a supplementary prospectus containing further updated information if so required by law or by any regulatory authority but assumes no further obligation to publish additional information.

Merrill Lynch International ("**BofA Securities**"), which is authorized by the Prudential Regulation Authority ("**PRA**") and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively for International Paper and for no one else in connection with the Combination or any other matters referred to in this Prospectus and will not be responsible to anyone other than International Paper for providing the protections afforded to its clients or for providing advice in relation to the matters referred to in this Prospectus. Neither BofA Securities, nor any of its affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of BofA Securities in connection with this Prospectus, any statement contained herein or otherwise.

Apart from the responsibilities and liabilities, if any, which may be imposed on BofA Securities by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither BofA Securities nor any of its affiliates, directors, officers, employees and advisors, accepts any responsibility whatsoever for the contents of this Prospectus including its accuracy, completeness and verification or for any other statement made or purported to be made by it, or on its behalf, in connection with International Paper, the New International Paper Shares or the Combination. BofA Securities and its affiliates accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise be found to have in respect of this Prospectus or any such statement. No representation or warranty express or implied, is made by BofA Securities or any of its affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this Prospectus, and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future.

Neither the SEC nor any state securities commission nor any other regulatory authority in the United States has approved or disapproved of the New International Paper Shares or passed upon the accuracy or adequacy of the information contained in this Prospectus. Any representation to the contrary is a criminal offense in the United States.

In accordance with the Code, normal United Kingdom market practice and Rule 14e-5(b) of the U.S. Exchange Act, BofA Securities and its affiliates and J.P. Morgan Cazenove and its affiliates will continue to act as exempt principal trader in DS Smith securities on the LSE. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Code will be reported to a Regulatory Information Service and will be available on the LSE website at www.londonstockexchange.com. This information will also be publicly disclosed in the U.S. to the extent that such information is made public in the United Kingdom.

THE CONTENTS OF THIS PROSPECTUS ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL, BUSINESS OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN LEGAL ADVISOR, INDEPENDENT FINANCIAL ADVISOR OR TAX ADVISOR FOR LEGAL, FINANCIAL, BUSINESS OR TAX ADVICE.

NEITHER THE COMPANY, THE INTERNATIONAL PAPER DIRECTORS, NOR ANY OF THE COMPANY'S REPRESENTATIVES IS MAKING ANY REPRESENTATION TO ANY PROSPECTIVE INVESTOR OF THE INTERNATIONAL PAPER SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE INTERNATIONAL PAPER SHARES BY SUCH PROSPECTIVE INVESTOR UNDER THE LAWS APPLICABLE TO SUCH PROSPECTIVE INVESTOR.

THIS PROSPECTUS IS ISSUED SOLELY IN CONNECTION WITH ADMISSION AND DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO SELL OR ISSUE, OR THE SOLICITATION OF ANY OFFER TO PURCHASE OR SUBSCRIBE FOR, ANY SECURITIES BY ANY PERSON IN ANY JURISDICTION. FOR THE AVOIDANCE OF DOUBT, THE ALLOTMENT OF NEW INTERNATIONAL PAPER SHARES WILL, IF THE COMBINATION BECOMES EFFECTIVE, OCCUR AS A CONSEQUENCE OF THE TERMS OF THE COMBINATION AND NOT IN PURSUANCE OF ANY OFFER TO SELL OR EXCHANGE OR INVITATION TO PURCHASE, OR THE SOLICITATION OF AN OFFER OR INVITATION TO PURCHASE OR SUBSCRIBE FOR, ANY SECURITIES OF INTERNATIONAL PAPER.

OTHER THAN IN THE U.K., NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN TO PERMIT THE POSSESSION OR DISTRIBUTION OF THIS PROSPECTUS IN ANY OTHER JURISDICTION. ACCORDINGLY, NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT IN RELATION THERETO MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS.

The date of this Prospectus is September 11, 2024.

TABLE OF CONTENTS

PART 1

SUMMARY

SECTION A – INTRODUCTION AND WARNINGS	
A.1	***Name and international securities identifier number (ISIN) of the securities*** Shares of common stock of $1.00 par value in International Paper Company (the "**Company**" or "**International Paper**") (the "**International Paper Shares**" or "**Common Stock**") with ISIN number US4601461035.
A.2	***Identity and contact details of the issuer, including its Legal Entity Identifier (LEI)*** The legal and commercial name of the issuer is International Paper Company with registration number 53310 and LEI number 824LMFJDH41EY779Q875. The address of its principal executive office is 6400 Poplar Avenue, Memphis, Tennessee 38197, United States of America, and its main telephone number is +1 (901) 419-9000. The International Paper Shares are listed for trading on the New York Stock Exchange ("**NYSE**") under the ticker symbol "IP". In relation to a recommended all-share combination of International Paper and DS Smith Plc ("**DS Smith**") to be implemented by way of scheme of arrangement under Part 26 of the Companies Act 2006 (the "**Scheme**") pursuant to which International Paper UK Holdings Limited (an indirectly wholly-owned subsidiary of International Paper, "**Bidco**") will acquire the entire issued and to be issued ordinary share capital of DS Smith (the "**Combination**"), the holders of ordinary shares in the capital of DS Smith at the relevant record date (the "**DS Smith Shareholders**") will be entitled to receive 0.1285 new International Paper Shares for each DS Smith ordinary share (the "**New International Paper Shares**"). Applications are intended to be made to (i) the FCA for up to 578,000,000 International Paper Shares to be admitted to listing to the equity shares (international commercial companies secondary listing) category of the Official List of the FCA ("**Official List**") and (ii) to London Stock Exchange plc ("**LSE**") for up to 578,000,000 International Paper Shares to be admitted to trading on the main market for listed securities ("**Main Market**") of the LSE ("**Admission**") as set out in this Prospectus. It is expected that, subject to the conditions to the proposed Combination (the "**Conditions**") being satisfied, or where appropriate, waived, Admission will become effective, and that unconditional dealings in the International Paper Shares will commence, on or shortly after the date on which the Combination becomes Effective (the "**Effective Date**").
A.3	***Identity and contact details of the competent authority approving this Prospectus*** This Prospectus has been approved by the Financial Conduct Authority (the "**FCA**"), with its head office at 12 Endeavour Square, London, E20 1JN, and telephone number: +44 (0) 20 7066 1000. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129, which is part of U.K. law by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time (the "**U.K. Prospectus Regulation**"), and such approval should not be considered as an endorsement of the issuer that is, or of the quality of the securities that are, the subject of this Prospectus.
A.4	***Date of approval of this Prospectus*** This Prospectus was approved by the FCA on September 11, 2024.
A.5	***Warning*** This summary has been prepared in accordance with Article 7 of the U.K. Prospectus Regulation and should be read as an introduction to this Prospectus (this "**Prospectus**"). Any decision to invest in the International Paper Shares should be based on consideration of this Prospectus as a whole by the investor. Any investor could lose all or part of their invested capital. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the International Paper Shares. Investors should make their own assessment as to the suitability of investing in the International Paper Shares.
SECTION B – KEY INFORMATION ON THE ISSUER	
B.1	***Who is the issuer of the securities?***
B.1.1	*Domicile, legal form, LEI, jurisdiction of incorporation and country of operation* International Paper is a New York corporation, incorporated on June 23, 1941, as the successor to the New York corporation of the same name organized in 1898. The legal and commercial name of the issuer is International Paper Company with registration number 53310 and LEI number 824LMFJDH41EY779Q875.

B.1.2 *Principal activities*

International Paper

International Paper is a global producer of renewable fiber-based packaging and pulp products and one of the world's largest recyclers, with established operations and presence primarily in North America, headquartered in Memphis, Tennessee. International Paper employs approximately 39,000 employees globally, 33,000 of whom are in the United States. International Paper serves customers worldwide, with manufacturing operations in North America, Latin America, Europe and North Africa. Net sales for 2023 were $18.9 billion. In the United States, as of June 30, 2024, International Paper operates 23 pulp and packaging mills, 162 converting and packaging plants, 16 recycling plants and three paper bag facilities. International Paper's production facilities, as of December 31, 2023 in Canada, Europe, North Africa and Latin America include four pulp and packaging mills, 37 converting and packaging plants, and two recycling plants. International Paper operates a packaging products distribution business principally through six branches in Asia.

DS Smith

DS Smith is a leading provider of sustainable paper-based packaging with operations across Europe and North America which is supported by recycling and papermaking operations, which are primarily based in Europe. It plays a central role in the value chain across sectors including e-commerce, fast moving consumer goods and industrials. Through its purpose of 'Redefining Packaging for a Changing World' and its Now and Next sustainability strategy, DS Smith is committed to leading the transition to the circular economy, while delivering more circular solutions for its customers and wider society – replacing plastics, taking carbon out of supply chains and providing innovative recycling solutions. Its bespoke box-to-box in 14 days model, design capabilities and innovation strategy sit at the heart of this response. DS Smith operates in 34 countries employing approximately 29,000 people and is a Strategic Partner of the Ellen MacArthur Foundation.

The Combined Company

Following completion of the Combination ("**Completion**"), the combined group of International Paper and DS Smith (the "**Combined Company**") will be named "International Paper Company" and the International Paper Shares will be primarily listed on the NYSE under the symbol "IP". As part of the Combination, International Paper envisages that DS Smith's North American manufacturing locations and International Paper's European manufacturing locations would continue their respective operations. Though the Combined Company will be headquartered and domiciled in Memphis, Tennessee, United States, at International Paper's existing headquarters, International Paper intends to maintain key elements of DS Smith's headquarters functions and is proposing to establish a European headquarters in London, United Kingdom, at DS Smith's existing headquarters (subject to any required information and consultation with any impacted employees and/or their representatives in accordance with applicable law). Upon completion of the Combination, the International Paper Board will form the board of directors of the Combined Company, and up to two DS Smith non-executive directors will be invited to join the board of directors of the Combined Company.

It is intended that International Paper's Chief Executive Officer, Mr. Andrew K. Silvernail, will become Chief Executive Officer of the Combined Company. It is further intended that the remainder of the International Paper leadership team will largely remain in place and, following an assessment of the needs of the Combined Company and the qualifications of DS Smith's leadership team, certain of DS Smith's current leadership team may also become part of the leadership team of the Combined Company. It is also proposed that the Group Chief Executive of DS Smith, Mr. Miles Roberts, will act as a consultant to the Combined Company for a period of up to two years following completion of the Combination to support the integration, to ensure continuity and with a view to realizing the benefits of the Combination for both sets of shareholders.

The Combination would bring together two complementary businesses to create a global sustainable packaging solutions leader, with industry leading positions in two of the most attractive geographies of Europe and North America. The Combined Company's focus on sustainable packaging will make it well positioned to serve a broad set of customers across a wide range of attractive and growing end-markets. The Combined Company would be an international corrugated packaging business (approximately 90 percent of the Combined Company's sales) of scale capable of better serving both International Paper's and DS Smith's core customers. It will significantly improve the combined corrugated packaging business in Europe with greater customer offerings and present an opportunity to develop DS Smith's strong legacy in sustainability with International Paper's global customers. The Combined Company would also benefit from complementary customer positions, within and across regions, and sharing of best practices, together with development of innovative value-add products.

B.1.3 *Major Shareholders*

As of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), insofar as it is known to the Company, the following persons are interested, directly or indirectly, in (i) five percent or more of the International Paper Shares, or (ii) International Paper Shares or ordinary shares of nominal value £0.10 each in the capital of DS Smith ("**DS Smith Shares**") in such proportion that they would be interested, directly or indirectly, in five percent or more of the voting rights in respect of the share capital of the Combined Company immediately following the Effective Date:

Name	**Number of International Paper Shares**[(1)]	**Percentage of International Paper Shares**[(2)]	**Percentage of International Paper Shares immediately following the Effective Date**[(3)]
T. Rowe Price Associates, Inc.[(4)]	48,525,265	14.0	10.4

The Vanguard Group[(5)]	40,894,512	11.8	9.4
BlackRock, Inc[(6)]	34,328,591	9.9	8.8
State Street Corporation[(7)]	21,279,191	6.1	4.6

(1) Insofar as it is known to the Company as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus) based on announcements made under Rule 8.3 of the Code following commencement of the offer period on February 8, 2024 by persons interested in 1 percent or more of International Paper Shares.

(2) Based on 347,379,366 International Paper Shares issued and outstanding as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus).

(3) Insofar as it is known to the Company as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus) based on announcements made under Rule 8.3 of the Code following commencement of the offer period on February 8, 2024 by persons interested in 1 percent or more of International Paper Shares or DS Smith Shares, on the assumptions that: (i) 179,847,780 New International Paper Shares will be issued in connection with the Combination, (ii) the holdings of such persons in International Paper or DS Smith (as relevant) as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), insofar as it is known to the Company, do not change prior to the Effective Date, (iii) such persons receive 0.1285 New International Paper Shares for each DS Smith Share, (iv) the number of issued and outstanding International Paper Shares as of September 6, 2024 does not change prior to the Effective Date, (v) 1,380,268,856 DS Smith Shares are issued and outstanding as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), and (vi) no DS Smith Shares are issued between the date of this Prospectus and the Effective Date.

(4) Taking into account announcements made by T. Rowe Price Associates, Inc. ("**T. Rowe**") and any other T. Rowe entities under Rule 8.3 of the Code, following the commencement of the offer period on February 8, 2024 up to September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), regarding interests in 1 percent or more of DS Smith Shares or International Paper Shares, respectively.

(5) Taking into account announcements made by The Vanguard Group ("**Vanguard**") and any other Vanguard entities under Rule 8.3 of the Code, following the commencement of the offer period on February 8, 2024 up to September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), regarding interests in 1 percent or more of DS Smith Shares or International Paper Shares, respectively.

(6) Taking into account announcements made by BlackRock, Inc. ("**BlackRock**") and any other BlackRock entities under Rule 8.3 of the Code, following the commencement of the offer period on February 8, 2024 up to September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), regarding interests in 1 percent or more of DS Smith Shares or International Paper Shares, respectively.

(7) Taking into account announcements made by State Street Corporation ("**State Street**") and any other State Street entities under Rule 8.3 of the Code, following the commencement of the offer period on February 8, 2024 up to September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), regarding interests in 1 percent or more of DS Smith Shares or International Paper Shares, respectively.

The Company is not aware of any person who, either as of the date of this Prospectus or immediately following Admission, exercises, or could exercise, directly or indirectly, jointly or severally, control over the Company.

B.1.4 *Key managing directors*

As of the date of this Prospectus, the members of the board of directors of the Company (the "**International Paper Board**", the "**Board**" or the "**Board of Directors**") are Mark S. Sutton (*Chair*), Andrew K. Silvernail (*Chief Executive Officer*), Christopher M. Connor (*Lead Director*), Jamie A. Beggs (*Independent Director*), Ahmet C. Dorduncu (*Independent Director*), Anders Gustafsson (*Independent Director*), Jacqueline C. Hinman (*Independent Director*), Clinton A. Lewis, Jr. (*Independent Director*), Kathryn D. Sullivan (*Independent Director*), Scott A. Tozier (*Independent Director*) and Anton V. Vincent (*Independent Director*), (the "**International Paper Directors**").

B.1.5 *Identity of the Company's auditors*

Deloitte & Touche LLP, an independent registered public accounting firm, with its address at 30 Rockefeller Plaza, New York, NY 10112, United States of America, and registered to provide audit services by the Public Company Accounting Oversight Board (United States), audited and rendered an unqualified auditor's report in respect of the consolidated financial statements of International Paper as of and for the fiscal years ended December 31, 2023, 2022 and 2021, included in this Prospectus.

B.2 ***What is the key financial information regarding the issuer?***

International Paper

The following table sets forth the selected historical consolidated financial information for International Paper as of and for the three and six months ended June 30, 2024, as of and for the three months ended March 31 2024, and as of and for the fiscal years ended December 31, 2023, 2022 and 2021, reported in accordance with Generally Accepted Accounting Principles of the United States ("**U.S. GAAP**"). The information as of and for the three and six months ended June 30, 2024 as of and for the three months ended March 31, 2024 (and the information as of and for the three and six months ended June 30, 2023 and as of and for the three months ended March 31, 2023, which has been included for comparative purposes only), has, except where otherwise stated been extracted without material adjustment from International Paper's unaudited condensed consolidated financial statements. The information as of and for the fiscal years ended December 31, 2023, 2022 and 2021 has been extracted without material adjustment from International Paper's audited consolidated financial statements. Historical results are not indicative of the results to be expected in the future and results of interim periods are not necessarily indicative of results for the entire year.

Summary Consolidated Statement of Operations (In millions)	**Six months ended June 30,**		**Three months ended June 30,**		**Three months ended March 31,**		**Year ended December 31,**		
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2023**	**2022**	**2021**
	(*unaudited*)		(*unaudited*)		(*unaudited*)			(*audited*)	
Net sales	$9,353	$9,702	$4,734	$4,682	$4,619	$5,020	$18,916	$21,161	$19,363

Earnings (loss) from continuing operations before income tax and equity earnings (losses)	291	476	206	255	85	221	382	1,511	999
Earnings (loss) from continuing operations	554	394	498	222	56	172	302	1,741	813
Net earnings (loss) attributable to International Paper Company	554	407	498	235	56	172	288	1,504	1,752

Summary Consolidated Balance Sheets (In millions)	**As of June 30, 2024**	**As of December 31,**		
		2023	**2022**	**2021**
	(*unaudited*)		(*audited*)	
Total current assets	$ 6,557	$ 6,608	$ 6,770	$ 7,096
Total assets	23,063	23,261	23,940	25,243
Total current liabilities	4,114	3,959	5,000	4,144
Long-term debt	5,329	5,455	4,816	5,383
Total equity	8,595	8,355	8,497	9,082
Total liabilities and equity	23,063	23,261	23,940	25,243

Summary Consolidated Statements of Cash Flows (In millions)	**Six months ended June 30,**		**Three months ended March 31,**		**Year ended December 31,**		
	2024	**2023**	**2024**	**2023**	**2023**	**2022**	**2021**
	(*unaudited*)		(*unaudited*)			(*audited*)	
Cash provided by (used for) operating activities	$ 760	$ 873	$ 395	$ 345	$ 1,833	$ 2,174	$ 2,030
Cash provided by (used for) investing activities	(446)	(603)	(247)	(339)	(668)	(608)	6,054
Invested in capital projects	(449)	(608)	(251)	(341)	(1,141)	(931)	(549)
Net cash provided by (used for) financing activities	(365)	(338)	(191)	(108)	(866)	(2,054)	(7,375)
Cash and Temporary Investments - beginning of the period	1,113	804	1,113	804	804	1,295	595
Cash and Temporary Investments - end of the period	1,049	746	1,070	708	1,113	804	1,295

DS Smith

The following table sets forth the selected historical consolidated financial information for DS Smith as of and for the financial years ended April 30, 2024, 2023 and 2022, reported in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**"). The information for the financial years ended April 30, 2024, 2023 and 2022 has been extracted without material adjustment from DS Smith's audited consolidated financial statements. Historical results are not indicative of the results to be expected in the future and results of interim periods are not necessarily indicative of results for the entire year.

Summary Consolidated Income Statement (In millions)	**Year ended April 30,**		
	2024	**2023**	**2022**
		(*audited*)	
Revenue	£ 6,822	£ 8,221	£ 7,241
Profit from continuing operations before income tax	503	661	378
Profit from continuing operations	385	492	280
Profit attributable to DS Smith	385	502	280

Summary Consolidated Statement of Financial Position (In millions)	**As of April 30,**		
	2024	**2023**	**2022**
		(*audited*)	
Total current assets	£ 2,326	£ 2,531	£ 3,108
Total assets	9,254	9,457	9,886
Total current liabilities	(2,696)	(3,039)	(3,567)
Borrowings	(2,437)	(1,816)	(2,072)
Total equity	3,949	4,087	4,234
Total liabilities and equity	9,254	9,457	9,886

Summary Consolidated Statements of Cash Flows (In millions)	**Year ended April 30,** 2024	2023	2022
		(*audited*)	
Cash flows from operating activities	£ 320	£ 866	£ 921
Cash flows used in investing activities	(614)	(526)	(403)
Capital expenditure	(547)	(545)	(431)
Cash flows from/(used in) financing activities	352	(728)	(483)
Exchange (losses)/gains on cash and cash equivalents	(16)	10	(8)
Net cash and cash equivalents at beginning of the year	368	746	719
Net cash and cash equivalents at end of the year	410	368	746

Selected key pro forma financial information

The following table sets forth the selected unaudited pro forma financial information of the Combined Company, consisting of: (i) the unaudited pro forma net assets statement of the Combined Company as of June 30, 2024, as if the Combination had taken place on that date; (ii) the unaudited pro forma statement of operations of the Combined Company for the six months ended June 30, 2024, as if the Combination had taken place on January 1, 2023; and (iii) the unaudited pro forma statement of operations of the Combined Company for the 12 months ended December 31, 2023, as if the Combination had taken place on January 1, 2023. The unaudited pro forma financial information is based on: (i) in respect of the unaudited pro forma statement of operations and net assets as of and for the six months ended June 30, 2024, (a) International Paper's unaudited condensed consolidated statement of operations and balance sheet as of and for the six months ended June 30, 2024 and (b) DS Smith's audited statement of financial position and unaudited consolidated income statement as of and for the six months ended April 30, 2024; and (ii) in respect of the unaudited pro forma statement of operations for the 12 months ended December 31, 2023, (a) International Paper's audited consolidated statement of operations for the year ended December 31, 2023 and (b) DS Smith's unaudited consolidated income statement for the 12 months ended October 31, 2023. The unaudited pro forma financial information addresses a hypothetical situation and has been prepared for illustrative purposes only; it does not purport to represent what the Combined Company's financial position and results of operations actually would have been if the Combination had been completed on the dates indicated, nor does it purport to represent the results of operations for any future period or the financial condition of the Combined Company at any future date.

Summary of unaudited pro forma net assets statement as of June 30, 2024

(In millions)	**International Paper (U.S. GAAP) June 30, 2024**	**DS Smith (IFRS) April 30, 2024***	**Reclassification and IFRS to U.S. GAAP Adjustments**	**Transaction Adjustments**	**Pro Forma Combined (U.S. GAAP)**
Cash and temporary investments	$ 1,049	$ 624	$ —	$ (141)	$ 1,532
Total Current Assets	6,557	2,906	(7)	(87)	9,369
Total Assets	23,063	11,559	—	4,317	38,939
Total Liabilities	14,468	6,627	—	855	21,950
Net Assets	8,595	4,932	—	3,462	16,989

* Translated from pound sterling to U.S. dollars using the period-end rate for the unaudited pro forma statement of net assets as of April 30, 2024 ($1.2492/£).

Summary of unaudited pro forma statement of operations for the six months ended June 30, 2024

(In millions)	**International Paper (U.S. GAAP) June 30, 2024**	**DS Smith (IFRS) April 30, 2024***	**Reclassification and IFRS to U.S. GAAP Adjustments**	**Transaction Adjustments**	**Pro Forma Combined (U.S. GAAP)**
Net sales	$ 9,353	$ 4,169	$ (133)	$ —	$ 13,389
Earnings (loss) from continuing operations before income taxes and equity earnings (losses)	291	292	—	(83)	500
Earnings (loss) from continuing operations	554	227	—	(62)	719

*Translated from pound sterling to U.S. dollars using a historical average rate for the six months ended April 30, 2024 ($1.26/£).

Summary of unaudited pro forma statement of operations for the twelve months ended December 31, 2023

(In millions)	**International Paper (U.S. GAAP) December 31, 2023**	**DS Smith (IFRS) October 31, 2023***	**Reclassification and IFRS to U.S. GAAP Adjustments**	**Transaction Adjustments**	**Pro Forma Combined (U.S. GAAP)**
Net sales	$ 18,916	$ 9,170	$ (373)	$ —	$ 27,713

	Earnings (loss) from continuing operations before income taxes and equity earnings (losses)......	382	754	—	(384)	752
	Earnings (loss) from continuing operations................................	302	570	—	(315)	557
	*Translated from pound sterling to U.S. dollars using a historical average rate for the year ended October 31, 2023 ($1.2335/£).					

B.3 ***What are the key risks that are specific to the issuer?***

- Fluctuations in the prices of and the demand for the products of International Paper, DS Smith and, following completion of the Combination, the Combined Company due to factors such as economic cyclicality and changes in customer or consumer preferences, and government regulation could materially affect their financial condition, results of operations and cash flows.
- Changes in the cost or availability of raw materials, energy and transportation have recently affected, and could continue to affect profitability.
- International Paper and DS Smith are and, following completion of the Combination, the Combined Company will continue to be affected by adverse developments in general business and economic conditions, which could have an adverse effect on the demand for their products, their financial condition and the results of their operations.
- Changes in credit ratings issued by nationally recognized statistical rating organizations could adversely affect the cost of financing of International Paper, DS Smith and, following completion of the Combination, the Combined Company and have an adverse effect on the market price of their respective securities.
- International Paper and DS Smith are and, following completion of the Combination, the Combined Company will be subject to risks associated with climate change and other sustainability matters and global, regional and local weather conditions as well as by legal, regulatory, and market responses to climate change.
- International Paper and DS Smith are and, following completion of the Combination, the Combined Company will be subject to cybersecurity and 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.
- International Paper and DS Smith are and, following completion of the Combination, the Combined Company will be 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, or the failure to comply with such requirements, could impact their business and results of operations.
- Changes in international conditions or other risks arising from conducting business internationally could adversely affect the business and operations of International Paper, DS Smith and, following completion of the Combination, the Combined Company.
- Material disruptions at one of International Paper's, DS Smith's and/or the Combined Company's manufacturing facilities could negatively impact financial results.
- International Paper and DS Smith operate in and, following completion of the Combination, the Combined Company will operate in a challenging market for talent and may fail to attract and retain qualified personnel, including key management personnel.
- Failure by International Paper, DS Smith and, following completion of the Combination, the Combined Company to maintain good employee or labor relations may affect their respective operations.
- Competition and downward pricing pressure in the global packaging industry could negatively impact the financial results of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

SECTION C – KEY INFORMATION ON THE SECURITIES

C.1 ***What are the main features of the securities?***

C.1.1 *Type, class and ISIN*

On Admission, the International Paper Shares will be registered with ISIN number US4601461035 and SEDOL number 2465254, and trade on the LSE under the symbol "IPC". Subject to Completion, an application will also be made for the New International Paper Shares to be approved for listing on the NYSE. On admission to the NYSE, the New International Paper Shares will trade on the NYSE under the symbol "IP" and CUSIP number 460146103.

Immediately following Admission, at least 10 percent of the International Paper Shares will be held in public hands (within the meaning of Listing Rule 14.2.2R).

C.1.2 *Currency, denomination, par value, number of securities issued and duration*

The International Paper Shares are denominated in U.S. dollars. The International Paper Shares will trade on the NYSE in U.S. dollars and on the LSE in pound sterling. The par value of the International Paper Shares is $1.00 each.

C.1.3 *Rights attaching to the International Paper Shares*

Holders of Common Stock will share equally in any dividend declared subject to the rights of the holders of any outstanding preferred stock. Subject to any exclusive voting rights which may vest in any holders of shares of the capital stock of the Company, other than Common Stock, holders of shares of the Common Stock shall be entitled to one vote for each share upon all matters upon which stockholders have the right to vote. International Paper Shareholders have no pre-emptive or other rights to subscribe for additional shares. All holders of Common Stock are entitled to share equally on a share-for-share basis in any assets available for distribution to Common Stock holders upon International Paper's liquidation, dissolution or winding up after satisfaction of our liabilities and the preferential rights of any preferred stock that may then be issued and outstanding. The shares of Common Stock are fully paid and nonassessable.

C.1.4	*Rank of securities in the issuer's capital structure in the event of insolvency* In the event of any liquidation, dissolution or winding up, whether voluntary or involuntary, of International Paper, International Paper Shareholders will be entitled to receive equally on a per share basis the remaining assets of International Paper available for distribution after payment of all debts and other liabilities and subject to the rights of any holders of any class or series of shares having a preference over, or the right to participate with, the International Paper Shares that then may at the time be outstanding. As of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), International Paper has 15,696 shares of cumulative $4.00 preferred stock, without par value (stated value $100 per share) outstanding (the "**Cumulative Preferred Stock**"), which rank senior to the International Paper Shares in the event of insolvency.
C.1.5	*Restrictions on transfer* Not applicable. There are no restrictions on the free transferability of the International Paper Shares.
C.1.6	*Dividend or pay-out policy* The Company pays regular quarterly cash dividends and expects to continue to pay regular quarterly cash dividends in the foreseeable future, though each quarterly dividend payment is subject to review and approval by the International Paper Board.
C.2	***Where will the securities be traded?*** The International Paper Shares currently in issue are admitted to trading on the NYSE under ticker symbol "IP". The NYSE is not a regulated market for the purposes of the U.K. Prospectus Regulation. Subject to Completion, applications will be made for the International Paper Shares to be admitted to the equity shares (international commercial companies secondary listing) category of the Official List of the FCA and to trading on the Main Market of the LSE.
C.3	***What are the key risks that are specific to the securities?*** • The market price for International Paper Shares following completion of the Combination may be affected by factors different from those that historically have affected the DS Smith Shares and International Paper Shares. • The value of the New International Paper Shares generally may fluctuate significantly. • The market price and trading volume of International Paper Shares may be particularly volatile in the period following completion of the Combination, and holders of the International Paper Shares could lose a significant portion of their investment due to drops in the market price of the International Paper Shares.
	SECTION D – KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET
D.1	***Under which conditions and timetable can I invest in this security?*** This Prospectus does not constitute an offer or an invitation to any person to subscribe for or purchase any International Paper Shares. It is expected that, subject to the Conditions being satisfied, or where appropriate, waived, Admission will become effective, and that unconditional dealings in the International Paper Shares will commence, on or shortly after the Effective Date. The aggregate costs and expenses incurred by International Paper and DS Smith in connection with the Combination and Admission are estimated to amount to approximately $210 million (including advisory, legal, audit, valuation and other professional fees), based on an exchange rate of $1.3129:£1.00 on September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus).
D.2	***Why is this Prospectus being produced?*** This Prospectus is being published by International Paper in connection with Admission, as contemplated by the terms of the Combination. This Prospectus does not constitute an offer or an invitation to any person to subscribe for or purchase any International Paper Shares. International Paper will not receive any proceeds in connection with the Admission. There are no conflicting interests that are material to Admission.

PART 2

RISK FACTORS

Investing in and holding the International Paper Shares (including the New International Paper Shares) is subject to a number of financial and other risks. Prospective investors should carefully consider the following risks and uncertainties together with all the other information set out in, or incorporated by reference into, this Prospectus. The risks described below are based on information known at the date of this Prospectus, but may not be the only risks to which International Paper, DS Smith and/or the Combined Company might be exposed. Additional risks and uncertainties, which are currently unknown to International Paper and/or DS Smith or that International Paper and/or DS Smith do not currently consider to be material, may materially affect the business of International Paper, DS Smith and/or the Combined Company and could have a material adverse effect on the business, financial condition, results of operations and prospects of International Paper, DS Smith and/or those of the Combined Company. If any of the following risks were to occur, the business, financial condition and results of operations of International Paper, DS Smith and/or the Combined Company could be materially adversely affected, and the value of the International Paper Shares could decline and investors could lose all or part of the value of their investment in the International Paper Shares. Prospective investors should read this Prospectus as a whole, including the information incorporated by reference, and not rely solely on the information set out in this Part 2 (Risk Factors) of this Prospectus.

Prospective investors should note that the risks relating to International Paper, DS Smith and/or the Combined Company and the International Paper Shares summarized in Part 1 (Summary) of this Prospectus are the risks that International Paper believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the International Paper Shares. However, as the risks which International Paper, DS Smith and/or the Combined Company face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarized in Part 1 (Summary) of this Prospectus but also, among other things, the risks and uncertainties described below.

Risks related to the business of International Paper, DS Smith and, following completion of the Combination, the Combined Company

Fluctuations in the prices of and the demand for the products of International Paper, DS Smith and, following completion of the Combination, the Combined Company due to factors such as economic cyclicality and changes in customer or consumer preferences, and government regulation could materially affect their financial condition, results of operations and cash flows

Substantially all of the businesses of International Paper and DS Smith have experienced and, following the completion of the Combination, the businesses of the Combined Company are likely to continue to experience, cycles relating to industry capacity, customer demand, and general economic conditions. The length and magnitude of these cycles have varied over time and by product. Product prices and sales volumes have fallen in the past in periods and regions where demand was lower than available supply, and there can be no assurance that this will not recur. New or existing producers of pulp or paper products may add or adjust capacity, affecting available supply. Further, changes in customer or consumer preferences may increase or decrease the demand for fiber-based products and non-fiber substitutes. Customer and consumer preferences change based on, among other factors, cost, convenience, health concerns and perceptions and an increased awareness of sustainability considerations. In some areas, customers have increasingly shown interest in environmentally friendly products such as fiber-based packaging. Advances in non-fiber technologies such as plastic packaging or other materials could result in decreased demand for the products of International Paper, DS Smith and, following completion of the Combination, the Combined Company. In addition, legal developments, such as new regulations on single-use packaging products could significantly alter the market for the products of International Paper, DS Smith and, following completion of the Combination, the Combined Company. Any of the foregoing, including a failure to anticipate and respond to changing trends, customer preferences and technological and regulatory developments could have a material adverse effect on the business, financial condition, results of operations and/or future prospects of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

A lack of investor confidence in the paper and packaging industry could also have a negative impact on the business, financial condition, results of operations and/or future prospects of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

Changes in the cost or availability of raw materials, energy and transportation have recently affected, and could continue to affect profitability

International Paper and DS Smith rely and, following completion of the Combination, the Combined Company will rely, heavily on the use of certain raw materials (principally virgin wood fiber, recycled fiber, caustic soda, starch and adhesives), energy sources (principally biomass, natural gas, electricity and fuel oil) and third-party transport companies. The market price of virgin wood fiber varies based upon availability, demand, quality, and source. The global supply and demand for recycled fiber may be affected by factors such as trade policies between countries, individual governments' legislation and regulations, and general macroeconomic conditions. In addition, the increase in demand of products manufactured, in whole or in part, from recycled fiber, on a global basis, may cause significant fluctuations in recycled fiber prices. Taking into account ongoing inflationary conditions in domestic and global markets, International Paper and DS Smith have experienced and, following completion of the Combination, the Combined Company may continue to experience, a significant increase in various costs, including recycled fiber, energy, freight, chemical, and other supply chain costs, which has adversely affected the operations of International Paper and DS Smith and, following completion of the Combination, is expected to adversely affect the results of the Combined Company's operations. Moreover, the availability of labor and the market price for fuel may affect third-party transportation costs.

In addition, because the businesses of International Paper, DS Smith and, following completion of the Combination, the Combined Company operate in highly competitive industry segments, International Paper and DS Smith have not always been able to, and, following the completion of the Combination, the Combined Company may in the future be unable to, recoup past or future increases in the costs of any raw materials, energy sources or transportation sources from customers, which significantly affect profitability. In addition, where International Paper, DS Smith and, following completion of the Combination, the Combined Company is able to recoup its cost increases, there may be a delay between the onset of the cost increases and the recoupment. Any inability to recover input cost increases could lead to a material adverse effect on the business, financial condition, results of operations and/or future prospects of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

International Paper and DS Smith have and, following completion of the Combination, the Combined Company will have significant exposure to energy costs, in particular gas, electricity and other fuel costs. Energy prices have fluctuated dramatically in the past and may continue to increase and/or fluctuate in the future. Transportation costs are also impacted by energy costs since a key component of transportation costs relates to the cost of petrol. International Paper, DS Smith and, following completion of the Combination, the Combined Company do and will continue to employ strategies and tools to reduce the volatility of energy costs and ensure a degree of certainty over future energy costs. However, there can be no certainty that those strategies and tools will continue to manage such impact in the future. Volatile and increasing energy prices, including as a consequence of the conflict between Russia and Ukraine, or a failure in this approach could have a material adverse effect on the business, financial condition, results of operations and/or future prospects of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

International Paper and DS Smith are and, following completion of the Combination, the Combined Company will continue to be affected by adverse developments in general business and economic conditions, which could have an adverse effect on the demand for their products, their financial condition and the results of their operations

General economic conditions may adversely affect industrial nondurable goods production, consumer confidence and spending, commercial printing and advertising activity, and employment levels, all of which impact demand for the products of, or otherwise adversely affect, International Paper, DS Smith and, following completion of the Combination, the Combined Company. International Paper, DS Smith and, following completion of the Combination, the Combined Company may also be adversely affected by catastrophic or other unforeseen events, including health epidemics or pandemics, such as COVID-19, natural disasters, geopolitical events, military conflicts, terrorism, port and canal blockages and similar disruptions, political, financial or social instability, or civil or social unrest. Future health pandemics could adversely impact portions of the business of International Paper, DS Smith and, following completion of the Combination, the Combined Company to varying degrees, including as the result of lower demand for certain products, supply chain and labor disruptions, and higher costs. These effects could have a material impact on the business, results of operations, cash flow, liquidity, or financial condition of International Paper, DS Smith and, following completion of the Combination, the Combined Company. Moreover, negative economic conditions or other adverse developments with respect to the business of International Paper, DS Smith and, following completion of the Combination, the Combined Company have resulted in, and may in the future result in impairment charges which could be material. Volatility or uncertainty in the financial, capital and credit markets, and negative developments associated with interest rates, asset values, currency exchange rates and the availability of credit, could also have a material adverse effect on the business, financial condition and results of operations of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

Macroeconomic conditions in the U.S., U.K., Europe and globally continue to be challenging in various respects, including as the result of significant inflationary pressures, elevated interest rates, challenging labor market conditions, and adverse effects associated with current geopolitical conditions. The operations of International Paper and DS Smith have been and, following completion of the Combination, the Combined Company is expected to continue to be, adversely affected by these negative macroeconomic conditions, including as the result of lower demand for certain products, and higher raw material and labor costs. Further, because the markets for packaging products in many industrialized countries are generally mature, there is a significant degree of correlation between economic growth and demand for packaging products. Therefore, any deterioration in macroeconomic conditions in the U.S., U.K., Europe and/or globally resulting in a slowdown in economic growth may correlate with a corresponding decline in demand for packaging products in those markets. Moreover, any significant deterioration in current negative macroeconomic conditions, or any recovery therefrom that is significantly slower than anticipated, could have a material adverse effect on the business, results of operations or financial condition of International Paper, DS Smith and, following completion of the Combination, the Combined Company. Further, if current negative macroeconomic conditions result in significant disruptions to capital and financial markets, the cost of borrowing, ability to access capital on favorable terms, and overall liquidity of International Paper, DS Smith and, following completion of the Combination, the Combined Company could be adversely affected.

The COVID-19 pandemic adversely impacted portions of the business of International Paper and DS Smith to varying degrees, including as the result of lower demand for certain products, supply chain and labor disruptions, and higher costs. If public health conditions related to COVID-19 or a similar health epidemic or pandemic were to significantly worsen in the U.S., U.K., Europe or in other markets in which International Paper, DS Smith and, following completion of the Combination, the Combined Company operate, the business and financial results of International Paper, DS Smith and, following completion of the Combination, the Combined Company could be adversely impacted. International Paper, DS Smith and, following completion of the Combination, the Combined Company may be unable to effectively respond to or predict any such developments.

Changes in credit ratings issued by nationally recognized statistical rating organizations could adversely affect the cost of financing of International Paper, DS Smith and, following completion of the Combination, the Combined Company and have an adverse effect on the market price of their respective securities

Maintaining an investment-grade credit rating is an important element of the financial strategy of International Paper and DS Smith and, following completion of the Combination, will continue to be an important element of the Combined Company's financial strategy. A downgrade of ratings below investment grade will likely eliminate the ability of International Paper, DS Smith and, following completion of the Combination, the Combined Company to access the commercial paper market, may limit access to the capital markets, have an adverse effect on the market price of the securities of International Paper, DS Smith and, following completion of the Combination, the Combined Company, increase borrowing costs and require International Paper, DS Smith and, following completion of the Combination, the Combined Company to post collateral for derivatives in a net liability position. The desire to maintain an investment grade rating may cause International Paper, DS Smith and/or, following completion of the Combination, the Combined Company to take certain actions designed to improve their respective cash flow, including a sale of assets, suspension or reduction of dividends and reductions in capital expenditures and working capital.

Certain of International Paper's and DS Smith's debt agreements provide for an interest rate increase in case of a credit rating downgrade. This applies to agreements governing approximately $1.1 billion of International Paper's debt as of June 30, 2024 and to agreements governing approximately £2.4 billion of DS Smith's debt as of April 30, 2024. As a result, a downgrade in credit rating may lead to an increase in interest expenses. There can be no assurance that the credit ratings of International Paper, DS Smith and, following completion of the Combination, the Combined Company 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, suspension or withdrawal of credit ratings could adversely affect the cost of borrowing of International Paper, DS Smith and, following completion of the Combination, the Combined Company, limit access to the capital markets or result in more restrictive covenants in agreements governing the terms of any future indebtedness that International Paper, DS Smith and, following completion of the Combination, the Combined Company may incur.

International Paper and DS Smith are and, following completion of the Combination, the Combined Company will be subject to risks associated with climate change and other sustainability matters and global, regional and local weather conditions as well as by legal, regulatory, and market responses to climate change

Climate change impacts, including rising temperatures and the increasing severity and/or frequency of adverse weather conditions, may result in operational impacts on the facilities of International Paper, DS Smith and, following completion of the Combination, the Combined Company, as well as supply chain disruptions and increased raw material and other costs. These adverse weather conditions and other physical impacts which may be exacerbated as the result of climate change include floods, hurricanes, tornadoes, earthquakes, hailstorms, wildfires, snow, ice storms and drought. Climate change may also contribute to the decreased productivity of forests, a key source in the production of paper products, and adverse impacts on the distribution and abundance of species, and the spread of disease and insect epidemics, any of which developments could adversely affect forestland management and the availability of energy and water resources. The effects of climate change and global, regional and local weather conditions, including the resulting financial costs of compliance with legal or regulatory initiatives, could have a material adverse effect on the results of operations and business of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

There has been an increased focus, including from investors, customers, the general public, domestic and foreign governmental and nongovernmental authorities, regarding sustainability matters, including with respect to climate change, greenhouse gas ("**GHG**") emissions, packaging and waste, sustainable supply chain practices, biodiversity, deforestation, land, energy and water use, diversity and inclusion and other human capital matters. This increased focus on sustainability matters, including climate change, may result in more prescriptive reporting requirements with respect to sustainability metrics and other new requirements, an increased expectation that such metrics will be voluntarily disclosed by companies such as International Paper, DS Smith and, following completion of the Combination, the Combined Company, and increased pressure to make commitments, set targets, or establish goals, and take action to meet them, which may cause the incurrence of increased compliance costs. As the result of this increased focus and commitment to sustainability matters, International Paper and DS Smith have each (either voluntarily and/or as required by applicable law and regulation) provided disclosure and established targets and goals with respect to various sustainability matters, including climate change. For example, International Paper has publicly committed to reducing its Scope 1, 2 and 3 GHG emissions by 35% from 2019-2030 and DS Smith has publicly committed to reduce its Scope 1, 2 and 3 GHG emissions by 46% from 2019-2030, which have each been approved by Science-Based Targets initiative as consistent with levels required to meet the goals of the 2015 Paris Agreement. Meeting these and other sustainability targets and goals have increased the capital and operational costs of International Paper and DS Smith and, following completion of the Combination, may increase the capital and operational costs of the Combined Company.

There also continues to be a lack of consistency in legal and regulatory initiatives regarding climate change across jurisdictions and various governmental entities. Additional expenses are expected to be incurred as a result of domestic and international regulators requiring additional disclosures regarding GHG emissions. Further, there can be no assurance regarding the extent to which the climate and other sustainability targets of International Paper, DS Smith and, following completion of the Combination, the Combined Company can be achieved, and the achievement of these targets is subject to various risks and uncertainties, some of which are outside the control of International Paper and DS Smith and, following completion of the Combination, the Combined Company. Moreover, there is no assurance that investments made in furtherance of achieving such targets and goals will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance. If International Paper, DS Smith and, following completion of the Combination, the Combined Company are unable to meet climate and other sustainability targets and goals, on projected timelines or at all, or if such goals and targets are perceived negatively, including the perception that they are not sufficiently robust or, conversely, are too costly or not otherwise in the best interests of the relevant company, investor, customer and other stakeholder relationships could be damaged, which could adversely impact the reputation, business and results of operations of International Paper, DS Smith and, following completion of the Combination, the Combined Company. Moreover, not all of International Paper's, DS Smith's and, following completion of the Combination, the Combined Company's competitors establish climate or other sustainability targets and goals at comparable levels, which could result in competitors having lower supply chain or operating costs as well as reduced reputational risks associated with not meeting such goals.

International Paper, DS Smith and, following completion of the Combination, the Combined Company may be unable to manage energy demand needs within their respective sustainability targets and certain of their respective acquisitions may bring new sustainability challenges. Such inability to manage sustainability demands and challenges could have a significant impact on the business, financial condition, results of operations and/or future prospects of International Paper, DS Smith and, following completion of the Combination, the Combined Company. Other climate-related business risks that International Paper and DS Smith face and, following completion of the Combination, the Combined Company will face, include risks related to the transition to a lower-carbon economy, such as increased prices for fossil fuels; the introduction of a carbon tax; increased regulation of operations and products, and the resulting potential for increased litigation; and more stringent and/or complex environmental and other permitting requirements. To the extent that climate-related business risks materialize, particularly if International Paper, DS Smith and, following completion of the Combination, the Combined Company are unprepared for them, International Paper, DS Smith and, following completion of the Combination, the Combined Company may incur unexpected costs, and the business of International Paper, DS Smith and, following completion of the Combination, the Combined Company may be materially and adversely affected.

International Paper and DS Smith are and, following completion of the Combination, the Combined Company will be subject to cybersecurity and 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

The business operations of International Paper and DS Smith rely, and following completion of the Combination, the business operations of the Combined Company will rely, on securely managed information technology systems, some of which are provided or managed by third parties, for data capture, processing, storage and reporting. International Paper and DS Smith have each invested in information technology security initiatives and risk management, as well as incident response, business continuity and disaster recovery plans, but it is not possible to eliminate all systematic or external risk. Further, the development and maintenance of information technology security measures is costly and requires ongoing monitoring, testing and updating as technologies and processes change, and efforts to overcome security measures become increasingly sophisticated. Additionally, the global regulatory environment surrounding information security, data privacy and data protection is becoming increasingly restrictive and is evolving frequently.

The current cyber threat environment presents increased risk for all companies, including those in International Paper and DS Smith's industry. Like other global companies, the systems of International Paper, DS Smith and, following completion of the Combination, the Combined Company are subject to recurring attempts by third parties to access information, manipulate data or disrupt operations. In this regard, each of International Paper and DS Smith have experienced cyber threats and incidents, although none have had a material effect on their respective results of operations or financial condition. Given the current cyber threat environment, the volume and intensity of cybersecurity attacks and attempted intrusions are expected to increase in the future. In addition, despite careful security and controls design, implementation, updating, monitoring and independent third-party verification, the information technology systems of International Paper, DS Smith and, following completion of the Combination, the Combined Company, together with those of any third-party providers or joint venture partners, have been and could again be compromised or disrupted due to factors such as employee error or malfeasance, cyber-attacks, including ransomware, malware, phishing attacks, or data or security breaches by malicious actors such as common hackers, criminal groups or nation-state organizations or social activist ("hacktivist") organizations, disruptions resulting from geopolitical events, natural disasters, failures or impairments of telecommunications networks or other catastrophic events. Such attacks are increasing in complexity, and the rapid evolution and increased adoption of artificial intelligence technologies may intensify cybersecurity risks by making cyberattacks more difficult to detect, contain, and mitigate. Furthermore, the significant increase in remote working and personal device use increases the risks of cyber incidents and the improper dissemination of personal or confidential information. Moreover, hardware, software or applications used by International Paper, DS Smith and/or, following completion of the Combination, the Combined Company may have inherent vulnerabilities or defects of design, manufacture or operations or could be inadvertently or intentionally implemented or used in a manner that could compromise information security. In addition, cybersecurity-related threats may remain undetected for an extended period of time.

In the event that the information systems of International Paper, DS Smith and/or, following completion of the Combination, the Combined Company are disrupted or compromised as a result of any cybersecurity attack, data or security breach, or other security incident, or the information systems of any businesses with which International Paper, DS Smith and/or, following completion of the Combination, the Combined Company interact are disrupted or compromised in a manner which impacts the information systems or business of International Paper, DS Smith and/or, following completion of the Combination, the Combined Company, any such developments could result in lost sales, business delays, negative publicity or reputational impact, a loss of customer confidence, and have a material adverse effect on the business or financial results of International Paper, DS Smith and/or, following completion of the Combination, the Combined Company. Any such incident or breach could also result in operational or supply chain disruptions, data loss, corruption or manipulation, or information misappropriation including, but not limited to, interruption to systems availability, denial of access to and misuse of applications required by customers to conduct business, the acquisition, use or disclosure of data or inability to access data, the release of confidential information about the operations of International Paper, DS Smith and/or, following completion of the Combination, the Combined Company, and subject International Paper, DS Smith and/or, following completion of the Combination, the Combined Company to litigation and government enforcement actions. Further, in such event, access to applications required to plan 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 loss or inappropriate disclosure of confidential company, employee, customer or vendor information, could also stem from such incidents. Moreover, any significant cybersecurity event could require International Paper, DS Smith and/or, following completion of the Combination, the Combined Company to devote significant management time and resources in response to such event, interfere with the pursuit of other important business strategies and initiatives, and cause International Paper, DS Smith and/or, following completion of the Combination, the Combined Company to incur additional expenditures, which could be material, including to investigate and remediate such event, recover lost data, prevent future compromises and adapt systems and practices in response to such events. There is no assurance that any remedial actions will meaningfully limit the success of future attempts to breach the information systems of International Paper, DS Smith and/or, following completion of the Combination, the Combined Company, particularly because malicious actors are increasingly sophisticated and utilize tools and techniques specifically designed to circumvent security measures, avoid detection and obfuscate forensic evidence, which means International Paper, DS Smith and/or, following completion of the Combination, the Combined Company may be unable to identify, investigate or remediate effectively or in a timely manner. Additionally, while insurance coverage designed to address certain aspects of cyber risks may be in place, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise in connection with such incidents.

International Paper and DS Smith are and, following completion of the Combination, the Combined Company will be 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, or the failure to comply with such requirements, could impact their business and results of operations

The operations of International Paper and DS Smith are subject to, and following completion of the Combination, the operations of the Combined Company will be subject to, regulation under a wide variety of domestic and international laws, regulations and other government requirements - including, among others, those relating to the environment, health and safety, labor and employment, data privacy, tax, trade 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 International Paper, DS Smith or, following completion of the Combination, the Combined Company to modify their respective operations and objectives or affect their respective returns on investments by restricting existing activities and products or increasing costs. In addition, any failure or alleged failure to comply with applicable laws, regulations or other government requirements could have an adverse effect on the reputation and financial results of International Paper, DS Smith or, following completion of the Combination, the Combined Company or may result in, among other things, litigation, revocation of required licenses, internal investigations, governmental investigations or proceedings, administrative enforcement actions, fines and civil and criminal liability.

International Paper and DS Smith are subject to, and following completion of the Combination, the Combined Company will be subject to, local and international laws governing the protection of the environment. International Paper and DS Smith have incurred, and following completion of the Combination, the Combined Company is expected to continue to incur, significant capital, operating and other expenditures complying with applicable and forthcoming environmental laws and regulations, including with respect to GHG emissions and other climate-related matters. International Paper and DS Smith’s environmental expenditures include, and following completion of the Combination, the Combined Company’s environmental expenditures will include, among other areas, those related to air and water quality, waste disposal and the cleanup of soil and groundwater, including situations where they have been identified as a potentially responsible party. There can be no assurance that future remediation requirements and compliance with existing and new laws and requirements will not require significant expenditures, or that existing reserves for specific matters will be adequate to cover future costs. International Paper, DS Smith or, following completion of the Combination, the Combined Company could also incur substantial fines or sanctions, enforcement actions (including orders limiting operations or requiring corrective measures), natural resource damages claims, cleanup and closure costs, third-party claims for property damage and personal injury and reputational harm 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 International Paper, DS Smith or, following completion of the Combination, the Combined Company knew of, or caused, the release of hazardous substances.

The global operations of International Paper and DS Smith are subject to, and following completion of the Combination, the Combined Company will be subject to, complex and evolving domestic and international data privacy laws and regulations, such as the European Union’s General Data Protection Regulation, China’s Personal Information Protection Law and comprehensive privacy laws in many U.S. states, including California, Connecticut, Colorado, Utah, and Virginia. These laws impose a range of compliance obligations regarding the handling of personal data. There are significant penalties for noncompliance including monetary fines, disruption of operations and reputational harm. Moreover, other states and governmental authorities around the world have introduced or passed, or are considering, similar legislation which may impose varying standards and requirements on data collection, use and processing activities.

This increasingly restrictive and evolving global regulatory environment related to data privacy and data protection may continue to require changes to the business practices of International Paper, DS Smith and, following completion of the Combination, the Combined Company, and give rise to significantly expanded compliance burdens, costs and enforcement risks. Moreover, many of these laws and regulations are subject to uncertain application, interpretation or enforcement standards that could result in claims, changes to business practices, data processing and security systems, penalties, increased operating costs or other impacts on the businesses of International Paper, DS Smith and, following completion of the Combination, the Combined Company. Additionally, regulatory bodies and others tasked with enforcing privacy and data protection laws have been actively engaging in enforcement investigations and actions. These laws often provide for civil penalties for violations, as well as private rights of action for data breaches that may increase data breach litigation. International Paper and DS Smith use, and following completion of the Combination, the Combined Company will continue to use, internal and external resources to monitor compliance with relevant legislation and continually evaluate and, where necessary, modify data processing practices and policies to comply with evolving privacy laws. Nevertheless, relevant regulatory authorities could determine that the data handling practices of International Paper, DS Smith or, following completion of the Combination, the Combined Company fail to address all the requirements of certain new laws, which could subject International Paper, DS Smith or, following completion of the Combination, the Combined Company to penalties and/or litigation. In addition, there is no assurance that the security controls of International Paper, DS Smith or, following completion of the Combination, the Combined Company over personal data, the training of employees and vendors on data privacy and data security, and policies, procedures and practices will prevent the improper handling of, disclosure of or access to personal data. Improper handling and disclosure of or access to personal data in violation of other data privacy and protection laws could cause reputational harm and loss of consumer confidence and subject International Paper, DS Smith or, following completion of the Combination, the Combined Company to government enforcement actions (including fines), or result in private litigation, which could result in loss of revenue, increased costs, liability for monetary damages, fines and/or criminal prosecution, all of which could negatively affect the business and operating results of International Paper, DS Smith or, following completion of the Combination, the Combined Company.

International Paper and DS Smith are and, following completion of the Combination, the Combined Company will be exposed to the risk of changes in tax law and tax rates in a number of jurisdictions. The costs associated with compliance with these laws and regulations are substantial and possible future laws and regulations or changes to existing laws and regulations (including the imposition of higher taxes) could require International Paper, DS Smith or, following completion of the Combination, the Combined Company to incur additional expenses or capital expenditures or result in restrictions on or suspensions of operations. For example, the Organization for Economic Cooperation and Development ("**OECD**") has proposed a 15% global minimum tax applied on a country-by-country basis (the "**Pillar Two rule**"), and many countries (including countries in which International Paper and DS Smith operate and, following completion of the Combination, the Combined Company will operate) have enacted or begun the process of enacting laws adopting the Pillar Two rule. In many of the countries implementing the Pillar Two rule, the first component of the Pillar Two rule is effective in 2024, with the second component expected to come into effect in 2025. It is possible that the Pillar Two rule could adversely impact the effective tax rate of International Paper, DS Smith or, following completion of the Combination, the Combined Company in future periods. Additionally, administrative guidance can be incomplete or vary from legislative intent, and therefore the application of the tax law is uncertain. While International Paper and DS Smith believe their reported positions comply with relevant tax laws and regulations, taxing authorities could interpret the application of certain laws and regulations differently. Both International Paper and DS Smith have been and continue to be subject to tax audits in various taxing jurisdictions around the world. In some cases, International Paper and DS Smith have appealed, and following completion of the Combination the Combined Company may continue to appeal, assessments by taxing authorities, including in the court system. As such, tax controversy matters may result in previously unrecorded tax expenses, accelerated cash tax payments, higher future tax expenses, or the assessment of interest and penalties for International Paper, DS Smith and, following completion of the Combination, the Combined Company.

As with many technological innovations, artificial intelligence ("**AI**") presents risks and challenges that could affect its adoption, and therefore the business of International Paper, DS Smith and, following completion of the Combination, the Combined Company. Uncertainty in the legal regulatory regime relating to AI may require significant resources to modify and maintain business practices to comply with international laws, the nature of which cannot be determined at this time. Several jurisdictions, including Europe, the U.S. federal government, and certain U.S. states, have already proposed or enacted laws, regulations, and other requirements governing AI.

For example, on October 30, 2023, the Biden administration issued an Executive Order to, among other things, establish extensive new standards for AI safety and security. On May 21, 2024, the Council of the European Union adopted the EU AI Act, regulating the development and deployment of AI systems. The EU AI Act imposes obligations on transparency, risk management and data governance for AI systems, particularly those classified as high risk, with significant fines for noncompliance. Other jurisdictions may decide to adopt similar or more restrictive requirements that may render the use of AI challenging. These requirements may make it harder for International Paper, DS Smith and, following completion of the Combination, the Combined Company to conduct their business using AI, lead to regulatory fines or penalties, require International Paper, DS Smith and, following completion of the Combination, the Combined Company to change their business practices, or limit AI usage. A restriction on the use of AI may make the business of International Paper, DS Smith or, following completion of the Combination, the Combined Company less efficient, or may place International Paper, DS Smith or, following completion of the Combination, the Combined Company at a competitive disadvantage. Any of these factors could adversely affect the business, financial condition, and results of operations of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

Changes in international conditions or other risks arising from conducting business internationally could adversely affect the business and operations of International Paper, DS Smith and, following completion of the Combination, the Combined Company

As global producers of renewable fiber-based packaging and pulp products, International Paper and DS Smith operate, and following completion of the Combination, the Combined Company will continue to operate, in many different countries. As a result, International Paper and DS Smith are and, following completion of the Combination, the Combined Company will be vulnerable to risks related to their respective international operations. These risks, which can vary substantially by country, may include economic or political instability, geopolitical events, corruption, anti-American sentiment, expropriation measures, social and ethnic unrest, natural disasters, military conflicts and terrorism, the regulatory environment (including the risks of operating in developing or emerging markets in which there are significant uncertainties regarding the interpretation and enforceability of legal requirements and the enforceability of contractual rights and intellectual property rights), adverse currency fluctuations, foreign exchange control regimes (including restrictions on currency conversion), downturns or changes in economic conditions (including in relation to commodity inflation), adverse tax consequences or rulings, import restrictions, controls or other trade protection measures, economic sanctions, health guidelines and safety protocols, nationalization, changes in social, political or labor conditions, and adverse developments regarding sustainability, environmental regulations and trade policies and agreements, any of which risks could negatively affect the financial results of International Paper, DS Smith and, following completion of the Combination, the Combined Company. For example, a significant portion of sales from International Paper's Global Cellulose Fibers business are concentrated in China and could be adversely affected by changes in economic conditions and demographics. 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 International Paper, DS Smith and, following completion of the Combination, the Combined Company, may also adversely impact the operating results and business prospects of International Paper, DS Smith and, following completion of the Combination, the Combined Company in these countries. Likewise, disruption in existing trade agreements or increased trade friction between countries (such as in relation to the trade tensions between the U.S. and China), which may result in tariffs, could have a negative effect on the business and results of operations of International Paper, DS Smith and, following completion of the Combination, the Combined Company by restricting the free flow of goods and services across borders.

International Paper, DS Smith and, following completion of the Combination, the Combined Company may continue to be adversely affected by ongoing geopolitical instability and the economic consequences and disruptions arising therefrom, including as the result of the military conflict between Russia and Ukraine, the military conflict between Israel and Hamas, and increasing tensions between China and Taiwan. For example, prior to the completion of the disposal of International Paper's ownership stake in Ilim and Ilim Group in the third quarter of 2023, the military conflict between Russia and Ukraine adversely affected our Ilim joint venture and financial results, including as the result of economic sanctions, actions by the Russian government, and associated domestic and global economic and geopolitical conditions. These risks may be further heightened in the event of the expansion in the scope or escalation of any such military conflicts. In addition, changes to economic sanctions programs, such as in response to the conflict between Russia and Ukraine, could put International Paper, DS Smith and, following completion of the Combination, the Combined Company at risk of violating sanctions as a result of an existing presence in a newly sanctioned jurisdiction or relationship with a newly sanctioned entity if International Paper, DS Smith and, following completion of the Combination, the Combined Company fails or is unable to end such presence or relationship in a timely manner.

In addition, International Paper's and DS Smith's international operations, and following completion of the Combination, the international operations of the Combined Company, will be subject to laws related to operations in foreign jurisdictions, including laws prohibiting bribery of government officials and other corrupt practices. Anti-bribery laws such as the U.K. Bribery Act 2010, the Foreign Corrupt Practices Act of 1977, and similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to public officials for the purpose of obtaining or retaining business. Further, the U.S. Department of Treasury's Office of Foreign Assets Control and other non-U.S. government entities maintain economic sanctions targeting various countries, persons and entities. International Paper and DS Smith are and, following completion of the Combination, the Combined Company will also be subject to the laws and regulations of governmental and regulatory agencies. Failure to comply with domestic or foreign laws could result in various adverse consequences for International Paper, DS Smith and, following completion of the Combination, the Combined Company, including the imposition of civil or criminal sanctions, reputational damage and the prosecution of executives overseeing international operations.

International Paper and DS Smith are and, following completion of the Combination, the Combined Company will also continue to be exposed to the translation of the results of overseas subsidiaries into their respective reporting currencies, as well as the impact of currency fluctuations on their commercial transactions denominated in foreign currencies. Adverse movements in foreign exchange rates relating to foreign currency denominated commodities, assets and liabilities, and transactions could have a material impact on the business, financial condition, results of operations and/or future prospects of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

Material disruptions at one of International Paper**'s*****, DS Smith*****'s** ***and*****/or** ***the Combined Company's manufacturing facilities could negatively impact financial results***

International Paper and DS Smith each operate facilities in compliance with applicable rules and regulations and take measures to minimize the risks of disruption. A material disruption at the corporate headquarters of, or a manufacturing facility or key mill of, International Paper, DS Smith and, following completion of the Combination, the Combined Company, could prevent International Paper, DS Smith and, following completion of the Combination, the Combined Company from meeting customer demand, reduce sales and/or negatively impact the financial condition of International Paper, DS Smith and, following completion of the Combination, the Combined Company. Any manufacturing facilities of International Paper, DS Smith and, following completion of the Combination, the Combined Company, or any machines of International Paper, DS Smith and, following completion of the Combination, the Combined Company within an otherwise operational facility, could cease operations unexpectedly due to a number of events, including:

- adverse weather events like fires, floods, earthquakes, hurricanes, winter storms and extreme temperatures, or other catastrophes (including adverse weather conditions that may be intensified by climate change);
- the effect of a drought or reduced rainfall on its water supply;
- disruption in the supply of raw materials or other manufacturing inputs;
- terrorism or threats of terrorism;
- information system disruptions or failures due to any number of causes, including cyber-attacks;
- domestic and international laws and regulations applicable to International Paper, DS Smith and, following completion of the Combination, the Combined Company and any of their respective 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 a manufacturing facility;
- 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 or any impacts related to government regulation as a result thereof;
- failure of third-party service providers and business partners to satisfactorily fulfill their commitments and responsibilities in a timely manner and in accordance with agreed upon terms;
- labor difficulties; and
- other operational problems.

Any such downtime or facility damage could prevent International Paper, DS Smith and, following completion of the Combination, the Combined Company from meeting production targets, customer demand and satisfying customer requirements, which may necessitate unplanned expenditures, resulting in lower sales and have a negative effect on financial results.

International Paper and DS Smith operate in and, following completion of the Combination, the Combined Company will operate in a challenging market for talent and may fail to attract and retain qualified personnel, including key management personnel

The ability of International Paper, DS Smith and, following completion of the Combination, the Combined Company to operate and grow their businesses depends on their ability to attract and retain employees with the skills necessary to operate and maintain their facilities, produce their products and serve their customers. The market for both hourly workers and salaried workers continues to be competitive, particularly for employees with specialized technical and trade experience. This, along with the current competitive labor market and ongoing inflationary conditions, has led to higher labor costs. The potential impact of the U.S. Federal Trade Commission's rules prohibiting non-compete clauses in agreements, scheduled to go into effect on September 4, 2024, could exacerbate the challenging labor market, leading to the inability to retain certain highly specialized and/or senior manager talent and result in increased labor costs. In addition, International Paper and DS Smith rely on, and following completion of the Combination, the Combined Company will rely on, key executive and management personnel to manage their businesses efficiently and effectively. The loss of key executive and management employees, particularly in a challenging market for attracting and retaining employees, could adversely affect the business of International Paper, DS Smith and, following completion of the Combination, the Combined Company. Moreover, changing demographics and labor work force trends, including remote work and changing work-life balance expectations, may make it difficult for International Paper, DS Smith and, following completion of the Combination, the Combined Company to replace retiring or departing employees. The failure to retain and/or recruit additional or substitute senior managers and/or other key employees and a failure to identify and resource for future capability requirements such that there is a gap in skills and knowledge across key business areas, or if higher labor costs and shortages persist, could have a material adverse effect on the business, financial condition, results of operations and/or future prospects of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

Failure by International Paper, DS Smith and, following completion of the Combination, the Combined Company to maintain good employee or labor relations may affect their respective operations

Future developments in relation to the business of International Paper, DS Smith and, following completion of the Combination, the Combined Company could adversely affect employee or labor relations. Good employee and labor relations depend on the ability to drive innovation, manage change and engage the workforce, and failure to do so could have a material adverse effect on the business, financial condition, results of operations and/or future prospects of International Paper, DS Smith and/or, following completion of the Combination, the Combined Company. Further, labor disputes or other problems could lead to a substantial interruption to the business of International Paper, DS Smith and, following completion of the Combination, the Combined Company and have a material adverse effect on the business, financial condition, results of operations and/or future prospects of International Paper, DS Smith and/or, following completion of the Combination, the Combined Company.

A significant number of International Paper's employees are represented by unions. International Paper has collective bargaining agreements in place with U.S. and international trade unions. In the U.S. International Paper and, following completion of the Combination, the Combined Company may not be able to successfully negotiate new collective bargaining agreements once International Paper's current contracts with unions expire without work stoppages or labor difficulties, or International Paper and, following completion of the Combination, the Combined Company may be unable to renegotiate such contracts on favorable terms. Negotiations between International Paper and the United Steelworkers union (the "**USW**") regarding the mill master collective bargaining agreement (which expired August 2023) and related mill joint pension council master agreement (which expired September 2023) resulted in new agreements which will expire August 2027 and September 2027, respectively. Negotiations between International

Paper and the USW regarding the converting master collective bargaining agreement (which expired in April 2024) and related converting joint pension council master (which expires September 2024) took place in February 2024 and resulted in new agreements which will expire in April and September 2028, respectively. The USW represents approximately 10,600 employees in International Paper's mills and converting facilities. In Europe, International Paper has collective agreements in place with trade unions, and also has an agreement in place with a European Works Council, which brings together employee representatives from the different European countries in which International Paper operates and provides a forum for information sharing and consultation. International Paper has experienced limited work stoppages in the past and may experience them in the future. Further, labor organizations may attempt to organize groups of additional employees from time to time, and recent and potential changes in labor laws could make it easier for them to do so.

DS Smith has collective agreements in place with national works councils and trade unions. DS Smith also has an agreement in place with a European Works Council, which brings together employee representatives from the different European countries in which DS Smith operates and provides a forum for information sharing and consultation. If there is a substantial change to the terms of any collective bargaining agreements or an agreement acceptable to International Paper, DS Smith or, following completion of the Combination, the Combined Company cannot be reached at all when the collective agreements are renewed, International Paper, DS Smith or, following completion of the Combination, the Combined Company could face increased labor costs or disruptions as a result of labor union activity in the future. If International Paper, DS Smith and/or, following completion of the Combination, the Combined Company experience any extended interruption of operations at any of the relevant facilities as a result of strikes or other work stoppages, or if unions are able to organize additional groups of employees, International Paper, DS Smith and/or, following completion of the Combination, the Combined Company may experience an increase in operating costs and a reduction in operational flexibility.

Competition and downward pricing pressure in the global packaging industry could negatively impact the financial results of International Paper, DS Smith and, following completion of the Combination, the Combined Company

International Paper and DS Smith operate in, and following completion of the Combination, the Combined Company will continue to operate in, a competitive international environment in all operating segments. The products of International Paper and DS Smith compete, and following completion of the Combination, the products of the Combined Company will compete, with products produced by other forest products companies. Product innovations, manufacturing and operating efficiencies, additional manufacturing capacity, distribution and commercial strategies pursued or achieved by competitors, the increased use of artificial intelligence and machine learning solutions in the paper industry, and the entry of new competitors could negatively impact the financial results of International Paper, DS Smith and, following completion of the Combination, the Combined Company. In addition, the products of International Paper and DS Smith compete, and following completion of the Combination, the Combined Company will compete, with companies that produce substitutes for wood-fiber products, such as plastics and various types of metal. Customer shifts away from wood-fiber products toward such substitute products may adversely affect the business and financial results of International Paper, DS Smith and, following completion of the Combination, the Combined Company. Further, International Paper, DS Smith and, depend on and, following completion of the Combination, the Combined Company will depend on critical suppliers and key customers. An inability to foster these relationships and to manage any material changes in commercial terms and service levels could have a material adverse impact on the business, financial condition, results of operations and/or future prospects of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

Pricing in the paper and packaging industry can be affected by, among other things, product commoditization, changes in demand, price reductions, entrance of new competitors or capacity, changes in product supply, and the introduction of new products, technologies and equipment, including the use of artificial intelligence and machine learning solutions. International Paper and DS Smith face significant pressure to reduce per unit costs to achieve commercially acceptable returns. In circumstances where International Paper, DS Smith and/or, following completion of the Combination, the Combined Company are unable to adjust the relevant cost base sufficiently, pricing pressure could have a material adverse effect on their respective business, financial condition, results of operations and/or future prospects.

International Paper, DS Smith and, following completion of the Combination, the Combined Company may be unable to realize the expected benefits and costs savings associated with restructuring initiatives

International Paper and DS Smith restructure portions of their operations from time to time and, following completion of the Combination, it is likely that the Combined Company will engage in restructuring activities in the future. For example, as previously disclosed in October 2023, International Paper committed to certain strategic actions impacting its Containerboard and Global Cellulose Fibers businesses. Consistent with this initiative, in December 2023, International Paper permanently closed its containerboard mill in Orange, Texas and permanently ceased production on two of its pulp machines at its mills in Riegelwood, North Carolina and Pensacola, Florida. International Paper recorded charges associated with these actions during the three months ended December 31, 2023.

International Paper, DS Smith and, following completion of the Combination, the Combined Company may be unable to realize the expected benefits from restructuring initiatives that are or may be undertaken. In particular, restructuring activities may divert the attention of management, disrupt operations and fail to achieve the intended cost and operational benefits. In addition, because International Paper, DS Smith and, following completion of the Combination, the Combined Company are unable to predict or control market conditions, including changes in the supply and demand for their products, product prices or manufacturing costs, International Paper, DS Smith and/or, following completion of the Combination, the Combined Company may not be able to predict the appropriate time to undertake restructurings. Further, cash and non-cash charges may be incurred in connection with restructuring activities, which may be material. Moreover, judgment is required to estimate restructuring charges, and these estimates, and the assumptions underlying them, may change as additional information becomes available or facts or circumstances related to restructuring initiatives change.

International Paper, DS Smith and, following completion of the Combination, the Combined Company may not achieve the expected benefits from strategic acquisitions, joint ventures, divestitures, spin-offs, capital investments, capital projects and other corporate transactions that are or will be pursued

Each of International Paper's, DS Smith's and, following completion of the Combination, the Combined Company's strategy for long-term growth, productivity and profitability depend, in part, on the ability to accomplish prudent acquisitions, joint ventures, divestitures, spin-offs, and other corporate transactions and to realize the benefits expected from such transactions. Ongoing capital investment is also required to expand, maintain and upgrade existing facilities, to develop new facilities and to ensure compliance with new regulatory requirements. The expenditures of International Paper, DS Smith and, following completion of the Combination, the Combined Company on capital projects could be higher than anticipated, the projects may experience unanticipated disruptions or delays in completing and the desired benefits from those projects may not be achieved, including as a result of a deterioration in macroeconomic conditions, the unavailability of capital equipment or related materials, delays in obtaining permits or other requisite approvals or changes in laws and regulations. International Paper and DS Smith are subject to, and following completion of the Combination, the Combined Company will be subject to, the risk that the expected benefits from such transactions and investments may not be achieved. This failure could require an impairment charge to be recorded for goodwill or other intangible assets, which could lead to decreased assets and reduced net earnings. Among the benefits expected from potential as well as completed acquisitions and joint ventures are synergies, cost savings, growth opportunities and 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 a higher strategic value on such businesses and assets.

Corporate transactions of this nature that International Paper, DS Smith and, following completion of the Combination, the Combined Company may pursue involve a number of special risks, including with respect to the inability to realize business goals with such transactions as noted above, the focus of management's attention on these transactions and the assimilation of acquired businesses into existing operations, the demands on financial, operational and information technology systems resulting from acquired businesses, and the possibility of becoming responsible for substantial contingent or unanticipated legal liabilities as the result of acquisitions or other corporate transactions.

Results of legal proceedings could have a material effect on the consolidated financial results of International Paper, DS Smith and, following completion of the Combination, the Combined Company

Each of International Paper and DS Smith are party to various legal, regulatory and governmental proceedings and other related matters, including with respect to environmental matters. In addition, International Paper and DS Smith are and may become, and following completion of the Combination, the Combined Company may become, subject to other loss contingencies, both known and unknown, which may relate to past, present and future facts, events, circumstances and occurrences. Should an unfavorable outcome occur in connection with the legal, regulatory or governmental proceedings or other loss contingencies of International Paper, DS Smith or, following completion of the Combination, the Combined Company, or if International Paper, DS Smith or, following completion of the Combination, the Combined Company become subject to any such loss contingencies in the future, there could be a material adverse impact on the financial results of International Paper, DS Smith or, following completion of the Combination, the Combined Company.

For example, certain entities in the DS Smith Group and the International Paper Group, respectively, were included within a number of companies operating in the paper packaging industry that were subject to a decision by the Italian Competition Authority concerning anti-competitive behavior in Italy. These entities in the DS Smith Group and the International Paper Group, respectively, are subject to a number of actual and threatened claims for compensation arising out of or relating to the decision by the Italian Competition Authority. Given the early stages of these claims and the intention of both the DS Smith Group and the International Paper Group to defend robustly against such claims, it is too early to predict with any real degree of certainty, the precise overall outcome and ultimate potential liability (if any) that might be incurred in connection therewith, and there can be no guarantee that the aggregate of possible damages against the relevant entities in the DS Smith Group and the International Paper Group, following the completion of the Combination, could not, together, have a material impact on the Combined Company's financial condition.

The level of indebtedness of International Paper, DS Smith and, following completion of the Combination, the Combined Company could adversely affect their respective financial condition and impair their ability to operate their respective business

As of June 30, 2024 International Paper had approximately \$5.6 billion of outstanding indebtedness. As of April 30, 2024, DS Smith had reported net debt of approximately £2.2 billion. The level of indebtedness of International Paper, DS Smith and, following completion of the Combination, the Combined Company could have important consequences to the respective financial condition, operating results and business of International Paper, DS Smith and, following completion of the Combination, the Combined Company, including the following:

- it may limit the 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 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;

- debt service requirements could make it more difficult to satisfy other obligations;

- it may limit International Paper's, DS Smith's and/or, following completion of the Combination, the Combined Company's ability to adjust to changing market conditions, including to take actions in connection with elevated interest rates (such as in the current elevated interest rate environment), and place them at a competitive disadvantage compared to competitors that have less debt;

- it may increase exposure to risks related to fluctuations in foreign currency as International Paper and DS Smith each earn profits in a variety of currencies around the world but International Paper's debt is denominated in U.S. dollars and DS Smith's debt is denominated in pound sterling, euros and U.S. dollars;

- it may increase exposure to the risk of increased interest rates insofar as International Paper, DS Smith and, following completion of the Combination, the Combined Company are compelled to refinance indebtedness at higher interest rates, such risk being heightened by the current high interest rate environment; and

- it may increase vulnerability to a downturn in general economic conditions or in the business of International Paper, DS Smith and, following completion of the Combination, the Combined Company and may restrict capital spending that is important to growth.

Although International Paper is of the opinion that, taking into account the cash resources and bank facilities available to it, it has sufficient working capital for its present requirements, that is, for at least 12 months following the date of publication of this Prospectus, like any company with borrowings, International Paper, DS Smith and, following completion of the Combination, the Combined Company are subject to the risk that, in the longer term, they may be unable to generate sufficient cash flow or obtain sufficient funding to satisfy their obligations to service or refinance their indebtedness.

International Paper and DS Smith are, and following completion of the Combination, the Combined Company will be, subject to agreements governing indebtedness that require International Paper, DS Smith and/or the Combined Company to meet and maintain certain financial ratios and covenants. A significant or prolonged downturn in general business and economic conditions, or other significant adverse developments with respect to the results of operations or financial condition of International Paper, DS Smith and, following completion of the Combination, the Combined Company, may affect the ability of International Paper, DS Smith and, following completion of the Combination, the Combined Company to comply with these covenants or meet those financial ratios and tests and could require International Paper, DS Smith and, following completion of the Combination, the Combined Company to take action to reduce its debt or to act in a manner contrary to their current business objectives. Moreover, the restrictions associated with these financial ratios and covenants may prevent International Paper, DS Smith and, following completion of the Combination, the Combined Company from taking actions that are believed to be in the best interest of the business and may make it difficult for them to execute their respective business strategies successfully or effectively compete with companies that are not similarly restricted. Additionally, despite these restrictions, International Paper, DS Smith and, following completion of the Combination, the Combined Company may be able to incur substantial additional indebtedness in the future, which might subject them to additional restrictive covenants that could affect their financial and operational flexibility and otherwise increase the risks associated with indebtedness as noted above.

International Paper and DS Smith are and, following completion of the Combination, the Combined Company will be subject to risks associated with variable rate debt

International Paper and DS Smith are, and following completion of the Combination, the Combined Company will be, subject to interest rate risk associated with short-term cash investments, variable rate debts, supply chain financing and short-term debt. International Paper is also exposed to interest rate risk in relation to its installment notes and loans in the Temple Inland timber monetization special purpose entities. International Paper has variable rate debt in the aggregate amount of approximately $908 million as of June 30, 2024. DS Smith has no variable rate debt as of April 30, 2024. Interest rates rose significantly during 2022 and 2023 and could remain high and volatile in 2024 and beyond. Changes in interest rates impacts the earnings on short-term cash investments, the interest rate payable on variable rate debt and credit agreements, the cost of supply chain financing and the refinance rate on short-term debt of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

A failure in the corporate governance model of International Paper, DS Smith and, following completion of the Combination the Combined Company may cause harm

The governance models of International Paper, DS Smith and, following completion of the Combination, the Combined Company may fail to support the organizational structure of their businesses and their geographical location which, if it results in unauthorized, illegal, unethical or inappropriate activities, could have a material adverse effect on their respective business, financial condition, results of operations and/or future prospects. Further, despite the oversight and compliance programs which are in place at International Paper and DS Smith and which, following completion of the Combination, will be in place at the Combined Company, there is a risk that the internal control policies and procedures of International Paper, DS Smith and, following completion of the Combination, the Combined Company will not always prevent deliberate, reckless or inadvertent acts of employees or agents that contravene its compliance policies or violate applicable laws. International Paper, DS Smith and, following completion of the Combination, the Combined Company may suffer a failure in management processes and procedures which could result in a systematic failure of, or systemic weakness in the internal systems of control or an operational failure across one or more areas including finance, tax, health, safety and environment, IT system integrity, product safety or critical production processes, which could have a material adverse effect on the business, financial condition, results of operations and/or future prospects of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

The continued growth of International Paper, DS Smith and, following completion of the Combination, the Combined Company, will depend on their ability to retain existing customers and attract new customers

The future growth of International Paper, DS Smith and, following completion of the Combination, the Combined Company, will depend on their ability to retain existing customers, attract new customers as well as make existing customers and new customers increase their volume commitments. There can be no assurance that customers will continue to use their services or that they will be able to continue to attract new volumes at the same rate as in the past.

A customer’s use of International Paper’s, DS Smith’s and, following completion of the Combination, the Combined Company’s services may decrease for a variety of reasons, including the customer’s level of satisfaction with their products and services, the expansion of business to offer new products and services, the effectiveness of their support services, the pricing of their products and services, the pricing, range and quality of competing products or services, the effects of global economic conditions, regulatory limitations, trust, perception and interest in the paper and packaging industry and in their products and services. Furthermore, the complexity and costs associated with switching to a competitor may not be significant enough to prevent a customer from switching packaging providers.

Any failure by International Paper, DS Smith or, following completion of the Combination, the Combined Company to retain existing customers, attract new customers, and increase revenue from both new and existing customers could have a material adverse effect on their business, results of operations, financial condition and/or prospects. These efforts may require substantial financial expenditures, commitments of resources, developments of processes, and other investments and innovations without a guarantee that existing customers will be retained and/or new customers will be attracted.

International Paper could be exposed to liability for Brazilian taxes under its agreements with Sylvamo Corporation

In connection with the spin-off of Sylvamo Corporation ("**Sylvamo**"), International Paper previously entered into agreements with Sylvamo and its subsidiaries, including among others a tax matters agreement. Under the tax matters agreement, International Paper could have significant payment obligations in connection with certain Brazilian tax matters. Under this agreement, International Paper have agreed to pay 60% of the first $300 million of any liability resulting from the resolution of these Brazilian tax matters (with Sylvamo paying the remaining 40% of the first $300 million of any such liability) and 100% of any liability resulting from the Brazilian tax matters over $300 million.

These Brazilian tax matters relate to the Brazilian Federal Revenue Service's challenge of the deductibility of the amortization of goodwill that was generated in a 2007 acquisition by International Paper's former Brazilian subsidiary (now a subsidiary of Sylvamo, "**Sylvamo Brazil**"). This resulted in assessments for the tax years 2007-2015 of approximately $105 million in tax, plus approximately $249 million in interest, penalties, and fees, for a total of approximately $354 million (all adjusted for variation in currency exchange rates), with interest, penalties and fees continuing to accrue over time. Under the tax matters agreement, our potential liability for such assessments would currently be approximately $234 million (adjusted for variation in currency exchange rates). If International Paper were found liable to pay such amounts, this could have an adverse effect on the business, financial condition, results of operations and/or cash flow of International Paper or, following completion of the Combination, the Combined Company.

We believe that Sylvamo Brazil is likely to prevail on these Brazilian tax matters if it pursues all available appeal rights and, therefore, International Paper has not established a reserve for this amount in its accounts. After an initial favorable ruling challenging the basis for these assessments, Sylvamo Brazil subsequently received unfavorable decisions from the Brazilian Administrative Council of Tax Appeals confirming its liability in respect of certain of the tax assessments. Sylvamo Brazil has appealed these decisions and intends to appeal any future unfavorable administrative judgments to the Brazilian federal courts. The ultimate outcome of these matters will not be known until a final judicial decision is entered that is no longer appealable by either Sylvamo Brazil or the Brazilian Federal Revenue Service. These matters also may be resolved before all appeals are exhausted if the Brazilian government were to enact a tax amnesty program that would enable Sylvamo Brazil to resolve the dispute for a reduced amount that we determine to be reasonable in view of the continued cost and expense of pursuing appeal rights and the possibility, however unlikely, of an adverse determination. In either event, the timeline for resolution of the Brazilian tax matters (either through appeal, early settlement or otherwise) remains uncertain and may be prolonged over a number of years.

International Paper's pension and health care costs are subject to numerous factors which could cause these costs to change

International Paper has defined benefit pension plans covering substantially all U.S. salaried employees hired prior to July 1, 2004, and substantially all hourly union and non-union employees regardless of hire date. International Paper froze participation under these plans for U.S. salaried employees, including credited service and compensation on or after January 1, 2019; however, the pension freeze does not affect benefits accrued through December 31, 2018. International Paper provides retiree health care benefits to certain former U.S. employees, as well as financial assistance toward the cost of individual retiree medical coverage for certain former U.S. salaried employees. 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 market returns on plan assets, changes in general interest rates and in the number of retirees may impact 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. However, the impact of market fluctuations has been reduced as a result of investments in our pension plan asset portfolio which hedge the impact of changes in interest rates on the plan's funded status. Drivers for fluctuating health costs include unit cost changes, health care utilization by participants, and potential changes in legal requirements and government oversight. If any of these factors cause pension costs or health care benefits to increase in future periods, this could have an adverse effect on the business, financial condition, results of operations and/or cash flow of International Paper or, following completion of the Combination, the Combined Company.

International Paper's U.S. funded pension plan is currently fully funded on a projected benefit obligation basis; however, the possibility exists that over time International Paper and, following completion of the Combination, the Combined Company may be required to make cash payments to the plan, reducing the cash available for our business

International Paper records an asset or a liability associated with its pension plans equal to the surplus of the fair value of plan assets above the benefit obligation or the excess of the benefit obligation over the fair value of plan assets. As of June 30, 2024, International Paper had an overfunded U.S. qualified pension asset balance of $171 million. When aggregated with U.S. nonqualified pension obligations, the benefit deficit recorded under the provisions of Accounting Standards Codification ("ASC") 715, "Compensation – Retirement Benefits," as of June 30, 2024, was $89 million. The amount and timing of future contributions, which could be material, will depend upon a number of factors, including the actual earnings, changes in values of plan assets and changes in interest rates. If benefit obligations under the U.S. qualified pension exceed the value of plan assets by more than permitted under applicable statutory minimum funding requirements, then International Paper and, following completion of the Combination, the Combined Company, may be required to make additional contributions to the U.S. qualified pension. Such contributions may have an adverse effect on International Paper's and, following completion of the Combination, the Combined Company's operational results and cash flow.

The funding position of DS Smith's defined benefit pension scheme in the U.K. is volatile, its investments may not perform in line with expectations and the defined benefit pension scheme is subject to laws and regulations and to agreement with trustees

DS Smith operates a number of defined benefit and defined contribution pension and other employee benefit plans for its employees around the world. The total net deficit of these plans valued under International Accounting Standard 19 was £25 million as of April 30, 2024. As of April 30, 2024 approximately 85 percent of the present value of the DS Smith Group's post-retirement obligations related to plans in the U.K.

DS Smith operates a defined benefit scheme in the U.K. (the "**DS Smith Group Pension Scheme**"). The DS Smith Group Pension Scheme was closed to future accrual with effect from April 30, 2011. The most recent actuarial funding valuation, in line with U.K. legislative requirements that this be done on the "technical provisions" basis, was carried out as of April 30, 2022 and estimated that the shortfall was £26 million. A deficit recovery plan was agreed with the board of trustees of the DS Smith Group Pension Scheme in July 2023, under which DS Smith agreed to make a contribution of £20.6 million in the year ended April 30, 2024, £21 million in the year ended April 30, 2025 and £8.9 million in the year ended April 30, 2026 (in respect of May to September 2025).

The deficit of the DS Smith Group Pension Scheme is dependent on the market value of the assets of that plan and on the value placed on its liabilities. If the market value of the assets declines or the value of the liabilities increases, as at the date of an actuarial funding valuation of the DS Smith Group Pension Scheme, DS Smith and, following completion of the Combination, the Combined Company may be required to increase its contributions to the DS Smith Group Pension Scheme. A variety of factors, including factors outside the DS Smith Group's and, following completion of the Combination, the Company Company's control, may adversely affect the value of the DS Smith Group Pension Scheme's assets or liabilities, including interest rates, inflation rates, investment performance, exchange rates, life expectancy assumptions, actuarial data and adjustments and regulatory changes. If these or other internal and external factors were to become unfavorable, or more unfavorable than they currently are, DS Smith's and, following completion of the Combination, the Combined Company's required contributions to the DS Smith Group Pension Scheme and the costs and net liabilities associated with the DS Smith Group Pension Scheme could increase substantially. This may have an adverse effect on the DS Smith's and, following completion of the Combination, the Combined Company's operational results and cash flow. Further, if certain statutory requirements are met, the U.K. regulator of work-based pension schemes (the "**UK Pensions Regulator**") has the power to issue contribution notices or financial support directions to DS Smith and, following the completion of the Combination, the Combined Company (and/or any of their associated companies). The U.K. Pensions Regulator may require additional contributions to be paid into a pension scheme or additional financial support to be made available in respect of such scheme. A U.K. Pensions Regulator enforcement action could have a material adverse impact on the business, financial condition, results of operations and/or future prospects of DS Smith or, following completion of the Combination, the Combined Company.

DS Smith also operates various local post-retirement and other employee benefit arrangements for overseas operations, as well as a small U.K. unfunded scheme. The countries where DS Smith operates the most significant defined benefit post-retirement arrangements are France, Belgium, Switzerland, Italy, Portugal and Germany. Overseas defined benefit schemes expose DS Smith and, following completion of the Combination, the Combined Company to risks such as currency risk, inflation risk, interest rate risk, investment risk and life expectancy risk. Actions taken by the local regulator (where relevant powers exist), or changes to legislation, could result in stronger local funding requirements for pension schemes, which could have a material adverse effect on the future cash flow of DS Smith or, following completion of the Combination, the Combined Company.

If the spin-off of Sylvamo Corporation by International Paper were to fail to qualify for non-recognition treatment for U.S. federal income tax purposes, then International Paper and, following completion of the Combination, the Combined Company may be subject to significant U.S. federal income taxes

International Paper received opinions from tax advisors and a private letter ruling from the U.S. Internal Revenue Service (the "**IRS**") regarding the qualification of the spin-off of Sylvamo and certain related transactions as a transaction that is generally tax-free for U.S. federal income tax purposes to Sylvamo, International Paper and the shareholders of International Paper who received a distribution of Sylvamo common stock in connection with the spin-off. A tax opinion is not binding on the IRS or the courts, and there can be no assurance that the IRS or a court will not take a contrary position. In addition, International Paper's advisors and the IRS relied on certain representations and covenants delivered by International Paper and Sylvamo in rendering such opinions and private letter ruling. If any of the representations or covenants relied upon for the tax opinions or private letter ruling were inaccurate, incomplete or not complied with by International Paper, Sylvamo or any of their respective subsidiaries, the tax opinions and private letter ruling may be invalid and the conclusions reached therein could be jeopardized.

If the IRS ultimately determines that the spin-off is taxable, then the spin-off could be treated for U.S. federal income tax purposes as a taxable gain to International Paper (determined as of the date of the spin-off). In such event, significant U.S. federal income tax liabilities could be incurred by International Paper or, following completion of the Combination, the Combined Company (as successor). These income tax liabilities may be indemnifiable by Sylvamo pursuant to a tax matters agreement between International Paper and Sylvamo. However, there can be no assurance that Sylvamo would have adequate resources or liquidity if it were required to indemnify International Paper or, following completion of the Combination, the Combined Company (as successor) for any such tax liability.

Downgrades in the credit ratings of banks issuing certain letters of credit will increase International Paper and, following the completion of the Combination, the Combined Company's cost of maintaining certain indebtedness and may result in the acceleration of deferred taxes

International Paper and, following completion of the Combination, the Combined Company are subject to the risk that a bank with currently issued irrevocable letters of credit supporting installment notes in connection with Temple-Inland's 2007 sales of forestlands, may be downgraded below a required rating. Prior to 2013, certain banks had 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, the three 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 International Paper and, following the completion of the Combination, the Combined Company to additional costs of securing a replacement letter-of-credit bank or could result in an acceleration of payments of up to $485 million in deferred income taxes if replacement banks cannot be obtained.

Uninsured losses or losses in excess of International Paper, DS Smith and, following completion of the Combination, the Combined Company's insurance coverage for various risks could have an adverse financial effect on their businesses

International Paper and DS Smith maintain and, following completion of the Combination, the Combined Company will maintain, business insurance that International Paper, DS Smith and, following completion of the Combination, the Combined Company consider to be adequate and appropriate for their business and activities. Certain types of risks such as losses due to natural disasters, riots, acts of war or terrorism are, however, either uninsurable or not economically insurable. In addition, even if a loss is insured, International Paper, DS Smith or, following completion of the Combination, the Combined Company may be required to pay a significant deductible on any claim for recovery of such loss prior to the insurer being obliged to reimburse the loss, or the amount of the loss may exceed the coverage for the loss. Any uninsured losses could have a material adverse effect on the business, financial condition, results of operations and/or future prospects of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

International Paper, DS Smith and, following completion of the Combination, the Combined Company may not be able to adequately secure and protect their intellectual property rights, which could harm their competitive advantage

Each of International Paper and DS Smith rely and, following completion of the Combination, the Combined Company will rely on intellectual property laws to protect their rights to certain aspects of their systems, products and processes including product designs, proprietary technologies, research and concepts. For example, DS Smith's packaging business owns hundreds of patents and registered designs covering many of DS Smith's designs and products. Trademarks and licenses and their effective management play an important role in protecting intellectual property rights. The actions taken by International Paper, DS Smith and, following completion of the Combination, the Combined Company to protect their respective proprietary rights may be inadequate to prevent imitation or unauthorized use. The laws of various countries offer different levels of protection for intellectual proprietary rights and there can be no assurance that International Paper's, DS Smith's or, following completion of the Combination, the Combined Company's intellectual property rights will not be challenged, invalidated, misappropriated or circumvented by third parties. Any of these possibilities could have a material adverse effect on the business, financial condition, results of operations and/or future prospects of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

International Paper, DS Smith and, following completion of the Combination, the Combined Company may fail to identify or leverage digital transformation initiatives

International Paper, DS Smith and, following completion of the Combination, the Combined Company may fail to identify or leverage digital transformation initiatives in areas from point-of-sale through to manufacture and delivery to customers, or miss the opportunity to meet the demand for smart products. Failure to implement digital and data programs or identify or prioritize the latest digital transformation initiatives may result in International Paper, DS Smith or, following completion of the Combination, the Combined Company, falling behind their competitors with regards to speed to market, smart products offerings, manufacturing capacity and service levels, each of which could have a material adverse effect on their business, financial condition, results of operations and/or future prospects.

Risks related to the Combination

International Paper may fail to realize the anticipated benefits and operating synergies expected from the Combination, which could adversely affect the Combined Company's business, financial condition and operating results

The success of the Combination will depend, in significant part, on the ability of International Paper to successfully integrate DS Smith, grow the revenue of the Combined Company and realize the anticipated strategic benefits and synergies from the Combination. International Paper believes that the addition of DS Smith will complement International Paper's strategy by bringing together two complementary businesses to create a global sustainable packaging solutions leader with enhanced scale and improved positions in attractive and growing markets. We expect that the Combination will generate significant synergies. Achieving these goals requires growth of the revenue of the Combined Company and realization of the targeted operating synergies expected from the Combination. This growth and the anticipated benefits of the transaction may not be realized fully or at all, or may take longer to realize than International Paper expects. Actual operating, technological, strategic and revenue opportunities, if achieved at all, may be less significant than International Paper expects or may take longer to achieve than anticipated. If the Combined Company is not able to achieve these objectives and realize the anticipated benefits and synergies expected from the Combination within a reasonable time, the business, financial condition and operating results of the Combined Company may be adversely affected.

The Combination will result in significant integration costs and any material delays or unanticipated additional expenses may harm the Combined Company's business, financial condition and results of operations. International Paper may not be able to integrate DS Smith into the Combined Company successfully

The Combination involves the integration of two businesses that previously operated independently. If the parties complete the Combination, the composition of the International Paper Board may change from the current board of directors and, following an assessment, the Company's leadership team may change. The complexity and magnitude of the integration effort associated with the Combination are significant and require that International Paper fund significant capital and operating expenses to support the integration of the combined operations. Such expenses have included, and will continue to include, significant transaction, consulting and third-party service fees. We anticipate that the total costs to achieve the synergies associated with the Combination would be approximately \$370 million (£297 million). However, the anticipated costs are subject to change. We have incurred, and expect to continue to, incur additional operating expenses as we build up internal resources and engage third-party providers in order to integrate the Combined Company following the closing of the Combination. Additionally, the process of integrating operations could cause an interruption of, or loss of momentum in, the activities of the Combined Company. The diversion of management's attention and any delays or difficulties encountered in connection with the integration of the operations, or the failure to successfully integrate the two businesses, could have a material adverse effect on the business, financial condition and results of operations of International Paper, DS Smith and, following completion of the Combination, the Combined Company.

The Combination may expose us to significant unanticipated liabilities that could adversely affect our business, financial condition and results of operations

Our acquisition of DS Smith may expose us to significant unanticipated liabilities relating to the operation of the Combined Company. These liabilities could include tax liabilities, employment or severance-related obligations under applicable law or other benefits arrangements, legal claims, warranty or similar liabilities to customers, and claims by or amounts owed to vendors. Particularly in international jurisdictions, the acquisition of DS Smith, or our decision to independently enter new international markets where DS Smith previously conducted business, could also expose us to tax liabilities and other amounts owed by DS Smith. The incurrence of such unforeseen or unanticipated liabilities, should they be significant, could have a material adverse effect on the Combined Company's business, financial condition and results of operations.

Shareholders in the Combined Company will be more exposed to currency exchange rate fluctuations as, following completion of the Combination, there will be an increased proportion of assets, liabilities and earnings denominated in foreign currencies

As a result of the Combination, the financial results of the Combined Company will be more exposed to currency exchange rate fluctuations and an increased proportion of assets, liabilities and earnings will be denominated in non-U.S. dollar currencies. The Combined Company will present its financial statements in U.S. dollars and will have a significant proportion of net assets and income in non-U.S. dollar currencies, primarily the pound sterling and euro. The Combined Company's financial condition and results of operation will therefore be more sensitive to movements in foreign exchange rates. A depreciation of non-U.S. dollar currencies relative to the U.S. dollar could have an adverse impact on the Combined Company's financial results.

Certain of DS Smith's agreements may contain change of control provisions which, if not waived, would have material adverse effects on the Combined Company

DS Smith is a party to various agreements with third parties, including certain financing agreements, customer and supplier contracts and other material contracts, that may contain change of control provisions that will be triggered upon the completion of the Combination. In addition, certain DS Smith financing instruments, including the Revolving Credit Facility and the DSS Notes, contain change of control provisions that will be triggered upon the completion of the Combination if coupled with a downgrade in (or withdrawal of) the credit rating of the applicable instruments to below investment grade during a period of time after completion of the Combination. Agreements with change of control provisions typically provide for or permit the termination of the agreement and/or the ability to demand repayment or redemption upon the occurrence of a change of control of one of the parties which can be waived by the relevant counterparties. If International Paper and DS Smith determine that one or more such waivers are necessary, DS Smith will make reasonable efforts to seek and obtain these waivers. There can be no assurance that such consent will be obtained at all or on favorable terms, and as of the date of this Prospectus no such waivers have been sought or obtained. The inability to obtain waivers from more than one relevant counterparty and/or the requirement to repay or redeem such financing instruments could have a material adverse effect on the Combined Company's business, financial condition, cash flow and results of operations.

Nothing in this paragraph or anywhere else in this Prospectus should be construed as qualifying the statement in respect of our working capital set out in paragraph 15 (*Working Capital*) of Part 22 (*Additional Information*) of this Prospectus.

The complexity of the integration and transition associated with the Combination, together with DS Smith's increased scale and global presence, may result in International Paper incurring significant costs to implement changes to its control over financial reporting in respect of the Combined Company

The additional scale of DS Smith's operations, together with the complexity of the integration effort, including changes to or implementation of critical information technology systems, may result in International Paper incurring significant costs, including management time, to integrate and implement changes to its controls over financial reporting with that of DS Smith. In addition, International Paper will have to train new employees and third-party providers, and assume operations in jurisdictions where International Paper has not previously had operations. Further, DS Smith is currently not subject to Section 404 of the Sarbanes-Oxley Act and the standards required under Section 404(a) of the Sarbanes-Oxley Act regarding internal controls over financial reporting may be more stringent than those previously required of DS Smith. International Paper expects that the Combination may necessitate significant modifications to International Paper's internal control systems, processes and information systems, both on a transitional basis and over the longer-term as the Combined Company is fully integrated. Due to the complexity of the Combination and the fact that DS Smith is currently not subject to Section 404 of the Sarbanes-Oxley Act, International Paper cannot be certain that changes to its internal control over financial reporting will be implemented in an efficient manner which does not incur significant costs and management time. If International Paper is unable to implement such changes to its internal controls over financial reporting in an efficient manner, the Combined Company's business, financial condition and results of operations and the market perception thereof may be materially adversely affected.

DS Smith is not currently required to comply with the rules of the SEC implementing Section 404 of the Sarbanes-Oxley Act, and the Combined Company may therefore incur significant costs, expenses and management time in implementing controls and procedures required to meet the standards required by Section 404 of the Sarbanes-Oxley Act. In particular, DS Smith has identified certain matters which would have represented material weaknesses in DS Smith's internal control over financial reporting that would have required disclosure pursuant to the Sarbanes-Oxley Act had DS Smith been subject to the requirements of the Sarbanes-Oxley Act at the relevant times. Although these identified material weaknesses have been remediated or are in the process of being remediated, if DS Smith identifies additional material weaknesses in the future or otherwise fails to maintain an effective system of internal control over financial reporting following the closing of the Combination, this could increase the costs, expenses and management time required for the Combined Company to meet the standards required by Section 404 of the Sarbanes-Oxley Act, and therefore adversely affect the business of the Combined Company and its share price

DS Smith is not currently required to comply with the rules of the SEC implementing Section 404 of the Sarbanes-Oxley Act, and therefore is not required to make a formal assessment of the effectiveness of its internal control over financial reporting for that purpose. Following the closing of the Combination, however, the Combined Company will be required to comply with the SEC's rules implementing Section 404 of the Sarbanes-Oxley Act, which will require the Combined Company to provide in its annual reports on Form 10-K filed with the SEC an annual management report on the effectiveness of the Combined Company's internal control over financial reporting and the Combined Company's independent registered public accounting firm to attest to the effectiveness of the Combined Company's internal control over financial reporting. Section 302 of the Sarbanes-Oxley Act will also require the management of the Combined Company to make certifications as to the effectiveness of the Combined Company's internal control over financial reporting.

For the purposes of the rules of the SEC implementing Section 404 of the Sarbanes-Oxley Act, a material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. In connection with the preparation of its financial statements for the years ended April 30, 2022, April 30, 2023, and April 30, 2024, DS Smith identified matters in the design and operating effectiveness of its internal control over financial reporting which would have constituted material weaknesses for the purposes of the rules of the SEC implementing Section 404 of the Sarbanes-Oxley Act.

As of April 30, 2022, DS Smith identified two material weaknesses around (a) improper design and implementation of the review of the calculation of deferred tax and judgments used in determining uncertain tax positions and (b) improper design and implementation of the review of the presentation of cash and cash equivalents and overdrafts in the statement of financial position. Both issues were corrected in the financial statements for the year ended April 30, 2022, and as of April 30, 2024, the material weakness relating to the improper design and implementation of the review of the presentation of cash and cash equivalents and overdrafts has been remediated.

As of April 30, 2023, DS Smith identified two material weaknesses: (a) the continuing material weakness around the improper design and implementation of the review of the calculation of deferred tax and judgments used in determining uncertain tax positions and (b) the improper design and implementation of internal controls over the calculation of the right of use assets and associated lease liabilities under IFRS 16 Leases. As of April 30, 2024, the material weaknesses concerning the review of the calculation of deferred tax and judgments used in determining uncertain tax positions has been remediated. DS Smith is in the process of remediating the material weaknesses related to the right of use assets and associated lease liabilities under IFRS 16 Leases.

As of April 30, 2023 and April 30, 2024, control deficiencies were identified in certain IT general controls which, based on the nature of the systems involved, aggregated to a material weakness. As of the date of this Prospectus, DS Smith is in the process of implementing remediating controls to address this material weakness in its IT general controls.

If DS Smith or its independent registered public accounting firm, or following the closing of the Combination, the Combined Company, or its independent registered public accounting firm, identifies additional material weaknesses in the future, fails to fully remedy the identified material weaknesses or otherwise fails to maintain an effective system of internal controls, the Combined Company may incur significant costs, expenses and management time in remediating such weaknesses or improving internal controls, which may adversely affect investor confidence in the Combined Company and the Combined Company's share price and ability to access capital markets.

The issuance of New International Paper Shares in connection with the Combination will reduce International Paper's existing stockholders' aggregate ownership and voting interest in International Paper, will result in existing stockholders exercising less influence over the management of International Paper, and may adversely affect the market price of International Paper's Common Stock

In connection with the payment of the Combination consideration, International Paper expects to issue approximately 180 million shares of Common Stock. International Paper Shareholders and DS Smith Shareholders are expected to own approximately 66.3% and 33.7%, respectively, of the Combined Company following the completion of the Combination. The issuance of New International Paper Shares in connection with the Combination will reduce International Paper's existing stockholders' ownership and voting interest in International Paper and, as a result, International Paper's existing stockholders, individually and in the aggregate, will be able to exert less influence over the management of International Paper. Additionally, continuing International Paper's current dividend practices following the Combination will require additional cash to pay such dividends. For this and other reasons generally affecting the ability to pay dividends, International Paper stockholders may not receive the same dividends they have received in the past following the Combination. The issuance of New International Paper Shares in connection with the Combination may also result in fluctuations in the market price of International Paper Shares, including a price decrease.

Even if a material adverse change to DS Smith's business or prospects were to occur prior to completion of the Combination, International Paper may not be able to invoke the offer conditions and terminate the Combination, which could reduce the value of International Paper's Common Stock

Under the Code, and except for a limited number of conditions, such as the approval of the proposed issuance of the New International Paper Shares in connection with the Combination and the approval of the Combination by the DS Smith Shareholders (or the minimum acceptance condition if the Combination is implemented by way of a takeover offer), International Paper may invoke a condition to the Combination to cause the Combination not to proceed only if the Panel is satisfied that the circumstances giving rise to that condition not being satisfied are of material significance to International Paper in the context of the Combination. Because of this Panel consent requirement, the conditions, including as to a material adverse change affecting DS Smith, may provide International Paper less protection than the customary conditions in an offer for a U.S. domestic company.

The U.K. Takeover Code restricts International Paper's ability to cause DS Smith to consummate the Combination and limits the relief International Paper may obtain in the event DS Smith's Board of Directors withdraws its support of the Combination

The Code limits the contractual commitments that may be obtained from DS Smith to take actions in furtherance of the Combination, and DS Smith's Board of Directors may, if its fiduciary duties so require, withdraw its recommendation in support for the Combination, and withdraw the scheme of arrangement, at any time prior to the scheme of arrangement becoming effective. The Code does not permit DS Smith to pay any break fee to International Paper if DS Smith's Board of Directors does so, nor can DS Smith be subject to any restrictions on soliciting or negotiating other offers or transactions involving DS Smith other than the restrictions that arise under the Code against undertaking actions or entering into agreements which might frustrate the Combination.

The Combination is subject to various closing conditions, including governmental, regulatory and stockholder approvals, as well as other uncertainties, and there can be no assurances as to whether or when it may be completed. Failure to consummate, or a delay in consummating, the Combination could negatively impact International Paper's and DS Smith's respective share prices and future business and financial results

The completion of the Combination is subject to the satisfaction or waiver of certain conditions. A number of the conditions are not within the control of International Paper or DS Smith, and it is possible that such conditions may prevent, delay or otherwise materially adversely affect the completion of the Combination. These conditions include, among other things: (i) the approval of the Scheme by DS Smith Shareholders; (ii) the sanction of the

Scheme by the High Court of Justice in England and Wales; (iii) the Scheme becoming effective no later than the Long Stop Date (or such later date as International Paper and DS Smith may agree, with the consent of the Panel and as the High Court of Justice in England and Wales may allow); (iv) approval of the proposed issuance of the New International Paper Shares in connection with the Combination by International Paper Shareholders at the corresponding special meeting of International Paper Shareholders; (v) the receipt of certain required antitrust and other regulatory approvals; (vi) confirmation having been received by International Paper that the New International Paper Shares have been approved for listing, subject to official notice of issuance, on the NYSE; (vii) acknowledgment having been received by International Paper from the FCA that the application for admission of the shares of Common Stock of International Paper has been approved and acknowledgment having been received by International Paper from the LSE that the Common Stock will be admitted to trading on the Main Market for listed securities of the LSE.

International Paper and DS Smith cannot predict with certainty whether and when any of the remaining required conditions will be satisfied or if another uncertainty may arise. Failure to complete the Combination within the expected timeframe or at all could adversely affect the business, financial condition and results of operations of International Paper and DS Smith and, to the extent that the current price of each of International Paper's and DS Smith's shares reflects an assumption that the Combination will be completed, the price per share of International Paper shares of common stock and/or ordinary shares of DS Smith could be negatively impacted. Similarly, International Paper and DS Smith will have incurred, and will continue to incur, significant expenses for professional services in connection with the Combination for which it will have received little or no benefit if the Combination is not consummated and International Paper and DS Smith may experience negative publicity and reactions from investors, employees, customers and other business partners.

If certain conditions or approvals are not met or obtained, International Paper may be required to pay a reverse break fee under the terms of the Co-operation Agreement

In certain circumstances, such as when there is an International Paper Board Recommendation Change with respect to the proposed issuance of the New International Paper Shares in connection with the Combination or the International Paper Shareholder Meeting has not occurred by the Long Stop Date, International Paper will be required to pay a reverse break fee of approximately $221 million to DS Smith. Furthermore, if International Paper invokes any regulatory condition or any regulatory conditions have not been satisfied or waived by International Paper by the Long Stop Date, International Paper will be required to pay a reverse break fee of approximately $147 million to DS Smith. In addition, if the stockholders of International Paper do not approve the proposed issuance of the New International Paper Shares in connection with the Combination prior to the Long Stop Date and there has been no International Paper Board Recommendation Change, International Paper will be required to pay a reverse break fee of approximately $74 million to DS Smith. If a reverse break fee is ultimately required to be paid by International Paper, the payment of such fee will have an adverse impact on International Paper's financial results.

Efforts to complete the Combination could disrupt International Paper's and DS Smith's relationships with third parties and employees, divert management's attention, or result in negative publicity or legal proceedings, any of which could negatively impact International Paper's and DS Smith's business, financial condition and operating results

International Paper and DS Smith have expended, and continue to expend, significant management time and resources in an effort to complete the Combination, which may have a negative impact on International Paper's and DS Smith's ongoing business, strategies and operations. Uncertainty regarding the outcome of the Combination and our future could disrupt International Paper's and DS Smith's business relationships with their respective existing and potential customers, channel partners, service providers and other business partners, who may attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than International Paper or DS Smith. Uncertainty regarding the outcome of the Combination could also adversely affect International Paper's and DS Smith's ability to recruit and retain key personnel and other employees. The Combination may also result in negative publicity and a negative impression of International Paper or DS Smith in the financial markets, and may lead to litigation against International Paper or DS Smith and their respective directors and officers. Such litigation would be distracting to management and may, in the future, require International Paper or DS Smith to incur significant costs. Such litigation could result in the Combination being delayed and/or enjoined by a court of competent jurisdiction, which could prevent the Combination from being completed. The occurrence of any of these events individually or in combination could have a material and adverse effect on the business, financial condition and results of operations of International Paper and DS Smith.

Risks related to ownership of International Paper Shares

The market price for International Paper Shares following completion of the Combination may be affected by factors different from those that historically have affected the DS Smith Shares and International Paper Shares

Upon completion of the Combination, DS Smith Shareholders will become holders of International Paper Shares. DS Smith and International Paper each have businesses that differ from each other. Accordingly, the results of operations of the Combined Company will be affected by some factors that are different from those currently affecting the results of operations of each of DS Smith and International Paper. For a discussion of the businesses of DS Smith and International Paper and of certain important factors to consider in connection with those businesses, see the section entitled "*Risks related to the business of International Paper, DS Smith and, following completion of the Combination, the Combined Company*" in this Part 2 (*Risk Factors*) of this Prospectus.

The value of the New International Paper Shares generally may fluctuate significantly

Following the completion of the Combination, the value of the New International Paper Shares, as with shares of Common Stock of International Paper generally, may fluctuate significantly as a result of a large number of factors as well as period-to-period variations in operating results or changes in revenue or profit estimates by International Paper, industry participants or financial analysts. The market price of the shares of Common Stock of International Paper could be negatively affected by sales of substantial amounts of the International Paper Shares in the public market or the perception or any announcement that such sales could occur. We cannot predict what effect, if any, this would have on the market price of the shares of Common Stock of International Paper. The value of the shares of Common Stock of International Paper could also be affected by developments unrelated to the Combined Company's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Combined Company, speculation about the Combined Company in the press or the investment community, strategic actions by competitors, including acquisitions or restructurings, changes in market conditions and regulatory changes in any number of countries, whether or not the Combined Company derives significant revenue therefrom, and shifts in macroeconomic or geopolitical conditions generally. The occurrence of any of these events could adversely affect the market price of the shares of Common Stock of International Paper and investors may find it more difficult to sell their International Paper Shares at a time and price which they deem appropriate, or at all.

The market price and trading volume of International Paper Shares may be particularly volatile in the period following completion of the Combination, and holders of the International Paper Shares could lose a significant portion of their investment due to drops in the market price of the International Paper Shares

The market price and trading volume of International Paper Shares may be volatile following completion of the Combination, and International Paper Shareholders may not be able to resell their International Paper Shares at or above their value on the Effective Date due to fluctuations in the market price, including changes in price caused by factors unrelated to the Combined Company's operating performance or prospects.

The market price and trading volume of International Paper Shares could fluctuate significantly for many reasons, including, without limitation:

- as a result of the risk factors listed in this Prospectus;
- actual or anticipated fluctuations in the Combined Company's operating results;
- for reasons unrelated to operating performance, such as reports by industry analysts, investor perceptions, or negative announcements by the Combined Company's customers or competitors regarding their own performance;
- regulatory changes that could impact the Combined Company's business; and
- general economic and industry conditions.

In the past, following large price declines in the public market price of a company's securities, securities class action litigation has often been initiated against that company. Litigation of this type against the Combined Company could result in substantial costs and diversion of management's attention and resources, which could adversely affect its business, results of operations, financial condition and/or prospects. Any adverse determination in litigation against the Combined Company could also subject it to significant liabilities.

Substantial future sales of International Paper Shares or future sales by particular persons could impact the trading price of International Paper Shares

Sales of a substantial number of International Paper Shares or sales of International Paper Shares by particular persons, or the perception that these sales might occur, could depress the market price of the International Paper Shares and could impair the Combined Company's ability to raise capital through the sale of additional equity securities. For example, DS Smith Shareholders may decide to sell the International Paper Shares received by them in the Combination, rather than remain International Paper Shareholders, which could have an adverse impact on the trading price of the International Paper Shares.

DS Smith Shareholders receiving New International Paper Shares in the Combination will become stockholders in a New York corporation, which will change the rights and privileges of such shareholders in comparison to the rights and privileges of a shareholder in an English company

International Paper is governed by the laws of the U.S. and the State of New York and by its amended and restated certificate of incorporation (the "**Restated Certificate of Incorporation**") and Bylaws (the "**Amended By-Laws**"). The New York Business Corporation Law extends to shareholders certain rights and privileges that may not exist under English law and, conversely, does not extend certain rights and privileges that a DS Smith Shareholder may have as a shareholder of a company governed by English law. Further, International Paper has adopted, or is subject to, certain provisions that have the effect of discouraging a third-party from acquiring control of it, including requiring advance notice for calling stockholder meetings, stockholder proposals, and nominations, restrictions on both direct or indirect engagement with business combinations involving "interested stockholders" or their affiliates if certain voting majority thresholds are not met, and the establishment of an affirmative vote of a majority of the outstanding shares as a prerequisite for amending or repealing the Amended By-Laws and Restated Certificate of Incorporation. Such provisions could limit the price that some investors might be willing to pay in the future for International Paper Shares; in particular, such provisions may discourage or prevent unsolicited takeover attempts, even though such a transaction may offer International Paper Shareholders at such time the opportunity to sell their International Paper Shares at a premium above the prevailing market price.

The Code applies, inter alia, to offers for all listed public companies considered by the Panel to be incorporated or resident in the U.K., the Channel Islands or the Isle of Man. International Paper is not presently so incorporated or resident and therefore International Paper Shareholders will not receive the benefit of the takeover offer protections provided by the Code.

There is currently no U.K. market for the International Paper Shares, notwithstanding International Paper's intention to be admitted to trading on the LSE. A U.K. market for the International Paper Shares may not develop, which would adversely affect the liquidity and price of the International Paper Shares

There is currently no U.K. market for the International Paper Shares. Therefore, investors cannot benefit from information about prior market history in the U.K. market when making their decision to invest. Although International Paper's current intention is that the International Paper Shares will trade on the LSE (in addition to the NYSE), it cannot assure investors that it will be able to successfully achieve a listing on the LSE, nor maintain it. In addition, an active U.K. trading market for the International Paper Shares may not develop or, if developed, may not be maintained. Investors may be unable to sell their International Paper Shares unless a market can be established and maintained, and if International Paper subsequently obtains a further listing on an exchange in addition to, or in lieu of, the LSE, the level of liquidity of the International Paper Shares on the LSE may decline.

Following completion of the Combination, International Paper Shares will not be eligible for inclusion in the U.K. series of FTSE indices, which could have an adverse effect on the trading price, trading volumes and liquidity of the International Paper Shares

The DS Smith Shares are currently included in the FTSE 100 Index and listed on the equity shares (commercial companies) category of the Official List of the FCA and admitted to trading on the main market for listed securities of the LSE. Following completion of the Combination, the International Paper Shares are expected to be admitted to the equity shares (international commercial companies secondary listing) category of the Official List of the FCA and to trading on the LSE's main market for listed securities. In addition, it is expected that DS Smith Shares will be delisted from the equity shares (commercial companies) category of the Official List of the FCA. The Combination is therefore expected to result in International Paper not being eligible for inclusion in the U.K. series of FTSE indices, including the FTSE 100 Index, which could have an adverse impact on the trading price, trading volumes and liquidity of the International Paper Shares.

International Paper's maintenance of two exchange listings may adversely affect liquidity in the market for International Paper Shares and result in pricing differentials of International Paper Shares between the two exchanges

Trading in International Paper Shares on the LSE and the NYSE will take place in different currencies (sterling on the LSE and U.S. dollars on the NYSE) and at different times (resulting from different time zones, different trading hours and different trading days for the LSE and the NYSE). The trading prices of International Paper Shares on these two exchanges may at times differ due to these and other factors. Any decrease in the price of International Paper Shares on the NYSE could cause a decrease in the trading price of International Paper Shares on the LSE and vice versa.

The benefits International Paper expects of the dual listing on the NYSE and the LSE, which are increased liquidity, visibility among investors and access to investors who may be able to hold listed shares in the United Kingdom but not the United States, and vice versa, may not be realized or, if realized, may not be sustained, and the costs and additional regulatory burdens associated with a dual listing may ultimately outweigh the associated benefits.

A listing on the equity shares (international commercial companies secondary listing) category pursuant to Chapters 3 and 14 of the Listing Rules affords shareholders a lower level of protection than a listing on the equity shares (commercial companies) category

Following completion of the Combination and Admission, International Paper will be subject to the Listing Rules that apply to companies listed on the equity shares (international commercial companies secondary listing) category, the Prospectus Regulation Rules and the DTRs. However, although International Paper will be subject to applicable U.S. and NYSE corporate governance rules, it will not be required to comply with provisions of the Listing Rules which currently apply only to companies listed on the equity shares (commercial companies) category.

Certain International Paper Shareholders will be issued with Depositary Interests in respect of the International Paper Shares

On Admission, holders of International Paper Shares will be able to hold and transfer interests in the International Paper Shares within CREST pursuant to a depositary interest arrangement established by International Paper. The International Paper Shares will not themselves be directly admitted to CREST; rather, the Depositary will issue the Depositary Interests in respect of underlying International Paper Shares. Holders of Depositary Interests may experience delays in receiving any dividends paid by International Paper, may receive proxy forms later than other International Paper Shareholders and may have to act earlier than other International Paper Shareholders when casting votes at general meetings of International Paper, by virtue of the administrative process involved in connection with holding Depositary Interests.

Upon completion of the Combination, Non-U.S. Holders (as defined in "United States federal income tax considerations") may be subject to U.S. federal income tax

In general, any distributions made to Non-U.S. Holders with respect to International Paper Shares, to the extent paid out of International Paper's current or accumulated earnings and profits (as determined under U.S. federal income tax principles), will constitute dividends for U.S. federal income tax purposes and, provided such dividends are not effectively connected with such Non-U.S. Holder's conduct of a trade or business within the U.S. (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment or fixed base maintained by such Non-U.S. Holder), will be subject to withholding tax from the gross amount of the dividend at a rate of 30%, unless such Non-U.S. Holder is eligible for a reduced rate of withholding tax under an applicable income tax treaty and provides proper certification of its eligibility for such reduced rate (usually on an IRS Form W-8BEN or W-8BEN-E, as applicable). Dividends paid by International Paper to a Non-U.S. Holder that are effectively connected with such Non-U.S. Holder's conduct of a trade or business within the U.S. (and, if required by an applicable income tax treaty, attributable to a U.S. permanent establishment or fixed base maintained by such Non-U.S. Holder) will generally not be subject to U.S. federal withholding tax, provided such Non-U.S. Holder complies with certain certification and disclosure requirements (usually by providing an IRS Form W-8ECI). Instead, such dividends will generally be subject to U.S. federal income tax, net of certain deductions, at the same graduated individual or corporate rates applicable to U.S. Holders. If the Non-U.S. Holder is a corporation, dividends that are effectively connected income may also be subject to a "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty).

Shareholders of the Combined Company may be subject to currency exchange rate risk

As the functional and presentational currency of International Paper is expected to be U.S. dollars, any dividends declared by International Paper will be denominated, and paid to International Paper Shareholders, in U.S. dollars (unless, in the case of holders of Depositary Interests, the relevant holder has lodged a valid currency payment election through CREST with the Depositary for such payments to be payable in pound sterling or euro). An investment in International Paper Shares by an investor whose principal currency is not U.S. dollars exposes the investor to foreign currency exchange rate risk. Any fluctuations in the value of U.S. dollars relative to such foreign currency may reduce the value of the investment in the International Paper Shares or any dividends in foreign currency terms.

PART 3

CONSEQUENCES OF A SECONDARY LISTING

APPLICATION WILL BE MADE FOR THE INTERNATIONAL PAPER SHARES TO BE ADMITTED TO THE EQUITY SHARES (INTERNATIONAL COMMERCIAL COMPANIES SECONDARY LISTING) CATEGORY OF THE OFFICIAL LIST. A LISTING ON THE EQUITY SHARES (INTERNATIONAL COMMERCIAL COMPANIES SECONDARY LISTING) CATEGORY AFFORDS SUBSCRIBERS AND PURCHASERS OF SHARES A LOWER LEVEL OF REGULATORY PROTECTION THAN THAT AFFORDED TO INVESTORS IN COMPANIES WHOSE SECURITIES ARE ADMITTED TO EQUITY SHARES (COMMERCIAL COMPANIES) CATEGORY OF THE OFFICIAL LIST, WHICH ARE SUBJECT TO ADDITIONAL OBLIGATIONS UNDER THE LISTING RULES.

An application will be made for the International Paper Shares to be admitted to the equity shares (international commercial companies secondary listing) category (the "**Secondary Listing Category**") of the Official List pursuant to Chapter 3 and Chapter 14 of the Listing Rules, which sets out the requirements for a secondary listing in the equity shares (international commercial companies secondary listing) category (including continuing obligations).

An applicant that is applying for listing of equity securities on the Secondary Listing Category must comply with all the requirements listed in Chapter 3 of the Listing Rules, which specifies the requirements for listing for all securities, and there are a number of continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company.

These include requirements as to:

- the forwarding of circulars and other documentation to the FCA for publication through the national storage mechanism, and related notification to a Regulatory Information Service;
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and the Disclosure Guidance and Transparency Rules ("**DTRs**");
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar; and
- Regulatory Information Service notification obligations in relation to a range of debt and equity capital issues; and compliance with, in particular, Chapters 4, 5 (if applicable) and 6 of the Disclosure Guidance and Transparency Rules.

While the Company has a listing on the Secondary Listing Category of the Official List, it will not be required to comply with the provisions of, among other things:

- Chapter 4 of the Listing Rules regarding the appointment of, and consultation with, a sponsor to guide the Company in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters. In particular, the Company is not required to appoint a sponsor in relation to the publication of this Prospectus or Admission;
- Chapter 6 of the Listing Rules containing certain additional continuing obligations, which are only applicable to companies with a listing on the equity shares (commercial companies) category;
- Chapter 7 of the Listing Rules regarding significant transactions and reverse takeovers;
- Chapter 8 of the Listing Rules regarding related party transactions;
- Chapter 9 of the Listing Rules regarding further issuances of equity securities and dealings in its own securities and treasury shares, including, among other things, requirements relating to further issues of shares, the ability to issue shares at a discount in excess of 10% of market value, notifications and contents of financial information; and
- Chapter 10 of the Listing Rules regarding the form and content of circulars to be sent to shareholders.

A company with equity shares listed on the Secondary Listing Category is not currently eligible for inclusion in any of the FTSE indices (i.e., FTSE100, FTSE250, FTSE 350, FTSE All-Share, etc.). This may mean that certain institutional investors are unable or unwilling to invest in the International Paper Shares.

PART 4

INTERNATIONAL PAPER DIRECTORS, SECRETARY, PRINCIPAL EXECUTIVE OFFICE AND ADVISORS

Directors of the Company	Mark S. Sutton (*Chairman*) Andrew K. Silvernail (*Chief Executive Officer*) Christopher M. Connor (*Lead Director*) Jamie A. Beggs (*Independent Director*) Ahmet C. Dorduncu (*Independent Director*) Anders Gustafsson (*Independent Director*) Jacqueline C. Hinman (*Independent Director*) Clinton A. Lewis, Jr. (*Independent Director*) Kathryn D. Sullivan (*Independent Director*) Scott A. Tozier (*Independent Director*) Anton V. Vincent (*Independent Director*)
Company Elected Officers or Named Executive Officers ("NEOs")	Mark S. Sutton (*Chairman*) Andrew K. Silvernail (*Chief Executive Officer*) W. Thomas Hamic (*Executive Vice President and President-North American Packaging Solutions*) Timothy S. Nicholls (*Senior Vice President and Chief Financial Officer*) Thomas J. Plath (*Senior Vice President, Human Resources and Corporate Affairs*) Joseph R. Saab (*Senior Vice President, General Counsel and Corporate Secretary*)
Corporate Secretary	Joseph R. Saab
Headquarters and Principal Executive Office	6400 Poplar Avenue Memphis, Tennessee, 38197 United States of America
Legal Advisor to the Company as to English and U.S. Law	Skadden, Arps, Slate, Meagher & Flom (UK) LLP 22 Bishopsgate London EC2N 4BQ United Kingdom
Auditor to the Company	Deloitte & Touche LLP 30 Rockefeller Plaza New York, NY 10112 United States of America
Reporting Accountant to the Company	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom
Registrar and Transfer Agent	Computershare Trust Company N.A. 150 Royall Street Canton, Massachusetts 02021 United States of America
Depositary (issuer of Depositary Interests)	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ United Kingdom

PART 5

EXPECTED TIMETABLE OF PRINCIPAL EVENTS AND INDICATIVE STATISTICS

The dates and times given in the table below in connection with the Combination are indicative only and are based on International Paper's current expectations and may be subject to change (including as a result of changes to Court times, the regulatory timetable and/or the process for implementation of the Combination). In particular, the dates and times for the Court Hearing to sanction the Scheme (and accordingly, all subsequent principal events), may be earlier than the dates and times set out below in the event that the Combination receives regulatory clearances earlier than expected. If any of the dates/times in this expected timetable of principal events change, the revised dates and/or times will be notified by announcement through a Regulatory Information Service.

Expected Timetable of Principal Events

Event	Time and/or date[1]
Announcement of the Combination (2.7 Announcement)	April 16, 2024
Publication of this Prospectus and the Scheme Document	September 11, 2024
Filing of the Proxy Statement with the SEC	September 12, 2024
Record Date for the International Paper Shareholder Meeting	September 12, 2024
Voting Record Time for the Court Meeting and the General Meeting[2]	6.30 p.m. on October 3, 2024
Court Meeting	2.00 p.m. on October 7, 2024
General Meeting[3]	2.15 p.m. on October 7, 2024
International Paper Shareholder Meeting	October 11, 2024
Scheme Court Hearing to sanction the Scheme	a date expected to be in the final quarter of 2024, subject to the satisfaction (or if applicable, waiver) of the relevant Conditions and, in any event, prior to the Long Stop Date ("**D**")
Last day of dealings in, and for registration of transfers, and disablement in CREST, of DS Smith Shares	D+1 Business Day
Scheme Record Time	6.00 p.m. on D+1 Business Day
Trading in DS Smith Shares suspended	7.30 a.m. on D+2 Business Days
Effective Date of the Scheme[4]	D+2 Business Days
Issue of New International Paper Shares	after 5.00 p.m. (New York time) on D+2 Business Days
Cancellation of listing of DS Smith Shares from the equity shares (commercial companies) category of the Official List and the Main Market of the LSE.	by 8.00 a.m. on D+3 Business Days
Admission of the International Paper Shares to the equity shares (commercial companies) category of the Official List and commencement of dealings in International Paper Shares on the Main Market of the LSE	by 8.00 a.m. on D+3 Business Days
Admission and commencement of dealings in New International Paper Shares on the NYSE	by 9.30 a.m. (New York time) on D+3 Business Days
New International Paper Shares registered through DRS (in respect of International Paper Shares held by former certificated DS Smith Shareholders)	on or as soon as possible after 9.30 a.m. (New York time) on D+3 Business Days but not later than 14 calendar days after the Effective Date
New Depositary Interests issued by Computershare (in respect of International Paper Shares held by former uncertificated DS Smith Shareholders through CREST)	on or as soon as possible after 9.30 a.m. (New York time) on D+3 Business Days but not later than 14 calendar days after the Effective Date

Bidco re-registers DS Smith as a private limited company and implements the Solvency Statement Capital Reduction	D+3 Business Days or as soon as possible thereafter
Long Stop Date (being the latest date by which the Scheme must implemented)[5]..	October 16, 2025

(1) All references in this Part 5 (*Expected Timetable of Principal Events and Indicative Statistics*) of this Prospectus to times are to London time, unless specified otherwise. The dates and times are indicative only and are based on current expectations and may be subject to change and will depend on, among other things, the date on which the Conditions to the Scheme are satisfied or, if capable of waiver, waived, and the date on which the Court sanctions the Scheme. If any of the times and/or dates above change, the revised times and/or dates will be notified by announcement through a Regulatory Information Service.

(2) If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the relevant adjourned meeting will be 6.30 p.m. on the day which is two days prior to the date of the adjourned meeting.

(3) Or as soon as the Court Meeting shall have concluded or been adjourned.

(4) The Scheme shall become effective as soon as a copy of the Court Order has been delivered to the Registrar of Companies on the Effective Date.

(5) The latest date by which the Scheme may become effective unless International Paper and DS Smith agree (and the Panel, and, if required, the Court) approve a later date.

Indicative Statistics

Number of International Paper Shares in issue as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus)...........................	347,379,366
Number of New International Paper Shares to be issued pursuant to the terms of the Combination[1]	179,847,780
Number of International Paper Shares in issue following completion of the Combination[2]	527,227,146
New International Paper Shares as a percentage of the enlarged issued share capital of the Combined Company on a fully diluted basis after completion of the Combination	34.1 percent
Expected market capitalization of the Combined Company after completion of the Combination[3]	US$24.83 billion

(1) There will be no proceeds accruing to International Paper in connection with the Combination.

(2) Based on the assumption that no other International Paper Shares are issued prior to completion of the Combination.

(3) Based on the closing share price of the International Paper Shares as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus) and the assumption that 527,227,146 International Paper Shares (comprising 347,379,366 existing International Paper Shares and 179,847,780 New International Paper Shares) will be issued and outstanding as at Admission.

PART 6

PRESENTATION OF INFORMATION

General

Investors should rely only on the information in this Prospectus and the documents (or parts thereof) incorporated by reference. No person has been authorized to give any information or to make any representations other than the information and representations contained in this Prospectus and the documents (or parts thereof) incorporated by reference, and, if any other information or representations is or are given or made, such information or representations must not be relied upon as having been authorized by or on behalf of the Company or the International Paper Directors. In particular, the contents of International Paper's and DS Smith's websites do not form part of this Prospectus and investors should not rely on them.

Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA and Rule 3.4.1 of the Prospectus Regulation Rules, neither the delivery of this Prospectus nor Admission shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the International Paper Group, the DS Smith Group or (when applicable) the Combined Company since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to its date.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Combination, the International Paper Group, the DS Smith Group or (when applicable) the Combined Company. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

References to the "Company" or "IP" are, save where the context otherwise requires, to International Paper Company and references to the "International Paper Group" and to "we," "us" and "our" are, save where the context otherwise requires, to the Company together with its consolidated subsidiaries and, save where the context otherwise requires, following completion of the Combination, the Combined Company together with its consolidated subsidiaries.

The Company will update the information provided in this Prospectus by means of a supplement hereto if a significant new factor that may affect the evaluation by prospective investors of the International Paper Shares, the Combination or the Scheme occurs before Admission or if this Prospectus contains any material mistake or inaccuracy. Any supplement to this Prospectus will be subject to approval by the FCA and will be made public in accordance with the Prospectus Regulation Rules. The Company will comply with its obligation to publish supplementary prospectuses containing further updated information required by law or by any relevant regulatory authority but assumes no further obligation to publish any additional information. The contents of this Prospectus are not to be construed as legal, financial or tax advice. Each prospective investor should consult his or her own lawyer, financial advisor or tax advisor for legal, financial or tax advice in relation to any investment in or holding of International Paper Shares or any acquisition of New International Paper Shares in accordance with the Scheme.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the International Paper Directors or any of their representatives that any recipient of this Prospectus should agree to acquire the New International Paper Shares in accordance with the Scheme. Prior to making any voting decision in respect of the Scheme or considering Admission, persons acquiring the New International Paper Shares should read this Prospectus in its entirety, paying particular attention to Part 2 (*Risk Factors*) of this Prospectus, and should not just rely on key information or information summarized within it. In making a voting decision, or considering Admission, each person acquiring New International Paper Shares or considering Admission must rely upon his or her own examination, analysis and enquiry of the Company and this Prospectus, including the merits and risks involved.

Presentation of International Paper financial information

Unless otherwise stated, the historical consolidated financial information in relation to the International Paper Group in this Prospectus has been extracted without material adjustment from the International Paper Audited Financial Statements and the International Paper Unaudited Financial Statements and has been prepared in accordance with U.S. GAAP. Financial information extracted from the International Paper Audited Financial Statements and the International Paper Unaudited Financial Statements is to be found in the section headed Part 1 (*Summary*) of this Prospectus, Part 9 (*Information on International Paper*) of this Prospectus, Part 13

(*International Paper Selected Financial Information*) of this Prospectus and Part 14 (*International Paper Operating and Financial Review*) of this Prospectus. Prospective investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarized within it.

Presentation of DS Smith financial and other information

The following documents which DS Smith has filed with the FCA and are available as described in Part 7 (*Documents Incorporated by Reference*) of this Prospectus, contain information about DS Smith which is relevant to the Combination:

- DS Smith's Annual Report and Accounts 2024;
- DS Smith's Annual Report and Accounts 2023;
- DS Smith's Half Year Results 2023;
- DS Smith's Annual Report and Accounts 2022; and
- DS Smith's Half Year Results 2022.

DS Smith's Annual Reports listed above contain DS Smith's audited consolidated financial statements for the financial years ended April 30, 2024, 2023 and 2022 (each prepared in accordance with IFRS), together with the audit report in respect of each year.

DS Smith's Half Year Results listed above contain DS Smith's unaudited condensed consolidated financial statements for the six-month periods ended October 31, 2023 and 2022 (each prepared in accordance with IFRS).

The Preliminary Proxy Statement includes audited consolidated financial statements of DS Smith for the financial years ended April 30, 2024, 2023 and 2022 prepared in accordance with IFRS as published by the International Accounting Standards Board (IASB) and audited in accordance with the auditing standards generally accepted in the United States of America. The presentation of those financial statements differs in certain non-material respects from the presentation of the financial statements of DS Smith incorporated by reference in this Prospectus as described in Note 1(a) of the DS Smith financial statements included in the Preliminary Proxy Statement. Those financial statements and the notes thereto will also be included in the Proxy Statement.

The DS Smith Financial Information, together with other information relating to DS Smith within this Prospectus, including but not limited to the information contained in Part 2 (*Risk Factors*), Part 10 (*Information on DS Smith*), Part 15 (*DS Smith Selected Financial Information*) and Part 17 (*Unaudited Pro Forma Financial Information of the Combined Company*) of this Prospectus, have been included on the basis that, among other things, following the completion of the Combination, the business of DS Smith would comprise a material part of the business of the Combined Company such that the financial performance of DS Smith, risks related to its business and its place within the Combined Company are required for investors to make an informed assessment of the business of the Combined Company and the International Paper Shares. For further details relating to the Combination, refer to Part 8 (*Details of the Combination*) of this Prospectus.

IFRS and U.S. GAAP

International Paper's consolidated financial statements are prepared in accordance with U.S. GAAP whereas DS Smith's consolidated financial statements are prepared in accordance with IFRS.

U.S. GAAP differs from IFRS in a number of significant respects. International Paper has not prepared, and does not currently intend to prepare, its financial statements or the financial statements of the Combined Company in, or reconcile them to, IFRS and hence has not quantified these differences for DS Smith Shareholders or prospective investors. For a discussion of certain differences between IFRS and U.S. GAAP that are relevant to converting results of DS Smith that are presented in the Unaudited Pro Forma Financial Information, see the footnotes to the Unaudited Pro Forma Financial Information in Part 17 (*Unaudited Pro Forma Financial Information of the Combined Company*) of this Prospectus.

In making an investment decision and considering Admission, prospective investors must rely on their own examination of the International Paper Group, the terms of the Combination and the financial information in this Prospectus. Prospective investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP.

International Paper non-GAAP financial measures

The non-GAAP financial measures presented have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with U.S. GAAP. In addition, because not all companies use identical calculations, the Company's presentation of non-GAAP measures may not be comparable to similarly titled measures disclosed by other companies, including companies in the same industry as International Paper.

Management believes certain non-GAAP financial measures, when used in conjunction with information presented in accordance with U.S. GAAP, can facilitate a better understanding of the impact of various factors and trends on the Company's financial condition and results of operations. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance.

Free Cash Flow, Adjusted Operating Earnings and Adjusted Operating Earnings Per Share, Total Business Segment Operating Profit (Loss), Operational Tax Provision, Operational Effective Tax Rate and Adjusted EBITDA are "**non-GAAP financial measures**" presented as supplemental measures of our performance. The most directly comparable GAAP measure for these non-GAAP measures (except for Adjusted EBITDA which is described in Part 18 (*International Paper Profit Forecasts*) of this Prospectus) are described in Part 14 (*International Paper Operating and Financial Review*) of this Prospectus. Non-GAAP measures are not presented in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The Company believes that certain of these measures may provide additional meaningful information in evaluating the Company's performance over time, and that other companies use these and/or similar measures for similar purposes.

DS Smith non-IFRS financial measures

The non-IFRS financial measures presented have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of DS Smith's results calculated in accordance with IFRS. In addition, because not all companies use identical calculations, DS Smith's presentation of non-IFRS measures may not be comparable to similarly titled measures disclosed by other companies, including companies in the same industry as DS Smith.

Reporting of non-IFRS measures alongside reported IFRS measures is considered useful to enable investors to understand how DS Smith's management evaluates performance and value creation internally, enabling them to track DS Smith's adjusted performance and the key business drivers which underpin it over time.

Adjusted Operating Profit, Operating Profit Before Adjusting Items, Adjusted EBITDA, Adjusted Earnings Per Share, Return on Sales, Adjusted Return on Average Capital Employed, Net Debt and Net Debt/EBITDA, Free Cash Flow, Cash Conversion, Average Working Capital to Sales, Constant Currency and Organic Growth, and Dividend Cover are "non-IFRS financial measures" presented as supplemental measures of DS Smith's performance. The most directly comparable IFRS measure for these non-IFRS measures are described in Note 32 to the DS Smith Audited Financial Information for DSS FY 24 and Note 32 to the DS Smith Audited Financial Information for DSS FY 23 and in Part 16 (*DS Smith Operating and Financial Review*) of this Prospectus.

Exchange rate information

The following table shows, for the periods and dates indicated, information concerning the exchange rate between U.S. dollars and pound sterling. The information in the following table is expressed in U.S. dollars per pound sterling and is based on last quoted spot exchange rate reported by Bloomberg on each business day. The average rates for the interim periods and annual periods presented in these tables were calculated by taking last quoted price on each business day of each month during the relevant period.

On September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus) the last quoted spot exchange rate at which one pound sterling could be exchanged into one U.S. dollar as reported by Bloomberg was $1.3129 per £1.00. These translations should not be construed as a representation that the U.S. dollar amounts actually represent, or could be converted into, pound sterling at the rates indicated.

	U.S. dollars per £1.00			
	Period-end rate	Average rate	High	Low
Recent monthly data				
September (through September 6,) 2024	1.3129	1.3143	1.3180	1.3114
August 2024	1.3127	1.2947	1.3261	1.2691

	U.S. dollars per £1.00			
	Period-end rate	Average rate	High	Low
July 2024	1.2856	1.2862	1.3009	1.2650
June 2024	1.2645	1.2715	1.2808	1.2622
May 2024	1.2742	1.2639	1.2769	1.2498
April 2024	1.2492	1.2518	1.2678	1.2350
March 2024	1.2623	1.2714	1.2858	1.2601
Annual data (year ended December 31)				
2023	1.2731	1.2439	1.3136	1.1830
2022	1.2083	1.2366	1.3706	1.0689
2021	1.3532	1.3757	1.4212	1.3204

Rounding

Certain figures contained in this Prospectus or incorporated by reference, including financial, statistical and operating information, have been subject to rounding adjustments for ease of presentation. Accordingly, in certain instances, the figure shown as totals in a column or a row in tables contained in this Prospectus or incorporated by reference may not be the precise sum of the figures given for that column or row.

Currency presentation

Unless otherwise indicated, all references in this Prospectus to:

- "**pound sterling**," "**sterling**," "**£**," "**pence**" or "**p**" are to the lawful currency of the United Kingdom;
- "**euro**," "**EUR**," "**€**" or "**€ cents**" are to the lawful currency of the European Union (as adopted by certain E.U. Member States); and
- "**U.S. dollars**," "**dollars**,", "**US$**", "**$**" or "**cents**" are to the lawful currency of the United States.

Forward-looking statements

This Prospectus contains forward-looking statements. All statements other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, our objectives for future operations, and any statements of a general economic or industry specific nature, are forward-looking statements. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Words such as "**anticipate**", "**estimate**", "**expect**", "**project**", "**plan**", "**intend**," "**believe**," "**may**," "**will**," "**continue**," "**could**," "**should**," "**can have**," "**likely**," or the negative or plural of these words and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe, based on information currently available to our management, may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Part 2 (*Risk Factors*) of this Prospectus. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

Factors relating to the Combination and the issuance of the New International Paper Shares

- the occurrence of any event, change or other circumstance that could give rise to the termination of the Co-operation Agreement;
- the risk that the Combination is not completed on a timely basis or at all;
- the ability to integrate DS Smith into our business successfully and the amount of time and expense spent and incurred in connection with the integration;

- the risk that we or DS Smith may be unable to obtain antitrust or other regulatory clearance required for the Combination, or that required antitrust or other regulatory clearance may delay the Combination or result in the need to take curative actions or the imposition of conditions that could adversely affect the operations of the Combined Company or cause the parties to abandon the Combination;

- the risk that if certain conditions or approvals are not met or obtained, we may be required to pay a reverse break fee;

- the possibility that competing offers may be made;

- the risk that the economic benefits and other synergies that we anticipate as a result of the Combination are not fully realized or take longer to realize than expected;

- the risk that certain risks and liabilities associated with the Combination have not been discovered;

- the risk that the approval of the DS Smith Shareholders of the Combination or the approval of International Paper Shareholders of the proposed issuance of the New International Paper Shares in connection with the Combination may not be obtained or that other conditions of the Combination will not be satisfied;

- liabilities that might arise and limitations under the Co-operation Agreement;

- the impact of the issuance of the New International Paper Shares on our current holders of our Common Stock, including dilution of their ownership and voting interests;

- adverse effects on the market price of our Common Stock caused by the sale of such stock held by the DS Smith Shareholders following the Combination;

- the possibility that International Paper Shareholders will file lawsuits challenging the Combination, including actions seeking to rescind the scheme of arrangement or enjoin the consummation of the Combination;

- changes in relevant tax and other laws or regulations;

- the diversion of Company management time and attention to issues relating to the Combination and integration;

- operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) occurring prior to completion of the Combination or if the Combination is not completed;

- the difficulty retaining certain of our or DS Smith's key employees as a result of the announcement or implementation of the Combination;

- the scope, timing and outcome of any ongoing legal proceedings involving us or DS Smith and the impact of any such proceedings on the Combination or on our financial condition, results of operations and/or cash flows;

- the possibility that costs, fees, expenses or charges that we incur in connection with the Combination are greater than expected;

- changes in the economic and financial conditions of our or DS Smith's businesses;

- the effect of the Combination on our and DS Smith's relationships with our and their respective clients, customers, vendors and personnel; and

- adverse effects on the market price of our Common Stock and on our operating results because of a failure to complete the Combination.

Factors relating to our business generally

- material disruptions at one of our manufacturing facilities could negatively impact our financial results;

- we may not achieve the expected benefits from strategic acquisitions, joint ventures, divestitures, spin-offs, capital investments, capital projects and other corporate transactions that we have pursued or may pursue;

- we could be exposed to liability for Brazilian taxes under our agreements with Sylvamo Corporation;

- we operate in a challenging market for talent and may fail to attract and retain qualified personnel, including key management personnel;

- we are subject to cybersecurity and 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;

- we may be unable to realize the expected benefits and costs savings associated with restructuring initiatives, including our strategic actions announced in October 2023;

- 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 operations;

- changes in international conditions or other risks arising from conducting business internationally could adversely affect our business and results of operations;

- we are subject to risks associated with climate change and other sustainability matters and global, regional and local weather conditions as well as by legal, regulatory, and market responses to climate change;

- the level of our indebtedness could adversely affect our financial condition and impair our ability to operate our business;

- changes in the cost or availability of raw materials, energy and transportation have recently affected, and could continue to affect our profitability;

- 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, or the failure to comply with such requirements, could impact our business and 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; and

- fluctuations in the prices of and the demand for our products due to factors such as economic cyclicality and changes in consumer preferences, and government regulation could materially affect our financial condition, results of operations and cash flows.

None of International Paper or any of its respective associates or directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Prospectus will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with its legal or regulatory obligations (including under the U.K. Prospectus Regulation, the Listing Rules and the DTRs, the Prospectus Regulation Rules, the U.K. Market Abuse Regulation and other applicable regulations), International Paper is under no obligation, and expressly disclaims any intention or obligation, to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Nothing in this paragraph or anywhere else in this Prospectus should be construed as qualifying the statement in respect of our working capital set out in paragraph 15 (*Working Capital*) of Part 22 (*Additional Information*) of this Prospectus. Information in this Prospectus will be updated as required by the Prospectus Regulation Rules, the Listing Rules and the DTRs, as appropriate.

Certain profit forecasts or profit estimates

In its earnings presentation held on July 24, 2024, International Paper made certain statements that constitute a profit forecast, as defined by the Listing Rules, for the three month period ending September 30, 2024. On August 23, 2024, International Paper published the Preliminary Proxy Statement containing (i) certain statements in relation to its earnings outlook for the financial year ending December 31, 2024, which constitute a profit forecast as defined by the Listing Rules; and (ii) certain statements in relation to its earnings outlook for the financial years ending December 31, 2025 and 2026 which constitute a profit forecast as defined by the Listing Rules as a projected profit floor for the relevant financial periods, which will also be included in the Proxy Statement. For more information, please see Part 18 (*International Paper Profit Forecasts*) of this Prospectus.

Except as set out in Part 18 (*International Paper Profit Forecasts*) of this Prospectus, no statement in this Prospectus is intended to be or is to be construed as a valid profit forecast or estimate for any period and no other statement in this Prospectus should be interpreted to mean that earnings or earnings per share for International Paper or DS Smith for the current or future financial years, or those of the Combined Company, would necessarily match or exceed the historical published earnings or earnings per share for International Paper or DS Smith.

Certain profit forecasts no longer valid

Certain long-range, unaudited Projections (as defined in Part 19 (*Projections in Proxy Statement No Longer Valid*) of this Prospectus) regarding International Paper's and DS Smith's future performance (in each case, on a stand-alone basis without giving effect to the Combination) have been included in the Preliminary Proxy Statement and will also be included in the Proxy Statement. The requirement for the Projections to be included in the Preliminary Proxy Statement and the Proxy Statement arose under applicable U.S. state and federal laws because such information was made available by International Paper to the International Paper Board and BofA Securities, and used in connection with the process leading to the 2.7 Announcement, as described in the Preliminary Proxy Statement. For the reasons set out in Part 19 (*Projections in Proxy Statement No Longer Valid*) of this Prospectus, International Paper considers that the Projections (except for the Long-Term International Paper Projections included as International Paper Profit Forecasts in Part 18 (*International Paper Profit Forecasts*) of this Prospectus) are no longer valid.

Quantified financial benefits

No statement in the Quantified Financial Benefits Statement published by International Paper in connection with the 2.7 Announcement, or any update or re-confirmation thereof published by International Paper, should be construed as a profit forecast or interpreted to mean that the earnings of the Combined Company in the first full year following the Effective Date, or in any subsequent period, would necessarily match or be greater than or be less than those of International Paper and/or DS Smith for the relevant preceding financial period or any other period.

Market, economic and industry data

This Prospectus contains information regarding the International Paper Group, the DS Smith Group and, following completion of the Combination, the Combined Company, and the businesses and the industries in which they operate and compete, some of which the Company has obtained from various third-party sources. Where information contained in this Prospectus originates from a third-party source, it is identified where it appears in this Prospectus together with the name of its source.

Where information has been sourced from a third party it has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

No incorporation of website information

Except for the DS Smith Financial Information incorporated by reference, as described in Part 7 (*Documents Incorporated by Reference*), the contents of International Paper's website, DS Smith's website, any website mentioned in this Prospectus or any other website directly or indirectly accessible from hyperlinks on these websites have not been verified and are not incorporated into, nor form part of, this Prospectus and investors should not rely on such information.

Definitions

Certain terms used in this Prospectus, including capitalized terms and certain technical and other items, are defined and explained in Part 23 (*Definitions*) of this Prospectus.

All times referred to in this Prospectus are, unless otherwise stated, references to London time.

All references to legislation in this Prospectus are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the masculine gender shall include the feminine or neutral gender.

Distribution restrictions

The release, publication or distribution of this Prospectus and any other Admission-related documentation in jurisdictions other than the U.K. and the U.S. may be affected by the laws and regulations of relevant jurisdictions. Therefore any persons who are subject to the laws and regulations of any jurisdiction other than the U.K. and the U.S. should inform themselves of and observe any applicable requirements.

No offer of securities

This Prospectus does not constitute an offer of securities for sale in the U.S. or an offer to acquire or exchange securities in the U.S. The New International Paper Shares have not been and will not be registered under the Securities Act, or under the securities laws of any state or other jurisdiction of the U.S. The New International Paper Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the Securities Act or an exemption therefrom.

The New International Paper Shares are expected to be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof. The New International Paper Shares generally should not be treated as "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and persons who receive securities under the Scheme (other than "affiliates" as described in the paragraph below) may generally resell them without restriction under the Securities Act.

Under U.S. federal securities laws, persons who are or will be deemed to be affiliates (as defined under the Securities Act) of International Paper or Bidco after the Effective Date may not resell the New International Paper Shares received under the Scheme without registration under the Securities Act, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Additionally, DS Smith Shareholders (whether or not U.S. persons) who are or will be affiliates of International Paper or DS Smith prior to, or of International Paper after, the Effective Date may be subject to similar restrictions relating to the New International Paper Shares received pursuant to the Combination. Whether a person is an affiliate of a company for such purposes depends upon the circumstances, but affiliates of a company can include certain officers and directors and significant shareholders.

Persons who may be deemed to be affiliates (as defined under the Securities Act) of International Paper include individuals who, or entities that, control directly or indirectly, or are controlled by or are under common control with, International Paper and may include certain officers and directors of International Paper and International Paper's principal shareholders (such as, for example, a holder of more than 10 percent of the outstanding capital stock). DS Smith Shareholders who are affiliates, in addition to reselling their New International Paper Shares in the manner permitted by Rule 144 under the Securities Act, may also sell their New International Paper Shares under any other available exemption under the Securities Act, including Regulation S under the Securities Act, as applicable. DS Smith Shareholders who believe they may be affiliates of DS Smith, International Paper or Bidco for the purposes of the Securities Act should consult their own legal advisors prior to any sale of New International Paper Shares received pursuant to the Combination.

For the purposes of qualifying for the exemption from the registration requirements of the Securities Act afforded by Section 3(a)(10), DS Smith will advise the Court through counsel that its sanctioning of the Scheme will be relied upon by DS Smith, International Paper and Bidco as an approval of the Scheme following a hearing on its fairness, at which hearing all DS Smith Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all DS Smith Shareholders.

The Combination is proposed to be effected by means of a scheme of arrangement under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to proxy solicitation or tender offer rules under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), although International Paper was required under the rules of the NYSE to obtain approval of its shareholders for issuance of the New International Paper Shares to DS Smith Shareholders and was subject to proxy solicitations requirements with respect thereto. The Combination is subject to U.K. disclosure requirements, which are different from certain U.S. disclosure requirements. Certain financial information included in this Prospectus has been or will be prepared in accordance with accounting standards applicable in the United Kingdom and may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. However, if International Paper were to elect to implement the Combination by means of a Takeover Offer, such Takeover Offer would be made in compliance with all applicable laws and regulations, including Section 14I of the Exchange Act and Regulation

14E thereunder. Such a Takeover Offer would be made in the United States by International Paper and no one else. In accordance with normal U.K. practice and pursuant to Rule 14e-5(b) of the Exchange Act, in addition to any such Takeover Offer, International Paper or its affiliates or nominees, or its or their brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, DS Smith Shares outside the U.S., outside the Takeover Offer during the period in which the Takeover Offer remains open for acceptance, and until the date on which the Combination and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the United Kingdom, will be reported to the Regulatory News Service of the LSE ("**RNS**") and will be available on the LSE website at https://www.londonstockexchange.com/news?tab=today-s-news.

DS Smith Shareholders who are citizens or residents of the U.S. should consult their own legal and tax advisors with respect to the legal and tax consequences of the Scheme or, if International Paper or Bidco decides to implement the Combination by way of a Takeover Offer, the Takeover Offer, in their particular circumstances.

None of the New International Paper Shares have been approved or disapproved by the SEC, any state securities commission in the U.S. or any other U.S. regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in this Prospectus. Any representation to the contrary is a criminal offense in the U.S.

Notice on enforceability of judgments

International Paper is organized under and governed by the law of the State of New York and the United States of America. All of the International Paper Directors and officers of International Paper reside outside the U.K. Substantially all or a significant portion of the assets of such persons and a significant portion of the assets of the International Paper Group are located outside the U.K. As such, it may be difficult or impossible to effect service of process within the U.K. upon those persons or to recover on judgments of U.K. courts against International Paper or such directors and officers. Although International Paper will appoint an agent for service of process in the U.K. and will submit to the jurisdiction of the courts of the U.K., it may not be possible for investors to effect service of process on International Paper or on such persons within the U.K. in any action.

If a judgment is obtained in a U.K. court against International Paper, an investor will need to enforce such judgment in jurisdictions in which International Paper has assets, which may not be such investor's jurisdiction of domicile. There is no certainty as to whether a final judgment from the courts of the U.K. will be enforceable in the United States.

PART 7

DOCUMENTS INCORPORATED BY REFERENCE

The tables below set out the documents (or parts thereof) that are incorporated by reference into, and form part of, this Prospectus so as to provide certain information required pursuant to the Prospectus Regulation Rules and only the parts of the documents identified in the tables below are incorporated into, and form part of, this Prospectus. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this Prospectus. To the extent that any part of any information referred to below itself contains information which is incorporated by reference, such information shall not form part of this Prospectus.

DS Smith Financial Information

For the financial year ended April 30, 2024

Information incorporated by reference into this Prospectus	Reference document	Page number(s) in reference document
Independent Auditor's report to the members of DS Smith Plc	DS Smith's Annual Report and Accounts 2024	132 - 141
Consolidated income statement for the year ended April 30, 2024	DS Smith's Annual Report and Accounts 2024	142
Consolidated statement of comprehensive income for the year ended April 30, 2024	DS Smith's Annual Report and Accounts 2024	143
Consolidated statement of financial position as of April 30, 2024	DS Smith's Annual Report and Accounts 2024	144
Consolidated statement of changes in equity for the year ended April 30, 2024	DS Smith's Annual Report and Accounts 2024	145
Consolidated statement of cash flows for the year ended April 30, 2024	DS Smith's Annual Report and Accounts 2024	146
Notes to the consolidated financial statements for the year ended April 30, 2024	DS Smith's Annual Report and Accounts 2024	147 - 205

For the six months ended October 31, 2023

Information incorporated by reference into this Prospectus	Reference document	Page number(s) in reference document
Consolidated income statement for the six months ended October 31, 2023	DS Smith's Half Year Results 2023	16
Consolidated statement of comprehensive income for the first six months ended October 31, 2023	DS Smith's Half Year Results 2023	17
Consolidated statement of financial position as of October 31, 2023	DS Smith's Half Year Results 2023	18
Consolidated statement of changes in equity for the six months ended October 31, 2023	DS Smith's Half Year Results 2023	19
Consolidated statement of cash flows for the six months ended October 31, 2023	DS Smith's Half Year Results 2023	20
Notes to the consolidated financial statements for the six months ended October 31, 2023	DS Smith's Half Year Results 2023	21 - 35

For the financial year ended April 30, 2023

Information incorporated by reference into this Prospectus	Reference document	Page number(s) in reference document
Independent Auditor's report to the members of DS Smith Plc	DS Smith's Annual Report and Accounts 2023	122 - 131
Consolidated income statement for the year ended April 30, 2023	DS Smith's Annual Report and Accounts 2023	132
Consolidated statement of comprehensive income for the year ended April 30, 2023	DS Smith's Annual Report and Accounts 2023	133
Consolidated statement of financial position as of April 30, 2023	DS Smith's Annual Report and Accounts 2023	134
Consolidated statement of changes in equity for the year ended April 30, 2023	DS Smith's Annual Report and Accounts 2023	135
Consolidated statement of cash flows for the year ended April 30, 2023	DS Smith's Annual Report and Accounts 2023	136
Notes to the consolidated financial statements for the year ended April 30, 2023	DS Smith's Annual Report and Accounts 2023	137 - 194

For the six months ended October 31, 2022

Information incorporated by reference into this Prospectus	Reference document	Page number(s) in reference document
Consolidated income statement for the six months ended October 31, 2022	DS Smith's Half Year Results 2022	14
Consolidated statement of comprehensive income for the first six months ended October 31, 2022	DS Smith's Half Year Results 2022	15
Consolidated statement of financial position as of October 31, 2022	DS Smith's Half Year Results 2022	16
Consolidated statement of changes in equity for the six months ended October 31, 2022	DS Smith's Half Year Results 2022	17
Consolidated statement of cash flows for the six months ended October 31, 2022	DS Smith's Half Year Results 2022	18
Consolidated financial statements for the six months ended October 31, 2022	DS Smith's Half Year Results 2022	19 - 34

For the financial year ended April 30, 2022

Information incorporated by reference into this Prospectus	Reference document	Page number(s) in reference document
Independent Auditor's report to the members of DS Smith Plc	DS Smith's Annual Report and Accounts 2022	115 - 124
Consolidated income statement for the year ended April 30, 2022	DS Smith's Annual Report and Accounts 2022	125
Consolidated statement of comprehensive income for the year ended April 30, 2022	DS Smith's Annual Report and Accounts 2022	126
Consolidated statement of financial position as of April 30, 2022	DS Smith's Annual Report and Accounts 2022	127
Consolidated statement of changes in equity for the year ended April 30, 2022	DS Smith's Annual Report and Accounts 2022	128
Consolidated statement of cash flows for the year ended April 30, 2022	DS Smith's Annual Report and Accounts 2022	129
Notes to the consolidated financial statements for the year ended April 30, 2022	DS Smith's Annual Report and Accounts 2022	130 - 186

Availability of information

Copies of the documents of which all or part are incorporated by reference herein, have been filed with the FCA and are available for inspection as provided in paragraph 19 (*Documents available for inspection*) of Part 22 (*Additional Information*) of this Prospectus.

Copies of each of the documents under the heading *DS Smith Financial Information* above are available on DS Smith's website (www.dssmith.com).

Except for the DS Smith Financial Information incorporated by reference, as described in Part 7 (*Documents Incorporated by Reference*), neither the content of DS Smith's website, nor the content of any other website including any other website accessible from hyperlinks on DS Smith's website, is incorporated into, or forms part of, this Prospectus.

PART 8

DETAILS OF THE COMBINATION

The following summary describes certain material terms of, and documents and agreements related to, the Combination, including the 2.7 Announcement and the Co-operation Agreement. This summary is not complete and should be read in conjunction with the information appearing elsewhere in this Prospectus.

1. Introduction

On April 16, 2024, International Paper and DS Smith announced that they had reached agreement on the terms of a recommended all-share combination of International Paper with DS Smith. It is proposed that the Combination will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act between DS Smith and the Scheme Shareholders, pursuant to which Bidco (an indirectly wholly-owned subsidiary of International Paper) will acquire all of the issued and to be issued DS Smith Shares. The Scheme requires the approval of the Scheme Shareholders at the Court Meeting, the approval of the Special Resolution by DS Smith Shareholders at the General Meeting, as well as the sanction of the Court at the Court Hearing.

2. Summary of the terms of the Combination

Under the terms of the Combination, which is subject to the satisfaction (or, where applicable, waiver) of the Conditions and certain other terms summarized below and set out in the Scheme Document, Scheme Shareholders at the Scheme Record Time will be entitled to receive:

for each DS Smith Share 0.1285 New International Paper Shares

Based on the closing International Paper share price of $47.1 and £/US$ exchange rate of 1.3165 on September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), the terms of the Combination value each DS Smith Share at 460 pence per share and represent a premium of 63.6 percent to the Closing Price per DS Smith Share of 281 pence on February 7, 2024 (being the last Business Day prior to the date the Offer Period commenced).

The terms of the Combination value each DS Smith Share at 415 pence per share (the "**Offer Value**") based on the closing International Paper share price of $40.85 and £/US$ exchange rate of 1.2645 on March 25, 2024, being the close of business on the last day prior to the announcement by DS Smith of a possible offer by International Paper.

Fractions of New International Paper Shares will not be allotted to DS Smith Shareholders. Instead, any DS Smith Shareholder who would have been entitled to such fractional entitlement shall receive cash in an amount (rounded down to the nearest penny) equal to such fractional entitlement (which such DS Smith Shareholder would otherwise have been entitled) multiplied by the last reported sale price of International Paper Shares on the New York Stock Exchange (as reported in Bloomberg or, if not reported therein, in another authoritative source selected by International Paper) on the last Business Day prior to the Effective Date.

The Offer Value represents a premium of approximately:

- 47.7 percent to the Closing Price per DS Smith Share of 281 pence on February 7, 2024 (being the last Business Day prior to the date the Offer Period commenced);
- 42.2 percent to the volume weighted average Closing Price per DS Smith Share of 292 pence for the three months ended on February 7, 2024 (being the last Business Day prior to the date the Offer Period commenced); and
- 43.0 percent to the volume weighted average Closing Price per DS Smith Share of 290 pence for the six months ended on February 7, 2024 (being the last Business Day prior to the date the Offer Period commenced).

If the Scheme becomes effective, it will result in the issue of approximately 179,847,780 New International Paper Shares to Scheme Shareholders. Assuming that all of the New International Paper Shares to be issued pursuant to the Combination had been issued by that time, Scheme Shareholders will hold approximately 34.1 percent and International Paper Shareholders will hold approximately 65.9 percent of the enlarged issued share capital of International Paper immediately following the Effective Date.

The DS Smith Shares will be acquired by Bidco with full title guarantee, fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third-party rights or interests whatsoever and together with all rights existing at the date of this Prospectus or thereafter attaching thereto.

International Paper and DS Smith have agreed to certain arrangements with regard to the payment of dividends and other distributions and returns of capital prior to the Effective Date which are in accordance with the existing dividend policies of both International Paper and DS Smith. DS Smith is permitted to declare interim and final dividends for the financial years ended on April 30, 2024 and April 30, 2025 in accordance with its dividend policy and subject to agreed caps of: (i) 12.0 pence per DS Smith Share for any final dividend in respect of the financial year ended on April 30, 2024; (ii) 6.2 pence per DS Smith Share for any interim dividend in respect of the financial year ending on April 30, 2025; and (iii) 12.3 pence per DS Smith Share for any final dividend in respect of the financial year ending on April 30, 2025. International Paper is permitted to declare quarterly dividends for the financial year ending on December 31, 2024 and for the first three quarters of the financial year ending on December 31, 2025 in accordance with its dividend policy and subject to an agreed cap of 46.25 cents per International Paper Share per quarter. Any other dividends, distributions or returns of capital made by International Paper or DS Smith may result in a reduction of the International Paper share consideration or an equalizing dividend being paid by either International Paper or DS Smith (as applicable). Further details on dividend arrangements are more fully summarized in paragraph 10 (*Dividends*) of this Part 8 (*Details of the Combination*) of this Prospectus.

The New International Paper Shares will not be registered under the Securities Act and will be issued pursuant to the exemption from registration provided by Section 3(a)(10) under the Securities Act. The New International Paper Shares will rank *pari passu* in all respects with the International Paper Shares in issue at the time the New International Paper Shares are issued pursuant to the Combination, including the right to receive and retain dividends as other distributions declared, made or paid after the Effective Date. The New International Paper Shares will be issued following implementation of the Scheme to Scheme Shareholders on the register at the close of business at the Scheme Record Time.

The Combination is conditional on, among other things: (i) the approval of DS Smith Shareholders at the Court Meeting and the passing of the resolutions by DS Smith Shareholders at the General Meeting; (ii) the sanction of the Scheme by the Court; (iii) the receipt of certain merger control and regulatory clearances, including from the European Commission and the receipt of foreign direct investment clearance in the U.K.; (iv) the issuance of the New International Paper Shares in connection with the Combination being duly approved by the affirmative vote of the majority of the votes cast at the International Paper Shareholder Meeting; (v) confirmation having been received by International Paper that the New International Paper Shares have been approved for listing, subject to official notice of issuance, on the NYSE; and (vi) acknowledgment having been received by International Paper that the application for Admission has been approved and the International Paper Shares will be admitted to trading on the Main Market of the LSE.

The Combination is expected to become Effective in the fourth quarter of 2024, subject to the satisfaction (or, where applicable, waiver) of the Conditions set out in further detail in paragraph 12 (*Structure of the Combination*) of this Part 8 (*Details of the Combination*).

Further details of the Combination (including the Conditions) are set out in the Scheme Document.

3. Background to and reasons for the Combination

International Paper is a leading producer of renewable fiber-based packaging and pulp products. Its vision is to be among the most successful, sustainable, and responsible companies in the world, benefitting from advantaged positions in attractive markets to deliver strong and consistent shareholder value.

A combination with DS Smith would be fully aligned with International Paper’s disciplined M&A strategy to accelerate long-term success and growth, by not only increasing its capabilities in Europe, but also giving International Paper greater exposure to the attractive boxes segment.

The International Paper Board believes the Combination with DS Smith is financially attractive and represents a compelling opportunity to accelerate the delivery of International Paper’s strategy. The International Paper Board also believes the Combination will enhance the Company’s profitable growth by expanding its capabilities and reach across Europe and by providing customers with an increased variety of choices and a superior portfolio of products across two continents.

Specifically, the International Paper Board believes that the Combination will result in the following:

Creation of a truly global sustainable packaging solutions leader with enhanced scale and improved positions in attractive and growing markets

The Combination would bring together two complementary businesses to create a truly global sustainable packaging solutions leader, with industry leading positions in two of the most attractive geographies of Europe and North America. The Combined Company's focus on sustainable packaging will make it well positioned to serve a broad set of customers across a wide range of attractive and growing end-markets.

The Combined Company would be an international corrugated packaging business (approximately 90 percent of the Combined Company's sales) of scale capable of better serving both International Paper's and DS Smith's core customers. It will significantly improve the combined corrugated packaging business in Europe with greater customer offerings and present an opportunity to develop DS Smith's strong legacy in sustainability with International Paper's global customers.

The Combined Company would also benefit from complementary customer positions, within and across regions, and sharing of best practices, together with development of innovative value-add products. This would result in enhancing value creating solutions, including in attractive fast-moving consumer goods and e-commerce segments.

As a result of the Combination, International Paper will have an increasingly global, stronger, more diversified business, more capable of managing the inherent demand volatility that faces the packaging industry.

Strong operational fit and complementary nature of operations should enable a successful integration and stronger operational and financial profile

The complementary nature of International Paper's and DS Smith's operations creates the opportunity to integrate the mill and box networks, balance the paper positions and optimize the supply chains of the respective companies in Europe and the U.S., leading to a Combined Company with more stable growth and earnings. Upon completion of the Combination, the management of the Combined Company would be positioned to drive a best-in-class integration, as both companies are highly complementary, and accelerate profitable growth.

The Combination would create a leading European business with projected pro-forma sales of approximately $28.2 billion, transforming International Paper's European footprint. The complementary nature of operations and possibility to integrate DS Smith's box plants and mills with International Paper's mill network, as well as the possibility of enhancing offerings to its customers, would positively impact the Combined Company's financial performance.

The Combination would also improve the efficiency of International Paper's core operations in North America with the integration of DS Smith's complementary U.S. business.

The Combined Company would have improved capabilities and be better positioned to pursue its strategy to be a truly global sustainable packaging solutions leader.

Finally, the Combination would also combine the capabilities and expertise of two experienced and innovative management teams to further accelerate innovative sustainable solutions and advance the circular economy.

4. Financial benefits of the Combination

As previously announced on April 4, 2024, International Paper expects that the Combination would generate significant synergies and drive compelling value creation for DS Smith Shareholders and International Paper Shareholders. The delivery of the expected synergies will be supported by International Paper's significant expertise in acquiring and integrating businesses. In addition, International Paper's confidence in delivering a successful integration in Europe is underpinned by DS Smith's own expertise in acquiring businesses and integrating them.

International Paper's Directors, having reviewed and analyzed the potential synergies of the Combination, as well as taking into account the factors they can influence, believe that the Combined Company can deliver at least $514 million (£413 million) of pre-tax cash synergies on an annual run-rate basis by the end of the fourth year following the Effective Date. These synergies are expected to be derived from the following key areas:

- 92 percent, or $474 million (£381 million) of cost synergies across the following sources:
    - o 47 percent, or $241 million (£194 million) from operational synergies across the combined network of mills, box plants and global supply chain, including:

        - Integration benefit of balancing containerboard supply positions (approximately 500 thousand to 600 thousand tons);

        - Freight optimization benefits; and

        - Operational efficiencies across mill and box network from product and system optimization, and sharing technology expertise.

    - 23 percent, or $117 million (£94 million) from overhead synergies by reducing duplicative corporate and business overhead expenses; and

    - 23 percent, or $116 million (£93 million) from operational procurement synergies from increased scale of the Combined Company.

- 5 percent, or $26 million (£21 million) from capex procurement synergies, by leveraging increased scale of the Combined Company; and

- 3 percent, or $14 million (£11 million) of revenue synergies.

These synergies are expected to arise as a direct result of the Combination and could not be achieved independently of the Combination.

International Paper anticipates that the total costs to achieve the synergies outlined above would be approximately $370 million (£297 million). International Paper expects that approximately 33 percent of the synergies outlined above would be achieved by the end of the first year following the Effective Date, with approximately 66 percent and 95 percent achieved by the end of the second and third years following the Effective Date, respectively.

Aside from the one-off costs referred to above, the International Paper Board does not expect any material dis-synergies to arise as a direct result of the Combination.

This statement constitutes a "Quantified Financial Benefits Statement" under Rule 28.1(a) of the Code.

The International Paper Board believes these synergies would contribute to significant value creation for both the DS Smith Shareholders and the International Paper Shareholders. The Combination is expected to increase International Paper's margins and to be earnings per share ("**EPS**") accretive in year one. Return on invested capital from the Combination is expected to exceed International Paper's weighted average cost of capital by the end of the third year following the Effective Date.

These statements are not intended as a profit forecast or profit estimate for any period and no statement in this Prospectus should be interpreted to mean that earnings or EPS for International Paper or DS Smith for the current or future financial years would necessarily match or exceed the historical published earnings or EPS for International Paper or DS Smith.

5. Background to and reasons for the recommendation

The DS Smith Directors, who have been so advised by Goldman Sachs International, Citi and J.P. Morgan Cazenove as to the financial terms of the Combination, consider the terms of the Combination to be fair and reasonable. In providing their advice to the DS Smith Directors, each of Goldman Sachs International, Citi and J.P. Morgan Cazenove has taken into account the commercial assessments of the DS Smith Directors.

Accordingly, the DS Smith Directors recommend unanimously that Scheme Shareholders vote in favor of the Scheme at the Court Meeting and that DS Smith Shareholders vote in favor of the Special Resolution to be proposed at the General Meeting, as the DS Smith Directors have irrevocably undertaken to do in respect of their entire beneficial holdings of 885,191 DS Smith Shares, in aggregate, representing approximately 0.06 percent of the issued share capital of DS Smith as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus).

The International Paper Directors have, based on the reasons for the recommendation discussed below, unanimously approved the Combination and recommend that International Paper Shareholders vote in favor of the issuance of the New International Paper Shares in connection with the Combination.

DS Smith's current strategic position

DS Smith is a leading provider of sustainable fiber-based packaging solutions with operations across Europe and North America, supported by its recycling and paper-making operations. With an established heritage in the box-making business of over 80 years, DS Smith has a strong reputation based on dedication to customers, focus on innovation, quality of packaging and consistent security of supply. DS Smith has grown rapidly in scale and capabilities through a clear strategy and targeted investment.

The growth and development of the business has included acquisitions and disposals, as well as organic investment to align its offering with its customers' needs. Partnering with its predominantly fast-moving consumer goods customer base as a leading supplier of innovative sustainable packaging solutions has allowed DS Smith to deliver the scale, quality and innovation to drive the transition to a circular economy and to support customers' efficiency needs and sustainability agendas. DS Smith now operates in 34 countries across Europe and North America, employing around 29,000 people and playing a central role in the value chain across many sectors, including FMCG, industrials and e-commerce, and serving many of the world's biggest brands in these sectors and markets.

The DS Smith Board remains fully confident in the long-term growth drivers of the global corrugated packaging market and believes that DS Smith's industry position, clear strategy, strong operational performance and financial position will continue to create significant value for shareholders.

Context for assessing the Combination

While the DS Smith Board did not solicit an offer for DS Smith, the DS Smith Board regularly considers all options for creating shareholder value in the context of a dynamic sustainable packaging landscape. In contemplating the merits of potential strategic combinations for shareholders, the DS Smith Board has considered a number of factors including:

- exposure to structural growth and consolidation trends in sustainable packaging;
- presence across key geographic markets in which customers operate, with the ability to deliver consistent, robust service, innovation and supply;
- focus on serving global customers, in particular in FMCG, through service and innovation;
- opportunity for significant value creation from synergies across cost efficiencies, capex savings and revenue benefits;
- strong balance sheet and cash flow profile to provide financial resilience and flexibility to continue investment in growth through the cycle;
- commitment to the circular economy and sustainability as a key strategic driver for the business; and
- ability of the combined entity to deliver long-term shareholder value.

Basis for recommending the Combination to DS Smith Shareholders

In assessing the proposal received from International Paper, the DS Smith Board has given consideration to the proposed financial terms of the Combination and the anticipated strategic and financial benefits (including synergies) that are expected to be delivered. Among other factors, the DS Smith Board has focused on both the near term and longer term value that the Combination is expected to deliver to DS Smith Shareholders as well as the implications for all of DS Smith's stakeholders.

The Combination with International Paper represents an attractive opportunity to create an international sustainable packaging solutions leader that is well positioned in attractive and growing markets across Europe and North America.

The DS Smith Board believes that the Combination is based on a compelling strategic, industrial and financial rationale which includes:

- combining two focused fiber-based corrugated packaging solutions businesses with a clear, aligned strategic focus and vision;
- strengthening DS Smith's European business with the additional scale in paper and packaging of International Paper in the U.S. and Europe bringing greater capacity to service customer needs;

- enhancing the position of the combined International Paper and DS Smith business in North America;

- creating the opportunity to drive best practice learnings across a wider network of assets, integrate the mill and box networks, and optimize the supply chains of the Combined Company in both Europe and North America;

- unlocking meaningful cost synergies as well as capex savings and revenue opportunities for the Combined Company;

- enhancing the global proposition to existing and prospective customers across Europe and North America, in particular in the FMCG sector, to provide innovative and value add packaging solutions; and

- resulting in a Combined Company with a strong balance sheet, solid investment grade credit rating, and strong and attractive cash flow profile.

In considering the terms of the Combination and determining whether they reflected an appropriate valuation of DS Smith and its future prospects, the DS Smith Directors took into account a number of factors, including:

- the terms of the Combination represent a value of 415 pence and a premium of 47.7 percent to DS Smith's undisturbed share price of 281 pence on February 7, 2024 (being the day prior to the commencement of the Offer Period), based on International Paper's share price of $40.85 at close of business on March 25, 2024;

- that consideration in New International Paper Shares provides DS Smith Shareholders with the ability to remain fully invested in the Combined Company through DS Smith Shareholders owning approximately 34.1 percent of the Combined Company;

- the opportunity for DS Smith Shareholders to participate in the anticipated value creation from the substantial expected synergies which are expected to be delivered through the Combination and accrue to shareholders of the Combined Company; and

- that the secondary listing of International Paper Shares on the LSE will help facilitate current DS Smith Shareholders to remain invested in the Combined Company alongside some potential benefits of a primary listing on the NYSE upon completion of the Combination.

6. Irrevocable undertakings

The DS Smith Directors have provided irrevocable undertakings to International Paper (the "**Irrevocable Undertakings**") to vote in favor of the Scheme at the Court Meeting and the resolutions relating to the Combination at the General Meeting, in respect of their entire beneficial holdings, amounting to 885,191 DS Smith Shares, in aggregate, representing approximately 0.06 percent of the issued share capital of DS Smith as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus). Copies of the Irrevocable Undertakings are available on DS Smith's website at https://www.dssmith.com/investors/possible-offer-for-ds-smith-by-international-paper/documentation and will remain on display until the end of the Offer Period.

Further details of these Irrevocable Undertakings (including the circumstances in which they fall away) are set out in the Scheme Document.

7. Information on International Paper, DS Smith and Bidco

International Paper

International Paper is a global producer of renewable fiber-based packaging and pulp products and one of the world's largest recyclers, with established operations and presence primarily in North America. Headquartered in Memphis, Tennessee, International Paper employs approximately 39,000 employees globally, 33,000 of whom are in the United States. International Paper serves customers worldwide, with manufacturing operations in North America, Latin America, Europe and North Africa. Net sales for 2023 were $18.9 billion. International Paper is 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, as of June 30, 2024, International Paper operates 23 pulp and packaging mills, 162 converting and packaging plants, 16 recycling plants and three paper bag facilities. International Paper's production facilities, as of December 31, 2023, in Canada, Europe, North Africa and Latin America include four pulp and packaging mills, 37 converting and packaging plants, and two recycling plants. International Paper operates a packaging products distribution business principally through six branches in Asia.

DS Smith

DS Smith is a leading provider of sustainable paper-based packaging with operations across Europe and North America which is supported by recycling and papermaking operations, which are primarily based in Europe. It plays a central role in the value chain across sectors including e-commerce, FMCG and industrials. Through its purpose of 'Redefining Packaging for a Changing World' and its Now and Next sustainability strategy, DS Smith is committed to leading the transition to the circular economy, while delivering more circular solutions for its customers and wider society – replacing plastics, taking carbon out of supply chains and providing innovative recycling solutions. Its bespoke box-to-box in 14 days model, design capabilities and innovation strategy sit at the heart of this response. DS Smith operates in 34 countries employing around 29,000 people and is a Strategic Partner of the Ellen MacArthur Foundation.

Bidco

Bidco is a newly incorporated English private limited company, and an indirect wholly-owned subsidiary of International Paper with International Paper Financial Services Inc. (another wholly-owned subsidiary of International Paper) as its sole shareholder. Bidco has been formed at the direction of International Paper for the purposes of implementing the Combination. Bidco has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Combination.

The address of Bidco's principal executive office is c/o International Paper Company, 6400 Poplar Avenue, Memphis, Tennessee 38197, United States of America. The address of Bidco's registered office is 2 New Bailey, 6 Stanley Street, Salford, Greater Manchester, M3 5GS, United Kingdom.

8. Current trading and prospects

International Paper current trading update

Except for the trends identified in Section A of Part 14 (*International Paper Operating and Financial Review*) of this Prospectus for the three months ended June 30, 2024 and the three months ended March 31, 2024, there have been no significant recent trends in respect of International Paper since December 31, 2023.

DS Smith current trading update

Except for the trends identified in Part 16 (*DS Smith Operating and Financial Review*) of this Prospectus, there have been no significant recent trends in respect of DS Smith since April 30, 2024.

9. Management, employees, pensions, research and development, locations

International Paper's intentions and strategic plans for DS Smith

The International Paper Board believes the Combination with DS Smith is financially attractive and represents a compelling opportunity to accelerate the delivery of International Paper's strategy. The International Paper Board also believes the Combination will enhance the Company's profitable growth by expanding its capabilities and reach across Europe and by providing customers with an increased variety of choices and a superior portfolio of products across two continents.

International Paper intends to move quickly to combine International Paper's and DS Smith's existing businesses and, as soon as practicable following completion of the Combination, the Combined Company will initiate a detailed review of the operations, systems and functions of both businesses to assess how they can work most effectively and efficiently together. This detailed review will provide the basis for an integration program designed to minimize disruption to employees, customers, and suppliers whilst delivering the expected benefits of the Combination. In particular, it will inform the optimal design of the Combined Company's target operating model ("**TOM**"), making the most of the expanded scale, footprint and capabilities the Combined Company will benefit from.

The initial focus of this review will be on potential cost savings through corporate and administration efficiencies, the potential impact of which on duplicative roles in corporate, head office and senior management positions across International Paper's and DS Smith's respective businesses is considered further below. The remaining aspects of the review will also focus on other potential back office savings.

During the period of this review, International Paper also intends to focus on its plan for the roll-out of measures expected to deliver growth and cost synergies, as further described in paragraph 3 (*Background to and reasons for the Combination*) of this Part 8 (*Details of the Combination*) of this Prospectus. Whilst International Paper will seek to undertake as much of this planning work as it can prior to completion of the Combination, it will not be in a position to complete this work until after the Combination has completed.

It is further intended that upon completion of the Combination and subject to any information and consultation procedures required by applicable laws, the Combined Company will effect an internal reorganization whereby International Paper's subsidiaries in France (or any other entity owning these French entities) will acquire, directly or indirectly, the French subsidiaries of DS Smith for the purpose of including the eligible subsidiaries in the French tax group headed by International Paper France SAS, in each case, in accordance with Article 223 B c of the French tax code and applicable regulations. It is not anticipated that this intended reorganization would have consequences for the working conditions of employees in France.

Board and management team of the Combined Company

Upon completion of the Combination, the International Paper Board will form the board of the Combined Company, and up to two DS Smith non-executive directors will be invited to join the board of directors of the Combined Company.

International Paper's CEO, Andrew K. Silvernail, will become CEO of the Combined Company. The remainder of the International Paper leadership team will largely remain in place and, following an assessment of the needs of the Combined Company and the qualifications of DS Smith's leadership team, certain of DS Smith's current leadership team may also become part of the leadership team of the Combined Company.

Post-Combination consultancy agreement

Following completion of the Combination, Miles Roberts, currently Group Chief Executive of DS Smith, shall act as a consultant to the Combined Company to support the integration to ensure continuity and with a view to help realize the benefits of the Combination for both sets of shareholders, for a fixed period of two years (the "**Post-Completion Consultancy Role**").

It has been agreed that the principal terms of the Post-Completion Consultancy Role will be as follows:

- a monthly fee of £125,000 (exclusive of any applicable VAT);
- Miles Roberts will have the opportunity to earn a synergies success fee of up to £1,000,000 (exclusive of any applicable VAT), determined by reference to achievement of the anticipated synergies set out in the Quantified Financial Benefits Statement appended to the announcement made by International Paper on April 4, 2024. A component worth up to 50 percent of this fee will be payable within 45 days following the 12-month anniversary of the commencement of the post-completion consultancy agreement, and a component worth up to the remaining 50 percent of the fee will be payable within 45 days following the end of International Paper's fiscal quarter in which the Post-Completion Consultancy Role ends;
- he will have the opportunity to earn a Combination success fee of up to £1,000,000 (exclusive of any applicable VAT), determined based on the overall success of the integration of International Paper and DS Smith and the successful operation of the Combined Company. A component worth up to 50 percent of this fee will be calculated based on the stock price of International Paper and a component worth up to the remaining 50 percent of the fee will be determined by International Paper's CEO in his sole and absolute discretion taking into account other financial and non-financial criteria indicative of the success of the Combination and overall business performance, including DS Smith leadership retention, profitable market share growth and customer satisfaction (as measured by relevant metrics such as EBITDA and EBITDA margin growth and net promoter scores). Any Combination success fee will be paid within 45 days following the end of International Paper's fiscal quarter in which the Post-Completion Consultancy Role ends;
- he will be reimbursed for all reasonable travelling, hotel and other out-of-pocket expenses;
- once the post-completion consultancy agreement has been in place for at least 18 months, either party may terminate the Post-Completion Consultancy Role on two months' notice. In that event, the determination and payment of the synergies success fee and the Combination success fee will continue to operate in accordance with their terms save that the component of the synergies success fee for the second year of the Post-Completion Consultancy Role will be time pro-rated to the end of International

Paper's fiscal quarter in which the Post-Completion Consultancy Role ends (or to the end of the previous fiscal quarter if the role ends during the first month of a fiscal quarter). If notice of termination is given by the Combined Company, it shall pay the balance of the monthly fees which would otherwise have been payable for the remainder of the two-year term; and

- the Combined Company may also terminate the Post-Completion Consultancy Role immediately at any time in certain circumstances. In that event, Miles Roberts would be entitled only to any fees due and expenses incurred up to the date of termination, and would not be entitled to any success fee.

Employees

International Paper believes that DS Smith employees will benefit from the increased opportunities offered by the Combined Company, as an industry leader in sustainable packaging solutions. These benefits are expected to include increased opportunities for training and development as well as further career path flexibility.

While no decisions have been taken, the synergy analysis carried out by International Paper to date has confirmed the potential to generate expected cost synergies for the Combined Company through corporate and administration efficiencies. Subject to a review of the requirements of the Combined Company after the Effective Date and any applicable employee information and consultation requirements, any administration efficiencies may involve headcount reduction in duplicative roles. Any such headcount reduction would be expected to focus on corporate, head office and senior management positions across the respective businesses. On a provisional basis, International Paper has identified approximately 400 roles across the Combined Company that appear to be duplicative (representing approximately 0.6 percent of the combined workforce). Any potential headcount reduction is subject to a review of the requirements of the Combined Company after the Effective Date and any required information and consultation with any impacted employees and/or their representatives in accordance with applicable law.

Aside from any potential headcount reduction resulting from the review described above, International Paper does not intend that the Combination will result in substantial additional job losses (including in frontline operational roles) or mill or plant closures.

Following completion of the Combination, the existing contractual and statutory employment rights of International Paper and DS Smith employees will be fully safeguarded and observed in accordance with applicable law and the terms of the Co-operation Agreement. Other than as described above, International Paper does not intend to make any material change in the employment of, or in the conditions of employment of, DS Smith employees (except any changes made in accordance with applicable law).

Pension schemes

As of the date of the 2.7 Announcement, International Paper did not intend to make any changes, unless required to do so by applicable law, to the agreed employer contributions into DS Smith's existing defined benefit and defined contribution pension schemes (including with regard to current arrangements for the funding of any scheme deficit in the defined benefit pension scheme), the level of benefits for existing members or the admission of new members to such pension schemes following the Effective Date. International Paper notes the DS Smith Group Pension Scheme was closed to accrual in 2011.

International Paper has entered into discussions with the trustee of the DS Smith Group Pension Scheme, who confirmed as of the date of the 2.7 Announcement that, based on the information International Paper provided to it to that date, and the representations made by International Paper to it to that date, it had no reason to believe that the Combination would have a material adverse effect on the employer covenant or likelihood of benefits being received. International Paper has also agreed to maintain an open dialogue with the trustee in relation to any future changes which might affect the covenant supporting the DS Smith Group Pension Scheme.

Innovation, research and development and fixed assets

International Paper is committed to being at the forefront of development within the industry, driving the pace of innovation through employing the best talent and committing meaningful investments to create and expand on future opportunities.

International Paper does not intend to make any changes to DS Smith's innovation and research and development functions, including DS Smith's global Research & Development (R&D) and Innovation Centre, 'R8', which is located in Birmingham in the U.K.

International Paper does not envisage any redeployment of DS Smith's existing material fixed assets.

Headquarters and locations

As part of the Combination, International Paper envisages that DS Smith's North American manufacturing locations and International Paper's European manufacturing locations would continue their respective operations. Though the Combined Company will be headquartered and domiciled in Memphis, Tennessee, USA, at International Paper's existing headquarters, International Paper intends to maintain key elements of DS Smith's headquarters functions and is proposing to establish a European headquarters in London, United Kingdom, at DS Smith's existing headquarters (subject to any required information and consultation with any impacted employees and/or their representatives in accordance with applicable law).

Further details in relation to International Paper's intentions with regard to the business, management and employees of DS Smith and the Combined Company, including the DS Smith Board's statement in response to International Paper's intentions, is set out in the Scheme Document.

Plans for secondary listing

As part of the Combination, any New International Paper Shares issued to DS Smith Shareholders will be authorized for primary listing on the NYSE. Subject to official notice of issuance, International Paper intends to seek a secondary listing of the International Paper Shares on the LSE.

Other items

The DS Smith Shares are currently admitted to the equity shares (commercial companies) category of the Official List and to trading on the Main Market of the LSE and, as set out in paragraph 13 (*De-listing, cancellation of trading and re-registration*) of this Part 8 (*Details of the Combination*) below, before the Effective Date, an application shall be made to the FCA and the LSE to cancel such admissions to listing and trading, to take effect on or around the Business Day following the Effective Date. DS Smith is also expected to be re-registered as a private company after the Effective Date.

10. Dividends

International Paper and DS Smith have agreed that:

- should the Effective Date be after the record date in respect of:
    - any final dividend by DS Smith in respect of the financial year ended on April 30, 2024 (any such dividend being a "**DS Smith FY24 Final Dividend**"), DS Smith Shareholders will be entitled to receive and retain the DS Smith FY24 Final Dividend;
    - any interim dividend by DS Smith in respect of the financial year ended on April 30, 2025 (any such dividend being a "**DS Smith FY25 Interim Dividend**"), DS Smith Shareholders will be entitled to receive and retain the DS Smith FY25 Interim Dividend; and
    - any final dividend by DS Smith in respect of the financial year ended on April 30, 2025 (any such dividend being a "**DS Smith FY25 Final Dividend**"), DS Smith Shareholders will be entitled to receive and retain the DS Smith FY25 Final Dividend,

provided, in each case, that such dividend is in accordance with DS Smith's dividend policy and does not exceed:

- in respect of the DS Smith FY24 Final Dividend, an amount per DS Smith Share of not more than 12.0 pence;
- in respect of the DS Smith FY25 Interim Dividend, an amount per DS Smith Share of not more than 6.2 pence; and
- in respect of the DS Smith FY25 Final Dividend, an amount per DS Smith Share of not more than 12.3 pence,

(in each case, any such dividend, a "**DS Smith Permitted Dividend**");

- should the Effective Date be after the record date in respect of:
    - any second quarter dividend by International Paper in respect of the fiscal year ended on December 31, 2024 (any such dividend being an "**International Paper FY24 Q2 Dividend**"),

International Paper Shareholders will be entitled to receive and retain the International Paper FY24 Q2 Dividend;

- any third quarter dividend by International Paper in respect of the fiscal year ended on December 31, 2024 (any such dividend being an "**International Paper FY24 Q3 Dividend**"), International Paper Shareholders will be entitled to receive and retain the International Paper FY24 Q3 Dividend;

- any fourth quarter dividend by International Paper in respect of the fiscal year ended on December 31, 2024 (any such dividend being an "**International Paper FY24 Q4 Dividend**"), International Paper Shareholders will be entitled to receive and retain the International Paper FY24 Q4 Dividend;

- any first quarter dividend by International Paper in respect of the fiscal year ended on December 31, 2025 (any such dividend being an "**International Paper FY25 Q1 Dividend**"), International Paper Shareholders will be entitled to receive and retain the International Paper FY25 Q1 Dividend;

- any second quarter dividend by International Paper in respect of the fiscal year ended on December 31, 2025 (any such dividend being an "**International Paper FY25 Q2 Dividend**"), International Paper Shareholders will be entitled to receive and retain the International Paper FY25 Q2 Dividend; and

- any third quarter dividend by International Paper in respect of the fiscal year ended on December 31, 2025 (any such dividend being an "**International Paper FY25 Q3 Dividend**"), International Paper Shareholders will be entitled to receive and retain the International Paper FY25 Q3 Dividend,

provided, in each case, that such quarterly dividend is in accordance with International Paper's dividend policy and does not exceed:

- in respect of the International Paper FY24 Q2 Dividend an amount per International Paper Share not more than 46.25 cents;

- in respect of the International Paper FY24 Q3 Dividend an amount per International Paper Share not more than 46.25 cents;

- in respect of the International Paper FY24 Q4 Dividend an amount per International Paper Share not more than 46.25 cents;

- in respect of the International Paper FY25 Q1 Dividend an amount per International Paper Share not more than 46.25 cents;

- in respect of the International Paper FY25 Q2 Dividend an amount per International Paper Share not more than 46.25 cents; and

- in respect of the International Paper FY25 Q3 Dividend an amount per International Paper Share not more than 46.25 cents,

(in each case, a "**International Paper Permitted Dividend**");

- if, on or after the date of this Prospectus and prior to the Effective Date, DS Smith announces, declares, makes or pays any dividend and/or other distribution and/or other return of capital other than a DS Smith Permitted Dividend or a DS Smith Equalizing Dividend (as defined below), International Paper shall be entitled to:

  - reduce the International Paper share consideration by an amount equivalent to all or any part of such excess (in the case of a DS Smith FY24 Final Dividend, a DS Smith FY25 Interim Dividend, a DS Smith FY25 Final Dividend or a DS Smith Equalizing Dividend (as relevant)) or by the amount of all or part of any such other dividend, distribution or return of capital, in which case any reference in the Scheme Document (or, in the event that the Combination is to be implemented by means of any Takeover Offer, the offer document) to the consideration will be deemed to be a reference to the consideration as so reduced; or

- declare and pay an equalizing dividend to International Paper Shareholders so as to reflect the value attributable to all or any part of such excess (in the case of a DS Smith FY24 Final Dividend, a DS Smith FY25 Interim Dividend, a DS Smith FY25 Final Dividend or a DS Smith Equalizing Dividend (as relevant)) or by the amount of all or part of any such other dividend, distribution or return of capital, in each case at the Relevant Exchange Rate, without any consequential change to the consideration (an "**International Paper Equalizing Dividend**"); and

- if, on or after the date of the Scheme Document and prior to the Effective Date, International Paper announces, declares, makes or pays any dividend and/or other distribution and/or other return of capital in each case with regard to the International Paper Shares other than an International Paper Permitted Dividend or an International Paper Equalizing Dividend, DS Smith shall be entitled to declare and pay an equalizing dividend to DS Smith Shareholders so as to reflect the value attributable to all or any part of such excess (in the case of an International Paper FY24 Q2 Dividend, an International Paper FY24 Q3 Dividend, an International Paper FY24 Q4 Dividend, International Paper FY25 Q1 Dividend, International Paper FY25 Q2 Dividend, International Paper FY25 Q3 Dividend or an International Paper Equalizing Dividend (as relevant)) or by the amount of all or part of any such other dividend, distribution or return of capital, in each case at the Relevant Exchange Rate, without any consequential change to the consideration (a "**DS Smith Equalizing Dividend**").

11. Combination-related arrangements

Confidentiality Agreement

International Paper and DS Smith entered into a confidentiality agreement on February 27, 2024 (the "**Confidentiality Agreement**"), pursuant to which they have each undertaken to keep confidential information relating to the other party and not to disclose it to third parties (with certain exceptions) unless required by law or regulation or permitted pursuant to limited carve-outs to the obligations of confidentiality. The Confidentiality Agreement also includes customary standstill and non-solicitation obligations applicable to both parties.

The confidentiality obligations will remain in force until the Combination becomes Effective or, in the event the Combination does not become Effective, until the date falling two years from the date of the Confidentiality Agreement.

Clean Team Agreement

On March 27, 2024, DS Smith and International Paper entered into a clean team agreement (the "**Clean Team Agreement**"), which sets out, among other things, how confidential information that is competitively sensitive can be disclosed, used or shared between DS Smith's clean team individuals and/or external advisors retained by DS Smith and International Paper's clean team individuals and/or external advisors retained by International Paper.

Joint Defense Agreement

On March 27, 2024, DS Smith, International Paper, Slaughter and May, Skadden, Arps, Slate, Meagher & Flom LLP, Sidley Austin LLP and Sullivan & Cromwell LLP entered into a joint defense agreement (the "**Joint Defense Agreement**"), the purpose of which is to ensure that the exchange and/or disclosure of certain materials between the parties, in particular in relation to the antitrust and regulatory workstreams, does not diminish in any way the confidentiality of such materials and does not result in a waiver of any privilege, right or immunity that might otherwise be available.

Co-operation Agreement

International Paper and DS Smith have entered into a Co-operation Agreement (the "**Co-operation Agreement**") dated April 16, 2024, pursuant to which:

- International Paper has agreed to take all actions as may be necessary or advisable to satisfy, or procure the satisfaction of, all regulatory clearances and authorizations as soon as reasonably practicable and in any event in sufficient time to enable the Effective Date to occur by the Long Stop Date, provided that International Paper shall not be required to offer or accept any regulatory remedy that requires the disposal of any of its mills, plants or other assets located in the United States;

- International Paper shall be responsible for determining the strategy for obtaining such regulatory clearances and authorizations after prior consultation with DS Smith and after having taken into account DS Smith's views;

- International Paper and DS Smith have agreed to certain customary undertakings to co-operate in relation to such regulatory clearances and authorizations; and

- International Paper has agreed to provide DS Smith promptly with certain information as may be reasonably requested and is required for the Scheme Document, and DS Smith has agreed to provide International Paper promptly with certain information as may be reasonably requested and is required for the Proxy Statement and this Prospectus in connection with Admission.

The Co-operation Agreement records the intention of International Paper and DS Smith to implement the Combination by way of the Scheme, subject to International Paper's right to switch to a Takeover Offer in certain circumstances. International Paper and DS Smith have agreed to certain customary provisions if the Scheme should switch to a Takeover Offer.

The Co-operation Agreement also contains provisions that shall apply in respect of International Paper Shareholders' and DS Smith Shareholders' dividend entitlements and directors' and officers' insurance, as well as the DS Smith Share Schemes (as defined in the Scheme Document), other incentive arrangements and other employee-related matters (further details of which will be provided in the Scheme Document).

The Co-operation Agreement provides that International Paper will pay a break fee to DS Smith in the following amounts and circumstances (subject to certain exceptions and exclusions):

- $220,527,460, if International Paper's Board no longer recommends the Combination or if International Paper fails to hold its stockholders' meeting prior to the Long Stop Date;

- $147,018,306, if International Paper invokes any regulatory condition or any regulatory conditions have not been satisfied or waived by International Paper by the Long Stop Date; or

- $73,509,153, if International Paper's stockholders do not approve the resolutions required to implement the Combination at its stockholders' meeting and International Paper's Board has not changed its recommendation in respect of the Combination.

The Co-operation Agreement shall be terminated with immediate effect:

- if International Paper and DS Smith so agree in writing;

- upon service of notice by International Paper to DS Smith if the DS Smith Directors change their recommendation in respect of the Combination (a "**International Paper Board Recommendation Change**");

- upon service of written notice by either International Paper or DS Smith to the other if: (i) a competing offer becomes effective or is declared or becomes unconditional; (ii) the Combination is withdrawn, terminates or lapses in accordance with its terms; (iii) prior to the Long Stop Date, International Paper invokes a Condition (in circumstances where invocation of the relevant Condition is permitted by the Panel); (iv) the Scheme is not approved at the Court Meeting, the resolutions to be proposed at the General Meeting are not passed or the Court refuses to sanction the Scheme; (v) such resolution or resolutions as are necessary to approve, effect and implement the Combination, including to authorize the creation, allotment and issue of the New International Paper Shares, are not passed at the International Paper Shareholder Meeting; or (vi) unless otherwise agreed by International Paper and DS Smith in writing or required by the Panel, the Effective Date has not occurred by the Long Stop Date; or

- upon service of notice by DS Smith to International Paper if: (i) International Paper makes an announcement prior to publication of the Proxy Statement that it will not convene the International Paper Shareholder Meeting or it intends not to file the Proxy Statement with the SEC or transmit it to International Paper Shareholders; (ii) the Proxy Statement does not include the International Paper Directors' recommendation; or (iii) the International Paper Directors change their recommendation in respect of the Combination.

12. Structure of the Combination

It is intended that the Combination will be implemented by way of a Court-sanctioned scheme of arrangement between DS Smith and the DS Smith Shareholders under Part 26 of the Companies Act (although International Paper reserves the right to implement the Combination by means of a Takeover Offer, subject to the consent of the Panel).

The purpose of the Scheme is to provide for Bidco (an indirect, wholly-owned subsidiary of International Paper) to become the holder of the entire issued and to be issued share capital of DS Smith. Pursuant to the Scheme, the DS Smith Shares will be transferred to Bidco in consideration for which the DS Smith Shareholders who are on DS Smith's register of members at the Scheme Record Time will receive the New International Paper Shares on the basis set out in paragraph 2 (*Summary of the terms of the Combination)* of this Part 8 (*Details of the Combination)* of this Prospectus.

Approval by Court Meeting and General Meeting

To become Effective, the Scheme requires, among other things:

(a) satisfaction (or, where applicable, waiver) of the Conditions including the receipt of certain merger control and regulatory clearances, including from the European Commission and the receipt of foreign direct investment clearance in the U.K.;

(b) approval by a majority in number of the DS Smith Shareholders who are present and vote, either in person or by proxy, at the Court Meeting (and at any separate class meeting which may be required by the Court) and who represent not less than 75 percent in value of the DS Smith Shares (or the relevant class or classes thereof) voted by those DS Smith Shareholders;

(c) approval of the requisite majority(ies) of the votes cast, either in person or by proxy, of the resolutions required to approve and implement the Scheme at the General Meeting; and

(d) sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to International Paper and DS Smith) and, following such sanction, the delivery of a copy of the Court Order to the Registrar of Companies.

Application to Court to sanction the Scheme

Once the approvals of the DS Smith Shareholders have been obtained at the Court Meeting and the General Meeting, and the other Conditions have been satisfied or (where applicable) waived, the Scheme must be sanctioned by the Court at the Court Hearing.

The Scheme will become effective in accordance with its terms on delivery of a copy of the Court Order to the Registrar of Companies. Upon the Scheme becoming Effective, it will be binding on all DS Smith Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or General Meeting, or whether they voted in favor of or against the Scheme.

Full details of the Scheme set out in the Scheme Document

The Scheme Document contains further information about the Combination and the notices of the Court Meeting and General Meeting, together with the associated Forms of Proxy. Further details of the Scheme are set out in the Scheme Document, including the expected timetable and the action to be taken by DS Smith Shareholders.

The Scheme will be governed by English law. The Scheme will be subject to the applicable requirements of the Code, the Panel, the LSE, the FCA and the Listing Rules.

The Scheme Document has been published and sent to DS Smith Shareholders and, for information only, to participants in the DS Smith Share Schemes (as defined in the Scheme Document), and the Proxy Statement will be mailed to International Paper Shareholders on, or as soon as reasonably practicable following, September 12, 2024.

At this stage, subject to the approval and availability of the Court (which is subject to change), and subject to the satisfaction (or, where applicable, waiver) of the Conditions, International Paper expects the Combination will become Effective in the fourth quarter of 2024.

Subject to certain restrictions relating to persons resident in certain restricted jurisdictions, the Scheme Document has been made available on International Paper's website at https://www.internationalpaper.com/offer-for-ds-smith-plc/documentation and DS Smith's website at https://www.dssmith.com/investors/possible-offer-for-ds-smith-by-international-paper/documentation.

Conditions to the Combination

The Combination will be subject to the Conditions and further terms set out in full in the Scheme Document.

Among others, the Conditions include:

- the receipt of certain merger control and regulatory clearances, including from the European Commission and the receipt of foreign direct investment clearance in the U.K.;

- the issuance of the New International Paper Shares in connection with the Combination being duly approved by the affirmative vote of the majority of the votes cast at the International Paper Shareholder Meeting;

- confirmation having been received by International Paper that the New International Paper Shares have been approved for listing, subject to official notice of issuance, on the NYSE; and

- acknowledgment having been received by International Paper that the application for Admission has been approved and the International Paper Shares will be admitted to trading on the Main Market for listed securities of the LSE.

In relation to the receipt of regulatory and merger control clearances: (i) the waiting period under the Hart–Scott–Rodino Antitrust Improvements Act of 1976 (the "**HSR Act**") (which commenced on May 21, 2024 upon submission of the required Notification and Report forms with the Federal Trade Commission and Antitrust Division of the U.S. Department of Justice) expired at 11.59 p.m (Eastern Time) on June 20, 2024 and so the HSR Act's bar to closing has been removed; (ii) a filing was made under the UK National Security and Investment Act 2021 (the "**NSI Act**") and, as a clearance decision under the NSI Act was received on August 16, 2024, this Condition has also been satisfied; and (iii) International Paper and DS Smith have determined that a foreign direct investment filing to the Italian authority is not required. DS Smith continues to work with International Paper on the other customary regulatory clearances to which the Combination is subject. The Combination is expected to close by the fourth quarter of 2024, subject to International Paper and DS Smith shareholder approval and customary closing conditions, including receipt of regulatory clearances in Europe.

As further described in the Scheme Document, the Scheme will lapse, and the Combination shall not proceed (unless the Panel otherwise consents) if:

(a) the Scheme does not become Effective by 11.59 p.m. on the Long Stop Date;

(b) the Court Meeting is not held on or before the 22nd day after the scheduled date of the Court Meeting (or such later date as may be agreed between International Paper and DS Smith and the Court may allow);

(c) the General Meeting is not held on or before the 22nd day after the scheduled date of the General Meeting (or such later date as may be agreed between International Paper and DS Smith and the Court may allow); or

(d) the Scheme is not sanctioned on or before the 22nd day after the scheduled date of the Court Hearing (or such later date as may be agreed between International Paper and DS Smith and the Court may allow) and a copy of the Court Order is not delivered to the Registrar of Companies,

and such deadlines are not waived by International Paper or otherwise extended by agreement between International Paper, DS Smith, the Panel and the Court.

Right to switch to a Takeover Offer

International Paper reserves the right to elect to implement the Combination by way of a Takeover Offer for the entire issued and to be issued share capital of DS Smith as an alternative to the Scheme (subject to the consent of the Panel and the terms of the Co-operation Agreement). In such an event, the Takeover Offer will be implemented on the same terms (subject to appropriate amendments, in accordance with the terms of the Co-operation Agreement), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Part C of Appendix I to the 2.7 Announcement.

13. De-listing, cancellation of trading and re-registration

Prior to the Scheme becoming Effective, a request will be made by DS Smith to the LSE to cancel the admission to trading in DS Smith Shares on its Main Market for listed securities to take effect on, or shortly after, the Effective Date and the FCA will be requested to cancel the listing of the DS Smith Shares from the Official List on, or shortly after, the Effective Date.

On the Effective Date, share certificates in respect of DS Smith Shares will cease to be valid (and should be destroyed) and entitlements to DS Smith Shares held within the CREST system will be canceled.

As soon as practicable after the Effective Date and after the cancellation of the admission to trading in DS Smith Shares on the LSE's Main Market for listed securities and the cancellation of the listing of the DS Smith Shares on the Official List, it is intended that DS Smith will be re-registered as a private limited company under the relevant provisions of the Companies Act.

In addition, the New International Paper Shares will be authorized for primary listing on the NYSE subject to official notice of issuance and International Paper will seek a secondary listing of the International Paper Shares on the LSE on the equity shares (international commercial companies secondary listing) category of the Official List.

14. DS Smith capital reduction

As soon as practicable after the Effective Date and after the re-registration of DS Smith as a private limited company as referred to in paragraph 13 above having become effective, Bidco has undertaken, and International Paper has undertaken to procure, that DS Smith: (i) shall cancel DS Smith's existing share capital using the solvency statement procedure set out in Chapter 10 of Part 17 of the Companies Act (the "**Solvency Statement Capital Reduction**"); and (ii) simultaneously issue new ordinary shares to International Paper Bidco, fully paid up, to ensure that there is still at least one share of DS Smith in issue following the Solvency Statement Capital Reduction.

15. Disclosure of interests in DS Smith

International Paper made an Opening Position Disclosure, setting out the details required to be disclosed by it under Rule 8 of the Code on April 11, 2024.

As of the close of business on September 6, 2024 (being the last practicable date prior to this Prospectus), none of International Paper or any of its directors or, so far as International Paper is aware, any person acting, or deemed to be acting, in concert with International Paper had:

- any interest in, or right to subscribe for, relevant securities of DS Smith;
- any short position in (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, relevant securities of DS Smith; or
- borrowed or lent any DS Smith Shares save for any borrowed shares which have been either on-lent or sold.

Furthermore, no dealing arrangement (of the kind referred to in Note 11 of the definition of "acting in concert" in the Code) exists between International Paper or DS Smith or any person acting in concert with International Paper or DS Smith in relation to DS Smith Shares.

16. DS Smith Share Schemes

Participants in the DS Smith Share Schemes (as defined in the Scheme Document) will be contacted regarding the effect of the Combination on their rights under the DS Smith Share Schemes, and appropriate proposals will be made to such participants in accordance with Rule 15 of the Code. Further details of such proposals will be set out in the Scheme Document and in separate letters to be sent to the participants in the DS Smith Share Schemes.

Following completion of the Combination, and once all outstanding options under the DS Smith Share Schemes have either been exercised by participants or have lapsed in accordance with their terms, there will be no rollover or continued operation of any of the DS Smith Share Schemes. Any replacement awards granted to participants in the DS Smith Share Schemes under the proposals made in accordance with Rule 15 of the Code will be under the International Paper Share Plans.

17. Overseas shareholders

The availability of the New International Paper Shares and the distribution of this Prospectus to persons resident in, or citizens of, or otherwise subject to, jurisdictions outside the U.K. may be affected by the laws of the relevant jurisdictions. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. DS Smith Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

This Prospectus is not intended and does not constitute or form part of any offer to sell or to subscribe for, or any invitation to purchase or subscribe for, or the solicitation of any offer to purchase or otherwise subscribe for any securities. DS Smith Shareholders are advised to read carefully this Prospectus and the Scheme Document and the Forms of Proxy once these have been dispatched.

18. Documents on website

Copies of the documents required to be published pursuant to Rule 26.2 of the Code will be published in accordance with the Code on International Paper's website at https://www.internationalpaper.com/offer-for-ds-smith-plc/documentation and DS Smith's website at https://www.dssmith.com/investors/possible-offer-for-ds-smith-by-international-paper/documentation (as applicable) until the end of the Offer Period:

(a) the Scheme Document and the Forms of Proxy;

(b) the 2.7 Announcement;

(c) the memorandum and articles of association of DS Smith and the restated certificate of incorporation and bylaws of International Paper;

(d) a draft of the articles of association of DS Smith as proposed to be amended at the General Meeting;

(e) the consolidated audited report and accounts of DS Smith for the two financial years ended April 30, 2024 and April 30, 2023;

(f) the consolidated audited report and accounts of International Paper for the two fiscal years ended December 31, 2023 and December 31, 2022 and unaudited quarterly results of International Paper for the six and three months ended June 30, 2024 and the three months ended March 31, 2024;

(g) consent letters from each of BofA Securities, Goldman Sachs International, Citi, J.P. Morgan Cazenove;

(h) the material contracts referred to in paragraph 11 above entered into in connection with the Combination;

(i) the Confidentiality Agreement and Joint Defense Agreement;

(j) the Co-operation Agreement;

(k) the Clean Team Agreement;

(l) the reports of Deloitte LLP and of BofA Securities on the Quantified Financial Benefits Statement, as included in the 2.7 Announcement;

(m) a letter from Deloitte LLP confirming that its report in connection with the International Paper FY24 Profit Forecast continues to apply, as required by Rule 27.2(d) of the Code;

(n) a letter from Deloitte LLP confirming that its report in connection with the Quantified Financial Benefits Statement (as referred to in Appendix 1 of the 2.7 Announcement (*Quantified Financial Benefits Statement*)) continues to apply, as required by Rule 27.2(d) of the Code;

(o) the irrevocable undertakings referred to in paragraph 6 above;

(p) the Proxy Statement; and

(q) this Prospectus.

Neither the contents of International Paper's website or the contents of DS Smith's website, nor the content of any other website accessible from hyperlinks on either such website, is incorporated into or forms part of, this Prospectus.

PART 9

INFORMATION ON INTERNATIONAL PAPER

The following information should be read in conjunction with the information appearing elsewhere in this Prospectus, including the financial and other information in Part 14 (International Paper Operating and Financial Review) and the International Paper Financial Information. The financial information included in this Part 9 (Information on International Paper) has been extracted without material adjustment from Part 14 (International Paper Operating and Financial Review) of this Prospectus or the financial information referred to in the International Paper Financial Information, or from the accounting records of the International Paper Group, which formed the underlying basis of the financial information referred to in the International Paper Financial Information.

BUSINESS

Introduction

International Paper Company is a global producer of renewable fiber-based packaging and pulp products with manufacturing operations in North America, Latin America, Europe and North Africa. We are a New York corporation, incorporated in 1941 as the successor to the New York corporation of the same name organized in 1898. You can learn more about us by visiting our website at https://www.internationalpaper.com.

In the United States, as of June 30, 2024, the Company operated 23 pulp and packaging mills, 162 converting and packaging plants, 16 recycling plants and three bag facilities. Production facilities as of December 31, 2023, in Canada, Europe, North Africa and Latin America included four pulp and packaging mills, 37 converting and packaging plants, and two recycling plants. We operate a packaging products distribution business principally through six branches in Asia. Substantially all of our businesses have experienced, and are likely to continue to experience, cycles relating to industry capacity and general economic conditions.

We are guided by our core values. We do the right things, in the right ways, for the right reasons, all of the time - this is The IP Way. Our overarching values are safety, ethics, and excellence.

- Safety - Above all, we care about people. We look out for each other to ensure everyone is physically and emotionally safe.

- Ethics - We act honestly and operate with integrity and respect. We promote a culture of transparency and accountability.

- Excellence – We set high expectations and aim to deliver outstanding results for each other, our customers and our shareholders.

For management and financial reporting purposes, our businesses are separated into two segments: Industrial Packaging and Global Cellulose Fibers. A description of these business segments can be found in Section B of Part 14 (*International Paper Operating and Financial Review*) of this Prospectus.

On September 18, 2023, we completed the previously announced sale of our 50% equity interest in Ilim S.A. ("**Ilim**"), which was a joint venture that operated a pulp and paper business in Russia and has subsidiaries including Ilim Group. We also completed the sale of all of our Ilim Group shares (constituting a 2.39% stake) and divested other non-material residual interests associated with Ilim. Following the completed sales, we no longer have an interest in Ilim or any of its subsidiaries, and no longer have any investments in Russia. As a result, all current and historical results of the Ilim investment reportable segment are presented as Discontinued Operations, net of taxes. See discussion in Note 11 - *Equity Method Investments* of the International Paper Audited Financial Statements.

Following our public announcement on October 18, 2023, the Company permanently closed its containerboard mill in Orange, Texas on December 4, 2023, and permanently ceased production on two of its pulp machines at its mills in Riegelwood, North Carolina and Pensacola, Florida on December 11, 2023. The mill closure resulted in pre-tax non-cash asset write-off and accelerated depreciation charges of approximately $347 million and pre-tax cash severance and other shutdown charges of approximately $81 million. The machine shutdowns resulted in pre-tax non-cash asset write-off and accelerated depreciation charges of approximately $75 million and pre-tax cash severance and other shutdown charges of approximately $37 million. The Company recorded these charges in the fourth quarter of 2023.

From 2019 through 2023, International Paper's capital spending approximated $4.6 billion, excluding mergers and acquisitions. These expenditures reflect our continuing efforts to use our capital strategically to improve product quality and environmental performance, as well as lower costs, maintain reliability of operations and deploy strategic capital for capacity expansion. Capital spending in 2023 was approximately $1.1 billion and is expected to be approximately $800 million to $1.0 billion in 2024. You can find more information about capital spending in Section B of Part 14 (*International Paper Operating and Financial Review*) of this Prospectus.

Discussions of acquisitions can be found in Note 7 - *Acquisitions* of the International Paper Audited Financial Statements.

You can find discussions of restructuring charges and other special items in Section B of Part 14 (*International Paper Operating and Financial Review*) of this Prospectus.

Human Capital

Employees

As of December 31, 2023, we have approximately 39,000 employees (December 31, 2022: approximately 39,000 and December 31, 2021: approximately 38,200), nearly 33,000 of whom are located in the United States. Of our U.S. employees, 22,900 are hourly, with unions representing approximately 14,200 employees. Of this number, 10,600 are represented by the United Steelworkers union ("**USW**").

International Paper, the USW, and several other unions have entered into four master agreements covering various U.S. mills and converting facilities. These master agreements cover several specific items, including wages, select benefit programs, successorship, employment security, and health and safety. Individual facilities continue to have local agreements for other subjects not covered by the master agreements. If local facility agreements are not successfully negotiated at the time of expiration, under the terms of the master agreements the local contracts will automatically renew with the same terms in effect. The master agreements cover the majority of our union represented mills and converting facilities. In addition, International Paper is party to a master agreement with District Council 2, International Brotherhood of Teamsters, covering additional converting facilities.

Safety and Wellbeing

At International Paper, safety is core to who we are and how we operate. To achieve this, we are cultivating a resilient safety culture where every team member is empowered to stop work they believe is unsafe. We work tirelessly to anticipate and address unexpected events by incorporating layers of protection, continuously enhancing our systems and engaging all team members in learning events to prevent injuries before they take place. Our Vision 2030 goal to create a 100% injury-free workplace for our team members and contractors fuels our commitment from Madrid to Memphis and everywhere in between.

We also care deeply about the mental, emotional, physical and professional wellbeing of our employees by providing an Employee Assistance Program ("**EAP**") at no cost to employees and family members. Our EAP offers coaching and counseling sessions aimed at problem solving, achieving goals, and dealing with stress and anxiety management through resilience. We embrace a holistic wellness approach providing employees with resources on incorporating wellness habits into their daily lives.

Human Capital Management

The attraction, retention and development of our employees is critical to our success. We create a positive employee experience that begins at onboarding. Our Human Resources Talent Management Team hosts online Global New Employee Orientation for employees and each business conducts onsite new hire integration training unique to its business and/or facility. This experience continues through our continuous learning, development and performance management programs. We provide continuing education courses that are relevant to our industry and job functions within the Company, including both instructor-led and online training through our MyLearning Learning Management System ("**LMS**") platform. Across the enterprise in 2023, employees completed 4.6 million learning activities through our platform.

In addition, we have created learning paths for specific positions that are designed to encourage an employee's advancement and growth within our organization, such as our REACH (Recruit, Engage, Align College Hires) program and Global Manufacturing Training Initiative programs. Through REACH we recruit and develop early-career engineers and safety professionals for our U.S. mills, preparing them to become future leaders. We invest in the growth and development of our employees by providing a multi-dimensional approach to learning that empowers, intellectually grows and professionally develops our employees. Our Global Manufacturing Training Initiative provides training services to hourly operations and maintenance employees in our mills in a standardized and structured manner. On the converting side of our business, more than 350 front line and future leaders participated in our multi-day in-person Leadership Application and Professional Development and Manufacturing Management Associate Programs during 2023.

We develop leaders through our IP Leadership Institute offering a broad range of LMS virtual and in person resources, courses and workshops for individual contributors, people leaders and teams. We also offer peer mentoring and leadership and career development training to support and develop our employees.

We help our employees better themselves by offering tuition reimbursement to employees to pursue additional education to prepare for other positions at the Company. We also provide student loan assistance to help employees repay qualified student loans. These resources provide employees with the skills and support they need to achieve their career goals, build management skills and become leaders within our Company.

The labor market for both hourly and salaried workers continues to be increasingly competitive. For additional information regarding risks related to the current labor market, see the risk factor entitled "*International Paper and DS Smith operate in and, following completion of the Combination, the Combined Company will operate in a challenging market for talent and may fail to attract and retain qualified personnel, including key management personnel*" in Part 2 (*Risk Factors*) of this Prospectus.

Compensation and Benefits

We view compensation and benefits as part of how we attract, engage and retain our talented workforce. We do so by rewarding performance while ensuring competitive compensation in our local markets around the world. We continually evaluate our compensation and benefits so that we offer optimal compensation programs and remain a leading employer of choice in the areas in which we operate.

Diversity and Inclusion

We believe in an inclusive workforce, where employees of diverse backgrounds and perspectives are represented, engaged and empowered to contribute innovative ideas, influence decisions, and bring their authentic selves to work. Looking forward to projected workforce demographic changes over the next decade, and guided by our commitment to equal employment opportunity for all, our stated Vision 2030 goal is to achieve 30% overall representation of women and 50% women in salaried positions, 30% racial and ethnic minority representation in U.S. salaried positions, and to implement regional diversity plans in non-U.S. locations. To foster a more diverse and inclusive culture, the Company is focused on promoting a culture of diversity and inclusion that leverages the talents of all employees, and implementing practices that attract, recruit and retain a broad diversity of talent.

Our Global Diversity and Inclusion Council, comprised of senior leaders in the Company, is committed to creating and promoting a culture of inclusion, collaboration, engagement, equity and diversity. The Company supports enterprise-wide employee-led networking circles ("**ENCs**") that are open to all employees and provide a forum to communicate and exchange ideas, build a network of relationships across the Company, and pursue personal and professional development, such as the Women in International Paper ("**WIP**") ENC, Black Employee Networking Circle ("**BEN**"), Hispanic Heritage ENC, LGBTQ+ & Allies ENC ("**IPride**") and a Veterans ENC ("**iVets**"). Each ENC is sponsored by Company leaders and aligned with our core values and business objectives. Through annual initiatives, ENCs offer development opportunities, encourage cross-collaboration and connection with individuals throughout the Company, and engage allies. Some facilities and functions also have their own ENCs.

In 2023, our ENCs executed on 30 initiatives aimed at strengthening our diversity and inclusion culture. As examples of our efforts, in 2023, IPride hosted a workshop, "Pride 101," where speakers educated attendees on topics such as history of the LGBTQ+ movement, and offered guidance to allies on how to support LGBTQ+ colleagues. Similarly, BEN sponsored a Juneteenth event, iVets partnered with our Community Engagement team to sponsor Wreaths Across America, and WIP worked with our communications team to recognize women working in our facilities. We also recognize Diversity & Inclusion awareness months, conduct training and host D&I workshops and team-level courses which further our diversity and inclusion goals.

We have also developed a Diversity Acquisition Framework for U.S. colleges and universities to guide our enterprise diversity and inclusion efforts as we strive to hire the best talent by accessing all the available talent using broad recruiting parameters through inclusive and legally compliant employment practices.

The make-up of our Board of Directors and Senior Leadership Team ("**SLT**") reflects our efforts to seek qualified board candidates with diverse backgrounds and perspectives including, but not limited to, such factors as race, ethnicity and gender.

As of June 30, 2024, the composition of our Board of Directors, as noted below, reflects those efforts and the importance of diversity:

- 27% women, 18% African-American; and
- 50% of the Board of Directors standing committees are chaired by women.

Our Senior Leadership Team is currently comprised of senior vice presidents who oversee crucial functions and business units within the Company and is 27 percent women as of June 30, 2024.

Community Engagement

We encourage our employees to support the communities in which they live and in which the Company operates. Our community engagement efforts extend across the globe and support social and educational needs. To that end, in 2023, we invested approximately $20 million to address critical needs in the communities in which we work and live. Our Vision 2030 goal is to strengthen the resilience of our communities, in numerous ways, and improve the lives of 100 million people in our communities in numerous ways, including the support of education, reducing hunger, promoting health and wellness and supporting disaster relief.

One way we lead in promoting health and wellness is through our award-winning Fighting Period Poverty in Our Communities program. Period poverty is lack of access to period products and education and affects at least 500 million women and girls globally. Period poverty leads to school truancy, reproductive issues, health risks and unnecessary shame. Through this program, we collaborate with partners to create awareness of period poverty globally and provide period care kits to people who need them most.

In 2022, the Company was honored with the American Forest & Paper Association's ("**AF&PA**") "Diversity, Equity and Inclusion in Sustainability Award" for our "Ending Period Poverty" program. In 2023, we hosted 62 menstrual product kit packing events in nine countries donating more than 32,000 menstrual product kits to people across the world.

In 2023, the Company was also awarded a Leadership in Sustainability Award for Resilient U.S. Forests by the AF&PA for its innovative approach to promote forest bird awareness and conservation within the forest product supply chain in partnership with the American Bird Conservancy. In 2024, we received the Grassroots Innovation Award from the Public Affairs Council. Additionally, we are proud to have been named among the world's most ethical companies by Ethisphere for 17 consecutive years.

Intellectual Property, Patents and Trademarks

We rely on a combination of patent, copyright, trademark, design, trade secret, and internet domain laws to establish and protect our intellectual property rights in the United States and in foreign jurisdictions. The Company's practice is to file applications and obtain patents for products and services we believe improve our value proposition to customers. We maintain a portfolio of trademarks and service marks registered with the U.S. Patent and Trademark Office and in certain foreign jurisdictions, unregistered trademarks, licenses, and internet domain names that we consider important to the marketing of our products and business. These trademarks and service marks include those entity and product names that appear in this Prospectus, as well as names of other products and marketing-related taglines. Our registered intellectual property has various expiration dates. The Company also relies on trade secret and other confidential information protection for manufacturing processes, product specifications, formulae, analyses, market information, forecasts, and other competitively sensitive information.

Competition and Costs

The pulp and packaging sectors are large and fragmented, and the areas into which we sell our principal products are very competitive. Our products compete with similar products produced by other forest products companies. We also compete, in some instances, with companies in other industries and against substitutes for wood-fiber products.

Many factors influence the Company's competitive position, including price, cost, product quality and services. You can find more information about the impact of these factors on operating profits in Section B of Part 14 (*International Paper Operating and Financial Review*) of this Prospectus.

Further detail in relation to the Company's manufacturing capacities is set out below:

in thousands of short tons (except as noted)	U.S.	EMEA	Americas, other than U.S.	Total
Industrial Packaging				
Containerboard[1]	13,829	560	27	14,416
Global Cellulose Fibers				
Dried Pulp (in thousands of metric tons)[2]	2,749	—	373	3,122

(1) In addition to Containerboard, this also includes saturated kraft, kraft bag, and gypsum. U.S. capacity includes Orange, Texas mill, which was permanently closed in December 2023.

(2) U.S. capacity includes pulp machines at its mills in Riegelwood, North Carolina and Pensacola, Florida, which were permanently shutdown in December 2023 and August 2023, respectively.

Marketing and Distribution

The Company sells products directly to end users and converters, as well as through agents, resellers and distributors.

Description of Principal Products

The Company's principal products are described in Section B of Part 14 (*International Paper Operating and Financial Review*) of this Prospectus. A breakdown of total revenues by operating segment and geographic market can be found in Note 3 - *Revenue Recognition* to the International Paper Audited Financial Statements.

Sales Volumes by Product

Sales volumes of major products for 2023, 2022 and 2021 were as follows:

SALES VOLUMES BY PRODUCT[a]

In thousands of short tons (except as noted)	2023	2022	2021
Industrial Packaging			
Corrugated Packaging[b]	9,428	10,202	10,787
Containerboard	2,604	2,642	2,893
Recycling	2,152	2,190	2,223
Saturated Kraft	160	188	186
Gypsum/Release Kraft	237	251	234
Europe, Middle East & Africa ("EMEA") Packaging[b]	1,282	1,376	1,546
Industrial Packaging	15,863	16,849	17,869
Global Cellulose Fibers (in thousands of metric tons)[c]	2,681	2,893	2,970

(a) Includes third-party and intersegment sales and excludes sales of equity investees.

(b) Volumes for corrugated box sales reflect consumed tons sold ("CTS"). Board sales for these businesses reflect invoiced tons.

(c) Includes North American volumes and internal sales to mills.

Governmental Regulation

The Company's policy is to operate its mills and factories in compliance with all applicable laws and regulations such that it protects the environment and the health and safety of its employees. We operate our businesses and sell products globally. In each of the jurisdictions in which we operate, we are subject to a variety of laws and regulations governing various aspects of our business, including general business regulations as well as those governing the manufacturing, production, content, handling, storage, transport, marketing and sale of our products. Our operations are also subject to forestry reserve requirements, other environmental regulations and occupational health and safety laws. Violations can result in substantial fines, administrative sanctions, criminal penalties, revocations of operating permits and/or shutdowns of our facilities, litigation, other liabilities, as well as damage to our reputation. We incur costs to comply with these requirements. For additional information regarding risks associated with environmental matters, see the risk factor entitled "*International Paper and DS Smith are and, following completion of the Combination, the Combined Company will be 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, or the failure to comply with such requirements, could impact their business and results of operations*" in Part 2 (*Risk Factors*) of this Prospectus.

Environmental Protection

As responsible stewards of people and communities, natural resources and capital, stewardship is one of the Company's core values. Our Vision 2030 goals provide a framework to build a better future for people, the planet and the Company in the areas of healthy and abundant forests, thriving people and communities, sustainable operations and renewable solutions. Through these efforts and more, the Company tackles the toughest issues in the value chain to improve its environmental footprint and promote the long-term sustainability of natural capital.

Our approach to sustainability considers our entire value chain, from sourcing raw materials responsibly and working safely, to making renewable, recyclable products and providing a market for recovered products. To help inform and prioritize the focus of our sustainability strategy, we have engaged with internal and external stakeholders using a variety of methods, assessed key issues and associated risks and opportunities, and incorporated sustainability considerations into our processes. Additionally, in 2020, we established our Vision 2030 goals with the purpose of promoting healthy and abundant forests, thriving people and communities, sustainable operations and renewable solutions.

As part of its business, the Company is subject to extensive and increasingly stringent federal, state, local, and international laws and regulations governing the protection of the environment. For example, Company manufacturing processes involve discharges to water, air emissions, water intake and waste handling and disposal activities, all of which are subject to a variety of environmental laws and regulations, along with requirements of environmental permits or analogous authorizations issued by various governmental authorities. In addition, new environmental laws or regulations impacting our facilities around the world are often passed or proposed. Our continuing objectives include: controlling emissions and discharges from our facilities to avoid adverse impacts on the environment, and maintaining compliance with applicable laws and regulations. The Company spent approximately $40 million in 2023 for capital projects to control environmental releases into the air and water, and to assure environmentally sound management and disposal of waste. We expect to spend approximately $35 million in 2024 for environmental capital projects. Capital expenditures on environmental projects for 2025 and 2026, respectively, are anticipated to be approximately $40 million and $35 million. It is possible that our capital expenditure assumptions, estimates and project completion dates may change, and our projections are subject to change due to items such as the finalization of ongoing engineering projects, varying costs or changes in environmental laws and regulations.

The Company has completed capital projects to meet the U.S. Environmental Protection Agency's ("**EPA**") maximum achievable control technology ("**MACT**") and risk and technology review ("**RTR**") regulations that require owners of specified pulp and paper process equipment and boilers to meet new air emissions standards for certain substances. As portions of these MACT and RTR regulations have been remanded to EPA for further consideration it is not clear at this time what, if any, additional capital project expenditures might result from resolution of the open issues.

The Company has been named as a potentially responsible party ("**PRP**") in environmental remediation actions under various federal and state laws, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("**CERCLA**"). Many of these proceedings involve the cleanup of hazardous substances at large commercial landfills that received waste from many different sources. While joint and several liability is authorized under CERCLA and equivalent state laws, as a practical matter, liability for CERCLA cleanups is typically allocated among the many PRPs and/or potentially liable parties, and costs are commonly allocated according to relative amounts of waste deposited and other factors. There are other remediation costs typically associated with the cleanup of hazardous substances at the Company's current, closed or formerly owned facilities, and recorded as liabilities on the balance sheet. For additional information regarding certain remediation actions, see Note 14 – *Commitments and Contingent Liabilities* of the International Paper Audited Financial Statements. For additional information regarding risks associated with environmental matters, see the risk factor entitled "*International Paper and DS Smith are and, following completion of the Combination, the Combined Company will be 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, or the failure to comply with such requirements, could impact their business and results of operations*" in Part 2 (*Risk Factors*) of this Prospectus.

Climate Change

The Company recognizes the impacts of climate change on people and our planet. To manage climate-related risks, we are taking actions throughout our value chain to help advance a low-carbon economy. We aligned our annual sustainability reporting with the recommendations of the Task Force on Climate-Related Financial Disclosure ("**TCFD**") in the 2023 reporting cycle (based upon data from 2022). As part of our TCFD reports, we identify and report on climate-related opportunities. We identify and evaluate physical and transition climate-related risks through our enterprise risk management process.

We transform renewable resources into recyclable products that people depend on every day. We aim to produce low carbon products that have a positive impact on nature. To this end, we source renewable fiber from responsibly managed forests and recycled raw materials. We then use a circular manufacturing process that makes the most of resources and byproducts, while reducing the environmental impacts of our operations. At the end of use, the majority of our low-carbon fiber-based products are recycled into new products at a higher rate than any other base material. We work to advance the shift to a low-carbon, circular economy by designing products that are 100% reusable, recyclable or compostable.

Through improvements in operations, equipment, energy efficiency and fuel diversity, we are working to achieve company-wide reductions in Scope 1 and Scope 2 greenhouse gas ("**GHG**") emissions. As part of our Vision 2030 goals, we have targeted incremental reductions of 35% in our Scope 1, 2, and 3 GHG emissions by 2030 in comparison to 2019 levels. The Science Based Targets initiative approved these targets as consistent with levels required to meet the goals of the 2015 Paris Agreement, an agreement signed among over 170 countries, which became effective in November 2016. We intend to continue to evaluate and implement projects as we pursue this Vision 2030 GHG goal. This includes ongoing energy efficiency efforts and capital projects to phase out our most carbon intensive fuel sources (Scope 1) as well as developing GHG reduction strategies for our energy sourcing (Scope 2) and broader supply chain footprint (Scope 3). In addition, we have committed to be an early adopter of the Taskforce on Nature-related Financial Disclosures ("**TNFD**"). TNFD adopters intend to make corporate reporting disclosures that are aligned with TNFD recommendations, which have been designed to (i) meet the corporate reporting requirements of organizations across jurisdictions; (ii) be consistent with the global baseline for corporate sustainability reporting; and (iii) be aligned with the global policy goals outlined in the Kunming-Montreal Global Biodiversity Framework, which was adopted to halt and reverse nature loss by 2030.

We use carbon-neutral biomass and manufacturing residuals (rather than fossil fuels) to generate a majority of the manufacturing energy at our mills. We believe our efforts to advance sustainable forest management and restore forest landscapes are an important lever for mitigating climate change through carbon storage in forests.

International Efforts

The 2015 Paris Agreement compels international efforts and voluntary commitments toward reducing the emissions of GHGs. IP supports the 2015 Paris Agreement and recognizes the importance of global policy action to achieve emission reductions consistent with an increase of "well below 2 ° Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 ° Celsius." Consistent with this objective, participating countries aim to balance GHG emissions generation and sequestration in the second half of this century or, in effect, achieve net-zero global GHG emissions.

To assist member countries in meeting GHG reduction obligations, the European Union operates an Emissions Trading System ("**EU ETS**"). Our operations in the EU experience indirect impacts of the EU ETS through purchased power pricing. Neither the direct nor indirect impacts of the EU ETS have been material to the Company, but they could be material to the Company in the future depending on how the 2015 Paris Agreement's non-binding commitments or allocation of, and market prices for, GHG credits under existing rules evolve over the coming years.

Additionally, the EU's newly mandated Corporate Sustainability Reporting Directive ("**CSRD**") and Deforestation Regulation ("**EUDR**"), each impose additional compliance responsibilities on the Company. The CSRD requires additional reporting processes for greater accountability. The Company's first reporting year under the CSRD is expected to be 2025. The CSRD standards replace the existing Non-Financial Reporting Directive and expands reporting requirements for companies operating in the EU. The implementation timeline varies depending on the type of entity.

The EUDR requires companies trading in products derived from certain commodities to conduct extensive diligence on the value chain to ensure goods do not result from recent deforestation, forest degradation or breaches of local environmental and social laws. Currently, the Company is evaluating the implications of the EUDR to its business with the expected earliest reporting date being in 2025.

U.S. Efforts, Including State, Regional and Local Measures

Responses to climate change may result in regulatory risks as new laws and regulations aimed at reducing GHG emissions come into effect. The EPA manages regulations to: (i) control GHGs from mobile sources by adopting transportation fuel efficiency standards; (ii) control GHG emissions from new Electric Generating Units; (iii) control emissions from new oil and gas processing operations; and (iv) require reporting of GHGs from sources of GHGs greater than 25,000 tons per year.

Several U.S. states, including states in which we operate facilities, have enacted or are considering legal measures to require the reduction and reporting of emissions of GHGs by companies and public utilities. California, New York and Virginia have already enacted such programs, although these regulations have not had, and are not expected to have a material impact on the Company. For example, the State of California in 2023 passed the Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act, which will impose climate-related reporting obligations on companies doing business in California meeting specified thresholds, including the Company. We monitor proposed programs in other states as well; however, it is unclear what impacts, if any, future state-level or local GHG rules will have on the Company's operations.

Summary

Regulation related to GHGs and climate change continues to evolve in the areas of the world in which we do business. However, while it is likely that there will be increased governmental action regarding GHGs and climate change in the future, it is unclear what actions will be taken and when such actions will occur and at this time it is not reasonably possible to estimate the Company's costs of compliance with rules that have not yet been adopted or implemented and may not be adopted or implemented in the future. In addition to possible direct impacts, future legislation and regulation could have indirect impacts on the Company, such as higher prices for transportation, energy and other inputs, as well as more protracted air permitting processes, causing delays and higher costs to implement capital projects. Other possible indirect impacts may include influence on competitive position due to customer and end-consumer preferences regarding low-carbon, circular products with a high recycling rate along with tax credit and funding opportunities to expand green energy production and carbon credit generation. The Company has controls and procedures in place to track GHG emissions from our facilities, as well as to stay informed about developments concerning possible climate-related laws, regulations, accords, and policies in the U.S. and in other jurisdictions where we operate. We regularly assess whether such developments may have a material effect on the Company, its operations or financial condition, and whether we have any related disclosure obligations under applicable rules and regulations.

Moreover, compliance with legal requirements related to GHGs and/or climate change which are currently in effect or which may be effective or enacted in the future are expected to require future expenditures to meet GHG emission reduction, disclosure or other obligations. These obligations may include carbon taxes, the requirement to purchase GHG credits or the need to acquire carbon offsets. We may also incur significant expenditures in relation to our efforts to meet our internal targets or goals with respect to GHGs and climate change, including our Vision 2030 goal on GHGs as set forth above. Furthermore, in connection with complying with legal requirements and/or our efforts to meet our internal targets and goals, we have made and expect to continue to make capital and other investments to displace traditional fossil fuels, such as fuel oil and coal, with lower carbon alternatives, such as biomass and natural gas. Rather than rely on carbon offsets, we focus on reducing energy consumption as well as relative GHG emissions across our mills and manufacturing facilities. Currently, these efforts and obligations have not materially impacted the Company but such efforts and obligations may have a material impact on the Company in the future.

We believe sustainability is a key element of corporate governance promoted by our Board of Directors, committees of the Board of Directors, and senior management.

Our Board of Directors has primary oversight of the Company's enterprise risk management program, which includes sustainability. The Board receives updates from our Chief Sustainability Officer ("**CSO**") and additional members of management. Our Board of Directors also conducts periodic reviews of components of the sustainability strategy and performance and reviews material key sustainability-related developments and issues. Our standing committees share responsibility on sustainability as described below:

Audit and Finance Committee

- reviews processes and controls for external reporting of sustainability and social impact data and metrics; and
- reviews related disclosures in Annual Report on Form 10-K.

Governance Committee

- reviews and reassesses adequacy of, and oversees compliance with our Corporate Governance Guidelines; and
- seeks Board of Director candidates with diverse backgrounds.

Management Development and Compensation Committee

- approves Chief Executive Officer ("**CEO**") objectives and evaluates performance;
- approves SLT compensation and overall compensation plan design; and
- reviews disclosures related to executive compensation.

Public Policy and Environment Committee

- reviews sustainability and social impact policies, plans and performance to ensure commitments to stewardship; and
- stays current on emerging sustainability and social impact trends and issues impacting the Company.

At the management level, ownership and governance of sustainability matters is embedded in the organization from the top down. Our CEO and SLT are responsible for corporate strategy and leadership including incorporation of our sustainability goals and standards into our daily operations and long-term business strategy. Our SLT, which is comprised of senior vice presidents who oversee critical functions and business units within the Company, evaluates sustainability issues based on input from function-specific councils that report to the SLT. The SLT receives several sustainability updates throughout the year from our CSO. The Company also has an Enterprise Lead Team, comprised of the SLT and additional subject matter experts, including our CSO, that meets quarterly and receives regular climate-related updates. Moreover, at the operational level, our Stewardship Council, a cross-functional leadership team with representatives from businesses and functional teams, guides and supports the Company's sustainability strategy and tactics.

For additional information regarding risks associated with climate change, see the risk factor entitled "*International Paper and DS Smith are and, following completion of the Combination, the Combined Company will be subject to risks associated with climate change and other sustainability matters and global, regional and local weather conditions as well as by legal, regulatory, and market responses to climate change*" in Part 2 (*Risk Factors*) of this Prospectus.

Additional information regarding climate change and the Company is available in our 2023 Sustainability Report and 2023 TCFD Report, both of which can, or will be, found on our website at https://www.internationalpaper.com. The information contained in such reports is not incorporated by reference into this Prospectus and should not be considered part of this or any other report that we file with or furnish to regulators. Any targets or goals with respect to sustainability matters discussed herein or in our sustainability reports as noted above are forward-looking statements and may be aspirational. These targets or goals are not guarantees of future results, and involve assumptions and known and unknown risks and uncertainties, some of which are beyond our control.

Raw Materials

Raw materials essential to our businesses include wood fiber, purchased in the form of pulpwood, wood chips and old corrugated containers ("**OCC**"), and certain chemicals, including caustic soda, starch and adhesives. For further information concerning fiber supply purchase agreements, see Section B of Part 14 (*International Paper Operating and Financial Review*) of this Prospectus.

PART 10

INFORMATION ON DS SMITH

*The following information should be read in conjunction with the information appearing elsewhere, or incorporated by reference, in this Prospectus, including the financial and other information in Part 16 (DS Smith Operating and Financial Review) and the DS Smith Financial Information on pages F-110 to F-111 of this Prospectus (the "**DS Smith Financial Information**"). The financial information included in this Part 10 (Information on DS Smith) has been extracted without material adjustment from Part 16 (DS Smith Operating and Financial Review) or the financial information referred to in the DS Smith Financial Information, or from the accounting records of the DS Smith Group, which formed the underlying basis of the financial information referred to in the DS Smith Financial Information.*

Business Overview

DS Smith is a leading provider of sustainable fiber-based packaging with operations across Europe and North America which is supported by recycling and paper-making operations. It plays a central role in the value chain across its customers' sectors including e-commerce, fast moving consumer goods and industrials.

Through its purpose of 'Redefining Packaging for a Changing World' and its Now and Next sustainability strategy, DS Smith is committed to leading the transition to the circular economy, and delivering more circular solutions for its customers and wider society – replacing plastics, taking carbon out of supply chains and providing innovative recycling solutions. DS Smith operates in over 30 countries employing approximately 29,000 people and is a strategic partner of the Ellen MacArthur Foundation.

The DS Smith Group's principal activity is designing and manufacturing corrugated packaging. In order to support its packaging business, the DS Smith Group has a recycling business that collects used paper and corrugated cardboard, from which the DS Smith Group's paper manufacturing facilities make the corrugated case material ("**CCM**") used in corrugated packaging.

The DS Smith Group is one of the leading corrugated packaging businesses in Europe by volume.

In DSS FY 24, the DS Smith Group achieved aggregate revenues of £6,822 million (DSS FY 23: £8,221 million) and an adjusted operating profit of £701 million (DSS FY 23: £861 million) (before amortization, acquisitions and disposals).

DS Smith is a public company incorporated and registered in England and Wales, whose shares are traded on the Main Market of the LSE. DS Smith is the ultimate parent company of the companies in the DS Smith Group. DS Smith's Legal Entity Identifier (LEI) is 39RSBE4RCI4M15BLWH36. Its registered address is at Level 3, 1 Paddington Square, London, W2 1DL, United Kingdom and its telephone number is +44 (0) 20 7756 1800. The DS Smith Group's website is accessible at www.dssmith.com and neither the contents of this website nor the content of any other website, including any other website accessible from hyperlinks on this website, is incorporated into, or forms part of, this Prospectus.

History

The DS Smith Group traces its roots to the 1940s, where it was founded as a box-making business in East London. DS Smith was incorporated and registered in England and Wales on July 7, 1978 under the Companies Act 1948 to 1976 as a private company limited by shares with the name David S. Smith (Packaging) Limited and registered number 01377658. Its name was changed to David S. Smith (Holdings) Limited on August 11, 1978. On June 28, 1982, DS Smith was re-registered as a public company limited by shares with the name David S. Smith (Holdings) Public Limited Company. DS Smith listed on the LSE on March 3, 1986. Its name was subsequently changed to DS Smith Plc on September 17, 2001.

Business Activities

The DS Smith Group primarily operates in the packaging, recycling and paper markets. The DS Smith Group's business activities in these markets are organized into four regional packaging operating divisions supported by the vertically integrated paper and recycling businesses. Information on each operating division is set out in the "*Business Divisions*" section below.

Packaging

The DS Smith Group's packaging business designs and manufactures corrugated packaging for customers across Europe and also in parts of North America with approximately 25,120 employees as at April 30, 2024. The DS Smith Group's product range encompasses packaging for e-commerce, retail and shelf ready packaging, transit cases, consumer boxes, corrugated packs printed for gift and point of sale displays, and heavy duty industrial products. The DS Smith Group complements its packaging business by providing consultancy services including supply chain audit and creative design.

The DS Smith Group's international network of manufacturing plants services thousands of customers, selling approximately 8.5 billion m^2 (DSS FY 23: 8.6 billion m^2) of corrugated board in DSS FY 24.

The market for corrugated packaging is fragmented with a large number of local suppliers. Due to the bulky nature of corrugated packaging and the customer requirements for short lead times, it is not typically transported over long distances. In the context of a fragmented industry, the DS Smith Group is able to offer its customers a pan-European solution for their packaging needs using its extensive network of manufacturing sites across Europe.

The DS Smith Group's packaging business also invests in research and development. The DS Smith Group has a network of PackRight and Impact Centres operating across Europe and North America. The benefit and costs of these centres are shared across the business, which enables the DS Smith Group to offer a high standard of product while maintaining competitive pricing. The DS Smith Group aims to stimulate sales through offering innovative products that solve the packaging needs of its customers.

The DS Smith Group's focus on innovation, in particular performance packaging, enables it to deliver packaging solutions with the performance qualities that its customers require, while using smart design to reduce the cost of materials used. This focus on driving innovation and design expertise decreases the commoditization of its packaging products. The DS Smith Group focuses on customer engagement to ensure that innovation activities remain aligned to future customer needs and purchasing requirements. The aim of any innovation or piece of sophisticated design is either (i) to reduce costs for manufacturers and retailers as and when products are produced, shipped and stored, or (ii) to improve the appeal and functionality of the packaging as it appears to end-customers when displayed on a shelf. Packaging can be designed to improve its impact when displaying products on-shelf through the use of print for marketing messages, and through designs that make the produce easy for consumers to access. The DS Smith Group works with customers to tackle the e-commerce challenge of void space. Creating the right-sized pack lowers costs for e-retailers by reducing both operational and shipping cost, saving storage space, reducing labor costs and order administration and significantly cutting assembly and packing times. It also reduces product movement, helping to reduce damage and hence the rate of product returns. The resulting process helps customers prepare for omni-channel retailing, i.e. packaging that can be used in any retail environment.

Recycling

The DS Smith Group's recycling business operates across Europe and North America with approximately 660 employees as at April 30, 2024. The collection of old corrugated cases ("**OCC**") and other used fiber is part of the waste and recycling industry. The DS Smith Group is a market leading fiber recycling and waste management company and one of Europe's leading paper recyclers, managing approximately 5.4 million tonnes in DSS FY 24.

The DS Smith Group's recycling business sources used paper and OCC direct from retailers, manufacturers, local authorities and other recycling and waste management companies. It is primarily used by its own paper mills to make recycled paper, with the remainder sold to other paper manufacturers or traders. In addition, the DS Smith Group offers a range of other services, such as recycling and environmental audits and consultancy to help customers manage their materials most efficiently, with the aim of achieving zero waste. The DS Smith Group's recycling business supports its paper operations by providing the fiber required, with a consistent and well-defined quality, which in turn enables its paper mills to produce paper with precisely the performance characteristics required by the packaging business. The recycling business also supports the DS Smith Group's corrugated packaging business by helping retailers get best value from their used corrugated material, encouraging the use of corrugated packaging over other packaging materials.

Paper

The DS Smith Group is a leading European manufacturer of recycled CCM and speciality papers. The DS Smith Group offers security of supply, expert technical support and a commitment to using sustainable materials, processes and relationships.

The DS Smith Group's paper business has approximately 3,200 employees as at April 30, 2024. The paper business comprises 14 CCM paper mills, 12 in Europe and two in the U.S. Of those, two are kraft liner (virgin paper) mills (one in the U.S. and one in Europe) and the remainder are principally dedicated to the production of recycled CCM (testliner) (as at April 30, 2024). It also has two small mills in Europe producing specialist paper grades.

In DSS FY 24, the DS Smith Group produced approximately 4.1 million tonnes of CCM. The majority of the DS Smith Group's products are supplied to the DS Smith Group's packaging operations for conversion into corrugated board and boxes. The DS Smith Group also manufactures other paper grades such as core board and plasterboard liner, which are sold outside the DS Smith Group to specialist paper customers in a number of specialist markets including construction, printing, food manufacturing, stationery and education. All of the DS Smith Group's fiber-based products are made from recycled or chain of custody certified fibers which are around 99 percent recyclable in domestic or commercial waste streams.

Business Divisions

The majority of the DS Smith Group's packaging, recycling and paper businesses operate in four geographical segments:

(A) Northern Europe (Belgium, Denmark, Finland, Germany, Netherlands, Sweden, Switzerland and United Kingdom);

(B) Southern Europe (France, Italy, Portugal and Spain);

(C) Eastern Europe (Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, North Macedonia, Poland, Romania, Serbia, Slovakia, Slovenia and Türkiye); and

(D) North America (United States).

Strategic Goals

The DS Smith Group's purpose is to redefine packaging for a changing world with a vision of becoming the leading supplier of sustainable packaging solutions. It delivers its purpose by developing the right strategies, thinking differently, innovating together and putting sustainability at the heart of what it does.

The DS Smith Group delivers its purpose through focusing on the following four main strategic goals:

- to delight its customers by delivering on its commitments for quality and service, driving innovation and value-added packaging solutions, improving service levels, driving circularity and continuing to deliver market-leading sustainable solutions;
- to realize the potential of its people by ensuring the health, safety and wellbeing of all its employees, creating a working environment where employees feel proud, engaged and developed, and focusing on embedding diversity and inclusion by expanding resource groups and local networks;
- to lead the way in sustainability by designing out waste and pollution and keeping materials in use, decarbonizing its operations and value chain, creating a safe, diverse and inclusive workplace and being active in its communities, and protecting and regenerating nature; and
- to double its size and profitability by being well positioned in developed markets, working with major FMCG brands, driving market share gains, and investing behind fundamental growth drivers.

To delight its customers

Through its expertise from design to production and supply to recycling, the DS Smith Group offers high quality, innovative solutions to satisfy the whole of the customer's packaging needs. The DS Smith Group's scale gives it a commercial advantage and allows it to deliver a high quality of service sustainably. The DS Smith Group works with its customers to analyze where packaging interacts with their activities and considers how it might be optimized. This involves analyzing the customer's requirements for the packaging in terms of physical performance across the supply chain, and designing suitable packaging based on that specification. The DS Smith Group's paper business works in close collaboration with the packaging business to develop high-performance paper that best suits the needs of the packaging designers and the manufacturing process. The DS Smith Group also works with its customers and supplies insights on how packaging can maximize the customer's sales by optimizing availability within store, through brand visibility and ease of use. The DS Smith Group describes this approach as *"Supply Cycle Thinking"* which provides a unified approach for each area of its business and touches all parts of its customer's operations. This approach is designed to remove complexity from and simplify its customers' supply chains and enables the DS Smith Group to become a strategic partner to its customers. The DS Smith Group continually strives to innovate and provide unique packaging solutions to its clients, as discussed above (see *"Business Activities – Packaging"* above). By offering innovative packaging solutions that help the customer sell more of its products, cut its costs and carbon footprint, the DS Smith Group aims to maintain and build its competitive position.

The DS Smith Group is committed to continually improving its standard of service, which is measured internally by the proportion of customer orders fulfilled on time, in full and across all its businesses. This is one of the DS Smith Group's key performance indicators on the basis that packaging is an essential part of the supply chain, and delivering as promised is a critical component to ensuring the DS Smith Group remains a trusted partner to customers. The current medium term target is 97 percent of all orders fulfilled on time, in full. During DSS FY 24, 96 percent (DSS FY 23: 96 percent) of all orders were fulfilled on time, in full.

To realize the potential of its people

The DS Smith Group is committed to creating a working environment where its employees are proud and able to do their best. Through the DS Smith Group employee engagement and culture change program "OWN IT!", employees are encouraged to "own" and take responsibility for their individual role in the delivery of the DS Smith Group's strategy and values. This program also reflects the DS Smith Group's long-term plan to develop a common culture based on the following values: be caring, be challenging, be trusted, be responsive, and be tenacious. The DS Smith Group places great importance on listening to its employees' collective voice and giving employees the opportunity to raise the issues that matter to them.

The DS Smith Group is committed to providing all employees with a safe and productive working environment. In DSS FY 24, the DS Smith Group's accident frequency rate (defined as the number of lost time accidents per million hours worked) reduced by 9 percent to 1.65 from 1.82 (DSS FY 23), reflecting the DS Smith Group's ongoing commitment to best practice in health and safety. In DSS FY 24, 262 out of a total of 317 reporting sites achieved the DS Smith Group's target of zero accidents and the DS Smith Group continues to strive for zero accidents across the business.

To lead the way in sustainability

Sustainability has been at the heart of the DS Smith Group's business for many years as it has developed and grown into a solely fiber-based corrugated packaging business. The DS Smith Group's Now and Next sustainability strategy is built around ambitious near and long-term targets that confirm the DS Smith Group's commitment to the Circular Economy and its purpose of 'Redefining Packaging for a Changing World'.

Replacing 1 billion units of plastic by 2025 was one of these targets and the DS Smith Group is proud to have achieved this target 16 months ahead of schedule. The DS Smith Group have now replaced over 1.2 billion units of plastic since May 2020 with a range of new and innovative fiber-based solutions. Everyday plastic items that have been replaced on supermarket shelves include ready-meal trays, fruit and vegetable punnets, plastic carriers, and shrink-wrap that is commonly found on soft drink bottles.

As well as supporting its customers' sustainability challenges, the DS Smith Group also continues to make good progress in delivering against its own sustainability targets. The DS Smith Group has reduced its total GHG emissions by 5 percent in DSS FY 24 against DSS FY 23 (19 percent against the financial year ended April 30, 2019), strengthened its Human Rights due diligence having achieved its target to roll out Sedex SAQs (Supplier Ethical Data Exchange Self-Assessment Questionnaire) to all sites and maintained that 100 percent of its sites with greater than 50 full-time employees engage in community activities.

The DS Smith Group was delighted that its progress on climate change was recently recognized with a CDP A List position (achieving A grade for Climate Change, alongside A- for Forests and Water Security) with continuing high ratings for EcoVadis, MSCI, S&P Global and Sustainalytics.

To double its size and profitability

The DS Smith Group focuses on building a resilient and sustainable business model, winning market share in existing markets and expanding into new markets. To measure its performance the DS Smith Group has set itself the following medium-term targets:

- **like for like corrugated box volume growth** of at least GDP +1 percent. This is because the DS Smith Group expects to win market share by delivering value to its customers. This target is calculated by taking into account the like for like volume of corrugated box products sold measured by area;

- **return on sales** within a target range of 10-12 percent. The margin the DS Smith Group achieves reflects the value it delivers to its customers and its ability to charge for that value. It is also driven by the DS Smith Group's scale. A higher return on sales also makes profit more resilient to adverse effects. This target is calculated by taking into account earnings before interest, tax, amortization and adjusting items as a percentage of revenue;

- **net debt/EBITDA** at or below 2.0 times. This ratio is a key measure of balance sheet strength and financial stability. This target is calculated by taking net debt (calculated at average FX rates and after deducting IFRS 16 lease liabilities) over earnings before interest, tax, depreciation, amortization and adjusting items for the preceding 12-month period (adjusted for acquisitions and disposals made during the financial year, and to remove the income effect of IFRS 16, Leases). This definition of net debt/EBITDA is in accordance with the DS Smith Group's covenants;

- **cash conversion** at or above 100 percent. The DS Smith Group focuses on cash conversion as part of its wider focus on capital management and maintaining a prudent balance sheet. Working capital is a key focus within the business in order that all capital is employed where it can best deliver returns for the business. This target is calculated by taking free cash flow before tax, net interest, growth capex, pension payments and adjusting items as a percentage of earnings before interest, tax, amortization and adjusting items. Free cash flow is the net movement on debt before cash outflow for adjusting items, dividends paid, acquisition and disposal of subsidiary businesses (including borrowings acquired) and proceeds from issue of share capital; and

- **adjusted return on average capital employed (ROACE)** within a target range of 12-15 percent. The DS Smith Group's target ROACE to be delivered throughout the economic cycle is above its cost of capital. ROACE is a key measure of financial success and sustainability of returns and reflects the returns available for investment in the business and for the servicing of debt and equity. All investments and acquisitions by the DS Smith Group are assessed with reference to this target. This target is calculated by taking earnings before interest, tax, amortization and adjusting items as a percentage of average capital employed, including goodwill, over the prior 12-month period.

Certain financial measures set out above are considered by the DS Smith Group as key performance indicators and an effective means of evaluating the DS Smith Group's operating performance. Certain of these financial measures are not defined under IFRS and should not be considered as substitutes for the information contained in the DS Smith Group's consolidated financial statements.

Sustainability is at the center of the DS Smith Group's business model, meaning that not only is its product fully recyclable, but that its financial performance consistently delivers returns on capital above its cost of capital. The DS Smith Group aims to make the business more efficient and to take advantage of a range of commercial opportunities that are open to its pan-European business and it expects the benefits of this work to underpin future growth. The recycling and packaging businesses deliver higher returns on capital on a more consistent basis than the manufacture of paper and therefore it is part of the DS Smith Group's strategy to be a net purchaser of paper rather than produce all of the paper the DS Smith Group requires in the manufacture of its corrugated packaging materials.

The DS Smith Group continues to see three key structural growth drivers: (i) e-commerce; (ii) the drive for sustainable solutions to replace plastic packaging; and (iii) the requirement for more sophisticated packaging from retailers. The DS Smith Group views this as a significant opportunity for fully recycled and recyclable corrugated packaging, including as a substitute for plastic packaging, an opportunity the DS Smith Group is well positioned to maximize due to its scale and customer relationships. It is an area the DS Smith Group has experienced a high level of customer engagement in respect of and it expects this trend to continue. The DS Smith Group expects to maintain the development of alternative use solutions through continued close collaboration with customers and partners such as the Ellen MacArthur Foundation.

Employees

As of April 30, 2024, the DS Smith Group had approximately 29,000 employees of whom approximately 25,120 were employed in the packaging business, approximately 3,200 were employed in the paper business and approximately 660 were employed in the recycling business. Across the four geographic segments, approximately

7,600 were employed in Eastern Europe, approximately 1,700 were employed in North America, approximately 10,600 were employed in Northern Europe and approximately 8,900 were employed in Southern Europe.

Regulatory Environment

Environmental, tax and health and safety regulations

The DS Smith Group is subject to a wide range of environmental, pension, tax and health and safety laws and regulations in all the jurisdictions in which it operates, including international, national, state and local laws and regulations. These requirements are complex, subject to frequent changes and have tended to become more stringent over time.

The DS Smith Group is also subject to the specific tax laws and tax rates in the jurisdictions in which it operates which are also subject to frequent changes, including changes in tax legislation and its interpretation, and increases in the rate of corporate and other taxes.

The DS Smith Group uses, handles, stores and disposes of hazardous materials in the course of its operations and production processes and may be subject to fines and/or clean-up liabilities for contamination at past and present operating sites under statutory regimes. Some environmental laws and regulations impose liability and responsibility on present and former owners, operators or users of facilities and sites for the clean-up of contamination at, or arising from, such facilities, without regard to causation or knowledge of contamination. Investigations in the future may lead to discoveries of contamination that the DS Smith Group is required to remedy or damage that may subject the DS Smith Group to claims. Closure of facilities may trigger compliance requirements that are not applicable to facilities that are operating.

Managing health and safety compliance is a key priority of the DS Smith Group. In particular, due to the nature of the paper manufacturing process, paper mills tend to be inherently hazardous relative to the other types of facilities that the DS Smith Group operates.

The DS Smith Group maintains standards and procedures to comply with applicable environmental and health and safety requirements, which it regularly reviews and updates. These controls are implemented and adhered to at a site and/or country level. The DS Smith Group also maintains ongoing programs and systems, and special initiatives which are in place for monitoring health and safety compliance with the applicable laws and regulations in the countries in which it operates.

Anti-corruption and sanctions regulation

The DS Smith Group sells and markets its products in a number of different jurisdictions. Doing business worldwide requires the DS Smith Group to comply with the laws and regulations of various jurisdictions, including, without limitation, the U.S. and the U.K. The DS Smith Group's international operations are subject to anti-corruption laws and regulations and to economic sanctions programs, including those administered by the United Nations, the European Union, the U.K. and the U.S. Anti-bribery laws such as the U.K. Bribery Act 2010 and similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to public officials for the purpose of obtaining or retaining business.

Economic sanctions programs, to which the DS Smith Group may be subject, regularly change in response to geopolitical circumstances, such as in response to the current conflict in Ukraine following Russia's invasion of Ukraine. The DS Smith Group relies on its management structure, regulatory and legal resources and the effective operation of its compliance programs and internal control policies and procedures to direct, manage and monitor its continuing compliance with applicable economic sanctions programs.

Antitrust regulation

The DS Smith Group is subject to a variety of antitrust and similar legislation in the jurisdictions in which it operates. In addition, the DS Smith Group is subject to legislation in many of the jurisdictions in which it operates relating to unfair competitive practices and similar behavior. In the event that the DS Smith Group is subject to any allegations in connection with antitrust violations or unfair competitive practices or regulatory investigations or proceedings are initiated (irrespective of merit) against the DS Smith Group in respect of such allegations, the DS Smith Group may be required to devote significant management resources to defend itself against such allegations. In the event that any such allegations are proved, the Group may be subject to significant fines, any relevant agreements being declared unenforceable, damages, awards and other expenses. The DS Smith Group maintains internal control policies and procedures and regularly conducts relevant training to employees in order to manage and monitor its continuing compliance with applicable law and regulation relating to antitrust and unfair competitive practices.

Governmental, legal or arbitration proceedings

Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which International Paper is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on DS Smith's and/or the DS Smith Group's financial position or profitability are set out in the "Litigation" section in Part 22 (*Additional Information*) of this Prospectus. In addition, in the ordinary course of its business, the DS Smith Group may, at any given time, be involved in various inquiries, administrative proceedings and litigation relating to environmental and safety matters, personal injury, product liability, labor and employment, contracts, sales of property, intellectual property, tax, and other matters, some of which may allege substantial monetary damages. These matters are managed internally by the DS Smith Group and where appropriate, may involve the assistance of external advisers. Assessments of lawsuits and claims can involve a series of complex judgments about future events, can rely heavily on estimates and assumptions, and are otherwise subject to significant uncertainties. As a result, there can be no certainty that the DS Smith Group will not ultimately incur charges in excess of presently recorded liabilities. The inherent uncertainties involved in pending or threatened legal matters, some of which are beyond the DS Smith Group's control, and the large or indeterminate damages sought in some of these matters, a future adverse ruling, settlement, unfavorable development, or increase in accruals with respect to these matters could result in future charges that could be material to the DS Smith Group's result of operations or cash flows in any particular reporting period.

PART 11

INTERNATIONAL PAPER DIRECTORS, COMPANY NAMED EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

International Paper Directors

The following table lists the names, ages and positions of the International Paper Directors, as well as the year of their initial appointment as directors of the Company.

Name	Age	Position	Director Since
Mark S. Sutton................................	63	Chairman	2014
Andrew K. Silvernail.......................	53	Chief Executive Officer	2024
Christopher M. Connor....................	68	Lead Director	2017
Jamie A. Beggs................................	48	Independent Director	2024
Ahmet C. Dorduncu.........................	71	Independent Director	2011
Anders Gustafsson...........................	64	Independent Director	2019
Jacqueline C. Hinman......................	63	Independent Director	2017
Clinton A. Lewis, Jr.........................	58	Independent Director	2017
Kathryn D. Sullivan.........................	72	Independent Director	2017
Scott A. Tozier	58	Independent Director	2024
Anton V. Vincent	59	Independent Director	2021

It is currently expected that up to two non-executive directors from the DS Smith Board will be appointed to the International Paper Board in due course following Admission.

The business address of the International Paper Directors is 6400 Poplar Avenue, Memphis, Tennessee, 38197, United States of America.

The names, business experience and principal business activities of the International Paper Directors are set out below.

Mark S. Sutton has been chairman since January 2015. Mr. Sutton will retire as chairman and a member of the International Paper Board effective September 30, 2024. In his 40 years with the Company, Mr. Sutton has served in various roles of increasing responsibilities, having retired as chief executive officer on April 30, 2024 following 10 years in the role. Prior to serving as chief executive officer, he served as president and chief operating officer (June 2014-October 2014), senior vice president-Industrial Packaging (2011-2014), senior vice president-Printing and Communications Papers the Americas (2010-2011), senior vice president-Supply Chain (2008-2009), vice president-Supply Chain (2007-2008), and vice president-Strategic Planning (2005-2007). Mr. Sutton is also a member of the board of directors of The Kroger Company (NYSE: KR). He is a member of The Business Council and the Business Roundtable. He also serves on the board of directors for Memphis Tomorrow, an association of CEOs of Memphis' largest businesses working to promote opportunity and quality of life for all Memphians. Mr. Sutton joined International Paper in 1984.

Andrew K. Silvernail joined International Paper as chief executive officer on May 1, 2024 and will become chairman of the International Paper Board on October 1, 2024. Mr. Silvernail has two decades of experience leading global companies in the manufacturing and technology sectors. He joined IP from KKR & Co., Inc., a global investment firm, where he served as an executive advisor, and 5 Nails, LLC, a private investment advisory firm where he served as founder, chair and chief executive officer (2022-2024). Mr. Silvernail served as the chairman and chief executive officer of Madison Industries, one of the world's largest privately held companies (2021). Prior to that, Silvernail served as chairman and chief executive officer of IDEX Corporation (NYSE: IEX) (2011-2020). Employee engagement reached best-in-class performance and total shareholder return grew by more than 500% during his tenure at IDEX. Mr. Silvernail previously held executive positions at Rexnord Industries, Newell Rubbermaid (NASDAQ: NWL) and Danaher Corporation (NYSE: DHR). He serves on the board of directors of Stryker Corporation (NYSE: SYK).

Christopher M. Connor served as executive chairman of The Sherwin-Williams Company (NYSE: SHW), a global manufacturer of paint, architectural coatings, industrial finishes and associated supplies, until December 2016. Mr. Connor joined The Sherwin-Williams Company in 1983 and served as its chairman and chief executive officer (2000-2015). He serves on the board of directors of Yum! Brands, Inc. (NYSE: YUM). He also serves on the board of directors of the Rock & Roll Hall of Fame in Cleveland, Ohio. Mr. Connor formerly served on the board of directors of Eaton Corporation plc (NYSE: ETN).

Jamie A. Beggs currently serves as senior vice president and chief financial officer of Avient Corporation (NYSE: AVNT), a premier provider of specialized and sustainable materials solutions and services. In her current role, she is responsible for all areas of finance and investor relations, as well as, at times, information technology and corporate communications. She is also helping lead the organization through a strategy focused on long-term sales growth leveraging innovative and sustainable solutions, growth into new end markets and geographies, and expansion of EBITDA margins. Previously, Ms. Beggs served as senior vice president and chief financial officer at Hunt Consolidated and prior to that, spent a decade in various roles at Celanese Corporation. Ms. Beggs is also a certified public accountant.

Ahmet C. Dorduncu served as chief executive officer of Akkök Group, a financial and industrial conglomerate located in Turkey (2013-2022). Prior to that, Mr. Dorduncu served as chief executive officer of Sabanci Holding, another financial and industrial conglomerate located in Turkey (2005-2010). He also served as chairman of the board of Olmuksa, then an industrial packaging business joint venture between Sabanci Holding and International Paper (2006-2010). Sabanci Holding is the parent company of the Sabanci Group, a leading Turkish financial and industrial company. Mr. Dorduncu also serves on the board of AG Anadolu Grubu Holding A.S., a Turkish conglomerate engaged in the industries of beer, soft drinks, automotive, retailing, and other businesses.

Anders Gustafsson is the former executive chair and current member of the board of directors of Zebra Technologies Corporation (NASDAQ: ZBRA), a global leader in innovating at the edge of the enterprise, designing and marketing specialty printers, mobile computing, data capture, radio frequency identification products and real-time locating systems. Previously, he served as Zebra's chief executive officer (2007-2023) and has been a member of the Zebra board since 2007. Prior to joining Zebra Technologies, he served as chief executive officer of Spirent Communications plc (OTCMKTS: SPNUF), a publicly traded telecommunications company (2004-2007). From 2000-2004, he was senior executive vice president, global business operations of Tellabs, Inc., a communications networking company. Mr. Gustafsson serves on the board of NetApp (NASDAQ: NTAP), a global, cloud-led, data-centric software company. He previously served on the board of directors of Dycom Industries Inc. (NYSE: DY), a leading provider of specialty contracting services throughout the U.S. and Canada. He also serves as a trustee of the Shedd Aquarium.

Jacqueline C. Hinman serves as chief executive officer of Atlas Technical Consultants, a leading infrastructure and environmental solutions provider. Ms. Hinman previously served as chairman, president and chief executive officer of CH2M HILL Companies, Ltd., a Fortune 500 engineering and consulting firm focused on delivering infrastructure, energy, environmental and industrial solutions for clients and communities around the world, until 2017, when the firm was acquired by Jacobs Solutions, Inc. (NYSE: J). Prior to becoming chairman in September 2014 and president and chief executive officer in January 2014, she served as president of CH2M's International Division (2011-2014), and she served on CH2M's board of directors (2008-2017). She recently served on the Executive Committee of the Business Roundtable, chairing its infrastructure committee, and was a member of the Business Council. Ms. Hinman also serves on the board of directors of Dow Chemical Company (NYSE: DOW), a multinational chemical corporation. She previously served on the board of AECOM (NYSE: ACM), a premier infrastructure firm, and on the board of directors of Catalyst, a leading nonprofit organization accelerating progress for women through workplace inclusion.

Clinton A. Lewis, Jr. is the chief executive officer of AgroFresh Solutions, Inc., a global leader in sustainable food chain investing, since 2021. From 2015-2020, he served as executive vice president and group president of international operations, commercial development, global genetics and PHARMAQ at Zoetis Inc. (NYSE: ZTS), a global leader in the discovery, development, manufacture and commercialization of animal health medicines and vaccines that Pfizer spun off in 2013. Prior to that role, Mr. Lewis served as president of international operations at Zoetis (2013-2015) and as president of U.S. operations (2015-2018). He joined Pfizer in 1988 in the human health pharmaceutical segment and held positions of increasing responsibility in various commercial operations and general management roles.

Kathryn D. Sullivan is Ambassador-at-Large at the Smithsonian National Air and Space Museum, where she also served as The Charles A. Lindbergh Fellow of Aerospace History (2017-2017). Dr. Sullivan is also a senior fellow at the Potomac Institute for Policy Studies. Dr. Sullivan served in several roles in the U.S. Department of Commerce and the National Oceanic and Atmospheric Administration ("NOAA") between 2011-2017, including as Under Secretary of Commerce for Oceans & Atmosphere and NOAA Administrator (2014-2017). She served as a director for The Ohio State University's Battelle Center for Mathematics and Science Education Policy (2006-2011). Between 1996 and 2005, Dr. Sullivan served as president and chief executive officer of the Center of Science and Industry. Between 1978 and 1993, Dr. Sullivan was a mission specialist for NASA. She is a veteran of three shuttle missions with over 500 hours in space, and she is the first American woman to walk in space. Dr. Sullivan served on the boards of directors of several public companies between 1997 and 2011. She is a member of the National Academy of Engineering, the Academy of Arts and Sciences and the National Academy of Public

Administration. She serves on the board of directors of Accenture Federal Services and serves on the advisory board of Terra Alpha Investments, LLC.

Scott A. Tozier currently serves as a strategic advisor at Albemarle Corporation, (NYSE: ALB), a global leader in providing essential elements for mobility, energy, connectivity, and health. From 2011-2023, he served as the executive vice president and chief financial officer of Albemarle Corporation, where he led a team of over 500 employees around the world responsible for all aspects of financial management, M&A, sustainability, and at times, information technology, corporate procurement, and logistics and shared services. Under his leadership, Albemarle's revenues grew from $2.9 billion in 2011 to $7.3 billion in 2022 and market cap grew from $5 billion in 2011, peaked at $38 billion in 2022, and is currently at approximately $14 billion. Mr. Tozier was also part of the leadership team that laid the strategy for M&A activities as well as divesting of businesses that did not fit the company's growth profile. Previously, he spent 16 years with Honeywell, where he held senior financial positions in the U.S., Australia, and Europe. Mr. Tozier is also a certified public accountant.

Anton V. Vincent is president of Mars Wrigley North America, part of Mars, Incorporated, a global family-owned business with a diverse and expanding portfolio of category-leading snacking, food and petcare products and services. Prior to joining Mars Wrigley in 2019, Mr. Vincent served as chief executive officer at Greencore USA, a leading global manufacturer of convenience foods, (June-December 2018). Prior to Greencore, he spent much of his career with General Mills, Inc. (NYSE: GIS) holding various leadership roles including president of the Baking Division (2010-2012), president of the Frozen Frontier Division (2012-2014), and president of the U.S. Snacks Division (2014-2016).

Company Named Executive Officers

The following table lists the names, ages and positions of the Company Named Executive Officers as of the date of this Prospectus.

Name	Age	Position
Mark S. Sutton............	63	Chairman of the Board
Andrew K. Silvernail..	53	Chief Executive Officer
W. Thomas Hamic......	57	Executive Vice President and President-North American Packaging Solutions
Timothy S. Nicholls....	63	Senior Vice President, Chief Financial Officer
Thomas J. Plath(1)	60	Senior Vice President, Human Resources and Corporate Affairs
Joseph R. Saab............	56	Senior Vice President, General Counsel and Corporate Secretary

(1) On August 13, 2024, International Paper announced that Thomas J. Plath will leave the Company at the end of 2024. Mr. Plath's current responsibilities have been reassigned, and he will serve in an advisory capacity through the end of the year to ensure a smooth transition. A replacement has not yet been appointed.

The business address of the Company Named Executive Officers is 6400 Poplar Avenue, Memphis, Tennessee 38197, United States of America.

The names, business experience and principal business activities of the Company Named Executive Officers are set out below.

Mark S. Sutton See "International Paper Directors" above.

Andrew K. Silvernail See "International Paper Directors" above.

W. Thomas Hamic was appointed as executive vice president and president-North American Packaging Solutions effective September 1, 2024. In this newly created role at International Paper, Mr. Hamic will lead the Container and Containerboard businesses in North America. Prior to his promotion, Mr. Hamic served as senior vice president-North American Container and chief commercial officer since January 2023. Mr. Hamic also served as senior vice president-Global Cellulose Fibers and Enterprise Commercial Excellence (2020-2022), senior vice president-Containerboard and Enterprise Commercial Excellence (2019-2020), vice president and general manager-Containerboard and Recycling (2015-2019), vice president and general manager of the South Area Container the Americas (2009), and vice president, Industrial Packaging Group's Finance and Strategy (2010). Mr. Hamic joined International Paper in 1991.

Timothy S. Nicholls has been senior vice president and chief financial officer since June 2018. Mr. Nicholls previously served as senior vice president-Industrial Packaging the Americas (2017-2018), senior vice president-Industrial Packaging (2014-2016), senior vice president-Printing and Communications Papers of the Americas (2011-2014), senior vice president and chief financial officer (2007-2011), vice president and executive project leader of IP Europe (2007), and vice president and chief financial officer-IP Europe (2005-2006). Mr. Nicholls joined International Paper in 1999 following our acquisition of Union Camp Corporation where he had worked since 1991.

Thomas J. Plath has been senior vice president-Human Resources and Corporate Affairs since January 2023. Prior to this role, he served as senior vice president-Human Resources and Global Citizenship (2017-2022). Mr. Plath previously served as vice president-Human Resources, global businesses (2014-2017), and vice president-Human Resources Manufacturing, Technology, EHS and Global Supply Chain (2013-2014). Mr. Plath joined International Paper in 1991. On August 13, 2024, International Paper announced that Thomas J. Plath will leave the Company at the end of 2024. Mr. Plath's current responsibilities have been reassigned, and he will serve in an advisory capacity through the end of the year.

Joseph R. Saab has been senior vice president, general counsel and corporate secretary since July 2022. Mr. Saab previously served as vice president, deputy general counsel and assistant corporate secretary (2019-2022) and associate general counsel-Industrial Packaging North America, Europe, Middle East & Africa (2014-2019). Mr. Saab joined International Paper in 2001.

Conflicts of interest

There are no actual or potential conflicts of interest between any duties owed by the International Paper Directors or Company Named Executive Officers to the Company and their private interests or other duties he or she may also have.

No International Paper Director was selected or proposed to be a director of the Company pursuant to any arrangement or understanding with any major customer, supplier or other person having a business connection with the International Paper Group.

No International Paper Director or Company Named Executive Officer has been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

There are no family relationships between any of the International Paper Directors.

Compensation

International Paper Directors

International Paper's director annual compensation program consists of cash and equity components. Non-employee directors do not receive additional fees for service on our Board committees. However, our lead director, the chairs of our Board committees and members of the Audit & Finance Committee receive an additional cash retainer. International Paper compensates directors based on a board service year beginning and ending on a certain date, which timing generally aligns with the annual service of a director elected at an annual meeting of shareholders. Directors may elect to convert all or 50 percent of his or her cash retainer (plus any committee or lead director fees) into shares of restricted stock. A director who makes this election receives a 20 percent premium of this converted cash award in additional shares of restricted stock. Restrictions on restricted shares awarded to our directors under our current compensation plan lapse one year from the date of grant, and then the shares are freely transferable, subject to our director stock ownership requirement and securities regulations.

Directors may also elect to defer receipt of some or all of their equity retainer. Directors who make this election receive restricted stock units ("**RSUs**") in lieu of restricted stock. RSUs are not transferable until a director's retirement from the Board, death or disability. The cash value of RSUs is paid in January following retirement, death or disability. Elections with regard to form of payment and deferrals are made in December preceding each service year.

For more information on our compensation of our non-employee directors, please see the Elements of Our Director Compensation Program section of our 2023 proxy statement filed with the SEC on April 2, 2024.

The table below sets forth information regarding the compensation paid or awarded to the International Paper Directors for the year ended December 31, 2023.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Total ($)
Mark S. Sutton(3)	-	-	-
Andrew K. Silvernail(3)	-	-	-

Name	Fees Earned or Paid in Cash ($)[1]	Stock Awards ($)[2]	Total ($)
Christopher M. Connor	-	334,499	334,499
Jamie A. Beggs[3]	-	-	-
Ahmet C. Dorduncu	132,837	163,012	295,849
Anders Gustafsson	-	316,998	316,998
Jacqueline C. Hinman	-	326,994	326,994
Clinton A. Lewis, Jr.	-	307,002	307,002
Kathryn D. Sullivan	72,917	250,033	322,950
Scott A. Tozier[3]	-	-	-
Anton V. Vincent	-	316,998	316,998

(1) Certain directors elected to receive shares of restricted stock in lieu of cash and therefore had no cash compensation during 2023.

(2) The value of stock awards shown in the "Stock Awards" column is based on grant date fair value calculated under Financial Accounting Standards Board Accounting Standards Codification ("**ASC**") Topic 718. The grant date fair value of the equity awards shown in the "Stock Awards" column is based on the closing price of the Company's Common Stock on the last business day immediately preceding the date of grant, which was May 5, 2023.

(3) Mr. Silvernail, Ms. Beggs and Mr. Tozier joined the International Paper Board after the fiscal year ended December 31, 2023. Mr. Sutton is not separately compensated for his service on the Board. For details on Mr. Sutton's compensation, refer to our 2024 proxy statement filed with the SEC on April 2, 2024. Like Mr. Sutton, Mr. Silvernail will not be separately compensated for his service on the Board. For details on Mr. Silvernail's compensation, refer to our Current Report on Form 8-K filed with the SEC on March 19, 2024.

Company Named Executive Officers

The following table presents information regarding compensation for our NEOs including: base salary; stock awards under our Long-Term Incentive Plan ("**LTIP**") and, our Recognition Awards program (if applicable); cash awards under our Annual Incentive Plan and under our CEO Award program (if applicable); the change in pension value and all other compensation to our NEOs for the years ended December 31, 2023, 2022, and 2021.

Name and Principal Position	Year	Salary ($)	Bonus[1] ($)	Stock Awards[2] ($)	Non-Equity Incentive Plan Compensation[3] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings [4] ($)	All Other Compensation[5] ($)	Total ($)	Total Excluding Change in Pension Value [6] ($)
Mark S. Sutton	2023	1,450,000	-	10,551,707	493,700	-	350,119	12,845,526	12,845,526
Chairman of the Board	2022	1,450,000	-	11,065,795	689,500	-	449,457	13,654,752	13,654,752
	2021	1,450,000	-	10,487,138	2,386,000	471,628	433,941	15,228,707	14,757,079
Andrew K. Silvernail	2023	-	-	-	-	-	-	-	-
Chief Executive Officer[7][8]	2022	-	-	-	-	-	-	-	-
	2021	-	-	-	-	-	-	-	-
W. Thomas Hamic[7]	2023	600,000	-	2,328,651	113,300	213,997	86,817	3,342,765	3,128,768
Executive Vice President and President-North America Packaging Solutions	2022	516,667	25,000	1,079,615	150,900	-	92,075	1,864,257	1,864,257
	2021	-	-	-	-	-	-	-	
Timothy S. Nicholls	2023	775,000	-	2,813,803	181,400	-	173,253	3,943,456	3,943,456
Senior Vice President and Chief Financial Officer (Principal Financial Officer)	2022	770,833	-	2,950,892	253,600	-	219,683	4,195,008	4,195,008
	2021	750,000	25,000	2,830,279	863,900	107,788	213,864	4,790,831	4,683,043
Thomas J. Plath	2023	565,000	-	1,280,760	107,600	261,501	86,476	2,301,337	2,039,836
Senior Vice President, Human Resources and Corporate Affairs	2022	550,000	-	1,246,498	134,700	-	122,373	2,053,571	2,053,571
	2021	550,000	25,000	1,086,662	478,000	-	125,570	2,265,232	2,265,232
Joseph R. Saab[7]	2023	541,667	-	1,953,910	90,600	101,166	71,045	2,758,388	2,657,222
Senior Vice President General Counsel and Corporate Secretary	2022	-	-	-		-	-	-	-
	2021	-	-	-	-	-	-	-	-

(1) The CEO has discretion to recommend an additional award outside the Annual Incentive Plan called a CEO Award, in recognition of exceptional individual performance beyond what is captured in annual individual objectives. Mr. Nicholls and Mr. Plath each received this cash payment, known as a CEO Award, in February 2022 as a reward for outstanding leadership with the Sylvamo spin-off. Mr. Hamic received a CEO Award in February 2023 as a reward for outstanding leadership in Global Cellulose Fibers in 2022.

(2) The amounts reported in this column reflect the aggregate grant date fair value of stock awards under our LTIP, Performance Share Plan and Recognition Award programs granted to the NEO during each year, computed in accordance with Financial Accounting Standards Board, Accounting Standards Codification Topic 718. A discussion of the assumptions used in calculating these values for the 2023 fiscal year may be found in Note 21 - *Incentive Plans* of the International Paper Audited Financial Statements. The value shown for 2023 includes the aggregate grant date fair value of each NEO's 2023-2025 LTIP award. The maximum value of the 2023-2025 LTIP awards based on achieving maximum Company performance is as follows: Mr. Sutton: $18,993,027; Mr. Nicholls: $5,064,834; Mr. Hamic: $4,191,563; Mr. Saab: $3,645,845; and Mr. Plath: $2,305,361. The Recognition Award Program is service-based and designed for recruitment, retention and special recognition purposes; it provides for awards of RSUs to key employees. The LTIP is our long-term, equity-based incentive compensation plan designed to motivate employees to create long-term shareholder value. Under the LTIP, a mix of both performance-based stock units ("**PSUs**") and time-based RSUs are granted based on position in the Company and satisfactory performance. Effective January 1, 2023, the MDCC renamed the Performance Share Plan ("**PSP**") to the Long-Term Incentive Plan and began incorporating RSUs into its annual grant process as a complement to PSUs to better align with market and aid in our recruitment and retention efforts.

(3) Represents the amount earned under the Annual Incentive Plan (formerly Management Incentive Plan) based on Company and individual performance during the year shown, which is paid in February of the following year. The Annual Incentive Plan is our annual, cash-based incentive compensation plan designed to motivate employees to achieve our most critical short-term financial goals.

(4) Amounts shown in this column represent the change in accruals under our Retirement Plan, Pension Restoration Plan, and Unfunded Supplemental Retirement Plan for Senior Managers (each as further described in Note 19 (*Retirement Plans*) of the International Paper Audited Financial Statements). Importantly, the change in pension value is not currently paid to an executive as compensation, but is a measurement of the change in value of the pension from the prior year. Changes in value arise from the decrease in the discount period and the impact of a change in the discount rate from the prior year's measurement, and changes in mortality rate assumptions. The discount rate used is the same rate used by the Company for financial statement disclosure at fiscal year end. This rate is based on economic conditions at year end. The NEOs do not receive preferential or above market earnings on nonqualified deferred compensation. Accordingly, there is no amount included in this column for this type of earnings credit. The actual change in pension value for Mr. Sutton and Mr. Nicholls was a decrease of $895,130 and $259,286, respectively.

(5) A breakdown of the "All Other Compensation" amounts for 2023 is shown in the following table:

Name	Retirement Savings Account Contributions[(a)] ($)	Company Matching Contribution[(b)] ($)	Group Life Insurance[(c)] ($)	ESIP[(d)] ($)	Corporate Aircraft[(e)] ($)	Company Matching Gift[(f)] ($)	Total[(g)] ($)
M.S. Sutton	128,370	71,520	7,656	60,368	75,000	7,205	350,119
A.K. Silvernail ..	—	—	—	—	—	—	—
W.T. Hamic.......	46,554	23,743	3,168	—	—	13,352	86,817
T.S. Nicholls......	61,716	51,293	4,092	27,352	—	28,800	173,253
T.J. Plath...........	41,982	35,506	2,983	—	—	6,005	86,476
J.R. Saab	35,075	27,920	2,860	—	—	5,190	71,045

(a) Represents the Retirement Savings Account contributions made by the Company to the NEO's accounts in the Salaried Savings Plan and Deferred Compensation Savings Plan (each as further detailed in paragraph 8 (*Share plans*) of Part 22 (*Additional Information*)). The contribution amount is equal to a percentage of eligible compensation, based on the NEO's age at the date the contribution is made. All NEOs received Retirement Savings Account contributions in the amount of 6% of their eligible compensation.

(b) Represents the Company match to the NEO's contribution to the Salaried Savings Plan, Retiree Medical Savings Program and Deferred Compensation Savings Plan as shown in the "Nonqualified Deferred Compensation Plan" table in our 2023 proxy statement filed with the SEC on April 2, 2024.

(c) Represents the Company's annual premium payment for the NEO's group life insurance benefit.

(d) Represents the amount paid by the Company for the NEO's executive supplemental life insurance program ("**ESIP**").

(e) Represents the aggregate incremental cost to the Company of Mr. Sutton's personal travel on Company aircraft. Pursuant to Board resolutions and his Time Sharing Agreement, Mr. Sutton is required to reimburse the Company for the incremental cost of personal use of the aircraft above $75,000. For 2023, this reimbursable amount was $3,249. We calculate the incremental cost of personal use of the Company aircraft based upon the per mile variable cost of operating the aircraft multiplied by the number of miles flown for personal travel by Mr. Sutton. The variable operating costs include fuel, maintenance, airway fees, user fees, communication, crew expenses, supplies and catering. We impute into Mr. Sutton's income the value of personal use of the aircraft in accordance with IRS regulations, minus any amounts he reimbursed during the calendar year. Mr. Sutton receives no tax gross-up on this imputed income.

(f) Represents the Company's match of each NEO's donations to the United Way of America (60-percent match) and the International Paper Company Employee Relief Fund (100-percent match) as part of Company-wide campaigns.

(6) To more effectively demonstrate the impact that the change in pension value has on total compensation, we have included an additional column to show total compensation less the change in pension value. We believe this number gives a more accurate picture of changes in compensation related to Company performance since the change in pension value is subject to numerous variables outside our control, such as interest rates, that are unrelated to Company performance. However, the number in this column may differ significantly from the Total column. The number in the Total column is calculated in accordance with SEC rules and our calculation excluding the change in pension value is not a substitute for total compensation.

(7) Compensation information for Mr. Saab, Mr. Silvernail, and Mr. Hamic is not provided for years during which they were not Company Named Executive Officers.

(8) Mr. Silvernail was appointed Chief Executive Officer effective May 1, 2024.

International Paper Directors' service contracts

Save for the employment offer letter entered into by Andrew K. Silvernail in connection with his role as chief executive officer of the Company, as described in paragraph 12 of Part 22 (*Additional Information*) of this Prospectus, International Paper does not enter into service contracts with its executive directors or non-employee directors. Our directors are elected annually by shareholders at the Company's annual meeting. Directors hold office until the following year's annual meeting or until a qualified successor has been elected, absent an earlier death, resignation or retirement.

Corporate governance

International Paper follows and complies with the NYSE Listed Company Manual, which is the comprehensive rulebook for listed companies, including publishing an annual confirmation statement. Section 303A.09 of the NYSE Listed Company Manual requires issuers to adopt and disclose corporate governance guidelines covering certain issues including director qualifications and responsibilities, director compensation, responsibilities of key board committees, management succession and evaluation of the board's performance. The International Paper Board acts as the ultimate decision-making body of the Company and advises and oversees management, who is responsible for the day-to-day operations and management of the Company. In carrying out its responsibilities, the International Paper Board reviews and assesses the Company's long-term strategy and its strategic, competitive and financial performance. In accordance with the NYSE Listed Company Manual, the International Paper Board has adopted corporate governance guidelines (the "**Corporate Governance Guidelines**") that serve as a flexible framework within which the International Paper Board and its committees operate. These guidelines cover a number of areas including the size and composition of the board, board membership criteria and director qualifications, director responsibilities, board agenda, roles of the chairman of the board, chief executive officer and lead director, meetings of independent directors, committee responsibilities and assignments, board member access to management and independent advisors, director communications with third parties, director compensation, director orientation and continuing education, evaluation of senior management and management succession planning. The International Paper Board has also adopted *Director Qualification Criteria and Independence Standards*, which it uses to evaluate new director candidates and incumbent directors.

Board committees

The Board has four standing committees: Audit and Finance; Governance; Management Development and Compensation; and Public Policy and Environment.

Audit and Finance Committee

The primary purpose of International Paper's Audit and Finance Committee is to assist our Board in:

- monitoring the integrity of our financial statements and financial reporting procedures;
- reviewing the independent auditor's qualifications and independence, as well as overseeing the performance of our internal audit function and the independent auditor;
- coordinating our compliance with legal and regulatory requirements relating to the use and development of our financial resources, as well as ensuring that controls are in place to prevent, deter and detect financial fraud by management and monitoring the risk of such fraud; and
- reviewing cybersecurity and information risk management programs and controls, including identification and reporting of material cybersecurity incidents.

International Paper's Audit and Finance Committee is currently comprised of Jamie A. Beggs, Ahmet C. Dorduncu, Anders Gustafsson, Kathryn D. Sullivan, and Scott A. Tozier. Anders Gustafsson serves as chair of the Audit Committee. The International Paper Board has affirmatively determined that each of Jamie A. Beggs, Ahmet C. Dorduncu, Anders Gustafsson, Kathryn D. Sullivan and Scott A. Tozier meet the definition of an "independent director" for the purposes of serving on the Audit Committee under applicable SEC and NYSE rules and that each of Jamie A. Beggs, Anders Gustafsson, and Scott A. Tozier, qualifies as an "audit committee financial expert" as such term has been defined by the SEC in Item 407(d)(5) of Regulation S-K. All members of International Paper's Audit and Finance Committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the NYSE.

Governance Committee

The primary purpose of International Paper's Governance Committee is:

- assuring the Company abides by sound corporate governance principles, including compliance with the Company's Restated Certificate of Incorporation, Amended By-Laws, and Corporate Governance Guidelines, and reviewing conflicts of interest, including related person transactions under our Related Person Transactions Policy and Procedures;

- in its capacity as the Board's nominating committee, identifying and recommending individuals qualified to become Board members and evaluating directors standing for re-election;

- assuring that shareowner communications, including shareowner proposals, are addressed appropriately by the Board or Company management; and

- recommending non-employee director compensation and assisting the Board in its annual self-assessment.

International Paper's Governance Committee is currently comprised of Christopher M. Connor, Jaqueline C. Hinman, Clinton A. Lewis, Jr., and Anton V. Vincent, with Clinton A. Lewis, Jr., serving as the chair. The International Paper Board has affirmatively determined that Christopher M. Connor, Jaqueline C. Hinman, Clinton A. Lewis, Jr., and Anton V. Vincent meet the definition of an "independent director" under applicable NYSE rules.

Management Development and Compensation Committee

The primary purpose of International Paper's Management Development and Compensation Committee is:

- overseeing the overall compensation program and approving the compensation of our senior management (other than the CEO); conducting performance evaluations of the chairman and CEO at least annually, in accordance with the process organized by the Lead Director; and recommending compensation of the CEO to the independent directors based on such evaluations and other considerations;

- discussing with Company management the required disclosure under Item 407(e)(5) of Regulation S-K, including the Compensation Discussion & Analysis ("**CD&A**") that is prepared as part of the Proxy Statement, and recommending that the CD&A be included in the Proxy Statement;

- ensuring the Company has policies and programs for the development of senior leaders and succession planning;

- overseeing the retirement and benefit plans for senior executives and approving any significant changes to our retirement and benefit plans for our employees. The committee may delegate its authority for day-to-day administration and interpretation of these plans, except as it may impact senior leaders, including the CEO; and

- overseeing the succession planning and talent management strategies and programs, including with respect to diversity, equity and inclusion.

International Paper's Management Development and Compensation Committee is currently comprised of Christopher M. Connor, Jacqueline C. Hinman, Clinton A. Lewis, Jr., and Anton V. Vincent, with Jacqueline C. Hinman serving as the chair. The International Paper Board has affirmatively determined that Christopher M. Connor, Jacqueline C. Hinman, Clinton A. Lewis, Jr., and Anton V. Vincent meet the definition of an "independent director" for the purposes of serving on the Compensation Committee under applicable NYSE rules. All members of the Compensation Committee also qualify as "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code and "non-employee" directors within the meaning of Rule 16b-3 of the Exchange Act.

Public Policy and Environment Committee

The primary purpose of International Paper's Public Policy and Environment Committee is:

- reviewing environmental, sustainability and social impact issues and risks (including climate change) and health and safety issues and risks potentially impacting the Company; contemporary and emerging public policy issues; and pertinent technology issues;

- reviewing the Company's health and safety policies, as well as environmental policies, to ensure continuous improvement and compliance; and

- reviewing the Company's policies and procedures for complying with certain of its legal and regulatory obligations, including our Code of Conduct, and reviewing our charitable and political contributions.

International Paper's Public Policy and Environment Committee is currently comprised of Jamie A. Beggs, Ahmet C. Dorduncu, Anders Gustafsson, Kathryn D. Sullivan, and Scott A. Tozier, with Kathryn D. Sullivan serving as the chair. The International Paper Board has affirmatively determined that Jamie A. Beggs, Ahmet C. Dorduncu, Anders Gustafsson, Kathryn D. Sullivan, and Scott A. Tozier meet the definition of an "independent director" under applicable NYSE rules.

Share dealing policy

The International Paper Board has adopted stock ownership and retention guidelines for International Paper Directors. The guidelines require directors to hold equity of the Company valued at two times the total annual Board retainer. New directors have four years from the date of their election to meet the ownership requirement. As of December 31, 2023, all directors required to meet the ownership levels held the requisite amount of equity.

The International Paper Board has established stock ownership guidelines for the Chief Executive Officer and the other Company Officers equal to six times base pay in the case of the Chief Executive Officer, three times base pay for senior vice presidents, and one and a half (1.5) times base pay for vice presidents. The following count toward meeting the ownership requirement: freely held shares (whether purchased on the open market or fully earned through a Company plan or program); beneficial shares held indirectly by a trust or family member; and share equivalents held in the Salaried Savings Plan and Deferred Compensation Savings Plan. Unvested restricted shares (e.g., performance stock units and RSUs) do not count toward the ownership requirement. Officers are required to retain 50 percent of their net shares paid under any Company long-term incentive plan or program until their ownership requirements are satisfied.

The Company has adopted policies that regulate trading in Company securities by our insiders, including the SLT and International Paper Directors. The Company's Insider Trading Policy prohibits directors, Section 16 officers and others possessing material, non-public information about the Company from trading in our stock while in possession of material, non-public information, and also during specified blackout periods. The policies also prohibit Section 16 officers and members of our Board of Directors from holding Company securities in a margin account or pledging them as collateral for a loan. Lastly, the policies prohibit all Company Officers (but no other employees) and members of the Board of Directors from engaging in any of the following short-term or speculative transactions involving Company securities: short sales; publicly traded options, such as puts, calls or other derivative instruments; and hedging and monetization transactions, such as zero-cost collars and forward-sale contracts.

Code and statutory squeeze out provisions

As International Paper is registered in the U.S., the Code will not apply to International Paper, and a takeover of International Paper will not be regulated by the Panel.

International Paper is a New York corporation and is subject to the New York Business Corporation Law (the "**NYBCL**"), which includes the following provisions related to "squeeze-out" mergers:

- Section 905(a) of the NYBCL permits a parent corporation owning at least 90 percent of the outstanding shares of each class of a subsidiary corporation to either merge the subsidiary corporation into itself without the authorization of the shareholders of the subsidiary corporation or merge itself and one or more of such other corporations into one of such other corporations with the authorization of the parent corporation's shareholders, in accordance with Section 903(a) of the NYBCL.

- Minority stockholders of such subsidiary corporation may be entitled to receive payment of the fair value of their shares and the other rights and benefits provided for in Section 910 of the NYBCL.

- Section 623 of the NYBCL provides New York stockholders with the right to receive payment for shares and generally permits stockholders who dissent from the stockholder approval for a merger to demand payment of the fair value of their stock from the New York County Supreme Court, which shall determine in the fair value proceeding and whether each dissenting shareholder, as to whom the corporation requests the court to make such determination, is entitled to receive payment for their shares. A stockholder is accordingly entitled to dissent from, and request payment of the fair value of such stockholder's share in the event of, among other things, a merger or consolidation, in each case requiring stockholder approval.

- Notwithstanding the foregoing, the NYBCL does not confer the right to receive payment of the fair value of shares that are either (i) listed on a national securities exchange or (ii) designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc.

PART 12

CAPITALIZATION AND INDEBTEDNESS

The following tables show the capitalization and the indebtedness of International Paper as of June 30, 2024.

	US$ (in millions)
Total current debt	
Unguaranteed/unsecured	259
Total non-current debt (excluding current portion of long-term debt)	
Unguaranteed/unsecured	5,329
Total indebtedness	5,588
Shareholder's equity[1]	
Share capital	449
Share premium	4,688
Other reserves[2]	3,458
Total capitalization	8,595

(1) Shareholder equity excludes accumulated losses.

(2) Other reserves comprise (in US$ millions) Retained earnings of 9,719, Common stock held in treasury (4,681), Pension and postretirement reserves (1,242), Foreign currency translation reserve (330), and Cash flow hedging reserves (8) as of June 30, 2024.

The following table sets out International Paper's net indebtedness as of June 30, 2024.

	US$ (in millions)
Cash and cash equivalents	1,049
Liquidity	0
Other financial debt[1]	0
Current finance debt	259
Net current financial indebtedness	**790**
Other non-current loans[1]	0
Non-current financial indebtedness	**5,329**
Net financial indebtedness	**4,539**

(1) Shareholder equity excludes accumulated losses.

There has been no material change in the Company's capitalization and indebtedness position since June 30, 2024.

PART 13

INTERNATIONAL PAPER SELECTED FINANCIAL INFORMATION

*The following is a summary of the International Paper financial information as of and for the three and six months ended June 30, 2024 and as of and for the three months ended March 31, 2024 (and the information as of and for the three and six months ended June 30, 2023 and as of and for the three months ended March 31, 2023, which has been included for comparative purposes only), and for the fiscal years ended December 31, 2023, 2022 and 2021 (the "**International Paper Financial Information**"). The financial information included in this Part 13 (International Paper Selected Financial Information) has, except where otherwise stated, been extracted without material adjustment from the International Paper Unaudited Financial Statements and the International Paper Audited Financial Statements. This summary should be read in conjunction with that information and with Part 14 (International Paper Operating and Financial Review) of this Prospectus. Prospective investors are advised to read the whole of this Prospectus and not rely on the information summarized in this Part 13 (International Paper Selected Financial Information).*

Historical results are not indicative of the results to be expected in the future and results of interim periods are not necessarily indicative of results for the entire year.

International Paper's consolidated financial statements are prepared in accordance with U.S. GAAP whereas DS Smith's consolidated financial statements are prepared in accordance with IFRS. U.S. GAAP differs from IFRS in a number of significant respects. International Paper has not prepared, and does not currently intend to prepare, its financial statements or the financial statements of the Combined Company in, or reconcile them to, IFRS and hence has not quantified these differences for prospective investors. In making an investment decision, prospective investors must rely on their own examination of the International Paper Group, the terms of the Combination and the financial information in this Prospectus. Prospective investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP.

Summary Consolidated Statement of Operations	**Six months ended June 30,**		**Three months ended June 30,**		**Three months ended March 31,**		**Year ended December 31,**		
(In millions)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2023**	**2022**	**2021**
	(*unaudited*)		(*unaudited*)		(*unaudited*)		(*audited*)		
Net sales	$9,353	$9,702	$4,734	$4,682	$4,619	$5,020	$18,916	$21,161	$19,363
Earnings (loss) from continuing operations before income tax and equity earnings (losses)	291	476	206	255	85	221	382	1,511	999
Earnings (loss) from continuing operations	554	394	498	222	56	172	302	1,741	813
Net earnings (loss) attributable to International Paper Company	554	407	498	235	56	172	288	1,504	1,752

Summary Consolidated Balance Sheets	**As of June 30,**	**As of December 31,**		
(In millions)	**2024**	**2023**	**2022**	**2021**
	(*unaudited*)		(*audited*)	
Total current assets	$ 6,557	$ 6,608	$ 6,770	$ 7,096
Total assets	23,063	23,261	23,940	25,243
Total current liabilities	4,114	3,959	5,000	4,144
Long-term debt	5,329	5,455	4,816	5,383
Total equity	8,595	8,355	8,497	9,082
Total liabilities and equity	23,063	23,261	23,940	25,243

Summary Consolidated Statement of Cash Flows	**Six months ended June 30,**		**Three months ended March 31,**		**Year ended December 31,**		
(In millions)	**2024**	**2023**	**2024**	**2023**	**2023**	**2022**	**2021**
	(*unaudited*)		(*unaudited*)			(*audited*)	
Cash provided by (used for) operating activities	$ 760	$ 873	$ 395	$ 345	$ 1,833	$ 2,174	$ 2,030
Cash provided by (used for) investing activities	(446)	(603)	(247)	(339)	(668)	(608)	6,054
Invested in capital projects	(449)	(608)	(251)	(341)	(1,141)	(931)	(549)
Net cash provided by (used for) financing activities	(365)	(338)	(191)	(108)	(866)	(2,054)	(7,375)
Cash and Temporary Investments - beginning of the period	1,113	804	1,113	804	804	1,295	595
Cash and Temporary Investments - end of the period	1,049	746	1,070	708	1,113	804	1,295

PART 14

INTERNATIONAL PAPER OPERATING AND FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the financial information on the International Paper Group set out in Part 13 (International Paper Selected Financial Information) and the International Paper Financial Information. The financial information included in this Part 14 (International Paper Operating and Financial Review) has been extracted without material adjustment from the financial information referred to in the International Paper Financial Information or has been extracted without material adjustment from International Paper's accounting records, which formed the underlying basis of the financial information referred to in the International Paper Financial Information.

Some of the information contained in this Part 14 (International Paper Operating and Financial Review), including information in respect of International Paper's plans and strategies for its business and expected sources of financing, contains certain forward-looking statements that reflect the International Paper Group's plans, estimates and beliefs and that involve significant risks and uncertainties. The International Paper Group's actual results may also differ materially from those discussed in these forward-looking statements. Prospective investors should read the paragraph entitled "Forward-looking statements" in Part 6 (Presentation of Information) of this Prospectus for a discussion of the risks and uncertainties related to those statements and should also read Part 2 (Risk Factors) of this Prospectus for a discussion of certain factors that may affect the business, results of operations or financial condition of the International Paper Group or, following completion of the Combination, the Combined Company.

International Paper's consolidated financial statements are prepared in accordance with U.S. GAAP whereas DS Smith's consolidated financial statements are prepared in accordance with IFRS. IFRS differs from U.S. GAAP in a number of significant respects. International Paper has not prepared, and does not currently intend to prepare, its financial statements or the financial statements of the Combined Company in, or reconcile them to, IFRS and hence has not quantified these differences for prospective investors. In making an investment decision, prospective investors must rely on their own examination of the International Paper Group, the terms of the Combination, Admission and the financial information in this Prospectus. Prospective investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP.

Section A: International Paper Unaudited Financial Statements

Part 1: Three months ended June 30, 2024 versus three months ended June 30, 2023

The following generally discusses historical items as of and for the three months ended June 30, 2024 and as of and for the three months ended June 30, 2023 and three-month comparisons between such periods.

Discussion between historical items for the three months ended March 31, 2024 and March 31, 2023 and three-month comparisons between such periods can be found in Part 2 of this Section A of Part 14 (*International Paper Operating and Financial Review*) of this Prospectus.

Discussion between historical items in 2023 and 2022 and year-to-year comparisons between 2023 and 2022 can be found in Part 1 of Section B of this Part 14 (*International Paper Operating and Financial Review*) of this Prospectus. Discussion of historical items in 2021, and year-to-year comparisons between 2022 and 2021, can be found in Part 2 of Section B of this Part 14 (*International Paper Operating and Financial Review*) of this Prospectus.

Executive Summary

Net earnings (loss) were $498 million ($1.41 per diluted share) in the second quarter of 2024, compared with $56 million ($0.16 per diluted share) in the first quarter of 2024 and $235 million ($0.68 per diluted share) in the second quarter of 2023. The Company generated Adjusted operating earnings (a non-GAAP measure defined below) of $193 million ($0.55 per diluted share) in the second quarter of 2024, compared with $61 million ($0.17 per diluted share) in the first quarter of 2024 and $204 million ($0.59 per diluted share) in the second quarter of 2023.

International Paper delivered improved earnings in the second quarter of 2024 on higher sales prices across the portfolio along with higher volumes on improved box demand. We were encouraged to see stable to moderately improved industry demand across various customer markets we serve. Even with the stable demand environment positively impacting volumes, our Industrial Packaging volumes performance came in below expectations and continued to lag the overall packaging market. We realized some additional benefits from our Box Go-to-Market strategy, but we believe that the second quarter performance also reflects the lagging residual effect of under investing in certain areas where, as a result, there have been ongoing reliability and capacity issues. Over the past year, we have been investing more in our box system and we are seeing improvement in key metrics such as customer on-time delivery and machine productivity. Fixing these issues continues to be a particular focus in future periods but in the near term, specifically the third quarter 2024, earnings are expected to be negatively impacted by this reset along with higher maintenance outage expense and seasonally lower sales volumes. In order to accelerate improvement, we are deploying an 80/20 strategic approach, targeting $4 billion mid-cycle EBITDA in International Paper’s existing business over the medium term. We intend to make the changes needed to focus our portfolio, become excellent with our customers and optimize our costs to deliver profitable growth. In North America, our investments will center on providing customers with the most reliable and innovative packaging solutions.

Comparing our performance in the second quarter of 2024 to the first quarter of 2024, price and mix in our Industrial Packaging business was higher due to the realization of benefits from prior index movements. We believe that the improved price and mix also reflects the benefits from our Box Go-to-Market Strategy along with higher export pricing and mix. Price and mix in our Global Cellulose Fibers business was higher due to prior index movement and the GCF optimization strategy driving benefits from higher absorbent pulp mix, and a reduction in commodity grades. Volume in our Industrial Packaging business was higher in the second quarter on a stable to improving demand trend. However, our Box Go-to-Market Strategy is about making choices that are expected to adversely impact our volume in the near term but are intended to allow us to improve our margins and mix over the long term. Although we expect to trail the industry for the next few quarters in unit volume growth, we expect the volume impacts to be temporary, as we continue to transition toward our target mix of customers and invest in the business to maximize profitability. Volume in our Global Cellulose Fibers business was sequentially flat overall, as improved demand for absorbent pulp was offset by lower sales of commodity grades, as we continued to focus on strategically aligning our business with the most attractive customers and end markets. Operations and costs were sequentially higher in our Industrial Packaging business due to the impacts of inflation, seasonally higher selling and administration costs and higher spending to improve reliability. Operations and costs in our Global Cellulose Fibers business were lower due in large part to lower fixed costs resulting from the closure of the pulp machine at our Riegelwood, North Carolina mill. Planned maintenance outages were marginally higher in our Industrial Packaging business while lower in our Global Cellulose Fibers business. Input costs were flat in our Industrial Packaging business as lower energy costs offset higher recovered fiber costs. Input costs in our Global Cellulose Fibers business were slightly higher, primarily driven by higher chemical and wood costs partially offset by lower energy costs.

Looking ahead to the third quarter of 2024, as compared to the second quarter of 2024, in our Industrial Packaging business, we expect price and mix to improve earnings from prior index movements in North America and higher export prices to date. We also expect incremental benefit from continued progress with our Box Go-to-Market strategy. Volume is expected to be lower in North America on one less shipping day versus the second quarter of 2024 along with seasonally lower daily demand. Operations and costs are expected to be higher on increased reliability spending, labor and benefits costs during the summer months, timing of maintenance spend, and higher unabsorbed fixed costs. Maintenance outage expense is expected to be higher in the third quarter of 2024 while input costs are also expected to be higher on increased energy costs. In our Global Cellulose Fibers business, we expect price and mix to increase earnings on prior index movements. Volume is expected to be lower on seasonally lower demand. Operations and costs are expected to be higher due to higher distribution costs, timing of maintenance spend, as well as higher unabsorbed fixed costs. Maintenance outage expense is expected to be lower while input costs are expected to be stable relative to the second quarter of 2024.

We continue to make progress towards our announced acquisition of DS Smith with the expectation that the transaction will close in the fourth quarter of 2024. As previously disclosed in our Current Report on Form 8-K filed with the Securities and Exchange Commission, on April 16, 2024, the Company issued an announcement, pursuant to Rule 2.7 of the Code, disclosing the terms of a recommended offer by the Company to acquire the entire issued and to be issued share capital of DS Smith in an all-stock transaction. For more information on the announcement, see Note 8 – *Acquisitions* of the International Paper Unaudited Q2 Financial Statements. The Company expects to effect the Combination by way of scheme of arrangement under the laws of England and Wales, such that the issuance of Company shares is not expected to require registration under the U.S. Securities Act of 1933, as amended. In connection with the proposed share issuance, the Company expects the required disclosure documents related to the Combination will be published, and the related meetings held, in late summer/early autumn.

Adjusted Operating Earnings and Adjusted Operating Earnings Per Share are non-GAAP measures defined as net earnings (loss) (a U.S. GAAP measure) excluding discontinued operations, net special items and non-operating pension expense (income). Net earnings (loss) and Diluted earnings (loss) per share are the most directly comparable U.S. GAAP measures. The Company calculates Adjusted Operating Earnings by excluding the after-tax effect of discontinued operations, non-operating pension expense (income) and net special items, as described in greater detail below, from net earnings (loss) reported under U.S. GAAP. Adjusted Operating Earnings Per Share is calculated by dividing Adjusted Operating Earnings by diluted average shares of common stock outstanding. Management uses these non-GAAP measures to focus on ongoing operations and believes that such non-GAAP measures are useful to investors in assessing the operational performance of the Company and enabling investors to perform meaningful comparisons of past and present consolidated operating results from continuing operations. The Company believes that using these non-GAAP measures, along with the most direct comparable U.S. GAAP measures, provides for a more complete analysis of the Company's results of operations.

Non-operating pension expense (income) represents amortization of prior service cost, amortization of actuarial gains/losses, expected return on assets and interest cost. The Company excludes these amounts from our Adjusted Operating Earnings as the Company does not believe these items reflect ongoing operations. These particular pension cost elements are not directly attributable to current employee service. The Company includes service cost in our non-GAAP measures as it is directly attributable to employee service, and the corresponding employees' other compensation elements, in connection with ongoing operations.

The following is a reconciliation of Net earnings (loss) to Adjusted operating earnings (loss) on a total basis. Additional detail is provided below regarding the net special items expense (income) referenced in the charts below.

	Three Months Ended		
In millions	**June 30, 2024**	**June 30, 2023**	**March 31, 2024**
Net earnings (loss)	**$ 498**	$ 235	$ 56
Less - Discontinued operations (gain) loss	**—**	(13)	—
Earnings (loss) from continuing operations	**498**	222	56
Add back - Non-operating pension expense (income)	**(10)**	12	(12)
Add back - Net special items expense (income)	**49**	(6)	18
Income taxes - Non-operating pension and special items[(a)]	**(344)**	(24)	(1)
Adjusted operating earnings (loss)	**$ 193**	$ 204	$ 61

(a) Special items for the three months ended June 30, 2024 include a tax benefit of $338 million related to internal legal entity restructuring. This amount also includes tax expense of $2 million on the non-operating pension income and a tax benefit of $8 million associated with special items. Special items for the three months ended June 30, 2023 include a tax benefit of $23 million related to the settlement of tax audits. This amount also includes a tax benefit of $3 million on the non-operating pension expense and tax expense of $2 million associated with special items. Special items for the three months ended March 31, 2024 includes tax expense of $3 million on the non-operating pension income and a tax benefit of $4 million associated with special items.

Effects of Net Special Items Expense (Income)

Details of net special items expense (income) included in continuing operations for the three months ended are as follows:

	Three Months Ended					
	June 30, 2024		**June 30, 2023**		**March, 31, 2024**	
In millions	**Before Tax**	**After Tax**	**Before Tax**	**After Tax**	**Before Tax**	**After Tax**
Business Segments						
Net (gain) loss on miscellaneous land sales	**$ (5)**	**$ (4)[(a)]**	$ —	$ —	$ —	$ —
Severance and other closure costs	**—**	**—**	—	—	8	6[(g)]
Business Segments Total	**(5)**	**(4)**	—	—	8	6
Corporate						
Environmental remediation adjustment	**25**	**19[(b)]**	—	—	—	—
DS Smith combination costs	**17**	**17[(c)]**	—	—	5	4[(c)]
Strategic advisory fees	**12**	**9[(c)]**	—	—	—	—

In millions	Three Months Ended June 30, 2024 Before Tax	After Tax	June 30, 2023 Before Tax	After Tax	March, 31, 2024 Before Tax	After Tax
Legal reserve adjustments	—	—	—	—	10	7[(h)]
Net (gain) loss on miscellaneous land sales	—	—	—	—	5	4[(a)]
Corporate Total	**54**	**45**	—	—	20	15
Interest expense, net						
Interest related to settlement of tax audits	—	—	(6)	(4)[(e)]	(10)	(7)[(e)]
Interest Total	—	—	(6)	(4)	(10)	(7)
Tax expense (benefit)						
Tax benefit related to internal legal entity restructuring	—	**(338)[(d)]**	—	—	—	—
Tax benefit related to settlement of tax audits	—	—	—	(23)[(f)]	—	—
Tax Total	—	**(338)**	—	(23)	—	—
Total Net Special Items	**$ 49**	**$ (297)**	$ (6)	$ (27)	$ 18	$ 14

(a) (Gains) losses recognized in connection with miscellaneous land sales that the Company does not believe is reflective of the Company's underlying operations recorded in net (gains) losses on sale of fixed assets.

(b) Environmental remediation adjustment associated with the remediation work at a waste pit site at a mill acquired but never operated by the Company and last utilized by the predecessor owner of the mill recorded in cost of products sold.

(c) Transaction related costs not reflective of the Company's underlying operations recorded in selling and administrative expenses.

(d) Tax benefit resulting from internal legal entity restructuring completed during the three months ended June 30, 2024 recorded in income tax provision (benefit).

(e) Interest income on tax overpayments in prior years associated with the settlement of certain tax audits recorded in interest expense, net.

(f) Tax benefit resulting from tax overpayments in prior years, associated with the settlement of certain audits recorded in income tax provision (benefit).

(g) Severance and closure costs associated with the Company's previously disclosed permanent closure of our containerboard mill in Orange, Texas and the permanent shutdown of pulp machines at our Riegelwood, North Carolina and Pensacola, Florida mills primarily recorded in restructuring and other charges, net.

(h) Legal reserve adjustment associated with a previously discontinued business recorded in cost of products sold.

The following is a reconciliation of Net earnings (loss) to Adjusted operating earnings (loss) on a per share basis:

	Three Months Ended June 30, 2024	2023	Three Months Ended March 31, 2024
Diluted earnings (loss) per share	**$ 1.41**	$ 0.68	$ 0.16
Less - Discontinued operations (gain) loss per share	**—**	(0.04)	—
Diluted earnings (loss) per share from continuing operations	**1.41**	0.64	0.16
Add back - Non-operating pension expense (income) per share	**(0.02)**	0.03	(0.04)
Add back - Net special items expense (income) per share	**0.14**	(0.02)	0.05
Income taxes per share - Non-operating pension and special items	**(0.98)**	(0.06)	—
Adjusted operating earnings (loss) per share	**$ 0.55**	$ 0.59	$ 0.17

Cash provided by operations, including discontinued operations, totaled $760 million and $873 million for the first six months of 2024 and 2023, respectively. The Company generated free cash flow of $311 million and $265 million in the first six months of 2024 and 2023, respectively. Free cash flow is a non-GAAP measure, which equals cash provided by operations less cash invested in capital projects, and the most directly comparable U.S. GAAP measure is cash provided by (used for) operations. Management utilizes this measure in connection with managing our business and believes that free cash flow is useful to investors as a liquidity measure because it measures the amount of cash generated that is available, after reinvesting in the business, to maintain a strong balance sheet, pay dividends, repurchase stock, service debt and make investments for future growth. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures.

The following is a reconciliation of cash provided by operations to free cash flow:

	Six Months Ended	
In millions	**June 30, 2024**	**June 30, 2023**
Cash provided by operations	**$ 760**	$ 873
Adjustments:		
Cash invested in capital projects	**(449)**	(608)
Free Cash Flow	**$ 311**	$ 265

The non-GAAP financial measures presented in this Prospectus, as referenced above, have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with U.S. GAAP. In addition, because not all companies utilize identical calculations, the Company's presentation of non-GAAP measures in this Prospectus may not be comparable to similarly titled measures disclosed by other companies, including companies in the same industry as the Company. Investors are cautioned not to place undue reliance on any non-GAAP financial measures used in this Prospectus.

Results of Operations

The following summarizes our results of continuing operations for second quarter of 2024 compared with the first quarter of 2024 and the second quarter of 2023:

	Three Months Ended		
In millions	**June 30, 2024**	**June 30, 2023**	**March 31, 2024**
Net sales	**$ 4,734**	$ 4,682	$ 4,619
Cost of products sold	**3,360**	3,360	3,424
Selling and administrative expenses	**453**	336	358
Depreciation and amortization	**261**	244	278
Distribution expenses	**379**	376	391
Taxes other than payroll and income taxes	**35**	40	41
Restructuring and other charges, net	**—**	—	3
Net (gains) losses on sale of fixed assets	**(5)**	—	5
Interest expense, net	**55**	59	46
Non-operating pension expense (income)	**(10)**	12	(12)
Earnings from continuing operations before income taxes and equity earnings (loss)	**206**	255	85
Income tax provision (benefit)	**(293)**	33	27
Equity earnings (loss), net of taxes	**(1)**	—	(2)
Earnings (loss) from continuing operations	**$ 498**	$ 222	$ 56

Three Months Ended June 30, 2024 Compared to the Three Months Ended March 31, 2024 and the Three Months Ended June 30, 2023

Refer to the heading entitled Effects of Net Special Items Expense (Income) of this Part 1 of Section A of Part 14 (*International Paper Operating and Financial Review*) for details of net special items expense (income) discussed below.

Net sales

Net sales in the second quarter of 2024 increased by $115 million or 2% compared to the first quarter of 2024 and increased $52 million or 1% compared with the second quarter of 2023. The increase compared to the first quarter of 2024 was driven by higher sales prices and increased volume. The increase compared to the second quarter of 2023 was due to higher volumes. Additional details on net sales are provided under the heading Business Segment Operating Results of this Part 1 of Section A of Part 14 (*International Paper Operating and Financial Review*).

Cost of products sold

Compared to the first quarter of 2024, cost of products sold in the second quarter of 2024 decreased by $64 million or 2%. Net special items charges of $25 million and $10 million in the second quarter of 2024 and the first quarter of 2024, respectively, are included in cost of products sold. The decrease was primarily driven by lower fuel and utility expense and lower inventory and other adjustments of $166 million, partially offset by increased raw material and maintenance expense of $87 million.

Cost of products sold was flat in the second quarter of 2024 compared to the second quarter of 2023. There were no special items charges included in cost of products sold in the second quarter of 2023. While the overall change in cost of products sold was flat, there were decreases in packaging, fuel and utility expense and other adjustments of $60 million, partially offset by increases in raw material and maintenance expense of $35 million.

Selling and administrative expenses

Compared to the first quarter of 2024, selling and administrative expenses in the second quarter of 2024 increased by $95 million or 27%. Net special items charges of $29 million and $5 million in the second quarter of 2024 and the first quarter of 2024, respectively, are included in selling and administrative expenses. The increase in the second quarter of 2024 compared to the first quarter of 2024 was primarily driven by higher employee benefit costs including annual incentive plan compensation.

Compared to the second quarter of 2023, selling and administrative expenses in the second quarter of 2024 increased by $117 million or 35%. There were no special items included in selling and administrative expense in the second quarter of 2023. The increase in the second quarter of 2024 compared to the second quarter of 2023 was primarily driven by higher employee benefit costs including annual incentive plan compensation.

Depreciation and amortization

Compared to the first quarter of 2024, depreciation and amortization in the second quarter of 2024 decreased by $17 million or 6%. The decrease in the second quarter of 2024 compared to the first quarter of 2024 was primarily driven by depreciation related to the write-down of fixed assets for the Ixtac, Mexico box plant fire in the first quarter of 2024.

Compared to the second quarter of 2023, depreciation and amortization in the second quarter of 2024 increased by $17 million or 7%, primarily driven by depreciation recognized on the units of production method at mills with higher production.

Distribution expenses

Compared to the first quarter of 2024, distribution expenses in the second quarter of 2024 decreased by $12 million or 3%, primarily driven by lower freight expense.

Compared to the second quarter of 2023, distribution expenses in the second quarter of 2024 increased by $3 million or 1%, primarily driven by higher warehousing and freight expense.

Taxes other than payroll and income taxes

Compared to the first quarter of 2024, taxes other than payroll and income taxes in the second quarter of 2024 decreased by $6 million or 15%, primarily driven by lower real estate and sales and use tax expense.

Compared to the second quarter of 2023, taxes other than payroll and income taxes in the second quarter of 2024 decreased by $5 million or 13%, primarily driven by lower real estate tax expense.

Interest expense, net

Compared to the first quarter of 2024, interest expense, net in the second quarter of 2024 increased by $9 million or 20%. Net special items income of $10 million is included in interest expense, net in the first quarter of 2024.

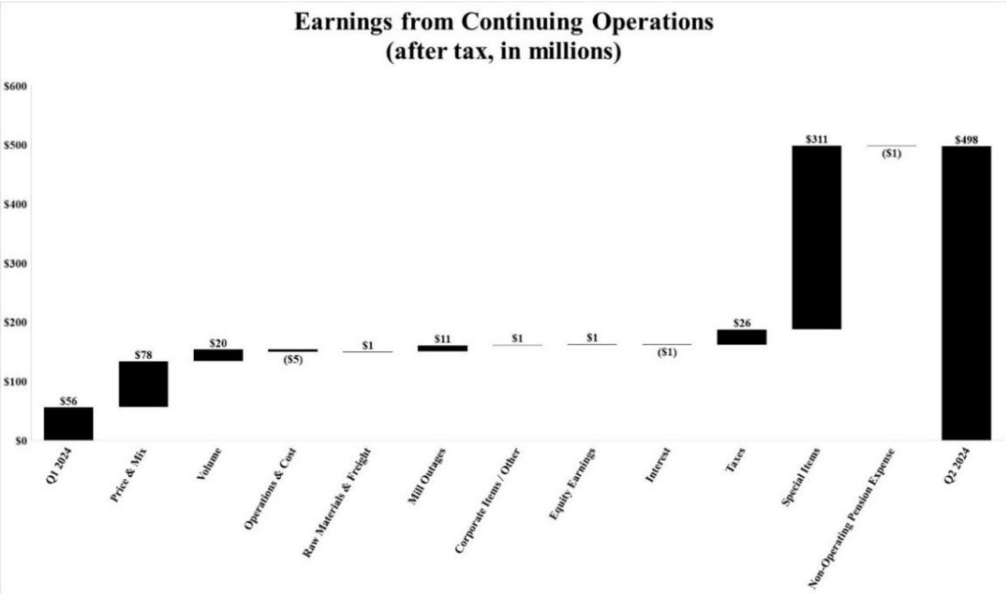
Compared to the second quarter of 2023, interest expense, net in the second quarter of 2024 decreased by $4 million or 7%. Net special items income of $6 million is included in interest expense, net in the second quarter of 2023. The decrease in the second quarter of 2024 compared to the second quarter of 2023 was primarily driven by higher interest income in the second quarter of 2024.

Income tax provision (benefit)

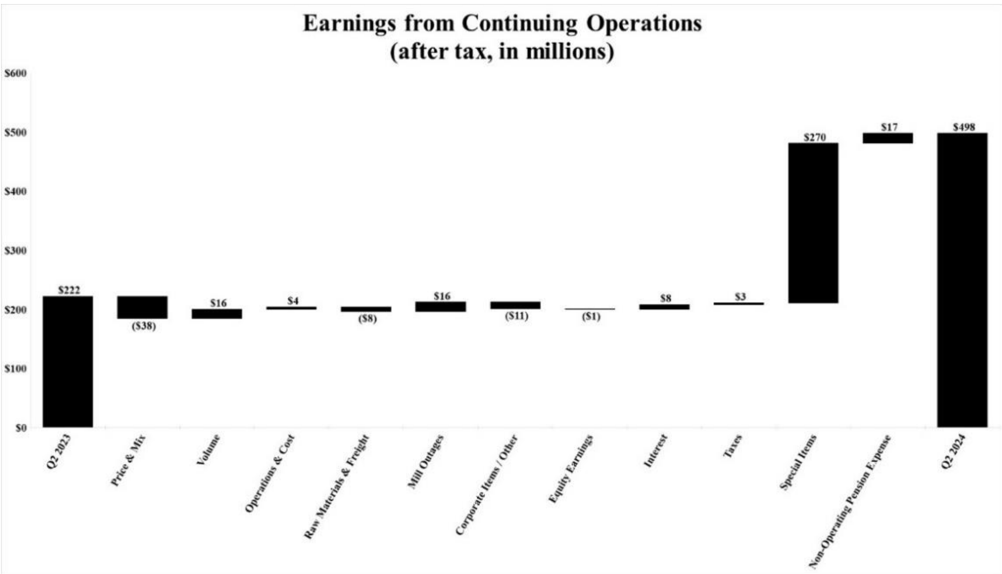
Refer to the heading entitled Income Taxes of this Part 1 of Section A of Part 14 (*International Paper Operating and Financial Review*) for discussion on income tax provision (benefit) and income tax rates.

Earnings (loss) from continuing operations

Earnings (loss) from continuing operations totaled $498 million, or $1.41 per diluted share, in the second quarter of 2024. This compared with $56 million, or $0.16 per diluted share, in the first quarter of 2024 and $222 million, or $0.64 per diluted share, in the second quarter of 2023.



Compared with the first quarter of 2024, earnings from continuing operations benefited from higher average sales prices and a favorable mix ($78 million), higher sales volumes ($20 million), lower raw material and freight costs ($1 million), lower mill maintenance outage costs ($11 million), lower corporate and other costs ($1 million) and lower tax expense ($26 million). These benefits were offset by higher operating costs ($5 million), higher net interest expense ($1 million) and higher non-operating pension expense ($1 million). Equity earnings, net of taxes, were $1 million higher in the second quarter of 2024 than in the first quarter of 2024. Net special items in the second quarter of 2024 were a gain of $297 million compared with a charge of $14 million in the first quarter of 2024.



Compared with the second quarter of 2023, the second quarter of 2024 benefited from higher sales volumes ($16 million), lower operating costs ($4 million), lower mill maintenance outage costs ($16 million), lower net interest expense ($8 million), lower tax expense ($3 million) and lower non-operating pension expense ($17 million). These benefits were offset by lower average sales prices net of a favorable mix ($38 million), higher raw material and freight costs ($8 million) and higher corporate and other costs ($11 million). Equity earnings, net of taxes, were $1 million lower in the second quarter of 2024 compared with the second quarter of 2023. Net special items in the second quarter of 2024 were a gain of $297 million compared with a gain of $27 million in the second quarter of 2023.

Sales Volumes by Product(a)

Sales volumes of major products for the three months and six months ended June 30, 2024 and 2023 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
In thousands of short tons (except as noted)	**2024**	**2023**	**2024**	**2023**
Industrial Packaging				
Corrugated Packaging[b]	**2,255**	2,393	**4,487**	4,774
Containerboard	**791**	600	**1,530**	1,144
Recycling	**552**	528	**1,127**	1,088
Saturated Kraft	**49**	44	**96**	78
Gypsum/Release Kraft	**67**	61	**125**	121
EMEA Packaging[b]	**323**	317	**663**	652
Industrial Packaging	**4,037**	3,943	**8,028**	7,857
Global Cellulose Fibers *(in thousands of metric tons)*[c]	**684**	625	**1,413**	1,313

(a) Sales volumes include third party and intersegment sales and exclude sales of equity investees.
(b) Volumes for corrugated box sales reflect consumed tons sold ("**CTS**"). Board sales for these businesses reflect invoiced tons.
(c) Includes North American volumes and internal sales to mills.

Discontinued Operations

Discontinued operations includes the equity earnings of the prior Ilim joint venture. Discontinued operations also includes special items charges of $33 million and $43 million (before and after taxes) for the three months ended June 30, 2023 and March 31, 2023, respectively. The Company completed the sale of the Ilim joint venture in the third quarter of 2023. This transaction is discussed further in Note 11 - *Equity Method Investments* of the International Paper Unaudited Q2 Financial Statements.

Income Taxes

The following is a reconciliation of the net income tax provision (benefit) to the operational income tax provision and the reported effective income tax rate to the operational effective income tax rate:

	Three Months Ended					
In millions (except rates)	**June 30, 2024**		**June 30, 2023**		**March 31, 2024**	
	Provision (Benefit)	**Rate**	**Provision (Benefit)**	**Rate**	**Provision (Benefit)**	**Rate**
Income tax provision (benefit) and reported effective income tax rate	**$ (293)**	**(142)%**	$ 33	13%	$ 27	32%
Income tax effect - non-operating pension (income) expense and pre-tax special items	**344**	**—**	24	—	1	—
Operational Tax Provision and Operational Effective Tax Rate	**$ 51**	**21%**	$ 57	22%	$ 28	31%

An income tax benefit of $293 million was recorded for the second quarter of 2024 and the reported effective income tax rate was (142)%. The reported effective income tax rate for the second quarter of 2024 was lower than the first quarter of 2024 due to a tax benefit recorded on our internal legal entity restructuring. Excluding a benefit of $346 million related to the tax effects of net special items and an expense of $2 million related to the tax effects of non-operating pension income, the operational effective income tax rate was 21% for the second quarter of 2024. The operational effective income tax rate for the second quarter of 2024 was lower than the first quarter of 2024 primarily due to an increased tax expense on equity-based compensation during the first quarter and tax benefits recorded during the second quarter for higher U.S. foreign tax credits.

An income tax provision of $27 million was recorded for the first quarter of 2024 and the reported effective income tax rate was 32%. Excluding a benefit of $4 million related to the tax effects of net special items and expense of $3 million related to the tax effects of non-operating pension income, the operational effective income tax rate was 31% for the first quarter of 2024.

An income tax provision of $33 million was recorded for the second quarter of 2023 and the reported effective income tax rate was 13%. Excluding a benefit of $21 million related to the tax effects of net special items and benefit of $3 million related to the tax effects of non-operating pension expense, the operational effective income tax rate was 22% for the second quarter of 2023.

The operational income tax provision and operational effective income tax rate are non-GAAP financial measures and are calculated by adjusting the income tax provision from continuing operations and rate to exclude the tax effect of net special items and non-operating pension expense (income). The most directly comparable U.S. GAAP measure is the reported income tax provision and effective income tax rate. Management believes that this presentation provides useful information to investors by providing a meaningful comparison of the income tax rate between past and present periods.

Business Segment Operating Results

The Company currently operates in two segments: Industrial Packaging and Global Cellulose Fibers. On September 18, 2023, the Company completed the sale of its Ilim equity investment and, as a result, all historical results of the Ilim investment are presented as Discontinued Operations, net of taxes and our equity investment is no longer a separate reportable segment.

The following tables present net sales and business segment operating profit (loss), which is the Company's measure of segment profitability. Business segment operating profit (loss) is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments and is presented in our financial statement footnotes in accordance with ASC 280 – "Segment Reporting." For additional information regarding business segment operating profit (loss), including a description of the manner in which business segment operating profit (loss) is calculated, see Note 19 – *Business Segment Information* of the International Paper Unaudited Q2 Financial Statements.

Industrial Packaging

Total Industrial Packaging	**2024**			**2023**		
In millions	**2nd Quarter**	**1st Quarter**	**Six Months**	**2nd Quarter**	**1st Quarter**	**Six Months**
Sales	**$ 3,931**	**$ 3,808**	**$ 7,739**	$ 3,884	$ 4,083	$ 7,967
Business Segment Operating Profit (Loss)	**$ 291**	**$ 216**	**$ 507**	$ 304	$ 322	$ 626

Industrial Packaging net sales for the second quarter of 2024 were 3% higher compared with the first quarter of 2024 and 1% higher compared with the second quarter of 2023. Business segment operating profit was 35% higher in the second quarter of 2024 compared with the first quarter of 2024 and 4% lower compared with the second quarter of 2023.

North American Industrial Packaging	**2024**			**2023**		
In millions	**2nd Quarter**	**1st Quarter**	**Six Months**	**2nd Quarter**	**1st Quarter**	**Six Months**
Sales[(a)]	**$ 3,628**	**$ 3,486**	**$ 7,114**	$ 3,550	$ 3,724	$ 7,274
Business Segment Operating Profit (Loss)	**$ 281**	**$ 192**	**$ 473**	$ 284	$ 302	$ 586

(a) Includes intra-segment sales of $25 million, $17 million for the three months ended June 30, 2024 and 2023, respectively; $26 million and $32 million for the three months ended March 31, 2024 and 2023, respectively; and $51 million and $49 million for the six months ended June 30, 2024 and 2023, respectively.

North American Industrial Packaging sales in the second quarter of 2024 were higher compared to the first quarter of 2024 driven by higher average sales prices reflecting prior index movements and the benefits of our Box Go-to-Market strategy, seasonally higher volumes and a favorable geographic mix. Sales also benefited from one additional shipping day in the second quarter of 2024. Total maintenance and economic downtime was about 54,000 short tons higher in the second quarter of 2024 compared with the first quarter of 2024, as lower maintenance downtime was more than offset by higher economic downtime. Operating costs were higher driven by increased costs on goods and services, administrative spend and spending to improve reliability. Planned maintenance downtime costs were lower in the second quarter of 2024 compared with the first quarter of 2024. Input costs were lower, as lower energy and other raw material costs were partially offset by higher recovered fiber.

Compared with the second quarter of 2023, sales in the second quarter of 2024 were higher reflecting the impact of our Box Go-to-Market strategy and lower economic downtime partially offset by an unfavorable geographic mix. Total maintenance and economic downtime was about 436,000 short tons lower in the second quarter of 2024, due to lower economic and maintenance downtime. Economic downtime was favorably impacted by the mill strategic actions taken in the fourth quarter of 2023. Operating costs increased, driven by increased costs on goods and services, administrative spend and spending to improve reliability. Planned maintenance downtime costs were lower in the second quarter of 2024 compared with the second quarter of 2023. Input costs were higher driven by recovered fiber partially offset by lower energy, wood and other raw material costs.

Entering the third quarter of 2024, sales volumes are expected to be seasonally lower compared to the second quarter of 2024. There is one less shipping day in the third quarter of 2024. The lower volumes will be mostly offset by prior index movements and benefits from our Box Go-To-Market strategy. Operating costs are expected to be higher. Planned maintenance downtime costs are expected to be higher in the third quarter of 2024 compared with the second quarter of 2024. Input costs are expected to be higher driven by energy, recovered fiber and chemicals.

EMEA Industrial Packaging	**2024**			**2023**		
In millions	**2nd Quarter**	**1st Quarter**	**Six Months**	**2nd Quarter**	**1st Quarter**	**Six Months**
Sales	**$ 328**	**$ 348**	**$ 676**	$ 351	$ 391	$ 742
Business Segment Operating Profit (Loss)	**$ 10**	**$ 24**	**$ 34**	$ 20	$ 20	$ 40

EMEA Industrial Packaging sales in the second quarter of 2024 were seasonally lower compared with the first quarter of 2024. Operating costs were higher driven by higher administrative spend and the impact of a warehouse fire in Morocco. Planned maintenance downtime costs were higher in the second quarter of 2024 compared with the first quarter of 2024. Input costs were higher driven by higher fiber costs partially offset by lower energy costs.

Compared with the second quarter of 2023, sales in the second quarter of 2024 were lower reflecting soft demand in the Eurozone partially offset by a favorable product mix. Operating costs were higher, driven by higher administrative spend and the impact of a warehouse fire in Morocco. Planned maintenance downtime costs were higher in the second quarter of 2024 compared with the second quarter of 2023. Input costs were lower, as higher fiber costs were more than offset by lower energy and chemical costs.

Looking ahead to the third quarter of 2024, sales are expected to be stable. Operating costs are expected to be lower. Input costs are expected to be higher, primarily driven by fiber costs. Planned maintenance downtime costs are expected to be lower in the third quarter of 2024.

Global Cellulose Fibers

Total Global Cellulose Fibers	**2024**			**2023**		
In millions	**2nd Quarter**	**1st Quarter**	**Six Months**	**2nd Quarter**	**1st Quarter**	**Six Months**
Sales	**$ 717**	**$ 704**	**$ 1,421**	$ 698	$ 811	$ 1,509
Business Segment Operating Profit (Loss)	**$ 31**	**$ (47)**	**$ (16)**	$ 30	$ (16)	$ 14

Global Cellulose Fibers net sales in the second quarter of 2024 were 2% higher compared with the first quarter of 2024 and 3% higher than in the second quarter of 2023. Business Segment operating profit was $78 million higher in the second quarter of 2024 compared with the first quarter of 2024 and was $1 million higher compared with the second quarter of 2023.

Sales were higher driven by higher average sales prices in the second quarter of 2024, compared with the first quarter of 2024. Sales volumes were stable as higher fluff volumes were offset by lower commodity volumes. Total maintenance and economic downtime was about 12,000 short tons lower in the second quarter of 2024 compared with the first quarter of 2024 primarily driven by maintenance downtime. Operating costs were lower, reflecting mill efficiencies from the strategic actions taken in the second half of 2024 and the timing of expenditures. Planned maintenance downtime costs in the second quarter of 2024 were lower compared with the first quarter of 2024. Input costs were stable as lower energy costs were offset by higher chemicals and wood costs.

Compared with the second quarter of 2023, sales in the second quarter of 2024 were higher, reflecting higher fluff volumes partially offset by lower commodity volumes partially offset by lower sales prices. Total maintenance and economic downtime was about 144,000 short tons lower in the second quarter of 2024, due to both economic and maintenance downtime. Economic downtime was favorably impacted by the mill strategic actions taken in the second half of 2024. Operating costs were higher. Planned maintenance downtime costs in the second quarter of 2024 were higher compared with the second quarter of 2023. Input costs were lower primarily for chemicals and wood.

Entering the third quarter of 2024, sales are expected to be stable. Planned maintenance downtime costs in the third quarter of 2024 are expected to be lower compared with the second quarter of 2024. Operating costs are expected to be higher. Input costs are expected to be stable.

Liquidity and Capital Resources

Cash provided by operations totaled $760 million for the first six months of 2024 compared with $873 million for the comparable 2023 six-month period. Cash provided by working capital components (accounts receivable, contract assets and inventory less accounts payable and accrued liabilities, interest payable and other) totaled $12 million for the six months ended June 30, 2024 compared with cash used by working capital components of $88 million for the six months ended June 30, 2023. The decrease in cash provided by operations in the first six months of 2024 compared to the comparable 2023 six-month period was primarily due to the impact of the timing of mill outage spending and input pricing on accounts payable, partially offset by lower accounts receivable cash receipts due to the timing of sales.

Investments in capital projects totaled $449 million in the first six months of 2024, compared to $608 million in the first six months of 2023. Full-year 2024 capital spending is currently expected to be approximately $800 million to $1.0 billion, or 77% to 96% of depreciation and amortization.

Financing activities for the first six months of 2024 included an $8 million net decrease in debt versus a $236 million net increase in debt during the comparable 2023 six-month period.

See Note 16 - *Debt* of the International Paper Unaudited Q2 Financial Statements for a discussion of various debt-related actions taken by the Company during the six months ended June 30, 2024.

There were no early debt reductions for the three months ended June 30, 2024 and 2023, respectively.

At June 30, 2024, contractual obligations for future payments of debt maturities (including finance lease liabilities disclosed in Note 10 - *Leases* of the International Paper Unaudited Q2 Financial Statements and excluding the timber monetization structure disclosed in Note 15 - *Variable Interest Entities* of the International Paper Unaudited Q2 Financial Statements) by calendar year were as follows: $132 million in 2024; $191 million in 2025; $143 million in 2026; $333 million in 2027; $670 million in 2028 and $4.1 billion thereafter.

Maintaining an investment-grade credit rating is an important element of International Paper's financing strategy. At June 30, 2024, the Company held long-term credit ratings of BBB (stable outlook) and Baa2 (stable outlook) by S&P and Moody's, respectively. In addition, the Company held short-term credit ratings of A2 and P2 by S&P and Moody's, respectively, for borrowings under the Company's commercial paper program.

At June 30, 2024, International Paper's credit agreements totaled $1.9 billion, which is comprised of the $1.4 billion contractually committed bank credit agreement and up to $500 million under the receivables securitization program. In June 2023, the Company amended and restated its credit agreement to, among other things (i) reduce the size of the contractually committed bank facility from $1.5 billion to $1.4 billion, (ii) extend the maturity date from June 2026 to June 2028, and (iii) replace the LIBOR-based rate with a SOFR-based rate. Management believes that the Company's credit agreements are adequate to cover expected operating cash flow variability during the current economic cycle. The credit agreements generally provide for interest rates at a floating rate index plus a pre-determined margin dependent upon International Paper's credit rating. At June 30, 2024, the Company had no borrowings outstanding under the $1.4 billion credit agreement or the $500 million receivables securitization program. The Company's credit agreements are not subject to any restrictive covenants other than the financial covenants as disclosed in Note 16 – *Debt* of the International Paper Unaudited Q2 Financial Statements, and the borrowings under the receivables securitization program being limited by eligible receivables. The Company was in compliance with all its debt covenants at June 30, 2024, and was well below the thresholds stipulated under the covenants as defined in the credit agreements. Further the financial covenants do not restrict any borrowings under the credit agreements.

In addition to the $1.4 billion capacity under the Company's credit agreements, International Paper has a commercial paper program with a borrowing capacity of $1.0 billion supported by its $1.4 billion credit agreement. Under the terms of the program, individual maturities on borrowings may vary, but not exceed one year from the date of issue. Interest bearing notes may be issued either as fixed or floating rate notes. As of June 30, 2024, the Company had no outstanding borrowings under the commercial paper program.

During the first quarter of 2024, the Company had debt reductions of $3 million related to decreases in the amount of capital leases.

During the second quarter of 2024, the Company had debt reductions of $5 million related to decreases in the amount of capital leases.

International Paper expects to meet projected capital expenditures, service existing debt, meet working capital and dividend payments and make common stock and/or debt repurchases for the next 12 months and for the foreseeable future thereafter with current cash balances and cash from operations, supplemented as required by its existing credit facilities. The Company will continue to rely on debt and capital markets for the majority of any necessary long-term funding not provided by operating cash flows. Funding decisions will be guided by our capital structure planning objectives. The primary goals of the Company's capital structure planning are to maximize financial flexibility and maintain appropriate levels of liquidity to meet our needs while managing balance sheet debt and interest expense. We have repurchased, and may continue to repurchase, our common stock (under our existing share repurchase program) and debt (including in open market purchases) to the extent consistent with this capital structure planning, and subject to prevailing market conditions, our liquidity requirements, applicable securities laws requirements, and other factors. The majority of International Paper's debt is accessed through global public capital markets where we have a wide base of investors.

During the first six months of 2024, International Paper used 2.0 million shares of treasury stock for various incentive plans. International Paper also acquired 0.6 million shares of treasury stock, including restricted stock tax withholdings during the first three months of 2024. Repurchases of common stock and payments of restricted stock withholding taxes totaled $22 million during this period. Our current share repurchase program approved by our Board of Directors on October 11, 2022, which does not have an expiration date, has approximately $2.96 billion aggregate amount of shares of common stock remaining authorized for purchase as of June 30, 2024. During the three months ended June 30, 2024, no shares of common stock were repurchased under our share repurchase program.

During the first sixth months of 2023, International Paper used approximately 1.6 million shares of treasury stock for various incentive plans. International Paper also acquired 5.9 million shares of treasury stock, including restricted stock tax withholding during the first three months of 2023. Repurchases of common stock and payments of restricted stock withholding taxes totaled $218 million, including $197 million related to shares repurchased under the Company's repurchase program during this period.

Cash dividend payments related to common stock totaled $321 million and $322 million for the first six months of 2024 and 2023, respectively. Dividends were $0.9250 per share for the first six months of 2024 and 2023.

Our pension plan is currently fully funded and we do not anticipate any required cash contributions for the next 12 months.

Variable Interest Entities

Information concerning variable interest entities is set forth in Note 15 in the International Paper Audited Financial Statements. In connection with the 2006 International Paper installment sale of forestlands, we received $4.8 billion of installment notes. These installment notes were used by variable interest entities as collateral for borrowings from third-party lenders. These variable interest entities were restructured in 2015 when the installment notes and third-party loans were extended. The restructured variable interest entities held installment notes of $4.8 billion and third-party loans of $4.2 billion which both matured in August 2021. We settled the third-party loans at their maturity with the proceeds from the installment notes. This resulted in cash proceeds of approximately $630 million representing our equity in the variable interest entities. Maturity of the installment notes and termination of the monetization structure also resulted in a $72 million tax liability that was paid in the fourth quarter of 2021. On September 2, 2022, the Company and the Internal Revenue Service agreed to settle the previously disclosed timber monetization restructuring tax matter involving the 2015 Financing Entities. Under this agreement, the Company agreed to fully resolve the matter and pay $252 million in U.S. federal income taxes. As a result, interest was charged upon closing of the audit. The Company has paid $252 million in U.S. federal income taxes and $58 million in interest expense as a result of the settlement agreement. Of this amount, the Company paid $163 million in U.S. federal income taxes and $30 million in interest during the first quarter of 2023, with the Company fully satisfying the remaining payment terms of the settlement agreement regarding the 2015 Financing Entities timber monetization restructuring tax matter during the second quarter of 2023.

Critical Accounting Policies and Significant Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires International Paper to establish accounting policies and to make estimates that affect both the amounts and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgments about matters that are inherently uncertain.

Accounting policies whose application may have a significant effect on the reported results of operations and financial position of International Paper, and that may require judgments by management that affect their application, include accounting for contingencies, impairment or disposal of long-lived assets, goodwill and other intangible assets, pensions and income taxes.

The Company has included in its most recent Annual Report on Form 10-K a discussion of these critical accounting policies, which are important to the portrayal of the Company’s financial condition and results of operations and may require management’s judgments. The Company has not made any changes in these critical accounting policies during the first six months of 2024.

Part 2: Three months ended March 31, 2024 versus three months ended March 31, 2023

The following generally discusses historical items as of and for the three months ended March 31, 2024 and as of and for the three months ended March 31, 2023 and three-month comparisons between such periods.

Discussion between historical items in 2023 and 2022 and year-to-year comparisons between 2023 and 2022 can be found in Part 1 of Section B of Part 14 (*International Paper Operating and Financial Review*) of this Prospectus. Discussion of historical items in 2021, and year-to-year comparisons between 2022 and 2021, can be found in Part 2 of Section B of Part 14 (*International Paper Operating and Financial Review*) of this Prospectus.

Executive Summary

Net earnings (loss) were $56 million ($0.16 per diluted share) in the first quarter of 2024, compared with $(284) million ($(0.82) per diluted share) in the fourth quarter of 2023 and $172 million ($0.49 per diluted share) in the first quarter of 2023. The Company generated Adjusted operating earnings (a non-GAAP measure defined below) of $61 million ($0.17 per diluted share) in the first quarter of 2024, compared with $142 million ($0.41 per diluted share) in the fourth quarter of 2023 and $185 million ($0.53 per diluted share) in the first quarter of 2023.

In the first quarter of 2024, our teams across International Paper executed well, with intense focus on accelerating our commercial and mill optimization strategies and taking care of our customers. We were encouraged to see positive market momentum as sales price indexes improved across our portfolio in the first quarter of 2024, and we continued to see signs of demand recovery. The first quarter of 2024 represents an earnings trough based on seasonally lower volumes, the majority of negative price flow through from 2023 index movements and higher recovered fiber costs. Our first quarter of 2024 results also included approximately $52 million of impacts associated with a January freeze, impacting both businesses, along with the initial financial impacts of the Ixtac, Mexico box plant fire in our North American Industrial Packaging business. Our teams across International Paper made significant progress executing our strategic initiatives. We realized margin and mix benefits from our Box Go-to-Market strategy in the first quarter of 2024. We also realized benefits in both businesses from the fixed cost reduction efforts in our mill system. Finally, in a move that we believe is a catalyst to create significant value for our shareholders, we announced on April 16, 2024, our intent to acquire DS Smith in an all-stock transaction valued at approximately $9.9 billion.

Comparing our performance in the first quarter of 2024 to the fourth quarter of 2023, price and mix in our North American Industrial Packaging business was higher due to significant benefits from our Box Go-to-Market strategy which was partially offset by the majority of prior sales price index declines from 2023. The February index publication of $40 per ton increase will primarily flow through our sales contracts in the second and third quarters of 2024. Price in our Global Cellulose Fibers business was higher due to prior index movement and mix improved from the GCF optimization strategy driving benefits from more fluff and specialty pulp and less commodity grades. Volume in our North American Industrial Packaging business was lower as the first quarter of 2024 is expected to represent our seasonally lowest shipment quarter of the year, along with some impact from the January freeze. Also, our Go-to-Market strategy is about making choices regarding value over volume in the near term. We believe this will allow us to improve our margins and mix over the longer term, with a focus on maximizing the profitability of our Industrial Packaging business. Volume in our Global Cellulose Fibers business was sequentially flat overall, as higher shipments for absorbent pulp was offset by lower sales of commodity grades, as we continued to focus on strategically aligning our business with the most attractive customers and end markets. Operations and costs were sequentially higher in our North American Industrial Packaging business due to the January freeze and the Ixtac, Mexico fire in March 2024. Additionally, operations and costs were higher due to cost inflation including items such as labor, materials, contracted maintenance services and employee benefit costs. There was also lower fixed cost absorption from seasonally lower volumes. The higher operating costs were partially offset by lower fixed costs following the fourth quarter shutdown of the Orange, Texas mill. Operations and costs in our Global Cellulose Fibers business were higher due to the January freeze. Additionally, costs were higher due to inflation on items such as labor, materials, contracted maintenance services and employee benefit costs, and some timing of spend. The higher operating costs were largely offset by lower fixed costs resulting from the two pulp machine closures at our mills in Riegelwood, North Carolina and Pensacola, Florida. Planned maintenance outages were higher in our Industrial Packaging business while lower in our Global Cellulose Fibers business. Input costs were higher in our Industrial Packaging business, primarily driven by higher recovered fiber costs. Input costs in our Global Cellulose Fibers business were higher, primarily driven by higher energy costs.

As previously disclosed in our Current Report on Form 8-K filed with the SEC, on April 16, 2024, the Company issued an announcement, pursuant to Rule 2.7 of the Code, disclosing the terms of a recommended offer by the Company to acquire the entire issued and to be issued share capital of DS Smith in an all-stock transaction. For more information on the announcement, please see Note 19 – *Subsequent Event* of the International Paper Q1 Unaudited Financial Information.

Adjusted Operating Earnings and Adjusted Operating Earnings Per Share are non-GAAP measures defined as net earnings (loss) (a U.S. GAAP measure) excluding discontinued operations, net special items and non-operating pension expense (income). Net earnings (loss) and Diluted earnings (loss) per share are the most directly comparable U.S. GAAP measures. The Company calculates Adjusted Operating Earnings by excluding the after-tax effect of discontinued operations, non-operating pension expense (income) and items considered by management to be unusual (net special items) from net earnings (loss) reported under U.S. GAAP. Adjusted Operating Earnings Per Share is calculated by dividing Adjusted Operating Earnings by diluted average shares of common stock outstanding. Management uses this measure to focus on ongoing operations and believes that it is useful to investors because it enables them to perform meaningful comparisons of past and present consolidated operating results from continuing operations. The Company believes that using this information, along with the most direct comparable U.S. GAAP measure, provides for a more complete analysis of the results of operations.

The following are reconciliations of Net earnings (loss) to Adjusted operating earnings (loss) on a total and per share basis. Refer to the heading entitled Effects of Net Special Items Expense (Income) of this Part 2 of Section A of Part 14 (*International Paper Operating and Financial Review*) for details of net special items expense (income) referenced in the charts below.

	Three Months Ended		
	March 31,		December 31
In millions	**2024**	**2023**	**2023**
Net earnings (loss)	$ 56	$ 172	$ (284)
Less - Discontinued operations (gain) loss	—	—	—
Earnings (loss) from continuing operations	56	172	(284)
Add back - Non-operating pension expense (income)	(12)	15	14
Add back - Net special items expense (income)	18	3	546
Income taxes - Non-operating pension and special items	(1)	(5)	(134)
Adjusted operating earnings (loss)	$ 61	$ 185	$ 142

	Three Months Ended		
	March 31,		December 31,
	2024	**2023**	**2023**
Diluted earnings (loss) per share	$ 0.16	0.49	$ (0.82)
Less - Discontinued operations (gain) loss per share	—	—	—
Diluted earnings (loss) per share from continuing operations	0.16	0.49	(0.82)
Add back - Non-operating pension expense (income) per share	(0.04)	0.04	0.04
Add back - Net special items expense (income) per share	0.05	0.01	1.58
Income taxes per share - Non-operating pension and special items	—	(0.01)	(0.39)
Adjusted operating earnings (loss) per share	$ 0.17	$ 0.53	$ 0.41

Cash provided by operations, including discontinued operations, totaled $395 million and $345 million for the first three months of 2024 and 2023, respectively. The Company generated free cash flow of $144 million and $4 million in the first three months of 2024 and 2023, respectively. Free cash flow is a non-GAAP measure, which equals cash provided by operations subject to the adjustments set forth in the reconciliation table below, and the most directly comparable U.S. GAAP measure is cash provided by operations. Management utilizes this measure in connection with managing our business and believes that free cash flow is useful to investors as a liquidity measure because it measures the amount of cash generated that is available, after reinvesting in the business, to maintain a strong balance sheet, pay dividends, repurchase stock, service debt and make investments for future growth. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures.

The following is a reconciliation of cash provided by operations to free cash flow:

	Three Months Ended March 31,	
In millions	**2024**	**2023**
Cash provided by operations	$ 395	$ 345
Adjustments:		
Cash invested in capital projects	(251)	(341)

In millions	Three Months Ended March 31, 2024	2023
Free Cash Flow	$ 144	$ 4

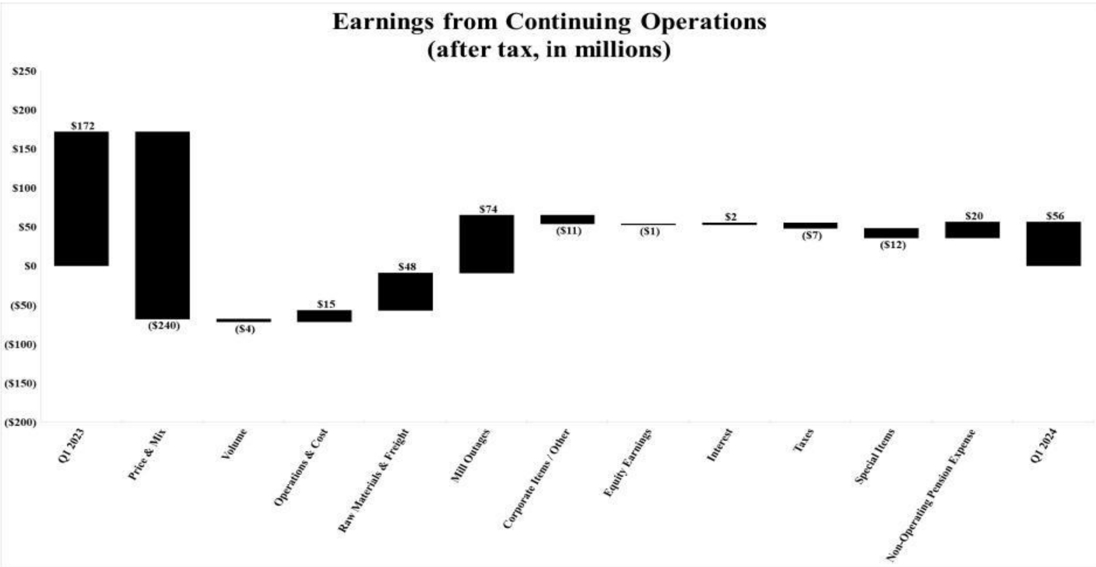
The non-GAAP financial measures presented in this Prospectus as referenced above have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with U.S. GAAP. In addition, because not all companies utilize identical calculations, the Company's presentation of non-GAAP measures in this Prospectus may not be comparable to similarly titled measures disclosed by other companies, including companies in the same industry as the Company.

Results of Operations

For the first quarter of 2024, International Paper reported net sales of $4.6 billion, compared with $4.6 billion in the fourth quarter of 2023 and $5.0 billion in the first quarter of 2023.

Net earnings (loss) totaled $56 million, or $0.16 per diluted share, in the first quarter of 2024. This compared with $(284) million, or $(0.82) per diluted share, in the fourth quarter of 2023 and $172 million, or $0.49 per diluted share, in the first quarter of 2023.

Compared with the fourth quarter of 2023, earnings from continuing operations benefited from higher average sales prices and a favorable mix ($47 million), lower tax expense ($4 million) and lower non-operating pension expense ($20 million). These benefits were offset by lower sales volumes ($29 million), higher operating costs ($43 million), higher raw material and freight costs ($23 million), higher mill maintenance outage costs ($11 million), higher corporate and other costs ($22 million) and higher net interest expense ($3 million). Equity earnings, net of taxes, were $1 million lower in the first quarter of 2024 than in the fourth quarter of 2023. Net special items in the first quarter of 2024 were a charge of $14 million compared with a charge of $415 million in the fourth quarter of 2023.



Compared with the first quarter of 2023, the first quarter of 2024 benefited from lower operating costs ($15 million), lower raw material and freight costs ($48 million), lower mill maintenance outage costs ($74 million), lower net interest expense ($2 million) and lower non-operating pension expense ($20 million). These benefits were offset by lower average sales prices and an unfavorable mix ($240 million), lower sales volumes ($4 million), higher corporate and other costs ($11 million) and higher tax expense ($7 million). Equity earnings, net of taxes, were $1 million lower in the first quarter of 2024 compared with the first quarter of 2023. Net special items in the first quarter of 2024 were a charge of $14 million compared with a charge of $2 million in the first quarter of 2023.

The Company currently operates in two segments: Industrial Packaging and Global Cellulose Fibers. On September 18, 2023, the Company completed the sale of its Ilim equity investment and, as a result, all historical results of the Ilim investment are presented as Discontinued Operations, net of taxes and our equity investment is no longer a separate reportable industry segment.

Total business segment operating profit (loss) is a non-GAAP measure and the most directly comparable U.S. GAAP measure is net earnings from continuing operations. Total business segment operating profit (losses) are defined as earnings (loss) from continuing operations before income taxes and equity earnings, but including the impact of less than wholly owned subsidiaries, and excluding interest expense, net, corporate expenses, net, corporate net special items, business net special items and non-operating pension expense. In addition, business segment operating profit (loss), at a segment level, is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments and is presented in our financial statement footnotes in accordance with ASC 280 - "Segment Reporting". Business segment operating profits (losses) are used by International Paper's management to measure the earnings performance of its businesses. Management uses this measure to focus on ongoing operations, and believes that it is useful to investors because it enables them to perform meaningful comparisons of past and present operating results. International Paper believes that using this information, along with net earnings, provides a more complete analysis of the results of operations by quarter.

The following table presents a reconciliation of Net earnings (loss) from continuing operations to its total business segment operating profit (loss):

	Three Months Ended		
	March 31,		December 31,
In millions	**2024**	**2023**	**2023**
Net Earnings (Loss) from Continuing Operations	$ 56	$ 172	$ (284)
Add back (deduct):			
Income tax provision (benefit)	27	48	(61)
Equity (earnings) loss, net of taxes	2	1	19
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	85	221	(326)
Interest expense, net	46	62	52
Less than wholly owned subsidiaries included in operations	(2)	—	(2)
Corporate expenses, net	24	8	(9)
Corporate net special items	20	—	(1)
Business net special items	8	—	529
Non-operating pension expense (income)	(12)	15	14
Total Business Segment Operating Profit (Loss)	$ 169	$ 306	$ 257
Business Segment Operating Profit (Loss):			
Industrial Packaging	$ 216	$ 322	$ 315
Global Cellulose Fibers	(47)	(16)	(58)
Total Business Segment Operating Profit (Loss)	$ 169	$ 306	$ 257

Sales Volumes by Product

Sales volumes of major products for the three months ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31,	
In thousands of short tons (except as noted)	**2024**	**2023**
Industrial Packaging		
Corrugated Packaging[(b)]	2,232	2,381
Containerboard	739	544
Recycling	575	560
Saturated Kraft	47	34
Gypsum/Release Kraft	58	60
EMEA Packaging[(b)]	340	335
Industrial Packaging	3,991	3,914
Global Cellulose Fibers *(in thousands of metric tons)*[(c)]	729	688

(a) Sales volumes include third party and intersegment sales and exclude sales of equity investees.

(b) Volumes for corrugated box sales reflect consumed tons sold ("CTS"). Board sales for these businesses reflect invoiced tons.

(c) Includes North American volumes and internal sales to mills.

Discontinued Operations

On September 18, 2023, pursuant to a previously announced agreement, the Company completed the sale of its 50% equity interest in Ilim S.A. ("Ilim"), which was a joint venture that operated a pulp and paper business in Russia and has subsidiaries including Ilim Group, to its joint venture partners for $484 million in cash. The Company also completed the sale of all of its Ilim Group shares (constituting a 2.39% stake) for $24 million, and divested other non-material residual interests associated with Ilim, to its joint venture partners. Following the completed sales, the Company no longer has an interest in Ilim or any of its subsidiaries. Additionally, we incurred transaction fees of $36 million in connection with the sale of our investment. This transaction is discussed further in Note 10 - *Equity Method Investments* of the International Paper Unaudited Q1 Financial Statements.

Discontinued operations includes the equity earnings of the prior Ilim joint venture. Discontinued operations also includes special items charges of $43 million (before and after taxes) for the three months ended March 31, 2023.

Income Taxes

An income tax provision of $27 million was recorded for the first quarter of 2024 and the reported effective income tax rate was 32%. The reported effective income tax rate for the first quarter of 2024 was higher than the fourth quarter of 2023 primarily due to reduced tax benefits for equity-based compensation. Excluding a benefit of $4 million related to the tax effects of net special items and an expense of $3 million related to the tax effects of non-operating pension expense, the operational effective income tax rate was 31% for the first quarter of 2024. The operational effective tax rate for the first quarter of 2024 was lower than the fourth quarter of 2023 primarily due to an increased deferred tax valuation allowance in the fourth quarter.

An income tax benefit of $61 million was recorded for the fourth quarter of 2023 and the reported effective income tax rate was 19%. Excluding a benefit of $131 million related to the tax effects of net special items and benefit of $3 million related to the tax effects of non-operating pension expense, the operational effective income tax rate was 34% for the fourth quarter of 2023.

An income tax provision of $48 million was recorded for the first quarter of 2023 and the reported effective income tax rate was 22%. Excluding a benefit of $1 million related to the tax effects of net special items and benefit of $4 million related to the tax effects of non-operating pension expense, the operational effective income tax rate was 22% for the first quarter of 2023.

The operational income tax provision and operational effective tax rate are non-GAAP financial measures and are calculated by adjusting the income tax provision from continuing operations and rate to exclude the tax effect of net special items and non-operating pension expense (income). The most directly comparable U.S. GAAP measure is the reported income tax provision and effective income tax rate. Management believes that this presentation provides useful information to investors by providing a meaningful comparison of the income tax rate between past and present periods.

The following is a reconciliation of the net income tax provision (benefit) to the operational income tax provision and rate:

	Three Months Ended		
	March 31,		**December 31,**
In millions	**2024**	**2023**	**2023**
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	**$ 85**	$ 221	$ (326)
Pre-tax special items	**18**	3	528
Non-operating pension (income) expense	**(12)**	15	14
Adjusted Operating Earnings (Loss) from Continuing Operations Before Income Taxes and Equity Earnings	**$ 91**	$ 239	$ 216
Income tax provision (benefit)	**$ 27**	$ 48	$ (61)
Income tax effect - non-operating pension (income) expense and pre-tax special items	**1**	5	134
Operational Tax Provision	**$ 28**	$ 53	$ 73
Operational Effective Tax Rate	**31%**	22%	34%

Interest Expense

Net interest expense was $46 million in the first quarter of 2024, compared with $52 million in the fourth quarter of 2023 and $62 million in the first quarter of 2023. The first quarter of 2024 includes $10 million of interest income on prior years tax overpayments related to the settlement of tax audits. The first quarter of 2023 includes $3 million of interest expense related to the settlement of the timber monetization restructuring tax matter.

Effects of Net Special Items Expense (Income) and Non-Operating Pension Expense

Details of net special items expense (income) and non-operating pension expense (income) for the three months ended are as follows:

	Three Months Ended					
	March 31,				December 31,	
	2024		2023		2023	
In millions	Before Tax	After Tax	Before Tax	After Tax	Before Tax	After Tax
Business Segments						
Accelerated depreciation	**$ 5**	**$ 4(a)**	$ —	$ —	$ 422	$ 317(a)
Severance and other costs	**3**	**2(b)**	—	—	118	89(b)
Building a Better IP	**—**	**—**	—	—	(11)	(8)(c)
Business Segments Total	**8**	**6**	—	—	529	398
Corporate						
Legal reserve adjustments	**10**	**7**	—	—	—	—
DS Smith combination costs	**5**	**4**				
Net loss on miscellaneous land sales	**5**	**4**	—	—	—	—
Equity method investment impairment	**—**	**—**	—	—	18	14
Environmental remediation reserve adjustment	**—**	**—**	—	—	7	5
Building a Better IP	**—**	**—**	—	—	(8)	(6)
Corporate Total	**20**	**15**	—	—	17	13
Interest expense, net						
Interest related to settlement of tax audits	**(10)**	**(7)**	—	—	—	—
Interest related to timber monetization settlement	**—**	**—**	3	2	—	—
Interest Total	**(10)**	**(7)**	3	2		
Total net special items expense (income)	**18**	**14**	3	2	546	411
Non-operating pension expense (income)	**(12)**	**(9)**	15	11	14	11
Total net special items and non-operating pension expense (income)	**$ 6**	**$ 5**	$ 18	$ 13	$ 560	$ 422

(a) Includes $1 million (before and after taxes) and $347 million ($261 million after taxes) for the three months ended March 31, 2024 and December 31, 2023, respectively, recorded in the Industrial Package business segment and $4 million ($3 million after taxes) and $75 million ($56 million after taxes) for the three months ended March 31, 2024 and December 31, 2023, respectively, recorded in the Global Cellulose Fibers business segment.

(b) Includes $3 million ($2 million after taxes) and $81 million ($61 million after taxes) for the three months ended March 31, 2024 and December 31, 2023, respectively, recorded in the Industrial Packaging business segment and $37 million ($28 million after taxes) for the three months ended December 31, 2023 recorded in the Global Cellulose Fibers business segment.

(c) Includes $8 million ($6 million after taxes) recorded in the Industrial Packaging business segment and $3 million ($2 million after taxes) recorded in the Global Cellulose Fibers business segment.

Net special items expense (income) include the following tax expenses (benefits):

	Three Months Ended		
	March 31,		December 31,
In millions	2024	2023	2023
Tax related to legal entity restructuring	$ —	$ —	$ 4
Total	$ —	$ —	$ 4

Business Segment Operating Results

The following tables present net sales and business segment operating profit (loss) at a segment level, which is the Company's measure of segment profitability. As previously noted, business segment operating profit (loss), at a segment level, is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business segments and is presented in our financial statement footnotes in accordance with ASC 280 - "Segment Reporting". For additional information regarding business segment operating profit (loss) at a segment level as well as total business segment operating profit (loss), a non-GAAP financial measure, see the heading entitled "Results of Operations" of this Part 2 of Section A of Part 14 (*International Paper Operating and Financial Review*).

Industrial Packaging

Total Industrial Packaging	2024	2023	
In millions	1st Quarter	1st Quarter	4th Quarter
Sales	**$ 3,808**	$ 4,083	$ 3,842
Operating Profit (Loss)	**$ 216**	$ 322	$ 315

Industrial Packaging net sales for the first quarter of 2024 were 1% lower compared with the fourth quarter of 2023 and 7% lower compared with the first quarter of 2023. Operating profit was 31% lower in the first quarter of 2024 compared with the fourth quarter of 2023 and 33% lower compared with the first quarter of 2023.

North American Industrial Packaging	2024	2023	
In millions	1st Quarter	1st Quarter	4th Quarter
Sales(a)	**$ 3,486**	$ 3,724	$ 3,528
Operating Profit (Loss)	**$ 192**	$ 302	$ 287

(a) Includes intra-segment sales of $26 million, $32 million and $26 million for the three months ended March 31, 2024 and 2023 and December 31, 2023, respectively.

North American Industrial Packaging average sales margins in the first quarter of 2024 were higher compared to the fourth quarter of 2023 driven by higher average sales prices for corrugated boxes reflecting the benefits of our Box Go-to-Market strategy. Average sales margins for containerboard were also higher, reflecting higher sales prices and a favorable geographic mix. Sales volumes were lower due to seasonality and our Box Go-to-Market strategy. Total maintenance and economic downtime was about 84,000 short tons lower in the first quarter of 2024 compared with the fourth quarter of 2023, due to lower economic downtime. Economic downtime was favorably impacted by the mill strategic actions taken in the fourth quarter 2023. Operating costs were higher driven by inflation on goods and services and the impact of the January 2024 winter freeze and the Ixtac, Mexico fire. Planned maintenance downtime costs were higher in the first quarter of 2024 compared with the fourth quarter of 2023. Input costs were higher, primarily for recovered fiber.

Compared with the first quarter of 2023, sales volumes in the first quarter of 2024 were lower for corrugated boxes reflecting the impact of our Box Go-to-Market strategy. Sales volumes for export containerboard were higher. Total maintenance and economic downtime was about 366,000 short tons lower in the first quarter of 2024, due to lower economic and maintenance downtime. Economic downtime was favorably impacted by the mill strategic actions taken in the fourth quarter of 2023. Average sales prices for boxes and containerboard were lower reflecting index movements, partially offset by the benefits of our commercial initiatives. Operating costs increased, driven by inflation on goods and services and increased maintenance spending in our box system. Operating costs were also impacted by the January 2024 winter freeze and Ixtac, Mexico fire. Planned maintenance downtime costs were lower in the first quarter of 2024 compared with the first quarter of 2023. Input costs were lower driven by lower energy, wood and other raw material costs partially offset by higher recovered fiber costs.

EMEA Industrial Packaging	2024	2023	
In millions	1st Quarter	1st Quarter	4th Quarter
Sales	$ 348	$ 391	$ 340
Operating Profit (Loss)	$ 24	$ 20	$ 28

EMEA Industrial Packaging sales volumes for corrugated boxes in the first quarter of 2024 were flat compared with the fourth quarter of 2023. Average sales margins for corrugated boxes were lower, reflecting lower sales prices partially offset by a favorable product mix. Average sales margins for containerboard were also lower. Operating costs were lower driven by strong cost management. Planned maintenance downtime costs were lower in first quarter of 2024 compared with the fourth quarter of 2023. Input costs were stable. Earnings were also impacted by the non-repeat of an energy subsidy and other favorable one-time items in the fourth quarter of 2023.

Compared with the first quarter of 2023, sales volumes in the first quarter of 2024 were flat. Higher average sales margins for corrugated boxes were more than offset by lower margins for containerboard. Operating costs were lower, driven by good cost management. There were no planned maintenance outages in either the first quarter of 2024 or the first quarter of 2023. Input costs were lower primarily for energy and chemicals.

Global Cellulose Fibers

Total Global Cellulose Fibers	2024	2023	
In millions	1st Quarter	1st Quarter	4th Quarter
Sales	$ 704	$ 811	$ 656
Operating Profit (Loss)	$ (47)	$ (16)	$ (58)

Global Cellulose Fibers net sales in the first quarter of 2024 were 7% higher compared with the fourth quarter of 2023 and 13% lower than in the first quarter of 2023. Operating loss was $11 million lower in the first quarter of 2024 compared with the fourth quarter of 2023 and was $31 million higher compared with the first quarter of 2023.

Sales volumes in the first quarter of 2024, compared with the fourth quarter of 2023, were higher, reflecting higher fluff volumes partially offset by lower commodity volumes. Total maintenance and economic downtime was about 126,000 short tons lower in the first quarter of 2024 compared with the fourth quarter of 2023 driven by both economic and maintenance downtime. Economic downtime was favorably impacted by the mill strategic actions taken in the second half of 2023. Average sales margins were higher, driven by higher average sales prices and a favorable product mix. Operating costs were higher. Planned maintenance downtime costs in the first quarter of 2024 were lower compared with the fourth quarter of 2023. Input costs were higher, primarily for energy.

Compared with the first quarter of 2023, sales volumes in the first quarter of 2024 were higher, reflecting higher fluff volumes partially offset by lower commodity volumes. Total maintenance and economic downtime was about 144,000 short tons lower in the first quarter of 2024, due to both economic and maintenance downtime. Economic downtime was favorably impacted by the mill strategic actions taken in the second half of 2023. Average sales margins were lower reflecting lower average sales prices partially offset by a favorable product mix. Operating costs were lower driven by lower distribution costs. Planned maintenance downtime costs in the first quarter of 2024 were lower compared with the first quarter of 2023. Input costs were lower primarily for chemicals, wood and energy.

Liquidity and Capital Resources

Cash provided by operations totaled $395 million for the first three months of 2024 compared with $345 million for the comparable 2023 three-month period. Cash provided by working capital components (accounts receivable, contract assets and inventory less accounts payable and accrued liabilities, interest payable and other) totaled $32 million for the three months ended March 31, 2024 compared with cash used by working capital components of $132 million for the three months ended March 31, 2023. The increase in cash provided by operations in the first three months of 2024 compared to the comparable 2023 three-month period was primarily due to the impact of the timing of mill outage spending on accounts payable and the related pull down of inventory balances, partially offset by lower accounts receivable collections driven by lower sales.

Investments in capital projects totaled $251 million in the first three months of 2024, compared to $341 million in the first three months of 2023. Full-year 2024 capital spending is currently expected to be approximately $800 million to $1.0 billion, or 76% to 95% of depreciation and amortization.

Financing activities for the first three months of 2024 included a $3 million net decrease in debt versus a $257 million net increase in debt during the comparable 2023 three-month period.

See Note 15 - *Debt* of the International Paper Unaudited Q1 Financial Statements for a discussion of various debt-related actions taken by the Company during the three months ended March 31, 2024.

There were no early debt reductions for the three months ended March 31, 2024 and 2023, respectively.

At March 31, 2024, contractual obligations for future payments of debt maturities (including finance lease liabilities disclosed in Note 9 - *Leases* of the International Paper Unaudited Q1 Financial Statements and excluding the timber monetization structure disclosed in Note 14 - *Variable Interest Entities* of the International Paper Unaudited Q1 Financial Statements) by calendar year were as follows: $138 million in 2024; $189 million in 2025; $142 million in 2026; $332 million in 2027; $670 million in 2028 and $4.1 billion thereafter.

Maintaining an investment-grade credit rating is an important element of International Paper's financing strategy. At March 31, 2024, the Company held long-term credit ratings of BBB (stable outlook) and Baa2 (stable outlook) by S&P and Moody's, respectively. In addition, the Company held short-term credit ratings of A2 and P2 by S&P and Moody's, respectively, for borrowings under the Company's commercial paper program.

At March 31, 2024, International Paper's credit agreements totaled $1.9 billion, which is comprised of the $1.4 billion contractually committed bank credit agreement and up to $500 million under the receivables securitization program. In June 2023, the Company amended and restated its credit agreement to, among other things (i) reduce the size of the contractually committed bank facility from $1.5 billion to $1.4 billion, (ii) extend the maturity date from June 2026 to June 2028, and (iii) replace the LIBOR-based rate with a SOFR-based rate. Management believes that the Company's credit agreements are adequate to cover expected operating cash flow variability during the current economic cycle. The credit agreements generally provide for interest rates at a floating rate index plus a pre-determined margin dependent upon International Paper's credit rating. At March 31, 2024, the Company had no borrowings outstanding under the $1.4 billion credit agreement or the $500 million receivables securitization program. The Company's credit agreements are not subject to any restrictive covenants other than the financial covenants as disclosed in Note 15 – *Debt* of the International Paper Unaudited Q1 Financial Statements, and the borrowings under the receivables securitization program being limited by eligible receivables. The Company was in compliance with all its debt covenants at March 31, 2024, and was well below the thresholds stipulated under the covenants as defined in the credit agreements. Further the financial covenants do not restrict any borrowings under the credit agreements.

In addition to the $1.4 billion capacity under the Company's credit agreements, International Paper has a commercial paper program with a borrowing capacity of $1.0 billion supported by its $1.4 billion credit agreement. Under the terms of the program, individual maturities on borrowings may vary, but not exceed one year from the date of issue. Interest bearing notes may be issued either as fixed or floating rate notes. As of March 31, 2024, the Company had no outstanding borrowings under the program.

During the first quarter of 2024, the Company had debt reductions of $3 million related to decreases in the amount of capital leases.

International Paper expects to meet projected capital expenditures, service existing debt, meet working capital and dividend payments and make common stock and/or debt repurchases for the next 12 months and for the foreseeable future thereafter with current cash balances and cash from operations, supplemented as required by its existing credit facilities. The Company will continue to rely on debt and capital markets for the majority of any necessary long-term funding not provided by operating cash flows. Funding decisions will be guided by our capital structure planning objectives. The primary goals of the Company's capital structure planning are to maximize financial flexibility and maintain appropriate levels of liquidity to meet our needs while managing balance sheet debt and interest expense. We have repurchased, and may continue to repurchase, our common stock (under our existing share repurchase program) and debt (including in open market purchases) to the extent consistent with this capital structure planning, and subject to prevailing market conditions, our liquidity requirements, applicable securities laws requirements, and other factors. The majority of International Paper's debt is accessed through global public capital markets where we have a wide base of investors.

During the first three months of 2024, International Paper used 1.9 million shares of treasury stock for various incentive plans. International Paper also acquired 0.6 million shares of treasury stock, including restricted stock tax withholdings during the first three months of 2024. Repurchases of common stock and payments of restricted stock withholding taxes totaled $22 million during this period. Our current share repurchase program approved by the International Paper Board on October 11, 2022, which does not have an expiration date, has approximately

$2.96 billion aggregate amount of shares of common stock remaining authorized for purchase as of March 31, 2024.

During the first three months of 2023, International Paper used approximately 1.5 million shares of treasury stock for various incentive plans. International Paper also acquired 4.8 million shares of treasury stock, including restricted stock tax withholding during the first three months of 2023. Repurchases of common stock and payments of restricted stock withholding taxes totaled $177 million, including $157 million related to shares repurchased under the Company's repurchase program during this period.

Cash dividend payments related to common stock totaled $161 million and $162 million for the first three months of 2024 and 2023, respectively. Dividends were $0.4625 per share for the first three months of 2024 and 2023.

Our pension plan is currently fully funded and we do not anticipate any required cash contributions for the next 12 months.

Variable Interest Entities

Information concerning variable interest entities is set forth in Note 15 in the International Paper Audited Financial Statements. In connection with the 2006 International Paper installment sale of forestlands, we received $4.8 billion of installment notes. These installment notes were used by variable interest entities as collateral for borrowings from third-party lenders. These variable interest entities were restructured in 2015 when the installment notes and third-party loans were extended. The restructured variable interest entities held installment notes of $4.8 billion and third-party loans of $4.2 billion which both matured in August 2021. We settled the third-party loans at their maturity with the proceeds from the installment notes. This resulted in cash proceeds of approximately $630 million representing our equity in the variable interest entities. Maturity of the installment notes and termination of the monetization structure also resulted in a $72 million tax liability that was paid in the fourth quarter of 2021. On September 2, 2022, the Company and the Internal Revenue Service agreed to settle the previously disclosed timber monetization restructuring tax matter involving the 2015 Financing Entities. Under this agreement, the Company was required to fully resolve the matter and pay $252 million in U.S. federal income taxes. As a result, interest was charged upon closing of the audit. The Company has paid $252 million in U.S. federal income taxes and $58 million in interest expense as a result of the settlement agreement. The Company paid $163 million in U.S. federal income taxes and $30 million in interest during the first quarter of 2023 and fully satisfied the payment terms of the settlement agreement regarding the 2015 Financing Entities timber monetization restructuring tax matter during the second quarter of 2023.

Critical Accounting Policies and Significant Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires International Paper to establish accounting policies and to make estimates that affect both the amounts and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require judgments about matters that are inherently uncertain.

Accounting policies whose application may have a significant effect on the reported results of operations and financial position of International Paper, and that may require judgments by management that affect their application, include accounting for contingencies, impairment or disposal of long-lived assets, goodwill and other intangible assets, pensions and income taxes.

The Company has included in its most recent Annual Report on Form 10-K a discussion of these critical accounting policies, which are important to the portrayal of the Company's financial condition and results of operations and may require management's judgments. The Company has not made any changes in these critical accounting policies during the first three months of 2024.

Section B: International Paper Audited Financial Statements

Part 1: Year ended December 31, 2023 versus year ended December 31, 2022

The following generally discusses 2023 and 2022 items and year-to-year comparisons between 2023 and 2022. Discussion of historical items in 2021, and year-to-year comparisons between 2022 and 2021, can be found in Part 2 of this Section B of Part 14 (*International Paper Operating and Financial Review*) of this Prospectus.

Executive Summary

Full-year 2023 net earnings were $288 million ($0.82 per diluted share) compared with $1.5 billion ($4.10 per diluted share) for full-year 2022.

During 2023, International Paper executed well, both commercially and operationally, as we navigated an uncertain and challenging demand environment. During much of the year, underlying demand for our products was lower as consumers prioritized spending on services and essential goods. This trend was influenced by the pull forward of goods during the pandemic, as well as by inflationary pressures and rising interest rates that impacted the consumer. Demand for our products was further constrained by inventory destocking as our customers, and the broader supply chain, worked through elevated inventories of their products. The lower demand combined with declining sales prices and continued cost inflation resulted in lower sales and earnings in 2023 as compared to 2022. During 2023, we remained focused on mitigating the impact of these challenges through commercial and cost reduction initiatives. We advanced our strategies to improve profitability across our portfolio by investing in capabilities in our Industrial Packaging business to enhance our value proposition to align with customer needs and optimizing our Global Cellulose Fibers business by reducing our exposure to commodity pulp. We took strategic actions to structurally reduce fixed costs in our mill system in both our Industrial Packaging and Global Cellulose Fibers businesses. We also made significant progress in Building a Better IP, driven by commercial and process improvement initiatives, resulting in benefits exceeding our 2023 target. Regarding capital allocation in 2023, we returned approximately $840 million to shareholders including approximately $640 million of dividends and $200 million of share repurchases. Finally, during 2023, we completed the sale of our ownership stake in Ilim for $508 million. International Paper no longer has investments in Russia following completion of this sale.

Comparing 2023 performance to 2022, price and mix was lower in our North American Industrial Packaging business due to prior index movements, lower export prices and higher export mix, as demand improved. Price in our Global Cellulose Fibers business was lower due to prior index movements and an unfavorable mix driven by lower absorbent pulp shipments. Volume in both business segments was impacted by ongoing inventory destocking across the supply chain. While there was demand recovery in the second half of the year in both business segments, volume was lower in our North American Industrial Packaging business as consumers shifted priorities toward non-discretionary goods and services while dealing with inflation. Volume in our Global Cellulose Fibers business was also impacted by lower demand as a result of the slowdown in the global economy. Operations and costs in both the North American Industrial Packaging and Global Cellulose Fibers businesses were higher reflecting the impact of inflation on materials and services along with the impact of higher unabsorbed costs resulting from increased economic downtime in the current year. Planned maintenance outage costs were lower in our North American Industrial Packaging business while higher in our Global Cellulose Fibers business. Input costs were lower in both business segments, primarily driven by lower energy, wood and distribution costs along with lower recovered fiber costs in our North American Industrial Packaging business.

Looking at full-year 2024, we see a transitional year where markets continue to recover as we focus on improving mix and margins in both business segments through execution of our commercial strategies. We expect demand trends to continue to improve across our portfolio with year-over-year industry growth of approximately three percent for packaging and fluff pulp. Additionally, we expect more than $400 million of net benefits from our commercial and operational initiatives. This includes the fixed cost reductions tied to the closure of our Orange, Texas containerboard mill and the permanent shutdown of two pulp machines in our Global Cellulose Fibers business, with the benefits of both strategic actions expected to be at a full run rate by the fourth quarter 2024. These cost saving initiatives will be important in offsetting expected higher costs for recovered fiber, transportation and general inflation on wages, employee benefits, materials and services. With respect to our capital allocation framework, we are targeting capital expenditures of $800 million - $1.0 billion in 2024 for general maintenance, cost improvement and to enhance capabilities in our box business. As previously mentioned, we returned approximately $840 million of cash to shareholders in 2023 including approximately $640 million of dividends. Given our strategic customer relationships, talented teams, world class assets and market expertise, we are committed to maximizing long-term value for all our stakeholders.

As previously disclosed, the Company permanently closed its containerboard mill in Orange, Texas in December 2023 and permanently ceased production of two of its pulp machines at its mills in Riegelwood, North Carolina and Pensacola, Florida on December 11, 2023. The mill closure resulted in pre-tax non-cash asset write-off and accelerated depreciation charges of approximately $347 million and pre-tax cash severance and other shutdown charges of approximately $81 million during the year ended December 31, 2023. The machine shutdowns resulted in pre-tax non-cash asset write-off and accelerated depreciation charges of approximately $75 million and pre-tax cash severance and other shutdown charges of approximately $37 million during the year ended December 31, 2023.

Adjusted Operating Earnings and Adjusted Operating Earnings Per Share are non-GAAP measures and are defined as net earnings (loss) (a U.S. GAAP measure) excluding discontinued operations, net special items and non-operating pension expense (income). Net earnings (loss) and Diluted earnings (loss) per share are the most directly comparable U.S. GAAP measures. The Company calculates Adjusted Operating Earnings by excluding the after-tax effect of discontinued operations, non-operating pension expense (income) and items considered by management to be unusual (net special items) from net earnings (loss) reported under U.S. GAAP. Adjusted Operating Earnings Per Share is calculated by dividing Adjusted Operating Earnings by diluted average shares of common stock outstanding. Management uses this measure to focus on ongoing operations, and believes that it is useful to investors because it enables them to perform meaningful comparisons of past and present consolidated operating results from continuing operations. The Company believes that using this information, along with the most directly comparable U.S. GAAP measure, provides for a more complete analysis of the results of operations.

Non-operating pension expense (income) represents amortization of prior service cost, amortization of actuarial gains/losses, expected return on assets and interest cost. The Company excludes these amounts from our non-GAAP measure as the Company does not believe these items reflect ongoing operations. These particular pension cost elements are not directly attributable to current employee service. The Company includes service cost in our non-GAAP measures as it is directly attributable to employee service, and the corresponding employees' other compensation elements, in connection with ongoing operations.

The following are reconciliations of Earnings (loss) to Adjusted operating earnings (loss) on a total and per share basis. Additional detail is provided below regarding the net special items referenced in the charts below:

In millions	2023	2022
Net Earnings (Loss)	$ 288	$ 1,504
Less - Discontinued operations, net of taxes (gain) loss	14	237
Earnings (Loss) from Continuing Operations	302	1,741
Add back - Non-operating pension expense (income)	54	(192)
Add back - Net special items expense (income)	572	233
Income tax effect - Non-operating pension and special items	(173)	(614)
Adjusted Operating Earnings (Loss)	$ 755	$ 1,168

Special items for 2023 include a tax benefit of $23 million related to the settlement of tax audits and tax expense of $4 million related to internal legal entity restructuring. This amount also includes a tax benefit of $13 million on the non-operating pension expense adjustment and a tax benefit of $141 million associated with special items.

Special Items

Pre-tax special items included in continuing operations totaling $572 million and $233 million were recorded in 2023 and 2022, respectively. Details of these charges were as follows:

In millions	**2023**	**2022**
Business Segments		
Restructuring and other, net	$ 107	$ —
Orange mill accelerated depreciation	347 (a)	—
Pensacola mill and Riegelwood mill accelerated depreciation	75 (b)	—
Net (gains) losses on sales and impairments of businesses	—	76 (c)
	529	76
Corporate		
Restructuring and other, net	$ (8)	$ 89
Environmental remediation reserve adjustments	36	63
Equity method investment impairment	18	—

In millions	2023	2022
Legal reserve adjustments	—	(4)
Foreign currency cumulative translation loss related to sale of equity method investment	—	10
Sylvamo investment fair value adjustment	—	(65)
Other	—	6
	46	99
Interest		
Interest related to timber monetization settlement	3	58
Interest related to settlement of tax audits	(6)	—
	(3)	58
Total	$ 572	$ 233

(a) Recorded in the Industrial Packaging business segment.

(b) Recorded in the Global Cellulose Fibers business segment.

(c) Recorded in the Industrial Packaging business segment for the impairment of goodwill in our EMEA Packaging business.

International Paper continually evaluates its operations for improvement opportunities targeted to (a) focus our portfolio on our core businesses, (b) realign capacity to operate fewer facilities with the same revenue capability, (c) close high cost, unprofitable facilities, and (d) reduce costs. Additionally, the Company is committed to its capital allocation framework to maintain a strong balance sheet including reducing debt to maximize value creation and maintain our current investment grade credit rating.

During 2023 and 2022, pre-tax restructuring and other charges, net, totaling $99 million and $89 million, respectively, were recorded. Details of these charges were as follows:

Restructuring and Other, Net

In millions	2023	2022
Business Segments		
Orange mill closure costs	$ 81[(a)]	$ —
Pensacola mill and Riegelwood mill pulp machine shutdowns	37[(b)]	—
Building a Better IP	(11)[(c)]	—
	107	—
Corporate		
Building a Better IP	$ (8)	$ —
Early debt extinguishment costs (see Note 16)	—	93
Other	—	(4)
	(8)	89
Total	$ 99	$ 89

(a) Recorded in the Industrial Packaging business segment.

(b) Recorded in the Global Cellulose Fibers segment.

(c) Includes $8 million income recorded in the Industrial Packaging business segment and $3 million income recorded in the Global Cellulose Fibers business segment.

In millions	2023	2022
Diluted Earnings (Loss) Per Share	$ 0.82	$ 4.10
Less - Discontinued operations, net of taxes (gain) loss per share	0.04	0.64
Diluted Earnings (Loss) Per Share from Continuing Operations	0.86	4.74
Add back - Non-operating pension expense (income) per share	0.15	(0.52)
Add back - Net special items expense (income) per share	1.64	0.63
Income tax effect per share - Non-operating pension and special items	(0.49)	(1.67)
Adjusted Operating Earnings (Loss) Per Share	$ 2.16	$ 3.18

In millions	Three Months Ended December 31, 2023	September 30, 2023	December 31, 2022
Net Earnings (Loss)	$ (284)	$ 165	$ (318)
Less - Discontinued operations, net of taxes (gain) loss	—	27	489
Earnings (Loss) from Continuing Operations	(284)	192	171
Add back - Non-operating pension expense (income)	14	13	(48)
Add back - Net special items expense (income)	546	29	144
Income tax effect - Non- operating pension and special items[(a)]	(134)	(10)	42
Adjusted Operating Earnings (Loss)	$ 142	$ 224	$ 309

(a) Special items for the three months ended December 31, 2023 include tax expense of $4 million related to internal legal entity restructuring. The amount also includes tax benefits of $3 million on the non-operating pension expense adjustment and $135 million associated with special items. Special items for the three months ended September 30, 2023 include tax benefits of $3 million on the non-operating pension expense adjustment and $7 million associated with special items. Special items for the three months ended December 31, 2022 include tax expense of $45 million related to a foreign deferred tax valuation allowance. This amount also includes tax expense of $12 million on the non-operating pension expense adjustment and a tax benefit of $15 million associated with special items.

Special Items

Pre-tax special items included in continuing operations totaling $546 million, $29 million and $144 million were recorded in three months ended December 31, 2023, September 30, 2023 and December 31, 2022, respectively. Details of these charges were as follows:

In millions	Three Months Ended December 31, 2023	September 30, 2023	December 31, 2022
Business Segments			
Restructuring and other, net	$ 107	$ —	$ —
Orange mill accelerated depreciation	347[(a)]	—	—
Pensacola mill and Riegelwood mill accelerated depreciation	75[(b)]	—	—
Net (gains) losses on sales and impairments of businesses	—	—	76[(c)]
	529	—	76
Corporate			
Restructuring and other, net	$ (8)	$ —	$ (4)
Environmental remediation reserve adjustments	7	29	48
Equity method investment impairment	18	—	—
Legal reserve adjustments	—	—	11
Foreign currency cumulative translation loss related to sale of equity method investment	—	—	10
	17	29	65
Interest			
Interest related to timber monetization settlement	—	—	3
	—	—	3
Total	$ 546	$ 29	$ 144

(a) Recorded in the Industrial Packaging business segment.

(b) Recorded in the Global Cellulose Fibers business segment.

(c) Recorded in the Industrial Packaging business segment for the impairment of goodwill in our EMEA Packaging business.

International Paper continually evaluates its operations for improvement opportunities targeted to (a) focus our portfolio on our core businesses, (b) realign capacity to operate fewer facilities with the same revenue capability, (c) close high cost, unprofitable facilities, and (d) reduce costs. Additionally, the Company is committed to its capital allocation framework to maintain a strong balance sheet including reducing debt to maximize value creation and maintain our current investment grade credit rating.

During the three months ended December 31, 2023 and 2022, pre-tax restructuring and other charges, net, totaling $99 million and $(4) million, respectively, were recorded. There were no restructuring charges recorded in the three months ended September 30, 2023. Details of these charges were as follows:

Restructuring and Other, Net

In millions	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022
Business Segments		
Orange mill closure costs	$ 81[a]	$ —
Pensacola mill and Riegelwood mill pulp machine shutdowns	37[b]	—
Building a Better IP	(11)[c]	—
	107	—
Corporate		
Building a Better IP	$ (8)	$ —
Other	—	(4)
	(8)	(4)
Total	$ 99	$ (4)

(a) Recorded in the Industrial Packaging business segment.

(b) Recorded in the Global Cellulose Fibers segment.

(c) Includes $8 million income recorded in the Industrial Packaging business segment and $3 million income recorded in the Global Cellulose Fibers business segment.

	Three Months Ended December 31, 2023	Three Months Ended September 30, 2023	Three Months Ended December 31, 2022
Diluted Earnings (Loss) Per Share	$ (0.82)	$ 0.47	$ (0.90)
Less - Discontinued operations, net of taxes (gain) loss per share	—	0.08	1.38
Diluted Earnings (Loss) Per Share from Continuing Operations	(0.82)	0.55	0.48
Add back - Non-operating pension expense (income) per share	0.04	0.04	(0.13)
Add back - Net special items expense (income) per share	1.58	0.08	0.41
Income tax effect per share - Non-operating pension and special items	(0.39)	(0.03)	0.11
Adjusted Operating Earnings (Loss) Per Share	$ 0.41	$ 0.64	$ 0.87

Cash provided by operations, including discontinued operations, totaled approximately $1.8 billion and $2.2 billion for 2023 and 2022, respectively. The Company generated free cash flow of approximately $692 million in 2023 and $1.2 billion in 2022. Free cash flow is a non-GAAP measure, which equals cash provided by operations less cash invested in capital projects, and the most directly comparable U.S. GAAP measure is cash provided by operations. Management utilizes this measure in connection with managing our business and believes that free cash flow is useful to investors as a liquidity measure because it measures the amount of cash generated that is available, after reinvesting in the business, to maintain a strong balance sheet, pay dividends, repurchase stock, service debt and make investments for future growth. It should not be inferred that the entire free cash flow amount is available for discretionary expenditures. By adjusting for certain items, as set forth in the reconciliation table below, that are not indicative of the Company's ongoing underlying operational performance, we believe that free cash flow also enables investors to perform meaningful comparisons between past and present periods.

The following are reconciliations of free cash flow to cash provided by operations:

In millions	2023	2022
Cash provided by operations	$ 1,833	$ 2,174
Adjustments:		
Cash invested in capital projects, net of insurance recoveries	(1,141)	(931)
Free Cash Flow	$ 692	$ 1,243

In millions	Three Months Ended December 31, 2023	Three Months Ended September 30, 2023	Three Months Ended December 31, 2022
Cash provided by operations	$ 492	$ 468	$ 761
Adjustments:			
Cash invested in capital projects, net of insurance recoveries	(305)	(228)	(322)
Free Cash Flow	$ 187	$ 240	$ 439

The non-GAAP financial measures presented in this Prospectus, as referenced above, have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with U.S. GAAP. In addition, because not all companies utilize identical calculations, the Company's presentation of non-GAAP measures in this Prospectus may not be comparable to similarly titled measures disclosed by other companies, including companies in the same industry as the Company.

Results of Operations

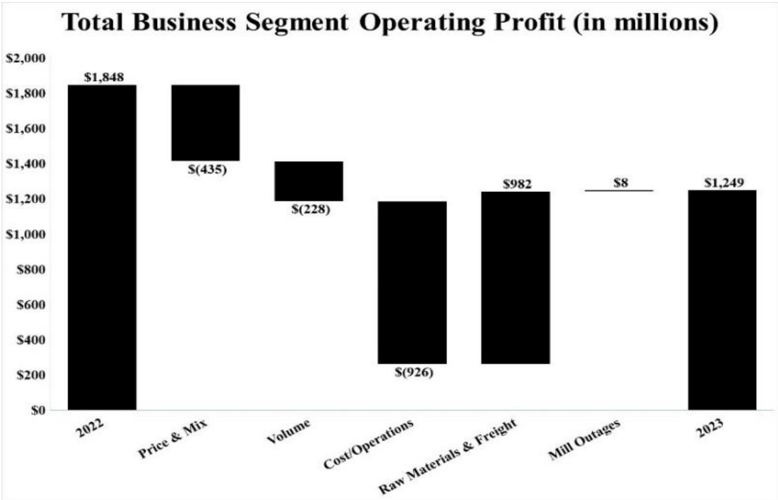
Total Business Segment Operating Profit (loss) is a non-GAAP measure. The most directly comparable U.S. GAAP measure is net earnings from continuing operations. Total Business Segment Operating Profit (loss) is defined as earnings (loss) from continuing operations before income taxes and equity earnings, but including the impact of less than wholly owned subsidiaries, and excluding interest expense, net, corporate expenses, net, corporate net special items, business net special items and non-operating pension expense. Total Business Segment Operating Profits (losses) is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business. Total Business Segment Operating Profits (losses) is used by International Paper's management to measure the earnings performance of its businesses. Management uses this measure to focus on ongoing operations and believes that it is useful to investors because it enables them to perform meaningful comparisons of past and present operating results. International Paper believes that using this information, along with net earnings, provides a more complete analysis of the results of operations by year.

International Paper operates in two segments: Industrial Packaging and Global Cellulose Fibers. On September 18, 2023, the Company completed the sale of its Ilim equity investment and, as a result, all current and historical results of the Ilim investment are presented as Discontinued Operations, net of taxes and our equity investment in Ilim is no longer a separate reportable industry segment. For additional information, see discussion in Note 11 - *Equity Method Investments* of the International Paper Audited Financial Statements.

The following table presents a comparison of Net earnings (loss) from continuing operations to its Total Business Segment Operating Profit (loss):

In millions	2023	2022
Net Earnings (Loss) from Continuing Operations	$ 302	$ 1,741
Add back (deduct)		
Income tax provision (benefit)	59	(236)
Equity (earnings) loss, net of taxes	21	6
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	382	1,511
Interest expense, net	231	325
Adjustment for less than wholly owned subsidiaries	(2)	(5)
Corporate expenses, net	27	34
Corporate net special items	28	99
Business net special items	529	76
Non-operating pension expense (income)	54	(192)
Total Business Segment Operating Profit (Loss):	$ 1,249	$ 1,848
Business Segment Operating Profit (Loss):		
Industrial Packaging	$ 1,266	$ 1,742
Global Cellulose Fibers	(17)	106
Total Business Segment Operating Profit (Loss)	$ 1,249	$ 1,848

Total Business Segment Operating Profit (loss) in 2023 was $599 million lower than in 2022 as the benefits from lower input costs ($982 million) and lower maintenance outage costs ($8 million) were more than offset by lower average sales price realizations and an unfavorable mix ($435 million), lower sales volumes ($228 million) and higher operating costs ($926 million).



The principal changes in operating profit by business segment were as follows:

- Industrial Packaging's operating profit of $1.3 billion was $476 million lower than in 2022 as the benefits of lower input costs and maintenance outage costs were more than offset by lower average sales price and an unfavorable mix, lower sales volumes and higher operating costs.

- Global Cellulose Fibers' operating profit (loss) of $(17) million was $123 million lower than in 2022 as the benefits of lower input costs were more than offset by lower average sales price and an unfavorable mix, lower sales volumes, higher operating costs and maintenance outage costs.

Liquidity and Capital Resources

Including discontinued operations, International Paper generated $1.8 billion of cash flow from operations for the year ended December 31, 2023, compared with $2.2 billion in 2022. Capital spending for 2023 totaled $1.1 billion, or 80% of depreciation and amortization expense. Our liquidity position remains strong, supported by approximately $1.9 billion of credit facilities.

Results of Operations

While the operating results for International Paper's various business segments are driven by a number of business-specific factors, changes in International Paper's operating results are closely tied to changes in general economic conditions in North America, Europe, Latin America, North Africa and the Middle East.

Factors that impact the demand for our products include industrial non-durable goods production, consumer preferences, consumer spending and movements in currency exchange rates.

Product prices are affected by a variety of factors including general economic trends, inventory levels, currency exchange rate movements and worldwide capacity utilization. In addition to these revenue-related factors, net earnings are impacted by various cost drivers, the more significant of which include changes in raw material costs, principally wood, recovered fiber and chemical costs; energy costs; freight costs; mill outage costs; salary and benefits costs, including pensions; and manufacturing conversion costs.

The following is a discussion of International Paper's consolidated results of operations for the year ended December 31, 2023, and the major factors affecting these results compared to 2022.

For the year ended December 31, 2023, International Paper reported net sales of $18.9 billion, compared with $21.2 billion in 2022. International net sales (based on the location of the seller and including U.S. exports) totaled $5.3 billion or 28% of total sales in 2023. This compares with international net sales of $5.9 billion in 2022.

Full year 2023 net earnings totaled $288 million ($0.82 per diluted share), compared with net earnings of $1.5 billion ($4.10 per diluted share) in 2022. Amounts in 2023 and 2022 include the results of discontinued operations.

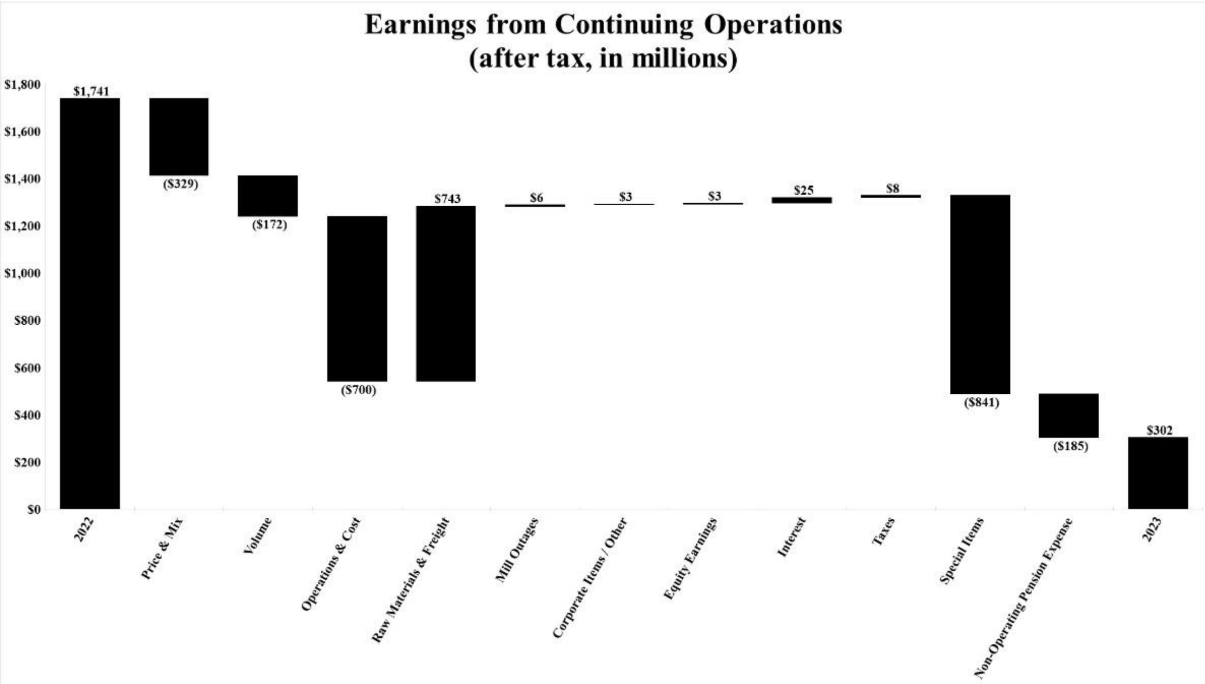
Earnings from continuing operations after taxes in 2023 and 2022 were as follows:

In millions	2023	2022
Earnings from continuing operations	$ 302[(a)]	$ 1,741[(b)]

(a) Includes $412 million of net special items charges and $41 million of non-operating pension expense.

(b) Includes $429 million of net special items income and $144 million of non-operating pension income.

Compared with 2022, the benefits from lower input costs ($743 million), lower maintenance outage costs ($6 million), lower corporate and other costs ($3 million), lower net interest expense ($25 million) and lower tax expense ($8 million) were more than offset by lower average sales price and an unfavorable mix ($329 million), lower sales volumes ($172 million) and higher operating costs ($700 million). In addition, excluding special items, 2023 results included higher equity earnings, net of taxes. Our Building a Better IP initiatives delivered $260 million of earnings in 2023 primarily though our strategy acceleration initiative to deliver profitable growth through commercial and investment excellence.



See Business Segment Results in this Part 1 of Section B of Part 14 (*International Paper Operating and Financial Review*) of this Prospectus for a discussion of the impact of these factors by segment.

Discontinued Operations

On September 18, 2023, the Company completed the sale of its Ilim equity investment and, as a result, all current and historical results of the Ilim investment are presented as Discontinued Operations, net of taxes and our equity investment is no longer a separate reportable industry segment. This transaction is discussed further in Note 11 - *Equity Method Investments* of the International Paper Audited Financial Statements.

Discontinued operations include the equity earnings of the prior Ilim joint venture. Discontinued operations also includes after-tax losses of $126 million and $533 million in 2023 and 2022, respectively for impairment and transaction costs related to our former equity method investment in the Ilim joint venture.

Income Taxes

A net income tax provision from continuing operations of $59 million was recorded for 2023 and the reported effective income tax rate was 15%. This includes a tax benefit of $23 million related to the settlement of tax audits and tax expense of $4 million related to internal legal entity restructuring. Excluding these items, a $141 million net tax benefit for other special items and a $13 million tax benefit related to non-operating pension expense, the operational tax provision (non-GAAP) for 2023 was $232 million, or 23% of pre-tax earnings before equity earnings.

A net income tax benefit from continuing operations of $236 million was recorded for 2022 and the reported effective income tax rate was (16%). This includes a tax benefit of $604 million related to the settlement of the timber monetization restructuring tax matter, a tax benefit of $66 million related to the tax-free exchange of our shares of Sylvamo and tax expense of $45 million related to a foreign deferred tax valuation allowance. Excluding these items, a $37 million net tax benefit for other special items and $48 million tax expense related to non-operating pension income, the operational tax provision (non-GAAP) for 2022 was $378 million, or 24% of pre-tax earnings before equity earnings.

The operational income tax provision and operational effective tax rate are non-GAAP financial measures and are calculated by adjusting the income tax provision from continuing operations and rate to exclude the tax effect of net special items and non-operating pension expense (income). The most directly comparable U.S. GAAP measure is the reported effective income tax rate. Management believes that this presentation provides useful information to investors by providing a meaningful comparison of the income tax rate between past and present periods.

The following is a reconciliation of the net income tax provision (benefit) to the operational tax provision and rate:

In millions	2023	2022
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	$ 382	$ 1,511
Pre-tax special items	554	233
Non-operating pension (income) expense	54	(192)
Adjusted Operating Earnings (Loss) from Continuing Operations Before Income Taxes and Equity Earnings	$ 990	$ 1,552
Income tax provision (benefit)	$ 59	$ (236)
Income tax effect - non-operating pension (income) expense and pre-tax special items	173	614
Operational Tax Provision	$ 232	$ 378
Operational Effective Tax Rate	23%	24%

Interest Expense and Equity Earnings, Net of Taxes

Net corporate interest expense totaled $231 million in 2023 and $325 million in 2022. Net interest expense includes $3 million and $58 million of interest expense related to the timber monetization restructuring tax matter in 2023 and 2022, respectively. Net interest expense in 2023 also includes $6 million of interest income associated with the settlement of tax audits. The decrease in net interest expense in 2023 compared with 2022 was due to higher interest income.

Equity earnings, net of taxes were a loss of $21 million and a loss of $6 million in 2023 and 2022, respectively. Equity earnings in 2023 includes an $18 million other-than-temporary impairment of an equity method investment.

Description of Business Segments

International Paper’s business segments discussed below are consistent with the internal structure used to manage these businesses. All segments are differentiated on a common product, common customer basis consistent with the business segmentation generally used in the forest products industry.

Industrial Packaging

The majority of our business is focused on creating fiber-based packaging that protects and promotes goods, enables worldwide commerce and helps keep consumers safe. We meet our customers’ most challenging sales, shipping, storage and display requirements with sustainable solutions. Our U.S. production capacity is over 13 million tons annually.

Our products include linerboard, medium, whitetop, recycled linerboard, recycled medium and saturating kraft. About 80% of our production is converted into corrugated packaging and other packaging by our 173 North American corrugated packaging plants. Additionally, we recycle approximately one million tons of OCC and mixed and white paper through our 16 U.S. recycling plants. Our corrugated packaging plants are supported by regional design centers, which offer total packaging solutions and supply chain initiatives. In EMEA, our operations include a recycled fiber containerboard mill in Morocco and one in Spain and 23 corrugated packaging plants in France, Italy, Spain, Morocco and Portugal.

Global Cellulose Fibers

Cellulose fibers are a sustainable, renewable raw material used in a variety of products people depend on every day. We create safe, quality pulp for a wide range of applications like diapers, towel and tissue products, feminine care, incontinence and other personal care products that promote health and wellness. In addition, our innovative specialty pulps serve as a sustainable raw material used in textiles, construction materials, paints, coatings and more. Our products are made in the United States and Canada and sold around the world. International Paper facilities have annual dried pulp capacity of about 3 million metric tons.

Business Segment Results

The following tables present net sales and operating profit (loss) which is the Company's measure of segment profitability.

Industrial Packaging

Demand for Industrial Packaging products is closely correlated with non-durable industrial goods production, as well as with demand for e-commerce, processed foods, poultry, meat and agricultural products. In addition to prices and volumes, major factors affecting the profitability of Industrial Packaging are raw material and energy costs, freight costs, mill outage costs, manufacturing efficiency and product mix.

Industrial Packaging

In millions	2023	2022
Net Sales	$ 15,596	$ 17,451
Operating Profit (Loss)	$ 1,266	$ 1,742

Industrial Packaging net sales for 2023 decreased 11% to $15.6 billion compared with $17.5 billion in 2022. Operating profits in 2023 were 27% lower than in 2022. Comparing 2023 with 2022, benefits from lower input costs ($856 million) and maintenance outage costs ($21 million) were more than offset by lower average sales price and an unfavorable mix ($363 million), lower sales volumes ($177 million) and higher operating costs ($813 million).

North American Industrial Packaging

In millions	2023	2022
Net Sales [(a)]	$ 14,293	$ 16,011
Operating Profit (Loss)	$ 1,186	$ 1,753

(a) Includes intra-segment sales of $95 million for 2023 and $132 million for 2022.

North American Industrial Packaging's average sales margins were lower, reflecting lower prices for both containerboard and corrugated boxes and an unfavorable geographic mix. Sales volumes decreased in 2023 compared with 2022 for corrugated boxes across our segments, reflecting a soft demand environment as consumer spending focused on non-discretionary goods and services and retailers and manufacturers pulled down inventory levels. Containerboard sales volumes also decreased. Total maintenance and economic downtime was about 725,000 short tons higher in 2023 compared with 2022, primarily due to economic downtime. Operating and distribution costs increased, primarily due to inflation on materials and services and increased economic downtime. Planned maintenance downtime costs were lower in 2023 than in 2022. Input costs were significantly lower, driven by lower recovered fiber, energy and wood costs.

EMEA Industrial Packaging

In millions	2023	2022
Net Sales	$ 1,398	$ 1,572
Operating Profit (Loss)	$ 80	$ (11)

EMEA Industrial Packaging's average sales margins were lower reflecting lower average sales prices for containerboard and an unfavorable product mix partially offset by higher average sales prices for corrugated boxes. Sales volumes in 2023 were lower than in 2022 driven by soft demand. Operating costs in 2023 were higher driven by inflation on materials and services. Planned maintenance outage costs were lower in 2023 compared with 2022. Input costs were significantly lower in 2023, driven by energy and recovered fiber costs.

Entering the first quarter of 2024, compared with the fourth quarter of 2023, sales volumes are expected to be higher driven by seasonality. Average sales margins are expected to be higher, reflecting lower containerboard costs. Operating costs are expected to be lower. Planned maintenance outage costs are expected to be lower. Other input costs are expected to be stable. Earnings will be impacted by the non-repeat of an energy subsidy and other favorable one-time items in the fourth quarter 2023.

Global Cellulose Fibers

Demand for Cellulose Fibers products is closely correlated with changes in demand for absorbent hygiene products, primarily driven by the demographics and income growth in various geographic regions. It is further affected by changes in currency rates that can benefit or hurt producers in different geographic regions. Principal cost drivers include manufacturing efficiency, raw material and energy costs, mill outage costs, and freight costs.

Global Cellulose Fibers

In millions	2023	2022
Net Sales	$ 2,890	$ 3,227
Operating Profit (Loss)	$ (17)	$ 106

Global Cellulose Fibers net sales for 2023 decreased 10% to $2.9 billion, compared with $3.2 billion in 2022. Operating profits in 2023 decreased compared to 2022. Comparing 2023 with 2022, benefits from lower input costs ($126 million) were more than offset by lower average sales price and an unfavorable mix ($72 million), lower sales volumes ($51 million), higher operating costs ($113 million) and higher maintenance outage costs ($13 million).

Sales volumes in 2023 compared with 2022 were lower, driven by customer inventory destocking. Total maintenance and economic downtime was about 507,000 short tons higher in 2023 compared with 2022, primarily due to economic downtime. Average sales margins were lower, reflecting lower average market pulp prices and an unfavorable product mix partially offset by higher average fluff pulp prices. Operating costs increased, driven by inflation on materials and services and downtime. Distribution costs were lower as the global supply chain environment improved. Planned maintenance outage costs were higher in 2023. Input costs were lower, driven by energy, freight, wood and chemicals.

Liquidity and Capital Resources

Overview

A major factor in International Paper's liquidity and capital resource planning is generation of operating cash flow, which is highly sensitive to changes in the pricing and demand for our major products. While changes in key operating cash costs, such as raw material, energy, mill outage and distribution, have an effect on operating cash generation, we believe our focus on commercial and operational excellence, as well as our ability to tightly manage costs and working capital has improved our cash flow generation over an operating cycle.

Use of cash during 2023 was primarily focused on working capital requirements, capital spending and returning cash to shareholders through dividends and share repurchases under the Company's share repurchase program.

Cash provided by Operating Activities

Cash provided by operations, including discontinued operations, totaled $1.8 billion in 2023, compared with $2.2 billion for 2022. Cash used by working capital components (accounts receivable, contract assets and inventory less accounts payable and accrued liabilities, interest payable and other) totaled $2 million in 2023, compared with cash used by working capital components of $145 million in 2022.

Cash dividends received from equity investments were $13 million in 2023, compared with $204 million in 2022.

Investment Activities

Investment activities in 2023 increased from 2022. Capital spending was $1.1 billion in 2023, or 80% of depreciation and amortization, compared with $931 million in 2022, or 90% of depreciation and amortization. Included in 2023 depreciation expense is $347 million of accelerated depreciation related to the closure of our containerboard mill in Orange, Texas and $75 million of accelerated depreciation related to the permanent shutdown of pulp machines at our mills in Riegelwood, North Carolina and Pensacola, Florida. Capital spending as a percentage of depreciation and amortization was 62% for Global Cellulose Fibers and 81% for Industrial Packaging in 2023.

The following table shows capital spending by business segment for the years ended December 31, 2023, and 2022:

In millions	2023	2022
Industrial Packaging	$ 928	$ 762

In millions	2023	2022
Global Cellulose Fibers	177	143
Subtotal	1,105	905
Corporate and other	36	26
Capital Spending	$ 1,141	$ 931

Capital spending in 2024 is expected to be approximately $800 million to $1.0 billion, or 78% to 97% of expected depreciation and amortization.

Acquisitions

See Note 7 - *Acquisitions* of the International Paper Audited Financial Statements for a discussion of the Company's acquisitions.

Financing Activities

Financing activities during 2023 included debt issuances of $783 million and reductions of $780 million for a net increase of $3 million. Financing activities during 2022 included debt issuances of $1.0 billion and reductions of $1.0 billion.

There were no early debt extinguishment amounts during the year ended December 31, 2023. Amounts related to early debt extinguishment during the year ended December 31, 2022 are below:

In millions	2022
Early debt reductions[(a)]	$ 503
Pre-tax early debt extinguishment costs[(b)]	93

(a) Reductions related to notes with interest rates ranging from 3.00% to 8.70% with original maturities from 2021 to 2048 for the year ended December 31, 2022.

(b) Amounts are included in Restructuring and other charges in the accompanying consolidated statements of operations.

Other financing activities during 2023 included the net issuance of approximately 1.6 million shares of treasury stock. Repurchases of common stock and payments of restricted stock withholding taxes totaled $218 million, including $197 million related to shares repurchased under the Company's share repurchase program. Through December 31, 2023, the Company has repurchased 119.8 million shares at an average price of $46.23, for a total of approximately $5.5 billion, since the repurchase program began in September 2013. The Company paid cash dividends totaling $642 million during 2023.

Other financing activities during 2022 included the net issuance of approximately 1.6 million shares of treasury stock. In 2022, repurchases of common stock and payments of restricted stock withholding taxes totaled $1.3 billion, including $1.3 billion related to shares repurchased under the Company's share repurchase program. The Company paid cash dividends totaling $673 million during 2022.

Interest Rate Swaps

Our policy is to manage interest cost using a mixture of fixed-rate and variable-rate debt. To manage this risk, International Paper utilizes interest rate swaps to change the mix of fixed and variable rate debt. During 2020, International Paper terminated its interest rate swaps with a notional amount of $700 million and maturities ranging from 2024 to 2026 with an approximate fair value of $85 million. Subsequent to the termination of the interest rate swaps, the fair value basis adjustment is amortized to earnings as interest income over the same period as a debt premium on the previously hedged debt. The Company had no outstanding interest rate swaps for the years ended December 31, 2023 and 2022.

Variable Interest Entities

Information concerning variable interest entities is set forth in Note 15 - *Variable Interest Entities* of the International Paper Audited Financial Statements. In connection with the 2006 International Paper installment sale of forestlands, we received $4.8 billion of installment notes. These installment notes were used by variable interest entities as collateral for borrowings from third-party lenders. These variable interest entities were restructured in 2015 (the "**2015 Financing Entities**") when the installment notes and third-party loans were extended. The 2015 Financing Entities held installment notes of $4.8 billion and third-party loans of $4.2 billion which both matured in August 2021. We settled the third-party loans at their maturity with the proceeds from the installment notes. This resulted in cash proceeds of approximately $630 million representing our equity in the 2015 Financing Entities. Maturity of the installment notes and termination of the monetization structure also resulted in a $72 million tax liability that was paid in the fourth quarter of 2021. On September 2, 2022, the Company and the Internal Revenue Service agreed to settle the 2015 Financing Entities timber monetization restructuring tax matter. Under this agreement, the Company agreed to fully resolve the matter and pay $252 million in U.S. federal income taxes. As a result, interest was charged upon closing of the audit. The amount of interest expense recognized in 2022 was $58 million. As of December 31, 2023, $252 million in U.S. federal income taxes and $58 million in interest expense have been paid as a result of the settlement agreement. The Company has now fully satisfied the payment terms of the settlement agreement regarding the 2015 Financing Entities timber monetization restructuring tax matter. The reversal of the Company's remaining deferred tax liability associated with the 2015 Financing Entities of $604 million was recognized as a one-time tax benefit in the third quarter of 2022.

Liquidity and Capital Resources Outlook for 2024

We intend to continue making choices for the use of cash that are consistent with our capital allocation framework to drive long-term value creation. These include maintaining a strong balance sheet and investment grade credit rating, returning meaningful cash to shareholders through dividends and share repurchases and making organic investments to maintain our world-class system and strengthen our businesses.

On October 11, 2022, our Board of Directors approved an additional $1.5 billion under our share repurchase program. This program does not have an expiration date and has approximately $2.96 billion aggregate amount of shares of common stock remaining authorized for purchase as of December 31, 2023. We may continue to repurchase shares under such authorization in open market transactions (including block trades), privately negotiated transactions or otherwise, subject to prevailing market conditions, our liquidity requirements, applicable securities laws requirements and other factors. In addition, we have paid regular quarterly cash dividends and expect to continue to pay regular quarterly cash dividends in the foreseeable future. Each quarterly dividend is subject to review and approval by our Board of Directors.

Capital Expenditures and Long-Term Debt

Capital spending for 2024 is planned at approximately $800 million to $1.0 billion, or about 78% to 97% of depreciation and amortization.

At December 31, 2023, International Paper's credit agreements totaled $1.9 billion, which is comprised of the $1.4 billion contractually committed bank credit agreement and up to $500 million under the receivables securitization program. In June 2023, the Company amended and restated its credit agreement to, among other things (i) reduce the size of the contractually committed bank facility from $1.5 billion to $1.4 billion, (ii) extend the maturity date from June 2026 to June 2028, and (iii) replace the LIBOR-based rate with a SOFR-based rate. Management believes these credit agreements are adequate to cover expected operating cash flow variability during the current economic cycle. The credit agreements generally provide for interest rates at a floating rate index plus a pre-determined margin dependent upon International Paper's credit rating. At December 31, 2023, the Company had no borrowings outstanding under the $1.4 billion credit agreement or the $500 million receivables securitization program. The Company's credit agreements are not subject to any restrictive covenants other than the financial covenants as disclosed in Note 16 - *Debt and Lines of Credit* of the International Paper Audited Financial Statements, and the borrowings under the receivables securitization program being limited by eligible receivables. The Company was in compliance with all its debt covenants at December 31, 2023 and was well below the thresholds stipulated under the covenants as defined in the credit agreements. Further the financial covenants do not restrict any borrowings under the credit agreements.

In addition to the $1.9 billion capacity under the Company's credit agreements, International Paper has a commercial paper program with a borrowing capacity of $1.0 billion supported by its $1.4 billion credit agreement. Under the terms of the Company's commercial paper program, individual maturities on borrowings may vary, but not exceed one year from the date of issue. Interest bearing notes may be issued either as fixed or floating rate notes. The Company had no borrowings outstanding as of December 31, 2023, and $410 million outstanding as of December 31, 2022, under this program.

During the first quarter of 2023, the Company entered into a variable term loan agreement providing for a $600 million term loan which was fully drawn on the date of such loan agreement and matures in 2028. The $600 million debt was issued following the repayment of $410 million of commercial paper earlier in 2023. Additionally, during the first quarter of 2023, the Company issued an approximately $72 million environmental development bond ("**EDB**") with an interest rate of 4.00% and a maturity date of April 1, 2026. The proceeds from this issuance were used to repay an approximately $72 million outstanding EDB that matured on April 1, 2023.

During the second quarter of 2023, the Company issued approximately $24 million of debt with a variable interest rate and a maturity date of December 1, 2027. The Company had debt reductions of approximately $49 million of variable interest EDBs with current maturities. Additionally, during the second quarter of 2023, the Company issued an approximately $54 million EDB with a variable rate and a maturity date of May 1, 2028. The proceeds of this were used to repay an approximately $54 million EDB that matured on May 1, 2023. The Company issued an approximately $25 million EDB with a variable rate and a maturity date of June 1, 2030. The proceeds of this were used to repay an approximately $25 million EDB that matured on June 1, 2023.

During the third quarter of 2023, the Company repaid an approximately $70 million EDB with an interest rate of 2.90% that matured on September 1, 2023.

During the fourth quarter of 2023, the Company repaid an approximately $87 million note with an interest rate of 6.875% that matured on November 1, 2023. Additionally, the Company issued approximately $11 million of debt with a variable interest rate and a maturity date of December 1, 2027.

For additional information regarding the Company's credit agreements and outstanding indebtedness, see Note 16 – *Debt and Lines of Credit* of the International Paper Audited Financial Statements.

International Paper expects to be able to meet projected capital expenditures, service existing debt, meet working capital and dividend requirements and make common stock and/or debt repurchases for the next 12 months and for the foreseeable future thereafter with current cash balances and cash from operations, supplemented as required by its existing credit facilities. The Company will continue to rely on debt and capital markets for the majority of any necessary long-term funding not provided by operating cash flows. Funding decisions will be guided by our capital structure planning objectives. The primary goals of the Company's capital structure planning are to maximize financial flexibility and maintain appropriate levels of liquidity to meet our needs while managing balance sheet debt and interest expense. We have repurchased, and may continue to repurchase, our Common Stock (under our existing share repurchase program) and debt (including through open market purchases, privately negotiated transactions or otherwise) to the extent consistent with this capital structure planning, and subject to prevailing market conditions, our liquidity requirements, applicable securities laws requirements and other factors. The majority of International Paper's debt is accessed through global public capital markets where we have a wide base of investors.

Maintaining an investment grade credit rating is an important element of International Paper's financing strategy. At December 31, 2023, the Company held long-term credit ratings of BBB (stable outlook) and Baa2 (stable outlook) by S&P and Moody's, respectively.

Contractual obligations for future payments under existing debt and lease commitments and purchase obligations at December 31, 2023, were as follows:

In millions	2024	2025	2026	2027	2028	Thereafter
Debt maturities[(a)]	$ 138	$ 189	$ 143	$ 333	$ 670	$ 4,120
Operating lease obligations	171	127	89	60	33	31
Purchase obligations[(b)]	2,222	847	698	507	363	1,863
Total[(c)]	$ 2,531	$ 1,163	$ 930	$ 900	$ 1,066	$ 6,014

(a) Includes financing lease obligations.

(b) Includes $3.8 billion relating to fiber supply agreements.

(c) Not included in the above table due to the uncertainty of the amount and timing of the payment are unrecognized tax benefits of approximately $168 million. Also not included in the above table is $84 million of Deemed Repatriation Transition Tax associated with the 2017 Tax Cuts and Jobs Act which will be settled from 2024 - 2026. Additionally, the deferred tax liability of $485 million related to the Temple-Inland timber monetization is not included in the table above. It will be settled with the maturity of the notes in 2027.

We consider the undistributed earnings of our foreign subsidiaries as of December 31, 2023, to be permanently reinvested and, accordingly, no U.S. income taxes have been provided thereon (see Note 13 – *Income Taxes* of the International Paper Audited Financial Statements). We do not anticipate the need to repatriate funds to the United States to satisfy domestic liquidity needs arising in the ordinary course of business, including liquidity needs associated with our domestic debt service requirements.

Pension Obligations and Funding

At December 31, 2023, the projected benefit obligation for the Company's U.S. defined benefit plans determined under U.S. GAAP was approximately $146 million higher than the fair value of plan assets, excluding non-U.S. plans. Plans that are subject to minimum funding requirements had plan assets of $118 million higher than the projected benefit obligation. Under current IRS funding rules, the calculation of minimum funding requirements differs from the calculation of the present value of plan benefits (the "**projected benefit obligation**") for accounting purposes. Funding contributions depend on the funding methods selected by the Company. The selected methods allow for the smoothing of asset values and interest rates used to measure the funding obligations. The Company continually reassesses the amount and timing of any discretionary contributions and elected not to make any voluntary contributions in 2023, 2022 or 2021. At this time, we do not expect to have any required contributions to our plans in 2024, although the Company may elect to make future voluntary contributions. The timing and amount of future contributions, which could be material, will depend on a number of factors, including the actual earnings and changes in values of plan assets and changes in interest rates.

Critical Accounting Policies and Significant Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires International Paper to establish accounting policies and to make estimates that affect both the amounts and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require subjective judgments about matters that are inherently uncertain.

Accounting policies whose application has had or is reasonably likely to have a material impact on the reported results of operations and financial position of International Paper, and that can require a significant level of estimation or uncertainty by management that affect their application, include the accounting for contingencies, impairment or disposal of long-lived assets and goodwill, pensions and income taxes. Management has discussed the selection of critical accounting policies and the effect of significant estimates with the Audit and Finance Committee of the Company's Board of Directors and with its independent registered public accounting firm.

Contingent Liabilities

Accruals for contingent liabilities, including personal injury, product liability, environmental, asbestos and other legal matters, are recorded when it is probable that a liability has been incurred or an asset impaired and the amount of the loss can be reasonably estimated. Liabilities accrued for legal matters require judgments regarding projected outcomes and range of loss based on historical litigation and settlement experience and recommendations of legal counsel and, if applicable, other experts. Liabilities for environmental matters require evaluations of relevant environmental regulations and estimates of future remediation alternatives and costs. The Company estimated the probable liability associated with environmental matters to be approximately $251 million and $243 million in the aggregate as of December 31, 2023 and 2022, respectively. Liabilities for asbestos-related matters require reviews of recent and historical claims data. The Company's total recorded liability with respect to pending and future asbestos-related claims was $97 million and $105 million, net of estimated insurance recoveries, as of December 31, 2023 and 2022, respectively. The Company utilizes its in-house legal counsel and environmental experts to develop estimates of its legal, environmental and asbestos obligations, supplemented as needed by third-party specialists to analyze its most complex contingent liabilities.

Impairment of Long-lived Assets and Goodwill

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances that indicate that the carrying value of the assets may not be recoverable. A recoverability test is performed by comparing the undiscounted cash flows to carrying value of the assets. If the carrying amount is less than the undiscounted cash flows, the fair value of the assets is compared to the carrying value to determine if they are impaired. An impairment of a long-lived asset exists when the asset's carrying amount exceeds its fair value.

We perform an annual goodwill impairment as of October 1. Additionally, interim assessments of possible impairments of goodwill are also made when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable through future operations. A goodwill impairment exists when the carrying amount of goodwill exceeds its fair value.

The amount and timing of goodwill and long-lived asset impairment charges based on these assessments requires the estimation of future cash flows or the fair market value of the related assets based on management's best estimates of certain key factors, including future selling prices and volumes, operating, raw material, energy and freight costs, various other projected operating economic factors and other intended uses of the assets.

ASU 2011-08, "Intangibles - Goodwill and Other," allows entities testing goodwill for impairment the option of performing a qualitative assessment before performing the quantitative goodwill impairment test. If a qualitative assessment is performed, an entity is not required to perform the quantitative goodwill impairment test unless the entity determines that, based on that qualitative assessment, it is more likely than not that its fair value is less than its carrying value.

The North America Industrial Packaging reporting unit is the Company's only reporting unit with goodwill. As of October 1, 2023, we performed our annual goodwill impairment test for this reporting unit through a quantitative goodwill impairment test. For the 2023 quantitative assessment, the estimated fair value of the reporting unit was calculated using a weighted approach based on discounted future cash flows, market multiples and transaction multiples. The determination of fair value using the discounted cash flow approach requires management to make significant estimates and assumptions related to forecasts of future revenues, operating profit margins, and discount rates. The determination of fair value using market multiples and transaction multiples requires management to make significant assumptions related to revenue multiples and adjusted earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") multiples. The results of our quantitative goodwill impairment test indicated that the carrying amount did not exceed the estimated fair value of the North America Industrial Packaging reporting unit.

Pension Benefit Obligations

The calculation of the pension benefit obligation and corresponding expense amounts are determined annually, with involvement of International Paper's consulting actuary, and are dependent upon various assumptions including the expected long-term rate of return on plan assets, discount rates, projected future compensation increases and mortality rates.

The calculations of pension benefit obligations and expense require decisions about a number of key assumptions that can significantly affect liability and expense amounts, including the expected long-term rate of return on plan assets and the discount rate used to calculate plan liabilities.

Benefit obligations and fair values of plan assets as of December 31, 2023, for International Paper's pension plan were as follows:

In millions	Benefit Obligation	Fair Value of Plan Assets
U.S. qualified pension	$ 8,718	$ 8,836
U.S. nonqualified pension	264	—
Non-U.S. pension	58	20

The table below shows the discount rate used by International Paper to calculate U.S. pension obligations for the years shown:

	2023	2022	2021
Discount rate	5.10%	5.40%	2.90%

International Paper determines these actuarial assumptions, after consultation with our actuaries, on December 31 each year or more frequently if required, to calculate liability information as of that date and pension expense for the following year. The expected long-term rate of return on plan assets is based on projected rates of return for current asset classes in the plan's investment portfolio. The discount rate assumption was determined based on a hypothetical settlement portfolio selected from a universe of high-quality corporate bonds.

The expected long-term rate of return on U.S. pension plan assets used to determine net periodic cost for the year ended December 31, 2023, was 6.50%.

Increasing the expected long-term rate of return on U.S. plan assets by an additional 0.25% would decrease 2024 pension expense by approximately $21 million, while a (decrease) increase of 0.25% in the discount rate would (increase) decrease pension expense by approximately $12 million.

Actual rates of return earned on U.S. pension plan assets for each of the last 10 years were:

Year	Return	Year	Return
2023	7.3%	2018	(3.0)%
2022	(22.0)%	2017	19.3%
2021	7.7%	2016	7.1%
2020	24.7%	2015	1.3%
2019	23.9%	2014	6.4%

ASC 715, "Compensation - Retirement Benefits," provides for delayed recognition of actuarial gains and losses, including amounts arising from changes in the estimated projected plan benefit obligation due to changes in the assumed discount rate, differences between the actual and expected return on plan assets, and other assumption changes. These net gains and losses are recognized in pension expense prospectively over a period that approximates the average remaining service period of active employees expected to receive benefits under the plans to the extent that they are not offset by gains and losses in subsequent years.

Net periodic pension plan expenses, calculated for all of International Paper's plans, were as follows:

In millions	2023	2022	2021	2020	2019
Pension (income) expense					
U.S. plans	$ 94	$ (116)	$ (112)	$ 32	$ 93
Non-U.S. plans	5	5	4	5	6
Net (income) expense	$ 99	$ (111)	$ (108)	$ 37	$ 99

The increase in 2023 pension expense primarily reflects higher interest cost and lower expected return on assets, offset by lower service cost.

Assuming that discount rates, expected long-term returns on plan assets and rates of future compensation increases remain the same as of December 31, 2023, projected future net periodic pension plan expense (income) would be as follows:

In millions	2025	2024
Pension expense (income)		
U.S. plans	$ (43)	$ (7)
Non-U.S. plans	5	5
Net (income) expense	$ (38)	$ (2)

The Company estimates that it will record net pension income of approximately $7 million for its U.S. defined benefit plans in 2024, compared to expense of $94 million in 2023.

The market value of plan assets for International Paper's U.S. qualified pension plan at December 31, 2023, totaled approximately $8.8 billion, consisting of approximately 66% hedging assets and 34% return seeking assets. The Company's funding policy for its qualified pension plan is to contribute amounts sufficient to meet legal funding requirements, plus any additional amounts that the Company may determine to be appropriate considering the funded status of the plan, tax deductibility, the cash flows generated by the Company, and other factors. The Company continually reassesses the amount and timing of any discretionary contributions and could elect to make voluntary contributions in the future. There were no required contributions to the U.S. qualified plan in 2023. The nonqualified defined benefit plans are funded to the extent of benefit payments, which totaled $22 million for the year ended December 31, 2023.

Income Taxes

International Paper records its global tax provision based on the respective tax rules and regulations for the jurisdictions in which it operates. Where the Company believes that a tax position is supportable for income tax purposes, the item is included in its income tax returns. Where treatment of a position is uncertain, liabilities are recorded based upon the Company's evaluation of the "more likely than not" outcome considering technical merits of the position based on specific tax regulations and facts of each matter. Changes to recorded liabilities are only made when an identifiable event occurs that changes the likely outcome, such as settlement with the relevant tax authority, the expiration of statutes of limitation for the subject tax year, change in tax laws, or recent court cases that are relevant to the matter. Accrued interest related to these uncertain tax positions is recorded in our consolidated statement of operations in Interest expense, net.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Significant judgment is required in assessing the need for and magnitude of appropriate valuation allowances against deferred tax assets. This assessment is completed by tax jurisdiction and relies on both positive and negative evidence available, with significant weight placed on recent financial results. Cumulative reported pre-tax income is considered objectively verifiable positive evidence of our ability to generate positive pre-tax income in the future. In accordance with U.S. GAAP, when there is a recent history of pre-tax losses, there is little or no weight placed on forecasts for purposes of assessing the recoverability of our deferred tax assets. When necessary, we use systematic and logical methods to estimate when deferred tax liabilities will reverse and generate taxable income and when deferred tax assets will reverse and generate tax deductions. Assumptions, judgment, and the use of estimates are required when scheduling the reversal of deferred tax assets and liabilities, and the exercise is inherently complex and subjective. The realization of these assets is dependent on generating future taxable income, as well as successful implementation of various tax planning strategies. The Company's valuation allowance was $848 million and $677 million at December 31, 2023 and 2022, respectively.

While International Paper believes that these judgments and estimates are appropriate and reasonable under the circumstances, actual resolution of these matters may differ from recorded estimated amounts.

Legal Proceedings

Information concerning the Company's environmental and other legal proceedings is set forth in Note 14 - *Commitments and Contingent Liabilities* of the International Paper Audited Financial Statements. The Company is not subject to any administrative or judicial proceeding arising under any Federal, State or local provisions that have been enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment that is likely to result in monetary sanctions of $1 million or more.

Recent Accounting Developments

See Note 2 - *Recent Accounting Developments* of the International Paper Audited Financial Statements for a discussion of new accounting pronouncements.

Effect of Inflation

Inflationary increases in certain input costs, such as energy, wood, recycled fiber, freight and chemical costs, had an adverse impact on the Company's operating results in 2023 and 2022. The effects of inflation have been more significant in recent years due to general inflationary conditions, including labor market conditions, economic activity, consumer behavior, supply shortages and disruptions. Sales prices and volumes are primarily influenced by economic supply and demand factors in specific markets and by exchange rate fluctuations but are also currently being impacted by the current inflationary environment.

Foreign Currency Effects

International Paper has operations in a number of countries. Its operations in those countries also export to, and compete with, imports from other regions. As such, currency movements can have a number of direct and indirect impacts on the Company's financial statements. Direct impacts include the translation of international operations' local currency financial statements into U.S. dollars and the remeasurement impact associated with non-functional currency financial assets and liabilities. Indirect impacts include the change in competitiveness of imports into, and exports out of, the United States (and the impact on local currency pricing of products that are traded internationally). In general, a weaker U.S. dollar and stronger local currency is beneficial to International Paper. The currency that has the most impact is the Euro.

Market Risk

We use financial instruments, including fixed and variable rate debt, to finance operations, for capital spending programs and for general corporate purposes. Additionally, financial instruments, including various derivative contracts, are used to hedge exposures to interest rate, commodity and foreign currency risks. We do not use financial instruments for trading purposes. Information related to International Paper's debt obligations is included in Note 16 - *Debt and Lines of Credit* of the International Paper Audited Financial Statements.

The fair value of our debt and financial instruments varies due to changes in market interest and foreign currency rates and commodity prices since the inception of the related instruments. We assess this market risk utilizing a sensitivity analysis. The sensitivity analysis measures the potential loss in earnings, fair values and cash flows based on a hypothetical 10% change (increase and decrease) in interest and currency rates and commodity prices.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to short-and long-term debt obligations and investments in marketable securities. We invest in investment-grade securities of financial institutions and money market mutual funds with a minimum rating of AAA and limit exposure to any one issuer or fund. Our investments in marketable securities at December 31, 2023 and 2022, are stated at cost, which approximates market due to their short-term nature. Our interest rate risk exposure related to these investments was not material.

We issue fixed and floating rate debt in a proportion that management deems appropriate based on current and projected market conditions. Derivative instruments, such as interest rate swaps, may be used to execute this strategy. At December 31, 2023 and 2022, the fair value of the net liability of financial instruments with exposure to interest rate risk was approximately $4.5 billion and $4.3 billion, respectively. The potential increase in fair value resulting from a 10% adverse shift in quoted interest rates would have been approximately $273 million and $328 million at December 31, 2023 and 2022, respectively.

Commodity Price Risk

The objective of our commodity exposure management is to minimize volatility in earnings due to large fluctuations in the price of commodities. Commodity swap or forward purchase contracts may be used to manage risks associated with market fluctuations in energy prices. At December 31, 2023 and 2022, the net fair value of these contracts was $27 million asset and $20 million asset. The potential loss in fair value from a 10% adverse change in quoted commodity prices for these contracts would have been approximately $4 million and $3 million at December 31, 2023 and 2022, respectively.

Foreign Currency Risk

International Paper transacts business in many currencies and is also subject to currency exchange rate risk through investments and businesses owned and operated in foreign countries. The currency that has the most impact is the Euro. Our objective in managing the associated foreign currency risks is to minimize the effect of adverse exchange rate fluctuations on our after-tax cash flows. We address these risks on a limited basis by entering into cross-currency interest rate swaps, or foreign exchange contracts.

At December 31, 2023 and 2022, the net fair value of financial instruments with exposure to foreign currency risk was immaterial. The potential loss in fair value for such financial instruments from a 10% adverse change in quoted foreign currency exchange rates was also immaterial.

Part 2: Year ended December 31, 2022, versus year ended December 31, 2021

The following generally discusses 2022 and 2021 items and year-to-year comparisons between 2022 and 2021.

Executive Summary

Full-year 2022 net earnings were $1.5 billion ($4.10 per diluted share) compared with $1.8 billion ($4.47 per diluted share) for full-year 2021.

During 2022, International Paper grew revenue and earnings, driven by solid commercial and operational performance, while facing significant inflation and lower demand. Our businesses generated improved earnings as profit improvement initiatives and price realization offset significant inflationary cost headwinds. We continued to make solid progress in our Building a Better IP initiatives, delivering $250 million of earnings benefits through initiatives focused on lowering our cost structure and accelerating profitable growth. As a result, we exceeded our full-year target and have strong momentum going forward. We made strategic investments, primarily in our Industrial Packaging business, in support of profitable growth and will continue to make such investments to grow earnings and cash generation by building additional capabilities and capacity in our U.S. box system. We made significant progress toward achieving value-creating returns in our Global Cellulose Fibers business by delivering $100 million of earnings growth in 2022. The business expects to continue the earnings improvement in 2023. We generated full-year cash from operations of $2.2 billion and free cash flow of $1.2 billion. Our continued solid cash generation enabled us to return $1.93 billion to shareholders, including $1.26 billion in share repurchases and $673 million in dividend payments. Finally, we reached agreement to sell our 50% interest in Ilim SA to our joint venture partners for $484 million. Additionally, our partners have expressed interest in purchasing our shares in JSC Ilim Group for $24 million. Upon sale of our interests in the Ilim joint venture, which are subject to regulatory approval, we will no longer have investments in Russia.

Comparing our 2022 results to 2021, price and mix improved significantly for both the North American Industrial Packaging and Global Cellulose Fibers businesses, with strong price realization across all of our channels, along with the benefits of commercial initiatives. Volume was lower in our North American Industrial Packaging business following stronger packaging demand in 2021 as consumers had pulled forward purchases of goods during the pandemic. In 2022, demand was also negatively impacted as consumers shifted priorities toward both non-discretionary goods as well as services while dealing with inflation. Operating costs were negatively impacted by lower volumes in our North American Industrial Packaging business. High inflation on materials and services also negatively impacted operating costs in our North American Industrial Packaging and Global Cellulose Fibers businesses. Rising supply chain costs negatively impacted both businesses during 2022. Higher operating costs were partially offset by improved mill performance and reliability. Maintenance outage expense increased, as planned, impacted by high inflation on equipment, parts and contracted services. Input costs rose sharply across nearly all categories, with higher energy and fuel costs being the leading drivers. Corporate expenses were favorable driven by overhead streamlining initiatives.

As previously mentioned, we returned approximately $1.9 billion of cash to shareholders in 2022. In October 2022, our Board of Directors authorized an additional $1.5 billion of share repurchases with a total current authorization of approximately $3.2 billion. Going forward, we are committed to returning cash through maintaining our dividend and through opportunistic share repurchases.

Adjusted Operating Earnings and Adjusted Operating Earnings Per Share are non-GAAP measures and are defined as net earnings (loss) (a U.S. GAAP measure) excluding discontinued operations, net special items and non-operating pension expense (income). Net earnings (loss) and Diluted earnings (loss) per share are the most directly comparable U.S. GAAP measures. The Company calculates Adjusted Operating Earnings by excluding the after-tax effect of discontinued operations, non-operating pension expense (income) and items considered by management to be unusual (net special items) from net earnings (loss) reported under U.S. GAAP. Adjusted Operating Earnings Per Share is calculated by dividing Adjusted Operating Earnings by diluted average shares of common stock outstanding. Management uses this measure to focus on ongoing operations, and believes that it is useful to investors because it enables them to perform meaningful comparisons of past and present consolidated operating results from continuing operations. The Company believes that using this information, along with the most direct comparable U.S. GAAP measure, provides for a more complete analysis of the results of operations.

Non-operating pension expense (income) represents amortization of prior service cost, amortization of actuarial gains/losses, expected return on assets and interest cost. The Company excludes these amounts from our non-GAAP measure as the Company does not believe these items reflect ongoing operations. These particular pension cost elements are not directly attributable to current employee service. The Company includes service cost in our non-GAAP measure as it is directly attributable to employee service, and the corresponding employees' other compensation elements, in connection with ongoing operations.

The following are reconciliations of Earnings (loss) to Adjusted operating earnings (loss) on a total and per share basis. Additional detail is provided below regarding the net special items referenced in the charts below:

In millions	2022	2021
Net Earnings (Loss)	$ 1,504	$ 1,752
Less - Discontinued operations, net of taxes (gain) loss	237	(941)
Earnings (Loss) from Continuing Operations	1,741	811
Add back - Non-operating pension expense (income)	(192)	(200)
Add back - Net special items expense (income)	233	371
Income tax effect - Non-operating pension and special items expense	(614)	(38)
Adjusted Operating Earnings (Loss)	$ 1,168	$ 944

Special items for 2022 include tax benefits of $604 million and $66 million related to the settlement of the timber monetization restructuring and the Sylvamo tax-free exchange, respectively. This amount also includes tax expense of $45 million related to a foreign deferred tax valuation allowance, $48 million tax expense on the non-operating pension expense adjustment and $37 million tax benefit associated with special items. Special items for 2021 include tax expense of $49 million on the non-operating pension expense adjustment and a tax benefit of $87 million associated with special items.

Special Items

Pre-tax special items (excluding interest expense) included in continuing operations totaling $233 million and $371 million were recorded in 2022 and 2021, respectively. Details of these charges were as follows:

In millions	2022	2021
Business Segments		
Restructuring and other, net	$ —	$ 25
Net (gains) losses on sales and impairments of businesses	76	(7)
Other	—	1[(a)]
	76	19
Corporate		
Restructuring and other, net	$ 89	$ 484
Environmental remediation reserve adjustments	63	10
Legal reserve adjustments	(4)	(5)
Foreign currency cumulative translation loss related to sale of equity method investment	10	—
Sylvamo investment fair value adjustment	(65)	32
Real estate - office impairment	—	21
Gain on sale of portion of equity investment in Graphic Packaging	—	(204)
Other	6	14
	99	352
Interest		
Interest related to timber monetization settlement	58	—
	58	—
Total	$ 233	$ 371

(a) Allocation of income to non-controlling interest associated with the sale of our EMEA Packaging business in Turkey.

Net (gains) losses on sales and impairments of businesses included in special items totaled a pre-tax loss of $76 million and gain of $7 million in 2022 and 2021, respectively. Details of these (gains) losses were as follows:

Net (Gains) Losses on Sales and Impairments of Businesses

In millions	2022	2021
EMEA Packaging goodwill impairment	$ 76	$ —
EMEA Packaging - Turkey	—	(7)
Total	$ 76	$ (7)

See Note 8 - *Divestitures* of the International Paper Audited Financial Statements for further discussion.

International Paper continually evaluates its operations for improvement opportunities targeted to (a) focus our portfolio on our core businesses, (b) realign capacity to operate fewer facilities with the same revenue capability, (c) close high cost, unprofitable facilities, and (d) reduce costs. Additionally, the Company is committed to its capital allocation framework to maintain a strong balance sheet including reducing debt to maximize value creation and maintain our current investment grade credit rating.

During 2022 and 2021, pre-tax restructuring and other charges, net, totaling $89 million and $509 million were recorded. Details of these charges were as follows:

Restructuring and Other, Net

In millions	2022	2021
Business Segments		
Building a Better IP initiative	$ —	$ 14[(a)]
EMEA Packaging optimization	—	12
Other	—	(1)[(b)]
	—	25
Corporate		
Early debt extinguishment costs (see Note 16 of the International Paper Audited Financial Statements)	$ 93	$ 461
Building a Better IP initiative	—	15
Other	(4)	8
	89	484
Total	$ 89	$ 509

(a) Includes $11 million recorded in the Industrial Packaging business segment and $3 million recorded in the Global Cellulose Fibers business segment.

(b) Recorded in the Industrial Packaging business segment.

	2022	2021
Diluted Earnings (Loss) Per Share	$ 4.10	$ 4.47
Less - Discontinued operations, net of taxes (gain) loss per share	0.64	(2.40)
Diluted Earnings (Loss) Per Share from Continuing Operations	4.74	2.07
Add back - Non-operating pension expense (income) per share	(0.52)	(0.51)
Add back - Net special items expense (income) per share	0.63	0.94
Income tax effect per share - Non-operating pension and special items expense	(1.67)	(0.09)
Adjusted Operating Earnings (Loss) Per Share	$ 3.18	$ 2.41

	Three Months Ended		
In millions	December 31, 2022	September 30, 2022	December 31, 2021
Net Earnings (Loss)	$ (318)	$ 951	$ 107
Less - Discontinued operations, net of taxes (gain) loss	489	(64)	(58)
Earnings (Loss) from Continuing Operations	171	887	49
Add back - Non-operating pension expense (income)	(48)	(48)	(47)
Add back - Net special items expense (income)	144	117	295
Income tax effect - Non- operating pension and special items expense[(1)]	42	(656)	(62)
Adjusted Operating Earnings (Loss)	$ 309	$ 300	$ 235

(1) Special items for the three months ended December 31, 2022 include tax expense of $45 million related to a foreign deferred tax valuation allowance. This amount also includes tax expense of $12 million on the non-operating pension expense adjustment and a tax benefit of $15 million associated with special items. Special items for the three months ended September 30, 2022 include tax benefits of $604 million and $35 million related to the settlement of the timber monetization restructuring and the Sylvamo tax-free exchange, respectively. This amount also includes tax expense of $12 million on the non-operating pension expense adjustment and a tax benefit of $29 million associated with special items. Special items for the three months ended December 31, 2021 include tax expense of $11 million on the non-operating pension adjustment and a tax benefit of $73 million associated with special items.

Special Items

Pre-tax special items included in continuing operations totaling $144 million, $117 million and $295 million were recorded in the three months ended December 31, 2022, September 30, 2022 and December 31, 2021, respectively. Details of these charges were as follows:

	Three Months Ended		
In millions	**December 31, 2022**	**September 30, 2022**	**December 31, 2021**
Business Segments			
Restructuring and other, net	$ —	$ —	$ 13
Net (gains) losses on sales and impairments of businesses	76[(a)]	—	—
	76	—	13
Corporate			
Restructuring and other, net	$ (4)	$ 93	$ 253
Environmental remediation reserve adjustments	48	—	—
Legal reserve adjustments	11	(15)	(5)
Foreign currency cumulative translation loss related to sale of equity method investment	10	—	—
Sylvamo investment fair value adjustment	—	(16)	32
Other	—	—	2
	65	62	282
Interest			
Interest related to timber monetization settlement	3	55	—
	3	55	—
Total	$ 144	$ 117	$ 295

(a) Recorded in the Industrial Packaging business segment for the impairment of goodwill in our EMEA Packaging business.

International Paper continually evaluates its operations for improvement opportunities targeted to (a) focus our portfolio on our core businesses, (b) realign capacity to operate fewer facilities with the same revenue capability, (c) close high cost, unprofitable facilities, and (d) reduce costs. Additionally, the Company is committed to its capital allocation framework to maintain a strong balance sheet including reducing debt to maximize value creation and maintain our current investment grade credit rating.

During the three months ended December 31, 2022, September 30, 2022 and December 31, 2021, pre-tax restructuring and other charges, net, totaling $(4) million, $93 million and $266 million were recorded. Details of these charges were as follows:

Restructuring and Other, Net

	Three Months Ended		
In millions	**December 31, 2022**	**September 30, 2022**	**December 31, 2021**
Business Segments			
Building a Better IP initiative	$ —	$ —	$ 14[(a)]
Other	—	—	(1)[(b)]
	—	—	13
Corporate			
Early debt extinguishment costs (see Note 16)	$ —	$ 93	$ 238
Building a Better IP initiative	—	—	15
Other	(4)	—	—
	(4)	93	253
Total	$ (4)	$ 93	$ 266

(a) Includes $11 million recorded in the Industrial Packaging business segment and $3 million recorded in the Global Cellulose Fibers business segment.

(b) Recorded in the Industrial Packaging business segment.

	Three Months Ended		
	December 31, 2022	September 30, 2022	December 31, 2021
Diluted Earnings (Loss) Per Share	$ (0.90)	$ 2.64	$ 0.28
Less - Discontinued operations, net of taxes (gain) loss per share	1.38	(0.18)	(0.15)
Diluted Earnings (Loss) Per Share from Continuing Operations	0.48	2.46	0.13
Add back - Non-operating pension expense (income) per share	(0.13)	(0.13)	(0.12)
Add back - Net special items expense (income) per share	0.41	0.32	0.77
Income tax effect per share - Non-operating pension and special items expense	0.11	(1.82)	(0.17)
Adjusted Operating Earnings (Loss) Per Share	$ 0.87	$ 0.83	$ 0.61

Cash provided by operations, including discontinued operations, totaled $2.2 billion and $2.0 billion for 2022 and 2021, respectively. The Company generated free cash flow of approximately $1.2 billion in 2022 and $1.5 billion in 2021. Free Cash Flow is a non-GAAP measure, which equals cash provided by operations less cash invested in capital projects, and the most directly comparable U.S. GAAP measure is cash provided by operations. Management utilizes this measure in connection with managing our business and believes that free cash flow is useful to investors as a liquidity measure because it measures the amount of cash generated that is available, after reinvesting in the business, to maintain a strong balance sheet, pay dividends, repurchase stock, service debt and make investments for future growth. It should not be inferred, as set forth in the reconciliation table below, that the entire free cash flow amount is available for discretionary expenditures. By adjusting for certain items that are not indicative of the Company's ongoing underlying operational performance, we believe that free cash flow also enables investors to perform meaningful comparisons between past and present periods.

The following are reconciliations of free cash flow to cash provided by operations:

In millions	2022	2021
Cash provided by operations	$ 2,174	$ 2,030
Adjustments:		
Cash invested in capital projects, net of insurance recoveries	(931)	(549)
Free Cash Flow	$ 1,243	$ 1,481

	Three Months Ended		
In millions	December 31, 2022	September 30, 2022	December 31, 2021
Cash provided by operations	$ 761	$ 435	$ 107
Adjustments:			
Cash invested in capital projects, net of insurance recoveries	(322)	(238)	(201)
Free Cash Flow	$ 439	$ 197	$ (94)

The non-GAAP financial measures presented in this Prospectus as referenced above have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with U.S. GAAP. In addition, because not all companies utilize identical calculations, the Company's presentation of non-GAAP measures in this Prospectus may not be comparable to similarly titled measures disclosed by other companies, including companies in the same industry as the Company.

Results of Operations

Total Business Segment Operating Profit (loss) is a non-GAAP measure. The most directly comparable U.S. GAAP measure is net earnings from continuing operations. Total Business Segment Operating Profit (loss) is defined as earnings (loss) from continuing operations before income taxes and equity earnings, but including the impact of less than wholly owned subsidiaries, and excluding interest expense, net, corporate expenses, net, corporate net special items, business net special items and non-operating pension expense. Total Business Segment Operating Profit (loss) is a measure reported to our management for purposes of making decisions about allocating resources to our business segments and assessing the performance of our business. Total Business Segment Operating Profit (loss) is used by International Paper's management to measure the earnings performance of its businesses. Management uses this measure to focus on ongoing operations and believes that it is useful to investors because it enables them to perform meaningful comparisons of past and present operating results.

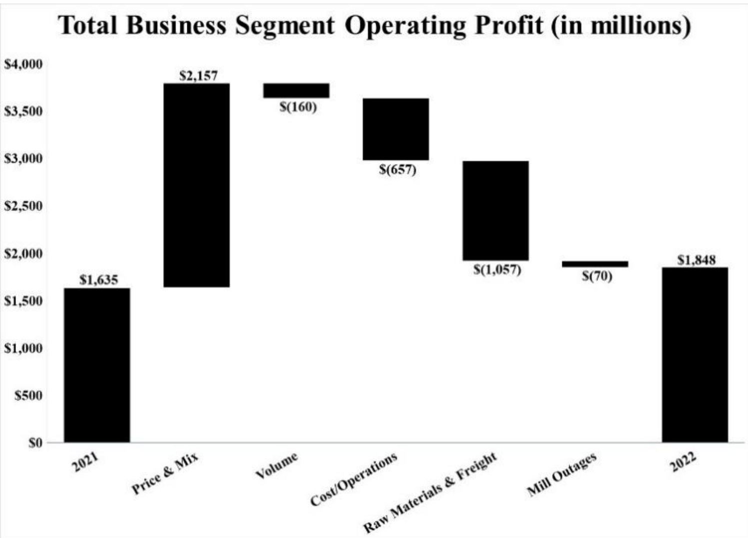
International Paper believes that using this information, along with net earnings, provides a more complete analysis of the results of operations by year.

International Paper operates in two segments: Industrial Packaging and Global Cellulose Fibers. The Company recently announced an agreement to sell its Ilim equity investment and, as a result, all current and historical results of the Ilim investment are presented as Discontinued Operations, net of taxes and our equity investment is no longer a separate reportable industry segment. During 2021, as a result of the spin-off of our Printing Papers business along with certain mixed-use coated paperboard and pulp businesses and the associated reclassification of these businesses to Discontinued Operations, we no longer have a Printing Paper segment and the remaining sales and operating profits previously reported in the Printing Papers business have been reclassified for segment reporting for all periods presented.

The following table presents a comparison of net earnings (loss) from continuing operations to its Total Business Segment Operating Profit:

In millions	2022	2021
Net Earnings (Loss) from Continuing Operations	$ 1,741	$ 811
Add back (deduct)		
Income tax provision (benefit)	(236)	188
Equity (earnings) loss, net of taxes	6	(2)
Non-controlling interests, net of taxes	—	2
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings	1,511	999
Interest expense, net	325	337
Adjustment for less than wholly owned subsidiaries	(5)	(5)
Corporate expenses, net	34	134
Corporate net special items	99	352
Business net special items	76	18
Non-operating pension expense (income)	(192)	(200)
	$ 1,848	$ 1,635
Business Segment Operating Profit (Loss):		
Industrial Packaging	$ 1,742	$ 1,638
Global Cellulose Fibers	106	(3)
Total Business Segment Operating Profit	$ 1,848	$ 1,635

Total Business Segment Operating Profit in 2022 was $213 million higher than in 2021 as the benefits from higher average sales price realizations net of an unfavorable mix ($2.2 billion) were partially offset by lower sales volumes ($160 million), higher operating costs ($657 million), higher input costs ($1.1 billion) and higher maintenance outage costs ($70 million).



The principal changes in operating profit by business segment were as follows:

- Industrial Packaging's operating profit of $1.7 billion was $104 million higher than in 2021 as the benefits of higher average sales price net of an unfavorable mix were partially offset by lower sales volumes, higher operating costs, higher input costs and higher maintenance outage costs.

- Global Cellulose Fibers' operating profit (loss) improved $109 million to $106 million profit compared with 2021 as the benefits of higher average sales price, favorable mix and sales volumes were partially offset by higher operating costs, higher input costs and higher maintenance outage costs.

Liquidity and Capital Resources

Including discontinued operations, International Paper generated $2.2 billion of cash flow from operations for the year ended December 31, 2022, compared with $2.0 billion in 2021. Capital spending for 2022 totaled $931 million, or 90% of depreciation and amortization expense. Our liquidity position remains strong, supported by approximately $2.0 billion of credit facilities.

Results of Operations

While the operating results for International Paper's various business segments are driven by a number of business-specific factors, changes in International Paper's operating results are closely tied to changes in general economic conditions in North America, Europe, Latin America, North Africa and the Middle East.

Factors that impact the demand for our products include industrial non-durable goods production, consumer preferences, consumer spending and movements in currency exchange rates.

Product prices are affected by a variety of factors including general economic trends, inventory levels, currency exchange rate movements and worldwide capacity utilization. In addition to these revenue-related factors, net earnings are impacted by various cost drivers, the more significant of which include changes in raw material costs, principally wood, recovered fiber and chemical costs; energy costs; freight costs; mill outage costs; salary and benefits costs, including pensions; and manufacturing conversion costs.

The following is a discussion of International Paper's consolidated results of operations for the year ended December 31, 2022, and the major factors affecting these results compared to 2021.

For the year ended December 31, 2022, International Paper reported net sales of $21.2 billion, compared with $19.4 billion in 2021. International net sales (based on the location of the seller and including U.S. exports) totaled $5.9 billion or 28% of total sales in 2022. This compares with international net sales of $5.2 billion in 2021.

Full year 2022 net earnings totaled $1.5 billion ($4.10 per diluted share), compared with net earnings of $1.8 billion ($4.47 per diluted share) in 2021. Amounts in 2022 and 2021 include the results of discontinued operations.

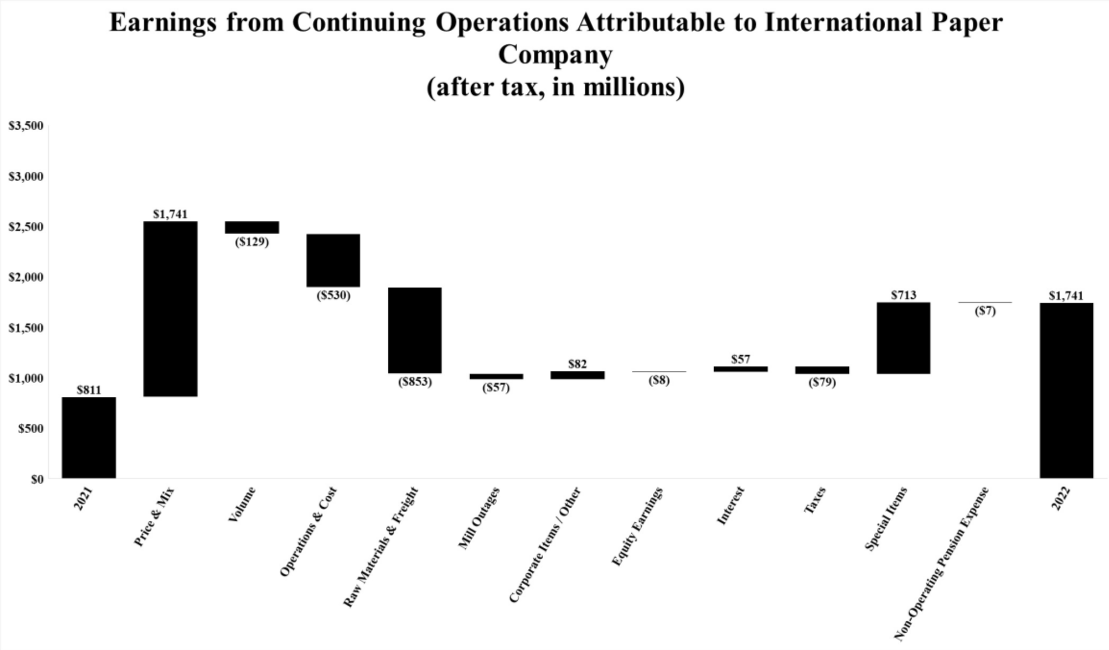
Earnings from continuing operations after taxes in 2022 and 2021 were as follows:

In millions	2022	2021
Earnings from continuing operations	$ 1,741[(a)]	$ 811[(b)]

(a) Includes $429 million of net special items income and $144 million of non-operating pension income.

(b) Includes $284 million of net special items charges and $151 million of non-operating pension income.

Compared with 2021, the benefits from higher average sales price net of an unfavorable mix ($1.7 billion), lower corporate and other costs ($82 million) and lower net interest expense ($57 million) were partially offset by lower sales volumes ($129 million), higher operating costs ($530 million), higher input costs ($853 million), higher maintenance outage costs ($57 million) and higher tax expense ($79 million). In addition, 2022 results included lower equity earnings, net of taxes. Our Building a Better IP initiatives delivered $250 million of earnings in 2022 primarily though our lean effectiveness initiative which streamlined our corporate and staff functions and our strategy acceleration initiative to deliver profitable growth through commercial and investment excellence.



See Business Segment Results in this Part 2 of Section B of Part 14 (*International Paper Operating and Financial Review*) of this Prospectus for a discussion of the impact of these factors by segment.

Discontinued Operations

The Company recently announced it has reached an agreement to sell its equity investment in Ilim and has also received an indication of interest to purchase its equity investment in Ilim Group. All current and historical results of the Ilim investment are presented as Discontinued Operations, net of taxes in the consolidated statement of operations. This transaction is discussed further in Note 11 - *Equity Method Investments* of the International Paper Audited Financial Statements.

On October 1, 2021, the Company completed the spin-off of its Printing Papers business along with certain mixed-use coated paperboard and pulp businesses in North America, France and Russia into a standalone, publicly-traded company, Sylvamo Corporation. On August 6, 2021, the Company completed the sale of its Kwidzyn, Poland mill which included the pulp and paper mill in Kwidzyn and supporting functions. As a result of the Sylvamo Corporation spin-off and sale of Kwidzyn, the Company no longer had a Printing Papers business segment and historical results reflect the Kwidzyn and the Printing Papers business and other businesses conveyed to Sylvamo Corporation as discontinued operations. See Note 8 - *Divestitures* of the International Paper Audited Financial Statements for further discussion.

Discontinued operations include the equity and operating earnings of the businesses noted above. Discontinued operations also includes an after-tax net special items loss of $533 million in 2022 and gain of $330 million in 2021.

Details of these (gains) and losses were as follows:

Special Items in Discontinued Operations

In millions	2022	2021
Ilim equity method investment impairment	$ 533	$ —
Printing Papers spin-off expenses	—	92
Gain on sale of Kwidzyn, Poland mill	—	(344)
Gain on sale of La Mirada, CA distribution center	—	(65)
Foreign value-added tax credit (including interest)	—	(37)
Foreign and state taxes related to Printing Papers spin-off	—	24
Total	$ 533	$ (330)

Income Taxes

A net income tax benefit from continuing operations of $236 million was recorded for 2022, including a tax benefit of $604 million related to the settlement of the timber monetization restructuring tax matter, a tax benefit of $66 million related to the tax-free exchange of our shares of Sylvamo Corporation and tax expense of $45 million related to a foreign deferred tax valuation allowance. Excluding these items, a $37 million net tax benefit for other special items and a $48 million tax expense related to non-operating pension income, the operational tax provision (non-GAAP) was $378 million, or 24% of pre-tax earnings before equity earnings.

A net income tax provision from continuing operations of $188 million was recorded for 2021. Excluding a $87 million net tax benefit for other special items and a $49 million tax expense related to non-operating pension income, the operational tax provision (non-GAAP) was $226 million, or 19% of pre-tax earnings before equity earnings.

The operational income tax provision and operational effective tax rate are non-GAAP measures and are calculated by adjusting the income tax provision from continuing operations and rate to exclude net special items and non-operating pension expense (income). The most directly comparable U.S. GAAP measure is the reported effective income tax rate. Management adjusts the income tax provision and rate to account for non-recurring, non-operational items as we believe it provides a more meaningful comparison of the income tax rate between past and present periods.

Interest Expense, Equity Earnings, Net of Taxes and Non-controlling Interest

Net corporate interest expense totaled $325 million in 2022 and $337 million in 2021. Net interest expense in 2022 includes $58 million of interest expense related to the timber monetization restructuring tax matter. The decrease in 2022 compared with 2021 was due to lower average outstanding debt.

Equity earnings, net of taxes were a loss of $6 million and income of $2 million in 2022 and 2021, respectively.

Net earnings attributable to non-controlling interests were $2 million in 2021. There were no net earnings attributable to non-controlling interests in 2022.

Description of Business Segments

International Paper’s business segments discussed below are consistent with the internal structure used to manage these businesses. All segments are differentiated on a common product, common customer basis consistent with the business segmentation generally used in the forest products industry.

Industrial Packaging

International Paper is the largest manufacturer of containerboard in the United States. Our U.S. production capacity is over 13 million tons annually. Our products include linerboard, medium, whitetop, recycled linerboard, recycled medium and saturating kraft. About 80% of our production is converted into corrugated packaging and other packaging by our 176 North American corrugated packaging plants. Additionally, we recycle approximately one million tons of OCC and mixed and white paper through our 16 U.S. recycling plants. Our corrugated packaging plants are supported by regional design centers, which offer total packaging solutions and supply chain initiatives. In EMEA, our operations include a recycled fiber containerboard mill in Morocco and one in Spain and 24 corrugated packaging plants in France, Italy, Spain, Morocco and Portugal.

Global Cellulose Fibers

Our cellulose fibers product portfolio includes fluff, market and specialty pulps. International Paper is the largest producer of fluff pulp which is used to make absorbent hygiene products like baby diapers, feminine care, adult incontinence and other non-woven products. Our market pulp is used for tissue and paper products. We continue to invest in exploring new innovative uses for our products, such as our specialty pulps, which are used for non-absorbent end uses including textiles, filtration, construction material, paints and coatings, reinforced plastics and more. Our products are made in the United States and Canada and are sold around the world. International Paper facilities have annual dried pulp capacity of about 3 million metric tons.

Business Segment Results

The following tables present net sales and operating profit (loss) which is the Company’s measure of segment profitability.

Industrial Packaging

Demand for Industrial Packaging products is closely correlated with non-durable industrial goods production, as well as with demand for e-commerce, processed foods, poultry, meat and agricultural products. In addition to prices and volumes, major factors affecting the profitability of Industrial Packaging are raw material and energy costs, freight costs, mill outage costs, manufacturing efficiency and product mix.

Industrial Packaging

In millions	2022	2021
Net Sales	$ 17,451	$ 16,326
Operating Profit (Loss)	$ 1,742	$ 1,638

Industrial Packaging net sales for 2022 increased 7% to $17.5 billion compared with $16.3 billion in 2021. Operating profits in 2022 were 6% higher than in 2021. Comparing 2022 with 2021, benefits from higher average sales price net of an unfavorable mix ($1.6 billion) were offset by lower sales volumes ($168 million), higher operating costs ($400 million), higher input costs ($882 million) and higher maintenance outage costs ($59 million).

North American Industrial Packaging

In millions	2022	2021
Net Sales [(a)]	$ 16,011	$ 14,944
Operating Profit (Loss)	$ 1,753	$ 1,605

(a) Includes intra-segment sales of $132 million for 2022 and $126 million for 2021.

North American Industrial Packaging's average sales margins were higher reflecting higher prices for both containerboard and corrugated boxes. Sales volumes decreased in 2022 compared with 2021 for corrugated boxes across our segments driven by the macroeconomic environment reflecting lower consumer spending on goods and retailer inventory destocking. Containerboard sales volumes also decreased. Total maintenance and economic downtime was about 956,000 short tons higher in 2022 compared with 2021, primarily due to economic downtime. Operating and distribution costs increased, primarily due to inflation on materials and services and supply chain and labor constraints. Planned maintenance downtime costs were $58 million higher in 2022 than in 2021. Input costs were significantly higher, driven by higher energy, wood and chemical costs.

EMEA Industrial Packaging

In millions	2022	2021
Net Sales	$ 1,572	$ 1,508
Operating Profit (Loss)	$ (11)	$ 33

EMEA Industrial Packaging's average sales margins were higher in the Eurozone driven by higher average sales price. Average sales margins in Morocco were lower reflecting the impact of an unfavorable product mix. Sales volumes in 2022 were lower than in 2021 driven by the sale of our EMEA Packaging business in Turkey in May 2021. Operating costs were higher driven by inflation on materials and services. Planned maintenance outage costs were higher in 2022 compared with 2021. Input costs were significantly higher, driven by unprecedented energy costs.

Entering the first quarter of 2023, compared with the fourth quarter of 2022, sales volumes are expected to be higher driven by seasonality in Morocco. Average sales margins are expected to be higher, reflecting lower containerboard costs. Operating costs are expected to be higher. Planned maintenance outage costs are expected to be $4 million lower due to no planned outages in the first quarter. Other input costs are expected to be stable.

Global Cellulose Fibers

Demand for Cellulose Fibers products is closely correlated with changes in demand for absorbent hygiene products, primarily driven by the demographics and income growth in various geographic regions. It is further affected by changes in currency rates that can benefit or hurt producers in different geographic regions. Principal cost drivers include manufacturing efficiency, raw material and energy costs, mill outage costs, and freight costs.

Global Cellulose Fibers

In millions	2022	2021
Net Sales	$ 3,227	$ 2,732

Global Cellulose Fibers

In millions	2022	2021
Operating Profit (Loss)	$ 106	$ (3)

Global Cellulose Fibers net sales for 2022 increased 18% to $3.2 billion, compared with $2.7 billion in 2021. Operating profits in 2022 improved significantly compared to 2021. Comparing 2022 with 2021, benefits from higher average sales price, a favorable mix and sales volumes ($552 million) were partially offset by higher operating costs ($257 million), higher input costs ($175 million) and higher maintenance outage costs ($11 million).

Sales volumes in 2022 compared with 2021 were lower reflecting the challenging supply chain environment. Total maintenance and economic downtime was about 13,000 short tons higher in 2022 compared with 2021, primarily due to economic downtime. Average sales margins were higher, reflecting higher average fluff and market pulp prices. Operating costs increased, driven by inflation on materials and services and supply chain related mill slowbacks and downtime. Distribution costs were significantly higher driven by continuing global supply chain disruptions. Planned maintenance outage costs were $11 million higher in 2022. Input costs were significantly higher, driven by chemicals, wood and energy.

Entering the first quarter of 2023, compared with the fourth quarter of 2022, sales volumes are expected to be lower reflecting seasonally lower demand and customer inventory destocking in response to increased supply chain velocity. Average sales margins are expected to improve. Operating costs are expected to be higher. Planned maintenance outage costs are expected to be $13 million higher than in the fourth quarter of 2022. Input costs are expected to be lower, primarily for energy.

Equity Earnings, net of Taxes - Ilim

On January 24, 2023, the Company announced it had reached an agreement to sell its equity investment in Ilim and also received from the same purchasers an indication of interest to purchase its equity investment in Ilim Group. This transaction is discussed further in Note 11 - *Equity Method Investments* of the International Paper Audited Financial Statements.

All current and historical results of the Ilim investment are presented as Discontinued Operations, net of taxes in the consolidated statement of operations. The Company recorded equity earnings, net of taxes, related to Ilim of $296 million in 2022, compared with earnings of $311 million in 2021.

Higher sales volumes and better sales margins in 2022 were more than offset by higher input costs, shipping costs and repair expenses. Sales volumes for the joint venture increased by 5% in 2022, primarily for softwood pulp and containerboard shipments to China, partially offset by lower shipments of softwood pulp and containerboard to other export markets. Average sales margins were significantly higher for sales of softwood pulp and hardwood pulp reflecting higher average sales prices in all markets. Average sales margins for shipments of containerboard declined reflecting lower average sales prices in all markets. Input costs were higher, primarily for wood, fuel and chemicals. Distribution costs were negatively impacted by higher transportation tariffs and other inflationary pressures. Maintenance and repair expenses were higher due in part to repairs to recovery boiler No. 2 at the Ust-Ilimsk mill in the fourth quarter of 2022. The Company received cash dividends from the joint venture of $204 million in 2022 and $154 million in 2021.

Liquidity and Capital Resources

Overview

A major factor in International Paper's liquidity and capital resource planning is its generation of operating cash flow, which is highly sensitive to changes in the pricing and demand for our major products. While changes in key operating cash costs, such as raw material, energy, mill outage and distribution, do have an effect on operating cash generation, we believe that our focus on commercial and operational excellence, as well as our ability to tightly manage costs and working capital has improved our cash flow generation over an operating cycle.

Use of cash during 2022 was primarily focused on working capital requirements, capital spending and returning cash to shareholders through dividends and share repurchases under the Company's share repurchase program.

Cash Provided by Operating Activities

Cash provided by operations, including discontinued operations, totaled $2.2 billion in 2022, compared with $2.0 billion for 2021. Cash used by working capital components (accounts receivable, contract assets and inventory less accounts payable and accrued liabilities, interest payable and other) totaled $145 million in 2022, compared with cash used by working capital components of $426 million in 2021. Cash dividends received from equity investments were $204 million in 2022, compared with $159 million in 2021.

Investment Activities

Including discontinued operations, investment activities in 2022 decreased from 2021, as 2021 included proceeds from the sale of the Kwidzyn, Poland mill and the sale of our ownership interest in Olmuksan International Paper for $827 million, net of cash divested, proceeds from the monetization of our investment in Graphic Packaging International Partners, LLC (GPIP) for $908 million and proceeds of $4.85 billion from the settlement of the 2015 Financing Entities Timber Notes (see Note 15 – *Variable Interest Entities* of the International Paper Audited Financial Statements). Capital spending was $931 million in 2022, or 90% of depreciation and amortization, compared with $549 million in 2021, or 45% of depreciation and amortization. Capital spending as a percentage of depreciation and amortization was 56% for Global Cellulose Fibers and 97% for Industrial Packaging in 2022.

The following table shows capital spending by business segment for the years ended December 31, 2022 and 2021, excluding amounts related to discontinued operations of $69 million in 2021:

In millions	2022	2021
Industrial Packaging	$ 762	$ 382
Global Cellulose Fibers	143	83
Subtotal	905	465
Corporate and other	26	15
Capital Spending	$ 931	$ 480

Capital spending in 2023 is expected to be approximately $1.0 billion to $1.2 billion, or 91% to 109% of depreciation and amortization.

Acquisitions

See Note 7 - *Acquisitions* of the International Paper Audited Financial Statements for a discussion of the Company’s acquisitions.

Financing Activities

Financing activities during 2022 included debt issuances of $1.0 billion and reductions of $1.0 billion. Including discontinued operations, financing activities during 2021 included debt issuances of $1.5 billion and reductions of $2.5 billion for a net decrease of $1.0 billion.

Amounts related to early debt extinguishment during the years ended December 31, 2022 and 2021, were as follows:

In millions	2022	2021
Early debt reductions(a)	$ 503	$ 2,472
Pre-tax early debt extinguishment costs(b)	93	461

(a) Reductions related to notes with interest rates ranging from 3.00% to 8.70% with original maturities from 2023 to 2048 for the years ended December 31, 2022 and 2021.

(b) Amounts are included in Restructuring and other charges in the accompanying consolidated statements of operations.

The Company’s early debt reductions in 2022 included debt tenders of $498 million with interest rates ranging from 6.40% to 8.70% and maturity dates ranging from 2023 to 2039. In addition, during 2022, the Company had $5 million in open market repurchases related to debt with interest rates ranging from 4.35% to 4.40% and maturity dates ranging from 2047 to 2048. In addition to the early debt reductions, the Company had debt reductions of $514 million in 2022 related primarily to capital leases, debt maturities, and international debt.

In January 2023, the Company entered into a variable term loan agreement providing for a $600 million term loan which was fully drawn on the date of such loan agreement and matures in 2028. The $600 million debt was issued following the repayment of $410 million of commercial paper earlier in 2023 and will also be used to repay debt maturing later in 2023 and general corporate purposes.

Other financing activities during 2022 included the net issuance of approximately 1.6 million shares of treasury stock. Repurchases of common stock and payments of restricted stock withholding taxes totaled $1.3 billion, including $1.3 billion related to shares repurchased under the Company's share repurchase program. The Company has repurchased 114.4 million shares at an average price of $46.66, for a total of approximately $5.3 billion, since the repurchase program began in September 2013 through December 31, 2022. The Company paid cash dividends totaling $673 million during 2022.

Other financing activities during 2021 included the net issuance of approximately 1.9 million shares of treasury stock. Repurchases of common stock and payments of restricted stock withholding taxes totaled $838 million, including $810.9 million related to shares repurchased under the Company's share repurchase program. The Company paid cash dividends totaling $780 million during 2021.

Interest Rate Swaps

Our policy is to manage interest cost using a mixture of fixed-rate and variable-rate debt. To manage this risk, International Paper utilizes interest rate swaps to change the mix of fixed and variable rate debt. During 2020, International Paper terminated its interest rate swaps with a notional amount of $700 million and maturities ranging from 2024 to 2026 with an approximate fair value of $85 million. Subsequent to the termination of the interest rate swaps, the fair value basis adjustment is amortized to earnings as interest income over the same period as a debt premium on the previously hedged debt. The Company had no outstanding interest rate swaps for the years ended December 31, 2022 and 2021 (see Note 17 – *Derivatives and Hedging Activities* of the International Paper Audited Financial Statements).

Variable Interest Entities

Information concerning variable interest entities is set forth in Note 15 - *Variable Interest Entities* of the International Paper Audited Financial Statements. In connection with the 2006 International Paper installment sale of forestlands, we received $4.8 billion of installment notes. These installment notes were used by variable interest entities as collateral for borrowings from third-party lenders. These variable interest entities were restructured in 2015 when the installment notes and third-party loans were extended. The restructured variable interest entities held installment notes of $4.8 billion and third-party loans of $4.2 billion which both matured in August 2021. We settled the third-party loans at their maturity with the proceeds from the installment notes. This resulted in cash proceeds of approximately $630 million representing our equity in the variable interest entities. Maturity of the installment notes and termination of the monetization structure also resulted in a $72 million tax liability that was paid in the fourth quarter of 2021. On September 2, 2022, the Company and the Internal Revenue Service agreed to settle the previously disclosed timber monetization restructuring tax matter. Under this agreement, the Company will fully resolve the matter and pay $252 million in U.S. federal income taxes. As a result, interest will also be charged upon closing of the audit. The amount of interest expense recognized through December 31, 2022, is $58 million. As of December 31, 2022, $89 million in U.S. federal income taxes and $28 million in interest expense have been paid as a result of the settlement agreement. The remaining $163 million U.S. federal income tax liability and $30 million accrued interest liability are recorded as current liabilities in the balance sheet. The reversal of the Company's remaining deferred tax liability associated with the 2015 Financing Entities of $604 million was recognized as a one-time tax benefit in the third quarter of 2022.

Liquidity and Capital Resources Outlook for 2023

On October 11, 2022, our Board of Directors approved an additional $1.5 billion under our share repurchase program. This program does not have an expiration date and has approximately $3.2 billion aggregate amount of shares of common stock remaining authorized for purchase as of December 31, 2022. We may continue to repurchase shares under such authorization in open market transactions (including block trades), privately negotiated transactions or otherwise, subject to prevailing market conditions, our liquidity requirements, applicable securities laws requirements and other factors. In addition, we pay regular quarterly cash dividends and expect to continue to pay regular quarterly cash dividends in the foreseeable future. Each quarterly dividend is subject to review and approval by our Board of Directors.

Capital Expenditures and Long-Term Debt

At December 31, 2022, International Paper's credit agreements totaled $2.0 billion, which is comprised of the $1.5 billion contractually committed bank credit agreement and up to $500 million under the receivables securitization program. Management believes these credit agreements are adequate to cover expected operating cash flow variability during the current economic cycle. The credit agreements generally provide for interest rates at a floating rate index plus a pre-determined margin dependent upon International Paper's credit rating. At December 31, 2022, the Company had no borrowings outstanding under the $1.5 billion credit agreement or the

$500 million receivables securitization program. The Company's credit agreements are not subject to any restrictive covenants other than the financial covenants as disclosed in Note 16 - *Debt and Lines of Credit* of the International Paper Audited Financial Statements, and the borrowings under the receivables securitization program being limited by eligible receivables. The Company was in compliance with all its debt covenants at December 31, 2022, and was well below the thresholds stipulated under the covenants as defined in the credit agreements. Further the financial covenants do not restrict any borrowings under the credit agreements.

Under the terms of the Company's commercial paper program, individual maturities on borrowings may vary, but not exceed one year from the date of issue. Interest bearing notes may be issued either as fixed or floating rate notes. As of December 31, 2022, the Company had $410 million outstanding under the program with remaining capacity of $590 million. As of December 31, 2022, the remaining credit agreement capacity was $1.1 billion.

International Paper expects to be able to meet projected capital expenditures, service existing debt, meet working capital and dividend requirements and make common stock and/or debt repurchases for the next 12 months and for the foreseeable future thereafter with current cash balances and cash from operations, supplemented as required by its existing credit facilities. The Company will continue to rely on debt and capital markets for the majority of any necessary long-term funding not provided by operating cash flows. Funding decisions will be guided by our capital structure planning objectives. The primary goals of the Company's capital structure planning are to maximize financial flexibility and maintain appropriate levels of liquidity to meet our needs while managing balance sheet debt and interest expense, and we have repurchased, and may continue to repurchase, our Common Stock (under our existing share repurchase program) and debt (including through open market purchases, privately negotiated transactions or otherwise) to the extent consistent with this capital structure planning. The majority of International Paper's debt is accessed through global public capital markets where we have a wide base of investors. During 2020, management took various actions to further strengthen the Company's liquidity position in response to the COVID-19 pandemic. This included the Company deferring the payment of our payroll taxes as allowed under CARES Act. The CARES Act allows for the deferral of the payment of the employer portion of Social Security taxes accrued between March 27, 2020, and December 31, 2020. Under the CARES Act 50% of the deferred payroll taxes was paid in 2021 and the remainder was paid in 2022. We believe that our credit agreements and commercial paper program provide us with sufficient liquidity to operate in the current negative macroeconomic environment; however, an extended period of economic disruption could impact our access to additional sources of liquidity.

Maintaining an investment grade credit rating is an important element of International Paper's financing strategy. At December 31, 2022, the Company held long-term credit ratings of BBB (stable outlook) and Baa2 (stable outlook) by S&P and Moody's, respectively.

Contractual obligations for future payments under existing debt and lease commitments and purchase obligations at December 31, 2022, were as follows:

In millions	2023	2024	2025	2026	2027	Thereafter
Debt maturities[(a)]	$ 763	$ 148	$ 191	$ 72	$ 298	$ 4,107
Operating lease obligations	157	113	75	48	30	36
Purchase obligations[(b)]	2,504	818	471	360	285	1,651
Total[(c)]	$ 3,424	$ 1,079	$ 737	$ 480	$ 613	$ 5,794

(a) Includes financing lease obligations.

(b) Includes $4.0 billion relating to fiber supply agreements.

(c) Not included in the above table due to the uncertainty of the amount and timing of the payment are unrecognized tax benefits of approximately $169 million. Also not included in the above table is $95 million of Deemed Repatriation Transition Tax associated with the 2017 Tax Cuts and Jobs Act which will be settled from 2023 - 2026. Additionally, the deferred tax liability of $485 million related to the Temple-Inland timber monetization is not included in the table above. It will be settled with the maturity of the notes in 2027.

We consider the undistributed earnings of our foreign subsidiaries as of December 31, 2022, to be permanently reinvested and, accordingly, no U.S. income taxes have been provided thereon (in Note 13 - *Income Taxes* of the International Paper Audited Financial Statements). We do not anticipate the need to repatriate funds to the United States to satisfy domestic liquidity needs arising in the ordinary course of business, including liquidity needs associated with our domestic debt service requirements.

Pension Obligations and Funding

At December 31, 2022, the projected benefit obligation for the Company's U.S. defined benefit plans determined under U.S. GAAP was approximately $29 million lower than the fair value of plan assets, excluding non-U.S.

plans. Approximately $297 million of this amount relates to plans that are subject to minimum funding requirements. Under current IRS funding rules, the calculation of minimum funding requirements differs from the calculation of the present value of plan benefits (the "**projected benefit obligation**") for accounting purposes. In December 2008, the Worker, Retiree and Employer Recovery Act of 2008 was passed by the U.S. Congress which provided for pension funding relief and technical corrections. Funding contributions depend on the funding method selected by the Company, and the timing of its implementation, as well as on actual demographic data and the targeted funding level. The Company continually reassesses the amount and timing of any discretionary contributions and elected not to make any voluntary contributions in 2022, 2021 or 2020. The timing and amount of future contributions, which could be material, will depend on a number of factors, including the actual earnings and changes in values of plan assets and changes in interest rates.

Critical Accounting Policies and Significant Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires International Paper to establish accounting policies and to make estimates that affect both the amounts and timing of the recording of assets, liabilities, revenues and expenses. Some of these estimates require subjective judgments about matters that are inherently uncertain.

Accounting policies whose application has had or is reasonably likely to have a material impact on the reported results of operations and financial position of International Paper, and that can require a significant level of estimation or uncertainty by management that affect their application, include the accounting for contingencies, impairment or disposal of long-lived assets and goodwill, pensions and income taxes. The Company has discussed the selection of critical accounting policies and the effect of significant estimates with the Audit and Finance Committee of the Company's Board of Directors and with its independent registered public accounting firm.

Contingent Liabilities

Accruals for contingent liabilities, including personal injury, product liability, environmental, asbestos and other legal matters, are recorded when it is probable that a liability has been incurred or an asset impaired and the amount of the loss can be reasonably estimated. Liabilities accrued for legal matters require judgments regarding projected outcomes and range of loss based on historical litigation and settlement experience and recommendations of legal counsel and, if applicable, other experts. Liabilities for environmental matters require evaluations of relevant environmental regulations and estimates of future remediation alternatives and costs. The Company estimated the probable liability associated with these environmental matters to be approximately $243 million ($251 million undiscounted) in the aggregate as of December 31, 2022, and $182 million ($191 million undiscounted) in the aggregate as of December 31, 2021. Liabilities for asbestos-related matters require reviews of recent and historical claims data. The Company's total recorded liability with respect to pending and future asbestos-related claims was $105 million and $103 million, net of estimated insurance recoveries, as of December 31, 2022 and 2021, respectively. The Company utilizes its in-house legal counsel and environmental experts to develop estimates of its legal, environmental and asbestos obligations, supplemented as needed by third-party specialists to analyze its most complex contingent liabilities.

We calculate our workers' compensation reserves based on estimated actuarially calculated development factors. The workers' compensation reserves are reviewed at least quarterly to determine the adequacy of the accruals and related financial statement disclosure. The Company's total recorded workers' compensation reserve was $136 million and $159 million as of December 31, 2022 and 2021, respectively. While we believe that our assumptions are appropriate, the ultimate settlement of workers' compensation reserves may differ significantly from amounts we have accrued in our consolidated financial statements.

Impairment of Long-Lived Assets and Goodwill

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances that indicate that the carrying value of the assets may not be recoverable. A recoverability test is performed by comparing the undiscounted cash flows to carrying value of the assets. If the carrying amount is less than the undiscounted cash flows, the fair value of the assets is compared to the carrying value to determine if they are impaired. An impairment of a long-lived asset exists when the asset's carrying amount exceeds its fair value.

We perform an annual goodwill impairment as of October 1. Additionally, interim assessments of possible impairments of goodwill are also made when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable through future operations. A goodwill impairment exists when the carrying amount of goodwill exceeds its fair value.

The amount and timing of goodwill and long-lived asset impairment charges based on these assessments requires the estimation of future cash flows or the fair market value of the related assets based on management's best estimates of certain key factors, including future selling prices and volumes, operating, raw material, energy and freight costs, various other projected operating economic factors and other intended uses of the assets.

ASU 2011-08, "Intangibles - Goodwill and Other," allows entities testing goodwill for impairment the option of performing a qualitative assessment before performing the quantitative goodwill impairment test. If a qualitative assessment is performed, an entity is not required to perform the quantitative goodwill impairment test unless the entity determines that, based on that qualitative assessment, it is more likely than not that its fair value is less than its carrying value. The Company performed its annual testing of its reporting units for possible goodwill impairments by applying the qualitative assessment to its North America Industrial Packaging reporting unit and the quantitative goodwill impairment test to its EMEA Industrial Packaging reporting unit as of October 1, 2022.

For the current year evaluation, the Company assessed various assumptions, events and circumstances that would have affected the estimated fair value of the North America Industrial Packaging reporting unit under the qualitative assessment and the results of the qualitative assessments indicated that it was not more likely than not that the fair value of the reporting unit was less than its carrying value. Our most recent quantitative goodwill impairment test for our NA IPG reporting unit was performed as part of our 2020 annual goodwill impairment test. That quantitative goodwill impairment test indicated that the fair value of the NA IPG reporting unit exceeded the carrying amount by approximately 100%.

The Company also performed the quantitative goodwill impairment test which included comparing the carrying amount of the EMEA Industrial Packaging reporting unit to its estimated fair value. The estimated fair value of the reporting unit was calculated using a weighted approach based on discounted future cash flows, market multiples and transaction multiples. The determination of fair value using the discounted cash flow approach requires management to make significant estimates and assumptions related to forecasts of future revenues, operating profit margins, and discount rates. The determination of fair value using market multiples and transaction multiples requires management to make significant assumptions related to revenue multiples and adjusted earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") multiples.

The results of our quantitative goodwill impairment test indicated that the carrying amount exceeded the estimated fair value of the EMEA Industrial Packaging reporting unit and it was determined that all of the goodwill in the reporting unit, totaling $76 million, was impaired. The decline in the fair value of EMEA Industrial Packaging and resulting impairment charge was due to the impacts of certain macroeconomic conditions, including the impacts from inflation and the geopolitical environment to the reporting unit.

Due to the macroeconomic factors noted above, we also performed the long-lived asset impairment test for asset groups that represent the EMEA Industrial Packaging reporting unit prior to the goodwill impairment test and the respective assets groups were determined not to be impaired.

Other than Temporary Impairment

The Company evaluates our investment in the Ilim joint venture for other-than-temporary impairment (OTTI) when circumstances indicate the investment may be impaired. When a decline in fair value is deemed to be an OTTI, an impairment is recognized to the extent that the fair value is less than the carrying value of the investment. We consider various factors in determining whether a loss in value of an investment is other than temporary including: the length of time and the extent to which the fair value has been below cost, the financial condition of Ilim joint venture, and our intent and ability to retain the investment for a period of time sufficient to allow for recovery of value. Management makes certain judgments and estimates in its assessment including but not limited to: identifying if circumstances indicate a decline in value is other than temporary, expectations about operations, as well as industry, financial, regulatory and market factors. During the fourth quarter of 2022, the Company received a binding third-party offer to purchase our interest in the Ilim joint venture which was then submitted to our joint venture partners under the preemption provisions of the Ilim shareholders' agreement. The third-party offer resulted in an implied fair value that was less than our investment carrying value. This decrease in fair value below carrying value was not considered to be a temporary decline in value. As such, the Company recorded a $533 million impairment in the fourth quarter of 2022 based on the agreed selling price for our 50% interest. The impairment charge included recognition of $375 million of foreign currency cumulative translation adjustment loss. The timing by which the sale of our investment will be completed is dependent on obtaining required regulatory approvals. In the meantime, we could recognize additional OTTI charges as the carrying value of our investment fluctuates relative to the approximate $500 million implied fair value, through additional equity earnings and foreign currency translation.

Pension Benefit Obligations

The charges recorded for pension benefit obligations are determined annually in conjunction with International Paper's consulting actuary, and are dependent upon various assumptions including the expected long-term rate of return on plan assets, discount rates, projected future compensation increases and mortality rates.

The calculations of pension obligations and expenses require decisions about a number of key assumptions that can significantly affect liability and expense amounts, including the expected long-term rate of return on plan assets and the discount rate used to calculate plan liabilities.

Benefit obligations and fair values of plan assets as of December 31, 2022, for International Paper's pension plan were as follows:

In millions	Benefit Obligation	Fair Value of Plan Assets
U.S. qualified pension	$ 8,548	$ 8,845
U.S. nonqualified pension	268	—
Non-U.S. pension	54	18

The table below shows the discount rate used by International Paper to calculate U.S. pension obligations for the years shown:

	2022	2021	2020
Discount rate	5.40%	2.90%	2.60%

International Paper determines these actuarial assumptions, after consultation with our actuaries, on December 31 of each year or more frequently if required, to calculate liability information as of that date and pension expense for the following year. The expected long-term rate of return on plan assets is based on projected rates of return for current asset classes in the plan's investment portfolio. The discount rate assumption was determined based on a hypothetical settlement portfolio selected from a universe of high quality corporate bonds.

The weighted average expected long-term rate of return on U.S. pension plan assets used to determine net periodic cost for the year ended December 31, 2022, was 6.00%.

Increasing (decreasing) the expected long-term rate of return on U.S. plan assets by an additional 0.25% would decrease (increase) 2023 pension expense by approximately $20 million, while a (decrease) increase of 0.25% in the discount rate would (increase) decrease pension expense by approximately $15 million.

Actual rates of return earned on U.S. pension plan assets for each of the last 10 years were:

Year	Return	Year	Return
2022	(22.0)%	2017	19.3%
2021	7.7%	2016	7.1%
2020	24.7%	2015	1.3%
2019	23.9%	2014	6.4%
2018	(3.0)%	2013	14.1%

The 2013 and 2014 returns above represent weighted averages of International Paper and Temple-Inland asset returns. International Paper and Temple-Inland assets were combined in October 2014. The annualized time-weighted rate of return earned on U.S. pension plan assets was 4.7% and 7.1% for the past five and ten years, respectively.

ASC 715, "Compensation – Retirement Benefits," provides for delayed recognition of actuarial gains and losses, including amounts arising from changes in the estimated projected plan benefit obligation due to changes in the assumed discount rate, differences between the actual and expected return on plan assets, and other assumption changes. These net gains and losses are recognized in pension expense prospectively over a period that approximates the average remaining service period of active employees expected to receive benefits under the plans to the extent that they are not offset by gains and losses in subsequent years.

Net periodic pension plan expenses, calculated for all of International Paper's plans, were as follows:

In millions	2022	2021	2020	2019	2018
Pension (income) expense					
U.S. plans	$ (116)	$ (112)	$ 32	$ 93	$ 632
Non-U.S. plans	5	4	5	6	4
Net (income) expense	$ (111)	$ (108)	$ 37	$ 99	$ 636

The increase in 2022 pension income primarily reflects lower service cost, lower actuarial loss, and lower asset returns, slightly offset by higher interest cost.

Assuming that discount rates, expected long-term returns on plan assets and rates of future compensation increases remain the same as of December 31, 2022, projected future net periodic pension plan expense (income) would be as follows:

In millions	2024	2023
Pension expense (income)		
U.S. plans	$ 38	$ 102
Non-U.S. plans	5	5
Net (income) expense	$ 43	$ 107

The Company estimates that it will record net pension expense of approximately $102 million for its U.S. defined benefit plans in 2023, compared to income of $116 million in 2022.

The market value of plan assets for International Paper's U.S. qualified pension plan at December 31, 2022, totaled approximately $8.8 billion, consisting of approximately 16% equity securities, 67% debt securities, 9% real estate funds and 8% other assets. The Company's funding policy for its qualified pension plans is to contribute amounts sufficient to meet legal funding requirements, plus any additional amounts that the Company may determine to be appropriate considering the funded status of the plan, tax deductibility, the cash flows generated by the Company, and other factors. The Company continually reassesses the amount and timing of any discretionary contributions and could elect to make voluntary contributions in the future. There were no required contributions to the U.S. qualified plan in 2022. The nonqualified defined benefit plans are funded to the extent of benefit payments, which totaled $29 million for the year ended December 31, 2022.

Income Taxes

International Paper records its global tax provision based on the respective tax rules and regulations for the jurisdictions in which it operates. Where the Company believes that a tax position is supportable for income tax purposes, the item is included in its income tax returns. Where treatment of a position is uncertain, liabilities are recorded based upon the Company's evaluation of the "more likely than not" outcome considering technical merits of the position based on specific tax regulations and facts of each matter. Changes to recorded liabilities are only made when an identifiable event occurs that changes the likely outcome, such as settlement with the relevant tax authority, the expiration of statutes of limitation for the subject tax year, change in tax laws, or recent court cases that are relevant to the matter. Accrued interest related to these uncertain tax positions is recorded in our consolidated statement of operations in Interest expense, net.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Significant judgment is required in assessing the need for and magnitude of appropriate valuation allowances against deferred tax assets. This assessment is completed by tax jurisdiction and relies on both positive and negative evidence available, with significant weight placed on recent financial results. Cumulative reported pre-tax income is considered objectively verifiable positive evidence of our ability to generate positive pre-tax income in the future. In accordance with U.S. GAAP, when there is a recent history of pre-tax losses, there is little or no weight placed on forecasts for purposes of assessing the recoverability of our deferred tax assets. When necessary, we use systematic and logical methods to estimate when deferred tax liabilities will reverse and generate taxable income and when deferred tax assets will reverse and generate tax deductions. Assumptions, judgment, and the use of estimates are required when scheduling the reversal of deferred tax assets and liabilities, and the exercise is inherently complex and subjective. The realization of these assets is dependent on generating future taxable income, as well as successful implementation of various tax planning strategies. The Company's valuation allowance was $677 million and $708 million at December 31, 2022 and 2021, respectively.

While International Paper believes that these judgments and estimates are appropriate and reasonable under the circumstances, actual resolution of these matters may differ from recorded estimated amounts.

Legal Proceedings

Information concerning the Company's environmental and other legal proceedings is set forth in Note 14 - *Commitments and Contingent Liabilities* of the International Paper Audited Financial Statements. The Company is not subject to any administrative or judicial proceeding arising under any Federal, State or local provisions that have been enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment that is likely to result in monetary sanctions of $1 million or more.

Recent Accounting Developments

See Note 2 - *Recent Accounting Developments* of the International Paper Audited Financial Statements for a discussion of new accounting pronouncements.

Effect of Inflation

Inflationary increases in certain input costs, such as energy, wood, recycled fiber, freight and chemical costs, had an adverse impact on the Company's operating results in 2021 and 2022, but had a minimal impact in 2020. We expect that inflationary pressures will continue to adversely impact our operating results in 2023. The effects of inflation have been more significant in recent years due to general inflationary conditions, including labor market conditions, economic activity, consumer behavior, supply shortages and disruptions. Sales prices and volumes are primarily influenced by economic supply and demand factors in specific markets and by exchange rate fluctuations but are also currently being impacted by the current inflationary environment.

Foreign Currency Effects

International Paper has operations in a number of countries. Its operations in those countries also export to, and compete with, imports from other regions. As such, currency movements can have a number of direct and indirect impacts on the Company's financial statements. Direct impacts include the translation of international operations' local currency financial statements into U.S. dollars and the remeasurement impact associated with non-functional currency financial assets and liabilities. Indirect impacts include the change in competitiveness of imports into, and exports out of, the United States (and the impact on local currency pricing of products that are traded internationally). In general, a weaker U.S. dollar and stronger local currency is beneficial to International Paper. The currency that has the most impact is the Euro.

Market Risk

We use financial instruments, including fixed and variable rate debt, to finance operations, for capital spending programs and for general corporate purposes. Additionally, financial instruments, including various derivative contracts, are used to hedge exposures to interest rate, commodity and foreign currency risks. We do not use financial instruments for trading purposes. Information related to International Paper's debt obligations is included in Note 16 - *Debt and Lines of Credit* of the International Paper Audited Financial Statements. Financial Statements and Supplementary Data. A discussion of derivatives and hedging activities is included in Note 17 - *Derivatives and Hedging Activities* of the International Paper Audited Financial Statements.

The fair value of our debt and financial instruments varies due to changes in market interest and foreign currency rates and commodity prices since the inception of the related instruments. We assess this market risk utilizing a sensitivity analysis. The sensitivity analysis measures the potential loss in earnings, fair values and cash flows based on a hypothetical 10% change (increase and decrease) in interest and currency rates and commodity prices.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to short-and long-term debt obligations and investments in marketable securities. We invest in investment-grade securities of financial institutions and money market mutual funds with a minimum rating of AAA and limit exposure to any one issuer or fund. Our investments in marketable securities at December 31, 2022 and 2021, are stated at cost, which approximates market due to their short-term nature. Our interest rate risk exposure related to these investments was not material.

We issue fixed and floating rate debt in a proportion that management deems appropriate based on current and projected market conditions. Derivative instruments, such as interest rate swaps, may be used to execute this strategy. At December 31, 2022 and 2021, the fair value of the net liability of financial instruments with exposure to interest rate risk was approximately $4.3 billion and $6.7 billion, respectively. The potential increase in fair value resulting from a 10% adverse shift in quoted interest rates would have been approximately $328 million and $304 million at December 31, 2022 and 2021, respectively.

Commodity Price Risk

The objective of our commodity exposure management is to minimize volatility in earnings due to large fluctuations in the price of commodities. Commodity swap or forward purchase contracts may be used to manage risks associated with market fluctuations in energy prices. At December 31, 2022 and 2021, the net fair value of these contracts was $20 million asset and $10 million asset. The potential loss in fair value from a 10% adverse change in quoted commodity prices for these contracts would have been approximately $3 million and $2 million at December 31, 2022 and 2021, respectively.

Foreign Currency Risk

International Paper transacts business in many currencies and is also subject to currency exchange rate risk through investments and businesses owned and operated in foreign countries. Our objective in managing the associated foreign currency risks is to minimize the effect of adverse exchange rate fluctuations on our after-tax cash flows. We address these risks on a limited basis by entering into cross-currency interest rate swaps, or foreign exchange contracts.

At December 31, 2022 and 2021, the net fair value of financial instruments with exposure to foreign currency risk was immaterial. The potential loss in fair value for such financial instruments from a 10% adverse change in quoted foreign currency exchange rates was also immaterial.

PART 15

DS SMITH SELECTED FINANCIAL INFORMATION

The following is a summary of the DS Smith financial information for DSS FY 24, DSS FY 23 and DSS FY 22. The financial information included in this Part 15 (DS Smith Selected Financial Information) of this Prospectus has been extracted without material adjustment from DS Smith's audited consolidated financial statements as set out in the DS Smith Financial Information. This summary should be read in conjunction with that information and with Part 16 (DS Smith Operating and Financial Review) of this Prospectus. Prospective investors are advised to read the whole of this Prospectus and not rely on the information summarized in this Part 15 (DS Smith Selected Financial Information) of this Prospectus.

Historical results are not indicative of the results to be expected in the future and results of interim periods are not necessarily indicative of results for the entire year.

DS Smith's consolidated financial statements are prepared in accordance with IFRS whereas International Paper's consolidated financial statements are prepared in accordance with U.S. GAAP. U.S. GAAP differs from IFRS in a number of significant respects. International Paper has not prepared, and does not currently intend to prepare, its financial statements or the financial statements of the Combined Company in, or reconcile them to, IFRS and hence has not quantified these differences for prospective investors. In making an investment decision, prospective investors must rely on their own examination of the International Paper Group, the terms of the Combination and the financial information in this Prospectus. Prospective investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP.

Summary Consolidated Income Statement	**Year ended April 30,**		
(In millions)	**2024**	**2023**	**2022**
		(*audited*)	
Revenue	£ 6,822	£ 8,221	£ 7,241
Profit from continuing operations before income tax	503	661	378
Profit from continuing operations	385	492	280
Profit attributable to DS Smith	385	502	280

Summary Consolidated Statement of Financial Position	**As of April 30,**		
(In millions)	**2024**	**2023**	**2022**
		(*audited*)	
Total current assets	£ 2,326	£ 2,531	£ 3,108
Total assets	9,254	9,457	9,886
Total current liabilities	(2,696)	(3,039)	(3,567)
Borrowings	(2,437)	(1,816)	(2,072)
Total equity	3,949	4,087	4,234
Total liabilities and equity	9,254	9,457	9,886

Summary Consolidated Statement of Cash Flows	**Year ended April 30,**		
(In millions)	**2024**	**2023**	**2022**
		(*audited*)	
Cash flows from operating activities	£ 320	£ 866	£ 921
Cash flows used in investing activities	(614)	(526)	(403)
Capital expenditure	(547)	(545)	(431)
Cash flows from/(used in) financing activities	352	(728)	(483)
Exchange (losses)/gains on cash and cash equivalents	(16)	10	(8)
Net cash and cash equivalents at beginning of the year	368	746	719
Net cash and cash equivalents at end of the year	410	368	746

PART 16

DS SMITH OPERATING AND FINANCIAL REVIEW

The following discussion and analysis should be read in conjunction with the financial information on the DS Smith Group set out in Part 15 (DS Smith Selected Financial Information) and the financial information on the DS Smith Group set out in the DS Smith Financial Information. The financial information included in this Part 16 (DS Smith Operating and Financial Review) has been extracted without material adjustment from the financial information incorporated by reference in the DS Smith Financial Information or has been extracted without material adjustment from DS Smith's accounting records, which formed the underlying basis of the financial information referred to in the DS Smith Financial Information.

Some of the information contained in this Part 16 (DS Smith Operating and Financial Review), including information in respect of plans and strategies for DS Smith's business and expected sources of financing, contains certain forward-looking statements that reflect the DS Smith Group's plans, estimates and belief and that may involve risks and uncertainties. The DS Smith Group's actual results as part of the Combined Company following completion of the Combination may also differ materially from those discussed in these forward-looking statements. Prospective investors should read the paragraph entitled "Forward-looking statements" in Part 6 (Presentation of Information) of this Prospectus for a discussion of the risks and uncertainties related to those statements and should also read Part 2 (Risk Factors) for a discussion of certain factors that may affect the business, results of operations or financial condition of the DS Smith Group or the Combined Company.

DS Smith's consolidated financial statements are prepared in accordance with IFRS whereas International Paper's consolidated financial statements are prepared in accordance with U.S. GAAP. U.S. GAAP differs from IFRS in a number of significant respects. International Paper has not prepared, and does not currently intend to prepare, its financial statements or the financial statements of the Combined Company in, or reconcile them to, IFRS and hence has not quantified these differences for prospective investors. In making an investment decision, prospective investors must rely on their own examination of the International Paper Group, the terms of the Combination and the financial information in this Prospectus. Prospective investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP.

DS Smith's Business

DS Smith is a leading provider of sustainable fiber-based packaging with operations across Europe and North America which is supported by recycling and paper-making operations. Through its packaging division, DS Smith delivers innovative, fully fiber based corrugated products across Europe and North America for consumer products, e-commerce, promotion, transit and industrial packaging. DS Smith complements its product range with consultancy on supply chain optimization and creative design. Through its paper division, DS Smith is a leading international manufacturer of corrugated case material ("**CCM**"), which is the paper used for conversion into corrugated board. DS Smith also manufactures specialist paper grades such as plasterboard liner. DS Smith is also experienced in fiber recycling and waste management services and has operations across Europe.

DS Smith currently has four reportable business segments organized into four geographic regions: (1) Northern Europe segment, comprising the packaging, paper and recycling division; (2) Southern Europe, comprising the packaging, paper and recycling division; (3) Eastern Europe, comprising the packaging, paper and recycling division; and (4) North America comprising the packaging and paper division.

Recent Transactions and Events

In recent years, DS Smith's strategy has focused on organic growth in order to support growth with its major customers.

On June 29, 2017 DS Smith entered into an agreement to acquire 80% of Interstate Resources ("**Interstate**"), granting the sellers a put option to sell DS Smith the remaining 20% over the next four years. In the year ended April 30, 2020 DS Smith acquired a further 10% following the partial exercise of the put option, with the final amount in connection with that exercise being paid in DSS FY 22. In the same year, DS Smith sold its de Hoop paper mill in the Netherlands for £35 million.

In DSS FY 24, DS Smith completed the acquisition process of Interstate with the payment for the final 10% stake for a consideration of $129 million (£103 million). The payment was based on the put option conditions met in DSS FY 23.

During the same year, DS Smith acquired Bosis d.o.o., a high-quality packaging company in Serbia, for €20 million (net of cash and cash equivalents), complementing DS Smith's existing regional packaging activity in Eastern Europe.

Furthermore, DS Smith sold its 50 percent interest in its Ukrainian associate, Rubizhanskiy Kartonno-Tarniy Kombiinat for £10 million. This resulted in a £10 million gain on divestment during DSS FY 24.

Market Overview and Outlook

In DSS FY 24, DS Smith delivered a robust performance, despite the challenging environment, driven by its focus on customers, quality, service and innovation together with the benefit from its self-help productivity initiatives. DS Smith continued to make progress in helping its customers' sustainability challenges, including by achieving its target of 1 billion units of plastic replaced with fiber-based alternatives 16 months ahead of schedule.

DS Smith believes the Combination is an attractive opportunity to create a truly international sustainable packaging solutions leader that is well positioned in attractive and growing markets across Europe and North America. DS Smith is working collaboratively with International Paper to satisfy the Conditions and bring about the successful completion of the Combination.

The DS Smith Segments

As described above, DS Smith's continuing operations are organized into segments which cover geographical regions with integrated packaging, paper and recycling businesses. These comprise the DS Smith Group's reportable segments and their results are regularly reviewed by the Group Chief Executive of DS Smith. The measure of profitability reported to the Group Chief Executive of DS Smith for the purposes of resource allocation and assessment of performance is adjusted operating profit, which is a non-IFRS performance measure.

The positive trends in packaging volumes from the second half of DSS FY 24 have continued into the current financial year, and DS Smith remains focused on pricing, operational efficiency and cost control. The increasing demand is resulting in higher paper and other input costs, including old corrugated cardboard ("**OCC**"). DS Smith anticipates this will be reflected in packaging price rises, with the benefits expected to be weighted to the second half of DS Smith financial year 2025 and to provide further momentum into DS Smith financial year 2026.

Results of Operations

DSS FY 24 saw DS Smith deliver a robust performance in a challenging environment, with profit and adjusted operating profits in line with management expectations, against a weak consumer demand environment and high inflation. The strong customer relationships, innovation and high service levels, together with strong cost management, partially offset downward pricing pressure.

The table below sets out the results of operations of the DS Smith Group for DSS FY 24, DSS FY 23 and DSS FY 22.

	For the year ended April 30,		
	2024	**2023**	**2022**
Continuing operations			
	£ million		
Revenue	**6,822**	**8,221**	**7,241**
Cost of goods sold	(4,933)	(5,895)	(5,415)
Distribution	(516)	(561)	(530)
Administrative expenses	(779)	(1,032)	(824)
Operating profit	**594**	**733**	**472**
Finance income	14	2	1
Finance costs	(117)	(76)	(73)
Gain on disposal of equity accounted investment	10	—	—
Loss on impairment of equity accounted investment	—	—	(29)
Share of profit of equity accounted investments, net of tax	2	2	7
Profit before income tax	503	661	378
Income tax expense	(118)	(169)	(98)

	For the year ended April 30,		
	2024	2023	2022
Continuing operations			
	£ million		
Profit for the year from continuing operations	385	492	280
Discontinued operations			
Profit for the year from discontinued operations, net of tax	—	11	—
Profit for the year	385	503	280
Profit for the year attributable to:			
Owners of the parent	385	502	280
Non-controlling interests	—	1	—

Consolidated income statement for DSS FY 24 compared to DSS FY 23

The table below sets out the results of operations for DSS FY 24 and DSS FY 23.

	For the year ended April 30,		Change
	2024	2023	%
	£ million		
Revenue	**6,822**	**8,221**	**(17.0)**
Cost of goods sold	(4,933)	(5,895)	(16.3)
Distribution	(516)	(561)	(8.0)
Administrative expenses	(779)	(1,032)	(24.5)
Operating profit	**594**	**733**	**(19.0)**
Finance income	14	2	600.0
Finance costs	(117)	(76)	53.9
Gain on disposal of equity accounted investment	10	—	100.0
Share of profit of equity accounted investments, net of tax	2	2	—
Profit before income tax	503	661	(23.9)
Income tax expense	(118)	(169)	(30.2)
Profit for the year from continuing operations	385	492	(21.7)
Discontinued operations			
Profit for the year from discontinued operations, net of tax	—	11	(100.0)
Profit for the year	385	503	(23.5)
Profit for the year attributable to:			
Owners of the parent	385	502	(23.3)
Non-controlling interests	—	1	(100.0)

Revenue

Corrugated box volumes reduced by 2 percent (DSS FY 23: 5.8 percent reduction) as a result of softness in demand in DS Smith's end markets. However, there was an improvement in the demand environment across DSS FY 24. In the second half of DSS FY 24, demand marginally improved as compared to the second half of DSS FY 23.

Revenue reduced by 17.0 percent to £6,822 million (DSS FY 23: £8,221 million) due to the decline in box volumes (£129 million) and lower selling prices (£1,173 million). Other volume declines reduced revenue by £13 million. Packaging prices decreased by £647 million, approximately 10 percent, with the balance of £526 million reflecting lower external paper, recyclate and energy sales. Packaging prices were relatively resilient, reflecting DS Smith's strong customer relationships, ongoing innovation and continued focus on high service levels.

Reported revenues were subject to foreign currency translation effects. In DSS FY 24 the euro accounted for 60 percent of DS Smith's revenue. As such, the movements of the euro against sterling during the year constituted the majority of the £84 million of adverse foreign exchange translation impact.

The following table sets forth the revenue by segment for the periods indicated.

	For the year ended April 30,		Change
	2024	2023	%
	£ million		
Northern Europe	2,598	3,132	(17.0)
Southern Europe	2,532	3,150	(19.6)
Eastern Europe	1,106	1,275	(13.3)
North America	586	664	(11.7)
Total revenue	6,822	8,221	(17.0)

Northern Europe

In Northern Europe, like for like corrugated box volumes across the region declined more than the DS Smith Group average. This region, which includes Germany and the UK, has a greater weighting to industrial and e-commerce customers which saw the biggest sectoral declines.

Revenues decreased by 17.0 percent in the region due to a combination of the decrease in box volumes, reductions in sales prices for packaging and externally sold paper and reductions in volumes of recycled fiber.

Southern Europe

Southern Europe saw a decline in like for like box volumes approximately in line with the DS Smith Group average with France weaker than Iberia and Italy, reflecting the weaker overall consumer market in France.

Revenues decreased by 19.6 percent, due to the impact of increases in both packaging and external paper pricing.

Eastern Europe

Like for like corrugated box volumes in Eastern Europe grew over the period, with revenues declining 13 percent, principally reflecting reduced paper and packaging prices.

North America

Packaging volumes grew strongly during the period, reflecting excellent customer traction and DS Smith's recent investments in additional capacity. However, revenue in the region declined, reflecting pricing reductions in paper and packaging.

Cost of goods sold

Cost of goods sold decreased by £962 million, 16.3 percent, from £5,895 million in DSS FY23 to £4,933 million in DSS FY24. The decrease was due to a £866 million reduction in raw material costs, including £107 million from reduced volumes and a corrugated box raw material reduction of £661 million together with the effects of exchange and other costs. The remaining balance of the reduction was driven by lower energy costs, down by £68 million, lower repairs and maintenance, down by £19 million, and lower variable labor costs, down by £12 million. The decreases were offset by £11 million increase of depreciation expenses resulting from investment in capital expenditure.

Distribution costs

Distribution costs were lower by £45 million, 8.0 percent, from £561 million in FY23 to £516 million in FY24 in line with lower volumes.

Administrative expenses

Administrative expenses were lower by £253 million, from £1,032 million in FY23 to £779 million in FY24. The decrease was due to lower fixed employee costs (£66 million), amortization (£15 million), lower M&A costs (£6 million) and cost mitigation activities. Closure costs incurred in FY23 of £36 million were not repeated in the current year, which also benefited from gains of disposals of non-current assets of £9 million compared to losses in DSS FY23 of £7 million.

Exchange effects reduced cost of goods sold, distribution costs and administrative expenses by £73 million.

Finance income

Finance income increased by £12 million, or 600%, from £2 million in DSS FY 23 to £14 million for DSS FY 24. This was driven by interest earned on funds placed on deposit following the issue of two Green Bonds in July 2023.

The following table sets forth a breakdown of finance income for the periods indicated.

	For the year ended April 30,		Change
	2024	2023	%
	£ million		
Interest income from financial assets	14	2	600.0
Finance income	14	2	600.0

Finance costs

Finance costs increased by £41 million, or 53.9 percent, from £76 million for DSS FY 23, to £117 million for DSS FY 24. This was driven by the higher interest rate environment coupled with the refinancing of prior period bonds. Other financing costs were lower principally through gains on the early redemption of certain medium-term notes.

The following table sets forth a breakdown of finance costs for the periods indicated.

	For the year ended April 30,		Change
	2024	2023	%
	£ million		
Interest on borrowings and overdrafts	103	49	110.2
Interest on lease liabilities	12	11	9.1
Employment benefit net finance expense	1	1	—
Other	1	15	(93.3)
Finance costs	117	76	53.9

Profit before taxation

Profit before tax decreased by 24 percent to £503 million (DSS FY 23: £661 million), driven by the decrease in operating profit and increased financing costs offset by a reduction in amortization.

Income tax charge

The tax charge of £118 million (DSS FY 23: £169 million) reflected the impact of lower profits.

Profit for the period

Profit after tax was £385 million (DSS FY 23: £503 million). The decrease in operating profit led to a decrease of 22 percent in basic earnings per share from continuing operations on a reported basis to 28.0 pence (DSS FY 23: 35.8 pence).

Adjusted operating profit

Adjusted operating profit is operating profit before amortization and other items, principally the costs of acquisitions (including restructuring) and the effects of disposals, and is a non-IFRS measure. It is a key performance indicator used by management in evaluating the performance of the business, as a key component of the planning process and is one of the targets against which compensation is determined. The measure complements the equivalent IFRS measure of operating profit.

The reconciliations of operating profit to adjusted operating profit for DSS FY 24 and DSS FY 23 are as follows:

Year ended April 30, 2024	Total continuing operations £ million
Operating profit	**594**
Amortization	98
Other(1)	9
Adjusted operating profit	**701**

(1) The DS Smith Group incurred £3m of acquisition costs in DSS FY 24 relating to the Combination and a further £6m of other related costs.

Year ended April 30, 2023	Total continuing operations £ million
Operating profit	**733**
Amortization	113
Other(1)	15
Adjusted operating profit	**861**

(1) On September 1, 2022 the put option for the final 10% stake in Interstate that the DS Smith Group did not already own was triggered. The payment owed as a result of the put option resulted in additional costs in relation to performance conditions which have been met by the business and the costs of hedging the pending payment of the US dollar liability.

As compared to the prior period, adjusted operating profit of £701 million was a decrease of 19 percent (DSS FY 23: £861 million). This was largely attributable to reducing prices (£1,173 million) and volume reduction of £35 million, offset by input cost reductions of £1,059 million. Adverse foreign exchange translation impacted adjusted operating profit by £11 million. As the DS Smith Group exited DSS FY 24, market prices began to rise following the price reductions experienced over the fiscal year.

The following table sets forth the segment measure of adjusted operating profit for the periods indicated.

	For the year ended April 30,		Change
	2024	2023	%
	£ million		
Northern Europe	199	212	(6.1)
Southern Europe	373	501	(25.5)
Eastern Europe	72	76	(5.3)
North America	57	72	(20.8)
Total adjusted operating profit	701	861	(18.6)

As compared to the prior period, adjusted operating profit for Northern Europe decreased less than revenue, reflecting resilient pricing in packaging, due to a higher proportion of indexed pricing and benefits from restructuring announced in DSS FY 23.

Adjusted operating profit for Southern Europe declined by over 25 percent compared to the prior period, due largely to the decrease in the volume and price of paper sold externally, although margins continued to remain significantly above the DS Smith Group’s target range.

Adjusted operating profit for Eastern Europe decreased only slightly as the lower pricing was partially offset by lower raw material costs and efficiency improvements, together with costs of £19 million relating to the decision to close the Trakia paper mill in Bulgaria in the prior year.

Adjusted operating profit for North America declined by 21 percent, principally reflecting the decline in paper profitability as the region produces more paper than it currently utilizes for DS Smith's own packaging production and hence retains some exposure to the paper export market.

Consolidated income statement for DSS FY 23 compared to DSS FY 22

The table below sets out the results of operations for DSS FY 23 and DSS FY 22.

	For the year ended April 30,		Change
	2023	**2022**	**%**
	£ million		
Revenue	8,221	7,241	13.5
Cost of goods sold	(5,895)	(5,415)	8.9
Distribution	(561)	(530)	5.8
Administrative expenses	(1,032)	(824)	25.2
Operating profit	**733**	**472**	**55.3**
Finance income	2	1	100.0
Finance costs	(76)	(73)	4.1
Gain on disposal/(loss) on impairment of equity accounted investment	—	(29)	(100.0)
Share of profit of equity accounted investments, net of tax	2	7	(71.4)
Profit before income tax	661	378	74.9
Income tax expense	(169)	(98)	72.4
Profit for the year from continuing operations	492	280	75.7
Discontinued operations			
Profit for the year from discontinued operations, net of tax	11	—	100.0
Profit for the year	503	280	79.6
Profit for the year attributable to:			
Owners of the parent	502	280	79.3
Non-controlling interests	1	—	100.0

Revenue

Corrugated box volumes reduced by 5.8 percent (DSS FY 22: 5.4 percent growth) driven by a significant destocking in the supply chain reflecting the economic uncertainty and sentiment in the DS Smith Group's core markets and segments. The prior year volumes were particularly high (8.4 billion m^2 of box sales) reflecting significant supply chain filling across all European markets as countries moved out of Covid restrictions. The average of the previous 2 years' volumes of 8.2 billion m^2 of box sales represents a more normalized single year.

Revenue increased by 13.5 percent to £8,221 million (DSS FY 22: £7,241 million). Packaging price rises across DSS FY 23, reflecting cost inflation, coupled with higher selling prices of paper and recyclate in the first half of the year, increased revenue by £1,196 million, and offset volume reduction effects of £398 million.

Reported revenues are subject to foreign currency translation effects. In DSS FY 23, the euro accounted for 60 percent of DS Smith Group revenue. As such, the movements of the euro against sterling during DSS FY 23 constituted the majority of the £182 million of positive foreign exchange translation impact on revenue.

The following table sets forth the revenue by segment for the periods indicated.

	For the year ended April 30,		Change
	2023	**2022**	**%**
	£ million		
Northern Europe	3,132	2,790	12.3
Southern Europe	3,150	2,736	15.1
Eastern Europe	1,275	1,118	14.0

	For the year ended April 30,		Change
	2023	2022	%
	£ million		
North America	664	597	11.2
Total revenue	8,221	7,241	13.5

Northern Europe

In Northern Europe, organic corrugated box volumes across the region declined more than the DS Smith Group average due to weaker overall economic conditions and very strong growth in DSS FY 22. Germany experienced higher levels of decline due to a larger market exposure to the industrial sector with the UK market impacted by a decline in the e-commerce sector following particularly strong growth over a number of years. Revenues increased by 12.3 percent in the region due to a combination of the increases in box prices in packaging and an increase in sales prices for externally sold paper and volumes of recycled fiber.

Southern Europe

Southern Europe saw a lower decline in box volumes than the DS Smith Group average, reflecting a positive market share performance partially mitigating the overall economic conditions, with France weaker than Iberia and Italy reflecting weakness in overall household consumption. Revenues grew by 15.1 percent, due to the impact of increases in both packaging and paper pricing.

Eastern Europe

Organic corrugated box volumes in Eastern Europe declined less than the DS Smith Group average, reflecting the relatively consistent performance of the region over the last few years. Turkey saw the largest decline due to the impact of the recent earthquake. Revenues grew 14.0 percent, principally reflecting increases in packaging and paper pricing.

North America

Packaging volumes in the North America region declined more than the DS Smith Group average, reflecting the overall economic environment and labor shortages particularly in the first half of the year, which temporarily restricted DS Smith's production capacity at certain sites. Revenues increased by 11.3 percent with increased packaging prices offset by the decline in volumes and reduced pricing from external paper volumes sold in the export market.

Cost of goods sold

Cost of goods sold were higher by £480 million, 8.9 percent, with corrugated box raw material increases of £426 million, energy cost increases of £60 million, higher variable labor of £27 million, depreciation of £22 million and repairs and maintenance of £30 million, offset by the cost reductions from lower volumes of £299 million.

Distribution

Distribution costs were 5.8% higher at £561 million as inflationary cost pressures increased costs despite the lower volumes.

Administrative expenses

Administrative expenses were £1,032 million versus £824 million in DSS FY22, an increase of 25.2 percent. Higher fixed employee costs (£63 million), acquisition costs (£9m), losses on disposal of non-current assets, and closure costs of £36 million were the main drivers of the increase, offset by reduced amortization (£25 million).

Exchange effects increased cost of goods sold, distribution costs and administrative expenses by £162 million.

Finance income

Finance income increased by £1 million, or 100%, from £1 million for DSS FY 22, to £2 million for DSS FY 23.

The following table sets forth a breakdown of finance income for the periods indicated.

	For the year ended April 30,		Change
	2023	2022	%
	£ million		
Interest income from financial assets	2	1	100.0
Finance income	2	1	100.0

Finance costs

Finance costs increased by £3 million, or 4.1 percent, from £73 million for DSS FY 22, to £76 million for DSS FY 23. This increase was primarily due to rises in interest rates more than offsetting the effects of lower levels of debt.

The following table sets forth a breakdown of finance costs for the periods indicated.

	For the year ended April 30,		Change
	2023	2022	%
	£ million		
Interest on borrowings and overdrafts	49	47	4.3
Interest on lease liabilities	11	11	-
Employment benefit net finance expense	1	3	(66.7)
Other	15	12	25.0
Finance costs	76	73	4.1

Profit before taxation

Profit before tax increased by 74.9 percent to £661 million (DSS FY 22: £378 million), driven by the increase in operating profit and a reduction in amortization offset by increased financing costs.

Income tax charge

The tax charge of £169 million (DSS FY 22: £98 million) reflected the impact of higher profits.

Profit for the period

Profit after tax was £503 million (DSS FY 22: £280 million). The increase in operating profit led to an increase of 79.4 percent in basic earnings per share from continuing operations on a reported basis to 35.8 pence (DSS FY 22: 20.3 pence).

Adjusted operating profit

Reconciliations of operating profit to adjusted operating profit before income tax for DSS FY 23 and DSS FY 22 are as follows:

	Total continuing operations
Year ended April 30, 2023	**£ million**
Operating profit	**733**
Amortization	113
Other[1]	15
Adjusted operating profit	**861**

(1) On September 1, 2022 the put option for the final 10% stake in Interstate that the DS Smith Group did not already own was triggered. The payment owed as a result of the put option resulted in additional costs in relation to performance conditions which have been met by the business and the costs of hedging the pending payment of the US dollar liability.

Year ended April 30, 2022	Total continuing operations £ million
Operating profit	**472**
Amortization	138
Other[1]	6
Adjusted operating profit	**616**

(1) On October 12, 2021 the DS Smith Group sold the De Hoop paper mill in the Netherlands. Cash consideration, net of cash and cash equivalents and transaction costs, was £35m and the net assets divested were £28m, resulting in a net gain of £7m. In addition, there were £4m of other site disposal costs. Other restructuring costs of £8m primarily comprised a reorganization and restructuring project across the Packaging business, focusing predominantly on reduction of indirect costs. Acquisition costs amounted to £1m.

Adjusted operating profit of £861 million represented an increase of 39.8 percent (DSS FY 22: £616 million). This was largely attributable to price rises (£1,196 million) exceeding the impact of volume reduction of £99 million and input cost increases of £872 million. The price rises in the year also reflected the full-year effect of price rises put into effect in DSS FY 22 to recover the significant cost increases experienced in the second half of that year. The impact of higher energy costs was mitigated by DS Smith's 3 year rolling energy hedging program and reduced consumption as DS Smith managed paper production particularly in the second half of DSS FY 23. Foreign exchange translation benefited operating profit by £20 million.

The following table sets forth the segment measure of adjusted operating profit for the periods indicated.

	For the year ended April 30,		Change
	2023	2022	%
	£ million		
Northern Europe	212	139	52.5
Southern Europe	501	324	54.6
Eastern Europe	76	73	4.1
North America	72	80	(10.0)
Total adjusted operating profit	861	616	39.8

Adjusted operating profit for Northern Europe grew substantially due to the increase in both paper and packaging price drop-through as well as strong cost management, partly offset by inflation and costs of £17 million related to the strategic review of DS Smith's UK recycling depot network.

Adjusted operating profit for Southern Europe grew by 54.6 percent compared to the prior period, due to a very positive performance from the former Europac business acquired in 2019 as well as the drop-through of price increases in packaging.

Adjusted operating profit for Eastern Europe grew by 4.1 percent, reflecting the recovery of higher paper prices offset by cost inflation and costs of £19 million related to the decision to close the Trakia paper mill in Bulgaria.

Adjusted operating profit for North America reduced by 10.0 percent due to export paper price declines in the second half and inflationary increases in costs.

Liquidity and Capital Resources

Overview

DS Smith's principal sources of funds are cash on hand, cash flow from operations, borrowings under DS Smith's revolving credit facility, property and equipment leases, shareholders' equity and, where appropriate, disposals of non-core businesses. The DS Smith Group's funding strategy is to achieve a capital structure that provides an appropriate cost of capital whilst providing the desired flexibility in short and medium-term funding to enable the execution of material investments or acquisitions, as required.

The DS Smith Group aims to maintain a strong balance sheet enabling significant headroom within the financial covenants and to ensure continuity of funding by having a range of maturities from a variety of sources. The DS

Smith Group has an investment grade rating from Standard & Poor's of BBB–, with a positive outlook and remains fully committed to maintaining its investment grade credit rating.

The DS Smith Group's overarching treasury objective is to ensure sufficient funds are available for the DS Smith Group to execute its strategy and to manage the financial risks to which the DS Smith Group is exposed.

As of April 30, 2024, the DS Smith Group had cash balances of £499 million (2023: £472 million), bank overdrafts of £89 million (2023: £104 million) and committed but undrawn facilities of £1,451 million (2023: £1,655 million). This provided immediately available liquidity of £1,861 million (2023: £2,023 million). The DS Smith Group's cash and cash equivalents are held in the following currencies:

	As at April 30,		
	2024	**2023**	**2022**
	£ million		
Euro	238	223	486
Pound Sterling	104	95	141
US Dollar	12	23	69
Swedish kroner	79	71	51
Other	66	60	72
	499	472	819

Apart from the committed but undrawn facilities as described above, the DS Smith Group has access to committed factoring facilities, which allow the sale of receivables without recourse. The DS Smith Group sells high credit quality receivables without recourse, with proceeds then presented as operating cash flows.

Available cash and debt facilities are reviewed regularly to ensure sufficient funds are available to support the DS Smith Group's activities. Having considered the DS Smith Group's current committed bank facility headroom, its forecast liquidity headroom and potential controllable mitigating activities available and its working capital, the DS Smith Group expects that adequate resources exist for it to continue in operational existence for at least the next 12 months and the period beyond the next 12 months.

Material Cash Commitments

The DS Smith Group is subject to enforceable and legally binding contractual obligations involving commitments to make payments to third parties. These obligations are expected to have an impact on the DS Smith Group's short-term and long-term liquidity and capital resource needs. Certain contractual obligations are reflected on the consolidated balance sheet as of April 30, 2024, while others are considered future obligations. Contractual obligations of the DS Smith Group as of April 30, 2024 include long-term debt, lease obligations and purchase obligations. Contractual repayments periods range from 1 year or less, 1 to 5 years to more than 5 years.

The DS Smith Group anticipates the funds needed to fulfill these commitments will be generated through operating cash flows.

At April 30, 2024, the DS Smith Group had committed to incur capital expenditure of £329m (April 30, 2023: £298m) relating primarily to the new paper machine in Lucca and greenfield sites in Italy and Poland.

The DS Smith Group was one of a number of companies operating in the paper packaging industry that was subject to a decision (currently the subject of appeal) by the Italian Competition Authority concerning anti-competitive behavior in Italy (the "Decision"). Given its position as leniency applicant, the DS Smith Group was not fined. The DS Smith Group is subject to a number of claims (both actual and threatened) for compensation in respect of the Decision, which the DS Smith Group intends to defend robustly. Given the early stage of these claims, the ongoing appeal process, the DS Smith Group's intention to defend all claims robustly and having applied the tests in IAS37, no provision has been recognized and instead this item has been disclosed as a contingent liability.

Except as above, the DS Smith Group is not subject to material litigation, but has a number of contingent liabilities that arise in the ordinary course of business on behalf of trading subsidiaries including, inter alia, intellectual property disputes and regulatory enquiries in areas such as health and safety, environmental, and antitrust. No losses are anticipated to arise on these contingent liabilities.

Cash Flows

The following table sets out financial information extracted from the cash flow statements for DSS FY 24, DSS FY 23 and DSS FY 22.

	For the year ended April 30,		
	2024	2023	2022
	£ million		
Net cash generated from operating activities	320	866	921
Net cash used in investing activities	(614)	(526)	(403)
Net cash generated from / (used in) financing activities	352	(728)	(483)
Cash and cash equivalents at beginning of year	368	746	719
Cash and cash equivalents at end of year	410	368	746

Net cash generated from operating activities

The following table provides a breakdown of net cash generated from operating activities for DSS FY 24, DSS FY 23 and DSS FY 22.

	For the year ended April 30,		
	2024	2023	2022
	£ million		
Operating profit	594	733	472
Depreciation	323	312	290
Amortization	98	113	138
Working capital	(417)	(121)	215
Other non-cash items	(43)	41	(36)
Interest received	14	2	1
Interest paid	(80)	(78)	(63)
Tax paid	(169)	(136)	(96)
Net cash generated from operating activities	**320**	**866**	**921**

For DSS FY 24, net cash generated from operating activities decreased by 63.0% to £320 million (DSS FY 23: £866 million), reflecting a working capital outflow of £417 million compared to a working capital outflow of £121 million in DSS FY 23.

The working capital outflow of £417 million included a net outflow of £137 million (DSS FY 23: net benefit of £69 million) in respect of the reversal of prior period cash resets of energy hedges which DS Smith undertook to limit its counterparty exposure. The underlying working capital outflow was principally driven by lower paper and energy prices reducing trade payables.

For DSS FY 23, net cash generated from operating activities decreased by 6.0% to £866 million (DSS FY 22: £921 million). This decrease reflects a working capital outflow of £121 million compared to a working capital inflow of £215 million in DSS FY 22.

The working capital outflow of £121 million included a net benefit in the year of £69 million in respect of margin calls to manage DS Smith’s energy hedging position (DSS FY 22: net benefit of £109 million). The underlying working capital outflow reflected a decline in energy and raw material prices, principally paper, at the end of the financial year, partly mitigated by good cash collection and inventory management.

Net cash used in investing activities

The following table provides a breakdown of net cash used in investing activities for the periods indicated.

	For the year ended April 30,		
	2024	2023	2022
	£ million		
Acquisition of subsidiary undertakings, net of cash acquired	(113)	—	(23)
Divestment of subsidiary businesses, net of cash and cash equivalents	5	—	35
Capital expenditure	(547)	(545)	(431)
Proceeds from sale of property, plant and equipment and intangible assets	41	19	16
Cash outflows from restricted cash and other deposits	—	(2)	(2)
Other investing activities	—	2	2
Cash flows used in investing activities	**(614)**	**(526)**	**(403)**

For DSS FY 24, net cash used in investing activities increased by £88 million, or 16.7% (DSS FY 23: £123 million), from an outflow of £526 million for DSS FY 23, to an outflow of £614 million for DSS FY 24. The increase was mainly attributable to the acquisition of Interstate following the settlement of the put option, and the acquisition of Bosis d.o.o. in Serbia, which was completed for £17 million.

DS Smith continued to invest in capital expenditure of £547 million (DSS FY 23: £545 million), which remained largely consistent with the prior year. DS Smith continued to focus on growth and efficiency capital projects, the most significant elements of which related to the replacement paper making line in Italy, the replacement recovery boiler in Portugal and the new biomass boiler in France. Proceeds from disposal of surplus assets arose as a result of the prior year restructuring, including UK recycling sites, the Berlin packaging site and other non-core assets.

For DSS FY 23, net cash used in investing activities increased by £123 million, or 30.5%, from an outflow of £403 million for DSS FY 22, to an outflow of £526 million for DSS FY 23. The increase was mainly attributable to investment in capex of £545 million in line with DS Smith's continued investment in a number of ongoing customer-led projects together with DS Smith's de-carbonization and energy efficiency programs.

Net cash generated from / (used in) financing activities

The following table provides a breakdown of net cash generated from / (used in) financing activities for the periods indicated.

	For the year ended April 30,		
	2024	2023	2022
	£ million		
Proceeds from issue of share capital	7	4	7
Repayment of borrowings	(616)	(679)	(529)
Proceeds from borrowings	1,284	332	334
(Payments)/proceeds from derivative financial instruments	(2)	14	(35)
Repayment of principal on lease liabilities	(72)	(106)	(73)
Dividends paid to DS Smith shareholders	(247)	(289)	(166)
Other financing activities	(2)	(4)	(21)
Cash flows from/ (used) in financing activities	**352**	**(728)**	**(483)**

For DSS FY 24, net cash used in financing activities improved by £1,080 million (DSS FY 23: increase of £245 million), or 148.4%, from an outflow of £728 million for DSS FY 23, to an inflow of £352 million for DSS FY 24. The increase was mainly attributable to the issuance of two inaugural Green Bonds, to a value of €1.5 billion (€850 million due 2027 and €650 million due 2030).

For DSS FY 23, net cash used in financing activities increased by £245 million, or 50.7%, from an outflow of £483 million for DSS FY 22, to an outflow of £728 million for DSS FY 23. The increase in net cash used in financing activities was mainly attributable to the increase in repayment of borrowings by £150 million, or 28.3% from £529 million to £679 million. Dividends paid increased by £123 million for DSS FY 23 as a result of an increase in the dividend per share from 15.0p for DSS FY 22 to 18.0p for DSS FY 23 and the bringing forward of the settlement of the interim dividend for DSS FY 23 of £83 million.

Revolving Credit Facility ("RCF")

As of April 30, 2024, the DS Smith Group had undrawn amounts committed under the RCF of £1.4 billion which matured in November 2025. An extension was agreed in June 2024, such that the new facility of £1.25 billion matures in May 2027. These amounts are floating rate commitments, which expire beyond twelve months.

Medium-term Notes

The DS Smith Group maintains a €5 billion Euro Medium Term Note Programme. Under this program, DS Smith and DS Smith Ireland Treasury Designated Activity Company, a wholly-owned subsidiary of DS Smith, may from time to time issue notes denominated in any currency. The maximum aggregate nominal amount of all notes from time to time outstanding under this program will not exceed €5 billion (or its equivalent in other currencies). Where such notes are issued by DS Smith Ireland Treasury Designated Activity Company, the payment of all amounts due is unconditionally and irrevocably guaranteed by DS Smith.

The Medium-term Notes in issue comprise:

- €600 million with a coupon of 0.875%, due for repayment in September 2026;
- £250 million with a coupon of 2.875%, due for repayment in July 2029;
- €850 million with a coupon of 4.375%, due for repayment in July 2027; and
- €650 million with a coupon of 4.500%, due for repayment in July 2030.

The Medium-term Notes of €850 million and €650 million are green bonds issued in July 2023. The net proceeds of the issuance will be used to finance or refinance eligible activities in accordance with the DS Smith Group's Green Finance Framework.

Private Placement Notes

The DS Smith Group's private placement notes of US$268 million were fully repaid in August 2022.

Critical Accounting Estimates

The preparation of financial statements requires management to exercise judgement in applying the DS Smith Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any affected future periods. The critical judgements made by the management and key sources of estimation uncertainty are in respect of taxation provisions, key assumptions underpinning value in use calculations in goodwill impairment tests and assumptions applied in calculating the accounting values for employee benefits.

Quantitative and Qualitative Disclosure About Market Risk

DS Smith is exposed to market risks in the ordinary course of business. These risks primarily include commodity risk, interest rate risk, liquidity, credit risk, and foreign currency risk. See Note 18 to the DS Smith Financial Information for additional information pertaining to these risks.

Recent Accounting Pronouncements

A list of recently issued accounting pronouncements that are relevant to DS Smith is included in Note 1 (a)(iii) to the DS Smith Financial Information.

PART 17

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE COMBINED COMPANY

On April 16, 2024, pursuant to Rule 2.7 of the Code, International Paper and DS Smith released the 2.7 Announcement disclosing the terms on which International Paper intends to make a recommended offer to acquire the entire issued and to be issued share capital of DS Smith. Under the terms of the 2.7 Announcement, DS Smith Shareholders will be entitled to receive, for each DS Smith share held by such shareholders, 0.1285 New International Paper Shares. It is proposed that the Combination will be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act between DS Smith and the Scheme Shareholders, pursuant to which Bidco will acquire all of the issued and to be issued DS Smith Shares.

The unaudited pro forma statement of operations of the Combined Company for the six months ended June 30, 2024 and the year ended December 31, 2023, and the unaudited pro forma statement of net assets of the Combined Company as of June 30, 2024, have been compiled on the basis of the notes set out below (together the "**Unaudited Pro Forma Financial Information**") and in accordance with Annex 20 of the Prospectus Regulation Rules. The Unaudited Pro Forma Financial Information is presented in International Paper's reporting currency, U.S. dollars and includes adjustments to DS Smith's IFRS financial statements to present the pro forma financial information on the basis of U.S. GAAP, and presentation consistent with International Paper's financial statements.

The Unaudited Pro Forma Financial Information consists of (i) the unaudited pro forma statement of net assets of the Combined Company as of June 30, 2024, as if the Combination had taken place on that date; (ii) the unaudited pro forma statement of operations of the Combined Company for the six months ended June 30, 2024, as if the Combination had taken place on January 1, 2023; and (iii) the unaudited pro forma statement of operations of the Combined Company for the 12 months ended December 31, 2023, as if the Combination had taken place on January 1, 2023.

The Unaudited Pro Forma Financial Information is based on: (i) in respect of the unaudited pro forma statement of operations and net assets as of and for the six months ended June 30, 2024, (a) International Paper's unaudited condensed consolidated statement of operations and balance sheet as of and for the six months ended June 30, 2024, and (b) DS Smith's audited statement of financial position and unaudited consolidated income statement as of and for the six months ended April 30, 2024; and (ii) in respect of the unaudited pro forma statement of operations for the 12 months ended December 31, 2023, (a) International Paper's audited consolidated statement of operations for the year ended December 31, 2023, and (b) DS Smith's unaudited consolidated income statement for the 12 months ended October 31, 2023.

The Unaudited Pro Forma Financial Information set out below addresses a hypothetical situation and has been prepared for illustrative purposes only; namely, to illustrate the effect on International Paper's balance sheet as if the Combination had taken place as of June 30, 2024, and on International Paper's statement of operations as if the Combination had taken place as of January 1, 2023. The Unaudited Pro Forma Financial Information does not purport to represent what the Combined Company's financial position and results of operations actually would have been if the Combination had been completed on the dates indicated, nor does it purport to represent the results of operations for any future period or the financial condition of the Combined Company at any future date.

The Unaudited Pro Forma Financial Information has been prepared in a manner consistent with the accounting policies applied by International Paper in the preparation of its historical audited consolidated financial statements for the fiscal year ended December 31, 2023, in accordance with U.S. GAAP, included in the International Paper Audited Financial Statements.

The Unaudited Pro Forma Financial Information reflects adjustments based on items that are factually supportable and directly attributable to the Combination. The Unaudited Pro Forma Financial Information does not reflect any results of trading since June 30, 2024, anticipated revenue enhancements, cost savings, or operating synergies that International Paper may achieve as a result of the Combination, the total expected costs to integrate the operations of DS Smith, or the total expected costs necessary to achieve such revenue enhancements, cost savings, or operating synergies. The pro forma adjustments are based on information currently available as of the date of the Unaudited Pro Forma Financial Information and are subject to change as additional information becomes available and analyses are performed. The assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes. Actual results may differ materially from the assumptions used in presenting the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information has been prepared and rounded to the nearest million. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Investors should read the whole of this Prospectus and not rely solely on the financial information contained in this Part 17 (*Unaudited Pro Forma Financial Information of the Combined Company*). Deloitte LLP's report on the Unaudited Pro Forma Financial Information is set out in Section B of this Part 17 (*Unaudited Pro Forma Financial Information of the Combined Company*).

Section A. Unaudited Pro Forma Financial Information

Combined Company Unaudited Pro Forma Net Assets Statement
As of June 30, 2024

		Adjustments						
In $ millions	**International Paper (U.S. GAAP) June 30, 2024 Note 1(a)**	**Addition of DS Smith (IFRS) April 30, 2024 Note 2(a) and 3**	**Reclassification Adjustments Note 4**	**IFRS to U.S. GAAP Adjustments Note 5**	**Notes**	**Transaction Adjustments Note 7**	**Notes**	**Pro Forma Combined (U.S. GAAP)**
ASSETS								
Current Assets								
Cash and temporary investments	$1,049	$—	$624	$—		$(141)	**7a**	$1,532
Cash and cash equivalents	—	624	(624)	—		—		—
Accounts and notes receivable, net	3,197	—	1,336	—		—		4,533
Contract assets	436	—	—	—				436
Trade and other receivables	—	1,412	(1,412)	—		—		—
Inventories	1,728	738	—	—		54	**7e**	2,520
Biological assets	—	6	(6)	—		—		—
Assets Held for Sale	—	—	1	—		—		1
Other current assets	147	—	200	—		—		347
Income tax receivable	—	46	(46)	—		—		—
Derivative financial instruments	—	80	(80)	—		—		—
Total Current Assets	6,557	2,906	(7)	—		(87)		9,369
Plants, properties, and equipment, net	9,953	—	4,676	80	**5a**	1,595	**7b**	16,304
Property, plant, and equipment	—	4,676	(4,676)	—		—		—
Investments	163	—	34	—				197
Equity accounted investments	—	21	(21)	—		—		—
Other investments	—	21	(21)	—		—		—
Long-Term Financial Assets of Variable Interest Entities	2,321	—	—	—		—		2,321
Biological assets	—	13	(13)	—		—		—
Intangible assets	—	3,512	(3,512)	—		—		—
Goodwill	3,040	—	2,782	—		1,066	**7d**	6,888
Overfunded Pension Plan Assets	171	—	62	—		—		233
Right of Use Assets	439	296	—	(80)	**5a**	—		655
Employee benefits	—	62	(62)	—		—		—
Deferred Charges and Other Assets	419	—	810	—		1,743	**7c**	2,972
Deferred tax assets	—	29	(29)	—		—		—
Other receivables	—	4	(4)	—		—		—

In $ millions	International Paper (U.S. GAAP) June 30, 2024 Note 1(a)	Adjustments: Addition of DS Smith (IFRS) April 30, 2024 Note 2(a) and 3	Adjustments: Reclassification Adjustments Note 4	Adjustments: IFRS to U.S. GAAP Adjustments Note 5	Notes	Adjustments: Transaction Adjustments Note 7	Notes	Pro Forma Combined (U.S. GAAP)
Derivative financial instruments	**—**	**19**	**(19)**	—		—		—
TOTAL ASSETS	**23,063**	**11,559**	**—**	**—**		**4,317**		**38,939**
LIABILITIES AND EQUITY								
Current Liabilities								
Notes payable and current maturities of long-term debt	259	—	496	24	**5a**	—		779
Bank overdrafts	—	111	(111)	—		—		—
Borrowings	—	496	(496)	—		—		—
Accounts payable	2,350	—	1,762	70	**5a**	—		4,182
Accrued payroll and benefits	473	—	209	—		—		682
Other current liabilities	1,032	—	701	—		—		1,733
Trade and other payables	—	2,272	(2,272)	—		—		—
Provisions	—	75	(75)	—		—		—
Income tax liabilities	—	167	(61)	(106)	**5b**	—		—
Lease liabilities	—	94	—	(94)	**5a**	—		—
Derivative financial instruments	—	153	(153)	—		—		—
Total Current Liabilities	4,114	3,368	—	(106)		—		7,376
Long-Term Debt	5,329	0	2,549	42	**5a**	17	**7f**	7,937
Borrowings	—	2,549	(2,549)	—		—		—
Long-Term Nonrecourse Financial Liabilities of Variable Interest Entities	2,117	—	—	—		—		2,117
Deferred Income Taxes	1,131	—	266	—		838	**7g**	2,235
Deferred tax liabilities	—	266	(266)	—		—		—
Lease liabilities	—	204	—	(204)	**5a**	—		—
Underfunded Pension Benefit Obligation	249	—	89	—		—		338
Postretirement and Postemployment Benefit Obligation	130	—	—	—		—		130
Long-Term Lease Obligations	299	—	—	162	**5a**	—		461
Other Liabilities	1,099	—	151	106	**5b**	—		1,356
Employee benefits	—	102	(102)	—		—		—
Provisions	—	10	(10)	—		—		—
Other payables	—	39	(39)	—		—		—
Derivative financial instruments	—	89	(89)	—		—		—
TOTAL LIABILITIES	**14,468**	**6,627**	**—**	**—**		**855**		**21,950**
NET ASSETS	**8,595**	**4,932**	**—**	**0**		**3,462**		**16,989**

See the accompanying notes to the Unaudited Pro Forma Financial Information, which are an integral part hereof.

Combined Company Unaudited Pro Forma Statement of Operations
For the Six Months Ended June 30, 2024

In $ millions, except per share amounts	International Paper (U.S. GAAP) June 30, 2024 Note 1(a)	Adjustments: Addition of DS Smith (IFRS) April 30, 2024 Note 2(a) and 3	Reclassification Adjustments Note 4	IFRS to U.S. GAAP Adjustments Note 5	Notes	Transaction Adjustments Note 8	Notes	Pro Forma Combined (U.S. GAAP)
Net Sales	$ 9,353	$ —	$ 4,036	$ —		$ —		$13,389
Revenue	—	4,169	(4,169)	—		—		—
COSTS AND EXPENSES								
Cost of products sold	6,784	—	2,535	17	**5a**	—		9,336
Selling and administrative expenses	811	—	477	26	**5a**	—		1,314
Operating costs	—	3,747	(3,697)	(50)	**5a**	—		—
Depreciation, amortization and cost of timber harvested	539	—	220	11	**5a**	83	**8a,8b**	853
Amortization of Intangible assets; acquisitions and divestments	—	59	(59)	—		—		—
Distribution expenses	770	—	372	2	**5a**	—		1,144
Taxes other than payroll and income taxes	76	—	16	—		—		92
Restructuring and other charges, net	3	—	—	—		—		3
Finance income	—	(10)	10	—		—		—
Finance costs	—	80	(71)	(9)	**5a**	—		—
Employment benefit net finance expense	—	1	(1)	—		—		—
Interest expense, net	101	—	64	3	**5a**	—		168
Non-operating pension (income) expense	(22)	—	1	—		—		(21)
EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY EARNINGS (LOSSES)	**291**	**292**	**—**	**—**		**(83)**		**500**
Income tax provision (benefit)	(266)	—	67	—		(21)	**8f**	(220)
Income tax (expense)/credit	—	67	(67)	—		—		—
Equity earnings (loss), net of taxes	(3)	—	2	—		—		(1)
Share of profit of equity accounted investments, net of tax	—	2	(2)	—		—		—
EARNINGS (LOSS) FROM CONTINUING OPERATIONS	**554**	**227**	**—**	**—**		**(62)**		**719**

In $ millions, except per share amounts	International Paper (U.S. GAAP) June 30, 2024 Note 1(a)	Adjustments: Addition of DS Smith (IFRS) April 30, 2024 Note 2(a) and 3	Adjustments: Reclassification Adjustments Note 4	Adjustments: IFRS to U.S. GAAP Adjustments Note 5	Adjustments: Notes	Adjustments: Transaction Adjustments Note 8	Adjustments: Notes	Pro Forma Combined (U.S. GAAP)
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO INTERNATIONAL PAPER COMMON SHAREHOLDERS								
Basic earnings (loss) from continuing operations............	$ 1.59	—	—	—		—	**8g**	$ 1.37
Diluted earnings (loss) from continuing operations............	$ 1.57	—	—	—		—	**8g**	$ 1.35
SHARES USED IN COMPUTING EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO INTERNATIONAL PAPER COMMON SHAREHOLDERS								
Basic earnings (loss) from continuing operations............	347	—	—	—		179	**8g**	526
Diluted earnings (loss) from continuing operations............	353	—	—	—		179	**8g**	532

See the accompanying notes to the Unaudited Pro Forma Financial Information, which are an integral part hereof.

Combined Company Unaudited Pro Forma Statement of Operations
For the Year Ended December 31, 2023

In $ millions, except per share amounts	International Paper (U.S. GAAP) December 31, 2023 Note 1(b)	Adjustments: Addition of DS Smith (IFRS) October 31, 2023 Note 2(c) and 3	Adjustments: Reclassification Adjustments Note 4	Adjustments: IFRS to U.S. GAAP Adjustments Note 5	Notes	Adjustments: Transaction Adjustments Note 8	Notes	Pro Forma Combined (U.S. GAAP)
Net Sales	$ 18,916	$ —	$ 8,797	$ —		$ —		$ 27,713
Revenue	—	9,170	(9,170)	—		—		—
COSTS AND EXPENSES								
Cost of products sold	13,629	—	5,635	28	**5a**	54	**8c**	19,346
Selling and administrative expenses	1,360	—	1,004	43	**5a**	160	**8d, 8e**	2,567
Operating costs	—	8,174	(8,084)	(90)	**5a**	—		—
Depreciation, amortization and cost of timber harvested	1,432	—	425	26	**5a**	170	**8a, 8b**	2,053
Amortization of Intangible assets; acquisitions and divestments	—	136	(136)	—		—		—
Distribution expenses	1,575	—	745	4	**5a**	—		2,324
Taxes other than payroll and income taxes	154	—	36	—		—		190
Restructuring and other charges, net	99	—	—	—		—		99
Finance income	—	(9)	9	—		—		—
Finance costs	—	114	(100)	(14)	**5a**	—		—
Employment benefit net finance expense	—	1	(1)	—		—		—
Interest expense, net	231	—	93	3	**5a**	—		327
Non-operating pension (income) expense	54	—	1	—		—		55
EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY EARNINGS (LOSSES)	**382**	**754**	**—**	**—**		**(384)**		**752**
Income tax provision (benefit)	59	—	186	—		(69)	**8f**	176
Income tax (expense)/credit	—	186	(186)	—		—		—
Equity earnings (loss), net of taxes	(21)	—	2	—		—		(19)
Share of profit of equity accounted investments, net of tax	—	2	(2)	—		—		—
EARNINGS (LOSS) FROM CONTINUING OPERATIONS	**302**	**570**	**—**	**—**		**(315)**		**557**

In $ millions, except per share amounts	International Paper (U.S. GAAP) December 31, 2023 Note 1(b)	Adjustments: Addition of DS Smith (IFRS) October 31, 2023 Note 2(c) and 3	Adjustments: Reclassification Adjustments Note 4	Adjustments: IFRS to U.S. GAAP Adjustments Note 5	Adjustments: Notes	Adjustments: Transaction Adjustments Note 8	Notes	Pro Forma Combined (U.S. GAAP)
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO INTERNATIONAL PAPER COMMON SHAREHOLDERS								
Basic earnings (loss) from continuing operations............	$0.87	—	—	—		—	**8g**	$1.06
Diluted earnings (loss) from continuing operations............	$0.86	—	—	—		—	**8g**	$1.05
SHARES USED IN COMPUTING EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO INTERNATIONAL PAPER COMMON SHAREHOLDERS								
Basic earnings (loss) from continuing operations............	347	—	—	—		179	**8g**	526
Diluted earnings (loss) from continuing operations............	349	—	—	—		179	**8g**	528

See the accompanying notes to the Unaudited Pro Forma Financial Information, which are an integral part hereof.

Notes to the Pro Forma Financial Information

1. Sources of International Paper financial information

(a) The net assets and the statement of operations of International Paper as of June 30, 2024 have been extracted, without any adjustment, from International Paper's published unaudited financial results for the six months ended June 30, 2024.

(b) The statement of operations of International Paper for the year ended December 31, 2023 has been extracted, without any adjustment, from International Paper's published, audited 2023 consolidated financial statements.

2. Sources of DS Smith financial information (information extracted without material adjustment from the sources detailed, and are available as described in Part 7 (*Documents Incorporated by Reference*) of this Prospectus, other than to translate all figures into U.S. dollars, as explained in note 3):

(a) The net assets of DS Smith as of April 30, 2024 have been extracted from DS Smith's published 2024 audited, consolidated financial statements.

(b) The income statement of DS Smith for the six months ended April 30, 2024 is derived from the DS Smith income statement for the year ended April 30, 2024 (extracted from DS Smith's published 2024 audited, consolidated financial statements) less the DS Smith income statement for the six months ended October 31, 2023 (extracted from DS Smith's published unaudited interim accounts for the six months ended October 31, 2023).

(c) The income statement of DS Smith for the twelve months ended October 31, 2023 has been derived from adding the DS Smith income statement for the six months ended October 31, 2023 (extracted from DS Smith's published unaudited interim accounts for the six months ended October 31, 2023), plus the unaudited second half of the year ended April 30, 2023 (extracted from the published DS Smith audited income statement for the year ended April 30, 2023 less its published unaudited interim accounts for the six months ended October 31, 2022).

3. Translation of DS Smith financial information to U.S. dollars

Refer to the table below for the exchange rates used throughout the Unaudited Pro Forma Financial Information. DS Smith's historical financial statements and reclassification adjustments were translated from pound sterling to U.S. dollars using the period-end rate for the unaudited pro forma net assets statement as of April 30, 2024 and a historical average rate during the periods presented for the unaudited pro forma statement of operations.

Year ended October 31, 2023	Average spot rate	U.S. dollar ($) 1.2335/pound sterling (£)
Six months ended April 30, 2024	Average spot rate	U.S. dollar ($) 1.2600/pound sterling (£)
April 30, 2024	Period-end spot rate	U.S. dollar ($) 1.2492/pound sterling (£)

4. DS Smith reclassification adjustments

DS Smith's historical financial statements were prepared in accordance with IFRS. During the preparation of this Unaudited Pro Forma Financial Information, management performed an analysis of DS Smith's financial information to identify differences in financial statement presentation compared to the presentation of International Paper. At the time of preparing the Unaudited Pro Forma Financial Information, International Paper has included all material reclassifications. The below adjustments represent International Paper's best estimates based upon the information currently available to International Paper and could be subject to change once more detailed information is available.

Refer to the table below for a summary of reclassification adjustments made to present DS Smith's statement of financial position as of April 30, 2024 to conform with that of International Paper:

Statement of Financial Position as of April 30, 2024 (in $ millions)	**(a)**	**(b)**	**(c)**	**(d)**	**(e)**	**(f)**	**(g)**	**Pro Forma DS Smith Reclassification Adjustments**
Assets								
Current assets								
Biological assets	$ —	$ —	$ —	$ (6)	$ —	$ —	$ —	$ (6)
Income tax receivable	—	—	—	(46)	—	—	—	(46)
Trade and other receivables	—	—	—	—	(1,412)	—	—	(1,412)
Cash and cash equivalents	(624)	—	—	—	—	—	—	(624)
Cash and temporary investments	624	—	—	—	—	—	—	624
Derivative financial instruments	—	—	—	(80)	—	—	—	(80)
Accounts and notes receivable, net	—	—	—	—	1,336	—	—	1,336
Assets held for sale	—	—	—	—	1	—	—	1
Other current assets	—	—	—	125	75	—	—	200
Non-current assets								
Intangible assets	—	(3,512)	—	—	—	—	—	(3,512)
Biological assets	—	—	—	(13)	—	—	—	(13)
Property, plant, and equipment	(4,676)	—	—	—	—	—	—	(4,676)
Plants, properties, and equipment, net	4,676	—	—	—	—	—	—	4,676
Equity accounted investments	(21)	—	—	—	—	—	—	(21)
Investments	21	—	13	—	—	—	—	34
Other investments	—	—	(21)	—	—	—	—	(21)
Employee benefits	—	—	—	—	—	(62)	—	(62)
Deferred tax assets	—	—	—	(29)	—	—	—	(29)
Other receivables	—	—	—	(4)	—	—	—	(4)
Derivative financial instruments	—	—	—	(19)	—	—	—	(19)

Statement of Financial Position as of April 30, 2024 (in $ millions)	(a)	(b)	(c)	(d)	(e)	(f)	(g)	Pro Forma DS Smith Reclassification Adjustments
Goodwill	—	2,782	—	—	—	—	—	2,782
Overfunded Pension Plan Assets	—	—	—	—	—	62	—	62
Deferred Charges and Other Assets	—	730	8	72	—	—	—	810
Liabilities								
Current liabilities								
Bank overdrafts	(111)	—	—	—	—	—	—	(111)
Trade and other payables	(2,272)	—	—	—	—	—	—	(2,272)
Accounts payable	1,762	—	—	—	—	—	—	1,762
Accrued payroll and benefits	209	—	—	—	—	—	—	209
Other current liabilities	412	—	—	—	—	—	289	701
Borrowings	(496)	—	—	—	—	—	—	(496)
Notes payable and current maturities of long-term debt	496	—	—	—	—	—	—	496
Income tax liabilities	—	—	—	—	—	—	(61)	(61)
Provisions	—	—	—	—	—	—	(75)	(75)
Derivative financial instruments	—	—	—	—	—	—	(153)	(153)
Non-current liabilities								
Borrowings	(2,549)	—	—	—	—	—	—	(2,549)
Long-Term Debt	2,549	—	—	—	—	—	—	2,549
Employee benefits	—	—	—	—	—	(102)	—	(102)
Other payables	—	—	—	—	—	—	(39)	(39)
Provisions	—	—	—	—	—	—	(10)	(10)
Deferred tax liabilities	(266)	—	—	—	—	—	—	(266)
Deferred Income Taxes	266	—	—	—	—	—	—	266
Derivative financial instruments	—	—	—	—	—	—	(89)	(89)
Underfunded Pension Benefit Obligation	—	—	—	—	—	89	—	89
Other Liabilities	—	—	—	—	—	13	138	151

(a) Represents a reclassification of certain balances from DS Smith's statement of financial position to conform its presentation with that of International Paper.

(b) Represents a reclassification of DS Smith's goodwill and intangible assets included within the intangible assets caption to goodwill and deferred charges and other assets to conform its presentation with that of International Paper.

(c) Represents a reclassification of restricted cash of DS Smith's to deferred charges and other assets to conform its presentation with that of International Paper. Other investments of DS Smith is reclassified to Investments to conform its presentation with that of International Paper.

(d) Represents a reclassification of DS Smith's assets to other current assets and deferred charges and other assets for short term and long-term assets respectively.

(e) Represents a reclassification of DS Smith's trade and other receivables to accounts and notes receivable and other current assets.

(f) Represents a reclassification of DS Smith's employee benefits assets and liabilities into overfunded pension plan assets, underfunded pension benefit obligation and other liabilities.

(g) Represents a reclassification of DS Smith's liabilities to accounts payable and other current liabilities and other liabilities for short term and long-term liabilities respectively.

Refer to the tables below for a summary of reclassification adjustments made to DS Smith's statement of operations for the six months ended April 30, 2024 and for the twelve months ended October 31, 2023 to conform with that of International Paper:

Statement of Operations for the Six Months Ended April 30, 2024 (In $ millions)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	Pro Forma DS Smith Reclassification Adjustments
Revenue	$(4,169)	$—	$—	$—	$—	$—	$—	$ (4,169)

Statement of Operations for the Six Months Ended April 30, 2024 (In $ millions)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	Pro Forma DS Smith Reclassification Adjustments
NET SALES	4,036	—	—	—	—	—	—	4,036
Operating costs	—	(3,697)	—	—	—	—	—	(3,697)
Cost of products sold	(133)	2,673	(2)	(3)	—	—	—	2,535
Selling and administrative expenses	—	477	—	—	—	—	—	477
Distribution expenses	—	372	—	—	—	—	—	372
Taxes other than payroll and income taxes	—	16	—	—	—	—	—	16
Amortization of Intangible assets; acquisitions and divestments	—	—	(59)	—	—	—	—	(59)
Depreciation, amortization and cost of timber harvested	—	159	61	—	—	—	—	220
Finance income	—	—	—	10	—	—	—	10
Finance costs	—	—	—	(71)	—	—	—	(71)
Employment benefit net finance expense	—	—	—	—	(1)	—	—	(1)
Interest expense, net	—	—	—	64	—	—	—	64
Non-operating pension (income) expense	—	—	—	—	1	—	—	1
Share of profit of equity accounted investments, net of tax	—	—	—	—	—	(2)	—	(2)
Income tax provision (benefit)	—	—	—	—	—	—	67	67
Equity earnings (loss), net of taxes	—	—	—	—	—	2	—	2
Income tax (expense)/credit	—	—	—	—	—	—	(67)	(67)

Statement of Operations for the 12 months ended October 31, 2023 (In $ millions)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	Pro Forma DS Smith Reclassification Adjustments
Revenue	$(9,170)	$—	$—	$—	$—	$—	$—	$ (9,170)
NET SALES	8,797	—	—	—	—	—	—	8,797
Operating costs	—	(8,084)	—	—	—	—	—	(8,084)
Cost of products sold	(373)	6,000	10	(2)	—	—	—	5,635
Selling and administrative expenses	—	1,004	—	—	—	—	—	1,004
Distribution expenses	—	745	—	—	—	—	—	745
Taxes other than payroll and income taxes	—	36	—	—	—	—	—	36
Amortization of Intangible assets; acquisitions and divestments	—	—	(136)	—	—	—	—	(136)
Depreciation, amortization and cost of timber harvested	—	299	126	—	—	—	—	425
Finance income	—	—	—	9	—	—	—	9
Finance costs	—	—	—	(100)	—	—	—	(100)
Employment benefit net finance expense	—	—	—	—	(1)	—	—	(1)
Interest expense, net	—	—	—	93	—	—	—	93
Non-operating pension (income) expense	—	—	—	—	1	—	—	1
Share of profit of equity accounted investments, net of tax	—	—	—	—	—	(2)	—	(2)
Income tax provision (benefit)	—	—	—	—	—	—	186	186

Statement of Operations for the 12 months ended October 31, 2023 (In $ millions)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	Pro Forma DS Smith Reclassification Adjustments
Equity earnings (loss), net of taxes..................................	—	—	—	—	—	2	—	2
Income tax (expense)/credit ..	—	—	—	—	—	—	(186)	(186)

(h) Represents a reclassification of DS Smith's revenue to net sales and cost of products sold to conform its presentation with that of International Paper. The reclassification to cost of products sold represents revenue from third-party energy sales.

(i) Represents a reclassification of operating costs to cost of products sold, selling and administrative expenses, distribution expenses, taxes and other payroll and income taxes, and depreciation, amortization and cost of timber harvested.

(j) Represents a reclassification of amortization of intangible assets; acquisitions and divestments to depreciation, amortization and cost of timber harvested. Certain acquisition related costs included within amortization of intangible assets; acquisitions and divestments were reclassified to cost of products sold.

(k) Represents a reclassification of finance income and finance costs to interest expense, net and cost of products sold.

(l) Represents a reclassification of employment benefit net finance expense to non-operating pension (income) expense.

(m) Represents a reclassification of share of profit of equity accounted investments, net of tax to equity earnings (loss), net of taxes.

(n) Represents a reclassification of income tax expense/(credit) to income tax provision (benefit).

5. IFRS to U.S. GAAP adjustments

The historical consolidated financial information of DS Smith has been prepared under IFRS accounting standards. These represent conforming adjustments to present DS Smith's financial information under U.S. GAAP, applying International Paper's accounting policies for material accounting policy differences. The adjustments outlined below are preliminary and are subject to change as additional information becomes available and additional analysis is performed.

(a) Leases

DS Smith, in its capacity as a lessee, account for all their leases under one accounting model, which is effectively equivalent to that of a finance lease under U.S. GAAP. Under U.S. GAAP, based on a preliminary assessment, a majority of DS Smith's leases have been identified as operating leases based on their contractual terms. The following adjustments have been made for DS Smith's leases under U.S. GAAP:

(i) Unaudited Pro forma net assets statement impact:

Leases classified as finance lease are reclassified from right of use assets to plants, properties, and equipment, net, and their corresponding lease liabilities to notes payable and current maturities of long-term debt, as well as long-term debt for current and non-current portion respectively. Lease liabilities for leases classified as operating leases are reclassified to accounts payable and long-term lease liabilities for current and non-current portion respectively.

(ii) Unaudited Pro forma statement of operations impact:

Under IFRS, finance lease expenses is classified as depreciation and interest whereas under U.S. GAAP, operating leases are recorded as straight-line lease expense. This adjustment reclassifies depreciation expense for operating leases to cost of products sold, selling and administrative expenses and distribution expenses. Further, previously recognized interest expense for operating leases were reclassified to cost of products sold, selling and administrative expenses and distribution expenses.

(b) Income tax liabilities

(i) Unaudited Pro forma net assets statement impact:

Under IFRS, DS Smith records uncertain tax positions ("**UTPs**") within current liabilities however under U.S. GAAP, UTPs are classified as non-current liabilities unless the amounts are expected to be paid within the next 12 months. This adjustment reclassifies the long-term portion of the UTP liability from current income tax liabilities to other liabilities. For this portion of the UTPs, there is no indication at this time that the payment will be made within the next twelve months and therefore under U.S. GAAP such portion is recorded as long-term.

6. Preliminary consideration

(a) Preliminary purchase price

Refer to the table below for the preliminary calculation of consideration to be transferred under the Combination:

Calculation of share consideration	(i)	Amount
DS Smith Shares issued and outstanding as of August 19, 2024 (in thousands)		1,380,124
Exchange ratio		0.1285
Estimated number of shares of International Paper common stock to be issued in the Combination (in thousands)		177,346
Price per share of International Paper common stock as of August 19, 2024		$ 47.72
Estimated fair value of common stock issued (in millions)		$ 8,463
Estimated converted DS Smith's share-based awards attributable to pre-Combination service (in millions)	**(ii)**	$ 72
Estimated fair value of preliminary purchase price consideration (in millions)		$ 8,535

(i) The Co-operation Agreement states that DS Smith Shareholders will receive 0.1285 shares of International Paper for each share of DS Smith. ASC 805 requires the calculation of consideration to be performed as of the closing date; however, for purposes of the Unaudited Pro Forma Financial Information, the closing share price of International Paper as of August 19, 2024 was utilized.

(ii) Represents fair value attributable to pre-Combination service for unvested DS Smith's outstanding share-awards that were accelerated pursuant to the Co-operation Agreement between International Paper and DS Smith. Each outstanding deferred share bonus plan, performance share plan, and a portion of sharesave plan was exchanged for 0.1285 of International Paper common stock.

The final value of the share consideration will be determined based on the actual number of New International Paper Shares issued and the market price of International Paper Shares at the Effective Date. The preliminary estimated share consideration reflected in this Unaudited Pro Forma Financial Information could significantly differ due to movements in the price of International Paper Shares up to the Effective Date. A sensitivity analysis related to the fluctuation in the price of International Paper Shares was performed to assess the impact of a hypothetical change of 10% to the closing price of International Paper Shares on August 19, 2024.

	Stock Price	Total Estimated Consideration
10% increase	$ 52.49	$ 9,309
10% decrease	$ 42.95	$ 7,617

(b) Allocation of Preliminary Purchase Price Consideration

The preliminary purchase price as shown in the table above is allocated to the tangible and intangible assets acquired and liabilities assumed of DS Smith based on their preliminary estimated fair values. As mentioned above in Note 1, the fair value assessments are preliminary and are based upon available information and certain assumptions which International Paper believes are reasonable under the circumstances. Actual results may differ materially from the assumptions within the Unaudited Pro Forma Financial Information.

Description	Amount (in millions)
Preliminary fair value of assets acquired	
Current assets	$ 2,953
Property, plant, and equipment	6,351
Identified intangible assets	2,345
Other non-current assets	520
Preliminary fair value of liabilities assumed	
Accounts payable	(1,762)
Other current liabilities	(1,500)
Long-term debt	(2,566)
Other non-current liabilities	(1,654)
Preliminary fair value of net assets acquired	4,687

Description	Amount (in millions)
Preliminary Goodwill	3,848
Preliminary fair value of net assets acquired	$ 8,535

7. Adjustments to the unaudited pro forma net assets statement

Refer to the items below for a reconciliation of the pro forma adjustments reflected in the unaudited pro forma net assets statement:

(a) Reflects the sources and uses of funds relating to the Combination as follows:

Description	Note	Amount (in millions)
Uses		
Cash paid for transaction expenses	(i)	$ (102)
Retention bonus payments	(ii)	(23)
Estimated cash paid for DS Smith's share-based awards attributable to post-Combination service	(iii)	(16)
Pro forma adjustment to cash and temporary investments		$ (141)

(i) Reflects the payment of nonrecurring, banking, legal and financial advisory, accounting, consulting and other directly related transaction costs incurred by International Paper in conjunction with the Combination. Total nonrecurring transaction costs are currently estimated to be approximately $129 million. Of this, $22 million were incurred and reflected in International Paper's historical consolidated statements of operations, of which $7 million remains as accrued liabilities within International Paper's consolidated balance sheet. $107 million ($(102) million after tax) is presented in the unaudited pro forma net assets statement as a reduction in cash and a corresponding reduction in retained earnings. See Note 8(d)(i) for the corresponding adjustment to the unaudited pro forma statement of operations.

(ii) Reflects retention cash payments, net of tax, to DS Smith employees at the closing of the Combination with no future service requirements. These cash payments are not reflected within the historical consolidated statement of operations of DS Smith and are assumed to have been settled in cash in the unaudited pro forma net assets statement. See Note 8(d)(ii) for the corresponding adjustment to the unaudited pro forma statement of operations.

(iii) Reflects cash payment, net of tax, to sharesave plan participants for the portion of the awards which lapsed and ceased to be exercisable as a result of the Combination.

(b) Reflects an adjustment to plants, properties, and equipment, net on a preliminary fair value assessment:

Description	Note	Amount (in millions)
Fair value of plants, properties, and equipment, net acquired	(i)	$ 6,351
Less: DS Smith's historical net book value of property, plant and equipment		4,756
Pro forma adjustment to plants, properties, and equipment, net		$ 1,595

(i) The range of preliminary fair values for plants, properties, and equipment were determined using the cost approach. The indirect method was used to estimate a step-up by asset category which was applied to the net book value.

(c) Reflects an adjustment to intangible assets based on a preliminary fair value assessment:

Description	Note	Amount (in millions)
Fair value of intangible assets acquired	(i)	$ 2,345
Less: DS Smith's historical net book value of customer relationships and related assets	(ii)	602
Pro forma adjustment to intangible assets		$ 1,743

(i) The intangible assets identified were customer relationships and trade names. Preliminary fair values for these intangible assets were determined based on estimated future cash flows. The customer relationships and trade names will be amortized on a straight-line basis over their estimated useful life. Intangible assets are included with deferred charges and other assets.

(ii) Represents net book value of DS Smith's existing customer relationships. International Paper is still in the process of evaluating the fair value of DS Smith's software and other intangible assets. Therefore, no adjustment has been recorded to modify the current net book value for the software and other intangible assets.

(d) Reflects an adjustment to goodwill based on the preliminary purchase price allocation:

Description	Note	Amount (in millions)
Fair value of consideration transferred in excess of fair value of assets acquired and liabilities assumed	(i)	$ 3,848
Less: DS Smith's historical net book value of goodwill		2,782
Pro forma adjustment to goodwill		1,066

(i) Goodwill represents the excess of the preliminary purchase price over the preliminary fair value of the underlying net tangible and intangible assets acquired and liabilities assumed. Refer to the preliminary purchase price allocation in Note 6 above for more details.

(e) Reflects an adjustment to inventories based on the preliminary fair value assessment:

Description	Note	Amount (in millions)
Fair value of acquired inventories	(i)	$ 792
Less: DS Smith's historical net book value of inventories		738
Pro forma adjustment to inventories		$ 54

(i) The fair value of inventories was estimated using the top-down method, which relies on certain key inputs and judgments including expected sales price of the inventories, percentage complete of the work-in-process inventories, estimated costs of completion and disposal of the inventories, and forecasted profit margins earned on the sale of the inventories. Changes in these inputs could have a significant impact on the inventories valuation. The impact on cost of sales following the Combination may differ significantly between periods based upon the final value assigned for inventories. After closing of the Combination, the fair value step up in inventories will increase cost of goods sold for the first year post-Combination since inventories is expected to turnover within twelve months.

(f) Represents an adjustment of $17 million to long-term debt, to reflect the estimated fair value step-up of DS Smith's medium-term notes and other fixed debt assumed by International Paper in the Combination. DS Smith's medium-term notes are listed on the Luxembourg Stock Exchange and hence the fair value is determined using quoted market prices. The amortization of fair value adjustment for the six months ended June 30, 2024 and year-ended December 31, 2023 was not material.

(g) Represents the adjustment to deferred tax liability of $838 million associated with the incremental differences in the book and tax basis created from the preliminary purchase allocation. The deferred tax liability arises from the preliminary fair values of tangible and intangible assets, inventories and debt, as well as the acceleration of DS Smith's share-based compensation awards due to the transaction. These adjustments were based on the applicable statutory tax rate of 25 percent and the respective estimated purchase price allocation.

The effective tax rate of the Combined Company could be significantly different (either higher or lower) depending on post-Combination activities, including cash needs, the geographical mix of income and changes in tax law. Because the tax rate used for the pro forma financial information is estimated, the rate will likely vary from the actual effective rate in periods subsequent to the completion of the Combination. This determination is preliminary and subject to change based upon the final determination of the fair value of the acquired assets and assumed liabilities.

8. Adjustments to the unaudited pro forma statement of operations

The adjustments to the unaudited pro forma statement of operations are expected to have a continuing impact to the Combined Company unless stated otherwise. Refer to the items below for reconciliation of the adjustments reflected in the unaudited pro forma statement of operations:

(a) Reflects the pro forma adjustment to depreciation expense for acquired plants, properties, and equipment. For the purposes of calculating pro forma depreciation expense, acquired plants, properties, and equipment will be depreciated on a straight-line basis over their expected useful lives. The adjustment represents incremental depreciation expense based on the estimated preliminary fair value and useful lives of the plants, properties, and equipment. The following adjustment to depreciation expense has been included in the six months ended June 30, 2024 and year ended December 31, 2023 pro forma statements of operations:

	Incremental Fair Value (in millions)	Estimated Life (Years)	Six months ended June 30, 2024 (in millions)	Year ended December 31, 2023 (in millions)
Freehold land & improvements	$ 158	n/a	$ —	$ —
Land and Buildings	530	7 - 30 years	11	21
Plant and Equipment	907	2 - 18 years	35	69
Construction in Progress and Spares	—	n/a	—	—
Incremental depreciation of plants, properties, and equipment, net			**$ 46**	**$ 90**

(b) Acquired intangible assets which consist of customer relationships and trade names will be amortized on a straight-line basis over their expected useful lives. Pro forma amortization expense includes amortization expense for the newly identified intangible assets less the amortization expense on DS Smith's historical intangible assets. International Paper is still in the process of evaluating the fair value of other intangible assets and software. Any resulting change in the fair value would have a direct impact to future earnings through amortization expense.

	Fair Value (in millions)	Estimated Life (Years)	Six months ended June 30, 2024 (in millions)	Year ended December 31, 2023 (in millions)
Trade names	$ 260	10	$ 13	$ 26
Customer relationships	2,085	14—16	70	140
Amortization of intangible assets			83	166
Less: Historical amortization of DS Smith			46	86
Net adjustment to amortization			$ 37	$ 80

(c) Presents a nonrecurring adjustment to cost of products sold for the first year following the Combination to reflect the fair value of acquired inventories which is higher than DS Smith's historical cost. See Note 5(e).

	Year ended December 31, 2023 (in millions)
Inventories step-up amortization	$ 54
Net pro forma transaction adjustment to cost of products sold	$ 54

(d) Reflects the adjustment for transaction-related expenses associated with the Combination including estimated transaction costs and retention bonus payments to DS Smith employees.

	Note	Amount (in millions)
Expected transaction expenses	(i)	$ 107
Retention bonus payments	(ii)	31
Total		$ 138

(i) Represents estimated transaction costs directly attributable to the Combination to be incurred, that are not recorded within the historical consolidated statements of operations of either International Paper or DS Smith. These costs, in addition to the amounts accrued in the historical balance sheets of International Paper and DS Smith, are assumed to have been settled in cash in the unaudited pro forma net assets statement (see Note 7(a)(i)). Combination-related expenses are nonrecurring and not expected to be incurred in any period beyond 12 months from the Effective Date. The unaudited pro forma statement of operations for the year ended December 31, 2023 reflects $107 million in nonrecurring transaction-related expenses as if those costs were incurred on January 1, 2023.

(ii) Represents estimated retention cash payments payable to DS Smith employees at the closing of the Combination with no future service requirements. These cash payments are not recorded within the historical consolidated statement of operations of DS Smith and are assumed to have been settled in cash in the unaudited pro forma net assets statement (see Note 7(a)(ii)).

(e) Represents a one-time adjustment of $22 million to reflect share awards attributable to post-Combination services that will be recognized as a compensation expense and cash settled on the date of Combination.

(f) To record the income tax impact benefit of the pro forma adjustments utilizing the statutory income tax rate of 25 percent for the period ended June 30, 2024, and the year ended December 31, 2023. The adjustment also reflects the additional U.S. Shareholder tax expense associated with DS Smith's operations included within International Paper's structure of approximately $7 million for the year ended December 31, 2023.

The effective tax rate of the Combined Company could be significantly different (either higher or lower) depending on post-Combination activities, including cash needs, the geographical mix of income and changes in tax law. Because the tax rate used for the pro forma financial information is estimated, the rate will likely vary from the actual effective rate in periods subsequent to completion of the Combination. This determination is preliminary and subject to change based upon the final determination of the fair value of the acquired assets and assumed liabilities.

(g) The pro forma basic and diluted earnings per share calculations are based on the basic and diluted weighted average shares of International Paper. The pro forma basic and diluted weighted average shares outstanding are a combination of historical weighted average International Paper Shares and the share impact as part of the Combination.

The estimated impact to earnings per share from Combined Company continuing operations is as follows:

	Six months ended June 30, 2024 (in millions)[(1)]	Year ended December 31, 2023 (in millions)[(1)]
Pro forma net income attributable to International Paper	$ 719	$ 557
Historical weighted-average number of Common Stock outstanding		
Basic	347	347
Diluted	353	349
Impact of the Combination on weighted-average number of Common Stock outstanding	179	179
Pro forma weighted-average number of Common Stock outstanding		
Basic	526	526
Diluted	532	528
Pro forma net income per Common Stock		
Basic	$ 1.37	$ 1.06
Diluted	$ 1.35	$ 1.05

(1) Except per share amounts.

Section B. Report from Deloitte LLP on the Unaudited Pro Forma Financial Information

Deloitte.

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

The Board of Directors
on behalf of International Paper Company
6400 Poplar Ave
Memphis
Tennessee
38197-0198
United States

September 11, 2024

Dear Sirs/Mesdames,

International Paper Company (the "Company")

We report on the unaudited pro forma financial information (the "Pro forma financial information") set out in Section A of Part 17 (*Unaudited Pro Forma Financial Information of the Combined Company*) of the prospectus dated September 11, 2024 (the "Prospectus"). This report is required by Annex 20, section 3 of the UK version of the Commission Delegated Regulation (EU) 2019/980 (the "Prospectus Delegated Regulation") and is given for the purpose of complying with that regulation and for no other purpose.

Opinion

In our opinion:

(a) the Pro forma financial information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro forma financial information in accordance with Annex 20 sections 1 and 2 of the Prospectus Delegated Regulation.

It is our responsibility to form an opinion, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex 20, section 3 of the Prospectus Delegated Regulation.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex 1 item 1.3 of the Prospectus Delegated Regulation, consenting to its inclusion in the Prospectus.

No reports or opinions have been made by us on any financial information used in the compilation of the Pro forma financial information. In providing this opinion we are not providing any assurance on any source financial information on which the Pro forma financial information is based beyond the above opinion.

Basis of preparation

The Pro forma financial information has been prepared on the basis described in the notes, for illustrative purposes only, to provide information about how the proposed Combination (as defined in the Prospectus) might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company in preparing the financial statements for the year ending December 31, 2024.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company and DS Smith Plc in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Prospectus and declare that to the best of our knowledge, the information contained in this report is, in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 1 item 1.2 of the Prospectus Delegated Regulation.

Yours faithfully

Deloitte LLP

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom. Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients.

PART 18

INTERNATIONAL PAPER PROFIT FORECASTS

The profit forecasts below include certain forward-looking statements about the International Paper Group's expected results and operations, which may involve risks and uncertainties. The International Paper Group's actual results may also differ materially from those discussed in these forward-looking statements. Prospective investors should read the paragraph entitled "Forward-looking statements" in Part 6 (Presentation of Information) of this Prospectus for a discussion of the risks and uncertainties relating to those statements and should also read Part 2 (Risk Factors) of this Prospectus for a discussion of certain factors that may affect the business, results of operations or financial condition of the International Paper Group or, following completion of the Combination, the Combined Company.

1. Q3 2024 Forecast

On July 24, 2024, International Paper published its financial results for the three months ended June 30, 2024 and held an earnings presentation during which the following statements relating to International Paper's earnings outlook for the three months ending September 30, 2024 were made, which constitute a profit forecast under the U.K. Prospectus Regulation (together, the "**Q3 International Paper Profit Forecast**"):

"*3Q24 Outlook: Lower earnings due to volume decline and higher costs, offsetting benefits from prior price index increases.*"

[*With respect to Industrial Packaging*] *"[E]arnings are expected to be down sequentially in the third quarter by approximately $160 million... We expect price and mix to improve earnings by $60 million sequentially… Volume is expected to decrease earnings by $65 million…. We expect Operations and Costs to decrease earnings by $80 million… Higher maintenance outage expense is expected to decrease earnings by $44 million. And lastly, higher input costs are expected to decrease earnings by $30 million….*

[*With respect to Global Cellulose Fibers*] *[E]arnings will be relatively flat… We expect price and mix to increase earnings by $10 million…Volume is expected to decrease earnings in the third quarter by $5 million… We expect Operations and costs to decrease earnings by $25 million…Lower maintenance outage expense is expected to increase earnings in the third quarter by $25 million. And lastly, input costs are expected to be stable.*"

2. FY 2024 Forecast

On August 27, 2024, International Paper published an announcement regarding the filing of a Preliminary Proxy Statement which included the following information in relation to its earnings outlook for the financial year ending December 31, 2024, which constitutes a profit forecast under the U.K. Prospectus Regulation (the "**FY 24 International Paper Profit Forecast**"):

($ amounts in millions)	**Fiscal year ending December 31 2024E**
Adjusted EBITDA	$1,933

This information will also be included in the Proxy Statement.

3. FY 2025-2026 Forecast

On August 27, 2024, International Paper published an announcement regarding the filing of a Preliminary Proxy Statement which included the following information in relation to its earnings outlook for the financial years ending December 31, 2025 and December 31, 2026 which constitute a profit forecast under the U.K. Prospectus Regulation as a projected profit floor for the relevant financial periods (the "**FY 25-26 International Paper Projected Profit Floor**", and together with the Q3 International Paper Profit Forecast and the FY 24 International Paper Profit Forecast, the "**International Paper Profit Forecasts**"):

($ amounts in millions)	Fiscal year ending December 31 2025E	Fiscal year ending December 31 2026E
Adjusted EBITDA	$2,432	$2,635

This information will also be included in the Proxy Statement.

4. Basis of preparation

4.1. The International Paper Profit Forecasts have been properly compiled on the basis of the assumptions stated below. The accounting policies applied in preparing the International Paper Profit Forecasts are consistent with those applied in the preparation of the International Paper Group's annual results for the fiscal year ended December 31, 2023, which are in accordance with U.S. GAAP.

4.2. The Directors have prepared the Q3 International Paper Profit Forecast based on (i) the International Paper Unaudited Financial Statements and (ii) its internal forecasts for the three months ending September 30, 2024.

4.3. The Directors have prepared the International Paper FY24 Profit Forecast based on (i) the International Paper Unaudited Financial Statements; (ii) International Paper's unaudited management accounts for the two months ended August 2024; and (iii) its internal forecasts for the remaining four months of the year ending December 31, 2024.

4.4. The Directors have prepared the FY 25-26 International Paper Projected Profit Floor based on (i) the trading performance reflected in the International Paper Unaudited Financial Statements; (ii) its unaudited management accounts for the two months ended August 2024; (iii) its internal forecasts for the remaining four months of the year ending December 31, 2024; (iv) its projected performance from International Paper's long-term strategic plan for the financial years ending December 31, 2025 and 2026 presented to the Directors; and (v) the key assumptions outlined below.

4.5. The International Paper Profit Forecasts include the non-GAAP financial measure, Adjusted EBITDA and cannot reliably forecast certain material elements of total earnings. The Directors believe that it is more useful to provide guidance in relation to Adjusted EBITDA rather than Earnings from Continuing Operations Before Income Taxes and Equity Earnings on the basis that this metric is used by management for planning and internal reporting purposes, is used by peer companies in evaluating performance and is in line with expectations of the investor community, supporting easier comparison of International Paper's performance with its peers. Further details in relation to International Paper's non-GAAP measures, along with information as to where to find the most directly comparable U.S. GAAP measure can be found in Part 6 (*Presentation of Information*) of this Prospectus.

The most directly comparable U.S. GAAP measure for Adjusted EBITDA is Earnings from Continuing Operations Before Income Taxes and Equity Earnings. Adjusted EBITDA is calculated as follows:

In millions, at December 31, (in U.S. Dollars)	2023	2022	2021
Calculation of Adjusted EBITDA			
Earnings from Continuing Operations Before Income Taxes and Equity Earnings	**382**	1,511	999
Interest Expense, Net	**231**	325	337
Special items	**557**	175	370
Non-operating pension expense (income)	**54**	(192)	(200)
Depreciation, amortization and cost of timber harvested	**1,010**	1,040	1,097
Adjusted EBITDA	**2,234**	2,859	2,603

5. Assumptions

The International Paper Profit Forecasts are based on the assumptions listed below and apply to each of the International Paper Profit Forecasts unless specifically indicated. Since these principal assumptions are forward-looking, there can be no assurance that they will individually or in the aggregate prove to be correct, which may materially change the outcome of the International Paper Group's results as compared to the International Paper Profit Forecasts.

5.1. Factors outside the influence or control of the International Paper Directors

(a) no changes to existing prevailing macroeconomic, regulatory or political conditions in the markets and regions in which International Paper operates that would materially affect International Paper;

(b) the inflation and tax and foreign exchange rates in the markets and regions in which International Paper operates remaining materially unchanged from the prevailing rates;

(c) no material adverse events that could have a significant impact on International Paper's financial performance, including litigation, adverse weather events or natural catastrophes that affect key products, supply chain or markets or the construction process;

(d) no material changes in market conditions over the forecast period to December 31, 2026, in relation to either customer demand or competitive environment;

(e) industry pricing indices will remain materially unchanged from the prevailing pricing publications at the date of this Prospectus;

(f) no material changes to manufacturing capacity in the market that would impact the supply and demand for volumes purchased from International Paper;

(g) no material impact on stakeholder relationships arising from the Combination;

(h) no material adverse outcome from any ongoing or future disputes with any customer, competitor, regulator or tax authority;

(i) no material change in International Paper's employee attrition rates or labor costs, including medical and pension and other post-retirement benefits driven by external parties or regulations;

(j) no material changes in legislation, taxation, regulatory requirements, applicable standards or the position of any regulatory bodies impacting on International Paper's operations or on its accounting policies; and

(k) no material change to International Paper's ability to access the global capital markets.

5.2. Factors within the influence or control of the International Paper Directors

(a) no material change to the present management of International Paper prior to December 31, 2026 (for the avoidance of doubt, other than changes related to the Combination);

(b) no major corporate acquisitions or disposals, developments, partnership or joint venture agreements being entered into by International Paper, prior to December 31, 2026 (for the avoidance of doubt, other than the Combination);

(c) no material changes in the dividend or capital policies of International Paper;

(d) International Paper's accounting policies being consistently applied over the forecast period; and

(e) no material change in the operational structure and strategy of International Paper.

6. International Paper Directors' Confirmation

In accordance with the requirements of the Prospectus Regulation Rules, the International Paper Directors confirm that the International Paper Profit Forecasts have been compiled and prepared on a basis which is both:

(a) comparable with the historical financial information of the International Paper Group referred to in the International Paper Financial Information; and

(b) consistent with the accounting policies of the International Paper Group.

PART 19

PROJECTIONS IN PROXY STATEMENT NO LONGER VALID

In connection with the International Paper Directors' evaluation of strategic alternatives, its management prepared certain internal financial analyses and forecasts relating to International Paper's future performance for the fiscal years ending December 31, 2024 through December 31, 2029, on a stand-alone basis without giving effect to the Combination (the "**Long-Term International Paper Projections**"). Moreover, in connection with the proposed Combination, International Paper (i) considered certain internal financial analyses and forecasts prepared by the management of DS Smith relating to DS Smith's future performance for the financial years ended April 30, 2024 through April 30, 2027, which were prepared on a stand-alone basis without giving effect to the Combination (the "**DS Smith Projections**"); and (ii) independently prepared certain financial forecasts relating to DS Smith for the fiscal years ended December 31, 2024 through 2029 (the "**International Paper-DS Smith Projections**", and together with the Long-Term International Paper Projections and the DS Smith Projections, the "**Projections**"). The Projections were prepared using third-party prospective information for the years related thereto (including consensus estimates and extrapolations for the years where consensus estimates were not available). The Projections were provided to the International Paper Directors in connection with their evaluation of the Combination and the Long-Term International Paper Projections and International Paper-DS Smith Projections were provided to BofA Securities and approved by International Paper for their use and reliance in connection with BofA Securities' financial analyses and the rendering of its opinion to the International Paper Board.

The Projections, together with certain assumptions underlying the Projections, were disclosed in the Preliminary Proxy Statement, as set forth below and will also be included in the Proxy Statement. The requirement for the Projections and the assumptions underlying the Projections to be included in the Preliminary Proxy Statement and the Proxy Statement arose under applicable U.S. state and federal laws because such information was made available by International Paper to the International Paper Board and BofA Securities, and used in connection with the process leading to the 2.7 Announcement, as described in the Preliminary Proxy Statement.

Set out below are the Projections and certain assumptions underlying the Projections, as included in the Preliminary Proxy Statement.

DS Smith Projections

References in the Preliminary Proxy Statement to the "DS Smith Forecasts" are to the DS Smith Projections as defined in this Prospectus.

Certain Underlying Assumptions

"*The DS Smith Forecasts reflect numerous assumptions and estimates as to future events made by DS Smith management in October 2023 using information available at the time, including information from both public and non-public sources. Key assumptions to the DS Smith Forecasts include pricing outlooks for DS Smith products; volume; and costs of raw materials, in each case, which are primarily driven by macroeconomic conditions and supply and demand dynamics. In preparing the DS Smith Forecasts, DS Smith management applied, among other things, assumptions relating to the following inputs:*

Sales*. The projected sales reflected in the DS Smith Forecasts are based on expected pricing and volumes, as further described below.*

Pricing*. The DS Smith Forecasts reflect forecasts of future pricing trends in third-party, publicly available industry sources (which were not commissioned by either DS Smith or International Paper). DS Smith applied these third-party forecasts in pricing trends for each category of DS Smith's domestic and export containerboard products, taking into account the phase-in of price changes, including due to contractual agreements at fixed prices, delayed implementation or other price adjustment mechanisms.*

Volumes*. The volume assumptions used in the DS Smith Forecasts reflect DS Smith's historical volumes, adjusted using DS Smith management's estimates of DS Smith's capacity and downtimes for global corrugated packaging during periods in the DS Smith Forecasts after fiscal year 2024, forecasts of future industry-wide capacity growth and downtimes from third-party, publicly available industry sources (which were not commissioned by either DS Smith or International Paper).*

DS Smith's ability to achieve the sales reflected in the DS Smith Forecasts are subject to the factors that influence the pricing and volume for DS Smith's business.

Prices for DS Smith's products are driven by many factors, including macroeconomic conditions, demand for its products and competitive conditions in the industries that DS Smith serves, and DS Smith has little influence over the timing and extent of price changes. For example, the cyclical nature of the packaging industry has historically led to periods of overcapacity where, at times, supply significantly outpaces demand, thereby creating downward pressure on prices for containerboard. As a result, in some instances, there are stretches of excess capacity that lead to significant price cuts in containerboard and downtime. However, at other times, supply tends to lag behind demand causing tightened supply, leading to increased prices. In addition, many of DS Smith's customer contracts include price adjustment provisions based upon published indices for containerboard that contribute to the setting of selling prices for some of DS Smith's products. Changes in how these indices are determined or maintained, or other indices are established or maintained, could adversely impact the selling prices for these products.

Volumes tend to fluctuate due to macroeconomic conditions, supply and demand dynamics in the markets DS Smith serves, and due to company and customer specific issues. Demand for corrugated containers and containerboard is primarily driven by the need for (i) packaging products for the transportation of a diverse range of consumer and industrial goods, such as processed and fresh food, agricultural products, beverages, industrial and consumer electronics, chemicals and pharmaceuticals, and (ii) higher value added corrugated products such as those featuring enhanced graphics used for point of sale displays and consumer and shelf-ready packaging. In general, demand for corrugated containers and containerboard is directionally correlated with levels of industrial production, and is impacted by the trends affecting the choice of medium (paper, plastic, wood) used in the packaging of these products. Demand for packaging products has historically been closely correlated to general economic growth and activity. Increased levels of economic growth and activity typically result in higher per capita use of packaging materials, both with respect to transportation of goods and consumer presentation. In addition, consumer spending patterns and preferences play a significant role in demand for paper-based packaging. For example, there has been an acceleration in changing consumer preferences in recent years, particularly around e-commerce penetration and heightened awareness of the impact of packaging on the environment.

Cost Inflation. *DS Smith management applied assumptions regarding future inflation in each category of costs, including energy/chemicals, fiber, freight, labor/wage and other selling, general and administrative expenses, over the period covered by the DS Smith Forecasts, derived from third-party, publicly available macroeconomic indices and forecasts (which were not commissioned by DS Smith or International Paper) and internal estimates.*

Productivity Improvements. *The DS Smith Forecasts reflect DS Smith's continued execution of cost savings initiatives and business systems transformation project, including the cost efficiencies resulting from such initiatives and investments beginning in fiscal year 2024.*

To generate the estimates for all four fiscal years included in the DS Smith Forecasts, DS Smith management applied its assumptions, including the assumptions described above, to DS Smith's historical results and metrics.

Leading up to the production of the DS Smith Forecasts and of its provision to International Paper, DS Smith management prepared various drafts of the DS Smith Forecasts. The DS Smith Forecasts were revised at various points during that period due to the passage of time, the availability of additional periods of DS Smith's actual financial results and changes in market-based assumptions relating to pricing, volumes and the macroeconomic outlook."

Summary of the DS Smith Projections

The following is a summary of the [DS Smith Projections].

	Fiscal year ending April 30[(1)],			
(£ amounts in millions)	***2024E***	***2025E***	***2026E***	***2027E***
External Revenue	*6,936*	*7,640*	*7,967*	*8,322*
EBITDA	*1,022*	*1,054*	*1,227*	*1,394*
Capital Expenditures	*(500)*	*(500)*	*(500)*	*(500)*

(1) External Revenue and EBITDA are non-GAAP and non-IFRS measures, and are not intended to represent, or to be used, as a substitute for DS Smith's audited accounts as a measure of operating performance. Other companies may calculate this non-GAAP and non-IFRS measure differently than DS Smith, which limits comparability between companies.

The International Paper-DS Smith Projections

References in the Preliminary Proxy Statement to the "International Paper-DS Smith Forecasts" are to the International Paper-DS Smith Projections as defined in this Prospectus.

Certain Underlying Assumptions

"*The International Paper-DS Smith Forecasts reflect numerous assumptions and estimates as to future events made by International Paper management using information available at the time, including information from both public and non-public sources. Key assumptions to the International Paper-DS Smith Forecasts include pricing outlooks for DS Smith products; volume; and costs of raw materials, in each case which are primarily driven by macroeconomic conditions and supply and demand dynamics. In preparing the International Paper-DS Smith Forecasts, International Paper's management applied, among other things, assumptions relating to the following inputs:*

Volumes*. DS Smith's ability to achieve the sales reflected in the International Paper-DS Smith Forecasts are subject to the factors that influence the pricing and volume for DS Smith's business.*

Prices for DS Smith's products are driven by many factors, including macroeconomic conditions, demand for its products and competitive conditions in the industries that DS Smith serves, and DS Smith has little influence over the timing and extent of price changes. For example, the cyclical nature of the packaging industry has historically led to periods of overcapacity where, at times, supply significantly outpaces demand, thereby creating downward pressure on prices for containerboard. As a result, in some instances, there are stretches of excess capacity that lead to significant price cuts in containerboard and downtime. However, at other times, supply tends to lag behind demand causing tightened supply, leading to increased prices. In addition, many of DS Smith's customer contracts include price adjustment provisions based upon published indices for containerboard that contribute to the setting of selling prices for some of DS Smith's products. Changes in how these indices are determined or maintained, or other indices are established or maintained, could adversely impact the selling prices for these products.

Volumes tend to fluctuate due to macroeconomic conditions, supply and demand dynamics in the markets DS Smith serves, and due to company and customer specific issues. Demand for corrugated containers and containerboard is primarily driven by the need for (i) packaging products for the transportation of a diverse range of consumer and industrial goods, such as processed and fresh food, agricultural products, beverages, industrial and consumer electronics, chemicals and pharmaceuticals, and (ii) higher value added corrugated products such as those featuring enhanced graphics used for point of sale displays and consumer and shelf-ready packaging. In general, demand for corrugated containers and containerboard is directionally correlated with levels of industrial production, and is impacted by the trends affecting the choice of medium (paper, plastic, wood) used in the packaging of these products. Demand for packaging products has historically been closely correlated to general economic growth and activity. Increased levels of economic growth and activity typically result in higher per capita use of packaging materials, both with respect to transportation of goods and consumer presentation. In addition, consumer spending patterns and preferences play a significant role in demand for paper-based packaging. For example, there has been an acceleration in changing consumer preferences in recent years, particularly around e-commerce penetration and heightened awareness of the impact of packaging on the environment.

Cost Inflation. *International Paper management applied assumptions regarding future inflation in each category of costs, including energy/chemicals, fiber, freight, labor/wage and other selling, general and administrative expenses, over the period covered by the International Paper-DS Smith Forecasts, derived from third-party, publicly available macroeconomic indices and forecasts (which were not commissioned by DS Smith or International Paper) and internal estimates.*

Productivity Improvements. *The International Paper-DS Smith Forecasts reflect DS Smith's continued execution of cost savings initiatives to the extent they contribute to offsetting certain categories of cost inflation.*

To generate the estimates for each of the fiscal years included in the International Paper-DS Smith Forecasts, International Paper management applied its own assumptions, including the assumptions described above, to DS Smith's historical results and metrics.

Leading up to the production of the International Paper-DS Smith Forecasts and the approval by the International Paper Board of BofA Securities' use and reliance of such forecasts in the preparation of its financial analysis and opinion to the International Paper Board, International Paper management prepared various drafts of the International Paper-DS Smith Forecasts. The International Paper-DS Smith Forecasts were revised at various points during that period due to the passage of time and the availability of additional periods of DS Smith's actual *financial results, transactions (or planned transactions) publicly announced by DS Smith during that period, and changes during that period in market-based assumptions relating to pricing, volumes and macroeconomic outlook.*"

Summary of the International Paper-DS Smith Projections

The following is a summary of the [International Paper-DS Smith Projections].

	Fiscal year ending December 31,					
(£ amounts in millions)	***2024E***	***2025E***	***2026E***	***2027E***	***2028E***	***2029E***
Revenue	*6,637*	*7,858*	*7,534*	*7,688*	*7,854*	*8,021*
Adjusted EBITDA	*934*	*1,169*	*1,099*	*1,124*	*1,150*	*1,183*
Unlevered Free Cash Flow	*99*	*472*	*483*	*546*	*585*	*613*

Long-Term International Paper Projections

References in the Preliminary Proxy Statement to the "International Paper Forecasts" are to the Long-Term International Paper Projections as defined in this Prospectus.

Certain Underlying Assumptions

"*The International Paper Forecasts reflect numerous assumptions and estimates as to future events made by International Paper management using information available at the time, including information from both public and non-public sources. Key assumptions to the International Paper Forecasts include pricing outlooks for International Paper products; volume; and costs of raw materials, in each case which are primarily driven by macroeconomic conditions and supply and demand dynamics. In preparing the International Paper Forecasts, International Paper management applied, among other things, assumptions relating to the following inputs:*

Sales*. International Paper's ability to achieve the sales reflected in the International Paper Forecasts are subject to the factors that influence the pricing and volume for International Paper's business.*

Prices for International Paper's products are driven by many factors, including macroeconomic conditions, demand for its products and competitive conditions in the industries that International Paper serves, and International Paper has little influence over the timing and extent of price changes. For example, the cyclical nature of the packaging industry has historically led to periods of overcapacity where, at times, supply significantly outpaces demand, thereby creating downward pressure on prices for containerboard. As a result, in some instances, there are stretches of excess capacity that lead to significant price cuts in containerboard and downtime. However, at other times, supply tends to lag behind demand causing tightened supply, leading to increased prices. In addition, many of International Paper's customer contracts include price adjustment provisions based upon published indices for containerboard that contribute to the setting of selling prices for some of International Paper's products. Changes in how these indices are determined or maintained, or other indices are established or maintained, could adversely impact the selling prices for these products.

Volumes tend to fluctuate due to macroeconomic conditions, supply and demand dynamics in the markets International Paper serves, and due to company and customer specific issues. Demand for corrugated containers and containerboard is primarily driven by the need for (i) packaging products for the transportation of a diverse range of consumer and industrial goods, such as processed and fresh food, agricultural products, beverages, industrial and consumer electronics, chemicals and pharmaceuticals, and (ii) higher value added corrugated products such as those featuring enhanced graphics used for point of sale displays and consumer and shelf-ready packaging. In general, demand for corrugated containers and containerboard is directionally correlated with levels of industrial production, and is impacted by the trends affecting the choice of medium (paper, plastic, wood) used in the packaging of these products. Demand for packaging products has historically been closely correlated to general economic growth and activity. Increased levels of economic growth and activity typically result in higher per capita use of packaging materials, both with respect to transportation of goods and consumer presentation. In addition, consumer spending patterns and preferences play a significant role in demand for paper-based packaging. For example, there has been an acceleration in changing consumer preferences in recent years, particularly around e-commerce penetration and heightened awareness of the impact of packaging on the environment. Demand for softwood pulp, including fluff pulp, is primarily driven by the need for (i) wood fiber-based tissue and towel products, (ii) absorbent hygiene products, such as diapers and absorbent pads, and (iii) printing and writing papers. In general, demand for softwood pulp, specifically for tissue and absorbent hygiene products, is directionally correlated with general economic growth and activity.

__Cost Inflation.__ International Paper management applied assumptions regarding future inflation in each category of costs, including energy/chemicals, fiber, freight, labor/wage and other selling, general and administrative expenses, over the period covered by the International Paper Forecasts, derived from third-party, publicly available macroeconomic indices and forecasts (which were not commissioned by International Paper) and internal estimates.

__Productivity Improvements.__ The International Paper Forecasts reflect International Paper's continued execution of cost savings initiatives and forecasted cost efficiencies resulting from such initiatives and investments beginning in fiscal year 2024.

__Impact of Announced Events.__ The International Paper Forecasts reflect the impact of the closures of International Paper's containerboard mill in Orange, Texas, and two of its pulp machines – the #20 machine in Riegelwood, North Carolina, and the #4 machine in Pensacola, Florida.

To generate the estimates for each of the fiscal years included in the International Paper Forecasts, International Paper management applied its assumptions, including the assumptions described above, to International Paper's historical results and metrics."

Summary of the Long-Term International Paper Projections

The following is a summary of the [Long-Term International Paper Projections][(1)].

($ amounts in millions)	***2024E***	***2025E***	***2026E***	***2027E***	***2028E***	***2029E***
Revenue	*18,881*	*19,458*	*20,155*	*20,644*	*21,057*	*21,478*
Adjusted EBITDA	*1,933*	*2,432*	*2,635*	*2,879*	*3,058*	*3,186*
Unlevered Free Cash Flow	*1,206*	*1,168*	*894*	*1,059*	*1,225*	*1,300*

(1) International Paper Adjusted EBITDA forecasts for the financial years ended 2024, 2025 and 2026 (whether as a projected profit floor or otherwise) are included in Part 18 (*International Paper Profit Forecasts*) of this Prospectus.

Projections no longer valid

International Paper considers that the Projections (except for the Long-Term International Paper Projections included as International Paper Profit Forecasts in Part 18 (*International Paper Profit Forecasts*) of this Prospectus) are no longer valid.

Purpose of preparation of the Projections

References in the Preliminary Proxy Statement to the "Acquisition", the "Offer Announcement" and the "Takeover Code" are to the Combination, the 2.7 Announcement and the Code as defined in this Prospectus.

As set out in the Preliminary Proxy Statement, (i) the Long-Term International Paper Projections and the International Paper-DS Smith Projections "*were not prepared with a view to public disclosure, but are included in this proxy statement because such information was provided by International Paper to the International Paper Board and BofA Securities, and used by International Paper in the process leading to the Offer Announcement being made… and in connection with its evaluation of the Acquisition*"; (ii) the DS Smith Projections "*are ordinary course internal management forecasts that were prepared in October 2023 and not in connection with the Acquisition or with a view to public disclosure"* and *"were provided by DS Smith to International Paper upon International Paper's request on a private, bilateral basis (and subsequently by International Paper to the International Paper Board and BofA Securities) in March 2024 as part of the ordinary course due diligence exercise carried out by International Paper in connection with its evaluation of the Acquisition prior to the Offer Announcement*"; and (iii) the Projections "*were not prepared with a view to comply with the published guidelines of the SEC regarding projections, forward-looking statements or pro forma financial information or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts, Rule 28 of the Takeover Code, U.S. GAAP or IFRS"*.

The Projections represent internal projections that were privately provided to various parties in connection with their roles and responsibilities under the Combination and were not prepared or published with any intention of guiding International Paper Shareholders as to the future performance of International Paper or DS Smith. However, the Projections were required to be included in the Preliminary Proxy Statement as they were taken into account in the preparation of the opinion delivered by International Paper's financial advisor on the fairness, from a financial point of view, of the Exchange Ratio provided for in the Combination. In addition, the Preliminary Proxy Statement makes it clear that the Projections should not be regarded as an accurate prediction of future results: "*The inclusion of this information should not be regarded as an indication that International Paper, DS Smith, BofA Securities, their respective representatives or any recipient of this information considered, or now considers, [the Projections] to be material information of International Paper or DS Smith or necessarily predictive of actual future results, nor should it be construed as financial guidance, and it should not be relied upon as such.*"

Basis of preparation of the Projections

As set out in the Preliminary Proxy Statement, the Projections: *"do not take into account any circumstances or events occurring after the date that they were prepared and do not give effect to the Acquisition, including any potential synergies…or costs in connection therewith" and "do not take into account all the possible financial and other effects on [International Paper or DS Smith] of the Acquisition, the effect on [International Paper or DS Smith] of any business or strategic decision or action that has been or will be taken as a result of the Offer Announcement having been made, or the effect of any business or strategic decisions or actions that would likely have been taken if the Offer Announcement had not been made, but which were instead altered, accelerated, postponed or not taken in anticipation of the Acquisition. Further, the [Projections regarding International Paper and DS Smith] do not take into account the effect on [International Paper or DS Smith] of any possible failure of the Acquisition to occur.*"

The Preliminary Proxy Statement therefore makes it clear that the Projections do not give effect to the Combination or any changes to the respective operations or strategy of International Paper or DS Smith that may be implemented after the consummation of the Combination, including any potential synergies and other benefits to be realized as a result of the Combination. Furthermore, the Projections do not take into account the effect of any failure of the Combination to be consummated during the fourth quarter of 2024 as expected or at all and should not be viewed as relevant or continuing in that context (or any other context).

The points set out below illustrate the significant changes that will result from the Combination, which were not reflected in the Projections.

(a) *Transaction costs*: The aggregate costs and expenses incurred by International Paper and DS Smith in connection with the Combination and Admission are estimated to amount to approximately $210 million (including advisory, legal, audit, valuation and other professional fees), based on an exchange rate of $1.3129:£1.00 on September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus). These transaction costs were not factored into the Projections.

(b) *Synergies*: As described in Part 8 (*Details of the Combination*) of this Prospectus, International Paper's Directors, having reviewed and analyzed the potential synergies of the Combination, as well as taking into account the factors they can influence, believe that the Combined Company can deliver at least $514 million (£413 million) of pre-tax cash synergies on an annual run-rate basis by the end of the fourth year following the Effective Date. The Projections for the forecast periods do not include the impact of the synergies that are expected to result from the Combination.

(c) *Costs Associated with Achieving the Synergies*: As described in Part 8 (*Details of the Combination*) of this Prospectus, International Paper anticipates that the total costs to achieve the synergies outlined above would be approximately $370 million (£297 million). International Paper expects that approximately 33 percent of the synergies outlined above would be achieved by the end of the first year following the Effective Date, with approximately 66 percent and 95 percent achieved by the end of the second and third years following the Effective Date, respectively. These costs were not factored into the Projections, and the exact time at which (including in which financial year) such costs are expected to be incurred is uncertain.

Furthermore:

(a) the Projections cover multiple years and, as a result of intervening factors not taken into account at the time of its preparation, such information by its nature becomes progressively less reliable with each successive year. In particular, the Long-Term International Paper Projections were prepared prior to Mr. Silvernail being appointed the Chief Executive Officer of International Paper on May 1, 2024 and, therefore, do not reflect International Paper's recently announced 80/20 strategic initiative targeting $4 billion mid-cycle EBITDA in International Paper's existing business over the medium term. Furthermore, the Long-Term International Paper Projections do not reflect planned commercial improvements that are expected to drive margin expansion and profitable growth from improved customer and product segmentation, stronger focus on customer excellence, value-based pricing, and investments in commercial resources and box system capabilities to improve customer performance through best-in-class reliability, productivity and innovation.

(b) as a result of the Long-Term International Paper Projections in respect of the years ended 2024, 2025 and 2026 being superseded by the International Paper Profit Forecasts, the Projections would no longer be valid or correct;

(c) the DS Smith Projections in respect of the year ended April 30, 2024 are no longer outstanding and the DS Smith Projections in respect of the year ending April 30, 2025 will no longer be valid as a result of the completion of the Combination on the Effective Date. As a result, the International Paper-DS Smith Projections based thereon, which were also adjusted from a 12-month period ending April 30 to a 12-month period ending December 31 to align with International Paper's fiscal year end, would also no longer be valid or correct;

(d) the Projections included in the Preliminary Proxy Statement were as of the date on which they were prepared for the use to which they were put. Except to the extent required by applicable U.S. federal securities laws, International Paper does not intend, and expressly disclaims any responsibility, to update or otherwise revise the Projections to reflect circumstances existing after the respective dates on which they were prepared or to reflect the occurrence of future events or changes in general economic or industry conditions, even if any or all of the assumptions underlying the Projections are shown to be inaccurate. The Projections were provided to the International Paper Board for the purposes of evaluating the Combination but did not form part of the information considered by International Paper's management when preparing the International Paper Profit Forecasts; and

(e) the Projections were based on several assumptions and any change to such key assumptions would decrease the reliability of such projections. Key assumptions to the Projections include pricing outlooks for International Paper and DS Smith products, volume and costs of raw materials, in each case which are primarily driven by macroeconomic conditions and supply and demand dynamics. Important factors that may affect actual results and cause the Projections not to be achieved include developments related to pricing cycles and volumes, economic, competitive and market conditions generally, including macroeconomic uncertainty, customer inventory rebalancing, the impact of inflation and increases in energy, raw materials, shipping, labor and capital equipment costs; the volatility of paper prices, old corrugated case material and energy prices; reduced supply of raw materials, energy and transportation; cost savings and productivity initiatives and competitive pressures. For instance, at the time of their preparation, the Projections factored in certain estimates relating to future movements in paper and recovered fiber prices in Europe and the Americas, which prices can be highly volatile over both the short and long terms. To date, actual movements in such prices have materially diverged from those estimated by International Paper at the time of its preparation of the Projections, and they may continue to diverge materially in the future.

Accordingly, the Projections (except for the Long-Term International Paper Projections included as International Paper Profit Forecasts in Part 18 (*International Paper Profit Forecasts*) of this Prospectus) are no longer valid.

Lastly, integration of International Paper and DS Smith following closing of the Combination may also result in one or more of International Paper or DS Smith's subsidiaries, business divisions, reporting units or other assets or liabilities being transferred within the Combined Company, so that the International Paper Group or DS Smith Group as currently structured would no longer exist, rendering the Projections not valid.

PART 20

TAXATION

THE CONTENTS OF THIS PART 20 (*TAXATION*) ARE NOT TO BE CONSTRUED AS TAX ADVICE IN RESPECT OF THE IMPACT OF THE COMBINATION, ADMISSION OR OTHERWISE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN TAX ADVISOR FOR TAX ADVICE.

Certain U.K. tax considerations

The following statements do not constitute legal or tax advice and are intended only as a general guide to certain

U.K. tax consequences of holding and disposing of International Paper Shares (including where represented by International Paper DIs). The statements are based on current U.K. tax law as applied in England and Wales and H.M. Revenue & Customs ("**HMRC**") published practice as of the date of this Prospectus and such law or practice may be repealed, revoked or modified, possibly with retrospective effect, so as to result in U.K. tax consequences different from those described below. These statements are not intended to be exhaustive and do not purport to be a complete analysis of all U.K. tax considerations that could be relevant to holders of International Paper Shares or International Paper DIs.

The statements below relate only to holders of International Paper Shares (including where represented by International Paper DIs) who are resident and, in the case of an individual, resident and domiciled in the U.K. for U.K. tax purposes ("**U.K. Resident**"), except insofar as express reference is made to the treatment of non-U.K. residents or domiciles ("**U.K. International Paper Shareholders**").

The statements below relate solely to U.K. International Paper Shareholders who are and will be the absolute beneficial owners of International Paper Shares (including where represented by International Paper DIs), who are beneficially entitled to the dividends thereon in circumstances where the dividends paid are regarded for U.K. tax purposes as that person's own income (and not the income of some other person).

These statements may not apply to certain holders of International Paper Shares or International Paper DIs, such as (but not limited to) brokers or dealers in securities, insurance companies, collective investment schemes, tax-exempt organizations, persons who receive dividends through an Individual Savings Account or Self Investment Personal Pension, persons who control or hold (either alone or together with one or more associated or connected persons) directly or indirectly, 10 percent or more of the shares and/or voting power of International Paper, persons who hold International Paper Shares or International Paper DIs as part of hedging transactions, persons who are subject to tax on a split year basis, persons who hold their International Paper Shares or International Paper DIs as trading stock and not as an investment and persons who have (or are deemed to have) acquired International Paper Shares or International Paper DIs or will (or will be deemed to) acquire their International Paper Shares or International Paper DIs by virtue of an office or employment. Such persons may be subject to special rules.

IF U.K. INTERNATIONAL PAPER SHAREHOLDERS OR PROSPECTIVE INVESTORS ARE IN ANY DOUBT AS TO THEIR TAX POSITION OR IF U.K. INTERNATIONAL PAPER SHAREHOLDERS OR PROSPECTIVE INVESTORS ARE OR MAY BE SUBJECT TO TAX IN A JURISDICTION OTHER THAN THE U.K. AND THE U.S. SUCH INTERNATIONAL PAPER SHAREHOLDERS OR PROSPECTIVE INVESTORS SHOULD CONSULT AN APPROPRIATE PROFESSIONAL ADVISOR.

Dividends — U.K. withholding tax

International Paper is not required to withhold for or on account of U.K. tax from dividends paid on the International Paper Shares (including where represented by International Paper DIs). (As regards U.S. withholding tax, U.K. International Paper Shareholders and prospective investors should read the section of this Prospectus headed "*United States federal income tax considerations*" in this Part 20 (*Taxation*).)

Dividends — U.K. corporation tax and U.K. income tax

General

A U.K. International Paper Shareholder who receives a dividend on the International Paper Shares including where represented by International Paper DIs may be subject to U.K. corporation or U.K. income tax (as the case may be) on that dividend.

As described in the section of this Prospectus headed "*United States federal income tax considerations*" in this Part 20 (*Taxation*), U.S. tax will generally be required to be withheld from dividends paid on International Paper Shares.

The normal rate of tax to be withheld is 30 percent of the gross amount of the dividend. This rate may, however, be reduced under an applicable double tax treaty. The rate of withholding on dividends for U.K. International Paper Shareholders who are entitled to claim (and who make a valid claim for) the benefit of the U.S.-U.K. Double Tax Treaty is generally 15 percent.

If a U.K. International Paper Shareholder receives a dividend on International Paper Shares (including where represented by International Paper DIs) and U.S. tax is withheld from the payment of the dividend, credit for such U.S. tax may be available for set-off against a liability to U.K. corporation tax or U.K. income tax on the dividend. The amount of such credit will normally be equal to the lesser of the amount withheld and the liability to U.K. tax on the dividend. Such credit will not normally be available for set-off against a U.K. International Paper Shareholder's liability to U.K. tax other than on the dividend and, to the extent that such credit is not set off against U.K. tax on the dividend, the credit will be lost.

Individuals

Individual U.K. International Paper Shareholders who are within the charge to U.K. income tax will pay no tax on their dividend received from International Paper to the extent that (taking into account any other dividend income received in the same tax year) such dividend falls within the dividend allowance, being, for 2024/2025, the first £500 of dividend income received by that individual U.K. International Paper Shareholder in a tax year (the "**Dividend Allowance**"). For these purposes "dividend income" includes the gross amount of any U.K. and non-U.K. source dividends and certain other distributions in respect of shares (including dividends on the International Paper Shares including where represented by International Paper DIs).

In calculating into which tax band any dividend income over the Dividend Allowance falls, savings and dividend income are treated as the highest part of an individual's income. Dividend income that is within the Dividend Allowance counts towards an individual's basic or higher rate limits and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of the Dividend Allowance.

Where individuals have both savings and dividend income, the dividend income is treated as the top slice of the individuals' income. The 2024/2025 rates of income tax on dividends received in excess of the Dividend Allowance are currently: (i) 8.75 percent for basic rate taxpayers; (ii) 33.75 percent for higher rate taxpayers; and (iii) 39.35 percent for additional rate taxpayers.

Companies

U.K. International Paper Shareholders who are within the charge to U.K. corporation tax which are "small companies" (for the purposes of U.K. taxation of dividends) will not generally be subject to U.K. corporation tax on dividends on the International Paper Shares (including where represented by International Paper DIs), provided certain conditions are met.

Other U.K. International Paper Shareholders who are within the charge to U.K. corporation tax will prima facie be subject to U.K. corporation tax on any dividends on the International Paper Shares (including where represented by International Paper DIs) unless certain conditions for exemption are satisfied. Although each U.K. International Paper Shareholder's position will depend on its own individual circumstances, and subject to anti-avoidance rules, the exemption is of wide application and such U.K. International Paper Shareholders will therefore generally not be subject to U.K. corporation tax on the dividend.

If the conditions for exemption are not met (or cease to be satisfied), or a U.K. International Paper Shareholder elects for an otherwise exempt dividend to be taxable, the U.K. International Paper Shareholder will be subject to U.K. corporation tax on dividends received from International Paper at the rate of corporation tax applicable to that U.K. International Paper Shareholder (currently 25 percent).

Disposal of International Paper Shares or International Paper DIs — U.K. corporation tax and U.K. capital gains tax

General

A disposal or deemed disposal of International Paper Shares or International Paper DIs by a U.K. International Paper Shareholder may give rise to a chargeable gain or an allowable loss for the purposes of the taxation of chargeable gains in the U.K., subject to the U.K. International Paper Shareholder's circumstances and any available exemption or relief.

Individuals

Gains arising on a disposal of International Paper Shares or International Paper DIs by an individual U.K. International Paper Shareholder will generally be subject to U.K. capital gains tax ("**CGT**") currently at the rate of: (i) 10 percent for individuals who are subject to income tax at the basic rate (rising to 20 percent on any amount above the basic rate band); and (ii) 20 percent for individuals who are subject to income tax at the higher or additional rates. An individual U.K. International Paper Shareholder is entitled to offset against its chargeable gains an annual exempt amount of £3,000 for 2024/2025 without being liable to CGT.

An individual U.K. International Paper Shareholder who has ceased to be a U.K. Resident, or is treated as a non-U.K. resident by virtue of an applicable double tax treaty for a period of five years or less and who disposes of all or part of his International Paper Shares or International Paper DIs during that period may be liable to U.K. CGT on his or her return to the U.K., subject to any available exemptions or reliefs.

Companies

For a U.K. International Paper Shareholder within the charge to U.K. corporation tax, a disposal or deemed disposal of International Paper Shares or International Paper DIs may give rise to a chargeable gain or an allowable loss for the purposes of U.K. corporation tax, subject to any available exemptions, reliefs or allowances. The main rate of U.K. corporation tax is currently 25 percent.

U.K. stamp duty and U.K. stamp duty reserve tax

The following statements about U.K. stamp duty and stamp duty reserve tax apply regardless of whether or not an International Paper Shareholder is a U.K. Resident.

No U.K. stamp duty or stamp duty reserve tax is payable by an International Paper Shareholder on the issuance of International Paper Shares or International Paper DIs.

No U.K. stamp duty is payable in respect of a paperless transfer of International Paper Shares or International Paper DIs in dematerialized form.

No U.K. stamp duty reserve tax arises in respect of an agreement to transfer International Paper Shares or International Paper DIs, provided that the International Paper Shares (including where represented by International Paper DIs) are not registered in a register kept in the U.K. It is not intended that such a register will be kept in the U.K.

If International Paper Shares or International Paper DIs are transferred by way of written instrument that is executed in the U.K. or relates to any matter or thing done or to be done in the U.K., then such instrument will be subject to U.K. stamp duty at the rate of 0.5% (rounded up to the next multiple of £5) of the amount or value of the consideration given. If the instrument of transfer is executed and retained outside the U.K. and does not relate to any matter or thing done or to be done in the U.K., no obligation to pay U.K. stamp duty is likely to arise in practice. However, a court or tribunal may require stamp duty to be paid before the instrument is admissible in evidence. An exemption from stamp duty is available for instruments transferring shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by it does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000. The liability to pay U.K. stamp duty and U.K. stamp duty reserve tax is generally satisfied by the purchaser.

United States federal income tax considerations

The following is a summary of U.S. federal income tax considerations generally applicable to Non-U.S. Holders (as defined below) with respect to the ownership and disposition of International Paper Shares and is based upon the Internal Revenue Code of 1986 (the "**IRC**"), the Treasury Department regulations promulgated thereunder ("**Regulations**"), and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change, possibly with retroactive effect. This discussion is limited to non-U.S. Holders who hold International Paper Shares as capital assets within the meaning of the IRC (generally, property held for investment). There can be no assurances that the IRS will agree with the views expressed in this discussion or that a court will not sustain any challenge by the IRS in the event of litigation.

Moreover, this discussion does not address all of the tax considerations that may be relevant to Non-U.S. Holders in light of their particular circumstances, nor does it discuss U.S. federal income tax considerations that may apply to holders subject to special treatment under U.S. federal income tax laws, such as certain financial institutions or financial services entities, insurance companies, tax-exempt entities, dealers in securities, entities that are treated as partnerships for U.S. federal income tax purposes, "controlled foreign corporations," "passive foreign investment companies," former U.S. citizens or long-term residents, persons deemed to sell International Paper Shares under the constructive sale provisions of the IRC, and persons that hold International Paper Shares as part of a straddle, conversion transaction, or other integrated investment. Furthermore, this discussion does not address any tax considerations arising under the Medicare contribution tax or the alternative minimum tax, nor does it address any tax considerations arising under the laws of any state, local or foreign jurisdiction, or under any U.S. federal laws other than those pertaining to income taxes.

As used in this discussion, the term "**Non-U.S. Holder**" means a beneficial owner of International Paper Shares that is not an entity or arrangement treated as a partnership for U.S. federal income tax purposes and is not, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the U.S., any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons (as defined in the IRC) have the authority to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable Regulations to be treated as a domestic trust for U.S. federal income tax purposes.

If a partnership (or any entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of International Paper Shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. A beneficial owner of International Paper Shares that is a partnership, and the partners in such partnership, should consult their tax advisors regarding the tax considerations to them of the ownership and disposition of International Paper Shares.

NON-U.S. HOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO CURRENT AND POSSIBLE FUTURE TAX CONSIDERATIONS OF OWNING AND DISPOSING OF INTERNATIONAL PAPER SHARES, AS WELL AS ANY TAX CONSIDERATIONS THAT MAY ARISE UNDER THE LAWS OF ANY U.S. STATE, LOCAL OR OTHER TAXING JURISDICTION, IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

Dividends

If distributions are paid on International Paper Shares, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from International Paper's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds International Paper's current and accumulated earnings and profits, such excess will constitute a return of capital that reduces, but not below zero, a Non-U.S. Holder's tax basis in International Paper Shares. Any remainder will constitute gain from the sale or exchange of International Paper Shares, subject to the tax treatment described below under "— *Gain on Disposition of International Paper Shares*." Except as provided in the following paragraph (regarding dividends treated as effectively connected with the conduct of a U.S. trade or business), Non-U.S. Holders will generally be subject to withholding of U.S. federal income tax at a 30 percent rate, or a lower rate as may be specified by an applicable income tax treaty, on the gross amount of any dividends paid to such holders. To claim the benefit of a lower rate under an income tax treaty, a Non-U.S. Holder must properly file with the applicable withholding agent an IRS Form W-8BEN, W-8BEN-E or other applicable form, claiming an exemption from or reduction in withholding under the applicable tax treaty. Such form must be provided prior to the payment of dividends and must be updated periodically. If a Non-U.S. Holder is eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty, and taxes are withheld from a dividend paid to the Non-U.S. Holder at a higher rate than such reduced rate, such holder may obtain a refund from the IRS of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

If dividends are considered effectively connected with the conduct of a trade or business by a Non-U.S. Holder within the U.S. and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment maintained by such Non-U.S. Holder, those dividends will be subject to U.S. federal income tax on a net basis at applicable graduated individual or corporate rates but will not be subject to withholding tax, provided a properly executed IRS Form W-8ECI, or other applicable form, is filed with the applicable withholding agent. Any effectively connected dividends paid to a foreign corporation may, under certain circumstances, be subject to an additional "branch profits tax" at a rate of 30 percent or a lower rate as may be specified by an applicable income tax treaty.

Gain on Disposition of International Paper Shares

A Non-U.S. Holder will generally not be subject to U.S. federal income or withholding tax on any gain recognized on a sale or other disposition of International Paper Shares unless:

- the gain is considered effectively connected with the conduct of a trade or business by such Non-U.S. Holder within the U.S. and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment maintained by such Non-U.S. Holder;
- the Non-U.S. Holder is an individual who is present in the U.S. for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met; or
- International Paper is or becomes a U.S. real property holding corporation ("**USRPHC**").

International Paper believes that it is not currently, was not in the past five years, and is not likely to become, a USRPHC. Even if International Paper were to become a USRPHC, gain on the sale or other disposition of International Paper Shares by a Non-U.S. Holder would generally not be subject to U.S. federal income tax, provided the International Paper Shares were "regularly traded on an established securities market" in the year of the disposition and such Non-U.S. Holder did not actually or constructively own more than 5 percent of the outstanding International Paper Shares during the shorter of (i) the five-year period ending on the date of such disposition and (ii) the period of time during which such Non-U.S. Holder held such shares. Gain described in the first bullet point above will generally be subject to U.S. federal income tax on a net basis at applicable individual or corporate rates and, in the case of foreign corporations, the gain may, under certain circumstances, be subject to an additional branch profits tax equal to 30 percent or a lower rate as may be specified by an applicable income tax treaty. Gain described in the second bullet point above will generally be subject to U.S. federal income tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty), but may be offset by U.S.-source capital losses, if any, of the Non-U.S. Holder.

Foreign Account Tax Compliance Act

In addition to withholding taxes discussed above, under sections 1471 through 1474 of the IRC (commonly referred to as the "Foreign Account Tax Compliance Act," or "**FATCA**") a 30 percent U.S. federal withholding tax will generally be imposed on dividends paid by U.S. issuers, and on the gross proceeds from the disposition of certain stock, paid to or through a "foreign financial institution" (as specially defined under these rules), unless such institution (i) enters into an agreement with the U.S. Treasury to collect and provide to the U.S. Treasury substantial information regarding U.S. account holders, including certain account holders that are foreign entities with U.S. owners, with such institution or (ii) is deemed compliant with, or otherwise exempt from, FATCA. In certain circumstances, the information may be provided to local tax authorities pursuant to intergovernmental agreements between the U.S. and a foreign country. FATCA also generally imposes a U.S. federal withholding tax of 30 percent on the same types of payments to or through a non-financial foreign entity unless such entity (i) provides the withholding agent with a certification that it does not have any substantial U.S. owners (as defined under these rules) or a certification identifying the direct and indirect substantial U.S. owners of the entity or (ii) is deemed compliant with, or otherwise exempt from, FATCA. Satisfaction of the requirements under, or an exemption from, FATCA is typically evidenced by delivery of a properly completed IRS Form W-8BEN-E. FATCA would apply to dividends paid on International Paper Shares and will apply to the gross proceeds from sales or other dispositions of International Paper Shares. Under certain circumstances, a beneficial owner may be eligible for refunds or credits of such taxes. Non-U.S. Holders should consult their tax advisors regarding the possible implications of FATCA on their ownership of International Paper Shares.

PART 21

CREST AND DEPOSITARY INTERESTS

CREST and Depositary Arrangements

International Paper will establish arrangements to enable investors to settle interests in the International Paper Shares through the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. Securities issued by non-U.K. companies, such as International Paper, cannot be directly held or transferred electronically in the CREST system. However, depositary interests allow such securities to be dematerialized and settled electronically through CREST. Where investors choose to settle interests in the International Paper Shares through the CREST system, and pursuant to depositary arrangements established by International Paper, Computershare Investor Services PLC (the "**Depositary**") will hold the International Paper Shares and issue International Paper DIs representing the underlying International Paper Shares held in custody in the DTC participant account of the custodian appointed by the Depositary, Computershare Trust Company, N.A. (the "**Custodian**"). The Depositary Interests will be independent securities constituted under English law which may be held and transferred through the CREST system. Investors should note that whilst International Paper Shares will be tradable in the U.K., it is the Depositary Interests which will be admitted to and settled through CREST and not the International Paper Shares.

The Depositary Interests will be created pursuant to and issued on the terms of a deed poll which will be executed in advance of Admission by the Depositary in favor of the holders of the Depositary Interests from time to time (the "**Deed Poll**"). Prospective holders of Depositary Interests should note that they will have no rights against Euroclear U.K. & International Limited ("**EUI**") or its subsidiaries in respect of the underlying International Paper Shares or the Depositary Interests representing them.

The International Paper Shares will be issued and/or transferred to the Custodian and the Depositary will issue Depositary Interests to participating members and provide the necessary custodial services.

Although International Paper's register of members will show Cede & Co., as the custodian for DTC through whose system the Custodian will hold the book-entry interests in the International Paper Shares, the beneficial interest in the International Paper Shares remains with the holder of Depositary Interests, who, to the extent possible, has the benefit of all the rights attaching to the International Paper Shares as if the holder of Depositary Interests were named directly on the International Paper register of members itself.

Each Depositary Interest will be represented as one International Paper Share, for the purposes of determining, for example, in the case of International Paper Shares, eligibility for dividends, if any. The Depositary Interests will have the same ISIN number as the underlying International Paper Shares. The International Paper Shares can then be traded with settlement taking place in the form of Depositary Interests within the CREST system in the same way as any other CREST securities.

Application will be made for the Depositary Interests to be admitted to CREST with effect from Admission.

Deed Poll

In summary, the Deed Poll contains provisions summarized below, which are binding on holders of Depositary Interests.

Holders of Depositary Interests are taken to warrant, *inter alia*, that International Paper Shares held by the Depositary or the Custodian (on behalf of the Depositary) are transferred or issued, as the case may be, free and clear of all liens, charges, encumbrances or third-party interests and that such transfers or issues are not in contravention of International Paper's constitutional documents or any contractual obligation binding on the holder or transferor, law or regulation or order binding on the holder of the Depositary Interests or the transferor. Each holder of Depositary Interests indemnifies the Depositary for any liabilities the Depositary incurs as a result of a breach of this warranty.

The Depositary and any Custodian must pass on to holders of Depositary Interests and, so far as they are reasonably able, exercise on behalf of holders of Depositary Interests all rights and entitlements received or to which they are entitled in respect of the underlying International Paper Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to attend and vote at meetings shall, subject to the Deed Poll, be passed on in the form in which they are received together with amendments and additional documentation necessary to effect such passing-on, or, as the case may be, exercised in accordance with the Deed Poll.

The Depositary will be entitled to cancel Depositary Interests and withdraw the underlying International Paper Shares in certain circumstances including where a holder of Depositary Interests has failed to perform any obligation under the Deed Poll or is in breach of any constitutional document or applicable legal instrument in relation to the Depositary Interests. The Deed Poll contains provisions excluding and limiting the Depositary’s liability. For example, the Depositary shall not be liable to any holder of Depositary Interests or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or willful default or fraud. Furthermore, except in the case of personal injury or death, the Depositary’s liability to a holder of Depositary Interests will be limited to the lesser of:

- the value of the International Paper Shares and other deposited property properly attributable to the Depositary Interests to which the liability relates; and

- that proportion of £5 million which corresponds to the proportion which the amount the Depositary would otherwise be liable to pay to the holder of Depositary Interests bear to the aggregate of the amounts the Depositary would otherwise be liable to pay to all such holders in respect of the same act, omission or event which gave rise to such liability or, if there are no such amounts, £5 million.

The Depositary is not liable for any losses attributable to or resulting from *inter alia* International Paper’s acts or omissions or any refusal or failure of the CREST operator to provide any service in relation to the CREST system.

The Depositary is entitled to charge holders of Depositary Interests fees and expenses for the provision of its services under the Deed Poll.

Each holder of Depositary Interests is liable to indemnify the Depositary and any Custodian (and their agents, officers and employees) against all liabilities arising from or incurred in connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of Depositary Interests held by that holder, other than those resulting from the willful default, negligence or fraud of the Depositary, or the Custodian or any agent, if such Custodian or agent is a member of the Depositary’s group, or, if not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use of such Custodian or agent.

The Depositary may terminate the Deed Poll by giving not less than 30 days’ prior notice. During such notice period, holders may cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary must as soon as reasonably practicable, among other things, deliver the deposited property in respect of the Depositary Interests to the relevant holder of Depositary Interests or, at its discretion sell all or part of such deposited property. It shall, as soon as reasonably practicable deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll *pro rata* to holders of Depositary Interests in respect of their Depositary Interests.

The Depositary or the Custodian may require from any holder, or former or prospective holder, information as to the capacity in which Depositary Interests are owned or held and the identity of any other person with any interest of any kind in such Depositary Interests or the underlying International Paper Shares and holders are bound to provide such information requested. Each Holder agrees to provide any such information requested by International Paper or the Depositary and consents to the disclosure of such information by the Depositary or Custodian to the extent necessary or desirable to comply with their respective legal or regulatory obligations. Furthermore, to the extent that International Paper’s constitutional documents require disclosure to International Paper of, or limitations in relation to, beneficial or other ownership of, or interests of any kind whatsoever, in the International Paper Shares, the holders of Depositary Interests are to comply with such provisions and with International Paper’s instructions with respect thereto.

It should also be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of International Paper Shares in International Paper, including, for example, in the case of International Paper Shareholders, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to give prompt instructions to the Depositary or its nominated Custodian, in accordance with any voting arrangements made available to them, to vote the underlying International Paper Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of Depositary Interests to vote such International Paper Shares as a proxy of the Depositary or its nominated Custodian.

A copy of the Deed Poll will be available after Admission on request in writing to the Depositary.

Depositary Agreement

Pursuant to the depositary agreement between International Paper and the Depositary (the "**Depositary Agreement**"), International Paper will appoint the Depositary to constitute and issue from time to time, upon the terms of the Deed Poll, a series of Depositary Interests representing securities issued by International Paper and to provide certain other services in connection with such Depositary Interests with a view to facilitating the indirect holding by participants in CREST. The Depositary agrees that it will comply with the terms of the Deed Poll and that it will perform its obligations with reasonable care and skill. The Depositary assumes certain specific obligations, including the obligation to issue to a CREST member Depositary Interests in uncertificated form and to maintain the register of Depositary Interests. The Depositary undertakes to provide the depositary services in compliance with the requirements of the FSMA.

Computershare will either itself or through its appointed Custodian as bare trustee hold the deposited property (which includes, *inter alia*, the securities represented by the Depositary Interests) as may be designated from time to time by the Depositary. International Paper agrees to provide all information, data and documentation (to the extent available to International Paper) required by the Depositary to properly carry out the services, including information, which concerns or relates to the Depositary's obligations under the Depositary Agreement. The agreement sets out the procedures to be followed if International Paper is to pay or make a dividend or other distribution.

International Paper is to indemnify the Depositary for any loss it may suffer as a result of the performance of the Depositary Agreement except to the extent that any losses result from the Depositary's own negligence, fraud or willful default. The Depositary is to indemnify International Paper for any loss International Paper may suffer as a result of or in connection with the Depositary's fraud, negligence or willful default subject to certain limitations of liability. Subject to earlier termination, the Depositary is appointed for a fixed term to be agreed between International Paper and the Depositary and thereafter until terminated by either party by giving notice based on a fixed notice period. In the event of termination, the parties agree to phase out the Depositary's operations in an efficient manner without adverse effect on the members of International Paper and the Depositary shall deliver to International Paper (or as it may direct) all documents, papers and other records relating to the Depositary Interests which are in its possession and which is the property of International Paper. International Paper is to pay certain fees and charges, including an annual fee, a fee based on the number of Depositary Interests per year and certain CREST related fees. The Depositary is also entitled to recover reasonable out of pocket fees and expenses.

PART 22

ADDITIONAL INFORMATION

1. Responsibility

International Paper and the International Paper Directors, whose names appear in Part 11 (*International Paper Directors, Company Named Executive Officers and Corporate Governance*) of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of International Paper and the International Paper Directors, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

2. Incorporation

2.1. International Paper was incorporated under New York law on January 31, 1898, and its certificate of incorporation was filed on June 23, 1941. International Paper's registration number is 53310 and its LEI number is 824LMFJDH41EY779Q875. The address of its principal executive office is 6400 Poplar Avenue, Memphis, Tennessee, 38197, United States of America and its main telephone number is +1 (901) 419-9000.

2.2. The principal legislation under which the Company operates and under which the International Paper Shares were issued and the New International Paper Shares will be issued is the New York Business Corporation Law, as amended from time to time.

2.3. The International Paper audit for each of the fiscal years ended December 31, 2023, 2022 and 2021 has been performed by Deloitte & Touche LLP, which is registered with the Public Company Accounting Oversight Board (United States). The audit report for the fiscal year ended December 31, 2023 includes a modification that Deloitte & Touche LLP did not audit the financial statements of Ilim S.A. as of and for the year ended December 31, 2022. The financial statements of Ilim S.A. have been audited by other auditors whose report has been furnished to Deloitte & Touche LLP. The audit report for the fiscal year ended December 31, 2023, insofar as it relates to the amounts included for Ilim S.A. as of and for the year ended December 31, 2022, is based solely on the report of the other auditors provided to Deloitte & Touche LLP.

2.4. International Paper confirms that at the time of Admission it will be operating in accordance with (a) New York laws, as such laws may from time to time be amended, (b) its Restated Certificate of Incorporation (as amended and restated from time to time) and (c) the Amended By-Laws (as amended and restated from time to time).

3. International Paper Capital Stock

Authorized and Outstanding Capital Stock

Common Stock

3.1. As of September 6, 2024, the total number of shares into which the Company's authorized capital stock is divided is one billion (1,000,000,000) shares, consisting of (i) nine hundred and ninety million, eight-hundred and fifty thousand (990,850,000) shares of Common Stock, par value $1.00 per share ("**Common Stock**" or "**International Paper Shares**"), (ii) four hundred thousand (400,000) shares of cumulative $4.00 preferred stock, without par value (stated value $100 per share) (the "**Cumulative Preferred Stock**") and (iii) eight million, seven hundred and fifty thousand (8,750,000) shares of serial preferred stock, par value $1.00 per share (the "**Serial Preferred Stock**" and together with the Cumulative Preferred Stock, the "**Preferred Stock**"). The serial preferred stock is issuable in one or more series by the Board of Directors without further shareholder action. The outstanding shares of Common Stock and Preferred Stock are fully paid and non-assessable. There are no restrictions on the free transferability of the International Paper Shares.

3.2. The number of shares of Common Stock authorized, held in treasury and issued and outstanding as of June 30, 2024 and as of December 31, 2023, 2022 and 2021, is as follows:

	Authorized	Held in treasury (in thousands)	Issued and outstanding (1) (in thousands)	Total (in thousands)
As of June 30, 2024	990,850,000	101,550	347,366	448,916

	Authorized	Held in treasury (in thousands)	Issued and outstanding (1) (in thousands)	Total (in thousands)
As of December 31, 2023	990,850,000	102,879	346,037	448,916
As of December 31, 2022	990,850,000	98,632	350,284	448,916
As of December 31, 2021	990,850,000	70,362	378,554	448,916

(1) As of June 30, 2024, approximately 347,366,000 Common Stock were issued and outstanding, compared to approximately 346,037,000 as of December 31, 2023. As of December 31, 2023, 346,037,000 Common Stock were issued and outstanding, compared to approximately 350,284,000 as of December 31, 2022. As of December 31, 2022, approximately 350,284,000 Common Stock were issued and outstanding, compared to approximately 378,554,000 as of December 31, 2021.

3.3. The number of shares of Cumulative Preferred Stock authorized, held in treasury and issued and outstanding as of June 30, 2024 and as of December 31, 2023, 2022 and 2021, is as follows:

	Authorized	Held in treasury	Issued and outstanding(1)	Total
As of June 30, 2024	400,000	0	15,696	15,696
As of December 31, 2023	400,000	0	15,696	15,696
As of December 31, 2022	400,000	0	15,696	15,696
As of December 31, 2021	400,000	0	15,696	15,696

(1) There was no change in the number of Cumulative Preferred Stock issued and outstanding between June 30, 2024, and December 31, 2021.

3.4. The number of shares of Serial Preferred Stock authorized, held in treasury and issued and outstanding as of June 30, 2024 and as of December 31, 2023, 2022 and 2021, is as follows:

	Authorized	Held in treasury	Issued and outstanding(1)	Total
As of June 30, 2024	8,750,000	0	0	0
As of December 31, 2023	8,750,000	0	0	0
As of December 31, 2022	8,750,000	0	0	0
As of December 31, 2021	8,750,000	0	0	0

(1) There was no change in the number of Serial Preferred Stock issued and outstanding between June 30, 2024, and December 31, 2021.

3.5. Up to 179,847,780 million New International Paper Shares will be issued to DS Smith Shareholders upon the Scheme becoming effective. Immediately following Admission, at least 10 percent of the International Paper Shares will be held in public hands (within the meaning of Listing Rule 14.2.2R).

3.6. Save as disclosed in this Prospectus, no equity interests of the Company or any of its subsidiaries has within the period covered by the historical financial information set out in this Prospectus (other than intra-group issues by subsidiaries or pursuant to the Combination) been issued or been agreed to be issued fully or partly paid, either for cash or for consideration other than cash and no such issue is proposed.

3.7. Save as disclosed in this Prospectus, no commissions, discounts, brokerages or other special terms have been granted by the Company or any of its subsidiaries within the period covered by the historical financial information set out in this Prospectus in connection with the issue or sale of equity interests of any such company.

3.8. Save as disclosed in this Prospectus, no equity interests of the Company or any of its subsidiaries is under option or agreed, conditionally or unconditionally, to be put under option.

3.9. Save as disclosed in this Prospectus, no convertible securities, exchangeable securities or securities with warrants have been issued or agreed to be issued by the Company.

3.10. Neither the Restated Certificate of Incorporation or the Amended By-Laws contain any restrictions on the transfer of International Paper Shares or New International Paper Shares. New International Paper Shares have not been registered under the Securities Act, and may not be offered or sold in the U.S. absent registration or an applicable exemption from the registration requirements of the Securities Act. However, the New International Paper Shares are expected to be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof. The New International Paper Shares generally should not be treated as “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and persons who receive securities under the Scheme (other than persons who are or will be deemed to be affiliates (as defined under the Securities Act) of International Paper) may generally resell them without restriction under the Securities Act.

Dividend Policy

3.11. The Company pays regular quarterly cash dividends and expects to continue to pay regular quarterly cash dividends in the foreseeable future, though each quarterly dividend payment is subject to review and approval by the International Paper Board.

3.12. The total amount of dividend per International Paper Share during the fiscal years ended December 31, 2023, 2022 and 2021 was $1.85, $1.85 and $2.00, respectively.

3.13. The International Paper Board has discretion to set a prescribed period after which entitlement to a dividend lapses, and in whose favor such lapse operates.

Listing

3.14. The International Paper Shares are listed on the NYSE under the symbol "IP". After completion of the Combination, the International Paper Shares (including the New International Paper Shares) will be listed on the NYSE under ticker symbol "IP".

3.15. When admitted to trading on the LSE, the International Paper Shares and the New International Paper Shares will be registered with ISIN number US4601461035, SEDOL number 2465254 and ticker symbol "IPC".

Transfer Agent and Registrar

3.16. The International Paper Shares are in registered, book-entry form. As of the date of this Prospectus, Computershare Trust Company N.A. is responsible for keeping the Company's stock transfer records.

4. Summary of the Restated Certificate of Incorporation and Amended By-Laws of International Paper

Purpose

4.1. The purpose of International Paper is to maintain, conduct and manage the business of manufacturing, producing, purchasing, selling and dealing in and all kinds of pulp and paper, and any and all ingredients, products and compounds thereof or articles consisting or partly consisting thereof, and any and all materials that now are or hereafter may be used in or in connection with any such manufacture, including any fibers.

Common Stock

4.2. *Dividend Rights*. The International Paper Board may from time to time declare, and International Paper may pay, dividends on its outstanding Common Stock in the manner and on the terms and conditions determined by the Board, subject to applicable law. All Common Stock have the same rights and preferences. Holders of Common Stock will share equally in any dividend declared by the International Paper Board, subject to the rights of the holders of any outstanding Preferred Stock. See paragraph 4.5 (*Preferred Stock*) of this Part 22 (*Additional Information*) of this Prospectus for more information on the rights of holders of any outstanding Preferred Stock.

4.3. *Liquidation Rights*. Subject to any exclusive voting rights which may vest in any holders of shares of the capital stock of the Company, other than Common Stock, holders of shares of the Common Stock shall be entitled to one vote for each share upon all matters upon which stockholders have the right to vote. If International Paper has any Preferred Stock outstanding at such time, holders of the Preferred Stock may be entitled to distribution and/or liquidation preferences. In either such case, International Paper must pay the applicable distribution to the holders of Preferred Stock before International Paper may pay distributions to the holders of Common Stock.

4.4. *Other Rights*. International Paper Shareholders have no pre-emptive or other rights to subscribe for additional shares. All holders of Common Stock are entitled to share equally on a share-for-share basis in any assets available for distribution to Common Stock holders upon International Paper's liquidation, dissolution or winding up.

Preferred Stock

4.5. The International Paper Board is authorized to provide for the issuance of shares of Preferred Stock in one or more series and to fix the preferences, powers and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including the dividend rate, conversion rights, voting rights, redemption rights and liquidation preference and to fix the number of shares to be included in any such series without any further vote or action by our stockholders. Any shares of Preferred Stock so issued may rank senior to the Common Stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up, or both. In addition, any such shares of Preferred Stock may have class or series voting rights.

Voting rights and stockholder meetings

4.6. Except as otherwise provided by law or by International Paper's Restated Certificate of Incorporation, a quorum for the transaction of business at any meeting of International Paper Shareholders will exist if the holders of record of at least one-third of the number of votes entitled to be cast upon any question to be considered at the meeting are present in person or by proxy.

4.7. Except as otherwise provided by law or by International Paper's Restated Certificate of Incorporation, all matters to be voted on by International Paper Shareholders, other than matters relating to the election and removal of directors as further set out in International Paper's Restated Certificate of Incorporation, must be approved by a majority vote of a quorum at a stockholder's meeting whether present in person or by proxy at the stockholder's meeting and entitled to vote on the subject matter or by a written resolution of the stockholders representing the number of affirmative votes required for such matter at a meeting.

4.8. The annual meeting of stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting is held each year at such place, date and time as the International Paper Board determines. Special meetings of stockholders may be held only (i) upon a majority call by the International Paper Board, (ii) the Chairman of the Board, (iii) the President or (iv) upon the written request or requests of International Paper from holders of record of no less than twenty percent (20%) of the Common Stock of International Paper entitled to vote on the matter or matters to be brought before the proposed special meeting, filed with the Corporate Secretary of International Paper and otherwise in accordance with the Amended By-laws, and may not be called by any other person or persons.

Board of Directors

4.9. International Paper's Restated Certificate of Incorporation provides that the Company's board of directors will consist of between 9 and 18 directors. The International Paper Board is currently comprised of 11 directors, nine of whom are independent.

4.10. International Paper's Restated Certificate of Incorporation also provides that the directors may only be removed for cause by the affirmative vote of the majority of the holders of outstanding shares of all classes of capital stock, cast at the annual meeting of stockholders, or at a meeting of stockholders called for that purpose, with proper notice given of the purpose of the meeting.

4.11. Vacancies on the International Paper Board and newly created directorships may be filled only by a vote of a majority of the directors then in office, even if less than a quorum is then in office, or by a sole remaining Director.

4.12. The vote of the majority of the directors present at a meeting at which a quorum is present is an act of the Company's board of directors so long as such act is consistent with International Paper's Restated Certificate of Incorporation.

4.13. Any action required or permitted to be taken at any annual or special meeting of stockholders may be taken without a meeting by the written consent of the stockholders, but only if such action is taken in accordance with the provisions of the Restated Certificate of Incorporation and the Amended By-Laws.

Chief Executive Officer

4.14. The Amended By-Laws currently provide that International Paper's chief executive officer shall have general charge of the business of and the power to formulate all plans and policies in connection therewith, subject to the control of the International Paper Board. He shall keep the International Paper Board fully informed and shall freely consult with the International Paper Board concerning the business of International Paper. He shall have such other powers and perform such other duties as may, from time to time, be specified by the International Paper Board.

Indemnification of directors, officers and others

4.15. Under the Amended By-Laws, each officer or director who is made, or threatened to be made, a party to any action by reason of the fact that he or she is or was an officer or director of International Paper, or is or was serving at the request of the International Paper in any capacity for the International Paper or any other enterprise, to the fullest extent permitted by applicable law. International Paper may, so far as permitted by law, enter into an agreement to indemnify and advance expenses to any officer or director who is made, or threatened to be made, a party to any such action.

Anti-Takeover considerations and special provisions of International Paper's Restated Certificate of Incorporation, Amended By-Laws and New York State Law

4.16. *Generally.* International Paper's Restated Certificate of Incorporation and Amended By-Laws contain provisions that may delay, defer or discourage another party from acquiring control of International Paper. International Paper expects that these provisions, which are summarized below, will discourage coercive takeover practices or inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of International Paper to first negotiate with the International Paper Board, which may result in an improvement of the terms of any such acquisition in favor of International Paper Shareholders. However, International Paper's Restated Certificate of Incorporation and Amended By-Laws also give the International Paper Board the power to discourage acquisitions that some International Paper Shareholders may favor.

4.17. *Undesignated Preferred Stock.* The ability to authorize undesignated preferred stock will make it possible for the International Paper Board to issue preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire International Paper.

4.18. *Requirements for advance notification of stockholder meetings, nominations and proposals.* International Paper's Amended By-Laws provide that special meetings of International Paper Shareholders may be called only upon the request of a majority of the Board of Directors or by the Chairman of the Board, or by the President, or upon the written request of stockholders holding no less than 20 percent of the Common Stock of International Paper. International Paper's Amended By-Laws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of International Paper. International Paper's Amended By-Laws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the International Paper Board. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with advance notice requirements and provide International Paper with certain information. Additionally, vacancies and newly created directorships may be filled only by a vote of a majority of the directors then in office and present, or by a majority of the directors then in office, if less than a quorum, or by a sole remaining director. International Paper's Amended By-Laws allow the presiding officer at a meeting of International Paper Shareholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of International Paper.

4.19. *International Paper Stockholder action by written consent.* Pursuant to Section 615 of the NYBCL, whenever Stockholders are required or permitted to take any action by vote, the action may be taken without a meeting by the written consent of the Stockholders of International Paper, setting forth the action so taken, signed by the International Paper Shareholders of all outstanding shares entitled to vote thereon or, if the certificate of incorporation so permits, signed by the International Paper Shareholders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Written consent thus given by the holders of such number of shares as is required shall have the same effect as a valid vote of International Paper Shareholders of such number of shares, and any certificate with respect to the authorization or taking of any such action which is to be delivered to the department of state shall recite that written consent has been given in accordance with this section and that written notice has been given as and to the extent required. International Paper's Restated Certificate of Incorporation provides that any action required or permitted to be taken at any annual or special meeting of International Paper's Stockholders may be taken without a meeting by the written consent of International Paper's Stockholders, but only if such action is taken in accordance with the provisions of Article VIII of the Restated Certificate of Incorporation and the Amended By-Laws.

4.20. *Supermajority provisions.* Section 803 of the NYBCL generally provides that the amendment or change of the certificate of incorporation may be authorized by vote of the board, followed by vote of a majority of all outstanding shares entitled to vote thereon at a meeting of stockholders; provided, however, that, whenever the certificate of incorporation requires action by the board of directors, by the holders of any class or series of shares, or by the holders of any other securities having voting power by the vote of a greater number or proportion than is required by any section of Article 8 of the NYBCL, the provision of the certificate of incorporation requiring such greater vote shall not be altered, amended, or repealed except by such greater vote; and provided further that an amendment to the certificate of incorporation for the purpose of reducing the requisite vote by the holders of any class or series of shares or by the holders of any other securities having voting power that is otherwise provided for in any section of the NYBCL that would otherwise require more than a majority of the votes of all outstanding shares entitled to vote thereon shall not be adopted except by the vote of such holders of class or series of shares or by such holders of such other securities having voting power that is at least equal to that which would be required to take the action provided in such other section of the NYBCL. International Paper's Restated Certificate of Incorporation and Amended By-Laws provide that the affirmative vote of a majority of the outstanding shares entitled to vote thereon is required to amend or repeal provisions in the Restated Certificate of Incorporation or Amended By-Laws.

4.21. *Business combinations under New York State Law.* International Paper's Restated Certificate of Incorporation does not expressly state that International Paper has elected not to be governed by Section 912 of the NYBCL, which prohibits a publicly held New York corporation from engaging in a "business combination" with an "interested stockholder" for a period of five years after the time the stockholder became an interested stockholder, subject to certain exceptions including if, the business combination or the purchase of stock made by such interested shareholder on such interested shareholder's stock acquisition date is approved by the board of directors of such corporation prior to such interested shareholder's stock acquisition date. In addition, International Paper's Restated Certificate of Incorporation provides that International Paper shall not engage, directly or indirectly, in any business combination with, or proposed by or on behalf of, an "interested stockholder" or an affiliate of an interested stockholder without the affirmative vote of (i) not less than a majority of the votes entitled to be cast by the holders of all the then outstanding shares of voting stock voting together as a single class, and (ii) not less than a majority of the votes entitled to be cast by the holders of all the then outstanding shares of voting stock, excluding voting stock beneficially owned by such interested stockholder and its affiliate, voting together as a single class. "Business combinations" include the sale, lease, exchange, mortgage, pledge, transfer or other disposition to or with the "interested stockholder" or one of its affiliates. Subject to various exceptions, an "interested stockholder" is a person who, together with his or her affiliates and associates, owns, or within two years did own, 10 percent or more of the corporation's outstanding voting stock. These restrictions generally prohibit or delay the accomplishment of mergers or other takeover or change-in-control attempts that are not approved by a company's board of directors.

5. International Paper Directors and Company Named Executive Officers

5.1. The International Paper Directors and their functions within the Company and brief biographies are set out in Part 11 (*International Paper Directors, Company Named Executive Officers and Corporate Governance*) of this Prospectus.

5.2. The business address of each of the International Paper Directors is 6400 Poplar Avenue, Memphis, Tennessee 38197, United States of America.

5.3. In addition to their directorships of International Paper and other members of the International Paper Group, the International Paper Directors and the Company Named Executive Officers, hold or have held the following directorships and are or were members of the following partnerships, within the past five years:

International Paper Directors

Name	Current directorship/partnership	Previous directorship/partnership
Mark S. Sutton	The Kroger Company	American Forest & Paper Association Business Roundtable Memphis Tomorrow New Memphis Institute
Andrew K. Silvernail	Stryker Corporation Paws for Patrick Potter Global Silvernail Foundation	Boys & Girls Club of Lake County
Christopher M. Connor	Yum Brands, Inc. Rock & Roll Hall of Fame	Eaton Corporation plc
Jamie A. Beggs	-	-
Ahmet C. Dorduncu	AG Anadolu Grubu Holding Akkok Group	Akmerkez Gayrimenkul Yatirim Akis Gayrimenkul Yatirim Aksa Akrilik Kimya Sanayii AS Akenerji Elektrik Uretim AS
Anders Gustafsson	Zebra Technologies Corporation NetApp, Inc.	Dycom Industries, Inc.
Jacqueline C. Hinman	Dow Inc. AECOM	Catalyst
Clinton A. Lewis, Jr.	AgroFresh Solutions, Inc. (privately held) International Fresh Produce Association	Zoetis Inc. Covis Pharma Targan Inc.
Kathryn D. Sullivan	Accenture Federal Services, LLC (privately held)	-
Scott A. Tozier	Ashland, Inc.	Garrett Motion, Inc.
Anton V. Vincent	Mars, Inc. (privately held)	-

Company Named Executive Officers

Name	Current directorship/partnership	Previous directorship/partnership
Mark S. Sutton	The Kroger Company	American Forest & Paper Association Business Roundtable Memphis Tomorrow New Memphis Institute
Andrew K. Silvernail	Stryker Corporation Paws for Patrick Potter Global Silvernail Foundation	Boys & Girls Club of Lake County
W. Thomas Hamic	-	Lausanne Collegiate School
Timothy S. Nicholls	-	-
Thomas J. Plath	Health Transformation Alliance Reading is Fundamental Wisconsin Lutheran College Baptist Memorial Health	-
Joseph R. Saab	-	-

5.4. Save as set out above, none of the International Paper Directors or the Company Named Executive Officers has any business interests, or performs any activities, outside the International Paper Group or the DS Smith Group (as applicable) which are significant with respect to the International Paper Group or the DS Smith Group (as applicable). There are no family relationships between any of the International Paper Directors or the Company Named Executive Officers.

5.5. Except as set out in paragraph 5.6, as of the date of this Prospectus, none of the International Paper Directors or Company Named Executive Officers has, at any time within the last five years:

(a) had any prior convictions in relation to fraudulent offenses;

(b) been declared bankrupt or been the subject of any individual voluntary arrangement;

(c) been associated with any bankruptcies, receiverships or liquidations when acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager;

(d) been subject to any public incrimination and/or sanction by any statutory or regulatory authority (including designated professional bodies);

(e) been disqualified by a court from acting in the management or conduct of the affairs of any company;

(f) been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any company;

(g) been a partner or senior manager in a partnership which, while he was a partner or within 12 months of his ceasing to be partner, was put into compulsory liquidation or administration or which entered into any partnership voluntary arrangement;

(h) owned any assets which have been subject to a receivership or been a partner in a partnership subject to a receivership where he was a partner at the time or within the 12 months preceding such event; or

(i) been a director or senior manager of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or which entered into any company voluntary arrangement or any composition or arrangement with its creditors generally or any class of creditors, at any time during which he was an executive director or senior manager of that company or within 12 months of his ceasing to be an executive director or senior manager.

5.6. Scott A. Tozier was a member of the board of directors of Garrett Motion, Inc., when the company filed for bankruptcy in September 2020. He, together with the other members of the board of directors of Garrett Motion, Inc., resigned from the board when the company completed its bankruptcy plan.

6. International Paper Directors' and Company Named Executive Officers' interests in the Company

6.1. The table below sets out the interests of the International Paper Directors and the Company Named Executive Officers in the share capital of International Paper as of the close of business on September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus) and immediately following completion of the Combination.

Name	Share of Common Stock Held (1)	Stock Units Owned(1)(4)	Percentage of International Paper Shares(2)	Percentage of International Paper Shares immediately following the Effective Date(3)
International Paper Directors:				
Mark S. Sutton	834,622	3,199	<1%	<1%
Andrew K. Silvernail	0	0	<1%	<1%
Christopher M. Connor	0	69,354	<1%	<1%
Jamie A. Beggs	0	7,609	<1%	<1%
Ahmet C. Dorduncu	37,410	0	<1%	<1%
Anders Gustafsson	47,457	0	<1%	<1%
Jacqueline C. Hinman	59,460	0	<1%	<1%
Clinton A. Lewis, Jr.	0	63,769	<1%	<1%
Kathryn D. Sullivan	40,402	0	<1%	<1%
Scott A. Tozier	0	7,609	<1%	<1%
Anton V. Vincent	0	33,408	<1%	<1%

Name	Share of Common Stock Held [(1)]	Stock Units Owned[(1)(4)]	Percentage of International Paper Shares[(2)]	Percentage of International Paper Shares immediately following the Effective Date[(3)]
Company Named Executive Officers				
Mark S. Sutton	See above	See above	See above	See above
Andrew K. Silvernail	See above	See above	See above	See above
W. Thomas Hamic	46,473	14,228	<1%	<1%
Timothy S. Nicholls	172,059	37,828	<1%	<1%
Thomas J. Plath	78,791	8,554	<1%	<1%
Joseph R. Saab	20,703	6,064	<1%	<1%

(1) Insofar as it is known to the Company as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus).

(2) Based on 347,379,366 International Paper Shares issued and outstanding as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus).

(3) Based on the assumptions that: (i) 179,847,780 New International Paper Shares will be issued in connection with the Combination, (ii) the holdings of such persons in International Paper as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), in so far as it is known to the Company, do not change prior to the Effective Date, (iii) as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), such persons do not hold any DS Smith Shares, and that this will not change prior to the Effective Date, (iv) the number of issued and outstanding International Paper Shares as of September 6, 2024 does not change prior to the Effective Date, (v) 347,379,366 International Paper Shares are issued and outstanding as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), and (vi) no DS Smith Shares are issued between the date of this Prospectus and the Effective Date.

(4) Represents stock equivalent units owned by our NEOs under the International Paper Company Deferred Compensation Savings Plan or by our directors under the Restricted Stock and Deferred Compensation Plan for Non-Employee Directors. These units will be paid out in cash and are not convertible into shares of common stock.

6.2. As current International Paper Shareholders, the interests of the International Paper Directors and Company Named Executive Officers together represent approximately 0.46 percent of the issued and outstanding share capital of the Company as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus) and will represent approximately 0.3 percent of the issued and outstanding share capital following the Effective Date (based on the assumptions above).

6.3. The International Paper Directors and Company Named Executive Officers held the following options and equity awards of International Paper Shares under the employee share plans described in paragraph 8 (*Share plans*) of this Part 22 (*Additional Information*) as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus):

Name	Share Plan[(1)]	Number of International Paper Shares	Vesting Date(s)	Exercise Price (US$)
International Paper Non-Employee Directors:				
Mark S. Sutton	2009 Amended and Restated Incentive Compensation Plan – Restricted Stock Units and Performance Stock Units	835,083[(5)(13)]	(2)	Nil
Andrew K. Silvernail	2009 Amended and Restated Incentive Compensation Plan – Performance Stock Units	597,873[(6)(7)(13)]	(2)	Nil
Christopher M. Connor	International Paper Company Restricted Stock and Deferred Compensation Plan for Non-Employee Directors – Restricted Stock Units	69,354	(3)	Nil

Name	Share Plan[(1)]	Number of International Paper Shares	Vesting Date(s)	Exercise Price (US$)
Jamie A. Beggs	International Paper Company Restricted Stock and Deferred Compensation Plan for Non-Employee Directors – Restricted Stock Units	7,609	(3)	Nil
Ahmet C. Dorduncu	International Paper Company Restricted Stock and Deferred Compensation Plan for Non-Employee Directors – Restricted Stock	4,225	(4)	Nil
Anders Gustafsson	International Paper Company Restricted Stock and Deferred Compensation Plan for Non-Employee Directors – Restricted Stock	8,606	(4)	Nil
Jacqueline C. Hinman	International Paper Company Restricted Stock and Deferred Compensation Plan for Non-Employee Directors – Restricted Stock	9,074	(4)	Nil
Clinton A. Lewis, Jr.	International Paper Company Restricted Stock and Deferred Compensation Plan for Non-Employee Directors – Restricted Stock Units	63,769	(3)	Nil
Kathryn D. Sullivan	International Paper Company Restricted Stock and Deferred Compensation Plan for Non-Employee Directors – Restricted Stock	4,614	(4)	Nil
Scott A. Tozier	International Paper Company Restricted Stock and Deferred Compensation Plan for Non-Employee Directors – Restricted Stock Units	7,609	(3)	Nil
Anton V. Vincent	International Paper Company Restricted Stock and Deferred Compensation Plan for Non-Employee Directors – Restricted Stock Units	33,408	(3)	Nil
International Paper Named Executive Officers				
Mark S. Sutton	See above.	See above.	See above.	See above.
Andrew K. Silvernail	See above.	See above.	See above.	See above.

Name	Share Plan[(1)]	Number of International Paper Shares	Vesting Date(s)	Exercise Price (US$)
W. Thomas Hamic	2024 Long-Term Incentive Compensation Plan – Restricted Stock Units and Performance Stock Units	30,000[(9)(13)]	(2)(10)	Nil
	2009 Amended and Restated Incentive Compensation Plan – Restricted Stock Units and Performance Stock Units	160,351[(9)(13)]		
Timothy S. Nicholls	2009 Amended and Restated Incentive Compensation Plan – Restricted Stock Units and Performance Stock Units	223,629[(8)(13)]	(2)	Nil
Thomas J. Plath	2009 Amended and Restated Incentive Compensation Plan – Restricted Stock Units and Performance Stock Units	103,080[(11)(13)]	(2)	Nil
Joseph R. Saab	2009 Amended and Restated Incentive Compensation Plan – Restricted Stock Units and Performance Stock Units	98,290[(12)(13)]	(2)	Nil

(1) The International Paper Company Restricted Stock and Deferred Compensation Plan for Non-Employee Directors is a subplan of the International Paper Company 2024 Long-Term Incentive Compensation Plan (the "**2024 Plan**") and, prior to approval of the 2024 Plan by shareholders on May 13, 2024, a subplan of the 2009 Amended and Restated Incentive Compensation Plan (the "**2009 Plan**"). Following adoption of the 2024 Plan, no new equity awards will be made under the 2009 Plan. Directors who joined the Board after May 13, 2024 (Ms. Beggs and Mr. Tozier), received awards made under the 2024 Plan. For more details in relation to the 2024 Plan and the 2009 Plan, see paragraph 8 of this Part 22 (*Additional Information*) below.

(2) Time-based restricted stock unit awards are expected to vest in three equal installments commencing on each February 1 following the first anniversary of the grant date over a three-year service period, subject to forfeiture and transfer restrictions. Performance stock units awards are earned over a three-year period based on the achievement of pre-established performance goals. Performance stock unit awards generally vest in February after the three-year performance period and following certification by our Management Development and Compensation Committee of the achievement of pre-established goals.

(3) RSUs settle in cash on January 1 following the year in which the reporting person terminates service as a director.

(4) Restricted shares become free of restrictions and non-forfeitable on the earliest of: (i) the anniversary of the grant date, (ii) death, (iii) disability, (iv) retirement or (v) resignation or failure to stand for re-election with the consent of the Board of Directors.

(5) The amount shown includes the following units of restricted stock that remain subject to time and performance periods as of June 21, 2024: (i) 220,544 performance stock units awarded under the 2022-2024 PSP, (ii) 40,628 restricted stock units and 232,000 performance stock units awarded under the 2023 LTIP, (iii) 59,173 restricted stock units and 226,209 performance stock units awarded under the 2024 LTIP, and (iv) 56,529 reinvested dividend equivalents on those units (such dividend equivalents on stock units were acquired pursuant to a dividend reinvestment feature; dividends vest at the same time as the award to which they relate). The number of performance stock units reflected in the chart above for the units awarded under the 2022-2024 PSP, 2023 LTIP, and 2024 LTIP assume vesting at the 100% performance level.

(6) The amount shown includes the following units of restricted stock that remain subject to performance periods as of June 21, 2024: (i) 350,926 units awarded under the 2024 LTIP, (ii) 240,930 units awarded as an inducement award commencing with Mr. Silvernail's employment on May 1, 2024, and 6,017 reinvested dividend equivalents on those units (such dividend equivalents on stock units were acquired pursuant to a dividend reinvestment feature; dividends vest at the same time as the award to which they relate). As disclosed in our Current Report on Form 8-K filed on March 19, 2024, Mr. Silvernail's inducement award is earned over a three-year period vesting on May 1, 2027. The number of units reflected in the chart above for the performance stock units awarded under the 2024 LTIP and the inducement award assume vesting at the 100% performance level.

(7) Mr. Silvernail's awards were granted under the 2009 Plan in connection with commencement of his employment on May 1, 2024, as disclosed in our Current Report on Form 8-K filed on March 19, 2024. Mr. Silvernail's awards may need to be satisfied by delivering shares under our 2024 Plan (rather than our 2009 Plan) because the performance stock units granted under our 2009 Plan may vest at 200% of target, exceeding the number of shares authorized for issuance under the 2009 Plan prior to its replacement by the 2024 Plan.

(8) The amount shown includes the following units of restricted stock that remained subject to time and performance periods as of June 21, 2024: (i) 58,812 performance stock units awarded under the 2022-2024 PSP, (ii) 10,834 restricted stock units and 61,867 performance stock units awarded under the 2023 LTIP, (iv) 15,970 restricted stock units and 61,050 performance stock units awarded under the 2024 LTIP and (v) 15,096 reinvested dividend equivalents on those units (such dividend equivalents on stock units were acquired pursuant to a dividend reinvestment feature; dividends vest at the same time as the award to which they relate). The number of units reflected in the chart above for the performance stock units awarded under the 2022-2024 PSP, 2023 LTIP, and 2024 LTIP assume vesting at the 100% performance level.

(9) The amount shown includes the following units of restricted stock that remained subject to time and performance periods as of June 21, 2024: (i) 21,517 performance stock units awarded under the 2022-2024 PSP, (iii) 8,966 restricted stock units and 51,200 performance stock units awarded under the 2023 LTIP, (iii) 14,419 restricted stock units and 55,122 performance stock units awarded under the 2024 LTIP, (iv) 30,000 restricted stock units granted as retention restricted stock unit award on June 14, 2024, and (v) 9,127 reinvested dividend equivalents on those units (such dividend equivalents on stock units were acquired pursuant to a dividend reinvestment feature; dividends vest at the same time as the award to which they relate). The number of units reflected in the chart above for the performance stock units awarded under the 2022-2024 PSP, 2023 LTIP, and 2024 LTIP assume vesting at the 100% performance level.

(10) Mr. Hamic's retention restricted stock unit award fully vests on April 1, 2026, subject to continued employment through such date, with accelerated vesting in certain circumstances following an Involuntary Termination for reasons other than for Cause, as defined in the 2024 Plan.

(11) The amount shown includes the following units of restricted stock that remained subject to time and performance periods as of June 21, 2024: (i) 24,843 performance stock units awarded under the 2022-2024 PSP, (ii) 4,932 restricted stock units and 28,160 performance stock units awarded under the 2023 LTIP, (iii) 7,971 restricted stock units and 30,473 performance stock units awarded under the 2024 LTIP (iv) 6,701 reinvested dividend equivalents on those units (such dividend equivalents on stock units were acquired pursuant to a dividend reinvestment feature; dividends vest at the same time as the award to which they relate). The number of units reflected in the chart above for the performance stock units awarded under the 2022-2024 PSP, 2023 LTIP, and 2024 LTIP assume vesting at the 100% performance level.

(12) The amount shown includes the following units of restricted stock that remained subject to time and performance periods as of June 21, 2024: (i) 18,426 performance stock units awarded under the 2022-2024 PSP, (ii) 5,044 restricted stock units and 28,800 performance stock units awarded under the 2023 LTIP, (iii) 8,434 restricted stock units and 32,241 performance stock units awarded under the 2024 LTIP (iv) 5,345 reinvested dividend equivalents on those units (such dividend equivalents on stock units were acquired pursuant to a dividend reinvestment feature; dividends vest at the same time as the award to which they relate). The number of units reflected in the chart above for the performance stock units awarded under the 2022-2024 PSP, 2023 LTIP, and 2024 LTIP assume vesting at the 100% performance level.

(13) PSUs were granted under the 2022-2024 PSP under the 2009 Plan. RSUs and PSUs were granted under the 2023 LTIP and 2024 LTIP (customary annual long-term incentive awards made to participants) pursuant to the 2009 Plan and/or 2024 Plan as applicable. For further details in relation to the 2024 Plan, the 2009 Plan and the PSP, refer to paragraph 8 (*Share plans*) of this Part 22 (*Additional Information*) and Note 21 *(Incentives*) of the International Paper Audited Financial Statements.

6.4. Save as set out in this paragraph 6 (*International Paper Directors' and Company Named Executive Officers' interests in the Company*), so far as International Paper is aware:

(a) none of the International Paper Directors, the Company Named Executive Officers, and their respective immediate families, have any interests in the share capital of the Company which are required to be notified to the Company; and

(b) it is not expected that any International Paper Director or Company Officer will have any interests in the share or loan capital of the Company on the Effective Date and there is no person to whom any capital of any member of the International Paper Group is under award or option or agreed unconditionally to be put under award or option.

7. Interests of significant shareholders

7.1. As of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), insofar as it is known to the Company, the following persons are interested, directly or indirectly, in (i) five percent or more of the International Paper Shares, or (ii) International Paper Shares or ordinary shares of nominal value £0.10 each in the capital of DS Smith ("**DS Smith Shares**") in such proportion that they would be interested, directly or indirectly, in five percent or more of the voting rights in respect of the share capital of the Combined Company immediately following the Effective Date:

Name	Number of International Paper Shares [(1)]	Percentage of International Paper Shares[(2)]	Percentage of International Paper Shares immediately following the Effective Date[(3)]
T. Rowe Price Associates, Inc.[(4)]	48,525,265	14.0	10.4
The Vanguard Group[(5)]	40,894,512	11.8	9.4
BlackRock, Inc[(6)]..	34,328,591	9.9	8.8
State Street Corporation[(7)]	21,279,191	6.1	4.6

(1) Insofar as it is known to the Company as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus) based on announcements made under Rule 8.3 of the Code following commencement of the offer period on February 8, 2024 by persons interested in 1 percent or more of International Paper Shares.

(2) Based on 347,379,366 International Paper Shares issued and outstanding as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus).

(3) Insofar as it is known to the Company as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus) based on announcements made under Rule 8.3 of the Code following commencement of the offer period on February 8, 2024 by persons

interested in 1 percent or more of International Paper Shares or DS Smith Shares, on the assumptions that: (i) 179,847,780 New International Paper Shares will be issued in connection with the Combination, (ii) the holdings of such persons in International Paper or DS Smith (as relevant) as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), insofar as it is known to the Company, do not change prior to the Effective Date, (iii) such persons receive 0.1285 New International Paper Shares for each DS Smith Share, (iv) the number of issued and outstanding International Paper Shares as of September 6, 2024 does not change prior to the Effective Date, (v) 1,380,268,856 DS Smith Shares are issued and outstanding as of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), and (vi) no DS Smith Shares are issued between the date of this Prospectus and the Effective Date.

(4) Taking into account announcements made by T. Rowe Price Associates, Inc. and any other T. Rowe entities under Rule 8.3 of the Code, following the commencement of the offer period on February 8, 2024 up to September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), regarding interests in 1 percent or more of DS Smith Shares or International Paper Shares, respectively.

(5) Taking into account announcements made by The Vanguard Group, Inc. and any other Vanguard entities under Rule 8.3 of the Code, following the commencement of the offer period on February 8, 2024 up to September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), regarding interests in 1 percent or more of DS Smith Shares or International Paper Shares, respectively.

(6) Taking into account announcements made by BlackRock, Inc. and any other BlackRock entities under Rule 8.3 of the Code, following the commencement of the offer period on February 8, 2024 up to September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), regarding interests in 1 percent or more of DS Smith Shares or International Paper Shares, respectively.

(7) Taking into account announcements made by State Street Corporation and any other State Street entities under Rule 8.3 of the Code, following the commencement of the offer period on February 8, 2024 up to September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), regarding interests in 1 percent or more of DS Smith Shares or International Paper Shares, respectively.

7.2. Save as disclosed in this paragraph 7 (*Interests of significant shareholders*), there are no other interests, including conflicting interests, that are material to Admission, although DS Smith's directors and company officers may have interests in the Combination that are different from, or in addition to, those of DS Smith Shareholders and International Paper Shareholders.

7.3. None of the International Paper Shareholders referred to in this paragraph 7 (*Interests of significant shareholders*) has different voting rights from any other holder of International Paper Shares.

7.4. Save as set out in this Part 22 (*Additional Information*), the International Paper Directors are not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company or DS Smith or would exercise control over the Combined Company following completion of the Combination.

7.5. Save in connection with the Combination where there will be a change in control of DS Smith, neither the Company nor the International Paper Directors are aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

8. Share plans

International Paper Share Plans

International Paper Company 2024 Long-Term Incentive Compensation Plan

8.1. International Paper operates the International Paper Company 2024 Long-Term Incentive Compensation Plan (the "**2024 Plan**"), which was adopted by the International Paper Board on February 13, 2024 to replace its Amended and Restated 2009 Incentive Compensation Plan (the "**2009 Plan**"), and approved by International Paper's stockholders on May 13, 2024. The 2024 Plan provides for grants of stock options, restricted stock units ("**RSUs**"), restricted stock, performance awards, substitute awards, other stock-based awards (including deferred share units and dividend equivalents) and stock appreciation rights. Up to 9,250,000 shares of International Paper's common stock, par value $1.00 per share ("**International Paper Shares**"), are available for issuance under the 2024 Plan.

8.2. The 2024 Plan is administered by the Management Development and Compensation Committee (the "**Committee**") of the International Paper Board, or, at the discretion of the International Paper Board, the 2024 Plan may be administered by the International Paper Board. Designated employees of the Company or any affiliate of the Company and, under a subplan, the non-employee directors of International Paper, are eligible to receive awards under the 2024 Plan.

8.3. Awards granted under the 2024 Plan are subject to International Paper's Clawback Policy as well as clawback provisions in administrative guidelines of our incentive compensation programs, as may be amended from time to time, and are subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events.

8.4. As of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus) there were 44,100 International Paper Shares subject to outstanding awards under the 2024 Plan, consisting of RSUs, restricted stock and performance awards and 9,205,900 International Paper Shares were available for new grants under the 2024 Plan.

8.5. A stock option granted under the 2024 Plan represents the right to purchase a number of International Paper Shares at a fixed exercise price. Incentive stock options may only be granted to individuals in accordance with Section 422 of the Internal Revenue Code of 1986, as amended (the "**Code**"). The exercise price of each stock option granted under the 2024 Plan will be determined by the Committee, provided that the exercise price for any stock option shall not be less than the fair market value as of the grant date. The exercise price of a stock option that is a substitute award may be less than the fair market value per share on the date such substitute award is assumed, provided that such substitution complies with applicable laws and regulations. The Committee may direct the terms and conditions applicable to substitute awards. Holders of stock options do not have a right to receive dividend equivalents. Currently, no stock options have been granted under the 2024 Plan.

8.6. An RSU is an unfunded, unsecured right to receive, on the applicable settlement date, one International Paper Share or an amount in cash or other consideration determined by the Committee to be of equal value as of such settlement date, subject to certain vesting conditions and other restrictions. The Committee may condition the grant or vesting of RSUs upon the attainment of specified performance goals or such other factors as the Committee may determine in its sole discretion. The Committee may determine that a grant of RSUs will provide a participant a right to receive dividend equivalents, which entitles the participant to receive the equivalent value (in cash or shares) of dividends paid on International Paper Shares. Dividend equivalent rights will be credited to an account for the participant, settled in cash or shares, and subject to the same restrictions on transferability and forfeitability as the RSUs with respect to which the dividend equivalent rights are granted and subject to other terms and conditions as set forth in the applicable award agreement.

8.7. A restricted stock award is a grant of International Paper Shares subject to the restrictions on transferability and risk of forfeiture imposed by the Committee. Unless otherwise determined by the Committee and specified in the applicable award agreement, the holder of a restricted stock award has rights as a stockholder, including the right to vote the International Paper Shares subject to the restricted stock award or to receive dividends on the shares subject to the restricted stock award during the restriction period. The Committee may determine on what terms and conditions the participant will be entitled to dividends payable on the International Paper Shares underlying the restricted stock award. However, any dividends will be payable to the participant only if, when and to the extent such underlying International Paper Shares vest.

8.8. A performance award is payable in cash or stock subject to the attainment of specified performance-based vesting criteria and other terms and conditions imposed by the Committee. Performance goals may be described in terms of company-wide objectives or in terms of objectives that relate to the performance of the participant, an affiliate or a division, region, department or function with International Paper or an affiliate. Dividend equivalent rights will be credited to an account for the participant, settled in shares, and subject to the same restrictions on transferability and forfeitability as the performance awards with respect to which the dividend equivalent rights are granted and subject to other terms and conditions as set forth in the applicable award agreement.

8.9. A substitute award is an award that results from the assumption of, or in substitution for, outstanding awards previously granted by a company or other entity acquired, directly or indirectly, by International Paper or an affiliate or with which International Paper or one of its affiliates combines. The Committee may grant substitute awards on such terms and conditions as the Committee deems appropriate.

8.10. Other stock-based awards are awards denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, the value of International Paper Shares. The Committee may, from time to time, grant other stock-based awards in such amounts and on such terms as it may determine, subject to the terms and conditions set forth in the 2024 Plan.

8.11. A stock appreciation right is the right to receive a payment equal to the difference between the fair market value of one International Paper Share on the date of exercise over the base price of the stock appreciation right. No stock appreciation right shall provide for dividend equivalent rights. The Committee has the discretion to determine other terms and conditions of a stock appreciation right award.

8.12. Awards granted under the 2024 Plan are subject to any compensation recoupment policy that International Paper may adopt from time to time, and are subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events.

8.13. In the event of any stock dividend or split, recapitalization, merger, consolidation, combination or exchange of shares, spin-off or similar corporate structure change or extraordinary cash dividend, the maximum aggregate number of International Paper Shares with respect to which the Committee may grant awards, the number of International Paper Shares subject to awards, the exercise price of any option or base price of any stock appreciation right and the applicable performance targets or criteria will be equitably adjusted or substituted by the Committee to prevent enlargement or dilution in rights granted under the award. In the event of any change in the number of International Paper Shares outstanding by reason of any other event or transaction, the Committee will make such adjustments to the type or number of International Paper Shares with respect to which awards may be granted and/or to the number of International Paper Shares subject to awards.

8.14. In the event of a change in control of International Paper, under the 2024 Plan (unless otherwise provided in an award agreement or any separate agreement or plan governing the award), awards are treated as follows:

(a) If awards are assumed or substituted by the surviving entity and a plan participant's employment is terminated without cause or the participant resigns for good reason, in each case, within two years after the change in control: (i) all of the participant's outstanding stock options or stock appreciation rights will become fully vested as of the participant's termination date and thereafter continue or lapse in accordance with the other provisions of the 2024 Plan and the award agreement; (ii) all time-based restrictions on the participant's outstanding awards will lapse as of the participant's termination date; and (iii) with respect to outstanding performance awards, the number of performance awards issued as a replacement award will be determined as of the date of the change in control based on (x) target company performance where the change in control occurs less than one year after the start of the performance period; or (y) actual company performance measured through the date of the change in control (or, if applicable, the date on which International Paper's last complete fiscal quarter immediately preceding the date of the change in control ended) where the change in control occurs one year or more after the start of the performance period.

(b) If awards are not assumed or substituted by the surviving entity, (i) all of the participant's outstanding stock options or stock appreciation rights will become fully vested and exercisable and thereafter continue or lapse in accordance with the other provisions of the 2024 Plan and the award agreement; (ii) all time-based restrictions on the participant's outstanding awards will lapse as of the date of the change in control; and (iii) performance awards will be paid out at the level of performance achievement calculated as follows and all other vesting restrictions shall lapse as of the date of the change in control: (x) where the change in control occurs less than one year after the start of the performance period, based on target company performance; or (y) where the change in control occurs one year or more after the start of the performance period, based on actual company performance measured through the date of the change in control (or, if applicable, the date on which International Paper's last complete fiscal quarter immediately preceding the date of the change in control ended).

8.15. In the event of a participant's termination of continuous service with International Paper by reason of their death or disability, except as otherwise provided in an award agreement or any special document plan governing the award, the following treatment will apply:

(a) all of that participant's outstanding stock options and stock appreciation rights will become fully exercisable and therefore remain exercisable for a period of one year or until the earlier expiration of the original term of the option or stock appreciation right;

(b) all time-based vesting restrictions on that participant's outstanding awards will lapse as of the date of termination in accordance with the terms and conditions approved by the Committee for the award; and

(c) the payout opportunities attainable under any outstanding performance awards will be prorated for the period of the measurement period they were employed, based on actual company performance measured through the date of the change in control.

8.16. Subject to the terms of the applicable award agreement and except as otherwise determined by the Committee, in the event of a participant's termination of continuous service with International Paper during the applicable restriction period for any other reason, or upon failure to satisfy a performance goal during the applicable restriction period, the participant's outstanding awards subject to restrictions upon termination of employment will be forfeited.

8.17. The International Paper Board or the Committee may, at any time, modify or terminate the 2024 Plan without shareholder approval. Shareholder approval is required for amendments to: materially increase the share limits; expand the types of awards; materially expand the class of participants eligible to participate; materially extend the term of the 2024 Plan; or any other material change requiring shareholder approval under applicable laws, policies or exchange requirements.

8.18. The occurrence of the Combination will not have an impact on the 2024 Plan. It is expected that any substitute awards made to certain DS Smith employees on completion of the Combination will be granted under the 2024 Plan. Any such substitute awards will be granted under the 2024 Plan limits.

International Paper Company 2009 Incentive Compensation Plan

8.19. The 2009 Plan was originally adopted by the International Paper Board on February 9, 2009, amended and restated on February 11, 2014 and replaced by the 2024 Plan on May 13, 2024. Each outstanding award granted under the 2009 Plan will continue to be subject to the terms and provisions applicable to such award under the applicable award agreement and the 2009 Plan. However, effective as of May 13, 2024, no new awards will be granted under the 2009 Plan. The 2009 Plan is administered by the Committee, or, at the discretion of the International Paper Board, the 2009 Plan may be administered by the International Paper Board. The 2009 Plan permitted the grant of incentive awards to designated employees of International Paper and its affiliates and to non-employee directors (under a subplan).

8.20. The 2009 Plan provided for grants of restricted stock, RSUs, performance awards, deferred stock unit awards, stock options, stock appreciation rights, other stock-based awards, and cash-based awards. As of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), there were 7,379,439 International Paper Shares subject to outstanding awards under the 2009 Plan, consisting of RSUs and performance awards. Effective as of May 13, 2024, no new awards will be granted under the 2009 Plan.

8.21. Awards granted under the 2009 Plan are subject to any compensation recoupment policy that International Paper may adopt from time to time, and are subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events.

8.22. Pursuant to the 2009 Plan, in the event of a nonreciprocal transaction between International Paper and its stockholders that causes the per share value of an International Paper Share to change (including, without limitation, any stock dividend, stock split, spin-off, rights offering, or large nonrecurring cash dividend), the Committee shall make such adjustments to the 2009 Plan and outstanding awards thereunder as it deems necessary, in its sole discretion, to prevent dilution or enlargement of rights immediately resulting from such transaction.

8.23. In the event of a change in control of International Paper, under the 2009 Plan (unless provided in an award agreement or any separate agreement or plan governing the award), awards are treated as follows:

(a) If awards are assumed or substituted by the surviving entity and a plan participant's employment is terminated without cause or the participant resigns for good reason, in each case, within two years after the change in control: (i) all of the participant's outstanding stock options or stock appreciation rights will become fully vested as of the participant's termination date and thereafter continue or lapse in accordance with the other provisions of the 2009 Plan and the award agreement; (ii) all time-based restrictions on the participant's outstanding awards will lapse as of the participant's termination date; and (iii) the level of performance achievement under outstanding performance awards will be calculated as follows:

- Segmented performance awards: any portion of the awards that has been "banked" prior to the employment termination date will be fully vested, and the portion that relates to any segment that has not been completed or where performance has not been assessed as at the date of the employment termination date, will vest as of the employment termination date based on target performance, and

- Non-segmented performance awards: where less than one year has elapsed between the beginning of the performance period and the employment termination date, the award will vest as of the employment termination date based on target performance, and where one year or more has elapsed the beginning of the performance period and the employment termination date, the award will vest as of the employment termination date based on actual company performance measured through the end of the year immediately preceding the employment termination date.

No segmented awards remain outstanding.

(b) If awards are not assumed or substituted by the surviving entity, (i) all of the participant's outstanding stock options or stock appreciation rights will become fully vested and exercisable as of the date of the change in control and thereafter continue or lapse in accordance with the other provisions of the 2009 Plan and the award agreement; (ii) all time-based vesting restrictions on the participant's outstanding awards will lapse as of the date of the change in control; and (iii) the level of performance achievement under outstanding performance awards will be calculated as follows:

- Segmented performance awards: any portion of the awards that has been "banked" prior to the date of the change in control will be fully vested, and the portion that relates to any segment that has not been completed or where performance has not been assessed as at the date of the change in control, will vest on the date of the change in control based on target performance, and
- Non-segmented performance awards: where less than one year has elapsed between the beginning of the performance period and the change in control, the award will vest on the date of the change in control based on target performance, and where one year or more has elapsed the beginning of the performance period and the change in control, the award will vest on the date of the change in control based on actual company performance measured through the date of the change in control.

No segmented awards remain outstanding.

8.24. In the event of a participant's termination of continuous service with International Paper by reason of their death or disability, except as otherwise provided in an award agreement or any special plan document governing the award, the following treatment will apply:

(a) all of that participant's outstanding options and stock appreciation rights will become fully exercisable and therefore remain exercisable for a period of one year or until the earlier expiration of the original term of the option or stock appreciation right,

(b) all time-based vesting restrictions on that participant's outstanding awards will lapse as of the date of termination, and

(c) the payout opportunities attainable under any outstanding performance awards will be prorated for the period they were employed during the performance period, and will be based on actual company performance.

No options or stock appreciation rights remain outstanding.

8.25. Subject to the terms of the applicable award agreement and except as otherwise determined by the Committee, in the event of a participant's termination of continuous service with International Paper during the applicable restriction period for any other reason, or upon failure to satisfy a performance goal during the applicable restriction period, the participant's outstanding awards remaining subject to restrictions upon termination of employment will be forfeited.

8.26. The International Paper Board or the Committee may, at any time, modify or terminate the 2009 Plan without shareholder approval. Shareholder approval is required for amendments to: materially increase the share limits; expand the types of awards; materially expand the class of participants eligible to participate; materially extend the term of the 2009 Plan; or any other material change requiring shareholder approval under applicable laws, policies or exchange requirements.

8.27. The occurrence of the Combination will not have an impact on the 2009 Plan or the outstanding awards granted under the 2009 Plan.

International Paper Company Salaried Savings Plan and Hourly Savings Plan

8.28. International Paper maintains the International Paper Company Salaried Savings Plan (the "**Salaried Savings Plan**") and the International Paper Company Hourly Savings Plan (the "**Hourly Savings Plan**" and together with the Salaried Savings Plan, the "**Savings Plans**"). The Savings Plans are qualified defined contribution plans providing retirement benefits to eligible employees of International Paper and its subsidiaries who work in the United States, or who are United States citizens or residents working outside the United States. The Savings Plans are subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended. The assets of the Savings Plans are held by State Street Bank and Trust Company (the "**Trustee**") in the International Paper Company Defined Contribution Plans Master Trust, a master trust established by International Paper and administered by the Trustee. Empower Retirement is the recordkeeper for the Savings Plans.

8.29. With respect to the Salaried Savings Plan, participant contributions may be made as before-tax, after-tax or Roth 401(k) contributions, or in any combination, and are subject to certain limitations under the Code. The maximum rate of participant contributions is 85% of annual compensation as defined by the Salaried Savings Plan. New employees are automatically enrolled in the Salaried Savings Plan at a rate of 8% of pre-tax compensation 45 days from the date that they become eligible to participate, and existing employees may be subject to reenrollment in the Salaried Savings Plan at the automatic enrollment rate, unless they otherwise decline participation or make an alternative contribution election. The contribution rate for employees who are automatically enrolled or reenrolled is automatically increased by 1% each year up to a maximum of 10%, unless they elect an alternate contribution percentage. International Paper or its subsidiary matches in cash all participant contributions at 70% on the first 4% of compensation contributed to the Salaried Savings Plan and 50% on the next 4% of compensation contributed to the Salaried Savings Plan. International Paper or its subsidiary makes a Retirement Savings Account ("**RSA**") contribution for employees equal to 3% of compensation for employees under age 40, 4% for employees ages 40 through 49, 5% for employees ages 50 through 54, and 6% for employees age 55 and above. Employee contributions are required to receive the match but are not required to receive RSA contributions.

8.30. With respect to the Hourly Savings Plan, participant contributions may be made as before-tax, after-tax or Roth 401(k) contributions, or in any combination, and are subject to certain limitations under the Code. The maximum rate of participant contributions is 85% of annual compensation as defined by the Hourly Savings Plan. New non-represented employees, as well as new employees in participating bargaining groups, are automatically enrolled in the Hourly Savings Plan at a rate of 6% of pre-tax compensation 45 days from the date that they become eligible to participate, and existing employees may be subject to reenrollment in the Hourly Savings Plan at the automatic enrollment rate unless they otherwise decline participation or make an alternative contribution election. The contribution rate for employees who are automatically enrolled or reenrolled is automatically increased by 1% each year up to a maximum of 10%, unless they elect an alternate contribution percentage. Non-participating bargaining groups are automatically enrolled at 4% of compensation, unless they elect an alternate contribution percentage, and are not subject to automatic increase or reenrollment in the Hourly Savings Plan. Generally, International Paper or its subsidiary matches 50% of participants' contributions up to 6% of a participant's annual compensation. Hourly non-union employees at certain acquired locations receive a grandfathered company match rate of 100% of the first 3% of compensation, and 50% on the next 3% of compensation. Company matching contributions are made in cash. International Paper or its subsidiary makes a RSA contribution for employees at designated locations equal to 2.75% of compensation for employees under age 40, and 4% for employees age 40 or over.

8.31. Participants direct the investment of all contributions into various investment options offered by the Savings Plans. One investment option offered by the Savings Plans, the International Paper Company Stock Fund, is designated as an employee stock ownership plan ("**ESOP**") and allows participants to invest in International Paper common stock. The ESOP portion of the Plan excludes contributions made in the current plan year. With respect to dividends paid on International Paper common stock held in the ESOP, participants are permitted to elect to receive cash payouts of the dividends or to leave the dividends in the Savings Plans to be reinvested in the International Paper Company Stock Fund. All units purchased in the current plan year are not considered part of the ESOP and must reinvest the dividends in the International Paper Company Stock Fund. Each participant has the right to direct the International Paper common stock attributable to his account. Participant contributions to the International Paper Company Stock Fund are limited to 50% of the participant's total payroll contribution to the applicable

Savings Plan. If the participant has more than 50% of his or her total plan balance in the International Paper Company Stock Fund, the participant may continue to direct up to 50% of payroll contributions to the International Paper Company Stock Fund but may not transfer additional amounts from other plan investment funds to the International Paper Company Stock Fund until his or her balance in the International Paper Company Stock Fund falls below 50% of his or her plan balance.

8.32. Distributions under the Savings Plans may be made when a participant retires, terminates employment, becomes permanently and totally disabled, or dies. With the exception of the International Paper Company Stock Fund, distributions are in cash for the value of the participant's account. Distributions from the International Paper Company Stock Fund are made in International Paper common stock, in cash, or in a combination of common stock and cash, as selected by the participant.

8.33. Participants in the Savings Plans are immediately vested in their participant contributions and rollover contributions, plus earnings thereon. Participants become 100% vested in the International Paper matching contributions, RSA contributions (if applicable), plus earnings thereon, after three years of service. Participants also are fully vested in amounts contributed by International Paper, plus earnings thereon, upon attainment of age 65, termination of employment due to death or disability, termination of employment in accordance with the International Paper Salaried Severance Plan due to permanent closure, partial closure, or sale of a participant's work facility.

8.34. International Paper has the right under the Savings Plans to discontinue its contributions at any time and to terminate the Savings Plans subject to the provisions set forth in ERISA. In the event that the Savings Plans are terminated, participants would become 100% vested in their accounts.

8.35. The International Paper Company Stock Fund within the Savings Plans purchases International Paper Shares in the open market based on participant elections. The International Paper Company Stock Fund may purchase and hold an unlimited number of International Paper Shares, subject to applicable law. As of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), the International Paper Company Stock Fund within the Savings Plans held an aggregate of 5,353,171 International Paper Shares.

8.36. The occurrence of the Combination will not have an impact on the Savings Plans.

International Paper Company Deferred Compensation Savings Plan

8.37. International Paper maintains the International Paper Company Deferred Compensation Savings Plan (the "**Deferred Compensation Savings Plan**"), which is an unfunded nonqualified defined contribution plan. The Deferred Compensation Savings Plan permits eligible employees to make deferrals and receive company matching and RSA contributions when their contributions to the Salaried Savings Plan are limited due to the Code. Participant deferrals and company contributions are not invested in a separate trust but are paid directly from International Paper's general assets at the time benefits become due and payable.

8.38. Participants may direct the investment of all contributions into various investment options offered by the Deferred Compensation Savings Plan. One investment option in the Deferred Compensation Savings Plan is a unitized investment fund in which the deemed investment is International Paper common stock. Participant distributions under the Deferred Compensation Savings Plan are made in cash. Distributions of amounts contributed on or after January 1, 2005 may only be made in the event of termination of employment, death, disability or through an in-service distribution at a date elected during the initial enrollment period. Participants must elect their distribution form of payment in an initial deferral election which may only be changed under a subsequent distribution election that meets the requirements under IRC Section 409A. In the event no election has been made, the participant will receive a lump-sum form of payment. In-service withdrawals are limited to unforeseeable emergencies.

8.39. The occurrence of the Combination will not have an impact on the Deferred Compensation Savings Plan.

DS Smith Share Schemes

8.40. Following completion of the Combination, and once all outstanding options under the DS Smith Share Schemes (as defined in the Scheme Document) have either been exercised by participants or have lapsed in accordance with their terms, there will be no rollover or continued operation of any of the DS Smith Share Schemes. Any replacement awards granted to participants in the DS Smith Share Schemes under the proposals made in accordance with Rule 15 of the Code will be under the International Paper Share Plans.

9. Pensions and retirement benefits

As of December 31, 2023, the total amounts set aside or accrued by the International Paper Group to provide for pension, retirement or similar benefits for the Company Named Executive Officers was $50,263,645. This figure represents the present value of accumulated benefits as of December 31, 2023, and is calculated assuming a discount rate of 5.10 percent for annuity payments and deferral periods. Lump sum payment calculations are based on the lower of the December 2023 municipal bond rate of 2.89 percent, or the locked-in rate elected by the NEO, if applicable. The calculation further assumes benefit commencement at the earliest age at which the NEO would be entitled to an unreduced benefit (the earlier of age 61 and completion of 20 years of service or age 62 and completion of 10 years of service). For individuals eligible for an unreduced benefit, we use their age as of the end of the fiscal year.

As of December 31, 2023, no amounts have been set aside or accrued by International Paper to provide pension, retirement or similar benefits for the International Paper Directors.

10. Significant subsidiary undertakings

10.1. International Paper is the parent company of the International Paper Group and, following completion of the Combination, will become the holding company of the Combined Company.

10.2. The significant subsidiary undertakings and associated undertakings of International Paper and DS Smith that International Paper considers are, on completion of the Combination, likely to have a significant effect on the assessment of the Combined Company's assets and liabilities, financial position or profits and losses are listed below.

International Paper Group

10.3. The following is a list of subsidiaries of International Paper as of December 31, 2023:

Subsidiary	**Jurisdiction of Incorporation**	**Equity Ownership (direct/indirect)**
Basswood Forests LLC	United States	100%
Branigar Organization, Inc., The	United States	100%
Carton y Papel Reciclado, S.A.	Spain	100%
Cartonajes International, S.L.	Spain	100%
Cartonajes Union, S.L.	Spain	100%
Certified Forest Management LLC	United States	100%
CircleTree Insurance Company	United States	100%
CMCP - INTERNATIONAL PAPER S.A.S.	Morocco	100%
Commercial Realty & Properties LLC	United States	100%
Creapack PLV*	France	60%
EM Xpedx, S.A. De C.V.	Mexico	100%
English Oak LLC	United States	100%
Federal Forestlands Inc.	United States	100%
I.P. CONTAINER HOLDINGS (SPAIN) S.L.	Spain	100%
International Paper (Asia) Limited	Hong Kong	100%
International Paper (Europe) S.à r.l.	Luxembourg	100%
International Paper (India) LLP	India	100%
International Paper (New Zealand) Limited	New Zealand	100%
International Paper Asia Limited (Branch Office)	Korea	100%
International Paper Cabourg SAS	France	100%
International Paper Canada Pulp Holdings ULC	Canada	100%
International Paper Cartones Ltda.	Chile	100%
International Paper Cartovar, S.A.	Portugal	100%
International Paper Cellulose Fibers (Poland) sp. z o.o.	Poland	100%
International Paper Cellulose Fibers Sales Sàrl	Switzerland	100%
International Paper Chalon SAS	France	100%

Subsidiary	Jurisdiction of Incorporation	Equity Ownership (direct/indirect)
International Paper Company**	United States	100%
International Paper Company Employee Relief Fund	United States	100%
International Paper Company Foundation	United States	100%
International Paper CTA (Mexico), S. de R.L. de C.V.	Mexico	100%
International Paper Distribution (Shanghai) Limited	People's Republic of China	100%
INTERNATIONAL PAPER DUTCH SERVICES B.V.	Netherlands	100%
International Paper Espaly SAS	France	100%
International Paper Export Sales, Inc.	United States	100%
International Paper Financial Services, Inc.	United States	100%
International Paper France SAS	France	100%
International Paper Global Cellulose Fibers Holdings S.à r.l.	Luxembourg	100%
International Paper Holdings (Luxembourg) S.à r.l.	Luxembourg	100%
International Paper Investment (Shanghai) Co., Ltd.	People's Republic of China	100%
International Paper Investment (Shanghai) Co., Ltd., Guangzhou Branch	People's Republic of China	100%
International Paper Investments (Luxembourg) S.à r.l.	Luxembourg	100%
International Paper Italia Srl	Italy	100%
International Paper Japan Limited	Japan	100%
International Paper Madrid Mill, S.L.	Spain	100%
International Paper Manufacturing & Distribution Limited	Hong Kong	100%
International Paper Mexico Company, S. de R.L. de C.V.	Mexico	100%
International Paper Molded Fiber LLC	United States	100%
International Paper Mortagne SAS.	France	100%
International Paper Peru S.R.L.	Peru	100%
International Paper Polska Sp. z o.o.	Poland	100%
International Paper Professional Services Corporation	United States	100%
International Paper Russia Holding B.V	Netherlands	100%
International Paper Saint-Amand	France	100%
International Paper Switzerland GmbH	Switzerland	100%
IP Acquisition I, LLC	United States	100%
IP Belgian Services Company SRL	Belgium	100%
IP Canada Holdings Limited	Canada	100%
IP CBPR Properties 2 LLC	United States	100%
IP CBPR Properties LLC	United States	100%
IP Commercial Properties LLC	United States	100%
IP Eagle LLC	United States	100%
IP East Holding (Singapore) Pte. Ltd.	Singapore	100%
IP Forest Resources Company	United States	100%
IP International Holdings, Inc.	United States	100%
IP Mexico Holdings S.à r.l.	Luxembourg	100%
IP Petroleum LLC	United States	100%
IP Realty Holdings LLC	United States	100%
IP Singapore Holding Pte. Ltd.	Singapore	100%
IP Timberlands Operating Company, Ltd.	United States	100%
IP-35, Inc.	United States	100%
Lacebark LLC	United States	100%
Lake Superior Land Company	United States	100%
Longleaf Insurance Company	United States	100%
Lost Creek, Inc.	United States	100%
Med Packaging SARL	Morocco	100%
Northwest Pines, Inc.	United States	100%
Peninsular Cogeneración, S.A.*.	Spain	50%

Subsidiary	Jurisdiction of Incorporation	Equity Ownership (direct/indirect)
Red Bird Receivables, LLC	United States	100%
Sabine River & Northern Railroad Company	United States	100%
Societe Mediterraneenne d'Emballages SAS	France	100%
SP Forests L.L.C.	United States	100%
Supplier Finance Company, LLC	United States	100%
Sustainable Forests L.L.C.	United States	100%
Temple Associates LLC	United States	100%
Timberlands Capital Corp. II, Inc.	United States	100%
Timberlands Capital Corp. III, Inc.	United States	100%
TIN Land Financing, LLC	United States	100%
TIN Timber Financing, LLC	United States	100%
U. C. Realty LLC	United States	100%

*Joint Venture
** Subsidiary formed in Delaware, United States

DS Smith Group

10.4. The following is a list of subsidiaries of DS Smith, as of April 30, 2024:

Subsidiary	Jurisdiction of Incorporation	Ownership (direct/indirect)
DS Smith Paper Limited	United Kingdom	100%
DS Smith Packaging Limited	United Kingdom	100%
DS Smith Packaging Austria GmbH	Austria	100%
DS Smith Packaging Belgium NV	Belgium	100%
DS Smith Packaging Czech Republic s.r.o	Czech Republic	100%
DS Smith Packaging Denmark AS	Denmark	100%
DS Smith Packaging Bretagne SASU	France	100%
DS Smith Packaging Nord-Est SAS	France	100%
DS Smith Packaging Consumer SAS	France	100%
DS Smith Packaging Atlantique SAS	France	100%
DS Smith Paper Kayserberg SAS	France	100%
DS Smith Paper Deutschland GmbH	Germany	100%
DS Smith Packaging Deutschland Stiftung and Co KG	Germany	100%
DS Smith Packaging Hungary Kft	Hungary	100%
DS Smith Paper Italia SRL	Italy	100%
DS Smith Packaging Italia Spa	Italy	100%
Toscana Ondulati SPA	Italy	100%
DS Smith Packaging Netherlands BV	Netherlands	100%
DS Smith Polska sp. z o.o.	Poland	100%
Nova DS Smith Embalagem, S.A.	Portugal	100%
DS Smith Paper Viana, S.A.	Portugal	100%
DS Smith Spain, S.A.	Spain	100%
DS Smith Packaging Sweden AB	Sweden	100%
Interstate Paper LLC	United States	100%

11. Properties and assets

International Paper Group

11.1. For information on the principal properties and material fixed assets that are owned or leased by the International Paper Group as of the date of this Prospectus, please see Part 9 (*Information on International Paper*) of this Prospectus.

11.2. There are no major encumbrances on the International Paper Group's material tangible fixed assets and there are no environmental issues that may affect International Paper's utilization of its material tangible fixed assets.

DS Smith Group

11.3. For information on the principal properties and material fixed assets that are owned or leased by the DS Smith Group as of the date of this Prospectus, please see Part 10 (*Information on DS Smith*) of this Prospectus.

11.4. There are no major encumbrances on the DS Smith Group's material tangible fixed assets and there are no environmental issues that may affect DS Smith's utilization of its material tangible fixed assets.

12. Material contracts

International Paper Group

12.1. The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by International Paper or another member of the International Paper Group (i) within the two years immediately preceding the date of this Prospectus which are or may be material to the International Paper Group or (ii) which contain provisions under which any member of the International Paper Group has an obligation or entitlement which is material to the International Paper Group as of the date of this Prospectus.

12.2. *2008 Supplemental Indenture*

International Paper Company issued the aggregate principal amounts of: (i) $1,000,000,000 7.400% senior notes due 2014 (the "**2014 Notes**"), (ii) $1,700,000,000 7.950% senior notes due 2018 (the "**2018 Notes**"); and (iii) $300,000,000 8.7000% senior notes due 2038 (the "**2038 Notes**"), pursuant to the supplemental indenture dated as of June 4, 2008 (the "**2008 Supplemental Indenture**"), originally between International Paper, as issuer, and The Bank of New York, as trustee (the "**1999 Indenture**").

Maturity and Interest

The 2014 Notes matured on June 15, 2014 and the 2018 Notes matured on June 15, 2018.

The 2038 Notes will mature on June 15, 2038 and bear interest at the rate equal to 8.700% per annum. Interest is payable in cash on June 15 and December 15 of each year.

Redemption

International Paper has the right to redeem all or a part of the 2038 Notes at a redemption price equal to the greater of: (i) 100% of the principal amount of the 2038 Notes being redeemed, plus accrued and unpaid interest to the redemption date, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest in respect of the 2038 Notes being redeemed (exclusive of interest accrued to the redemption date), discounted to the redemption date on a semi-annual basis at the treasury rate calculated on the third business day preceding the redemption date, plus 50 basis points, plus accrued interest on the principal amount being redeemed to the redemption date.

Change of Control

The 2008 Supplemental Indenture provides that upon the occurrence of a "Change of Control Triggering Event" (defined in the 2008 Supplemental Indenture) with respect to the 2038 Notes, subject to certain exceptions as further described in the 2008 Supplemental Indenture, each holder of the 2038 Notes may require International Paper to purchase all or a portion of the 2038 Notes held by such holder at a purchase price in cash equal to 101% of the aggregate principal amount, plus accrued and unpaid interest, if any.

Events of Default

In the "Event of Default" (defined in the 1999 Indenture as customary events of default, including payment defaults, covenant defaults, certain events of bankruptcy and insolvency, and judgment defaults), the principal of the 2038 Notes may be declared, and upon such declaration will become, due and payable.

Covenants

The 1999 Indenture contains covenants for the benefit of the holders of the 2038 Notes that, among other things, limit the ability of International Paper and its subsidiaries to:

- issue, assume or guarantee any indebtedness for money borrowed if such debt is secured by a mortgage, pledge, security interest or lien; and
- enter into arrangements that would involve sale and lease-back transactions.

International Paper is also limited in its ability to undertake certain mergers or consolidations under the 1999 Indenture. These limitations are subject to a number of qualifications and exceptions.

12.3. *2009 Supplemental Indenture*

International Paper issued the aggregate principal amount of $750,000,000 7.30% senior notes due 2039 (the "**2039 Notes**"), pursuant to the supplemental indenture (the "**2009 Supplemental Indenture**"), dated as of December 7, 2009, originally between International Paper, as the issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to the 1999 Indenture.

Maturity and Interest

The 2039 Notes will mature on November 15, 2039, and bear interest at the rate of 7.30% per annum. Interest is payable in cash on May 15 and November 15 of each year.

Redemption

International Paper may redeem all or a part of the 2039 Notes at a redemption price equal to the greater of: (i) 100% of the principal amount of the 2039 Notes being redeemed, plus accrued and unpaid interest to the redemption date or (ii) the sum of the present values of the remaining scheduled payments of principal and interest in respect of the 2039 Notes being redeemed (exclusive of accrued interest to the redemption date), discounted to the redemption date on a semi-annual basis at the treasury rate calculated on the third business day preceding the redemption date, plus 50 basis points, plus accrued interest on the principal amount being redeemed to the redemption date.

Change of Control

The 2009 Supplemental Indenture provides that upon a "Change of Control Triggering Event" (as defined in the 2009 Supplemental Indenture), unless International Paper has exercised its redemption rights pursuant to the 2009 Supplemental Indenture, each holder of the 2039 Notes has the right to require International Paper to purchase all or a portion of such holder's 2039 Notes, at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest, if any, subject to the rights of the holders of the 2039 Notes to receive interest.

Events of Default

In the "Event of Default" (defined in the 1999 Indenture as customary events of default, including payment defaults, covenant defaults, certain events of bankruptcy and insolvency, and judgment defaults), the principal of the 2039 Notes may be declared, upon which, the principal will become due and payable, subject to the terms of the 1999 Indenture.

Covenants

The 1999 Indenture contains covenants for the benefit of the holders of the 2039 Notes that, among other things, limit the ability of International Paper and its subsidiaries to:

- issue, assume or guarantee any indebtedness for money borrowed if such debt is secured by a mortgage, pledge, security interest or lien; and
- enter into arrangements that would involve sale and lease-back transactions.
- International Paper is also limited in its ability to undertake certain mergers or consolidations under the 1999 Indenture. These limitations are subject to a number of qualifications and exceptions.

12.4. *2011 Supplemental Indenture*

International Paper issued the aggregate principal amounts of: (i) $900,000,000 4.75% senior notes due 2022 (the "**2022 Notes**") and (ii) $600,000,000 6.00% senior notes due 2041 (the "**2041 Notes**"), pursuant to the supplemental indenture (the "**2011 Supplemental Indenture**"), dated as of November 16, 2011, originally between International Paper, as the issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to the 1999 Indenture.

Maturity and Interest

The 2022 Notes matured on February 15, 2022.

The 2041 Notes will mature on November 15, 2041, and bear interest at the rate equal to 6.00% per annum. Interest is payable in cash on May 15 and November 15 of each year.

Redemption

In respect of the 2041 Notes redeemed prior to May 15, 2041, International Paper may redeem all or a part of the 2041 Notes at a redemption price equal to the greater of: (i) 100% of the principal amount of the 2041 Notes being redeemed, plus accrued and unpaid interest to the redemption date and (ii) the sum of the present values of the remaining scheduled payments of principal and interest in respect of the 2041 Notes being redeemed (exclusive of interest accrued to the redemption date), discounted to the redemption date on a semi-annual basis at the treasury rate calculated on the third business day preceding the redemption date, plus 45 basis points, plus accrued and unpaid interest on the principal amount being redeemed to the redemption date.

In respect of the 2041 Notes redeemed on or after May 15, 2041, International Paper may redeem all or a part of the 2041 Notes at a redemption price of 100% of the principal amount of the 2041 Notes, plus accrued and unpaid interest.

Change of Control

The 2011 Supplemental Indenture provides that upon the occurrence of a "Change of Control Triggering Event" (as defined in the 2011 Supplemental Indenture) with respect to the 2041 Notes, subject to certain exceptions as further described in the 2011 Supplemental Indenture, each holder of the 2041 Notes has the right to require International Paper to purchase all or a portion of the 2041 Notes held by such holder at a purchase price in cash equal to 101% of the principal amount, plus accrued and unpaid interest, if any.

Events of Default

In the "Event of Default" (defined in the 1999 Indenture as customary events of default, including payment defaults, covenant defaults, certain events of bankruptcy and insolvency, and judgment defaults), the principal of the 2041 Notes may be declared, and upon such declaration, will become due and payable, subject to the terms of the 1999 Indenture.

Covenants

The 1999 Indenture contains covenants for the benefit of the holders of the 2041 Notes that, among other things, limit the ability of International Paper and its subsidiaries to:

- issue, assume or guarantee any indebtedness for money borrowed if such debt is secured by a mortgage, pledge, security interest or lien; and
- enter into arrangements that would involve sale and lease-back transactions.

International Paper is also limited in its ability to undertake certain mergers or consolidations under the 1999 Indenture. These limitations are subject to a number of qualifications and exceptions.

12.5. *2014 Supplemental Indenture*

International Paper issued the aggregate principal amount of: (i) $800,000,000 3.65% senior notes due 2024 (the "**2024 Notes**") and (ii) $800,000,000 4.80% senior notes due 2044 (the "**2044 Notes**"), pursuant to the supplemental indenture (the "**2014 Supplemental Indenture**"), dated as of June 10, 2014, originally between International Paper, as the issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to the 1999 Indenture.

Maturity and Interest

The 2024 Notes matured on June 15, 2024.

The 2044 Notes will mature on June 15, 2044 and bear interest at the rate of 4.80% per annum. Interest is payable in cash on June 15 and December 15 of each year.

Redemption

At any time prior to December 15, 2043, International Paper may redeem all or a part of the 2044 Notes, as applicable, at a redemption price equal to the greater of (1) 100% of the principal amount of the 2044 Notes being redeemed, plus accrued and unpaid interest to the redemption date or (2) the sum of the present values of the remaining scheduled payments of principal and interest in respect of the 2044 Notes, being redeemed (exclusive of interest accrued to the respective redemption date), discounted to the respective redemption date on a semi-annual basis at the treasury rate calculated on the third business day preceding the redemption date, plus 20 basis points, plus accrued and unpaid interest on the principal amount being redeemed to the redemption date.

With respect to any of the 2044 Notes redeemed on or after December 15, 2043, International Paper may redeem the 2044 Notes at 100% of the principal amount of the 2044 Notes, plus any accrued and unpaid interest to the redemption date.

Change of Control

The 2014 Supplemental Indenture provides that upon the occurrence of a "Change of Control Triggering Event" (as defined in the 2014 Supplemental Indenture), unless International Paper has exercised its redemption rights under the 2014 Supplemental Indenture, each holder of such 2044 Notes has the right to require International Paper to purchase all or a portion of the 2044 Notes held by such holder at a purchase price in cash equal to 101% of the principal amount, plus accrued and unpaid interest, if any.

Events of Default

In the "Event of Default" (defined in the 1999 Indenture as any customary events of default, including payment defaults, covenant defaults, certain events of bankruptcy and insolvency, and judgment defaults), the principal of the 2044 Notes may be declared, and upon such declaration, will become due and payable, subject to the terms of the 1999 Indenture.

Covenants

The 1999 Indenture contains covenants for the benefit of the holders of the 2044 Notes that, among other things, limit the ability of International Paper and its subsidiaries to:

- issue, assume or guarantee any indebtedness for money borrowed if such debt is secured by a mortgage, pledge, security interest or lien; and
- enter into arrangements that would involve sale and lease-back transactions.

International Paper is also limited in its ability to undertake certain mergers or consolidations under the 1999 Indenture. These limitations are subject to a number of qualifications and exceptions.

12.6. *2015 Supplemental Indenture*

International Paper issued the aggregate principal amount of: (i) $700,000,000 3.800% senior notes due 2026 (the "**2026 Notes**"), (ii) $600,000,000 5.000% senior notes due 2035 (the "**2035 Notes**"), and (iii) $700,000,000 5.150% senior notes due 2046 (the "**2046 Notes**"), pursuant to the supplemental indenture (the "**2015 Supplemental Indenture**"), dated as of May 26, 2015, originally between International Paper, as the Company, and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to the 1999 Indenture.

Maturity and Interest

The 2026 Notes will mature on January 15, 2026 and will bear an interest at the rate of 3.800% per annum. Interest is payable semi-annually in arrears on January 15 and July 15 of each year.

The 2035 Notes will mature on September 15, 2035 and will bear an interest at the rate of 5.000% per annum. Interest is payable semi-annually on March 15 and September 15 of each year.

The 2046 Notes will mature on May 15, 2046 and will bear an interest at the rate of 5.150% per annum. Interest is payable semi-annually on May 15 and November 15 of each year.

Redemption

International Paper has the right to redeem any of the 2026 Notes, the 2035 Notes or the 2046 Notes, in whole or in part, at any time at a redemption price equal to (i) in the case of any of the 2026 Notes, the 2035 Notes or the 2046 Notes redeemed before the applicable Par Call Date (meaning, (1) in respect of the 2026 Notes, October 15, 2025, (2) in respect of the 2035 Notes, March 15, 2035, and (3) in respect of the 2046 Notes, November 15, 2045), the greater of (a) 100% of the principal amount of the 2026 Notes, the 2035 Notes or the 2046 Notes, as applicable, being redeemed, plus accrued and unpaid interest to the redemption date, and (b) the sum of the present values of the remaining scheduled payments of principal and interest that would be due if the relevant 2026 Notes, the 2035 Notes or the 2046 Notes, as applicable, matured on the applicable Par Call Date, discounted to the redemption date on a semi-annual basis at the treasury rate calculated on the third business day preceding the redemption date, plus 25 basis points (in the case of the 2026 Notes), 30 basis points (in the case of the 2035 Notes), and 35 basis points (in the case of the 2046 Notes), plus, accrued and unpaid interest on the principal amount of such Notes being redeemed to the redemption date; or (ii) in the case of any of the 2026 Notes, the 2035 Notes or the 2046 Notes redeemed on or after the applicable Par Call Date, 100% of the principal amount, plus accrued and unpaid interest to the redemption date.

Change of Control

The 2015 Supplemental Indenture provides that upon the occurrence of a "Change of Control Triggering Event" (as defined in the 2015 Supplemental Indenture) with respect to the 2026 Notes, the 2035 Notes or the 2046 Notes, unless International Paper has exercised its redemption rights under the 2015 Supplemental Indenture, each holder of such 2026 Notes, 2035 Notes or 2044 Notes, as applicable, has the right to require International Paper to purchase all or a portion of the relevant 2026 Notes, the 2035 Notes or the 2046 Notes, held by such holder at a purchase price in cash equal to 101% of the principal amount, plus accrued and unpaid interest, if any.

Events of Default

In the "Event of Default" (defined in the 1999 Indenture as any customary events of default, including payment defaults, covenant defaults, certain events of bankruptcy and insolvency, and judgment defaults), the principal of the 2026 Notes, the 2035 Notes or the 2046 Notes, as applicable, may be declared, and upon such declaration, will become due and payable, subject to the terms of the 1999 Indenture.

Covenants

The 1999 Indenture contains covenants for the benefit of the holders of the 2026 Notes, the 2035 Notes and the 2046 Notes, that, among other things, limit the ability of International Paper and its subsidiaries to:

- issue, assume or guarantee any indebtedness for money borrowed if such debt is secured by a mortgage, pledge, security interest or lien; and
- enter into arrangements that would involve sale and lease-back transactions.

International Paper is also limited in its ability to undertake certain mergers or consolidations under the 1999 Indenture. These limitations are subject to a number of qualifications and exceptions.

12.7. *2016 Supplemental Indenture*

International Paper issued the aggregate principal amount of: (i) $ 1,100,000,000 3.000% senior notes due 2027 (the "**2027 Notes**") and (ii) $ 1,200,000,000 4.400% senior notes due 2047 (the "**2047 Notes**"), pursuant to the supplemental indenture (the "**2016 Supplemental Indenture**"), dated as of August 11, 2016, originally between International Paper, as the issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to the 1999 Indenture.

Maturity and Interest

The 2027 Notes will mature on February 15, 2027 and will bear interest at the rate of 3.000% per annum. Interest is payable semi-annually on February 15 and August 15 of each year.

The 2047 Notes will mature on August 15, 2047 and will bear an interest at the rate of 4.400% per annum. Interest is payable semi-annually on February 15 and August 15 of each year.

Redemption

International Paper has the right to redeem any of the 2027 Notes or the 2047 Notes, in whole or in part, at any time, at a redemption price equal to: (i) in the case of the 2027 Notes or the 2047 Notes redeemed before the Par Call Date (meaning, pursuant to the 2016 Supplemental Indenture, (1) November 15, 2026 (in the case of the 2027 Notes) and (2) February 15, 2047 (in the case of the 2047 Notes)), the greater of: (x) 100% of the principal amount of the 2027 Notes or the 2047 Notes, plus accrued and unpaid interest to the redemption date, and (y) the sum of the present values of the remaining scheduled payments of principal and interest, discounted to the redemption date on a semi-annual basis at the treasury rate calculated on the third business day preceding the redemption date, plus 25 basis points (in the case of the 2027 Notes) or 35 basis points (in the case of the 2047 Notes), plus, accrued and unpaid interest on the principal amount of such Notes being redeemed to the redemption Date; or (ii) in the case of the 2027 Notes or the 2047 Notes redeemed on or after the applicable Par Call Date, 100% of the principal amount of the 2027 Notes or the 2047 Notes, as applicable, plus accrued and unpaid interest to the redemption date.

Change of Control

The 2016 Supplemental Indenture provides that upon the occurrence of a "Change of Control Triggering Event" (as defined in the 2016 Supplemental Indenture) with respect to the 2027 Notes or the 2047 Notes, subject to certain exceptions as further described in the 2016 Supplemental Indenture, each holder of the 2027 Notes or the 2047 Notes, as applicable, has the right to require International Paper to purchase all or a portion of the 2027 Notes or the 2047 Notes, as applicable, held by such holder at a purchase price in cash equal to 101% of the principal amount, plus accrued and unpaid interest, if any.

Events of Default

In the "Event of Default" (defined in the 1999 Indenture as any customary events of default, including payment defaults, covenant defaults, certain events of bankruptcy and insolvency, and judgment defaults), the principal of the 2027 Notes or the 2047 Notes, as applicable, may be declared, and upon such declaration, will become due and payable, subject to the terms of the 1999 Indenture.

Covenants

- The 1999 Indenture contains covenants for the benefit of the holders of the 2027 Notes and the 2047 Notes that, among other things, limit the ability of International Paper and its subsidiaries to: issue, assume or guarantee any indebtedness for money borrowed if such debt is secured by a mortgage, pledge, security interest or lien; and
- enter into arrangements that would involve sale and lease-back transactions.
- International Paper is also limited in its ability to undertake certain mergers or consolidations under the 1999 Indenture. These limitations are subject to a number of qualifications and exceptions.

12.8. *2017 Supplemental Indenture*

International Paper issued the aggregate principal amount of $ $1,000,000,000 4.350% senior notes due 2048 (the "**2048 Notes**"), pursuant to the supplemental indenture (the "**2017 Supplemental Indenture**"), dated as of August 9, 2017, originally between International Paper, as the issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to the 1999 Indenture.

Maturity and Interest

The 2048 Notes will mature on August 15, 2048 and will bear interest at the rate of 4.350% per annum. Interest is payable semi-annually on February 15 and August 15 of each year.

Redemption

International Paper has the right to redeem the 2048 Notes, in whole or in part, at any time, at a redemption price equal to: (i) if the 2048 Notes are redeemed prior to February 15, 2048, the greater of (x) 100% of the principal amount of the 2048 Notes being redeemed, plus accrued and unpaid interest to the redemption date, and (y) the sum of the present values of the remaining scheduled payments of principal and interest on the 2048 Notes, discounted to the redemption date on a semi-annual basis at the treasury rate calculated on the third business day preceding the redemption date, plus 25 basis points, plus accrued and unpaid interest on the principal amount of such Notes being redeemed to the redemption Date; or (ii) if the 2048 Notes are redeemed on or after February 15, 2048, 100% of the principal amount of the 2048 Notes, plus accrued and unpaid interest to the redemption date.

Change of Control

The 2017 Supplemental Indenture provides that upon the occurrence of a "Change of Control Triggering Event" (as defined in the 2017 Supplemental Indenture) with respect to the 2048 Notes, unless International Paper has exercised its redemption rights under the 2017 Supplemental Indenture, each holder of the 2048 Notes has the right to require International Paper to purchase all or a portion of the 2048 Notes held by such holder at a purchase price in cash equal to 101% of the principal amount, plus accrued and unpaid interest, if any.

Events of Default

In the "Event of Default" (defined in the 1999 Indenture as any customary events of default, including payment defaults, covenant defaults, certain events of bankruptcy and insolvency, and judgment defaults), the principal of the 2048 Notes may be declared, and upon such declaration, will become due and payable, subject to the terms of the 1999 Indenture.

Covenants

The 1999 Indenture contains covenants for the benefit of the holders of the 2048 Notes that, among other things, limit the ability of International Paper and its subsidiaries to:

- issue, assume or guarantee any indebtedness for money borrowed if such debt is secured by a mortgage, pledge, security interest or lien; and
- enter into arrangements that would involve sale and lease-back transactions.

International Paper is also limited in its ability to undertake certain mergers or consolidations under the 1999 Indenture. These limitations are subject to a number of qualifications and exceptions.

12.9. *Amended and Restated Credit and Security Agreement*

On June 8, 2023, International Paper entered into Amendment No. 20 to the Second Amended and Restated Credit and Security Agreement, by and among International Paper, as servicer, Red Bird Receivables, LLC, as borrower, and the various lenders and agents from time to time party thereto, Mizuho Bank, Ltd., as administrative agent and structuring agent, and Regions Bank, as co-agent. Under the Second Amended and Restated Credit and Security Agreement, International Paper is designated as "Servicer" and obligated to carry out the servicing, administration and collection of receivables it sells to the borrower pursuant to that certain Receivables and Sales Contribution Agreement dated as of March 13, 2008, by and between International Paper, as originator, and the borrower. As compensation for the Servicer's servicing activities, International Paper is entitled to a servicing fee, on a monthly basis, which is calculated at a rate of 1.0% per annum on the outstanding balance of subject receivables.

12.10. *Third Amended and Restated 5-Year Credit Agreement*

On June 7, 2023, International Paper entered into a $1,400,000,000 Third Amended and Restated 5-Year Credit Agreement between International Paper, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, joint lead arranger and joint bookrunner, and Citibank, as syndication agent, joint lead arranger and joint bookrunner. The Third Amended and Restated 5-Year

Credit Agreement contains covenants and ongoing obligations on International Paper, and its principal terms include:

(a) **Purpose**: the Third Amended and Restated 5-Year Credit Agreement is made for general corporate purposes (in compliance with all applicable legal and regulatory requirements), including acquisition financing; provided that neither the administrative agent nor any lender shall have any responsibility as to the use of any of such proceeds;

(b) **Term**: until June 7, 2028, which is capable of being extended an additional 12 months;

(c) **Repayment**: subject to voluntary prepayment, the final maturity date of the Third Amended and Restated 5-Year Credit Agreement is set out in (B) above;

(d) **Rate of Interest**: Daily simple SOFR plus 10 basis points, plus the applicable margin per annum. The margin is based upon the long-term debt ratings by Moody's and S&P, respectively:

- A-/A3 or above: facility fee of 91.0 basis points;
- BBB+/Baa1: facility fee of 101.5 basis points;
- BBB/Baa2: facility fee of 112.5 basis points;
- BBB-/Baa3: facility fee of 120.0 basis points;
- BB+/Ba1 or lower; facility fee of 140.0 basis points;

(e) **Facility Fee**: International Paper shall pay to the administrative agent for the account of each lender a facility fee, which shall accrue at the applicable rate on the daily amount of the commitment of such lender. The applicable rates are based upon the long-term debt ratings by Moody's and S&P, respectively, applicable on such date as follows:

- A-/A3 or above: facility fee of 9.0 basis points;
- BBB+/Baa1: facility fee of 11.0 basis points;
- BBB/Baa2: facility fee of 12.5 basis points;
- BBB-/Baa3: facility fee of 17.5 basis points;
- BB+/Ba1 or lower; facility fee of 22.5 basis points; and

(f) **Governing Law and Jurisdiction**: New York law. The Courts of New York have exclusive jurisdiction.

12.11. *Term Loan Agreement*

On January 24, 2023, International Paper entered into a $600,000,000 Term Loan Agreement between International Paper, the lenders from time to time party thereto, and CoBank, ACB, as administrative agent, lead arranger and bookrunner. The Term Loan Agreement contains covenants and ongoing obligations on International Paper, and its principal terms include:

(a) **Purpose**: the term loan is made solely for the purpose of the financing of new or refinancing of old renewable energy investments, including acquisition financing; provided that neither the administrative agent nor any lender shall have any responsibility as to the use of any of such proceeds;

(b) **Term**: until January 24, 2028;

(c) **Repayment**: subject to voluntary prepayment, the final maturity date of the term loan is set out in (B) above;

(d) **Rate of Interest**: Daily simple SOFR plus 10 basis points, plus the applicable margin per annum. The margin is based upon the long-term debt ratings by Moody's and S&P, respectively:

- A-/A3 or above: facility fee of 150.0 basis points;
- BBB+/Baa1: facility fee of 154.0 basis points;
- BBB/Baa2: facility fee of 165.0 basis points;
- BBB-/Baa3: facility fee of 172.5 basis points;
- BB+/Ba1 or lower; facility fee of 192.5 basis points; and

(e) **Governing Law and Jurisdiction**: New York law. The Courts of New York have exclusive jurisdiction.

12.12. *Co-operation Agreement*

For information on the Co-operation Agreement between International Paper and DS Smith, please see paragraph 11 (*Combination-related arrangements — Co-operation Agreement*) of Part 8 (*Details of the Combination*) of this Prospectus.

12.13. *Confidentiality Agreement*

For information on the Confidentiality Agreement between International Paper and DS Smith, please see paragraph 11 (*Combination-related arrangements — Confidentiality Agreement*) of Part 8 (*Details of the Combination*) of this Prospectus.

12.14. *International Paper and Bidco Undertakings*

International Paper and Bidco have on or around the same date as this Prospectus provided certain undertakings by way of deed poll to DS Smith Shareholders who hold DS Smith Shares at the Scheme Record Time (excluding any Excluded Shares) (the "**IP and Bidco Undertakings**").

Bidco has undertaken that:

(a) it shall, as soon as practicable after the Effective Date, procure that DS Smith effects the re-registration of DS Smith as a private limited company in accordance with the relevant provisions of Part 7 of the Companies Act (the "**DS Smith Re-Registration**"); and

(b) it shall, as soon as practicable after the Effective Date and after the DS Smith Re-Registration has become effective, procure that DS Smith: (i) implement the Solvency Statement Capital Reduction; and (ii) simultaneously issue one or more new ordinary shares to Bidco, fully paid up, to ensure that there is still at least one share of DS Smith in issue immediately following the Solvency Statement Capital Reduction.

International Paper has undertaken that:

(a) it shall procure that Bidco complies with the terms of its undertakings in full; and

(b) no DS Smith Shares are or will be registered in the name of or beneficially owned by International Paper and/or any member of the International Paper Group (and/or any nominee of the foregoing) at the Scheme Record time.

12.15. *Employment Offer Letter*

On March 14, 2024, Andrew K. Silvernail agreed and accepted International Paper's employment offer letter outlining the terms of his offer of employment to serve as chief executive officer effective May 1, 2024 (the "**Employment Offer Letter**"). The Employment Offer Letter has no specified term and Mr. Silvernail's employment with International Paper will be on an at-will basis. Under the Employment Offer Letter, Mr. Silvernail:

(a) will receive an annual base salary of $1,000,000 and will be eligible for an annual bonus under International Paper's Annual Incentive Plan with a target amount of 150% of base salary;

(b) received a one-time, special "inducement grant" (an "**Inducement PSU Award**") of 240,930 performance share units based on a May 1, 2024 grant date fair market value of $8,500,000;

(c) received a Long-Term Incentive Plan grant of 350,926 performance share units for 2024 that is not prorated to reflect the partial year of service, and based on a May 1, 2024 grant date fair value of $12,500,000;

(d) became eligible to participate in the benefit programs available to U.S.-based employees of International Paper, including, without limitation, participation in the Company's qualified Salaried Savings Plan – 401(k) and nonqualified Deferred Compensation Savings Plan;

(e) will be provided with use of International Paper's aircraft for personal travel pursuant to a Time Sharing Agreement where Mr. Silvernail is required to reimburse the Company for the incremental cost to the Company of personal use above $150,000 per year. The value of such use up to $150,000 per year will result in imputed taxable income to Mr. Silvernail and will not be grossed up for taxes; and

(f) provided with International Paper's standard relocation benefits, including reimbursement of home sale expenses for the sale of a home, plus an additional one-time cash payment of $200,000 to support relocation expenses not covered under the International Paper's current relocation policy.

Furthermore, under the Employment Offer Letter:

(a) in the event that Mr. Silvernail's employment is terminated by the Company without "cause" or voluntarily by Mr. Silvernail for "good reason," he will be entitled to certain severance payments and benefits, including a lump sum cash severance payment equal to 2.0 times the sum of his base salary and target AIP, a pro-rata annual bonus based on actual performance in the year of termination, six months of Company-subsidized health and welfare benefits continuation, and outplacement services. In the event of a change in control, Mr. Silvernail's cash severance will be 2.99 times the sum of his base salary and target AIP, and he will receive three years of Company-subsidized health and welfare benefits continuation and outplacement services. Any severance payment to Mr. Silvernail in excess of the amounts set forth above will require independent board approval, as well as shareholder approval;

(b) in the event of a termination of Mr. Silvernail's employment by the Company due to his death or disability, Mr. Silvernail's outstanding equity awards, other than the Inducement PSU Award, will be settled as follows: pro rata vesting of each of his then outstanding and unvested PSU awards subject to achievement of specified performance objectives. For purposes of the Company's enhanced retirement equity vesting, Mr. Silvernail will be eligible for retirement treatment at age 60 regardless of years of service;

(c) with respect to the Inducement PSU Award, earned shares fully vest on the three-year anniversary of the grant, May 1, 2027, subject to continued service, with accelerated satisfaction of the service vesting condition upon an involuntary termination without cause, voluntary termination for good reason, death, or disability. In those circumstances, Mr. Silvernail will be eligible to receive the full inducement grant, subject to performance determination on the date of termination and execution and delivery of a signed release of claims, based on the average closing prices of the Company's common stock over the ninety (90) day period ending on and including the date of termination;

(d) in the event of a non change-in-control termination, Mr. Silvernail's unvested PSUs will be pro rated based on number of months employed through such termination and will be settled following the end of the performance period based on actual performance following an involuntary termination without cause, voluntary termination for good reason, divestiture, death, disability, or retirement; and

(e) in the event of a change-in-control with a qualified involuntary termination within two years of the change in control, Mr. Silvernail's unvested PSUs will be treated as follows: (i) less than one year of performance period completed: full vesting at target performance; and (ii) more than one year of performance period completed: full vesting at actual performance at time of change in control.

For further details relating to Mr. Silvernail's potential payments upon an involuntary termination for cause or without cause, and potential payments upon qualifying termination after a change in control, see our Current Report on Form 8-K filed with the SEC on March 19, 2024.

DS Smith Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by DS Smith or another member of the DS Smith Group (i) within the two years immediately preceding the date of this Prospectus which are or may be material to the DS Smith Group or (ii) which contain provisions under which any member of the DS Smith Group has an obligation or entitlement which is material to the DS Smith Group as of the date of this Prospectus.

12.16. *Co-operation Agreement*

For information on the Co-operation Agreement between International Paper and DS Smith, please see paragraph 11 (*Combination-related arrangements — Co-operation Agreement*) of Part 8 (*Details of the Combination*) of this Prospectus.

12.17. *Confidentiality Agreement*

For information on the Confidentiality Agreement between International Paper and DS Smith, please see paragraph 11 (*Combination-related arrangements — Confidentiality Agreement*) of Part 8 (*Details of the Combination*) of this Prospectus.

12.18. *Notes*

As of the date of this Prospectus, DS Smith has in issue the following notes:

- £250,000,000 2.875 percent notes due 2029 (the "**2029 DSS Notes**");
- EUR 600,000,000 0.875 percent notes due 2026 (the "**2026 DSS Notes**");
- EUR 850,000,000 4.375 percent notes due 2027 (the "**2027 DSS Notes**"); and

EUR 650,000,000 4.500 percent notes due 2030 (the "**2030 DSS Notes**", together with the 2027 DSS Notes, the "**Green Bonds**", and the Green Bonds, together with the 2029 DSS Notes and the 2026 DSS Notes, the "**DSS Notes**").

Each series of DSS Notes was issued under DS Smith's EUR 5,000,000,000 Euro Medium Term Note Program, which was originally established in March 2015.

The DSS Notes constitute direct, unconditional, unsubordinated, and unsecured obligations of DS Smith and rank *pari passu* among themselves and equally with all other unsecured obligations of DS Smith.

A tabular summary of the key terms of the DSS Notes is set out below:

Notes	**Issue Date**	**Maturity Date**	**Interest**
2029 DSS Notes	July 26, 2017	July 26, 2029	2.875 percent per annum fixed rate payable annually on July 26, subject to step-up of 1.25 percent on the first public announcement of a decrease in DS Smith's credit rating to below: (i) BBB- (in the case of S&P or Fitch); or (ii) Baa3 (in the case of Moody's).
2026 DSS Notes	September 12, 2019	September 12, 2026	0.875 percent per annum fixed rate payable annually on September 12, subject to step-up of 1.25 percent on the first public announcement of a decrease in DS Smith's credit rating to below: (i) BBB- (in the case of S&P or Fitch); or (ii) Baa3 (in the case of Moody's).
2027 DSS Notes	July 27, 2023	July 27, 2027	4.375 percent per annum fixed rate payable annually on July 27, subject to step-up of 1.25 percent on the first public announcement of a decrease in DS Smith's credit rating to below: (i) BBB- (in the case of S&P or Fitch); or (ii) Baa3 (in the case of Moody's).
2030 DSS Notes	July 27, 2023	July 27, 2030	4.500 percent per annum fixed rate payable annually on July 27, subject to step-up of 1.25 percent on the first public announcement of a decrease in DS Smith's credit rating to below: (i) BBB- (in the case of S&P or Fitch); or (ii) Baa3 (in the case of Moody's).

Redemption

Prior to but excluding: (i) June 12, 2026 with respect to the 2026 DSS Notes; (ii) June 27, 2027 with respect to the 2027 DSS Notes; and (iii) April 27, 2030 with respect to the 2030 DSS Notes, DS Smith may, upon providing the requisite notice to holders, redeem such notes at its option, in whole or in part, at a price equal to the higher of nominal amount and an amount determined according to a customary make-whole amount.

With respect to the 2029 DSS Notes, prior to but excluding April 26, 2029, DS Smith may, upon providing the requisite notice to holders, redeem the 2029 Notes at its option, in whole or in part, at a price equal to the higher of nominal amount and an amount determined according to a customary make-whole amount.

On or after the applicable date with respect to each series of DSS Notes as described in the preceding paragraphs until (but excluding) the Maturity Date (as set out in the table above), DS Smith may, upon providing the requisite notice to holders, redeem any series of the DSS Notes at its option, in whole or in part, at a redemption price equal to 100 percent of the nominal amount of the DSS Notes being redeemed.

Change of Control

The conditions of each series of DSS Notes includes a holder put option triggered upon the occurrence of a '**Change of Control Put Event**'. Broadly, this would be triggered if, between the public announcement of a potential change of control (or of a change of control) and 120 days after the occurrence of the change of control (the "**Change of Control Period**"), DS Smith's credit rating is downgraded or withdrawn and the relevant rating agency confirms that such downgrade or withdrawal resulted, directly or indirectly, from the change of control or potential change of control, and such downgraded or withdrawn credit rating is not upgraded or reinstated at its earlier grade within the same Change of Control Period. Following any such event, holders would have the option to require DS Smith to redeem, or at DS Smith's option, purchase such DSS Note at a price equal to 100 percent of its nominal amount.

Negative Pledge

The conditions of each series of DSS Notes contains a negative pledge that prohibits DS Smith and each subsidiary of DS Smith from creating, assuming, permitting to subsist any mortgage, charge, lien, pledge or other security interest to secure any indebtedness, other than the certain categories of permitted security interest, except where the DSS Notes benefit from the same security or such other security as either the trustee of such DSS Notes shall deem not materially less beneficial to the interest of the holders or that is approved by an extraordinary resolution of the holders.

Events of Default

The conditions of each series of DSS Notes contains customary events of default, including payment defaults, covenant defaults, cross default and insolvency. Upon the occurrence of an event of default, the trustee may at its discretion, or must if so requested by a certain proportion of noteholders or directed by an extraordinary resolution, and subject to provision of certain written certifications to DS Smith in respect of certain events of default, notify DS Smith that each note shall immediately become due and repayable at a price equal to 100 percent of the nominal amount, together with accrued interest (if any).

12.19. *Revolving Credit Facility Agreement*

DS Smith entered into a revolving credit facility agreement arranged by a group of their key relationship banks on November 29, 2018. The Revolving Credit Facility has since been amended and amended and restated by an amendment and restatement agreement dated November 4, 2019, an amendment agreement dated June 26, 2020, an amendment and restatement agreement dated September 8, 2021, and most recently an amendment letter dated June 10, 2024 (the "**Revolving Facility Agreement**").

The Revolving Facility Agreement originally provided for a £1.4 billion revolving credit facility (the "**Revolving Credit Facility**") with an original final maturity date of November 29, 2023. On November 4, 2019, DS Smith exercised the first extension option which extended all lenders commitments to November 29, 2024. The second extension option was exercised on November 2, 2020 following which certain lenders further extended their commitments to November 29, 2025. On June 10, 2024, DS Smith entered into an amendment and extension letter which extended the Revolving Credit Facility to May 29,

2027. Pursuant to the amendment and extension letter, certain lenders consensually exited the Revolving Credit Facility on June 11, 2024 and canceled their commitments, reducing the Revolving Credit Facility to £1.25 billion. As of September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus), DS Smith had drawn and outstanding £516,270,758 under the Revolving Credit Facility.

Interest and Fees

Advances made under the Revolving Facility Agreement bear interest at a rate equal to the relevant interbank rate or, from an agreed rate switch date, a daily non-cumulative compounded risk-free rate plus an applicable credit adjustment spready for a specific currency determined in accordance with the methodology set out in the Revolving Facility Agreement plus a margin. The margin is subject to a margin ratchet calculated by reference to leverage ratio applicable to the Revolving Credit Facility (see below).

Leverage	Margin (percent per annum)
Greater than 3.25:1	1.60
Equal to or lower than 3.25:1 and greater than 2.50:1	0.80
Equal to or lower than 2.50:1 and greater than 1.50:1	0.55
Equal to or lower than 1.50:1	0.35

Commitment fees are payable quarterly in arrears on the undrawn, uncanceled amount of the Revolving Credit Facility at a rate equal to 35 percent of the applicable margin on each lender's available commitment under the facility for the relevant period. A utilization fee of up to 0.30 percent per annum is also payable according to the aggregate amount of the Revolving Credit Facility which is utilized. Certain customary agency fees are also payable to the facility agent.

Covenants

The Revolving Facility Agreement contains certain restrictive covenants. These include restrictions on disposals, the incurrence of financial indebtedness by members of the DS Smith Group and a negative pledge, in each case, subject to certain exceptions and permitted thresholds.

The Revolving Facility Agreement includes a financial covenant consisting of a maximum leverage ratio, tested semi-annually according to the DS Smith Group's consolidated annual or interim financial statements. This ratio requires that the ratio of total consolidated net borrowings as at the last day of each testing period to adjusted EBITDA for that period shall not exceed 3.75:1.

Repayment and Prepayment

Each loan made under the Revolving Facility Agreement is repayable in full on the last day of the term of the loan, subject to standard rollover provisions and to a final repayment date of May 29, 2027.

DS Smith is permitted to prepay any loan in whole or in part by a minimum amount of £1,000,000 at any time, subject to provision of the requisite notice. DS Smith is not permitted to prepay any compounded rate loan if such prepayment would result in more than six compounded rate loans having been prepaid within any period of twelve calendar months.

In certain cases, break costs may be payable in respect of the prepayment or repayment of term rate loans only and will be calculated and supplied by each lender in accordance with the Revolving Facility Agreement.

Security and Guarantees

The Revolving Credit Facility is unsecured. DS Smith provides an irrevocable and unconditional, continuing guarantee of the punctual performance of the borrower's obligations under the finance documents.

Events of Default

The Revolving Facility Agreement contains customary events of default, including payment defaults, breaches of representations and warranties, covenant defaults, cross default, and insolvency. Upon the occurrence of an event of default, the facility agent may, or must if so instructed by the majority of lenders, provide notice to DS Smith canceling all or part of the total commitments under the Revolving Credit Facility and/or declaring that all or part of any amounts outstanding under the finance documents together with accrued interest are immediately due and payable and/or payable on demand by the facility agent (acting on the instructions of the majority lenders).

13. Related party transactions

International Paper Group

The related party transactions (as defined under U.S. GAAP) that were entered into by the Company during the period covered by the International Paper Financial Information are described in Note 8 – *Divestitures* of the International Paper Audited Financial Statements. There were no new related party transactions (as defined under U.S. GAAP) entered into by the Company between June 30, 2024 and September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus).

DS Smith Group

The related party transactions that were entered into by DS Smith during the period covered by the DS Smith Financial Information are described in Note 31 – *Related Parties* of the DS Smith Audited Financial Information. There were no new related party transactions entered into DS Smith between April 30, 2024, and September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus).

14. Litigation

14.1. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which International Paper is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on International Paper's and/or the International Paper Group's financial position or profitability or, following the completion of Combination, may have a significant effect on the Combined Company or the Combined Company's financial position or profitability except as set out in paragraph 14.3 below.

14.2. Except as set out in paragraph 14.3 below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which International Paper is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on DS Smith's and/or the DS Smith Group's financial position or profitability:

14.3. Certain entities in the DS Smith Group and the International Paper Group, respectively, were included within a number of companies operating in the paper packaging industry that were subject to a decision by the Italian Competition Authority concerning anti-competitive behavior in Italy (the "**Italian Decision**"). Given its position as leniency applicant, the relevant entities in the DS Smith Group were not fined. The relevant entities in the International Paper Group have been assessed a fine of €23 million in aggregate. The relevant entities in the DS Smith Group and the International Paper Group, respectively, are however, subject to a number of claims (both actual and threatened) for compensation that arise out of or relate to the Italian Decision, which each of the DS Smith Group and International Paper Group, and following the Combination, the Combined Company, intends to defend robustly. In respect of actual claims already commenced against each company, the majority of these claims are currently in various initial and preliminary stages. Given the early stage of the claims mentioned above and the DS Smith Group's intention to defend all claims robustly, having applied the tests in IAS 37, no provision was recognized in DS Smith's Annual Report and Accounts 2024 and, instead, this item was disclosed as a contingent liability. Claims relating to the Italian Decision were also disclosed by International Paper most recently in its Quarterly Report on Form 10-Q filed with the SEC on July 26, 2024 and on page F-20 of this Prospectus. Given such claims against the relevant entities in the International Paper Group remain at an early stage and the International Paper Group intends to defend all such claims robustly, it is unable to estimate probable losses arising from such claims, and therefore has not established any financial reserve for such claims in its financial statements. While, prior to the completion of the Combination, International Paper does not expect claims against the relevant International Paper Group entities related to the Italian Decision to have a significant effect on International Paper's and/or the International Paper Group's financial position or profitability, there can be no guarantee that the aggregate of claims arising from the Italian Decision against the relevant entities of both the DS Smith Group and the International Paper Group following the completion of the Combination could not, together, have a significant effect on the Combined Company because the various outcomes of such claims, the timeframe of the various final outcomes in respect of such claims and the method in which the quantum of possible damages and possible penalties arising therefrom (including any limitations thereon) is calculated, in each case, remain very uncertain as of the date of this Prospectus.

15. Working capital

In the opinion of the Company, the International Paper Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

16. No significant change

16.1. There has been no significant change in the financial position or performance of International Paper since June 30, 2024, being the date to which the latest interim financial statements of International Paper were prepared.

16.2. There has been no significant change in the financial position or performance of DS Smith since April 30, 2024, being the date to which the latest audited financial statements of DS Smith was prepared.

17. Consent

Deloitte LLP has given and not withdrawn its written consent to the inclusion in this Prospectus of its report on the Unaudited Pro Forma Financial Information set out in Part 17 (*Unaudited Pro Forma Financial Information of the Combined Company*) of this Prospectus, in the form and context in which it is included and has authorized the contents of the part of this Prospectus which comprise its report for the purpose of 5.3.2.R(2)(f) of the Prospectus Regulation Rules.

18. Costs and expenses

18.1. The aggregate costs and expenses incurred by International Paper and DS Smith in connection with the Combination and Admission are estimated to amount to approximately $210 million (including advisory, legal, audit, valuation and other professional fees), based on an exchange rate of $1.3129:£1.00 on September 6, 2024 (being the latest practicable date prior to the publication of this Prospectus). No expenses will be charged to any investor by International Paper in respect of Admission.

18.2. There were no net proceeds receivable by the Company as a result of the issuance of New International Paper Shares in connection with the Combination.

19. Documents available for inspection

Copies of the following documents will be available for inspection on International Paper's website at https://www.internationalpaper.com/uk-listing-prospectus or during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of 12 months following the date of this Prospectus at the Company's principal executive office at 6400 Poplar Avenue, Memphis, Tennessee, 38197, United States of America:

(A) this Prospectus;

(B) the Restated Certificate of Incorporation and the Amended By-Laws;

(C) the International Paper Financial Information together with the applicable audit reports;

(D) the DS Smith Financial Information together with the applicable audit reports;

(E) the report by Deloitte LLP in respect of the Unaudited Pro Forma Financial Information contained in Part 17 (*Unaudited Pro Forma Financial Information of the Combined Company*) of this Prospectus; and

(F) the written consent of Deloitte LLP referred to in paragraph 17 above.

PART 23

DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

2.7 Announcement	the announcement on April 16, 2024, by the boards of International Paper and DS Smith pursuant to Rule 2.7 of the Code announcing that they had agreed terms of a recommended acquisition of the entire issued and to be issued ordinary share capital of DS Smith by International Paper
Admission	the admission of the International Paper Shares (including the New International Paper Shares to be issued pursuant to the Combination) to the equity shares (international commercial companies secondary listing) category of the Official List and to trading on the main market for listed securities of the LSE
Articles	the articles of association of DS Smith from time to time
Bidco	International Paper UK Holdings Limited, a private limited company incorporated in England and Wales with registered number 15880439 and with its registered address at 2 New Bailey, 6 Stanley Street, Salford, Greater Manchester, M3 5GS, United Kingdom
Board or **Board of Directors**	the board of directors of International Paper
Business Day	a day, (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London and New York
CGT	U.K. tax on capital or chargeable gains
Closing Price	the closing middle market quotation of a share derived from the Daily Official List of the LSE
Code	the City Code on Takeovers and Combinations
Combination	the proposed recommended combination of International Paper and DS Smith pursuant to which Bidco will acquire the entire issued and to be issued share capital of DS Smith by way of the Scheme
Combined Company	the enlarged group following completion of the Combination, comprising the International Paper Group and the DS Smith Group
Companies Act	the Companies Act 2006, as amended
Company	International Paper Company
Conditions	the conditions of the Combination, as set out in Part A of Appendix I to the 2.7 Announcement and set out in the Scheme Document
Confidentiality Agreement	the confidentiality agreement entered into between International Paper and DS Smith, dated February 27, 2024
Co-operation Agreement	the agreement dated April 16, 2024, between International Paper and DS Smith and relating, among other things, to the implementation of the Combination
Court	the High Court of Justice in England and Wales
Court Hearing	the hearing of the Court to sanction the Scheme and, if such hearing is adjourned, reference to commencement of any such hearing shall mean the commencement of the final adjournment thereof
Court Meeting	the meeting or meetings of the DS Smith Shareholders to be convened by Order of the Court pursuant to Part 26 of the Companies Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) including any adjournment, postponement or reconvention of any such meeting, notice of which is contained in the Scheme Document
Court Order	the order of the court sanctioning the Scheme under section 899 of the Companies Act

CREST	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended) in respect of which Euroclear U.K. & International Limited is the Operator (as defined in the Regulations)
Custodian	Computershare Trust Company, N.A.
Daily Official List	the Daily Official List of the LSE
Deloitte & Touche LLP	Deloitte & Touche LLP, a subsidiary of Deloitte LLP (an LLP registered in the Delaware), a member firm of Deloitte Touche Tohmatsu Limited, a U.K. private company limited by guarantee ("**DTTL**")., DTTL and each of its member firms being legally separate and independent entities
Deloitte LLP	Deloitte LLP, the United Kingdom affiliate of Deloitte NSE LLP, a member firm of DTTL. DTTL and each of its member firms being legally separate and independent entities
Depositary	Computershare Investor Services PLC
DRS	a system that allows electronic direct registration of securities in an investor's name on the books for the transfer agent or issuer, and allows shares to be transferred between a transfer agent and broker electronically
DS Smith	DS Smith Plc, a public company incorporated in England and Wales with registered number 01377658
DS Smith Audited Financial Information	means the audited consolidated financial information of DS Smith as of and for the financial years ended April 30, 2024, 2023 and 2022 as set out on pages F-110 to F-111 of this Prospectus
DS Smith Board	the board of directors of DS Smith
DS Smith Directors	the directors of DS Smith as of the date of this Prospectus or, where the context so requires, the directors of DS Smith from time to time
DS Smith Financial Information	means the DS Smith Audited Financial Information and the DS Smith Unaudited Financial Information
DS Smith Group	DS Smith and its subsidiary undertakings from time to time
DS Smith Shareholders	holders of DS Smith Shares
DS Smith Shares	the ordinary shares of nominal value £0.10 each in the capital of DS Smith
DS Smith Unaudited Financial Information	means the unaudited condensed consolidated financial information of DS Smith as of and for the six-month period ended October 31, 2023 and October 31, 2022, as set out on pages F-110 to F-111 of this Prospectus
DSS FY 22	the DS Smith financial year ended April 30, 2022
DSS FY 23	the DS Smith financial year ended April 30, 2023
DSS FY 24	the DS Smith financial year ended April 30, 2024
DTC	the Depositary Trust Company
EBITDA	earnings before interest, tax, depreciation and amortization
Effective	(i) if the Combination is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Combination is implemented by way of a Takeover Offer, the Takeover Offer having been declared or become unconditional in all respects in accordance with the requirements of the Code
Effective Date	the date on which the Combination becomes Effective
E.U.	the European Union
EUI	Euroclear U.K. & International Limited
Exchange Act	the U.S. Securities Exchange Act 1934, as amended
Exchange Ratio	0.1285 new International Paper Shares for each DS Smith ordinary share

Excluded Shares	any DS Smith Shares which are (i) registered in the name of or beneficially owned by International Paper and/or any member of the International Paper Group (and/or any nominee of the foregoing); or (ii) held in treasury, in each case, at any relevant date or time as the context permits
FATCA	sections 1471 through 1474 of the IRC
FCA...	the U.K. Financial Conduct Authority or its successor from time to time
Fitch	Fitch Ratings Limited
Forms of Proxy	the form of proxy in connection with each of the Court Meeting and the General Meeting, which shall accompany the Scheme Document
FSMA..	the Financial Services and Markets Act 2000, as amended
General Meeting	the general meeting of the DS Smith Shareholders (including any adjournment thereof) to be convened for the purpose of considering, and if thought fit, approving the shareholder resolutions necessary to enable DS Smith to implement the Combination, notice of which shall be contained in the Scheme Document
HMRC	His Majesty's Revenue & Customs
IFRS..	International Financial Reporting Standards as issued by the International Accounting Standards Board
International Paper	International Paper Company, a corporation incorporated in New York with its principal executive office at 6400 Poplar Avenue, Memphis, Tennessee, 38197, United States of America
International Paper Audited Financial Statements	means the audited consolidated financial information of International Paper as of and for the fiscal years ended December 31, 2023, 2022 and 2021 as set out on pages F-45 to F-109 of this Prospectus
International Paper Board.......	the board of directors of International Paper
International Paper Directors .	the directors of International Paper as of the date of this Prospectus or, where the context so requires, the directors of International Paper from time to time
International Paper DIs	means the International Paper depository interests issued by the Depository in the ratio of one for one in respect of each International Paper Share deposited with the Depository
International Paper Financial Information	means the International Paper Audited Financial Statements and the International Paper Unaudited Financial Statements
International Paper Group	International Paper and its subsidiary undertakings and associated undertakings from time to time
International Paper Shareholders	holders of International Paper Shares from time to time
International Paper Shareholder Meeting	the special meeting of International Paper Shareholders (including any adjournment or postponement thereof) convened for the purpose of considering and approving the issuance of the New International Paper Shares
International Paper Shares or **Common Stock**..........................	shares of common stock of $1.00 par value in International Paper
International Paper Unaudited Financial Statements	means the unaudited condensed consolidated financial information of International Paper (i) as of and for the three months ended June 30, 2024 set out on pages F-3 to F-24 of this Prospectus; and (ii) as of and for the three months March 31, 2024, set out on pages F-25 to F-44 of this Prospectus
IRC..	Internal Revenue Code of 1986, as amended from time to time
IRS	Internal Revenue Service
Listing Rules	the listing rules made by the FCA under section 73A of FSMA, as amended from time to time

Long Stop Date	October 16, 2025, or such later date (if any) as International Paper and DS Smith may agree, with the consent of the Panel, and the Court may allow
LSE	London Stock Exchange plc
Moody's	Moody's Investors Services Limited
New International Paper Shares	the shares of Common Stock in the share capital of International Paper proposed to be issued to DS Smith Shareholders in connection with the Combination
NYSE	New York Stock Exchange
Offer Period	the period commencing on February 8, 2024, and ending on (i) the earlier of the date on which the Scheme becomes Effective and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Panel may decide) or (ii) the earlier of the date on which the Takeover Offer has become or has been declared unconditional as to acceptances and/or the date on which the Takeover Offer lapses or is withdrawn (or such other date as the Panel may decide), in each case other than where such lapsing or withdrawal is a result of International Paper exercising its right to implement the Combination by way of a Takeover Offer
Official List	the Official List maintained by the FCA
Panel	the U.K. Panel on Takeovers and Mergers
Preliminary Proxy Statement ..	the preliminary proxy statement originally filed by the Company with the SEC on August 23, 2024, as amended by Amendment No. 1 thereto, filed with the SEC on September 3, 2024 in connection with the approval by the International Paper Shareholders of the issuance of the New International Paper Shares
Prospectus	this document
Proxy Statement	the definitive proxy statement on Schedule 14A filed with the SEC and mailed to International Paper Shareholders on, or as soon as reasonably practicable following, September 12, 2024 in connection with their approval of the issuance of the New International Paper Shares
Quantified Financial Benefits Statement	the statements of estimated cost savings and synergies arising from the Combination, as set out in Part A of Appendix IV to the 2.7 Announcement
Regulations	U.S. Treasury Department regulations promulgated under the IRC
S&P	S&P Global Ratings Europe Limited
Scheme	the proposed scheme of arrangement under Part 26 of the Companies Act between DS Smith and DS Smith Shareholders to implement the Combination set out in the Scheme Document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by International Paper and DS Smith
Scheme Document	the document to be dispatched to DS Smith Shareholders including the particulars required by section 897 of the Companies Act
Scheme Record Time	the time and date specified as such in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately preceding the Effective Date, or such other time as International Paper and DS Smith may agree
Scheme Shareholders	means holders of Scheme Shares and a "Scheme Shareholder" shall mean any one of those Scheme Shareholders
Scheme Shares	DS Smith Shares that are (i) in issue at the date of the Scheme; (ii) (if any) issued after the date of the Scheme and prior to the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time but before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme, in each case (where the context requires), which remain in issue at the Scheme Record Time but excluding any Excluded Shares at any relevant date or time

SEC	the U.S. Securities and Exchange Commission
Securities Act	the U.S. Securities Act of 1933, as amended
Special Resolution	the special resolution to be proposed by DS Smith at the General Meeting in connection with, among other things, the approval of the Scheme and the alteration of the Articles and such other matters as may be necessary to implement the Scheme and the delisting of the DS Smith Shares
Takeover Offer	if the Combination is implemented by way of a takeover offer (as that term is defined in section 974 of the Companies Act), the offer to be made by on or behalf of International Paper, or an associated undertaking thereof, to acquire the entire issued and to be issued ordinary share capital of DS Smith including, where the context admits, any subsequent revision, variation, extension or renewal of such offer
U.K. or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
U.K. Prospectus Regulation	Regulation (EU) 2017/1129 as it forms part of U.K. law by virtue of the European Union (Withdrawal) Act 2018
U.S. GAAP	generally accepted accounting principles in the U.S.
U.S. or United States	the United States of America, its possessions and territories, all areas subject to its jurisdiction or any subdivision thereof, any State of the United States and the District of Columbia
Unaudited Pro Forma Financial Information	(i) the unaudited pro forma balance sheet of the Combined Company as of June 30, 2024, as if the Combination had taken place on that date; (ii) the unaudited pro forma statement of operations of the Combined Company for the six months ended June 30, 2024, as if the Combination had taken place on January 1, 2023; and (iii) the unaudited pro forma statement of operations of the Combined Company for the 12 months ended December 31, 2023, as if the Combination had taken place on January 1, 2023, and the related notes thereto set out in Part 17 (*Unaudited Pro Forma Financial Information of the Combined Company*) of this Prospectus
USRPHC	U.S. real property holding corporation
Voting Record Time	the time and date specified in the Scheme Document by reference to which entitlement to vote at the Court Meeting will be determined, expected to be 6.30 p.m. on the day two days prior to the Court Meeting or any adjournment thereof (as the case may be)

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

INDEX TO THE FINANCIAL STATEMENTS

INTERNATIONAL PAPER FINANCIAL INFORMATION

Basis of financial information

The following pages set out (a) the unaudited condensed consolidated financial statements of International Paper as of and for the three and six months ended June 30, 2024, together with the unaudited comparative information for the equivalent periods for March and June 2023 (the "**International Paper Unaudited Q2 Financial Statements**"); (b) the unaudited condensed consolidated financial statements of International Paper as of and for the three months ended March 31, 2024, together with the unaudited comparative information for the three months ended March 2023 (the "**International Paper Unaudited Q1 Financial Statements**", and together with the International Paper Unaudited Q2 Financial statements, the "**International Paper Unaudited Financial Statements**"); and (c) the audited consolidated financial statements of International Paper as of and for the fiscal years ended December 31, 2023, 2022 and 2021, all prepared in accordance with U.S. GAAP (the "**International Paper Audited Financial Statements**").

International Paper's Quarterly Report on Form 10-Q filed with the SEC on July 26, 2024, contains International Paper's unaudited condensed consolidated financial statements for the three and/or six months ended June 30, 2024 (prepared in accordance with U.S. GAAP).

International Paper's Quarterly Report on Form 10-Q filed with the SEC on April 26, 2024, contains International Paper's unaudited condensed consolidated financial statements for the three months ended March 31, 2024 (prepared in accordance with U.S. GAAP).

International Paper's Annual Report on Form 10-K filed with the SEC on February 16, 2024, contains International Paper's audited consolidated financial statements for the three years ended December 31, 2023 (prepared in accordance with U.S. GAAP), together with the audit report in respect of such financial statements.

INTERNATIONAL PAPER UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

In millions, except per share amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net Sales	**$ 4,734**	$ 4,682	**$ 9,353**	$ 9,702
Costs and Expenses				
Cost of products sold	**3,360**	3,360	**6,784**	7,002
Selling and administrative expenses	**453**	336	**811**	717
Depreciation and amortization	**261**	244	**539**	485
Distribution expenses	**379**	376	**770**	798
Taxes other than payroll and income taxes	**35**	40	**76**	76
Restructuring and other charges, net	**—**	—	**3**	—
Net (gains) losses on sales of fixed assets	**(5)**	—	**—**	—
Interest expense, net	**55**	59	**101**	121
Non-operating pension expense (income)	**(10)**	12	**(22)**	27
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings (Loss)	**206**	255	**291**	476
Income tax provision (benefit)	**(293)**	33	**(266)**	81
Equity earnings (loss), net of taxes	**(1)**	—	**(3)**	(1)
Earnings (Loss) From Continuing Operations	**498**	222	**554**	394
Discontinued operations, net of taxes	**—**	13	**—**	13
Net Earnings (Loss)	**$ 498**	$ 235	**$ 554**	$ 407
Basic Earnings (Loss) Per Share				
Earnings (loss) from continuing operations	**$ 1.43**	$ 0.64	**$ 1.59**	$ 1.13
Discontinued operations, net of taxes	**—**	0.04	**—**	0.04
Net earnings (loss)	**$ 1.43**	$ 0.68	**$ 1.59**	$ 1.17
Diluted Earnings (Loss) Per Share				
Earnings (loss) from continuing operations	**$ 1.41**	$ 0.64	**$ 1.57**	$ 1.12
Discontinued operations, net of taxes	**—**	0.04	**—**	0.04
Net earnings (loss)	**$ 1.41**	$ 0.68	**$ 1.57**	$ 1.16
Average Shares of Common Stock Outstanding – assuming dilution	**352.8**	346.5	**352.7**	349.5

The accompanying notes are an integral part of these condensed financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

In millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	**2024**	2023
Net Earnings (Loss)	**$ 498**	$ 235	**$ 554**	$ 407
Other Comprehensive Income (Loss), Net of Tax:				
Amortization of pension and post-retirement prior service costs and net loss:				
U.S. plans	**17**	21	**34**	44
Change in cumulative foreign currency translation adjustment	**(39)**	(30)	**(49)**	(39)
Total Other Comprehensive Income (Loss), Net of Tax	**(22)**	(9)	**(15)**	5
Comprehensive Income (Loss)	**$ 476**	$ 226	**$ 539**	$ 412

The accompanying notes are an integral part of these condensed financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

In millions, except per share amounts	June 30, 2024 (unaudited)	December 31, 2023
Assets		
Current Assets		
Cash and temporary investments	**$ 1,049**	$ 1,113
Accounts and notes receivable, net	**3,197**	3,059
Contract assets	**436**	433
Inventories	**1,728**	1,889
Other current assets	**147**	114
Total Current Assets	**6,557**	6,608
Plants, Properties and Equipment, net	**9,953**	10,150
Investments	**163**	163
Long-Term Financial Assets of Variable Interest Entities (Note 15)	**2,321**	2,312
Goodwill	**3,040**	3,041
Overfunded Pension Plan Assets	**171**	118
Right of Use Assets	**439**	448
Deferred Charges and Other Assets	**419**	421
Total Assets	**$ 23,063**	$ 23,261
Liabilities and Equity		
Current Liabilities		
Notes payable and current maturities of long-term debt	**$ 259**	$ 138
Accounts payable	**2,350**	2,442
Accrued payroll and benefits	**473**	397
Other current liabilities	**1,032**	982
Total Current Liabilities	**4,114**	3,959
Long-Term Debt	**5,329**	5,455
Long-Term Nonrecourse Financial Liabilities of Variable Interest Entities (Note 15)	**2,117**	2,113
Deferred Income Taxes	**1,131**	1,552
Underfunded Pension Benefit Obligation	**249**	280
Postretirement and Postemployment Benefit Obligation	**130**	140
Long-Term Lease Obligations	**299**	312
Other Liabilities	**1,099**	1,095
Equity		
Common stock, $1 par value, 2024 – 448.9 shares and 2023 – 448.9 shares	**449**	449
Paid-in capital	**4,688**	4,730
Retained earnings	**9,719**	9,491
Accumulated other comprehensive loss	**(1,580)**	(1,565)
	13,276	13,105
Less: Common stock held in treasury, at cost, 2024 – 101.6 shares and 2023 – 102.9 shares	**4,681**	4,750
Total Equity	**8,595**	8,355
Total Liabilities and Equity	**$ 23,063**	$ 23,261

The accompanying notes are an integral part of these condensed financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

In millions	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating Activities		
Net earnings (loss)	**$ 554**	$ 407
Depreciation and amortization	**539**	485
Deferred income tax provision (benefit), net	**(427)**	(13)
Restructuring and other charges, net	**3**	—
Net (gains) losses on sales and impairments of equity method investments	**—**	76
Equity method dividends received	**—**	13
Equity (earnings) losses, net of taxes	**3**	(88)
Periodic pension (income) expense, net	**(1)**	47
Other, net	**77**	34
Changes in current assets and liabilities		
Accounts and notes receivable	**(161)**	160
Contract assets	**(3)**	(9)
Inventories	**112**	87
Accounts payable and accrued liabilities	**90**	(280)
Interest payable	**4**	(23)
Other	**(30)**	(23)
Cash Provided By (Used For) Operations	**760**	873
Investment Activities		
Invested in capital projects	**(449)**	(608)
Proceeds from sale of fixed assets	**4**	3
Other	**(1)**	2
Cash Provided By (Used For) Investment Activities	**(446)**	(603)
Financing Activities		
Repurchases of common stock and payments of restricted stock tax withholding	**(22)**	(218)
Issuance of debt	**—**	772
Reduction of debt	**(8)**	(536)
Change in book overdrafts	**(14)**	(33)
Dividends paid	**(321)**	(322)
Other	**—**	(1)
Cash Provided By (Used For) Financing Activities	**(365)**	(338)
Effect of Exchange Rate Changes on Cash and Temporary Investments	**(13)**	10
Change in Cash and Temporary Investments	**(64)**	(58)
Cash and Temporary Investments		
Beginning of period	**1,113**	804
End of period	**$ 1,049**	$ 746

The accompanying notes are an integral part of these condensed financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States and in accordance with the instructions to Form 10-Q and, in the opinion of management, include all adjustments that are necessary for the fair presentation of International Paper Company's ("International Paper's," "the Company's," "IP's" or "our") financial position, results of operations, and cash flows for the interim periods presented. Except as disclosed herein, such adjustments are of a normal, recurring nature. Results for the first six months of the year may not necessarily be indicative of full year results. You should read these unaudited condensed financial statements in conjunction with the audited financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report"), which have previously been filed with the U.S. Securities and Exchange Commission ("SEC").

These unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States that require the use of management's estimates. Actual results could differ from management's estimates.

NOTE 2 - RECENT ACCOUNTING DEVELOPMENTS

Recently Adopted Accounting Pronouncements

Reference Rate Reform

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." This guidance provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. This guidance is effective upon issuance and generally can be applied through December 31, 2024. The Company has applied and will continue to apply this guidance to account for contract modifications due to changes in reference rates as those modifications occur. We do not expect this guidance to have a material impact on our consolidated financial statements and related disclosures.

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This guidance requires companies to disclose incremental segment information on an annual and interim basis. This guidance is effective for annual reporting periods beginning after December 15, 2023 and interim periods within those years beginning after December 15, 2024. Early adoption of these amendments is permitted and amendments are required to be applied retrospectively to all prior periods presented in the financial statements. The Company adopted this guidance as of January 1, 2024 and will update disclosures within the Company's 2024 annual filing.

Recently Issued Accounting Pronouncements Not Yet Adopted

Income Taxes

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance requires companies to enhance income tax disclosures, particularly around rate reconciliations and income taxes paid information. This guidance is effective for annual reporting periods beginning after December 15, 2024. Early adoption of these amendments is permitted and amendments should be applied prospectively. The Company plans to adopt this guidance as of January 1, 2025 and will update disclosures within the Company's 2025 annual filing.

NOTE 3 - REVENUE RECOGNITION

Generally, the Company recognizes revenue on a point-in-time basis when the customer takes title to the goods and assumes the risks and rewards for the goods. For customized goods where the Company has a legally enforceable right to payment for the goods, the Company recognizes revenue over time which, generally, is as the goods are produced.

Disaggregated Revenue

In millions	Three Months Ended June 30, 2024 Industrial Packaging	Global Cellulose Fibers	Corporate & Intersegment	Total
Primary Geographical Markets[a]				
United States	**$ 3,399**	**$ 669**	**$ 86**	**$ 4,154**
Europe, Middle East & Africa ("EMEA")	**328**	**17**	**—**	**345**
Pacific Rim and Asia	**19**	**31**	**—**	**50**
Americas, other than U.S.	**185**	**—**	**—**	**185**
Total	**$ 3,931**	**$ 717**	**$ 86**	**$ 4,734**
Operating Segments				
North American Industrial Packaging	**$ 3,628**	**$ —**	**$ —**	**$ 3,628**
EMEA Industrial Packaging	**328**	**—**	—	**328**
Global Cellulose Fibers	**—**	**717**	—	**717**
Intrasegment Eliminations	**(25)**	**—**	**—**	**(25)**
Corporate & Intersegment Sales	**—**	**—**	**86**	**86**
Total	**$ 3,931**	**$ 717**	**$ 86**	**$ 4,734**

(a) Net sales are attributed to countries based on the location of the seller.

In millions	Six Months Ended June 30, 2024 Industrial Packaging	Global Cellulose Fibers	Corporate & Intersegment	Total
Primary Geographical Markets[a]				
United States	**$ 6,638**	**$ 1,319**	**$ 193**	**$ 8,150**
EMEA	**676**	**37**	**—**	**713**
Pacific Rim and Asia	**33**	**65**	**—**	**98**
Americas, other than U.S.	**392**	**—**	**—**	**392**
Total	**$ 7,739**	**$ 1,421**	**$ 193**	**$ 9,353**
Operating Segments				
North American Industrial Packaging	**$ 7,114**	**$ —**	**$ —**	**$ 7,114**
EMEA Industrial Packaging	**676**	**—**	—	**676**
Global Cellulose Fibers	**—**	**1,421**	—	**1,421**
Intrasegment Eliminations	**(51)**	**—**	**—**	**(51)**
Corporate & Intersegment Sales	**—**	**—**	**193**	**193**
Total	**$ 7,739**	**$ 1,421**	**$ 193**	**$ 9,353**

(a) Net sales are attributed to countries based on the location of the seller.

In millions	Three Months Ended June 30, 2023 Industrial Packaging	Global Cellulose Fibers	Corporate & Intersegment	Total
Primary Geographical Markets[a]				
United States	$ 3,305	$ 616	$ 100	$ 4,021
EMEA	351	26	—	377

In millions	Three Months Ended June 30, 2023 Industrial Packaging	Global Cellulose Fibers	Corporate & Intersegment	Total
Pacific Rim and Asia	7	56	—	63
Americas, other than U.S.	221	—	—	221
Total	$ 3,884	$ 698	$ 100	$ 4,682
Operating Segments				
North American Industrial Packaging	$ 3,550	$ —	$ —	$ 3,550
EMEA Industrial Packaging	351	—	—	351
Global Cellulose Fibers	—	698	—	698
Intrasegment Eliminations	(17)	—	—	(17)
Corporate & Intersegment Sales	—	—	100	100
Total	$ 3,884	$ 698	$ 100	$ 4,682

(a) Net sales are attributed to countries based on the location of the seller.

In millions	Six Months Ended June 30, 2023 Industrial Packaging	Global Cellulose Fibers	Corporate & Intersegment	Total
Primary Geographical Markets[(a)]				
United States	$ 6,760	$ 1,346	$ 226	$ 8,332
EMEA	742	51	—	793
Pacific Rim and Asia	15	112	—	127
Americas, other than U.S.	450	—	—	450
Total	$ 7,967	$ 1,509	$ 226	$ 9,702
Operating Segments				
North American Industrial Packaging	$ 7,274	$ —	$ —	$ 7,274
EMEA Industrial Packaging	742	—	—	742
Global Cellulose Fibers	—	1,509	—	1,509
Intrasegment Eliminations	(49)	—	—	(49)
Corporate & Intersegment Sales	—	—	226	226
Total	$ 7,967	$ 1,509	$ 226	$ 9,702

(a) Net sales are attributed to countries based on the location of the seller.

Revenue Contract Balances

A contract asset is created when the Company recognizes revenue on its customized products prior to having an unconditional right to payment from the customer, which generally does not occur until goods are transferred to the customer.

A contract liability is created when customers prepay for goods prior to the Company transferring those goods to the customer. The contract liability is reduced once control of the goods is transferred to the customer. The majority of our customer prepayments are received during the fourth quarter each year for goods that will be transferred to customers over the following twelve months. Contract liabilities of $17 million and $32 million are included in Other current liabilities in the accompanying condensed consolidated balance sheet as of June 30, 2024 and December 31, 2023, respectively. The Company also recorded a contract liability of $115 million related to a previous acquisition. The balance of this contract liability was $88 million and $92 million at June 30, 2024 and December 31, 2023, respectively, and is recorded in Other current liabilities and Other Liabilities in the accompanying condensed consolidated balance sheet.

The difference between the opening and closing balances of the Company’s contract assets and contract liabilities primarily results from the difference between the price and quantity at comparable points in time for goods for which we have an unconditional right to payment or receive prepayment from the customer, respectively.

NOTE 4 - EQUITY

A summary of the changes in equity for the three months and six months ended June 30, 2024 and 2023 is provided below:

	Three Months Ended June 30, 2024					
In millions, except per share amounts	**Common Stock Issued**	**Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Common Stock Held In Treasury, At Cost**	**Total Equity**
Balance, April 1	**$ 449**	**$ 4,663**	**$ 9,386**	**$ (1,558)**	**$ 4,683**	**$ 8,257**
Issuance of stock for various plans, net	**—**	**25**	**—**	**—**	**(2)**	**27**
Common stock dividends ($0.4625 per share)	**—**	**—**	**(165)**	**—**	**—**	**(165)**
Comprehensive income (loss)	**—**	**—**	**498**	**(22)**	**—**	**476**
Ending Balance, June 30	**$ 449**	**$ 4,688**	**$ 9,719**	**$ (1,580)**	**$ 4,681**	**$ 8,595**

	Six Months Ended June 30, 2024					
In millions, except per share amounts	**Common Stock Issued**	**Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Common Stock Held In Treasury, At Cost**	**Total Equity**
Balance, January 1	**$ 449**	**$ 4,730**	**$ 9,491**	**$ (1,565)**	**$ 4,750**	**$ 8,355**
Issuance of stock for various plans, net	**—**	**(42)**	**—**	**—**	**(91)**	**49**
Repurchase of stock	**—**	**—**	**—**	**—**	**22**	**(22)**
Common stock dividends ($0.9250 per share)	**—**	**—**	**(326)**	**—**	**—**	**(326)**
Comprehensive income (loss)	**—**	**—**	**554**	**(15)**	**—**	**539**
Ending Balance, June 30	**$ 449**	**$ 4,688**	**$ 9,719**	**$ (1,580)**	**$ 4,681**	**$ 8,595**

	Three Months Ended June 30, 2023					
In millions, except per share amounts	**Common Stock Issued**	**Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Common Stock Held In Treasury, At Cost**	**Total Equity**
Balance, April 1	$ 449	$ 4,699	$ 9,866	$ (1,911)	$ 4,714	$ 8,389
Issuance of stock for various plans, net	—	(11)	—	—	(3)	(8)
Repurchase of stock	—	—	—	—	40	(40)
Common stock dividends ($0.4625 per share)	—	—	(163)	—	—	(163)
Comprehensive income (loss)	—	—	235	(9)	—	226
Ending Balance, June 30	$ 449	$ 4,688	$ 9,938	$ (1,920)	$ 4,751	$ 8,404

In millions, except per share amounts	Common Stock Issued	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Stock Held In Treasury, At Cost	Total Equity
	Six Months Ended June 30, 2023					
Balance, January 1	$ 449	$ 4,725	$ 9,855	$ (1,925)	$ 4,607	$ 8,497
Issuance of stock for various plans, net	—	(37)	—	—	(75)	38
Repurchase of stock	—	—	—	—	219	(219)
Common stock dividends ($0.9250 per share)	—	—	(324)	—	—	(324)
Comprehensive income (loss)	—	—	407	5	—	412
Ending Balance, June 30	$ 449	$ 4,688	$ 9,938	$ (1,920)	$ 4,751	$ 8,404

NOTE 5 - OTHER COMPREHENSIVE INCOME

The following table presents changes in Accumulated Other Comprehensive Income (Loss) (“AOCI”), net of tax, for the three months and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions	**2024**	**2023**	**2024**	**2023**
Defined Benefit Pension and Postretirement Adjustments				
Balance at beginning of period	**$ (1,259)**	$ (1,172)	**$ (1,276)**	$ (1,195)
Amounts reclassified from accumulated other comprehensive income	**17**	21	**34**	44
Balance at end of period	**(1,242)**	(1,151)	**(1,242)**	(1,151)
Change in Cumulative Foreign Currency Translation Adjustments				
Balance at beginning of period	**(291)**	(731)	**(281)**	(722)
Other comprehensive income (loss) before reclassifications	**(39)**	(30)	**(49)**	(39)
Balance at end of period	**(330)**	(761)	**(330)**	(761)
Net Gains and Losses on Cash Flow Hedging Derivatives				
Balance at beginning of period	**(8)**	(8)	**(8)**	(8)
Balance at end of period	**(8)**	(8)	**(8)**	(8)
Total Accumulated Other Comprehensive Income (Loss) at End of Period	**$ (1,580)**	$ (1,920)	**$ (1,580)**	$ (1,920)

The following table presents details of the reclassifications out of AOCI for the three months and six months ended June 30, 2024 and 2023:

	Amount Reclassified from Accumulated Other Comprehensive Income				
	Three Months Ended June 30,		Six Months Ended June 30,		
In millions:	**2024**	**2023**	**2024**	**2023**	**Location of Amount Reclassified from AOCI**
Defined benefit pension and post-retirement items:					
Prior-service costs	**$ (3)**	$ (6)	**$ (6)**	$ (12)[a]	Non-operating pension expense (income)

In millions:	Amount Reclassified from Accumulated Other Comprehensive Income				Location of Amount Reclassified from AOCI
	Three Months Ended June 30,		Six Months Ended June 30,		
	2024	2023	**2024**	2023	
Actuarial gains (losses)	**(20)**	(22)	**(39)**	(46)[(a)]	Non-operating pension expense (income)
Total pre-tax amount	**(23)**	(28)	**(45)**	(58)	
Tax (expense) benefit	**6**	7	**11**	14	
Net of tax	**(17)**	(21)	**(34)**	(44)	
Total reclassifications for the period	**$ (17)**	$ (21)	**$ (34)**	$ (44)	

(a) These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see Note 17 for additional details).

NOTE 6 - EARNINGS PER SHARE

Basic earnings per share is computed by dividing earnings by the weighted average number of common shares outstanding. Diluted earnings per share is computed assuming that all potentially dilutive securities were converted into common shares. There are no adjustments required to be made to net income for purposes of computing basic and diluted earnings per share. A reconciliation of the amounts included in the computation of basic earnings (loss) per share from continuing operations and diluted earnings (loss) per share from continuing operations is as follows:

In millions, except per share amounts	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	**2024**	2023
Earnings (loss) from continuing operations	**$ 498**	$ 222	**$ 554**	$ 394
Weighted average common shares outstanding	**347.3**	346.2	**347.0**	347.7
Effect of dilutive securities				
Restricted performance share plan	**5.5**	0.3	**5.7**	1.8
Weighted average common shares outstanding – assuming dilution	**352.8**	346.5	**352.7**	349.5
Basic earnings (loss) per share from continuing operations	**$ 1.43**	$ 0.64	**$ 1.59**	$ 1.13
Diluted earnings (loss) per share from continuing operations	**$ 1.41**	$ 0.64	**$ 1.57**	$ 1.12

NOTE 7 - RESTRUCTURING AND OTHER CHARGES, NET

2024*:* There were no restructuring and other charges recorded during the three months ended June 30, 2024.

During the three months ended March 31, 2024, the Company recorded restructuring and other charges of $3 million for costs associated with the permanent closure of our containerboard mill in Orange, Texas and the permanent shutdown of pulp machines at our Riegelwood, North Carolina and Pensacola, Florida mills.

2023*:* There were no restructuring and other charges recorded during the three months and six months ended June 30, 2023.

NOTE 8 - ACQUISITIONS

On April 16, 2024, the Company issued an announcement, pursuant to Rule 2.7 of the United Kingdom City Code on Takeovers and Mergers, disclosing the terms of a recommended offer by the Company to acquire the entire issued and to be issued share capital of DS Smith Plc, a public limited company incorporated in England and

Wales (“DS Smith”), in an all-stock transaction (the “Business Combination”). Under the terms of the Business Combination, each DS Smith share will be valued at 415 pence per share based on the Company’s closing share price of $40.85 and GBP/USD exchange rate of 1.2645 on March 25, 2024, being the close of business on the last day prior to the announcement by DS Smith of a previously disclosed possible offer by the Company. This will result in IP issuing 0.1285 shares for each DS Smith share, resulting in pro forma ownership of 66.3% for IP shareholders and 33.7% for DS Smith shareholders, with an implied enterprise value of approximately $9.9 billion. Costs related to the transaction were $17 million and $22 million for the three months and six months ended June 30, 2024, respectively. In connection with the Business Combination, the Company also intends to seek a secondary listing of International Paper common stock on the London Stock Exchange. Following completion of the Business Combination, Memphis, Tennessee, will be the headquarters of the combined company, with plans to establish a Europe, Middle East and Africa (“EMEA”) headquarters at DS Smith’s existing London headquarters. Upon the completion of the Business Combination, it is intended that the Company’s board of directors will form the board of directors of the combined company, and that up to two directors of DS Smith will be invited to join the board of directors of the combined company. Mr. Andrew K. Silvernail will be the Chief Executive Officer of the combined company. On June 25, 2024, the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”), for the proposed Business Combination expired, which removes the HSR Act’s bar to closing. The transaction is expected to close during the fourth quarter of 2024, subject to the approval of IP shareholders and DS Smith shareholders, as well as customary closing conditions, including regulatory clearances in Europe.

NOTE 9 - SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

Temporary Investments

Temporary investments with an original maturity of three months or less and money market funds with greater than three month maturities but with the right to redeem without notices are treated as cash equivalents and stated at cost. Temporary investments totaled $862 million and $950 million at June 30, 2024 and December 31, 2023, respectively.

Accounts and Notes Receivable

In millions	June 30, 2024	December 31, 2023
Accounts and notes receivable, net:		
Trade (less allowances of $30 in 2024 and $34 in 2023)	**$ 2,915**	$ 2,841
Other	**282**	**218**
Total	**$ 3,197**	$ 3,059

Inventories

In millions	June 30, 2024	December 31, 2023
Raw materials	**$ 203**	$ 229
Finished pulp, paper and packaging	**857**	975
Operating supplies	**623**	622
Other	**45**	63
Total	**$ 1,728**	$ 1,889

Plants, Properties and Equipment

Accumulated depreciation was $19.9 billion and $19.6 billion at June 30, 2024 and December 31, 2023, respectively. Depreciation expense was $251 million and $235 million for the three months ended June 30, 2024 and 2023, respectively, and $519 million and $467 million for the six months ended June 30, 2024 and 2023, respectively.

Non-cash additions to plants, properties and equipment included within accounts payable were $63 million and $141 million at June 30, 2024 and December 31, 2023, respectively.

Accounts Payable

Under a supplier finance program, International Paper agrees to pay a bank the stated amount of confirmed invoices from its designated suppliers on the original maturity dates of the invoices. International Paper or the bank may terminate the agreement upon at least 90 days' notice. The supplier invoices that have been confirmed as valid under the program require payment in full on the due date with no terms exceeding 180 days. The accounts payable balance included $110 million and $122 million of supplier finance program liabilities as of June 30, 2024 and December 31, 2023, respectively.

Interest

Interest payments made during the six months ended June 30, 2024 and 2023 were $222 million and $240 million, respectively.

Amounts related to interest were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions	**2024**	**2023**	**2024**	**2023**
Interest expense	**$ 107**	$ 103	**$ 216**	$ 206
Interest income	**52**	44	**115**	85
Capitalized interest costs	**6**	6	**8**	11

Asset Retirement Obligations

The Company recorded liabilities in Other Liabilities in the accompanying condensed consolidated balance sheet of $104 million and $103 million related to asset retirement obligations at June 30, 2024 and December 31, 2023, respectively.

NOTE 10 - LEASES

International Paper leases various real estate, including certain operating facilities, warehouses, office space and land. The Company also leases material handling equipment, vehicles, and certain other equipment. The Company's leases have a remaining lease term of up to 29 years. Total lease costs were $79 million and $73 million for the three months ended June 30, 2024 and 2023, respectively, and $158 million and $148 million for the six months ended June 30, 2024 and 2023, respectively.

Supplemental Balance Sheet Information Related to Leases

In millions	**Classification**	**June 30, 2024**	**December 31, 2023**
Assets			
Operating lease assets	Right-of-use assets	**$ 439**	$ 448
Finance lease assets	Plants, properties and equipment, net[(a)]	**42**	47
Total leased assets		**$ 481**	$ 495
Liabilities			
Current			
Operating	Other current liabilities	**$ 151**	$ 153
Finance	Notes payable and current maturities of long-term debt	**11**	11
Noncurrent			
Operating	Long-term lease obligations	**299**	312
Finance	Long-term debt	**40**	44
Total lease liabilities		**$ 501**	$ 520

(a) Finance leases are recorded net of accumulated amortization of $70 million and $67 million as of June 30, 2024 and December 31, 2023, respectively.

NOTE 11 - EQUITY METHOD INVESTMENTS

The Company accounts for the following investment under the equity method of accounting.

Ilim S.A.

On September 18, 2023, pursuant to a previously announced agreement, the Company completed the sale of its 50% equity interest in Ilim S.A. ("Ilim"), which was a joint venture that operated a pulp and paper business in Russia and has subsidiaries including Ilim Group, to its joint venture partners for $484 million in cash. The Company also completed the sale of all of its Ilim Group shares (constituting a 2.39% stake) for $24 million, and divested other non-material residual interests associated with Ilim, to its joint venture partners. Following the completed sales, the Company no longer has an interest in Ilim or any of its subsidiaries. Additionally, we incurred transaction fees of $36 million in the third quarter of 2023 in connection with the sale of our investment. The Company reclassified currency translation adjustments in AOCI of $517 million to the investment at the completion of the transaction.

All historical results of the Ilim investment are presented as Discontinued Operations, net of taxes in the condensed consolidated statement of operations.

The following summarizes the items comprising Equity Earnings, Impairment Charges, Tax Expense (Benefit), Discontinued Operations and Dividends related to the sale of our equity interest in Ilim:

In millions	Equity Earnings	Impairment Charges	Tax Expense (Benefit)	Discontinued Operations, net of tax[(a)]	Dividends
2023 First Quarter	43	43	—	—	—
2023 Second Quarter	46	33	—	13	13
2023 Third Quarter	23	59	(9)	(27)	—
Six Months Ended June 30, 2023	89	76	—	13	13

(a) Discontinued operations, net of tax is Equity Earnings less Impairment Charges and Tax Expense (Benefit)

NOTE 12 - GOODWILL AND OTHER INTANGIBLES

Goodwill

The following table presents changes in goodwill balances as allocated to each business segment for the six months ended June 30, 2024:

In millions	Industrial Packaging	Global Cellulose Fibers	Total
Balance as of January 1, 2024			
Goodwill	$ 3,413	$ 52	$ 3,465
Accumulated impairment losses	(372)	(52)	(424)
Total	3,041	—	3,041
Currency translation and other	**(1)**	**—**	**(1)**
	—	**—**	**—**
Balance as of June 30, 2024			
Goodwill	**3,412**	**52**	**3,464**
Accumulated impairment losses	**(372)**	**(52)**	**(424)**
Total	**$ 3,040**	**$ —**	**$ 3,040**

Other Intangibles

Identifiable intangible assets are recorded in Deferred Charges and Other Assets in the accompanying condensed consolidated balance sheet and comprised the following:

In millions	June 30, 2024 Gross Carrying Amount	June 30, 2024 Accumulated Amortization	June 30, 2024 Net Intangible Assets	December 31, 2023 Gross Carrying Amount	December 31, 2023 Accumulated Amortization	December 31, 2023 Net Intangible Assets
Customer relationships and lists	**$ 492**	**$ 348**	**$ 144**	$ 494	$ 335	$ 159
Tradenames, patents and trademarks, and developed technology	**170**	**158**	**12**	170	154	16
Land and water rights	**8**	**2**	**6**	8	2	6
Other	**20**	**18**	**2**	21	19	2
Total	**$ 690**	**$ 526**	**$ 164**	$ 693	$ 510	$ 183

The Company recognized the following amounts as amortization expense related to intangible assets:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions	**2024**	**2023**	**2024**	**2023**
Amortization expense related to intangible assets	**$ 9**	$ 9	**$ 19**	$ 18

NOTE 13 - INCOME TAXES

International Paper made income tax payments, net of refunds, of $153 million and $215 million for the six months ended June 30, 2024 and 2023, respectively.

The Company currently estimates that, as a result of ongoing discussions, pending tax settlements and expirations of statutes of limitations, the amount of unrecognized tax benefits could be reduced by approximately $4 million during the next 12 months.

The Organization for Economic Cooperation and Development has proposed a 15% global minimum tax applied on a country-by-country basis (the "Pillar Two rule"), and many countries, including countries in which we operate, have enacted or begun the process of enacting laws adopting the Pillar Two rule. The first component of the Pillar Two rule became effective as of January 1, 2024 and did not have a material impact on the Company's effective tax rate. The second component is expected to go into effect in 2025.

During the second quarter, the Company completed an internal legal entity restructuring for which a capital loss was recognized for U.S. federal and state income tax purposes. The Company intends to use this capital loss to offset capital gains, and, as such, recorded a deferred tax asset and a deferred tax benefit of approximately $338 million in the second quarter, which impacted the effective income tax rate for the three months and six months ended June 30, 2024.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

General

The Company is involved in various inquiries, administrative proceedings and litigation relating to environmental and safety matters, personal injury, product liability, labor and employment, contracts, sales of property, intellectual property, tax, and other matters, that arise in the normal course of business. These matters may raise difficult and complicated legal issues and may be subject to many uncertainties and complexities. Moreover, some of these matters allege substantial or indeterminate monetary damages.

International Paper reviews inquiries, administrative proceedings and litigation, including with respect to environmental matters, on an ongoing basis and establishes an estimated liability for specific legal proceedings and other loss contingencies when it determines that the likelihood of an unfavorable outcome is probable, and the amount of the loss can be reasonably estimated. In addition, if the likelihood of an unfavorable outcome with respect to material loss contingencies is reasonably possible and International Paper is able to determine an estimate of the possible loss or range of loss, whether in excess of a related accrued liability of where there is no accrued liability, International Paper will disclose the estimate of the possible loss or range of loss. When no amount in a range of loss is more likely than any other amount in the range, the low end of the range is used as the estimate of the possible loss. International Paper's assessment of whether a loss is probable is based on management's assessment of the ultimate outcome of the matter.

Assessments of lawsuits and claims and the estimates reflected herein, are subject to significant judgments about future events, rely heavily on estimates and assumptions, and are otherwise subject to significant known and unknown uncertainties. The matters underlying such estimates may change from time to time and actual losses may vary significantly from current estimates. Additionally, the estimated liability for loss contingencies does not include matters or losses for which an estimate is not reasonably estimable and probable.

Based on information currently known to International Paper, management believes that loss contingencies arising from pending matters, including the matters described herein, will not have a material adverse effect on the consolidated financial position or liquidity of the Company. However, in light of the inherent uncertainties involved in such matters, some of which are beyond the Company’s control, and the large or indeterminate damages sought in some of these matters, a future adverse ruling, settlement, unfavorable development, or increase in accruals with respect to these matters could result in future charges that could be materially adverse to the Company’s results of operations or cash flows in any particular reporting period.

Environmental

The Company has been named as a potentially responsible party (“PRP”) in environmental remediation actions under various federal and state laws, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”). Many of these proceedings involve the cleanup of hazardous substances at large commercial landfills that received waste from many different sources. While joint and several liability is authorized under CERCLA and equivalent state laws, as a practical matter, liability for CERCLA cleanups is typically allocated among the many PRPs. There are other remediation costs typically associated with the cleanup of hazardous substances at the Company’s current, closed and formerly-owned facilities, and recorded as liabilities in the balance sheet.

Remediation costs are recorded in the consolidated financial statements when they become probable and reasonably estimable. International Paper has estimated the probable liability associated with these environmental remediation matters, including those described herein, to be approximately $270 million and $251 million in the aggregate as of June 30, 2024 and December 31, 2023, respectively. Other than as described below, completion of required environmental remedial actions (“RAs”) is not expected to have a material effect on our consolidated financial statements.

Cass Lake: One of the matters included above arises out of a closed wood-treatment facility located in Cass Lake, Minnesota. In June 2011, the U.S. Environmental Protection Agency (“EPA”) selected and published a proposed soil remedy at the site with an estimated cost of $46 million. In April 2020, the EPA issued a final plan concerning clean-up standards at a portion of the site, the estimated cost of which is included within the soil remedy referenced above. The estimated liability for the Cass Lake superfund site was $45 million and $46 million as of June 30, 2024 and December 31, 2023, respectively.

Kalamazoo River: The Company is a PRP with respect to the Allied Paper, Inc./Portage Creek/Kalamazoo River Superfund Site in Michigan. The EPA asserts that the site is contaminated by polychlorinated biphenyls primarily as a result of discharges from various paper mills located along the Kalamazoo River, including a paper mill formerly owned by St. Regis Paper Company (“St. Regis”). The Company is a successor in interest to St. Regis.

- Operable Unit 5, Area 1: In March 2016, the Company and other PRPs received a special notice letter from the EPA (i) inviting participation in implementing a remedy for a portion of the site known as Operable Unit 5, Area 1, and (ii) demanding reimbursement of EPA past costs totaling $37 million, including $19 million in past costs previously demanded by the EPA. The Company responded to the special notice letter. In December 2016, the EPA issued a unilateral administrative order to the Company and other PRPs to perform the remedy. The Company responded to the unilateral administrative order, agreeing to comply with the order subject to its sufficient cause defenses.

- Operable Unit 1: In October 2016, the Company and another PRP received a special notice letter from the EPA inviting participation in the remedial design (“RD”) component of the landfill remedy for the Allied Paper Mill, which is also known as Operable Unit 1. A Record of Decision (“ROD”) establishing the final landfill remedy for the Allied Paper Mill was issued by the EPA in September 2016. The Company responded to the Allied Paper Mill special notice letter in December 2016. In February 2017, the EPA informed the Company that it would make other arrangements for the performance of the RD. In the summer 2021, the EPA initiated RA activities. In October 2022, the Company received a unilateral administrative order to perform the RA. As a result, the Company increased its estimated liability by $27 million in the fourth quarter of 2022.

The total estimated liability for the Kalamazoo River superfund site was $20 million and $27 million as of June 30, 2024 and December 31, 2023, respectively.

In addition, in December 2020, the U.S. District for the Western District of Michigan ("District Court") approved a Consent Decree among the United States, NCR Corporation (one of the parties to the allocation/apportionment litigation described below), the State of Michigan and natural resource trustees. Under the Consent Decree NCR agreed to make payments of more than $100 million and perform work in Operable Unit 5, Areas 2, 3, and 4 at an estimated cost of $136 million.

The Company's CERCLA liability has not been finally determined with respect to these or any other portions of the site, and except as noted above, the Company has declined to perform any work or reimburse the EPA at this time. As noted below, the Company is involved in allocation/apportionment litigation with regard to the site. Accordingly, it is premature to predict the outcome or estimate our maximum reasonably possible loss or range of loss with respect to this site. We have recorded a liability for future remediation costs at the site that are probable and presently reasonably estimable, and it remains reasonably possible that additional losses in excess of this recorded liability could be material; however, we are unable to estimate any possible loss or range of loss in excess of such recorded liability.

The Company was named as a defendant by Georgia-Pacific Consumer Products LP, Fort James Corporation and Georgia Pacific LLC (collectively, "GP") in a contribution and cost recovery action for alleged pollution at the site related to the Company's potential CERCLA liability. NCR Corporation and Weyerhaeuser Company were also named as defendants. The lawsuit seeks contribution under CERCLA for costs purportedly expended by plaintiffs ($79 million as of the filing of the complaint) and for future remediation costs. In June 2018, the District Court issued its Final Judgment and Order, which fixed the past cost amount at approximately $50 million (plus interest to be determined) and allocated to the Company a 15% share of responsibility for those past costs. The District Court did not address responsibility for future costs in its decision. In July 2018, the Company and each of the other parties filed notices appealing the Final Judgment and prior orders incorporated into the Final Judgment. In April 2022, the Sixth Circuit Court of Appeals (the "Sixth Circuit") reversed the Judgment of the Court, finding that the lawsuit against the Company was time-barred by the applicable statute of limitations. In May 2022, GP filed a petition for rehearing with the Sixth Circuit, which was denied in July 2022. In November 2022, GP filed a petition for writ of certiorari with the U.S. Supreme Court. In October 2023, the U.S. Supreme Court denied GP's writ petition, thus rendering final the Sixth Circuit's decision that GP's lawsuit against the Company was time-barred. In January 2024 GP requested that the District Court's final order declare that each party is jointly and severally liable for future costs, arguing that the Sixth Circuit decision only applies to past costs. On April 9, 2024, the District Court entered Final Judgment After Remand, declaring, consistent with the Sixth Circuit's decision, that GP's past costs are time-barred by the applicable statute of limitations. The District Court also entered Final Judgment on Remand that all three parties, including the Company, are jointly and severally liable for future response costs at the site. The Company believes the District Court's Final Judgment on Remand regarding liability for future costs is in error and is appealing the Final Judgment on Remand on future costs liability to the Sixth Circuit.

Harris County: International Paper and McGinnis Industrial Maintenance Corporation ("MIMC"), a subsidiary of Waste Management, Inc. ("WMI"), are PRPs at the San Jacinto River Waste Pits Superfund Site in Harris County, Texas. The PRPs have been actively participating in the activities at the site and share the costs of these activities.

In October 2017, the EPA issued a ROD selecting the final remedy for the site: removal and relocation of the waste material from both the northern and southern impoundments. The EPA did not specify the methods or practices needed to perform this work. The EPA's selected remedy was accompanied by a cost estimate of approximately $115 million ($105 million for the northern impoundment, and $10 million for the southern impoundment). Subsequent to the issuance of the ROD, there have been numerous meetings between the EPA and the PRPs, and the Company continues to work with the EPA and MIMC/WMI to develop the RD.

To this end, in April 2018, the PRPs entered into an Administrative Order on Consent ("AOC") with the EPA, agreeing to work together to develop the RD for the northern impoundment. That RD work is ongoing. The AOC does not include any agreement to perform waste removal or other construction activity at the site. Rather, it involves adaptive management techniques and a pre-design investigation, the objectives of which include filling data gaps (including but not limited to post-Hurricane Harvey technical data generated prior to the ROD and not incorporated into the selected remedy), refining areas and volumes of materials to be addressed, determining if an excavation remedy is able to be implemented in a manner protective of human health and the environment, and investigating potential impacts of remediation activities to infrastructure in the vicinity.

During the first quarter of 2020, through a series of meetings among the Company, MIMC/WMI, our consultants, the EPA and the Texas Commission on Environmental Quality, progress was made to resolve key technical issues previously preventing the Company from determining the manner in which the selected remedy for the northern impoundment would be feasibly implemented. As a result of these developments, the Company reserved the following estimated liability amounts in relation to remediation at this site: (a) $10 million for the southern impoundment; and (b) $55 million for the northern impoundment, which represents the Company's 50% share of our estimate of the low end of the range of probable remediation costs.

We submitted the Final Design Package for the southern impoundment to the EPA, and the EPA approved this plan in May 2021. The EPA issued a Unilateral Administrative Order for RA of the southern impoundment in August 2021. An addendum to the Final 100% RD (Amended April 2021) was submitted to the EPA for the southern impoundment in June 2022. This addendum incorporated additional data collected to date which indicated that additional waste material removal will be required, lengthening the time to complete RA.

With respect to the northern impoundment, the PRPs submitted the final component of the 90% to the EPA in November 2022. Upon submittal of the final component, an updated engineering estimate was developed, and the Company increased the estimated liability amount by approximately $21 million, which represents the Company's 50% share of our estimate of the low end of the range of probable remediation costs. On January 5, 2024, the PRPs received comments from the EPA on the November 2022 90% RD submittal. The PRPs responded to the EPA comments in late January 2024. In April 2024, the EPA responded to the submitted plans and requested a 100% RD by July 17, 2024, which was timely submitted by the PRPs. Among other things, the revised RD proposes design changes that include modification of the wastewater treatment facilities, changes to outer walls, and the addition of scour and barge protection systems. To account for the design changes and the updated estimate of costs from the site engineer, the Company increased the estimated liability amount by approximately $25 million as of June 30, 2024. This amount represents the Company's 50% share of the low end of the range of estimated remediation costs. While several key technical issues have been resolved, respondents still face significant challenges remediating this area in a cost-efficient manner that will not result in a release of contaminated materials to the environment during the excavation, removal and transport of the materials. Our discussions with the EPA on the best approach to remediation will continue. Because of ongoing questions regarding cost effectiveness, timing and gathering other technical data, additional losses in excess of our recorded liability are possible. The total estimated liability for the southern and northern impoundment was $98 million and $83 million as of June 30, 2024 and December 31, 2023, respectively.

Versailles Pond: The Company is a responsible party for the investigation and remediation of Versailles Pond, a 57-acre dammed river impoundment that historically received paperboard mill wastewater in Sprague, Connecticut. A comprehensive investigation has determined that Versailles Pond is contaminated with polychlorinated biphenyls, mercury, and metals. A preliminary remediation plan was prepared in the third quarter of 2023. Negotiations with state and federal governmental officials are ongoing regarding the scope and timing of the remediation. The total estimated liability for Versailles Pond was $30 million as of both June 30, 2024 and December 31, 2023.

Asbestos-Related Matters

We have been named as a defendant in various asbestos-related personal injury litigation, in both state and federal court, primarily in relation to the prior operations of certain companies previously acquired by the Company. The Company's total recorded liability with respect to pending and future asbestos-related claims was $112 million and $97 million as of June 30, 2024 and December 31, 2023, respectively, both net of estimated insurance recoveries. While it is reasonably possible that the Company may incur losses in excess of its recorded liability with respect to asbestos-related matters, we are unable to estimate any loss or range of loss in excess of such liability, and do not believe additional material losses are probable.

Antitrust

In March 2017, the Italian Competition Authority ("ICA") commenced an investigation into the Italian packaging industry to determine whether producers of corrugated sheets and boxes violated the applicable European competition law. In April 2019, the ICA concluded its investigation and issued initial findings alleging that over 30 producers, including our Italian packaging subsidiary ("IP Italy"), improperly coordinated the production and sale of corrugated sheets and boxes. In August 2019, the ICA issued its decision and assessed IP Italy a fine of €29 million (approximately $31 million at the then-current exchange rates) which was recorded in the third quarter of 2019. We appealed the ICA decision and our appeal was denied in May 2021. We further appealed the decision to the Italian Council of State ("Council of State"), and in March 2023 the Council of State largely upheld the ICA's findings, but referred the calculation of IP Italy's fine back to the ICA, finding that it was disproportionately high based on the conduct found. We further appealed the Council of State decision to uphold the ICA's findings, and in March 2024, the Council of State published its decision holding that its earlier decision should be interpreted as accepting many of IP Italy's earlier arguments and that the ICA should reduce IP Italy's fine accordingly. Notwithstanding these decisions by the Council of State, in March 2024 the ICA served IP Italy with its redetermination decision leaving IP Italy's fine unchanged. IP Italy does not believe the ICA's redetermination decision is consistent with the Council of State's March 2024 decision or its March 2023 referral back to the ICA, and has further appealed the amount of its fine. The Company and other producers also have been named in lawsuits, and we have received other claims, by a number of customers in Italy for damages associated with the alleged anticompetitive conduct. We do not believe material losses arising from such private lawsuits and claims are probable.

Guarantees

In connection with sales of businesses, property, equipment, forestlands and other assets, International Paper commonly makes representations and warranties relating to such businesses or assets, and may agree to indemnify buyers with respect to tax and environmental liabilities, breaches of representations and warranties, and other matters. Where liabilities for such matters are determined to be probable and reasonably estimable, accrued liabilities are recorded at the time of sale as a cost of the transaction.

Brazil Goodwill Tax Matter: The Brazilian Federal Revenue Service has challenged the deductibility of goodwill amortization generated in a 2007 acquisition by Sylvamo do Brasil Ltda. ("Sylvamo Brazil"), which was a wholly-owned subsidiary of the Company, until the October 1, 2021 spin-off of the Printing Papers business, after which it became a subsidiary of Sylvamo Corporation ("Sylvamo"). Sylvamo Brazil received assessments for the tax years 2007-2015 totaling approximately $105 million (adjusted for variation in currency exchange rates) in tax, plus interest, penalties and fees. The interest, penalties and fees currently total approximately $249 million (adjusted for variation in currency exchange rates). Accordingly, the assessments currently total approximately $354 million (adjusted for variation in currency exchange rates). After an initial favorable ruling challenging the basis for these assessments, Sylvamo Brazil received subsequent unfavorable decisions from the Brazilian Administrative Council of Tax Appeals. Sylvamo Brazil has appealed these decisions and intends to appeal any future unfavorable administrative judgments to the Brazilian federal courts; however, this tax litigation matter may take many years to resolve. Sylvamo Brazil and International Paper believe the transaction underlying these assessments was appropriately evaluated, and that Sylvamo Brazil's tax position should be sustained, based on Brazilian tax law.

This matter pertains to a business that was conveyed to Sylvamo on October 1, 2021, as part of our spin-off transaction. Pursuant to the terms of the tax matters agreement entered into between the Company and Sylvamo, the Company will pay 60% and Sylvamo will pay 40%, on up to $300 million of any assessment related to this matter, and the Company will pay all amounts of the assessment over $300 million. Under the terms of the tax matters agreement, decisions concerning the conduct of the litigation related to this matter, including strategy, settlement, pursuit and abandonment, will be made by the Company. Sylvamo thus has no control over any decision related to this ongoing litigation. The Company intends to vigorously defend this historical tax position against the current assessments and any similar assessments that may be issued for tax years subsequent to 2015. The Brazilian government may enact a tax amnesty program that would allow Sylvamo Brazil to resolve this dispute for less than the assessed amount. As of October 1, 2021, in connection with the recording of the distribution of assets and liabilities resulting from the spin-off transaction, the Company established a liability representing the initial fair value of the contingent liability under the tax matters agreement. The contingent liability was determined in accordance with ASC 460 "Guarantees" based on the probability weighting of various possible outcomes. The initial fair value estimate and recorded liability as of December 31, 2021 was $48 million and remains this amount at June 30, 2024. This liability will not be increased in subsequent periods unless facts and circumstances change such that an amount greater than the initial recognized liability becomes probable and estimable

NOTE 15 - VARIABLE INTEREST ENTITIES

Variable Interest Entities

As of June 30, 2024, the fair value of the Timber Notes and Extension Loans for the 2007 Financing Entities was $2.4 billion and $2.1 billion, respectively. The Timber Notes and Extension Loans are classified as Level 2 within the fair value hierarchy, which is further defined in Note 1 in the Company's Annual Report.

The Timber Notes of $2.4 billion and the Extension Loans of $2.1 billion both mature in 2027 and are shown in Long-term nonrecourse financial assets of variable interest entities and Long-term nonrecourse financial liabilities of variable interest entities, respectively, on the accompanying condensed consolidated balance sheet.

Activity between the Company and the 2007 Financing Entities was as follows:

In millions	Three Months Ended June 30, 2024		Three Months Ended June 30, 2023		Six Months Ended June 30, 2024		Six Months Ended June 30, 2023	
Revenue[(a)]	**$**	**38**	$	36	**$**	**77**	$	69
Expense[(b)]		**35**		35		**70**		66
Cash receipts[(c)]		**34**		28		**68**		55
Cash payments[(d)]		**32**		30		**66**		57

(a) The revenue is included in interest expense, net in the accompanying statement of operations and includes approximately $4 million and $9 million for both the three months and sixth months ended June 30, 2024 and 2023, respectively, of accretion income for the amortization of the basis difference adjustment on the Long-term financial assets of variable interest entities.

(b) The expense is included in interest expense, net in the accompanying statement of operations and includes approximately $1 million and $3 million for both the three months and sixth months ended June 30, 2024 and 2023, respectively, of accretion expense for the amortization of the basis difference adjustment on the Long-term nonrecourse financial liabilities of variable interest entities.

(c) The cash receipts are interest received on the Long-term financial assets of variable interest entities.

(d) The cash payments are interest paid on Long-term nonrecourse financial liabilities of variable interest entities.

On September 2, 2022, the Company and the Internal Revenue Service agreed to settle the previously disclosed timber monetization restructuring tax matter involving the variable interest entities that were restructured in 2015 (“the 2015 Financing Entities”) in connection with an extension of installment notes and third-party loans. Under this agreement, the Company agreed to fully resolve the matter and pay $252 million in U.S. federal income taxes. As a result, interest was charged upon closing of the audit. The Company has paid $252 million in U.S. federal income taxes and $58 million in interest expense as a result of the settlement agreement. Of this amount, the Company paid $163 million in U.S. federal income taxes and $30 million in interest during the first quarter of 2023, with the Company fully satisfying the remaining payment terms of the settlement agreement regarding the 2015 Financing Entities timber monetization restructuring tax matter during the second quarter of 2023.

NOTE 16 - DEBT

The borrowing capacity of the Company’s commercial paper program is $1.0 billion supported by its $1.4 billion credit agreement. Under the terms of the program, individual maturities on borrowings may vary, but not exceed one year from the date of issue. Interest bearing notes may be issued either as fixed or floating rate notes. As of June 30, 2024, the Company had no borrowings outstanding under the program.

At June 30, 2024, International Paper’s credit facilities totaled $1.9 billion. The credit facilities generally provide for interest rates at a floating rate index plus a pre-determined margin dependent upon International Paper’s credit rating. The credit facilities previously included a $1.5 billion contractually committed bank facility with a maturity date of June 2026. In June 2023, the Company amended and restated its credit agreement to, among other things, (i) reduce the size of the contractually committed bank facility from $1.5 billion to $1.4 billion, (ii) extend the maturity date from June 2026 to June 2028, and (iii) replace the LIBOR-based rate with a SOFR-based rate. The liquidity facilities also includes up to $500 million of uncommitted financings based on eligible receivables balances under a receivables securitization program that expires in June 2025. At June 30, 2024, the Company had no borrowings outstanding under the receivables securitization program.

During the first quarter of 2024, the Company had debt reductions of $3 million related to decreases in the amount of capital leases.

During the second quarter of 2024, the Company had debt reductions of $5 million related to decreases in the amount of capital leases.

The Company’s financial covenants require the maintenance of a minimum net worth, as defined in our debt agreements, of $9 billion and a total debt-to-capital ratio of less than 60%. Net worth is defined as the sum of common stock, paid-in capital and retained earnings, less treasury stock plus any cumulative goodwill impairment charges. The calculation also excludes accumulated other comprehensive income/loss and both the current and long-term Nonrecourse Financial Liabilities of Variable Interest Entities. The total debt-to-capital ratio is defined as total debt divided by the sum of total debt plus net worth. As of June 30, 2024, we were in compliance with our debt covenants.

At June 30, 2024, the fair value of International Paper’s $5.6 billion of debt was approximately $5.2 billion. The fair value of the Company’s long-term debt is estimated based on the quoted market prices for the same or similar issues. International Paper's long-term debt is classified as Level 2 within the fair value hierarchy, which is further defined in Note 1 in the Company's Annual Report.

NOTE 17 - RETIREMENT PLANS

International Paper sponsors and maintains the Retirement Plan of International Paper Company (the "Pension Plan"), a tax-qualified defined benefit pension plan that provides retirement benefits to substantially all hourly and union employees who work at a participating business unit. The Pension Plan was frozen as of January 1, 2019 for salaried participants.

The Pension Plan provides defined pension benefits based on years of credited service and either final average earnings (salaried employees and hourly employees receiving salaried benefits), hourly job rates or specified benefit rates (hourly and union employees).

Net periodic pension expense (income) for our qualified and nonqualified U.S. defined benefit plans comprised the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions	**2024**	**2023**	**2024**	**2023**
Service cost	**$ 14**	$ 12	**$ 27**	$ 24
Interest cost	**112**	114	**223**	230
Expected return on plan assets	**(148)**	(133)	**(296)**	(265)
Actuarial loss	**20**	22	**39**	46
Amortization of prior service cost	**3**	6	**6**	12
Net periodic pension expense (income)	**$ 1**	$ 21	**$ (1)**	$ 47

The components of net periodic pension expense (income) other than the Service cost component are included in Non-operating pension expense (income) in the condensed consolidated statement of operations.

The Company's funding policy for our pension plans is to contribute amounts sufficient to meet legal funding requirements, plus any additional amounts that the Company may determine to be appropriate considering the funded status of the plan, tax deductibility, the cash flows generated by the Company, and other factors. The Company made no voluntary cash contributions to the qualified pension plan in the first six months of 2024 or 2023. The nonqualified defined benefit plans are funded to the extent of benefit payments, which totaled $11 million for the six months ended June 30, 2024.

NOTE 18 - STOCK-BASED COMPENSATION

On February 13, 2024, the Company's Board of Directors, upon recommendation of the Management Development and Compensation Committee (the "Committee"), authorized adoption of a 2024 Long-Term Incentive Compensation Plan (the "2024 LTICP") to replace the 2009 Amended and Restated Incentive Compensation Plan (the "2009 Plan"), subject to shareowner approval at the Company's annual meeting of shareowners held on May 13, 2024. The 2024 LTICP became effective following approval by shareowners at the May 13, 2024 annual meeting and replaced the 2009 Plan. The 2024 LTICP authorized up to 9,250,000 shares of our Class A common stock, par value $1.00 per share, available for future grants in the form of restricted stock, restricted or deferred stock units, performance awards payable in cash or stock upon the attainment of specified performance goals, dividend equivalents, options, stock appreciation rights, other stock-based awards and cash-based awards at the discretion of the Committee. The LTICP is administered by the Committee. As of June 30, 2024, 9.2 million shares were available for grant under the 2024 LTICP.

Stock-based compensation expense and related income tax benefits were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
In millions	**2024**	**2023**	**2024**	**2023**
Total stock-based compensation expense (selling and administrative)	**$ 26**	$ (8)	**$ 35**	$ 26
Income tax benefits related to stock-based compensation	**—**	—	**13**	11

At June 30, 2024, $103 million, net of estimated forfeitures, of compensation cost related to time-based and performance-based shares and restricted stock attributable to future service had not yet been recognized. This amount will be recognized in expense over a weighted-average period of 1.6 years.

Long-Term Incentive Plan

During the first sixth months of 2024, the Company granted 2.0 million performance units at an average grant date fair value of $35.25 and 1.4 million time-based units at an average grant date fair value of $36.15.

NOTE 19 - BUSINESS SEGMENT INFORMATION

International Paper's business segments, Industrial Packaging and Global Cellulose Fibers, are consistent with the internal structure used to manage these businesses. Both segments are differentiated on a common product, common customer basis consistent with the business segmentation generally used in the Forest Products industry.

Business segment operating profits (losses) are used by International Paper's management to measure the earnings performance of its businesses. Management believes that this measure allows a better understanding of trends in costs, operating efficiencies, prices and volumes. Business segment operating profits (losses) are defined as earnings (loss) from continuing operations before income taxes and equity earnings, but including the impact of less than wholly owned subsidiaries, and excluding interest expense, net, corporate expenses, net, corporate net special items, business net special items and non-operating pension expense.

Net sales by business segment for the three months and six months ended June 30, 2024 and 2023 were as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
In millions	**2024**	**2023**	**2024**	**2023**
Industrial Packaging	**$ 3,931**	$ 3,884	**$ 7,739**	$ 7,967
Global Cellulose Fibers	**717**	698	**1,421**	1,509
Corporate and Intersegment Sales	**86**	100	**193**	226
Net Sales	**$ 4,734**	$ 4,682	**$ 9,353**	$ 9,702

Operating profit (loss) by business segment for the three months and six months ended June 30, 2024 and 2023 were as follows:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
In millions	**2024**	**2023**	**2024**	**2023**
Industrial Packaging	**$ 291**	$ 304	**$ 507**	$ 626
Global Cellulose Fibers	**31**	30	**(16)**	14
Business Segment Operating Profit (Loss)	**$ 322**	$ 334	**$ 491**	$ 640
Net Earnings (Loss) From Continuing Operations	**$ 498**	$ 222	**$ 554**	$ 394
Add back (deduct):				
Income tax provision (benefit)	**(293)**	33	**(266)**	81
Equity (earnings) loss, net of taxes	**1**	—	**3**	1
Earnings (loss) from continuing operations before income taxes and equity earnings	**206**	255	**291**	476
Interest expense, net	**55**	59	**101**	121
Adjustment for less than wholly owned subsidiaries	**(1)**	—	**(3)**	—
Corporate expenses, net	**23**	8	**47**	16
Corporate net special items	**54**	—	**74**	—
Business net special items	**(5)**	—	**3**	—
Non-operating pension expense (income)	**(10)**	12	**(22)**	27
Business Segment Operating Profit (Loss)	**$ 322**	$ 334	**$ 491**	$ 640

INTERNATIONAL PAPER UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

(In millions, except per share amounts)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net Sales	**$ 4,619**	$ 5,020
Costs and Expenses		
Cost of products sold	**3,424**	3,642
Selling and administrative expenses	**358**	381
Depreciation, amortization and cost of timber harvested	**278**	241
Distribution expenses	**391**	422
Taxes other than payroll and income taxes	**41**	36
Restructuring and other charges, net	**3**	—
Net (gains) losses on sales of fixed assets	**5**	—
Interest expense, net	**46**	62
Non-operating pension expense (income)	**(12)**	15
Earnings (Loss) From Continuing Operations Before Income Taxes and Equity Earnings (Loss)	**85**	221
Income tax provision (benefit)	**27**	48
Equity earnings (loss), net of taxes	**(2)**	(1)
Earnings (Loss) From Continuing Operations	**56**	172
Discontinued operations, net of taxes	**—**	—
Net Earnings (Loss)	**$ 56**	$ 172
Basic Earnings (Loss) Per Share		
Earnings (loss) from continuing operations	**$ 0.16**	$ 0.49
Discontinued operations, net of taxes	**—**	—
Net earnings (loss)	**$ 0.16**	$ 0.49
Diluted Earnings (Loss) Per Share		
Earnings (loss) from continuing operations	**$ 0.16**	$ 0.49
Discontinued operations, net of taxes	**—**	—
Net earnings (loss)	**$ 0.16**	$ 0.49
Average Shares of Common Stock Outstanding – assuming dilution	**348.5**	353.3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

(In millions)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net Earnings (Loss)	**$ 56**	$ 172
Other Comprehensive Income (Loss), Net of Tax:		
Amortization of pension and post-retirement prior service costs and net loss:		
U.S. plans	**17**	23
Change in cumulative foreign currency translation adjustment	**(10)**	(9)
Total Other Comprehensive Income (Loss), Net of Tax	**7**	14
Comprehensive Income (Loss)	**$ 63**	$ 186

CONDENSED CONSOLIDATED BALANCE SHEET

(In millions)	March 31, 2024	December 31, 2023
	(unaudited)	
Assets		
Current Assets		
Cash and temporary investments	**$ 1,070**	$ 1,113
Accounts and notes receivable, net	**3,048**	3,059
Contract assets	**430**	433
Inventories	**1,771**	1,889
Other current assets	**140**	114
Total Current Assets	**6,459**	6,608
Plants, Properties and Equipment, net	**10,027**	10,150
Investments	**160**	163
Long-Term Financial Assets of Variable Interest Entities (Note 14)	**2,317**	2,312
Goodwill	**3,041**	3,041
Overfunded Pension Plan Assets	**145**	118
Right of Use Assets	**445**	448
Deferred Charges and Other Assets	**434**	421
Total Assets	**$ 23,028**	$ 23,261
Liabilities and Equity		
Current Liabilities		
Notes payable and current maturities of long-term debt	**$ 138**	$ 138
Accounts payable	**2,322**	2,442
Accrued payroll and benefits	**378**	397
Other current liabilities	**1,016**	982
Total Current Liabilities	**3,854**	3,959
Long-Term Debt	**5,453**	5,455
Long-Term Nonrecourse Financial Liabilities of Variable Interest Entities (Note 14)	**2,115**	2,113
Deferred Income Taxes	**1,541**	1,552
Underfunded Pension Benefit Obligation	**279**	280
Postretirement and Postemployment Benefit Obligation	**137**	140
Long-Term Lease Obligations	**307**	312
Other Liabilities	**1,085**	1,095
Equity		
Common stock, $1 par value, 2024 – 448.9 shares and 2023 – 448.9 shares	**449**	449
Paid-in capital	**4,663**	4,730
Retained earnings	**9,386**	9,491
Accumulated other comprehensive loss	**(1,558)**	(1,565)
	12,940	13,105
Less: Common stock held in treasury, at cost, 2024 – 101.6 shares and 2023 – 102.9 shares	**4,683**	4,750
Total Equity	**8,257**	8,355
Total Liabilities and Equity	**$ 23,028**	$ 23,261

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(In millions)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating Activities		
Net earnings (loss)	**$ 56**	$ 172
Depreciation, amortization and cost of timber harvested	**278**	241
Deferred income tax provision (benefit), net	**(11)**	(2)
Restructuring and other charges, net	**3**	—
Net (gains) losses on sales and impairments of equity method investments	**—**	43
Net (gains) losses on sales of fixed assets	**5**	—
Equity (earnings) losses, net of taxes	**2**	(42)
Periodic pension (income) expense, net	**(2)**	26
Other, net	**32**	39
Changes in current assets and liabilities		
Accounts and notes receivable	**7**	103
Contract assets	**2**	(52)
Inventories	**76**	52
Accounts payable and accrued liabilities	**(44)**	(203)
Interest payable	**17**	(5)
Other	**(26)**	(27)
Cash Provided By (Used For) Operations	**395**	345
Investment Activities		
Invested in capital projects	**(251)**	(341)
Proceeds from sale of fixed assets	**1**	2
Other	**3**	—
Cash Provided By (Used For) Investment Activities	**(247)**	(339)
Financing Activities		
Repurchases of common stock and payments of restricted stock tax withholding	**(22)**	(177)
Issuance of debt	**—**	670
Reduction of debt	**(3)**	(413)
Change in book overdrafts	**(5)**	(26)
Dividends paid	**(161)**	(162)
Cash Provided By (Used For) Financing Activities	**(191)**	(108)
Effect of Exchange Rate Changes on Cash and Temporary Investments	**—**	6
Change in Cash and Temporary Investments	**(43)**	(96)
Cash and Temporary Investments		
Beginning of period	**1,113**	804
End of period	**$ 1,070**	$ 708

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States and in accordance with the instructions to Form 10-Q and, in the opinion of management, include all adjustments that are necessary for the fair presentation of International Paper Company's ("International Paper's," "the Company's," "IP's" or "our") financial position, results of operations, and cash flows for the interim periods presented. Except as disclosed herein, such adjustments are of a normal, recurring nature. Results for the first three months of the year may not necessarily be indicative of full year results. You should read these unaudited condensed financial statements in conjunction with the audited financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report"), which have previously been filed with the U.S. Securities and Exchange Commission ("SEC").

These unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States that require the use of management's estimates. Actual results could differ from management's estimates.

NOTE 2 - RECENT ACCOUNTING DEVELOPMENTS

Recently Adopted Accounting Pronouncements

Reference Rate Reform

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." This guidance provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. This guidance is effective upon issuance and generally can be applied through December 31, 2024. The Company has applied and will continue to apply this guidance to account for contract modifications due to changes in reference rates as those modifications occur. We do not expect this guidance to have a material impact on our consolidated financial statements and related disclosures.

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This guidance requires companies to disclose incremental segment information on an annual and interim basis. This guidance is effective for annual reporting periods beginning after December 15, 2023 and interim periods within those years beginning after December 15, 2024. Early adoption of these amendments is permitted and amendments are required to be applied retrospectively to all prior periods presented in the financial statements. The Company adopted this guidance as of January 1, 2024 and will update disclosures within the Company's 2024 annual filing.

Recently Issued Accounting Pronouncements Not Yet Adopted

Income Taxes

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance requires companies to enhance income tax disclosures, particularly around rate reconciliations and income taxes paid information. This guidance is effective for annual reporting periods beginning after December 15, 2024. Early adoption of these amendments is permitted and amendments should be applied prospectively. The Company is currently evaluating the provisions of this guidance.

NOTE 3 - REVENUE RECOGNITION

Generally, the Company recognizes revenue on a point-in-time basis when the customer takes title to the goods and assumes the risks and rewards for the goods. For customized goods where the Company has a legally enforceable right to payment for the goods, the Company recognizes revenue over time which, generally, is as the goods are produced.

Disaggregated Revenue

	Three Months Ended March 31, 2024			
In millions	Industrial Packaging	Global Cellulose Fibers	Corporate & Intersegment	Total
Primary Geographical Markets[a]				
United States	**$ 3,239**	**$ 650**	**$ 107**	**$ 3,996**
Europe, Middle East & Africa ("EMEA")	**348**	**20**	**—**	**368**
Pacific Rim and Asia	**14**	**34**	**—**	**48**
Americas, other than U.S.	**207**	**—**	**—**	**207**
Total	**$ 3,808**	**$ 704**	**$ 107**	**$ 4,619**
Operating Segments				
North American Industrial Packaging	**$ 3,486**	**$ —**	**$ —**	**$ 3,486**
EMEA Industrial Packaging	**348**	**—**	**—**	**348**
Global Cellulose Fibers	**—**	**704**	**—**	**704**
Intrasegment Eliminations	**(26)**	**—**	**—**	**(26)**
Corporate & Intersegment Sales	**—**	**—**	**107**	**107**
Total	**$ 3,808**	**$ 704**	**$ 107**	**$ 4,619**

(a) Net sales are attributed to countries based on the location of the seller.

	Three Months Ended March 31, 2023			
In millions	Industrial Packaging	Global Cellulose Fibers	Corporate & Intersegment	Total
Primary Geographical Markets[a]				
United States	$ 3,455	$ 730	$ 126	$ 4,311
EMEA	391	25	—	416
Pacific Rim and Asia	8	56	—	64
Americas, other than U.S.	229	—	—	229
Total	$ 4,083	$ 811	$ 126	$ 5,020
Operating Segments				
North American Industrial Packaging	$ 3,724	$ —	$ —	$ 3,724
EMEA Industrial Packaging	391	—	—	391
Global Cellulose Fibers	—	811	—	811
Intrasegment Eliminations	(32)	—	—	(32)
Corporate & Intersegment Sales	—	—	126	126
Total	$ 4,083	$ 811	$ 126	$ 5,020

(a) Net sales are attributed to countries based on the location of the seller.

Revenue Contract Balances

A contract asset is created when the Company recognizes revenue on its customized products prior to having an unconditional right to payment from the customer, which generally does not occur until title and risk of loss passes to the customer.

A contract liability is created when customers prepay for goods prior to the Company transferring those goods to the customer. The contract liability is reduced once control of the goods is transferred to the customer. The majority of our customer prepayments are received during the fourth quarter each year for goods that will be transferred to customers over the following twelve months. Contract liabilities of $28 million and $32 million are included in Other current liabilities in the accompanying condensed consolidated balance sheet as of March 31, 2024 and December 31, 2023, respectively. The Company also recorded a contract liability of $115 million related to a previous acquisition. The balance of this contract liability was $90 million and $92 million at March 31, 2024 and December 31, 2023, respectively, and is recorded in Other current liabilities and Other Liabilities in the accompanying condensed consolidated balance sheet.

The difference between the opening and closing balances of the Company's contract assets and contract liabilities primarily results from the difference between the price and quantity at comparable points in time for goods for which we have an unconditional right to payment or receive prepayment from the customer, respectively.

NOTE 4 - EQUITY

A summary of the changes in equity for the three months ended March 31, 2024 and 2023 is provided below:

	Three Months Ended March 31, 2024					
In millions, except per share amounts	**Common Stock Issued**	**Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Common Stock Held In Treasury, At Cost**	**Total Equity**
Balance, January 1	**$ 449**	**$ 4,730**	**$ 9,491**	**$ (1,565)**	**$ 4,750**	**$ 8,355**
Issuance of stock for various plans, net	**—**	**(67)**	**—**	**—**	**(89)**	**22**
Repurchase of stock	**—**	**—**	**—**	**—**	**22**	**(22)**
Common stock dividends ($0.4625 per share)	**—**	**—**	**(161)**	**—**	**—**	**(161)**
Comprehensive income (loss)	**—**	**—**	**56**	**7**	**—**	**63**
Ending Balance, March 31	**$ 449**	**$ 4,663**	**$ 9,386**	**$ (1,558)**	**$ 4,683**	**$ 8,257**

	Three Months Ended March 31, 2023					
In millions, except per share amounts	**Common Stock Issued**	**Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Common Stock Held In Treasury, At Cost**	**Total Equity**
Balance, January 1	$ 449	$ 4,725	$ 9,855	$ (1,925)	$ 4,607	$ 8,497
Issuance of stock for various plans, net	—	(26)	—	—	(72)	46
Repurchase of stock	—	—	—	—	179	(179)
Common stock dividends ($0.4625 per share)	—	—	(161)	—	—	(161)
Comprehensive income (loss)	—	—	172	14	—	186
Ending Balance, March 31	$ 449	$ 4,699	$ 9,866	$ (1,911)	$ 4,714	$ 8,389

NOTE 5 - OTHER COMPREHENSIVE INCOME

The following table presents changes in Accumulated Other Comprehensive Income (Loss) ("AOCI"), net of tax, for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
In millions	**2024**	**2023**
Defined Benefit Pension and Postretirement Adjustments		
Balance at beginning of period	**$ (1,276)**	$ (1,195)
Amounts reclassified from accumulated other comprehensive income	**17**	23
Balance at end of period	**(1,259)**	(1,172)

In millions	Three Months Ended March 31, 2024	2023
Change in Cumulative Foreign Currency Translation Adjustments		
Balance at beginning of period	**(281)**	(722)
Other comprehensive income (loss) before reclassifications	**(10)**	(9)
Balance at end of period	**(291)**	(731)
Net Gains and Losses on Cash Flow Hedging Derivatives		
Balance at beginning of period	**(8)**	(8)
Balance at end of period	**(8)**	(8)
Total Accumulated Other Comprehensive Income (Loss) at End of Period	**(1,558)**	$ (1,911)

The following table presents details of the reclassifications out of AOCI for the three months ended March 31, 2024 and 2023:

In millions:	Amount Reclassified from Accumulated Other Comprehensive Income — Three Months Ended March 31, 2024	2023	Location of Amount Reclassified from AOCI
Defined benefit pension and postretirement items:			
Prior-service costs	**$ (3)**	$ (6)[a]	Non-operating pension expense (income)
Actuarial gains (losses)	**(19)**	(24)[a]	Non-operating pension expense (income)
Total pre-tax amount	**(22)**	(30)	
Tax (expense) benefit	**5**	7	
Net of tax	**(17)**	(23)	
Total reclassifications for the period	**$ (17)**	$ (23)	

(a) These accumulated other comprehensive income components are included in the computation of net periodic pension cost (see Note 16 for additional details).

NOTE 6 - EARNINGS PER SHARE

Basic earnings per share is computed by dividing earnings by the weighted average number of common shares outstanding. Diluted earnings per share is computed assuming that all potentially dilutive securities were converted into common shares. There are no adjustments required to be made to net income for purposes of computing basic and diluted earnings per share. A reconciliation of the amounts included in the computation of basic earnings (loss) per share from continuing operations and diluted earnings (loss) per share from continuing operations is as follows:

In millions, except per share amounts	Three Months Ended March 31, 2024	2023
Earnings (loss) from continuing operations	**$ 56**	$ 172
Weighted average common shares outstanding	**346.7**	349.3
Effect of dilutive securities		
Restricted performance share plan	**1.8**	4.0

In millions, except per share amounts	Three Months Ended March 31, 2024		2023	
Weighted average common shares outstanding – assuming dilution		**348.5**		353.3
Basic earnings (loss) per share from continuing operations	**$**	**0.16**	$	0.49
Diluted earnings (loss) per share from continuing operations	$	**0.16**	$	0.49

NOTE 7 - RESTRUCTURING AND OTHER CHARGES, NET

2024: During the three months ended March 31, 2024, the Company recorded restructuring and other charges of $3 million for costs associated with the permanent closure of our containerboard mill in Orange, Texas and the permanent shutdown of pulp machines at our Riegelwood, North Carolina and Pensacola, Florida mills.

2023: There were no restructuring and other charges recorded during the three months ended March 31, 2023.

NOTE 8 - SUPPLEMENTAL FINANCIAL STATEMENT INFORMATION

Temporary Investments

Temporary investments with an original maturity of three months or less and money market funds with greater than three month maturities but with the right to redeem without notices are treated as cash equivalents and stated at cost. Temporary investments totaled $724 million and $950 million at March 31, 2024 and December 31, 2023, respectively.

Accounts and Notes Receivable

In millions	March 31, 2024		December 31, 2023	
Accounts and notes receivable, net:				
Trade (less allowances of $31 in 2024 and $34 in 2023)	**$**	**2,783**	$	2,841
Other		**265**		218
Total	**$**	**3,048**	$	3,059

Inventories

In millions	March 31, 2024		December 31, 2023	
Raw materials	**$**	**213**	$	229
Finished pulp, paper and packaging		**891**		975
Operating supplies		**616**		622
Other		**51**		63
Total	**$**	**1,771**	$	1,889

Plants, Properties and Equipment

Accumulated depreciation was $19.7 billion and $19.6 billion at March 31, 2024 and December 31, 2023, respectively. Depreciation expense was $268 million and $232 million for the three months ended March 31, 2024 and 2023, respectively. Depreciation expense for the three months ended March 31, 2024 includes $5 million of accelerated depreciation related to mill strategic actions.

Non-cash additions to plants, properties and equipment included within accounts payable were $61 million and $141 million at March 31, 2024 and December 31, 2023, respectively.

Accounts Payable

Under a supplier finance program, International Paper agrees to pay a bank the stated amount of confirmed invoices from its designated suppliers on the original maturity dates of the invoices. International Paper or the bank may terminate the agreement upon at least 90 days' notice. The supplier invoices that have been confirmed as valid under the program require payment in full on the due date with no terms exceeding 180 days. The accounts payable balance included $116 million and $122 million of supplier finance program liabilities as of March 31, 2024 and December 31, 2023, respectively.

Interest

Interest payments made during the three months ended March 31, 2024 and 2023 were $94 million and $114 million, respectively.

Amounts related to interest were as follows:

	Three Months Ended March 31,	
In millions	**2024**	**2023**
Interest expense	**$ 109**	$ 103
Interest income	**63**	41
Capitalized interest costs	**2**	5

Asset Retirement Obligations

The Company recorded liabilities in Other Liabilities in the accompanying condensed consolidated balance sheet of $103 million related to asset retirement obligations at both March 31, 2024 and December 31, 2023.

NOTE 9 - LEASES

International Paper leases various real estate, including certain operating facilities, warehouses, office space and land. The Company also leases material handling equipment, vehicles, and certain other equipment. The Company's leases have a remaining lease term of up to 29 years. Total lease costs were $79 million and $75 million for the three months ended March 31, 2024 and 2023, respectively.

Supplemental Balance Sheet Information Related to Leases

In millions	Classification	March 31, 2024	December 31, 2023
Assets			
Operating lease assets	Right-of-use assets	**$ 445**	$ 448
Finance lease assets	Plants, properties and equipment, net(a)	**44**	47
Total leased assets		**$ 489**	$ 495
Liabilities			
Current			
Operating	Other current liabilities	**$ 149**	$ 153
Finance	Notes payable and current maturities of long-term debt	**11**	11
Noncurrent			
Operating	Long-term lease obligations	**307**	312
Finance	Long-term debt	**42**	44
Total lease liabilities		**$ 509**	$ 520

(a) Finance leases are recorded net of accumulated amortization of $68 million and $67 million as of March 31, 2024 and December 31, 2023, respectively.

NOTE 10 - EQUITY METHOD INVESTMENTS

The Company accounts for the following investment under the equity method of accounting.

Ilim S.A.

On September 18, 2023, pursuant to a previously announced agreement, the Company completed the sale of its 50% equity interest in Ilim S.A. ("Ilim"), which was a joint venture that operated a pulp and paper business in Russia and has subsidiaries including Ilim Group, to its joint venture partners for $484 million in cash. The Company also completed the sale of all of its Ilim Group shares (constituting a 2.39% stake) for $24 million, and divested other non-material residual interests associated with Ilim, to its joint venture partners. Following the completed sales, the Company no longer has an interest in Ilim or any of its subsidiaries. Additionally, we incurred transaction fees of $36 million in connection with the sale of our investment. The Company reclassified currency translation adjustments in AOCI of $517 million to the investment at the completion of the transaction.

All historical results of the Ilim investment are presented as Discontinued Operations, net of taxes in the condensed consolidated statement of operations.

The following summarizes the items comprising Equity Earnings, Impairment Charges, Tax Expense (Benefit), Discontinued Operations and Dividends related to the sale of our equity interest in Ilim:

In millions	**Equity Earnings**	**Impairment Charges**	**Tax Expense (Benefit)**	**Discontinued Operations, net of tax[(a)]**	**Dividends**
2023 First Quarter	43	43	—	—	—
2023 Second Quarter	46	33	—	13	13
2023 Third Quarter	23	59	(9)	(27)	—

(a) Discontinued operations, net of tax is Equity Earnings less Impairment Charges and Tax Expense (Benefit)

NOTE 11 - GOODWILL AND OTHER INTANGIBLES

Goodwill

The following table presents changes in goodwill balances as allocated to each business segment for the three months ended March 31, 2024:

In millions	**Industrial Packaging**	**Global Cellulose Fibers**	**Total**
Balance as of January 1, 2024			
Goodwill	$ 3,413	$ 52	$ 3,465
Accumulated impairment losses	(372)	(52)	(424)
Total	3,041	—	3,041
Balance as of March 31,2024			
Goodwill	**3,413**	**52**	**3,465**
Accumulated impairment losses	**(372)**	**(52)**	**(424)**
Total	**$ 3,041**	**$ —**	**$ 3,041**

Other Intangibles

Identifiable intangible assets are recorded in Deferred Charges and Other Assets in the accompanying condensed consolidated balance sheet and comprised the following:

	March 31, 2024			**December 31, 2023**		
In millions	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Intangible Assets**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Intangible Assets**
Customer relationships and lists	**$ 494**	**$ 342**	**$ 152**	$ 494	$ 335	$ 159

In millions	March 31, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets
Tradenames, patents and trademarks, and developed technology	**170**	**156**	**14**	170	154	16
Land and water rights	**8**	**2**	**6**	8	2	6
Other	**21**	**19**	**2**	21	19	2
Total	**$ 693**	**$ 519**	**$ 174**	$ 693	$ 510	$ 183

The Company recognized the following amounts as amortization expense related to intangible assets:

In millions	Three Months Ended March 31,	
	2024	2023
Amortization expense related to intangible assets	**$ 9**	$ 9

NOTE 12 - INCOME TAXES

International Paper made income tax payments, net of refunds, of $5 million and $169 million for the three months ended March 31, 2024 and 2023, respectively.

The Company currently estimates, that as a result of ongoing discussions, pending tax settlements and expirations of statutes of limitations, the amount of unrecognized tax benefits could be reduced by approximately $7 million during the next 12 months.

The Organization for Economic Cooperation and Development has proposed a 15% global minimum tax applied on a country-by-country basis (the “Pillar Two rule”), and many countries, including countries in which we operate, have enacted or begun the process of enacting laws adopting the Pillar Two rule. The first component of the Pillar Two rule became effective as of January 1, 2024 and did not have a material impact on the Company’s effective tax rate. The second component is expected to go into effect in 2025.

The Company plans to complete an internal legal entity restructuring in the second quarter, which we currently estimate will result in a tax benefit of approximately $350 million.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Guarantees

In connection with sales of businesses, property, equipment, forestlands and other assets, International Paper commonly makes representations and warranties relating to such businesses or assets, and may agree to indemnify buyers with respect to tax and environmental liabilities, breaches of representations and warranties, and other matters. Where liabilities for such matters are determined to be probable and reasonably estimable, accrued liabilities are recorded at the time of sale as a cost of the transaction.

Brazil Goodwill Tax Matter: The Brazilian Federal Revenue Service has challenged the deductibility of goodwill amortization generated in a 2007 acquisition by Sylvamo do Brasil Ltda. (“Sylvamo Brazil”), which was a wholly-owned subsidiary of the Company, until the October 1, 2021 spin-off of the Printing Papers business, after which it became a subsidiary of Sylvamo Corporation (“Sylvamo”). Sylvamo Brazil received assessments for the tax years 2007-2015 totaling approximately $119 million (adjusted for variation in currency exchange rates) in tax, plus interest, penalties and fees. The interest, penalties and fees currently total approximately $278 million (adjusted for variation in currency exchange rates), which reflects a recent law change pursuant to which the Brazil tax authority on January 16, 2024 agreed to cancel a portion of the interest, penalties and fees. Accordingly, the assessments currently total approximately $397 million (adjusted for variation in currency exchange rates). After an initial favorable ruling challenging the basis for these assessments, Sylvamo Brazil received subsequent unfavorable decisions from the Brazilian Administrative Council of Tax Appeals. Sylvamo Brazil has appealed these decisions and intends to appeal any future unfavorable administrative judgments to the Brazilian federal courts; however, this tax litigation matter may take many years to resolve. Sylvamo Brazil and International Paper believe the transaction underlying these assessments was appropriately evaluated, and that Sylvamo Brazil’s tax position should be sustained, based on Brazilian tax law.

This matter pertains to a business that was conveyed to Sylvamo as of October 1, 2021, as part of our spin-off transaction. Pursuant to the terms of the tax matters agreement entered into between the Company and Sylvamo, the Company will pay 60% and Sylvamo will pay 40%, on up to $300 million of any assessment related to this matter, and the Company will pay all amounts of the assessment over $300 million. Under the terms of the agreement, decisions concerning the conduct of the litigation related to this matter, including strategy, settlement, pursuit and abandonment, will be made by the Company. Sylvamo thus has no control over any decision related to this ongoing litigation. The Company intends to vigorously defend this historic tax position against the current assessments and any similar assessments that may be issued for tax years subsequent to 2015. The Brazilian government may enact a tax amnesty program that would allow Sylvamo Brazil to resolve this dispute for less than the assessed amount. As of October 1, 2021, in connection with the recording of the distribution of assets and liabilities resulting from the spin-off transaction, the Company established a liability representing the initial fair value of the contingent liability under the tax matters agreement. The contingent liability was determined in accordance with ASC 460 “Guarantees” based on the probability weighting of various possible outcomes. The initial fair value estimate and recorded liability as of December 31, 2021 was $48 million and remains this amount at March 31, 2024. This liability will not be increased in subsequent periods unless facts and circumstances change such that an amount greater than the initial recognized liability becomes probable and estimable.

Environmental

The Company has been named as a potentially responsible party (“PRP”) in environmental remediation actions under various federal and state laws, including the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”). Many of these proceedings involve the cleanup of hazardous substances at large commercial landfills that received waste from many different sources. While joint and several liability is authorized under CERCLA and equivalent state laws, as a practical matter, liability for CERCLA cleanups is typically allocated among the many PRPs. There are other remediation costs typically associated with the cleanup of hazardous substances at the Company’s current, closed and formerly-owned facilities, and recorded as liabilities in the balance sheet.

Remediation costs are recorded in the consolidated financial statements when they become probable and reasonably estimable. International Paper has estimated the probable liability associated with these environmental remediation matters, including those described herein, to be approximately $249 million and $251 million in the aggregate as of March 31, 2024 and December 31, 2023, respectively. Other than as described below, completion of required environmental remedial actions (“RAs”) is not expected to have a material effect on our consolidated financial statements.

Cass Lake: One of the matters included above arises out of a closed wood-treatment facility located in Cass Lake, Minnesota. In June 2011, the U.S. Environmental Protection Agency (“EPA”) selected and published a proposed soil remedy at the site with an estimated cost of $46 million. In April 2020, the EPA issued a final plan concerning clean-up standards at a portion of the site, the estimated cost of which is included within the soil remedy referenced above. The total reserve for the Cass Lake superfund site was $45 million and $46 million as of March 31, 2024 and December 31, 2023, respectively.

Kalamazoo River: The Company is a PRP with respect to the Allied Paper, Inc./Portage Creek/Kalamazoo River Superfund Site in Michigan. The EPA asserts that the site is contaminated by polychlorinated biphenyls primarily as a result of discharges from various paper mills located along the Kalamazoo River, including a paper mill formerly owned by St. Regis Paper Company (“St. Regis”). The Company is a successor in interest to St. Regis.

- ·Operable Unit 5, Area 1: In March 2016, the Company and other PRPs received a special notice letter from the EPA (i) inviting participation in implementing a remedy for a portion of the site known as Operable Unit 5, Area 1, and (ii) demanding reimbursement of EPA past costs totaling $37 million, including $19 million in past costs previously demanded by the EPA. The Company responded to the special notice letter. In December 2016, the EPA issued a unilateral administrative order to the Company and other PRPs to perform the remedy. The Company responded to the unilateral administrative order, agreeing to comply with the order subject to its sufficient cause defenses.

- ·Operable Unit 1: In October 2016, the Company and another PRP received a special notice letter from the EPA inviting participation in the remedial design (“RD”) component of the landfill remedy for the Allied Paper Mill, which is also known as Operable Unit 1. A Record of Decision (“ROD”) establishing the final landfill remedy for the Allied Paper Mill was issued by the EPA in September 2016. The Company responded to the Allied Paper Mill special notice letter in December 2016. In February 2017, the EPA informed the Company that it would make other arrangements for the performance of the RD. In the summer 2021, the EPA initiated RA activities. In October 2022, the Company received a unilateral administrative order to perform the RA. As a result, the Company increased its reserve by $27 million in the fourth quarter of 2022.

The total reserve for the Kalamazoo River superfund site was $22 million and $27 million as of March 31, 2024 and December 31, 2023, respectively.

In addition, in December 2020, the Federal District Court approved a Consent Decree among the United States, NCR Corporation (one of the parties to the allocation/apportionment litigation described below), the State of Michigan and natural resource trustees. Under the Consent Decree NCR agreed to make payments of more than $100 million and perform work in Operable Unit 5, Areas 2, 3, and 4 at an estimated cost of $136 million.

The Company's CERCLA liability has not been finally determined with respect to these or any other portions of the site, and except as noted above, the Company has declined to perform any work or reimburse the EPA at this time. As noted below, the Company is involved in allocation/apportionment litigation with regard to the site. Accordingly, it is premature to predict the outcome or estimate our maximum reasonably possible loss or range of loss with respect to this site. We have recorded a liability for future remediation costs at the site that are probable and presently reasonably estimable, and it remains reasonably possible that additional losses in excess of this recorded liability could be material.

The Company was named as a defendant by Georgia-Pacific Consumer Products LP, Fort James Corporation and Georgia Pacific LLC (collectively, "GP") in a contribution and cost recovery action for alleged pollution at the site related to the Company's potential CERCLA liability. NCR Corporation and Weyerhaeuser Company were also named as defendants in the suit. The suit seeks contribution under CERCLA for costs purportedly expended by plaintiffs ($79 million as of the filing of the complaint) and for future remediation costs. In June 2018, the Federal District Court issued its Final Judgment and Order, which fixed the past cost amount at approximately $50 million (plus interest to be determined) and allocated to the Company a 15% share of responsibility for those past costs. The District Court did not address responsibility for future costs in its decision. In July 2018, the Company and each of the other parties filed notices appealing the Final Judgment and prior orders incorporated into that Judgment. In April 2022, the Sixth Circuit Court of Appeals (the "Sixth Circuit") reversed the Judgment of the Court, finding that the suit against the Company was time-barred by the applicable statute of limitations. In May 2022, GP filed a petition for rehearing with the Sixth Circuit, which was denied in July 2022. In November 2022, GP filed a petition for writ of certiorari with the U.S. Supreme Court. In October 2023, the U.S. Supreme Court denied GP's writ petition, thus rendering final the Sixth Circuit's decision that GP's suit against the Company was time-barred. In January 2024 GP requested that the District Court's final order declare that each party is jointly and severally liable for future costs, arguing that the Sixth Circuit decision only applies to past costs. On April 9, 2024, the District Court entered Final Judgment After Remand, declaring, consistent with the Sixth Circuit's decision, that GP's past costs are time-barred by the applicable statute of limitations. The District Court also entered Final Judgment on Remand that all three parties, including the Company, are jointly and severally liable for future response costs at the site. The Company believes the District Court's Final Judgment on Remand regarding liability for future costs is in error and is appealing the Final Judgment on Remand on future costs liability to the Sixth Circuit.

Harris County: International Paper and McGinnis Industrial Maintenance Corporation ("MIMC"), a subsidiary of Waste Management, Inc. ("WMI"), are PRPs at the San Jacinto River Waste Pits Superfund Site in Harris County, Texas. The PRPs have been actively participating in the activities at the site and share the costs of these activities.

In October 2017, the EPA issued a ROD selecting the final remedy for the site: removal and relocation of the waste material from both the northern and southern impoundments. The EPA did not specify the methods or practices needed to perform this work. The EPA's selected remedy was accompanied by a cost estimate of approximately $115 million ($105 million for the northern impoundment, and $10 million for the southern impoundment). Subsequent to the issuance of the ROD, there have been numerous meetings between the EPA and the PRPs, and the Company continues to work with the EPA and MIMC/WMI to develop the RD.

To this end, in April 2018, the PRPs entered into an Administrative Order on Consent ("AOC") with the EPA, agreeing to work together to develop the RD for the northern impoundment. That RD work is ongoing. The AOC does not include any agreement to perform waste removal or other construction activity at the site. Rather, it involves adaptive management techniques and a pre-design investigation, the objectives of which include filling data gaps (including but not limited to post-Hurricane Harvey technical data generated prior to the ROD and not incorporated into the selected remedy), refining areas and volumes of materials to be addressed, determining if an excavation remedy is able to be implemented in a manner protective of human health and the environment, and investigating potential impacts of remediation activities to infrastructure in the vicinity.

During the first quarter of 2020, through a series of meetings among the Company, MIMC/WMI, our consultants, the EPA and the Texas Commission on Environmental Quality, progress was made to resolve key technical issues previously preventing the Company from determining the manner in which the selected remedy for the northern impoundment would be feasibly implemented. As a result of these developments, the Company reserved the following amounts in relation to remediation at this site: (a) $10 million for the southern impoundment; and (b) $55 million for the northern impoundment, which represents the Company's 50% share of our estimate of the low end of the range of probable remediation costs.

We submitted the Final Design Package for the southern impoundment to the EPA, and the EPA approved this plan in May 2021. The EPA issued a Unilateral Administrative Order for RA of the southern impoundment in August 2021. An addendum to the Final 100% RD (Amended April 2021) was submitted to the EPA for the southern impoundment in June 2022. This addendum incorporated additional data collected to date which indicated that additional waste material removal will be required, lengthening the time to complete RA.

With respect to the northern impoundment, the PRPs submitted the final component of the 90% to the EPA in November 2022. Upon submittal of the final component, an updated engineering estimate was developed, and the Company increased the reserved amount by approximately $21 million, which represents the Company's 50% share of our estimate of the low end of the range of probable remediation costs. On January 5, 2024, the PRPs received comments from the EPA on the November 2022 90% RD submittal. The PRPs responded to the EPA comments in late January 2024. While several key technical issues have been resolved, respondents still face significant challenges remediating this area in a cost-efficient manner that will not result in a release of contaminated materials to the environment during the excavation, removal and transport of the materials. Our discussions with the EPA on the best approach to remediation will continue. Because of ongoing questions regarding cost effectiveness, timing and gathering other technical data, additional losses in excess of our recorded liability are possible; however, we are unable to estimate any loss or range of loss in excess of such liability. The total reserve for the southern and northern impoundment was $78 million and $83 million as of March 31, 2024 and December 31, 2023, respectively.

Versailles Pond: The Company is a responsible party for the investigation and remediation of Versailles Pond, a 57-acre dammed river impoundment that historically received paperboard mill wastewater in Sprague, Connecticut. A comprehensive investigation has determined that Versailles Pond is contaminated with polychlorinated biphenyls, mercury, and metals. A preliminary remediation plan was prepared in the third quarter of 2023. Negotiations with state and federal governmental officials are ongoing regarding the scope and timing of the remediation. The total reserve for Versailles Pond was $30 million as of both March 31, 2024 and December 31, 2023.

Asbestos-Related Matters

We have been named as a defendant in various asbestos-related personal injury litigation, in both state and federal court, primarily in relation to the prior operations of certain companies previously acquired by the Company. The Company's total recorded liability with respect to pending and future asbestos-related claims was $110 million and $97 million as of March 31, 2024 and December 31, 2023, respectively, both net of estimated insurance recoveries. While it is reasonably possible that the Company may incur losses in excess of its recorded liability with respect to asbestos-related matters, we are unable to estimate any loss or range of loss in excess of such liability, and do not believe additional material losses are probable.

Antitrust

In March 2017, the Italian Competition Authority ("ICA") commenced an investigation into the Italian packaging industry to determine whether producers of corrugated sheets and boxes violated the applicable European competition law. In April 2019, the ICA concluded its investigation and issued initial findings alleging that over 30 producers, including our Italian packaging subsidiary ("IP Italy"), improperly coordinated the production and sale of corrugated sheets and boxes. In August 2019, the ICA issued its decision and assessed IP Italy a fine of €29 million (approximately $31 million at the then-current exchange rates) which was recorded in the third quarter of 2019. We appealed the ICA decision and our appeal was denied in May 2021. We further appealed the decision to the Italian Council of State ("Council of State"), and in March 2023 the Council of State largely upheld the ICA's findings, but referred the calculation of IP Italy's fine back to the ICA, finding that it was disproportionately high based on the conduct found. We further appealed the Council of State decision to uphold the ICA's findings, and in March 2024, the Council published its decision holding that its earlier decision should be interpreted as accepting many of IP Italy's earlier arguments and that the ICA should reduce IP Italy's fine accordingly. Notwithstanding these decisions by the Council of State, in March 2024 the ICA served IP Italy with its redetermination decision leaving IP Italy's fine unchanged. IP Italy does not believe the ICA's redetermination decision is consistent with the Council of State's March 2024 decision or its March 2023 referral back to the ICA, and intends to further appeal the amount of its fine. The Company and other producers also have been named in lawsuits, and we have received other claims, by a number of customers in Italy for damages associated with the alleged anticompetitive conduct. We do not believe material losses arising from such private lawsuits and claims are probable.

General

The Company is involved in various other inquiries, administrative proceedings and litigation relating to environmental and safety matters, personal injury, product liability, labor and employment, contracts, sales of property, intellectual property, tax, and other matters, some of which allege substantial monetary damages. Assessments of lawsuits and claims can involve a series of complex judgments about future events, can rely heavily on estimates and assumptions, and are otherwise subject to significant uncertainties. As a result, there can be no certainty that the Company will not ultimately incur charges in excess of presently recorded liabilities. The Company believes that loss contingencies arising from pending matters including the matters described herein, will not have a material effect on the consolidated financial position or liquidity of the Company. However, in light of the inherent uncertainties involved in pending or threatened legal matters, some of which are beyond the Company's control, and the large or indeterminate damages sought in some of these matters, a future adverse ruling, settlement, unfavorable development, or increase in accruals with respect to these matters could result in future charges that could be material to the Company's results of operations or cash flows in any particular reporting period.

NOTE 14 - VARIABLE INTEREST ENTITIES

Variable Interest Entities

As of March 31, 2024, the fair value of the Timber Notes and Extension Loans for the 2007 Financing Entities was $2.4 billion and $2.1 billion, respectively. The Timber Notes and Extension Loans are classified as Level 2 within the fair value hierarchy, which is further defined in Note 1 in the Company's Annual Report.

The Timber Notes of $2.3 billion and the Extension Loans of $2.1 billion both mature in 2027 and are shown in Long-term nonrecourse financial assets of variable interest entities and Long-term nonrecourse financial liabilities of variable interest entities, respectively, on the accompanying condensed consolidated balance sheet.

Activity between the Company and the 2007 Financing Entities was as follows:

	Three Months Ended March 31,	
In millions	**2024**	**2023**
Revenue [a]	**$ 39**	$ 33
Expense [b]	**35**	31
Cash receipts [c]	**34**	27
Cash payments [d]	**34**	27

(a) The revenue is included in Interest expense, net in the accompanying statement of operations and includes approximately $5 million for both the three months ended March 31, 2024 and 2023, of accretion income for the amortization of the basis difference adjustment on the Financial assets of special purpose entities.

(b) The expense is included in Interest expense, net in the accompanying statement of operations and includes approximately $2 million for both the three months ended March 31, 2024 and 2023, of accretion expense for the amortization of the basis difference adjustment on the Nonrecourse financial liabilities of special purpose entities.

(c) The cash receipts are interest received on the Financial assets of special purpose entities.

(d) The cash payments are interest paid on Nonrecourse financial liabilities of special purpose entities.

On September 2, 2022, the Company and the Internal Revenue Service agreed to settle the previously disclosed timber monetization restructuring tax matter involving the variable interest entities that were restructured in 2015 ("the 2015 Financing Entities") in connection with an extension of installment notes and third-party loans. Under this agreement, the Company was required to fully resolve the matter and pay $252 million in U.S. federal income taxes. As a result, interest was charged upon closing of the audit. The Company has paid $252 million in U.S. federal income taxes and $58 million in interest expense as a result of the settlement agreement. The Company paid $163 million in U.S. federal income taxes and $30 million in interest during the first quarter of 2023 and fully satisfied the payment terms of the settlement agreement regarding the 2015 Financing Entities timber monetization restructuring tax matter during the second quarter of 2023.

NOTE 15 - DEBT

The borrowing capacity of the Company's commercial paper program is $1.0 billion supported by its $1.4 billion credit agreement. Under the terms of the program, individual maturities on borrowings may vary, but not exceed one year from the date of issue. Interest bearing notes may be issued either as fixed or floating rate notes. As of March 31, 2024, the Company had no borrowings outstanding under the program.

At March 31, 2024, International Paper's credit facilities totaled $1.9 billion. The credit facilities generally provide for interest rates at a floating rate index plus a pre-determined margin dependent upon International Paper's credit rating. The credit facilities previously included a $1.5 billion contractually committed bank facility with a maturity date of June 2026. In June 2023, the Company amended and restated its credit agreement to, among other things, (i) reduce the size of the contractually committed bank facility from $1.5 billion to $1.4 billion, (ii) extend the maturity date from June 2026 to June 2028, and (iii) replace the LIBOR-based rate with a SOFR-based rate. The liquidity facilities also included up to $500 million of uncommitted financings based on eligible receivables balances under a receivables securitization program that expires in June 2025. At March 31, 2024, the Company had no borrowings outstanding under the receivables securitization program.

During the first quarter of 2024, the Company had debt reductions of $3 million related to decreases in the amount of capital leases.

The Company's financial covenants require the maintenance of a minimum net worth, as defined in our debt agreements, of $9 billion and a total debt-to-capital ratio of less than 60%. Net worth is defined as the sum of common stock, paid-in capital and retained earnings, less treasury stock plus any cumulative goodwill impairment charges. The calculation also excludes accumulated other comprehensive income/loss and both the current and long-term Nonrecourse Financial Liabilities of Variable Interest Entities. The total debt-to-capital ratio is defined as total debt divided by the sum of total debt plus net worth. As of March 31, 2024, we were in compliance with our debt covenants.

At March 31, 2024, the fair value of International Paper's $5.6 billion of debt was approximately $5.3 billion. The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues. International Paper's long-term debt is classified as Level 2 within the fair value hierarchy, which is further defined in Note 1 in the Company's Annual Report.

NOTE 16 - RETIREMENT PLANS

International Paper sponsors and maintains the Retirement Plan of International Paper Company (the "Pension Plan"), a tax-qualified defined benefit pension plan that provides retirement benefits to substantially all hourly and union employees who work at a participating business unit. The Pension Plan was frozen as of January 1, 2019 for salaried participants.

The Pension Plan provides defined pension benefits based on years of credited service and either final average earnings (salaried employees and hourly employees receiving salaried benefits), hourly job rates or specified benefit rates (hourly and union employees).

Net periodic pension expense (income) for our qualified and nonqualified U.S. defined benefit plans comprised the following:

	Three Months Ended March 31,	
In millions	**2024**	**2023**
Service cost	**$ 13**	$ 12
Interest cost	**111**	116
Expected return on plan assets	**(148)**	(132)
Actuarial loss	**19**	24
Amortization of prior service cost	**3**	6
Net periodic pension expense (income)	**$ (2)**	$ 26

The components of net periodic pension expense (income) other than the Service cost component are included in Non-operating pension expense (income) in the condensed consolidated statement of operations.

The Company's funding policy for our pension plans is to contribute amounts sufficient to meet legal funding requirements, plus any additional amounts that the Company may determine to be appropriate considering the funded status of the plan, tax deductibility, the cash flows generated by the Company, and other factors. The Company made no voluntary cash contributions to the qualified pension plan in the first three months of 2024 or 2023. The nonqualified defined benefit plans are funded to the extent of benefit payments, which totaled $5 million for the three months ended March 31, 2024.

NOTE 17 - STOCK-BASED COMPENSATION

The Company's 2009 Amended and Restated Incentive Compensation Plan ("ICP") is administered by the Management Development and Compensation Committee of the Board of Directors (the "Committee"). The ICP authorizes grants of restricted stock, restricted or deferred stock units, performance awards payable in cash or stock upon the attainment of specified performance goals, dividend equivalents, stock options, stock appreciation rights, other stock-based awards and cash-based awards at the discretion of the Committee. As of March 31, 2024, 3.8 million shares were available for grant under the ICP.

Stock-based compensation expense and related income tax benefits were as follows:

	Three Months Ended March 31,	
In millions	**2024**	**2023**
Total stock-based compensation expense (selling and administrative)	**$ 9**	$ 34
Income tax benefits related to stock-based compensation	**13**	11

At March 31, 2024, $108 million, net of estimated forfeitures, of compensation cost related to time-based and performance-based shares and restricted stock attributable to future service had not yet been recognized. This amount will be recognized in expense over a weighted-average period of 1.8 years.

Long-Term Incentive Plan

During the first three months of 2024, the Company granted 1.4 million performance units at an average grant date fair value of $37.83 and 1.4 million time-based units at an average grant date fair value of $36.15.

NOTE 18 - BUSINESS SEGMENT INFORMATION

International Paper's business segments, Industrial Packaging and Global Cellulose Fibers, are consistent with the internal structure used to manage these businesses. Both segments are differentiated on a common product, common customer basis consistent with the business segmentation generally used in the Forest Products industry.

Business segment operating profits (losses) are used by International Paper's management to measure the earnings performance of its businesses. Management believes that this measure allows a better understanding of trends in costs, operating efficiencies, prices and volumes. Business segment operating profits (losses) are defined as earnings (loss) from continuing operations before income taxes and equity earnings, but including the impact of less than wholly owned subsidiaries, and excluding interest expense, net, corporate expenses, net, corporate net special items, business net special items and non-operating pension expense.

Net sales by business segment for the three months ended March 31, 2024 and 2023 were as follows:

	Three Months Ended March 31,	
In millions	**2024**	**2023**
Industrial Packaging	**$ 3,808**	$ 4,083
Global Cellulose Fibers	**704**	811
Corporate and Intersegment Sales	**107**	126
Net Sales	**$ 4,619**	$ 5,020

Operating profit (loss) by business segment for the three months ended March 31, 2024 and 2023 were as follows:

In millions	Three Months Ended March 31, 2024	2023
Industrial Packaging	**$216**	$322
Global Cellulose Fibers	**(47)**	(16)
Business Segment Operating Profit (Loss)	**$169**	$306
Earnings (loss) from continuing operations before income taxes and equity earnings	**$85**	$221
Interest expense, net	**46**	62
Adjustment for less than wholly owned subsidiaries	**(2)**	—
Corporate expenses, net	**24**	8
Corporate net special items	**20**	—
Business net special items	**8**	—
Non-operating pension expense (income)	**(12)**	15
Business Segment Operating Profit (Loss)	**$169**	$306

NOTE 19 - SUBSEQUENT EVENT

On April 16, 2024, the Company issued an announcement, pursuant to Rule 2.7 of the United Kingdom City Code on Takeovers and Mergers, disclosing the terms of a recommended offer by the Company to acquire the entire issued and to be issued share capital of DS Smith Plc, a public limited company incorporated in England and Wales ("DS Smith"), in an all-stock transaction (the "Business Combination"). Under the terms of the Business Combination, each DS Smith share will be valued at 415 pence per share based on the Company's closing share price of $40.85 and GBP/USD exchange rate of 1.2645 on March 25, 2024, being the close of business on the last day prior to the announcement by DS Smith of a previously disclosed possible offer by the Company. This will result in IP issuing 0.1285 shares for each DS Smith share, resulting in pro forma ownership of 66.3% for IP shareholders and 33.7% for DS Smith shareholders, with an implied enterprise value of approximately $9.9 billion. Costs related to the transaction were $5 million for the three months ended March 31, 2024. In connection with the Business Combination, the Company also intends to seek a secondary listing of International Paper common stock on the London Stock Exchange. Following completion of the Business Combination, Memphis, Tennessee will be the headquarters of the combined company, with plans to establish a Europe, Middle East and Africa (EMEA) headquarters at DS Smith's existing London headquarters. Upon the closing of the Business Combination, it is intended that the Company's board of directors will form the board of directors of the combined company, and that up to two directors of DS Smith will be invited to join the board of directors of the combined company. Mr. Andrew K. Silvernail will be the Chief Executive Officer of the combined company. The transaction is expected to close during the fourth quarter of 2024, subject to the approval of IP shareholders and DS Smith shareholders, as well as customary closing conditions, including regulatory clearances in Europe and the U.S.

INTERNATIONAL PAPER AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

PART A

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of International Paper Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of International Paper Company and subsidiaries (the "Company") as of December 31, 2023, 2022, and 2021 the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, 2022, and 2021 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Ilim S.A. as of and for the year ended December 31, 2022. The Company's investment in Ilim S.A. is accounted for by use of the equity method and is presented as held-for-sale and within discontinued operations, as disclosed in Note 11. The accompanying financial statements of the Company include its equity investment in Ilim S.A. of $133 million as of December 31, 2022, and its equity earnings in Ilim S.A. of $296 million for the year ended December 31, 2022. The financial statements of Ilim S.A. were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Ilim S.A. as of and for the year ended December 31, 2022, is based solely on the report of the other auditors.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the Audit and Finance Committee and that (1) relates to an account or disclosure that is material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Retirement Plans — Plan Assets — Refer to Note 18 to the financial statements

Critical Audit Matter Description

As of December 31, 2023, the Company's Qualified Pension Plan held approximately $2.7 billion in investments whose reported value is determined based on net asset value ("NAV"). The strategic asset allocation policy prescribed by the Company's Qualified Pension Plan includes permissible investments in certain hedge funds, private equity funds, and real estate funds whose reported values are determined based on the estimated NAV of each investment.

These NAVs are generally determined by the Qualified Pension Plan’s third-party administrators or fund managers and are subject to review and oversight by management of the Company and its third-party investment advisors.

Given a lack of a readily determinable value of these investments and the subjective nature of the valuation methodologies and unobservable inputs used in these methodologies, auditing the NAV associated with these investments requires a high degree of auditor judgment and an increased extent of effort, including the need to involve professionals in our firm having expertise in alternative investments.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the determination of NAV associated with the Company’s Qualified Pension Plan’s investments in hedge funds, private equity funds, and real estate funds included the following, among others:

- We tested the effectiveness of controls over the Company’s determination and evaluation of NAV, including those related to the reliability of NAVs reported by third-party administrators and fund managers.

- We inquired of management and the investment advisors regarding changes to the investment portfolio and investment strategies.

- We obtained a confirmation from the third-party custodian as of December 31, 2023 of all individual investments held in trust for the Qualified Pension Plan to confirm the existence of each individual asset held in trust.

- For selected investment funds with a fiscal year end of December 31, we performed a retrospective review in which we compared the estimated fair value recorded by the Company in the December 31, 2022 financial statements, to the actual fair value of the funds’ (using the per-share NAV disclosed in the fund’s subsequently issued audited financial statements), to evaluate the appropriateness of management’s estimation process.

- With the assistance of professionals in our firm having expertise in alternative investments, we rolled forward the valuation from selected funds’ most recently audited financial statements to December 31, 2023. This roll forward procedure included consideration of the Company’s transactions in the fund during the period, as well as an estimate of the funds’ returns based on an appropriate, independently obtained benchmark or index. We then compared our independent fund valuation estimate to the December 31, 2023, balance recorded by the Company. For certain selected funds, our roll forward procedures included alternative procedures, such as inspecting trust statements for observable transactions near year-end to compare to the estimated fair value.

- For certain investments, we inquired of management to understand year-over-year changes in the fund manager’s estimate of NAV and compared the fund’s return on investment to other available qualitative and quantitative information.

Memphis, Tennessee
February 16, 2024

We have served as the Company’s auditor since 2002.

PART B: CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF OPERATIONS

In millions, except per share amounts, for the years ended December 31	**2023**	**2022**	**2021**
NET SALES	**$ 18,916**	$ 21,161	$ 19,363
COSTS AND EXPENSES			
Cost of products sold	**13,629**	15,143	13,832
Selling and administrative expenses	**1,360**	1,293	1,385
Depreciation, amortization and cost of timber harvested	**1,432**	1,040	1,097
Distribution expenses	**1,575**	1,783	1,444
Taxes other than payroll and income taxes	**154**	148	139
Restructuring and other charges, net	**99**	89	509
Net (gains) losses on sales and impairments of businesses	**—**	76	(7)
Net (gains) losses on sales of equity method investments	**—**	10	(204)
Net (gains) losses on mark to market investments	**—**	(65)	32
Interest expense, net	**231**	325	337
Non-operating pension (income) expense	**54**	(192)	(200)
EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY EARNINGS (LOSSES)	**382**	1,511	999
Income tax provision (benefit)	**59**	(236)	188
Equity earnings (loss), net of taxes	**(21)**	(6)	2
EARNINGS (LOSS) FROM CONTINUING OPERATIONS	**302**	1,741	813
Discontinued operations, net of taxes	**(14)**	(237)	941
NET EARNINGS (LOSS)	**288**	1,504	1,754
Less: Net earnings (loss) attributable to noncontrolling interests	**—**	—	2
NET EARNINGS (LOSS) ATTRIBUTABLE TO INTERNATIONAL PAPER COMPANY	**$ 288**	$ 1,504	$ 1,752
BASIC EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO INTERNATIONAL PAPER COMPANY COMMON SHAREHOLDERS			
Earnings (loss) from continuing operations	**$ 0.87**	$ 4.79	$ 2.08
Discontinued operations, net of taxes	**(0.04)**	(0.65)	2.42
Net earnings (loss)	**$ 0.83**	$ 4.14	$ 4.50
DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO INTERNATIONAL PAPER COMPANY COMMON SHAREHOLDERS			
Earnings (loss) from continuing operations	**$ 0.86**	$ 4.74	$ 2.07
Discontinued operations, net of taxes	**(0.04)**	(0.64)	2.40
Net earnings (loss)	**$ 0.82**	$ 4.10	$ 4.47

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

In millions for the years ended December 31	2023	2022	2021
NET EARNINGS (LOSS)	**$ 288**	$ 1,504	$ 1,754
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Amortization of pension and postretirement prior service costs and net loss:			
U.S. plans (less tax of $29, $28 and $41)	**87**	85	124
Non-U.S. plans (less tax of $0, $0 and $0)	**(1)**	1	1
Pension and postretirement liability adjustments:			
U.S. plans (less tax of $(56), $(109) and $235)	**(170)**	(327)	706
Non-U.S. plans (less tax of $0, $1 and $1)	**3**	8	7
Change in cumulative foreign currency translation adjustment (less tax of $0, $0 and $0)	**441**	(28)	69
Net gains/losses on cash flow hedging derivatives (less tax of $0, $1 and $(1))	**—**	2	(6)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**360**	(259)	901
Comprehensive Income (Loss)	**648**	1,245	2,655
Net (Earnings) Loss Attributable to Noncontrolling Interests	**—**	—	(2)
Other Comprehensive (Income) Loss Attributable to Noncontrolling Interests	**—**	—	2
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO INTERNATIONAL PAPER COMPANY	**$ 648**	$ 1,245	$ 2,655

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

In millions, except per share amounts, at December 31	2023	2022	2021
ASSETS			
Current Assets			
Cash and temporary investments	**$ 1,113**	$ 804	$ 1,295
Accounts and notes receivable (less allowances of $34 in 2023, $31 in 2022 and $34 in 2021)	**3,059**	3,284	3,232
Contract assets	**433**	481	378
Inventories	**1,889**	1,942	1,814
Current investments	**—**	—	245
Assets held for sale	**—**	133	—
Other current assets	**114**	126	132
Total Current Assets	**6,608**	6,770	7,096
Plants, Properties and Equipment, net	**10,150**	10,431	10,441
Investments	**163**	186	194
Long-Term Financial Assets of Variable Interest Entities (Note 15)	**2,312**	2,294	2,275
Goodwill	**3,041**	3,041	3,130
Overfunded Pension Plan Assets	**118**	297	595
Right of Use Assets	**448**	424	365
Long-Term Assets Held for Sale	**—**	—	557
Deferred Charges and Other Assets	**421**	497	590
TOTAL ASSETS	**$ 23,261**	$ 23,940	$ 25,243
LIABILITIES AND EQUITY			
Current Liabilities			
Notes payable and current maturities of long-term debt	**$ 138**	$ 763	$ 196
Accounts payable	**2,442**	2,708	2,606
Accrued payroll and benefits	**397**	355	440
Other current liabilities	**982**	1,174	902
Total Current Liabilities	**3,959**	5,000	4,144
Long-Term Debt	**5,455**	4,816	5,383
Long-Term Nonrecourse Financial Liabilities of Variable Interest Entities (Note 15)	**2,113**	2,106	2,099
Deferred Income Taxes	**1,552**	1,732	2,618
Underfunded Pension Benefit Obligation	**280**	281	377
Postretirement and Postemployment Benefit Obligation	**140**	150	205
Long-Term Lease Obligations	**312**	283	236
Other Liabilities	**1,095**	1,075	1,099
Commitments and Contingent Liabilities (Note 14)			
Equity			
Common stock $1 par value, 2023 - 448.9 shares, 2022 - 448.9 shares and 2021 - 448.9	**449**	449	449
Paid-in capital	**4,730**	4,725	4,668
Retained earnings	**9,491**	9,855	9,029
Accumulated other comprehensive loss	**(1,565)**	(1,925)	(1,666)
	13,105	13,104	12,480
Less: Common stock held in treasury, at cost, 2023 – 102.9 shares, 2022 – 98.6 shares and 2021 - 70.4 shares	**4,750**	4,607	3,398
Total Equity	**8,355**	8,497	9,082
TOTAL LIABILITIES AND EQUITY	**$ 23,261**	$ 23,940	$ 25,243

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

In millions for the years ended December 31	2023	2022	2021
OPERATING ACTIVITIES			
Net earnings (loss)	**$ 288**	$ 1,504	$ 1,754
Depreciation, amortization, and cost of timber harvested	**1,432**	1,040	1,210
Deferred income tax provision (benefit), net	**(156)**	(773)	(291)
Restructuring and other charges, net	**99**	89	509
Periodic pension (income) expense, net	**94**	(116)	(112)
Net (gains) losses on mark to market investments	**—**	(65)	32
Net (gains) losses on sales and impairments of businesses	**—**	76	(358)
Net (gains) losses on sales and impairments of equity method investments	**153**	543	(205)
Net (gains) losses on sales of fixed assets	**—**	—	(86)
Equity method dividends received	**13**	204	159
Equity (earnings) losses, net	**(108)**	(291)	(313)
Other, net	**20**	108	157
Changes in current assets and liabilities			
Accounts and notes receivable	**255**	(59)	(596)
Contract assets	**48**	(103)	(49)
Inventories	**73**	(162)	(263)
Accounts payable and accrued liabilities	**(402)**	110	519
Interest payable	**(19)**	41	(32)
Other	**43**	28	(5)
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	**1,833**	2,174	2,030
INVESTMENT ACTIVITIES			
Invested in capital projects, net of insurance recoveries	**(1,141)**	(931)	(549)
Acquisitions, net of cash acquired	**—**	—	(80)
Proceeds from sales of equity method investments, net of transaction costs	**472**	—	908
Proceeds from sales of businesses, net of cash divested	**—**	—	827
Proceeds from exchange of equity securities	**—**	311	—
Proceeds from settlement of Variable Interest Entities	**—**	—	4,850
Proceeds from sale of fixed assets	**4**	13	101
Other	**(3)**	(1)	(3)
CASH PROVIDED BY (USED FOR) INVESTMENT ACTIVITIES	**(668)**	(608)	6,054
FINANCING ACTIVITIES			
Repurchases of common stock and payments of restricted stock tax withholding	**(218)**	(1,284)	(839)
Issuance of debt	**783**	1,011	1,512
Reduction of debt	**(780)**	(1,017)	(2,509)
Change in book overdrafts	**(8)**	1	65
Dividends paid	**(642)**	(673)	(780)
Reduction of Variable Interest Entity loans	**—**	—	(4,220)
Distribution to Sylvamo Corporation	**—**	—	(130)
Net debt tender premiums paid	**—**	(89)	(456)
Other	**(1)**	(3)	(18)
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	**(866)**	(2,054)	(7,375)
Effect of Exchange Rate Changes on Cash	**10**	(3)	(9)
Change in Cash and Temporary Investments	**309**	(491)	700
Cash and Temporary Investments			
Beginning of the period	**804**	1,295	595
End of the period	**$ 1,113**	$ 804	$ 1,295

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions	Common Stock Issued	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Stock Held In Treasury, At Cost	Total International Paper Shareholders' Equity	Noncontrolling Interests	Total Equity
BALANCE, JANUARY 1, 2021	$ 449	$ 6,325	$ 8,070	$ (4,342)	$ 2,648	$ 7,854	$ 14	$ 7,868
Sylvamo Corporation spin-off	—	(1,729)	—	1,773	—	44	(1)	43
Issuance of stock for various plans, net	—	54	—	—	(89)	143	—	143
Repurchase of stock	—	—	—	—	839	(839)	—	(839)
Dividends ($2.000 per share)	—	—	(793)	—	—	(793)	—	(793)
Transactions of equity method investees	—	18	—	—	—	18	—	18
Divestiture of noncontrolling interests	—	—	—	—	—	—	(13)	(13)
Comprehensive income (loss)	—	—	1,752	903	—	2,655	—	2,655
BALANCE, DECEMBER 31, 2021	449	4,668	9,029	(1,666)	3,398	9,082	—	9,082
Issuance of stock for various plans, net	—	57	—	—	(75)	132	—	132
Repurchase of stock	—	—	—	—	1,284	(1,284)	—	(1,284)
Dividends ($1.850 per share)	—	—	(678)	—	—	(678)	—	(678)
Comprehensive income (loss)	—	—	1,504	(259)	—	1,245	—	1,245
BALANCE, DECEMBER 31, 2022	449	4,725	9,855	(1,925)	4,607	8,497	—	8,497
Issuance of stock for various plans, net	**—**	**5**	**—**	**—**	**(77)**	**82**	**—**	**82**
Repurchase of stock	**—**	**—**	**—**	**—**	**220**	**(220)**	**—**	**(220)**
Dividends ($1.850 per share)	**—**	**—**	**(652)**	**—**	**—**	**(652)**	**—**	**(652)**
Comprehensive income (loss)	**—**	**—**	**288**	**360**	**—**	**648**	**—**	**648**
BALANCE, DECEMBER 31, 2023	**$ 449**	**$ 4,730**	**$ 9,491**	**$ (1,565)**	**$ 4,750**	**$ 8,355**	**$ —**	**$ 8,355**

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

International Paper (the "Company") is a global producer of renewable fiber-based packaging and pulp products with primary markets and manufacturing operations in North America and Europe and additional markets and manufacturing operations in Latin America, North Africa and Asia. Substantially all of our businesses have experienced, and are likely to continue to experience, cycles relating to available industry capacity and general economic conditions.

Financial Statements

These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States that require the use of management's estimates. Actual results could differ from management's estimates. Certain amounts from prior year have been reclassified to conform with the current year financial statement presentation.

Printing Papers Spin-off

On October 1, 2021, the Company completed the previously announced spin-off of its Printing Papers segment along with certain mixed-use coated paperboard and pulp businesses in North America, France and Russia into a standalone, publicly-traded company, Sylvamo Corporation ("Sylvamo"). The transaction was implemented through the distribution of shares of the standalone company to International Paper's shareholders (the "Distribution"). As a result of the Distribution, Sylvamo is an independent public company that trades on the New York Stock Exchange under the symbol "SLVM".

In addition to the spin-off of Sylvamo, the Company completed the sale of its Kwidzyn, Poland mill on August 6, 2021. All historical operating results of the Sylvamo businesses and Kwidzyn mill have been presented as Discontinued Operations, net of tax, in the consolidated statement of operations. See Note 8 for further details regarding the Sylvamo spin-off and discontinued operations.

Discontinued Operations

A discontinued operation may include a component or a group of components of the Company's operations. A disposal of a component or a group of components is reported in discontinued operations if the disposal represents a strategic shift that has or will have a major effect on the Company's operations and financial results when the following occurs: (1) a component (or group of components) meets the criteria to be classified as held for sale; (2) the component or group of components is disposed of by sale; or (3) the component or group of components is disposed of other than by sale (for example, by abandonment or in a distribution to owners in a spin-off). For any component classified as held for sale or disposed of by sale or other than by sale, qualifying for presentation as a discontinued operation, the Company reports the results of operations of the discontinued operations (including any gain or loss recognized on the disposal or loss recognized on classification as held for sale of a discontinued operation), less applicable income taxes (benefit), as a separate component in the consolidated statement of operations for current and all prior periods presented. The Company also reports assets and liabilities associated with discontinued operations as separate line items on the consolidated balance sheet.

Consolidation

The consolidated financial statements include the accounts of International Paper and subsidiaries for which we have a controlling financial interest, including variable interest entities for which we are the primary beneficiary. All significant intercompany balances and transactions are eliminated.

Equity Method Investments

The equity method of accounting is applied for investments when the Company has significant influence over the investee's operations, or when the investee is structured with separate capital accounts. Our material equity method investments are described in Note 11.

Other-Than-Temporary Impairment

The Company evaluates our equity method investments for other-than-temporary impairment ("OTTI") when circumstances indicate the investment may be impaired. When a decline in fair value is deemed to be an OTTI, an impairment is recognized to the extent that the fair value is less than the carrying value of the investment. We consider various factors in determining whether a loss in value of an investment is other than temporary including: the length of time and the extent to which the fair value has been below cost, the financial condition of the investee, and our intent and ability to retain the investment for a period of time sufficient to allow for recovery of value. Management makes certain judgments and estimates in its assessment including but not limited to: identifying if circumstances indicate a decline in value is other than temporary, expectations about operations, as well as industry, financial, regulatory and market factors.

Business Combinations

The Company allocates the total consideration of the assets acquired and liabilities assumed based on their estimated fair value as of the business combination date. In developing estimates of fair values for long-lived assets, including identifiable intangible assets, the Company utilizes a variety of inputs including forecasted cash flows, anticipated growth rates, discount rates, estimated replacement costs and depreciation and obsolescence factors. Determining the fair value for specifically identified intangible assets such as customer lists and developed technology involves judgment. We may refine our estimates and make adjustments to the assets acquired and liabilities assumed over a measurement period, not to exceed one year. Upon the conclusion of the measurement period or the final determination of the values of assets acquired and liabilities assumed, whichever comes first, any subsequent adjustments are charged to the consolidated statement of operations. Subsequent actual results of the underlying business activity supporting the specifically identified intangible assets could change, requiring us to record impairment charges or adjust their economic lives in future periods. See Note 7 for further details.

Restructuring Liabilities And Costs

For operations to be closed or restructured, a liability and related expense is recorded in the period when operations cease. For termination costs associated with employees covered by a written or substantive plan, a liability is recorded when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated. For termination costs associated with employees not covered by a written and broadly communicated policy covering involuntary termination benefits (severance plan), a liability is recorded for costs to terminate employees (one-time termination benefits) when the termination plan has been approved and committed to by management, the employees to be terminated have been identified, the termination plan benefit terms are communicated, the employees identified in the plan have been notified and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The timing and amount of an accrual is dependent upon the type of benefits granted, the timing of communication and other provisions that may be provided in the benefit plan. The accounting for each termination is evaluated individually. See Note 6 for further details.

Revenue Recognition

Generally, the Company recognizes revenue on a point-in-time basis when the Company transfers control of the goods to the customer. For customized goods where the Company has a legally enforceable right to payment for the goods, the Company recognizes revenue over time, which generally is, as the goods are produced.

The Company's revenue is primarily derived from fixed consideration; however, we do have contract terms that give rise to variable consideration, primarily volume rebates, early payment discounts and other customer refunds. The Company estimates its volume rebates at the individual customer level based on the most likely amount method outlined in ASC 606 "Revenue from Contracts with Customers". The Company estimates early payment discounts and other customer refunds based on the historical experience across the Company's portfolio of customers to record reductions in revenue that is consistent with the expected value method outlined in ASC 606. Management has concluded that these methods result in the best estimate of the consideration the Company will be entitled to from its customers.

The Company has elected to present all sales taxes on a net basis, account for shipping and handling activities as fulfillment activities, recognize the incremental costs of obtaining a contract as expense when incurred if the amortization period of the asset the Company would recognize is one year or less, and not record interest income or interest expense when the difference in timing of control or transfer and customer payment is one year or less. See Note 3 for further details.

Temporary Investments

Temporary investments with an original maturity of three months or less and money market funds with greater than three-month maturities but with the right to redeem without notice are treated as cash equivalents and are stated at cost, which approximates market value. See Note 9 for further details.

Inventories

Inventories are valued at the lower of cost or market value and include all costs directly associated with manufacturing products: materials, labor and manufacturing overhead. In the United States, costs of raw materials and finished pulp and paper products, are generally determined using the last-in, first-out method. Other inventories are valued using the first-in, first-out or average cost methods. See Note 9 for further details.

Leased Assets

Operating lease right of use ("ROU") assets and liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. The Company's leases may include options to extend or terminate the lease. These options to extend are included in the lease term when it is reasonably certain that we will exercise that option. Some leases have variable payments, however, because they are not based on an index or rate, they are not included in the ROU assets and liabilities. Variable payments for real estate leases primarily relate to common area maintenance, insurance, taxes and utilities. Variable payments for equipment, vehicles, and leases within supply agreements primarily relate to usage, repairs and maintenance. As the implicit rate is not readily determinable for most of the Company's leases, the Company applies a portfolio approach using an estimated incremental borrowing rate to determine the initial present value of lease payments over the lease terms on a collateralized basis over a similar term, which is based on market and company specific information. We use the unsecured borrowing rate and risk-adjust that rate to approximate a collateralized rate, and apply the rate based on the currency of the lease, which is updated on a quarterly basis for measurement of new lease liabilities. Leases having a lease term of twelve months or less are not recorded on the balance sheet and the related lease expense is recognized on a straight-line basis over the term of the lease. In addition, the Company has applied the practical expedient to account for the lease and non-lease components as a single lease component for all of the Company's leases except for certain gas and chemical agreements. See Note 10 for further details.

Plants, Properties And Equipment

Plants, properties and equipment are stated at cost, less accumulated depreciation. Expenditures for betterments are capitalized, whereas normal repairs and maintenance are expensed as incurred. The units-of-production method of depreciation is used for pulp and paper mills, and the straight-line method is used for other plants and equipment. If a decision is made to abandon plants, properties or equipment before the end of its useful life, depreciation expense is revised to reflect the shortened useful life. See Note 9 for further details.

Goodwill

Annual evaluation for possible goodwill impairment is performed as of the beginning of the fourth quarter of each year, with additional interim evaluation performed when management believes that it is more likely than not, that events or circumstances have occurred that would result in the impairment of a reporting unit's goodwill.

The Company has the option to evaluate goodwill for impairment by first performing a qualitative assessment of events and circumstances to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, the Company determines that it is not more likely than not that the fair value of a reporting unit is less than its carrying amounts, then the quantitative goodwill impairment test is not required to be performed. If the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or if the Company does not elect the option to perform an initial qualitative assessment, the Company is required to perform the quantitative goodwill impairment test. In performing this evaluation, the Company estimates the fair value of its reporting unit using a weighted approach based on discounted future cash flows, market multiples and transaction multiples. The determination of fair value using the discounted cash flow approach requires management to make significant estimates and assumptions related to forecasts of future revenues, operating profit margins, and discount rates. The determination of fair value using market multiples and transaction multiples requires management to make significant assumptions related to revenue multiples and adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA") multiples. For reporting units whose carrying amount is in excess of their estimated fair value, the reporting unit will record an impairment charge by the amount that the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to the reporting unit.

Impairment Of Long-Lived Assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances that indicate that the carrying value of the assets may not be recoverable. A recoverability test is performed by comparing the undiscounted cash flows to carrying value of the assets. The inputs related to the undiscounted cash flows requires judgments as to whether assets are held and used or held for sale, the weighting of operational alternatives being considered by management and estimates of the amount and timing of expected future cash flows from the use of the long-lived assets generated by their use. If the carrying amount is less than the undiscounted cash flows, the fair value of the assets is compared to the carrying value to determine if they are impaired. We estimate fair value using discounted cash flows and other valuation techniques as needed. Impaired assets are recorded at their estimated fair value.

Income Taxes

International Paper uses the asset and liability method of accounting for income taxes whereby deferred income taxes are recorded for the future tax consequences attributable to differences between the financial statement and tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets and liabilities are remeasured to reflect new tax rates in the periods rate changes are enacted.

International Paper records its global tax provision based on the respective tax rules and regulations for the jurisdictions in which it operates. Where the Company believes that a tax position is supportable for income tax purposes, the item is included in its income tax returns. Where treatment of a position is uncertain, liabilities are recorded based upon the Company's evaluation of the "more likely than not" outcome considering technical merits of the position based on specific tax regulations and facts of each matter. Changes to recorded liabilities are only made when an identifiable event occurs that changes the likely outcome, such as settlement with the relevant tax authority, the expiration of statutes of limitation for the subject tax year, change in tax laws, or recent court cases that are relevant to the matter. Accrued interest related to these uncertain tax positions is recorded in our consolidated statement of operations in Interest expense, net.

The judgments and estimates made by the Company are based on management's evaluation of the technical merits of a matter, assisted as necessary by consultation with outside consultants, historical experience and other assumptions that management believes are appropriate and reasonable under current circumstances. Actual resolution of these matters may differ from recorded estimated amounts, resulting in adjustments that could materially affect future financial statements. See Note 13 for further details.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. Significant judgment is required in assessing the need for and magnitude of appropriate valuation allowances against deferred tax assets. This assessment is completed by tax jurisdiction and relies on both positive and negative evidence available, with significant weight placed on recent financial results. Cumulative reported pre-tax income is considered objectively verifiable positive evidence of our ability to generate positive pre-tax income in the future. In accordance with GAAP, when there is a recent history of pre-tax losses, there is little or no weight placed on forecasts for purposes of assessing the recoverability of our deferred tax assets. When necessary, we use systematic and logical methods to estimate when deferred tax liabilities will reverse and generate taxable income and when deferred tax assets will reverse and generate tax deductions. Assumptions, judgment, and the use of estimates are required when scheduling the reversal of deferred tax assets and liabilities, and the exercise is inherently complex and subjective. The realization of these assets is dependent on generating future taxable income, as well as successful implementation of various tax planning strategies.

International Paper uses the flow-through method to account for investment tax credits earned on eligible open-loop biomass facilities and combined heat and power system expenditures. Under this method, the investment tax credits are recognized as a reduction to income tax expense in the year they are earned rather than a reduction in the asset basis.

Environmental Remediation Costs

Costs associated with environmental remediation obligations are accrued when such costs are probable and reasonably estimable. Such accruals are adjusted as further information develops or circumstances change. See Note 14 for further details.

Translation Of Financial Statements

Balance sheets of international operations are translated into U.S. dollars at year-end exchange rates, while statements of operations are translated at average rates. Adjustments resulting from financial statement translations are included as cumulative translation adjustments in Accumulated other comprehensive income (loss).

Fair Value Measurements

The guidance for fair value measurements and disclosures sets out a fair value hierarchy that groups fair value measurement inputs into the following three classifications:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability reflecting the reporting entity’s own assumptions or external inputs from inactive markets.

Transfers between levels are recognized at the end of the reporting period.

NOTE 2 RECENT ACCOUNTING DEVELOPMENTS

Other than as described below, no new accounting pronouncement issued or effective during the fiscal year has had or is expected to have a material impact on the consolidated financial statements.

Recently Adopted Accounting Pronouncements

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." This guidance provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued.

This guidance is effective upon issuance and generally can be applied through December 31, 2024.

The Company has applied and will continue to apply this guidance to account for contract modifications due to changes in reference rates as those modifications occur. We do not expect this guidance to have a material impact on our consolidated financial statements and related disclosures.

Liabilities - Supplier Finance Programs

In September 2022, the FASB issued ASU 2022-04, "Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations." This guidance requires a business entity operating as a buyer in a supplier finance agreement to disclose qualitative and quantitative information about its supplier finance programs. This guidance is effective for annual reporting periods beginning after December 15, 2022, and interim periods within those years. The Company adopted the provisions of this guidance in the first quarter of 2023. See Note 9 - Supplementary Financial Statement Information.

Recently Issued Accounting Pronouncements Not Yet Adopted

Segment Reporting

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This guidance requires companies to disclose incremental segment information on an annual and interim basis. This guidance is effective for annual reporting periods beginning after December 15, 2023 and interim periods within those years beginning after December 15, 2024. Early adoption of these amendments is permitted and amendments should be applied retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the provisions of this guidance.

Income Taxes

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This guidance requires companies to enhance income tax disclosures, particularly around rate reconciliations and income taxes paid information. This guidance is effective for annual reporting periods beginning after December 15, 2024. Early adoption of these amendments is permitted and amendments should be applied prospectively. The Company is currently evaluating the provisions of this guidance.

NOTE 3 - REVENUE RECOGNITION

Disaggregated Revenue

	2023			
Reportable Segments	Industrial Packaging	Global Cellulose Fibers	Corporate & Intersegment	Total
Primary Geographical Markets [(a)]				
United States	**$ 13,340**	**$ 2,570**	**$ 430**	**$ 16,340**
EMEA	**1,398**	**96**	**—**	**1,494**
Pacific Rim and Asia	**37**	**224**	**—**	**261**
Americas, other than U.S.	**821**	**—**	**—**	**821**
Total	**$ 15,596**	**$ 2,890**	**$ 430**	**$ 18,916**
Operating Segments				
North American Industrial Packaging	**$ 14,293**	**$ —**	**$ —**	**$ 14,293**
EMEA Industrial Packaging	**1,398**	**—**	**—**	**1,398**
Global Cellulose Fibers	**—**	**2,890**	**—**	**2,890**
Intrasegment Eliminations	**(95)**	**—**	**—**	**(95)**
Corporate & Intersegment Sales	**—**	**—**	**430**	**430**
Total	**$ 15,596**	**$ 2,890**	**$ 430**	**$ 18,916**

(a) Net sales are attributed to countries based on the location of the reportable segment making the sale.

	2022			
Reportable Segments	Industrial Packaging	Global Cellulose Fibers	Corporate & Intersegment	Total
Primary Geographical Markets [(a)]				
United States	$ 14,970	$ 3,032	$ 480	$ 18,482
EMEA	1,572	121	—	1,693
Pacific Rim and Asia	46	74	3	123
Americas, other than U.S.	863	—	—	863
Total	$ 17,451	$ 3,227	$ 483	$ 21,161
Operating Segments				
North American Industrial Packaging	$ 16,011	$ —	$ —	$ 16,011
EMEA Industrial Packaging	1,572	—	—	1,572
Global Cellulose Fibers	—	3,227	—	3,227
Intrasegment Eliminations	(132)	—	—	(132)
Corporate & Intersegment Sales	—	—	483	483
Total	$ 17,451	$ 3,227	$ 483	$ 21,161

(a) Net sales are attributed to countries based on the location of the reportable segment making the sale.

	2021			
Reportable Segments	Industrial Packaging	Global Cellulose Fibers	Corporate & Intersegment	Total
Primary Geographical Markets [(a)]				
United States	$ 14,006	$ 2,510	$ 253	$ 16,769
EMEA	1,506	109	(4)	1,611
Pacific Rim and Asia	59	113	35	207
Americas, other than U.S.	755	—	21	776
Total	$ 16,326	$ 2,732	$ 305	$ 19,363
Operating Segments				
North American Industrial Packaging	$ 14,944	$ —	$ —	$ 14,944
EMEA Industrial Packaging	1,508	—	—	1,508
Global Cellulose Fibers	—	2,732	—	2,732
Intrasegment Eliminations	(126)	—	—	(126)
Corporate & Intersegment Sales	—	—	305	305

	2021			
Reportable Segments	**Industrial Packaging**	**Global Cellulose Fibers**	**Corporate & Intersegment**	**Total**
Total	$ 16,326	$ 2,732	$ 305	$ 19,363

(a) Net sales are attributed to countries based on the location of the reportable segment making the sale.

Revenue Contract Balances

A contract asset is created when the Company recognizes revenue on its customized products prior to having an unconditional right to payment from the customer, which generally does not occur until title and risk of loss passes to the customer.

A contract liability is created when customers prepay for goods prior to the Company transferring those goods to the customer. The contract liability is reduced once control of the goods is transferred to the customer. The majority of our customer prepayments are received during the fourth quarter each year for goods that will be transferred to customers over the following twelve months. Current liabilities of $32 million, $38 million and $27 million are included in Other current liabilities in the accompanying consolidated balance sheet as of December 31, 2023, 2022 and 2021, respectively. The Company also recorded a contract liability of $115 million related to a previous acquisition. The balance of this contract liability was $92 million, $99 million and $107 million at December 31, 2023, 2022 and 2021, respectively, and is recorded in Other current liabilities and Other Liabilities in the accompanying consolidated balance sheet.

The difference between the opening and closing balances of the Company’s contract assets and contract liabilities primarily results from the difference between the price and quantity at comparable points in time for goods which we have an unconditional right to payment or receive prepayment from the customer, respectively.

Performance Obligations And Significant Judgments

International Paper’s principal business is to manufacture and sell fiber-based packaging and pulp goods. As a general rule, none of our businesses provide equipment installation or other ancillary services outside of producing and shipping packaging and pulp products to customers.

The nature of the Company’s contracts can vary based on the business, customer type and region; however, in all instances it is International Paper’s customary business practice to receive a valid order from the customer, in which each parties’ rights and related payment terms are clearly identifiable.

Contracts or purchase orders with customers could include a single type of product or it could include multiple types/grades of products. Regardless, the contracted price with the customer is agreed to at the individual product level outlined in the customer contracts or purchase orders. The Company does not bundle prices; however, we do negotiate with customers on pricing and rebates for the same products based on a variety of factors (e.g. level of contractual volume, geographical location, etc.).

Management has concluded that the prices negotiated with each individual customer are representative of the stand-alone selling price of the product.

NOTE 4 EARNINGS PER SHARE ATTRIBUTABLE TO INTERNATIONAL PAPER COMPANY COMMON SHAREHOLDERS

Basic earnings per share is computed by dividing earnings by the weighted average number of common shares outstanding. Diluted earnings per share is computed assuming that all potentially dilutive securities were converted into common shares.

There are no adjustments required to be made to net income for purposes of computing basic and diluted earnings per share.

A reconciliation of the amounts included in the computation of basic earnings (loss) per share from continuing operations, and diluted earnings (loss) per share from continuing operations is as follows:

In millions, except per share amounts	**2023**	2022	2021
Earnings (loss) from continuing operations attributable to International Paper common shareholders	**$ 302**	$ 1,741	$ 811
Weighted average common shares outstanding	**346.9**	363.5	389.4
Effect of dilutive securities:			
Restricted performance share plan	**2.2**	3.5	3.0
Weighted average common shares outstanding – assuming dilution	**349.1**	367.0	392.4
Basic earnings (loss) per share from continuing operations	**$ 0.87**	$ 4.79	$ 2.08
Diluted earnings (loss) per share from continuing operations	**$ 0.86**	$ 4.74	$ 2.07

NOTE 5 OTHER COMPREHENSIVE INCOME

The following table presents changes in Accumulated Other Comprehensive Loss ("AOCI"), net of tax, reported in the consolidated financial statements for the years ended December 31:

In millions	2023	2022	2021
Defined Benefit Pension and Postretirement Adjustments			
Balance at beginning of period	**$ (1,195)**	$ (962)	$ (1,880)
Other comprehensive income (loss) before reclassifications	**(167)**	(319)	713
Reclassification related to Sylvamo Corporation spin-off	**—**	—	80
Amounts reclassified from accumulated other comprehensive loss	**86**	86	125
Balance at end of period	**(1,276)**	(1,195)	(962)
Change in Cumulative Foreign Currency Translation Adjustments			
Balance at beginning of period	**(722)**	(694)	(2,457)
Other comprehensive income (loss) before reclassifications	**(76)**	(38)	(115)
Reclassification related to Sylvamo Corporation spin-off	**—**	—	1,692
Amounts reclassified from accumulated other comprehensive loss	**517**	10	184
Other Comprehensive Income (Loss) Attributable to Noncontrolling Interest	**—**	—	2
Balance at end of period	**(281)**	(722)	(694)
Net Gains and Losses on Cash Flow Hedging Derivatives			
Balance at beginning of period	**(8)**	(10)	(5)
Other comprehensive income (loss) before reclassifications	**—**	—	3
Reclassification related to Sylvamo Corporation spin-off	**—**	—	1
Amounts reclassified from accumulated other comprehensive loss	**—**	2	(9)
Balance at end of period	**(8)**	(8)	(10)
Total Accumulated Other Comprehensive Income (Loss) at End of Period	**$ (1,565)**	$ (1,925)	$ (1,666)

Reclassifications out of AOCI for the three years ended December 31 were as follows:

	Amount Reclassified from Accumulated Other Comprehensive Loss			Location of Amount Reclassified from AOCI
In millions	2023	2022	2021	
Defined benefit pension and postretirement items:				
Prior-service costs	**$ (23)**	$ (23)	$ (20)[(a)]	Non-operating pension expense
Actuarial gains/(losses)	**(92)**	(91)	(146)[(a)]	Non-operating pension expense
Total pre-tax amount	**(115)**	(114)	(166)	
Tax (expense)/benefit	**29**	28	41	
Net of tax	**(86)**	(86)	(125)	
Reclassification related to Sylvamo Corporation spin-off	**—**	—	(80)	Paid-in Capital
Total, net of tax	**(86)**	(86)	(205)	
Change in cumulative foreign currency translation adjustments:				
Business divestiture	**(517)**	(10)	(184)[(b)]	Net (gains) losses on sales of equity method investments, Discontinued Operations, net of taxes and Net (gains) losses on sales and impairment of businesses
Tax (expense)/benefit	**—**	—	—	
Net of tax	**(517)**	(10)	(184)	

	Amount Reclassified from Accumulated Other Comprehensive Loss			Location of Amount Reclassified from AOCI
	2023	2022	2021	
In millions				
Reclassification related to Sylvamo Corporation spin-off	—	—	(1,692)	Paid-in Capital
Total, net of tax	**(517)**	(10)	(1,876)	
Net gains and losses on cash flow hedging derivatives:				
Cash flow hedges	—	(3)	11	Cost of products sold, Discontinued operations, net of taxes, and Interest expense, net
Total pre-tax amount	—	(3)	11	
Tax (expense)/benefit	—	1	(2)	
Net of tax	—	(2)	9	
Reclassification related to Sylvamo Corporation spin-off	—	—	(1)	Paid-in Capital
Total, net of tax	—	(2)	8	
Total reclassifications for the period, net of tax	**$ (603)**	$ (98)	$ (2,073)	

(a) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost (see Note 18 - Retirement Plans for additional details).

(b) See Note 11 - Equity Method Investments for additional details for 2023 amounts.

NOTE 6 RESTRUCTURING AND OTHER CHARGES, NET

2023: During 2023, restructuring and other charges, net, totaling $99 million before taxes were recorded. The charges included:

In millions		**2023**
Orange, Texas mill closure costs [a]	**$**	**81**
Pensacola mill and Riegelwood mill pulp machine shutdowns [b]		**37**
Building a Better IP [c]		**(19)**
Total	**$**	**99**

(a) Includes $25 million of severance charges, $30 million of inventory impairment charges and $26 million of other costs associated with the closure of our containerboard mill in Orange, Texas. The majority of the severance charges will be paid in 2024.

(b) Includes $21 million of severance charges, $12 million of inventory impairment charges and $4 million of other costs associated with the permanent shutdown of pulp machines at our Riegelwood, North Carolina and Pensacola, Florida mills. The majority of the severance charges will be paid in 2024.

(c) Revision of severance estimates related to our Building a Better IP initiative.

2022: During 2022, restructuring and other charges, net, totaling $89 million before taxes were recorded. The charges included:

In millions		**2022**
Early debt extinguishment costs (see Note 16)	$	93
Other restructuring items		(4)
Total	$	89

2021: During 2021, restructuring and other charges, net, totaling $509 million before taxes were recorded. These charges included:

In millions		**2021**
Early debt extinguishment costs (see Note 16)	$	461
Building a Better IP [a]		29
EMEA packaging restructuring [b]		12
Other restructuring items		7
Total	$	509

(a) Severance related to our Building a Better IP initiative which is focused on value creation through streamlined operations and process optimization. All severance has been paid as of December 31, 2023.

(b) Severance related to the optimization of our EMEA Packaging business. All severance has been paid as of December 31, 2023.

NOTE 7 ACQUISITIONS

2021*:* On April 1, 2021, the Company closed on the previously announced acquisition of two box plants located in Spain. The total purchase consideration, inclusive of working capital adjustments, was approximately €71 million (approximately $83 million based on the April 1, 2021 exchange rate).

The following table summarizes the final fair value assigned to assets and liabilities acquired as of April 1, 2021:

In millions	
Cash and temporary investments	$ 5
Accounts and notes receivable	10
Inventories	3
Plants, properties and equipment	50
Goodwill	23
Intangible assets	13
Total assets acquired	**104**
Short-term debt	2
Accounts payable and accrued liabilities	4
Other current liabilities	2
Long-term debt	1
Deferred income taxes	12
Total liabilities assumed	**21**
Net assets acquired	**$ 83**

Pro forma information has not been included as it is impracticable to obtain the information due to the lack of availability of historical U.S. GAAP financial data. The results of the operations of these businesses do not have a material effect on the Company’s consolidated results of operations.

The Company has accounted for the above acquisition under ASC 805, “Business Combinations” and the results of operations have been included in International Paper’s financial statements beginning with the date of acquisition.

2021*:* In April 2021, the Company received a noncontrolling interest in a U.S-based corrugated packaging producer. In the second quarter, the Company recorded its investment of $115 million based on the fair value of the noncontrolling interest, and a corresponding contract liability that is amortized over 15 years. The Company is party to various agreements with the entity which includes a containerboard supply agreement. The Company is accounting for its interest as an equity method investment.

NOTE 8 DIVESTITURES

Printing Papers Spin-Off

2021: On October 1, 2021, the Company completed the previously announced spin-off of its Printing Papers segment along with certain mixed-use coated paperboard and pulp businesses in North America, France and Russia into a standalone, publicly-traded company, Sylvamo Corporation ("Sylvamo"). The transaction was implemented through the distribution of shares of Sylvamo to International Paper's shareholders (the "Distribution"). As a result of the Distribution, Sylvamo is an independent public company that trades on the New York Stock Exchange under the symbol "SLVM".

The Distribution was made to the Company's stockholders of record as of the close of business on September 15, 2021 (the "Record Date"), and such stockholders received one share of Sylvamo common stock for every 11 shares of International Paper common stock held as of the close of business on the Record Date. The Company retained 19.9% of the shares of Sylvamo at the time of the separation with the intent to monetize its investment and provide additional proceeds to the Company. The spin-off was tax-free for the Company and its shareholders for U.S. federal income tax purposes.

In connection with the Distribution, on September 29, 2021, the Company and Sylvamo entered into a separation and distribution agreement as well as various other agreements that govern the relationships between the parties following the Distribution, including a transition services agreement, a tax matters agreement and an employee matters agreement. These agreements provided for the allocation between the Company and Sylvamo of assets, liabilities and obligations attributable to periods prior to, at and after the Distribution and govern certain relationships between the Company and Sylvamo after the Distribution. The Company has various ongoing operational agreements with Sylvamo under which it sells fiber, paper and other products. Related party sales under these agreements were $630 million and $185 million for the year ended December 31, 2022 and 2021, respectively. Following the sale of the Company's ownership interest in Sylvamo during the third quarter 2022, Sylvamo is no longer considered a related party.

In the second quarter 2022, the Company exchanged 4,132,000 shares of Sylvamo common stock owned by the Company in exchange and as repayment for an approximately $144 million term loan obligation which resulted in the reversal of a $31 million deferred tax liability due to the tax-free exchange of the Sylvamo common stock. In the third quarter 2022, the Company exchanged the remaining 4,614,358 shares of Sylvamo common stock owned by the Company in exchange for $167 million and as partial repayment of a $210 million term loan obligation. This also resulted in the reversal of a $35 million deferred tax liability due to the tax-free exchange of Sylvamo common stock. As of the end of the third quarter 2022, the Company no longer had an ownership interest in Sylvamo.

All historical operating results of the Sylvamo businesses, as well as the results of our Kwidzyn, Poland mill that was sold on August 6, 2021, are presented as Discontinued Operations, net of tax, in the consolidated statement of operations. Kwidzyn was previously part of the Printing Papers business prior to its sale in August 2021. See the Kwidzyn Mill section below for further details regarding this sale.

The following summarizes the major classes of line items comprising Earnings (Loss) Before Income Taxes and Equity Earnings reconciled to Discontinued Operations, net of tax, related to the Sylvamo businesses and Kwidzyn for the year ended December 31, 2021 presented in the consolidated statement of operations:

In millions	**2021**
Net Sales	$ 2,417
Costs and Expenses	
Cost of products sold	1,508
Selling and administrative expenses	224
Depreciation, amortization and cost of timber harvested	113
Distribution expenses	229
Taxes other than payroll and income taxes	24
Net (gains) losses on sales of fixed assets	(86)
Net (gains) losses on sales and impairments of businesses	(351)
Interest expense, net	(19)
Earnings (Loss) Before Income Taxes and Equity Earnings	775

In millions	2021
Income tax provision (benefit)	145
Discontinued Operations, Net of Taxes	$ 630

The following summarizes the total cash provided by operations and total cash used for investing activities related to the Sylvamo Corporation businesses and Kwidzyn and included in the consolidated statement of cash flows:

In millions	2021
Cash Provided by (Used For) Operating Activities	$ 290
Cash Provided by (Used For) Investment Activities	$ 757

In anticipation of the spin-off, Sylvamo incurred $1.5 billion in debt during the third quarter of 2021 with the proceeds used for a distribution to the Company and other expenses associated with the transaction. The Company was an obligor of the debt prior to the spin-off as Sylvamo was a wholly-owned subsidiary. Subsequent to the distribution of the net assets, the Company was no longer an obligor of the Sylvamo debt. The $1.5 billion of borrowings was comprised of $450 million of 7.00% senior unsecured notes due 2029 issued in September 2021. It was also comprised of the senior secured credit facility that Sylvamo entered into in September 2021 which consisted of $450 million of borrowings related to its term loan “B” facility, $520 million of borrowings related to its term loan “F” facility, and the $100 million draw on its revolving credit facility which had a capacity of $450 million. Additionally, at the time of the spin-off in the fourth quarter of 2021, the Company distributed $130 million to Sylvamo. The debt issuance and distribution to Sylvamo Corporation are classified as financing activities in the accompanying consolidated statement of cash flows.

Kwidzyn Mill

2021: On August 6, 2021, the Company completed the sale of its Kwidzyn, Poland mill for €669 million (approximately $794 million using the July 31, 2021 exchange rate) in cash. The business included the pulp and paper mill in Kwidzyn and supporting functions. During the third quarter of 2021, the Company recorded a net gain of $360 million ($350 million after taxes) including a gain of $404 million ($394 million after taxes) related to the sale of net assets and a loss of $44 million (before and after taxes) related to the cumulative foreign currency translation loss. During the fourth quarter of 2021, the Company incurred $9 million ($6 million after taxes) of costs related to the sale of Kwidzyn. All historical operating results for Kwidzyn have been presented as Discontinued Operations, net of tax, in the consolidated statement of operations.

Olmuksan International Paper

2021: On May 31, 2021, the Company completed the sale of its 90.38% ownership interest in Olmuksan International Paper, a corrugated packaging business in Turkey, to Mondi Group for €66 million (approximately $81 million using the May 31, 2021 exchange rate). During the twelve months ended December 31, 2021, the Company recorded a net gain of $4 million ($2 million after taxes) related to the business working capital adjustment and cumulative foreign currency translation loss.

In conjunction with the announced agreement in the fourth quarter of 2020, a determination was made that the current book value of the Olmuksan International Paper disposal group exceeded its estimated fair value of $79 million which was based on the agreed upon transaction price. As a result, a preliminary charge of $123 million (before and after taxes) was recorded during the fourth quarter of 2020.

NOTE 9 SUPPLEMENTARY FINANCIAL STATEMENT INFORMATION

Temporary Investments

Temporary investments with an original maturity of three months or less and money market funds with greater than three-month maturities but with the right to redeem without notices are treated as cash equivalents and are stated at cost. Temporary investments totaled $950 million, $690 million and $1.1 billion at December 31, 2023, 2022 and 2021 respectively.

Accounts and Notes Receivable

Accounts and notes receivable, net, by classification were:

In millions at December 31	2023	2022	2021
Accounts and notes receivable:			
Trade (less allowances of $34 in 2023, $31 in 2022 and $34 in 2021)	**$ 2,841**	$ 3,064	$ 3,027
Other	**218**	220	205
Total	**$ 3,059**	$ 3,284	$ 3,232

Inventories

In millions at December 31	2023	2022	2021
Raw materials	**$ 229**	$ 267	$ 245
Finished pulp and packaging products	**975**	1,071	1,014
Operating supplies	**622**	516	486
Other	**63**	88	69
Inventories	**$ 1,889**	$ 1,942	$ 1,814

The last-in, first-out inventory method is used to value most of International Paper's U.S. inventories. Approximately 81% of total raw materials and finished products inventories were valued using this method. The last-in, first-out inventory reserve was $343 million, $282 million and $195 million at December 31, 2023, 2022 and 2021, respectively.

Current Investments

As a result of the 2021 spin-off of Sylvamo, the Company retained 19.9% of the shares of Sylvamo with the intent to monetize its investment and provide additional proceeds to the Company. In the second quarter 2022, the Company exchanged 4,132,000 shares of Sylvamo common stock owned by the Company in exchange and as repayment for an approximately $144 million term loan obligation which resulted in the reversal of a $31 million deferred tax liability due to the tax-free exchange of the Sylvamo Corporation common stock. In the third quarter 2022, the Company exchanged the remaining 4,614,358 shares of Sylvamo common stock owned by the Company in exchange for $167 million and as partial repayment of a $210 million term loan obligation. This also resulted in the reversal of a $35 million deferred tax liability due to the tax-free exchange of the Sylvamo Corporation common stock. See Note 16 - Debt and Lines of Credit for further discussion.

As of the end of the third quarter 2022, the Company no longer had an ownership interest in Sylvamo. The Company's investment in Sylvamo was valued at $245 million at December 31, 2021, and was recorded in Current investments in the accompanying consolidated balance sheet. The Company accounted for its ownership interest in Sylvamo at fair value as an investment in equity securities.

Plants, Properties and Equipment

In millions at December 31	2023	2022	2021
Pulp and packaging facilities	**$ 28,661**	$ 27,773	$ 27,025
Other properties and equipment	**1,050**	1,029	972
Gross cost	**29,711**	28,802	27,997
Less: Accumulated depreciation	**19,561**	18,371	17,556
Plants, properties and equipment, net	**$ 10,150**	$ 10,431	$ 10,441

Non-cash additions to plants, property and equipment included within accounts payable were $141 million, $185 million and $106 million at December 31, 2023, 2022 and 2021, respectively.

Amounts invested in capital projects in the accompanying consolidated statement of cash flows are presented net of insurance recoveries of $26 million and $17 million received during the years ended December 31, 2022 and 2021, respectively. There were no insurance recoveries received during the year ended December 31, 2023.

Annual straight-line depreciable lives generally are, for buildings - 20 to 40 years, and for machinery and equipment - 3 to 20 years. Depreciation expense was $1.4 billion, $996 million and $1.1 billion for the years ended December 31, 2023, 2022 and 2021. Depreciation expense for the year ended December 31, 2023 includes $422 million of accelerated depreciation related to mill strategic actions. Cost of products sold excludes depreciation and amortization expense.

Accounts Payable

Under a supplier finance program, International Paper agrees to pay a bank the stated amount of confirmed invoices from its designated suppliers on the original maturity dates of the invoices. International Paper or the bank may terminate the agreement upon at least 90 days' notice. The supplier invoices that have been confirmed as valid under the program require payment in full on the due date with no terms exceeding 180 days. The accounts payable balance included $122 million of supplier finance program liabilities as of both December 31, 2023 and 2022.

Interest

Interest payments of $463 million, $380 million and $473 million were made during the years ended December 31, 2023, 2022 and 2021, respectively.

Amounts related to interest were as follows:

In millions	**2023**	2022	2021
Interest expense	**$ 421**	$ 403	$ 430
Interest income	**190**	78	93
Capitalized interest costs	**22**	18	12

Asset Retirement Obligations

At December 31, 2023, 2022 and 2021, we had recorded liabilities of $103 million, $105 million and $107 million, respectively, related to asset retirement obligations.

In connection with potential future closures or redesigns of certain production facilities, it is possible that the Company may be required to take steps to remove certain materials from these facilities. Applicable regulations and standards provide that the removal of certain materials would only be required if the facility were to be demolished or underwent major renovations. At this time, any such obligations have an indeterminate settlement date, and the Company believes that adequate information does not exist to apply an expected-present-value technique to estimate any such potential obligations. Accordingly, the Company does not record a liability for such remediation until a decision is made that allows reasonable estimation of the timing of such remediation.

NOTE 10 LEASES

International Paper leases various real estate, including certain operating facilities, warehouses, office space and land. The Company also leases material handling equipment, vehicles, and certain other equipment. The Company's leases have remaining lease terms of up to 30 years.

Components of Lease Expense

In millions	2023	2022	2021
Operating lease costs, net	**$ 177**	$ 153	$ 138
Variable lease costs	**39**	39	40
Short-term lease costs, net	**71**	57	53
Finance lease cost			
Amortization of lease assets	**12**	11	11
Interest on lease liabilities	**3**	3	3
Total lease cost, net	**$ 302**	$ 263	$ 245

Supplemental Balance Sheet Information Related to Leases

In millions	Classification	2023	2022	2021
Assets				
Operating lease assets	Right of use assets	**$ 448**	$ 424	$ 365
Finance lease assets	Plants, properties and equipment, net (a)	**47**	49	57
Total leased assets		**$ 495**	$ 473	$ 422
Liabilities				
Current				
Operating	Other current liabilities	**$ 153**	$ 147	$ 132
Finance	Notes payable and current maturities of long-term debt	**11**	10	10
Noncurrent				
Operating	Long-term lease obligations	**312**	283	236
Finance	Long-term debt	**44**	49	56
Total lease liabilities		**$ 520**	$ 489	$ 434

(a) Finance leases are recorded net of accumulated amortization of $67 million, $59 million and $51 million at December 31, 2023, 2022 and 2021, respectively.

Lease Term And Discount Rate

In millions	2023	2022	2021
Weighted average remaining lease term (years)			
Operating leases	**4.0 years**	4.1 years	4.0 year
Finance leases	**7.7 years**	8.4 years	9.1 years
Weighted average discount rate			
Operating leases	**3.99%**	2.96%	2.12%
Finance leases	**4.78%**	4.57%	4.50%

Supplemental Cash Flow Information Related to Leases

In millions	2023	2022	2021
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows related to operating leases	**$ 180**	$ 160	$ 166
Operating cash flows related to financing leases	**3**	3	4

In millions	**2023**	**2022**	**2021**
Financing cash flows related to finance leases	**13**	10	14
Right of use assets obtained in exchange for lease liabilities			
Operating leases	**216**	221	156
Finance leases	**12**	6	9

Maturity of Lease Liabilities

In millions	**Operating Leases**	**Financing Leases**	**Total**
2024	$ 171	$ 14	$ 185
2025	127	12	139
2026	89	11	100
2027	60	10	70
2028	33	8	41
Thereafter	31	14	45
Total lease payments	511	69	580
Less imputed interest	46	14	60
Present value of lease liabilities	$ 465	$ 55	$ 520

NOTE 11 EQUITY METHOD INVESTMENTS

The Company accounts for the following investments under the equity method of accounting.

ILIM S.A. ("Ilim")

On September 18, 2023, pursuant to a previously announced agreement, the Company completed the sale of its 50% equity interest in Ilim, which was a joint venture that operated a pulp and paper business in Russia and has subsidiaries including Ilim Group, to its joint venture partners for $484 million in cash. The Company also completed the sale of all of its Ilim Group shares (constituting a 2.39% stake) for $24 million, and divested other non-material residual interests associated with Ilim, to its joint venture partners. Following the completed sales, the Company no longer has an interest in Ilim or any of its subsidiaries. Additionally, we incurred transaction fees of $36 million in connection with the sale of our investment. The Company reclassified currency translation adjustments in AOCI of $517 million to the investment at the completion of the transaction.

As of December 31, 2022 and for all subsequent periods, the Company concluded that the held for sale balance sheet classification criteria had been met and classified the investment as Assets held for sale in the consolidated balance sheet. Also, all current and historical results of the Ilim investment have been presented as Discontinued Operations, net of taxes in the consolidated statement of operations.

Also in conjunction with the previously announced agreement entered into in January 2023 to sell the Company's ownership interests in Ilim and related offer for the Company's shares in Ilim Group, a determination was made that in the fourth quarter of 2022 and for all subsequent periods through the third quarter 2023, the combined book value of our investments, plus associated cumulative translation losses, exceeded fair value based upon the agreed upon transaction price of $484 million for Ilim and the offer price of $24 million for Ilim Group and the company recorded impairment charges as presented in the table below.

The following summarizes the items comprising Equity Earnings, Impairment Charges, Tax Expense (Benefit), Discontinued Operations and Dividends related to the sale of our equity interest in Ilim:

In millions	**Equity Earnings**	**Impairment Charges**	**Tax Expense (Benefit)**	**Discontinued Operations, net of tax** [(a)]	**Dividends**
Twelve Months Ended December 31, 2021	$ 311	$ —	$ —	$ 311	$ 154
Twelve Months Ended December 31, 2022	$ 296	$ 533	$ —	$ (237)	$ 204
Twelve Months Ended December 31, 2023	**$ 112**	**$ 135**	**$ (9)**	**$ (14)**	**$ 13**

(a) Discontinued operations, net of tax is Equity Earnings less Impairment Charges and Tax Expense (Benefit).

Graphic Packaging International Partners, LLC

The Company completed the transfer of its North American Consumer Packaging business in exchange for an initial 20.5% ownership interest (79,911,591 units) in Graphic Packaging International Partners, LLC ("GPIP") in 2018. The Company has since fully monetized its investment in GPIP with transactions beginning in the first quarter 2020 through the second quarter 2021.

Date	**Transaction Type**	**Units**	**Proceeds**	**Pre-Tax Gain**	**After-Tax Gain**
In millions except units					
2021 First Quarter	Units exchange and open market sale	24,588,316	$ 397	$ 33	$ 25
2021 First Quarter	TRA[(a)]			42	31
2021 Second Quarter	Units exchange and open market sale	22,773,077	403	64	48
2021 Second Quarter	TRA[(a)]			66	50

(a) The tax receivable agreement ("TRA") entitles the Company to 50% of the amount of any tax benefits projected to be realized by GPIP upon the Company's exchange of its units. The Company made income tax payments of $310 million in 2021 as a result of the monetization of its investment in GPIP.

As of June 30, 2021, the Company no longer had an ownership interest in GPIP. The Company recorded equity earnings of $4 million for the twelve months ended December 31, 2021. The Company received cash dividends from GPIP of $5 million during 2021.

The Company’s remaining equity method investments are not material.

NOTE 12 GOODWILL AND OTHER INTANGIBLES

Goodwill

The following table presents changes in the goodwill balances as allocated to each business segment for the years ended December 31, 2023, 2022 and 2021:

In millions	Industrial Packaging	Global Cellulose Fibers	Total
Balance as of December 31, 2020			
Goodwill	$ 3,411	$ 52	$ 3,463
Accumulated impairment losses	(296)	(52)	(348)
	3,115	—	3,115
Currency translation and other [(a)]	(8)	—	(8)
Accumulated impairment loss additions/reductions	23[(b)]	—	23
Balance as of December 31, 2021			
Goodwill	$ 3,426	$ 52	$ 3,478
Accumulated impairment losses	(296)	(52)	(348)
	3,130	—	3,130
Currency translation and other [(a)]	(13)	—	(13)
Accumulated impairment loss additions/reductions	(76)[(c)]	—	(76)
Balance as of December 31, 2022			
Goodwill	3,413	52	3,465
Accumulated impairment losses	(372)	(52)	(424)
	3,041	—	3,041
Balance as of December 31, 2023			
Goodwill	**3,413**	**52**	**3,465**
Accumulated impairment losses	**(372)**	**(52)**	**(424)**
Total	**$ 3,041**	**$ —**	**$ 3,041**

(a) Represents the effects of foreign currency translations and reclassifications.

(b) Reflects the goodwill and acquisitions of EMEA Industrial Packaging reporting unit.

(c) Reflects the impairment of the EMEA Industrial Packaging reporting unit.

The Company performed its annual goodwill impairment testing by applying the quantitative goodwill impairment test to its North America Industrial Packaging reporting unit as of October 1, 2023. This was performed by comparing the carrying amount of the North America Industrial Packaging reporting unit to its estimated fair value. The estimated fair value of the reporting unit was calculated using a weighted approach based on discounted future cash flows, market multiples and transaction multiples which are classified as Level 2 and Level 3 within the fair value hierarchy. The determination of fair value using the discounted cash flow approach requires management to make significant estimates and assumptions related to forecasts of future revenues, operating profit margins, and discount rates. The determination of fair value using market multiples and transaction multiples requires management to make significant assumptions related to revenue multiples and adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA") multiples. The results of our quantitative goodwill impairment test indicated that the carrying amount did not exceed the estimated fair value of the North America Industrial Packaging reporting unit.

In the fourth quarter of 2022, the Company performed the quantitative goodwill impairment test related to its EMEA Industrial Packaging reporting unit and estimated fair value in the same manner noted above. The results of our quantitative goodwill impairment test indicated that the carrying amount exceeded the estimated fair value of the EMEA Industrial Packaging reporting unit and it was determined that all of the goodwill in the reporting unit, totaling $76 million, was impaired. The decline in the fair value of EMEA Industrial Packaging and resulting impairment charge was due to the impacts of certain negative macroeconomic conditions, including the impacts from inflation and the geopolitical environment to the reporting unit.

OTHER INTANGIBLES

Identifiable intangible assets are recorded in Deferred Charges and Other Assets in the accompanying consolidated balance sheet and comprised the following:

	2023			2022			2021		
In millions at December 31	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Intangible Assets**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Intangible Assets**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Intangible Assets**
Customer relationships and lists	**$ 494**	**$ 335**	**$ 159**	$ 490	$ 303	$ 187	$ 493	$ 273	$ 220
Tradenames, patents and trademarks, and developed technology	**170**	**154**	**16**	170	146	24	170	131	39
Land and water rights	**8**	**2**	**6**	8	2	6	8	2	6
Other	**21**	**19**	**2**	23	20	3	24	21	3
Total	**$ 693**	**$ 510**	**$ 183**	$ 691	$ 471	$ 220	$ 695	$ 427	$ 268

The Company recognized the following amounts as amortization expense related to intangible assets:

In millions	**2023**	**2022**	**2021**
Amortization expense related to intangible assets	**$ 37**	**$ 44**	**$ 44**

Based on current intangibles subject to amortization, estimated amortization expense for each of the succeeding years is as follows: 2024 – $40 million, 2025 – $36 million, 2026 – $29 million, 2027 – $11 million, 2028 – $8 million, and cumulatively thereafter – $53 million.

NOTE 13 INCOME TAXES

The components of International Paper's earnings from continuing operations before income taxes and equity earnings by taxing jurisdiction were as follows:

In millions	2023	2022	2021
Earnings (loss)			
U.S.	**$ 129**	$ 1,469	$ 906
Non-U.S.	**253**	42	93
Earnings (loss) from continuing operations before income taxes and equity earnings (losses)	**$ 382**	$ 1,511	$ 999

The provision (benefit) for income taxes from continuing operations (excluding noncontrolling interests) by taxing jurisdiction was as follows:

In millions	2023	2022	2021
Current tax provision (benefit)			
U.S. federal	**$ 157**	$ 454	$ 413
U.S. state and local	**16**	56	47
Non-U.S.	**42**	27	37
	$ 215	$ 537	$ 497
Deferred tax provision (benefit)			
U.S. federal	**$ (164)**	$ (775)	$ (274)
U.S. state and local	**3**	(39)	(27)
Non-U.S.	**5**	41	(8)
	$ (156)	$ (773)	$ (309)
Income tax provision (benefit)	**$ 59**	$ (236)	$ 188

The Company's deferred income tax provision (benefit) includes a $6 million benefit, a $3 million benefit and an $8 million benefit for 2023, 2022 and 2021, respectively, for the effect of various changes in non-U.S. and U.S. federal and state tax rates.

International Paper made income tax payments, net of refunds, of $340 million, $345 million and $601 million in 2023, 2022 and 2021, respectively.

A reconciliation of income tax expense using the statutory U.S. income tax rate compared with the actual income tax provision follows:

In millions	2023	2022	2021
Earnings (loss) from continuing operations before income taxes and equity earnings	**$ 382**	$ 1,511	$ 999
Statutory U.S. income tax rate	**21%**	21%	21%
Tax expense (benefit) using statutory U.S. income tax rate	**80**	317	210
State and local income taxes	**2**	44	15
Impact of rate differential on non-U.S. permanent differences and earnings	**(10)**	1	5
Foreign valuation allowance	**—**	45	—
Tax expense (benefit) on exchange of Sylvamo shares	**—**	(56)	—
Adjustment to tax basis of assets	**—**	—	(14)
Non-deductible business expenses	**7**	2	1
Non-deductible impairments	**—**	16	—
Non-deductible compensation	**7**	13	11
Tax audits	**(4)**	6	9
Timber Monetization Audit Settlement	**—**	(604)	—
Foreign derived intangible income deduction	**2**	(8)	(7)

In millions	2023	2022	2021
US tax on non-U.S. earnings (GILTI and Subpart F)	**—**	27	5
Foreign tax credits	**8**	8	(6)
General business and other tax credits	**(38)**	(43)	(39)
Tax expense (benefit) on equity earnings	**(4)**	(1)	—
Legal entity restructuring gain (loss)	**4**	—	—
Other, net	**5**	(3)	(2)
Income tax provision (benefit)	**$ 59**	$ (236)	$ 188
Effective income tax rate	**15%**	(16)%	19%

The tax effects of significant temporary differences, representing deferred income tax assets and liabilities at December 31, 2023, 2022 and 2021, were as follows:

In millions	2023	2022	2021
Deferred income tax assets:			
Postretirement benefit accruals	**$ 67**	$ 68	$ 84
Pension obligations	**61**	18	—
Tax credits	**182**	175	199
Net operating and capital loss carryforwards	**699**	568	661
Compensation reserves	**146**	151	184
Lease obligations	**116**	108	92
Environmental reserves	**114**	119	104
Other	**319**	271	189
Gross deferred income tax assets	**$ 1,704**	$ 1,478	$ 1,513
Less: valuation allowance [(a)]	**(848)**	(677)	(708)
Net deferred income tax asset	**$ 856**	$ 801	$ 805
Deferred income tax liabilities:			
Intangibles	**$ (141)**	$ (147)	$ (140)
Investments	**3**	(2)	(56)
Right of use assets	**(116)**	(108)	(92)
Pension obligations	**—**	—	(34)
Plants, properties and equipment	**(1,650)**	(1,778)	(1,776)
Forestlands, related installment sales, and investment in subsidiary	**(485)**	(485)	(1,279)
Gross deferred income tax liabilities	**$ (2,389)**	$ (2,520)	$ (3,377)
Net deferred income tax liability	**$ (1,533)**	$ (1,719)	$ (2,572)

(a) The net change in the total valuation allowance for the years ended December 31, 2023, 2022 and 2021 was an increase of $171 million, a decrease of $(31) million and an increase of $27 million, respectively.

Deferred income tax assets and liabilities are recorded in the accompanying consolidated balance sheet under the captions Deferred charges and other assets and Deferred income taxes, respectively. The $485 million of deferred tax liabilities for forestlands, related installment sales, and investment in subsidiary is attributable to a 2007 Temple-Inland installment sale of forestlands (see Note 15 - Variable Interest Entities).

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2023, 2022 and 2021 is as follows:

In millions	2023	2022	2021
Balance at January 1	**$ (177)**	$ (166)	$ (143)
(Additions) reductions for tax positions related to current year	**(13)**	(7)	(13)
(Additions) for tax positions related to prior years	**(11)**	(10)	(23)

In millions	2023	2022	2021
Reductions for tax positions related to prior years	**1**	3	1
Settlements	**17**	1	10
Expiration of statutes of limitations	**11**	1	1
Currency translation adjustment	**(1)**	1	1
Balance at December 31	**$ (173)**	$ (177)	$ (166)

If the Company were to prevail on the unrecognized tax benefits recorded, substantially all of the balances at December 31, 2023, 2022 and 2021 would benefit the effective tax rate. Pending audit settlements and the expiration of statutes of limitations could reduce the uncertain tax positions by $7 million during the next twelve months.

The Company accrues interest on unrecognized tax benefits as a component of interest expense. Penalties, if incurred, are recognized as a component of income tax expense. The Company had approximately $34 million, $29 million and $21 million accrued for the payment of estimated interest and penalties associated with unrecognized tax benefits at December 31, 2023, 2022 and 2021, respectively.

The Company is currently subject to audits in the United States and other taxing jurisdictions around the world. Generally, tax years 2009 through 2022 remain open and subject to examination by the relevant tax authorities. The Company frequently faces challenges regarding the amount of taxes due. These challenges include positions taken by the Company related to the timing, nature, and amount of deductions and the allocation of income among various tax jurisdictions.

On January 5, 2024, the Company received a notice of proposed adjustment from the Internal Revenue Service relating to investment tax credits for the 2017-2019 years that currently are under examination. We estimate the net incremental tax liability associated with the proposed adjustments would be approximately $50 million. We disagree with the proposed adjustments and plan to initiate the administrative appeals process in the first quarter. An unfavorable resolution in the current examination, future administrative proceedings, or future tax litigation could result in cash tax payments and could adversely impact the effective tax rate.

The Company provides for foreign withholding taxes and any applicable U.S. state income taxes on earnings intended to be repatriated from non-U.S. subsidiaries, which we believe will be limited in the future to each year's current earnings. No provision for these taxes on approximately $1.6 billion of undistributed earnings of non-U.S. subsidiaries as of December 31, 2023 has been made, as these earnings are considered indefinitely invested. Determination of the amount of taxes that might be paid on these undistributed earnings if eventually remitted in a taxable manner is not practicable.

If management decided to monetize the Company's foreign investments, we would recognize the tax cost related to the excess of the book value over the tax basis of those investments. This would include foreign withholding taxes and any applicable U.S. Federal and state income taxes. Determination of the tax cost that would be incurred upon monetization of the Company's foreign investments is not practicable; however, we do not believe it would be material.

The following details the scheduled expiration dates of the Company's net operating loss and income tax credit carryforwards:

In millions	2024 Through 2033	2034 Through 2043	Indefinite	Total
U.S. federal and non-U.S. NOLs	$ 1	$ 225	$ 426	$ 652
State taxing jurisdiction NOLs [(a)]	38	9	—	47
U.S. federal, non-U.S. and state tax credit carryforwards [(a)]	82	3	97	182
Total	**$ 121**	**$ 237**	**$ 523**	**$ 881**
Less: valuation allowance [(a)]	(83)	(220)	(475)	(778)
Total, net	**$ 38**	**$ 17**	**$ 48**	**$ 103**

(a) State amounts are presented net of federal benefit.

NOTE 14 COMMITMENTS AND CONTINGENT LIABILITIES

Guarantees

In connection with sales of businesses, property, equipment, forestlands and other assets, International Paper commonly makes representations and warranties relating to such businesses or assets, and may agree to indemnify buyers with respect to tax and environmental liabilities, breaches of representations and warranties, and other matters. Where liabilities for such matters are determined to be probable and reasonably estimable, accrued liabilities are recorded at the time of sale as a cost of the transaction.

Brazil Goodwill Tax Matter

The Brazilian Federal Revenue Service has challenged the deductibility of goodwill amortization generated in a 2007 acquisition by Sylvamo do Brasil Ltda. ("Sylvamo Brazil"), which was a wholly-owned subsidiary of the Company, until the October 1, 2021 spin-off of the Printing Papers business, after which it became a subsidiary of Sylvamo. Sylvamo Brazil received assessments for the tax years 2007-2015 totaling approximately $119 million (adjusted for variation in currency exchange rates) in tax, plus interest, penalties and fees. The interest, penalties and fees currently total approximately $274 million (adjusted for variation in currency exchange rates), which reflects a recent law change pursuant to which the Brazil tax authority on January 16, 2024 agreed to cancel a portion of the interest, penalties and fees. Accordingly, the assessments currently total approximately $393 million (adjusted for variation in currency exchange rates). After an initial favorable ruling challenging the basis for these assessments, Sylvamo Brazil received subsequent unfavorable decisions from the Brazilian Administrative Council of Tax Appeals. Sylvamo Brazil has appealed these decisions and intends to appeal any future unfavorable administrative judgments to the Brazilian federal courts; however, this tax litigation matter may take many years to resolve. Sylvamo Brazil and International Paper believe the transaction underlying these assessments was appropriately evaluated, and that Sylvamo Brazil's tax position would be sustained, based on Brazilian tax law.

This matter pertains to a business that was conveyed to Sylvamo as of October 1, 2021, as part of our spin-off transaction. Pursuant to the terms of the tax matters agreement entered into between the Company and Sylvamo, the Company will pay 60% and Sylvamo will pay 40%, on up to $300 million of any assessment related to this matter, and the Company will pay all amounts of the assessment over $300 million. Under the terms of the agreement, decisions concerning the conduct of the litigation related to this matter, including strategy, settlement, pursuit and abandonment, will be made by the Company. Sylvamo thus has no control over any decision related to this ongoing litigation. The Company intends to vigorously defend this historic tax position against the current assessments and any similar assessments that may be issued for tax years subsequent to 2015. The Brazilian government may enact a tax amnesty program that would allow Sylvamo Brazil to resolve this dispute for less than the assessed amount. As of October 1, 2021, in connection with the recording of the distribution of assets and liabilities resulting from the spin-off transaction, the Company established a liability representing the initial fair value of the contingent liability under the tax matters agreement. The contingent liability was determined in accordance with ASC 460 "Guarantees" based on the probability weighting of various possible outcomes. The initial fair value estimate and recorded liability as of December 31, 2021 was $48 million and remains this amount at December 31, 2023. This liability will not be increased in subsequent periods unless facts and circumstances change such that an amount greater than the initial recognized liability becomes probable and estimable.

Environmental and Legal Proceedings

Environmental

The Company has been named as a potentially responsible party ("PRP") in environmental remediation actions under various federal and state laws, including the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). Many of these proceedings involve the cleanup of hazardous substances at large commercial landfills that received waste from many different sources. While joint and several liability is authorized under CERCLA and equivalent state laws, as a practical matter, liability for CERCLA cleanups is typically allocated among the many PRPs. There are other remediation costs typically associated with the cleanup of hazardous substances at the Company's current, closed and formerly-owned facilities, and recorded as liabilities in the balance sheet.

Remediation costs are recorded in the consolidated financial statements when they become probable and reasonably estimable. International Paper has estimated the probable liability associated with these environmental remediation matters, including those described herein, to be approximately $251 million, $243 million and $182 million in the aggregate as of December 31, 2023, December 31, 2022 and December 31, 2021, respectively. Other than as described below, completion of required environmental remedial actions ("RAs") is not expected to have a material effect on our consolidated financial statements.

Cass Lake: One of the matters included above arises out of a closed wood-treatment facility located in Cass Lake, Minnesota. In June 2011, the U.S. Environmental Protection Agency ("EPA") selected and published a proposed soil remedy at the site with an estimated cost of $46 million. In April 2020, the EPA issued a final plan concerning clean-up standards at a portion of the site, the estimated cost of which is included within the soil remedy referenced above. The total reserve for the Cass Lake superfund site was $46 million, $47 million and $44 million as of December 31, 2023, 2022 and 2021, respectively.

Kalamazoo River*:* The Company is a PRP with respect to the Allied Paper, Inc./Portage Creek/Kalamazoo River Superfund Site in Michigan. The EPA asserts that the site is contaminated by polychlorinated biphenyls primarily as a result of discharges from various paper mills located along the Kalamazoo River, including a paper mill formerly owned by St. Regis Paper Company ("St. Regis"). The Company is a successor in interest to St. Regis.

- Operable Unit 5, Area 1: In March 2016, the Company and other PRPs received a special notice letter from the EPA (i) inviting participation in implementing a remedy for a portion of the site known as Operable Unit 5, Area 1, and (ii) demanding reimbursement of EPA past costs totaling $37 million, including $19 million in past costs previously demanded by the EPA. The Company responded to the special notice letter. In December 2016, the EPA issued a unilateral administrative order to the Company and other PRPs to perform the remedy. The Company responded to the unilateral administrative order, agreeing to comply with the order subject to its sufficient cause defenses.

- Operable Unit 1: In October 2016, the Company and another PRP received a special notice letter from the EPA inviting participation in the remedial design ("RD") component of the landfill remedy for the Allied Paper Mill, which is also known as Operable Unit 1. A Record of Decision ("ROD") establishing the final landfill remedy for the Allied Paper Mill was issued by the EPA in September 2016. The Company responded to the Allied Paper Mill special notice letter in December 2016. In February 2017, the EPA informed the Company that it would make other arrangements for the performance of the RD. In the summer 2021, the EPA initiated RA activities. In October 2022, the Company received a unilateral administrative order to perform the RA. As a result, the Company increased its reserve by $27 million in the fourth quarter of 2022.

The total reserve for the Kalamazoo River superfund site was $27 million, $37 million and $13 million as of December 31, 2023, 2022 and 2021, respectively.

In addition, in December 2019, the United States published notice in the Federal Register of a proposed consent decree with NCR Corporation (one of the parties to the allocation/apportionment litigation described below), the State of Michigan and natural resource trustees under which NCR Corporation would make payments of more than $100 million and perform work in Operable Unit 5, Areas 2, 3, and 4 at an estimated cost of $136 million. In December 2020, the Federal District Court approved the proposed consent decree.

The Company's CERCLA liability has not been finally determined with respect to these or any other portions of the site, and except as noted above, the Company has declined to perform any work or reimburse the EPA at this time. As noted below, the Company is involved in allocation/apportionment litigation with regard to the site. Accordingly, it is premature to predict the outcome or estimate our maximum reasonably possible loss or range of loss with respect to this site. We have recorded a liability for future remediation costs at the site that are probable and reasonably estimable, and it remains reasonably possible that additional losses in excess of this recorded liability could be material.

The Company was named as a defendant by Georgia-Pacific Consumer Products LP, Fort James Corporation and Georgia Pacific LLC (collectively, "GP") in a contribution and cost recovery action for alleged pollution at the site. NCR Corporation and Weyerhaeuser Company were also named as defendants in the suit. The suit seeks contribution under CERCLA for costs purportedly expended by plaintiffs ($79 million as of the filing of the complaint) and for future remediation costs. In June 2018, the Federal District Court issued its Final Judgment and Order, which fixed the past cost amount at approximately $50 million (plus interest to be determined) and allocated to the Company a 15% share of responsibility for those past costs. The District Court did not address responsibility for future costs in its decision. In July 2018, the Company and each of the other parties filed notices appealing the Final Judgment and prior orders incorporated into that Judgment. In April 2022, the Sixth Circuit Court of Appeals reversed the Judgment of the Court, finding that the suit against the Company was time-barred by the applicable statute of limitations. In May 2022, GP filed a petition for rehearing with the Sixth Circuit Court of Appeals, which was denied in July 2022. In November 2022, GP filed a petition for writ of certiorari with the U.S. Supreme Court. In October 2023, the U.S. Supreme Court denied GP's writ petition, thus rendering final the Sixth Circuit's decision that GP's suit against the Company was time-barred. In January 2024 GP requested that the District Court's final order declare that each party is jointly and severally liable for future costs, arguing that the Sixth Circuit decision only applies to past costs. The Company believes the Sixth Circuit decision dismisses all of GP's claims against it, whether for past or future costs, and is opposing GP's request.

Harris County: International Paper and McGinnis Industrial Maintenance Corporation ("MIMC"), a subsidiary of Waste Management, Inc. ("WMI"), are PRPs at the San Jacinto River Waste Pits Superfund Site in Harris County, Texas. The PRPs have been actively participating in the activities at the site and share the costs of these activities.

In October 2017, the EPA issued a ROD selecting the final remedy for the site: removal and relocation of the waste material from both the northern and southern impoundments. The EPA did not specify the methods or practices needed to perform this work. The EPA's selected remedy was accompanied by a cost estimate of approximately $115 million ($105 million for the northern impoundment, and $10 million for the southern impoundment). Subsequent to the issuance of the ROD, there have been numerous meetings between the EPA and the PRPs, and the Company continues to work with the EPA and MIMC/WMI to develop the RD.

To this end, in April 2018, the PRPs entered into an Administrative Order on Consent ("AOC") with the EPA, agreeing to work together to develop the RD for the northern impoundment. That RD work is ongoing. The AOC does not include any agreement to perform waste removal or other construction activity at the site. Rather, it involves adaptive management techniques and a pre-design investigation, the objectives of which include filling data gaps (including but not limited to post-Hurricane Harvey technical data generated prior to the ROD and not incorporated into the selected remedy), refining areas and volumes of materials to be addressed, determining if an excavation remedy is able to be implemented in a manner protective of human health and the environment, and investigating potential impacts of remediation activities to infrastructure in the vicinity.

During the first quarter of 2020, through a series of meetings among the Company, MIMC/WMI, our consultants, the EPA and the Texas Commission on Environmental Quality, progress was made to resolve key technical issues previously preventing the Company from determining the manner in which the selected remedy for the northern impoundment would be feasibly implemented. As a result of these developments the Company reserved the following amounts in relation to remediation at this site: (a) $10 million for the southern impoundment; and (b) $55 million for the northern impoundment, which represents the Company's 50% share of our estimate of the low end of the range of probable remediation costs.

We submitted the Final Design Package for the southern impoundment to the EPA, and the EPA approved this plan in May 2021. The EPA issued a Unilateral Administrative Order for RA of the southern impoundment in August 2021. An addendum to the Final 100% RD (Amended April 2021) was submitted to the EPA for the southern impoundment in June 2022. This addendum incorporated additional data collected to date which indicated that additional waste material removal will be required, lengthening the time to complete RA.

With respect to the northern impoundment, the PRPs submitted the final component of the 90% RD to the EPA in November 2022. Upon submittal of the final component, an updated engineering estimate was developed, and the Company increased the reserved amount by approximately $21 million, which represents the Company's 50% share of our estimate of the low end of the range of probable remediation costs. On January 5, 2024, the PRPs received comments from the EPA on the November 2022 90% RD submittal. The PRPs responded to the EPA comments in late January 2024. While several key technical issues have been resolved, respondents still face significant challenges remediating this area in a cost-efficient manner that will not result in a release of contaminated materials to the environment during the excavation, removal and transport of the materials. Our discussions with the EPA on the best approach to remediation will continue. Because of ongoing questions regarding cost effectiveness, timing and gathering other technical data, additional losses in excess of our recorded liability are possible. The total reserve for the southern and northern impoundment was $83 million, $95 million and $60 million as of December 31, 2023, 2022 and 2021, respectively.

Versailles Pond: The Company is a responsible party for the investigation and remediation of Versailles Pond, a 57-acre dammed river impoundment that historically received paperboard mill wastewater in Sprague, Connecticut. A comprehensive investigation has determined that Versailles Pond is contaminated with PCBs, mercury, and metals. A preliminary remediation plan was prepared in the third quarter 2023. Negotiations with state and federal governmental officials are ongoing regarding the scope and timing of the remediation. The initial reserve for Versailles Pond was established in the third quarter of 2023 and the total reserve was $30 million as of December 31, 2023.

Asbestos-Related Matters

We have been named as a defendant in various asbestos-related personal injury litigation, in both state and federal court, primarily in relation to the prior operations of certain companies previously acquired by the Company. The Company's total recorded liability with respect to pending and future asbestos-related claims was $97 million, net of estimated insurance recoveries, $105 million, net of insurance recoveries and $103 million, net of insurance recoveries as of December 31, 2023, December 31, 2022 and December 31, 2021, respectively. While it is reasonably possible that the Company may incur losses in excess of its recorded liability with respect to asbestos-related matters, we are unable to estimate any loss or range of loss in excess of such liability, and do not believe additional material losses are probable.

Antitrust

In March 2017, the Italian Competition Authority ("ICA") commenced an investigation into the Italian packaging industry to determine whether producers of corrugated sheets and boxes violated the applicable European competition law. In April 2019, the ICA concluded its investigation and issued initial findings alleging that over 30 producers, including our Italian packaging subsidiary ("IP Italy"), improperly coordinated the production and sale of corrugated sheets and boxes. In August 2019, the ICA issued its decision and assessed IP Italy a fine of €29 million (approximately $31 million at the then-current exchange rates) which was recorded in the third quarter of 2019. We appealed the ICA decision, and our appeal was denied in May 2021. We further appealed the decision to the Italian Council of State ("Council of State"), and in March 2023 the Council of State largely upheld the ICA's findings but referred the calculation of IP Italy's fine back to the ICA, finding that it was disproportionately high based on the conduct found. We have further appealed the Council of State decision to uphold the ICA's findings. The Company and other producers also have been named in lawsuits, and we have received other claims, by a number of customers in Italy for damages associated with the alleged anticompetitive conduct. We do not believe material losses arising from such private lawsuits and claims are probable.

General

The Company is involved in various other inquiries, administrative proceedings and litigation relating to environmental and safety matters, personal injury, product liability, labor and employment, contracts, sales of property, intellectual property, tax, and other matters, some of which allege substantial monetary damages. See Note 13 - Income Taxes for details regarding a tax matter. Assessments of lawsuits and claims can involve a series of complex judgments about future events, can rely heavily on estimates and assumptions, and are otherwise subject to significant uncertainties. As a result, there can be no certainty that the Company will not ultimately incur charges in excess of presently recorded liabilities. The Company believes that loss contingencies arising from pending matters including the matters described herein, will not have a material effect on the consolidated financial position or liquidity of the Company. However, in light of the inherent uncertainties involved in pending or threatened legal matters, some of which are beyond the Company's control, and the large or indeterminate damages sought in some of these matters, a future adverse ruling, settlement, unfavorable development, or increase in accruals with respect to these matters could result in future charges that could be material to the Company's results of operations or cash flows in any particular reporting period.

Taxes Other Than Payroll and Income Taxes

In 2017, the Brazilian Federal Supreme Court decided that the state value-added tax (VAT) should not be included in the basis of federal VAT calculations. In 2018 and 2019, the Brazilian tax authorities published both an internal consultation and a normative ruling with a narrow interpretation of the effects of the case. Based upon the best information available to us at that time, we determined an estimated refund was probable of being realized. As of March 31, 2021, we had recognized a receivable of $11 million based upon the authority's narrow interpretation. On May 13, 2021, the Brazilian Federal Supreme Court ruled again on the case. This ruling provides a much broader definition of the state VAT, which increased the exclusion amount from the federal VAT calculations. Therefore, we recognized an additional receivable of $70 million during the three months ended June 30, 2021, which brought the total receivable to $81 million as of June 30, 2021. The $70 million of income recognized during the second quarter of 2021 included income of $42 million and income of $28 million of net interest expense and is recorded in Discontinued Operations, net of taxes, in the accompanying consolidated statement of operations. A portion of this receivable has been consumed by offsetting various taxes payable leaving a remaining receivable of $48 million. This remaining receivable was conveyed to Sylvamo on October 1, 2021, as part of our spin-off transaction.

NOTE 15 VARIABLE INTEREST ENTITIES

In connection with the acquisition of Temple-Inland in February 2012, two special purpose entities became wholly-owned subsidiaries of International Paper. The use of the two wholly-owned special purpose entities discussed below preserved the tax deferral that resulted from the 2007 Temple-Inland timberlands sales. As of December 31, 2023, this deferred tax liability was $485 million, which will be settled with the maturity of the notes in 2027.

In October 2007, Temple-Inland sold 1.55 million acres of timberland for $2.4 billion. The total consideration consisted almost entirely of notes due in 2027 issued by the buyer of the timberland, which Temple-Inland contributed to two wholly-owned, bankruptcy-remote special purpose entities. The notes are shown in Long-term financial assets of variable interest entities in the accompanying consolidated balance sheet and are supported by $2.4 billion of irrevocable letters of credit issued by three banks, which are required to maintain minimum credit ratings on their long-term debt.

In December 2007, Temple-Inland's two wholly-owned special purpose entities borrowed $2.1 billion which is shown in Long-term nonrecourse financial liabilities of variable interest entities. The loans are repayable in 2027 and are secured by the $2.4 billion of notes and the irrevocable letters of credit securing the notes, and are nonrecourse to us. The loan agreements provide that if a credit rating of any of the banks issuing the letters of credit is downgraded below the specified threshold, the letters of credit issued by that bank must be replaced within 30 days with letters of credit from another qualifying financial institution.

As of December 31, 2023, 2022 and 2021 the fair value of the notes receivable was $2.3 billion. As of December 31, 2023, 2022 and 2021, the fair value of this debt was $2.1 billion. The notes receivable and debt are classified as Level 2 within the fair value hierarchy.

Activity between the Company and the 2007 financing entities was as follows:

In millions	**2023**	2022	2021
Revenue [(a)]	**$ 146**	$ 65	$ 24
Expense [(b)]	**136**	58	24
Cash receipts [(c)]	**122**	28	5
Cash payments [(d)]	**123**	40	16

(a) The revenue is included in Interest expense, net, in the accompanying consolidated statement of operations and includes approximately $19 million for the years ended December 31, 2023, 2022 and 2021, respectively, of accretion income for the amortization of the purchase accounting adjustment on the Financial assets of variable interest entities.

(b) The expense is included in Interest expense, net, in the accompanying consolidated statement of operations and includes approximately $7 million for the years ended December 31, 2023, 2022 and 2021 respectively, of accretion expense for the amortization of the purchase accounting adjustment on the Long-term nonrecourse financial liabilities of variable interest entities.

(c) The cash receipts are interest received on the Financial assets of special purpose entities.

(d) The cash payments are interest paid on Nonrecourse financial liabilities of special purpose entities.

In connection with the 2006 sale of approximately 5.6 million acres of forestlands, International Paper received installment notes (the "Timber Notes") totaling approximately $4.8 billion. The Timber Notes were used as collateral for borrowings from third party lenders, which effectively monetized the Timber Notes through the creation of newly formed special purposes entities (the "Entities"). The monetization structure preserved the tax deferral that resulted from the 2006 forestlands sales. During 2015, International Paper initiated a series of actions to extend the 2006 monetization structure and maintain the long-term nature of the deferred tax liability. The Entities, with assets and liabilities primarily consisting of the Timber Notes and third-party bank loans (the "Extension Loans"), were restructured which resulted in the formation of wholly-owned, bankruptcy-remote special purpose entities (the "2015 Financing Entities").

In August 2021, the Timber Notes of $4.8 billion and the Extension Loans of $4.2 billion related to the 2015 Financing Entities both matured. We settled the Extension Loans at their maturity with the proceeds from the Timber Notes. This resulted in cash proceeds of approximately $630 million representing our equity in the variable interest entities. Maturity of the installment notes and termination of the monetization structure also resulted in a $72 million tax liability that was paid in the fourth quarter of 2021.

On September 2, 2022, the Company and the Internal Revenue Service agreed to settle the previously disclosed timber monetization restructuring tax matter involving the 2015 Financing Entities. Under this agreement, the Company was required to fully resolve the matter and pay $252 million in U.S. federal income taxes. As a result, interest was charged upon closing of the audit. The amount of interest expense recognized in 2022 was $58 million.

As of December 31, 2023, $252 million in U.S. federal income taxes and $58 million in interest expense have been paid as a result of the settlement agreement. The Company paid $163 million in U.S. federal income taxes and $30 million in interest during the first quarter of 2023 and fully satisfied the payment terms of the settlement agreement regarding the 2015 Financing Entities timber monetization restructuring tax matter during the second quarter of 2023. The reversal of the Company's remaining deferred tax liability associated with the 2015 Financing Entities of $604 million was recognized as a one-time tax benefit in the third quarter of 2022.

Activity between the Company and the 2015 Financing Entities for the year ended 2021 was as follows:

In millions	**2021**
Revenue [(a)]	$ 61
Expense [(a)]	34
Cash receipts [(b)]	95
Cash payments [(c)]	38

(a) The revenue and expense are included in Interest expense, net in the accompanying consolidated statement of operations.

(b) The cash receipts are interest received on the Financial assets of variable interest entities.

(c) The cash payments represent interest paid on Current nonrecourse financial liabilities of variable interest entities.

NOTE 16 DEBT AND LINES OF CREDIT

Amounts related to early debt extinguishment during the years ended December 31, 2023, 2022 and 2021 were as follows:

In millions	2023	2022	2021
Early debt reductions [(a)]	$ —	$ 503	$ 2,472
Pre-tax early debt extinguishment costs [(b)]	—	93	461

(a) Reductions related to notes with interest rates ranging from 3.00% to 8.70% with original maturities from 2021 to 2048 for the years ended December 31, 2022 and 2021.

(b) Amounts are included in Restructuring and other charges in the accompanying consolidated statements of operations.

The Company had no early debt reductions in 2023. The Company had debt reductions of $780 million in 2023, related primarily to capital leases, commercial paper, debt maturities and international debt.

During the first quarter of 2023, the Company entered into a variable term loan agreement providing for a $600 million term loan which was fully drawn on the date of such loan agreement and matures in 2028. The $600 million debt was issued following the repayment of $410 million of commercial paper earlier in 2023. Additionally, during the first quarter of 2023, the Company issued an approximately $72 million environmental development bond ("EDB") with an interest rate of 4.00% and a maturity date of April 1, 2026. The proceeds from this issuance were used to repay an approximately $72 million outstanding EDB that matured on April 1, 2023.

During the second quarter of 2023, the Company issued approximately $24 million of debt with a variable interest rate and a maturity date of December 1, 2027. The Company had debt reductions of approximately $49 million of variable interest EDBs with current maturities. Additionally, during the second quarter of 2023, the Company issued an approximately $54 million EDB with a variable rate and a maturity date of May 1, 2028. The proceeds of this were used to repay an approximately $54 million EDB that matured on May 1, 2023. The Company issued an approximately $25 million EDB with a variable rate and a maturity date of June 1, 2030. The proceeds of this were used to repay an approximately $25 million EDB that matured on June 1, 2023.

During the third quarter of 2023, the Company repaid an approximately $70 million EDB with an interest rate of 2.90% that matured on September 1, 2023.

During the fourth quarter of 2023, the Company repaid an approximately $87 million note with an interest rate of 6.875% that matured on November 1, 2023. Additionally, the Company issued approximately $11 million of debt with a variable interest rate and a maturity date of December 1, 2027.

The Company had debt issuances in 2022 of $354 million of term loan agreements, $410 million of commercial paper and $248 million of environmental development bonds.

The Company had debt issuances in 2021 of $1.5 billion related primarily to Sylvamo debt issuances as discussed further in Note 8 - Divestitures.

The borrowing capacity of the Company's commercial paper program is $1.0 billion supported by its $1.4 billion credit agreement. Under the terms of this program, individual maturities on borrowings may vary, but not exceed one year from the date of issue. Interest bearing notes may be issued either as fixed or floating rate notes. The Company had no borrowings outstanding as of December 31, 2023, $410 million borrowings outstanding as of December 31, 2022 and no borrowings outstanding as of December 31, 2021 under this program.

At December 31, 2023, the Company's credit facilities totaled $1.9 billion. The credit facilities generally provide for interest rates at a floating rate index plus a pre-determined margin dependent upon International Paper's credit rating. The credit facilities previously included a $1.5 billion contractually committed bank facility with a maturity date of June 2026. In June 2023, the Company amended and restated its credit agreement to, among other things, (i) reduce the size of the contractually committed bank facility from $1.5 billion to $1.4 billion, (ii) extend the maturity date from June 2026 to June 2028, and (iii) replace the LIBOR-based rate with a SOFR-based rate. The liquidity facilities also include up to $500 million of uncommitted financings based on eligible receivables balances under a receivable securitization program that expires in June 2025. As of December 31, 2023, December 31, 2022 and December 31, 2021, the Company had no borrowings outstanding under the program.

A summary of long-term debt follows:

In millions at December 31	2023	2022	2021
6.875% notes – due 2023	**$ —**	$ 87	$ 94
7.350% notes – due 2025	**39**	39	44
7.750% notes – due 2025	**22**	22	31
7.200% notes – due 2026	**58**	58	58
6.400% notes – due 2026	**5**	5	5
7.150% notes – due 2027	**7**	7	7
6.875% notes – due 2029	**10**	10	37
5.000% notes – due 2035	**407**	407	407
6.650% notes – due 2037	**3**	3	4
8.700% notes – due 2038	**86**	86	265
7.300% notes – due 2039	**453**	453	722
6.000% notes – due 2041	**585**	585	585
4.800% notes – due 2044	**686**	686	686
5.150% notes – due 2046	**449**	449	449
4.400% notes – due 2047	**647**	647	648
4.350% notes – due 2048	**740**	740	744
Floating rate notes – due 2023 – 2027 [(a)]	**308**	732	222
Environmental and industrial development bonds – due 2023 – 2028 [(b)]	**419**	489	489
Floating rate term loan - due 2028	**600**	—	—
Total principal	**5,524**	5,505	5,497
Capitalized leases	**55**	59	66
Premiums, discounts, and debt issuance costs	**(41)**	(42)	(48)
Terminated interest rate swaps	**54**	55	58
Other [(c)]	**1**	2	6
Total [(d)]	**5,593**	5,579	5,579
Less: current maturities	**138**	763	196
Long-term debt	**$ 5,455**	$ 4,816	$ 5,383

(a) The weighted average interest rate on these notes was 5.4% in 2023, 4.6% in 2022 and 1.4% in 2021.

(b) The weighted average interest rate on these bonds was 2.4% in 2023, 2.4% in 2022 and 3.2% in 2021.

(c) Includes $1 million of fair market value adjustments as of December 31, 2021.

(d) The fair market value was approximately $5.5 billion at December 31, 2023, $5.2 billion at December 31, 2022 and $7.1 billion at December 31, 2021. Debt fair value measurements use Level 2 inputs.

At December 31, 2023, contractual obligations for future payments of debt maturities (including finance lease liabilities disclosed in Note 10 - Leases and excluding the timber monetization structures disclosed in Note 15 - Variable Interest Entities) by calendar year were as follows over the next five years: 2024 – $138 million; 2025 – $189 million; 2026 – $143 million; 2027 – $333 million; and 2028 – $670 million.

The Company’s financial covenants require the maintenance of a minimum net worth, as defined in our debt agreements, of $9 billion and a total debt-to-capital ratio of less than 60%. Net worth is defined as the sum of common stock, paid-in capital and retained earnings, less treasury stock plus any cumulative goodwill impairment charges. The calculation also excludes accumulated other comprehensive income/loss and both the current and long-term Nonrecourse Financial Liabilities of Variable Interest Entities. The total debt-to-capital ratio is defined as total debt divided by the sum of total debt plus net worth. As of December 31, 2023, we were in compliance with our debt covenants.

NOTE 17 DERIVATIVES AND HEDGING ACTIVITIES

International Paper periodically uses derivatives and other financial instruments to hedge exposures to interest rate, commodity and currency risks. International Paper does not hold or issue financial instruments for trading purposes. For hedges that meet the hedge accounting criteria at inception, International Paper formally designates and documents the instrument as a fair value hedge, a cash flow hedge or a net investment hedge of a specific underlying exposure.

Interest Rate Risk Management

Our policy is to manage interest cost using a mixture of fixed-rate and variable-rate debt. To manage this risk in a cost-efficient manner, we enter into interest rate swaps whereby we agree to exchange with the counterparty, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to a notional amount.

Interest rate swaps that meet specific accounting criteria are accounted for as fair value or cash flow hedges. For fair value hedges, the changes in the fair value of both the hedging instruments and the underlying debt obligations are immediately recognized in interest expense. For cash flow hedges, the effective portion of the changes in the fair value of the hedging instrument is reported in AOCI and reclassified into interest expense over the life of the underlying debt. The ineffective portion for both cash flow and fair value hedges, which is not material for any year presented, is immediately recognized in earnings.

Foreign Currency Risk Management

We manufacture and sell our products and finance operations in a number of countries throughout the world and, as a result, are exposed to movements in foreign currency exchange rates. The purpose of our foreign currency hedging program is to manage the volatility associated with the changes in exchange rates.

To manage this exchange rate risk, we have historically utilized a combination of forward contracts, options and currency swaps. Contracts that qualify are designated as cash flow hedges of certain forecasted transactions denominated in foreign currencies or net investment hedges of foreign denominated subsidiaries. For cash flow hedges, the effective portion of the changes in fair value of these instruments is reported in AOCI and reclassified into earnings in the same financial statement line item and in the same period or periods during which the related hedged transactions affect earnings. The ineffective portion, which is not material for any year presented, is immediately recognized in earnings. For net investment hedges, all changes in the fair value of these instruments are recorded in AOCI, offsetting the currency translation adjustment of the related investment that is also recorded in AOCI.

The change in value of certain non-qualifying instruments used to manage foreign exchange exposure of intercompany financing transactions and certain balance sheet items subject to revaluation is immediately recognized in earnings, substantially offsetting the foreign currency mark-to-market impact of the related exposure.

Commodity Risk Management

Certain raw materials used in our production processes are subject to price volatility caused by weather, supply conditions, political and economic variables and other unpredictable factors. To manage the volatility in earnings due to price fluctuations, we may utilize swap contracts or forward purchase contracts.

Derivative instruments are reported in the consolidated balance sheets at their fair values, unless the derivative instruments qualify for the normal purchase normal sale ("NPNS") exception under GAAP and such exception has been elected. If the NPNS exception is elected, the fair values of such contracts are not recognized on the balance sheet.

Contracts that qualify are designated as cash flow hedges of forecasted commodity purchases. The effective portion of the changes in fair value for these instruments is reported in AOCI and reclassified into earnings in the same financial statement line item and in the same period or periods during which the hedged transactions affect earnings. The ineffective and non-qualifying portions, which are not material for any year presented, are immediately recognized in earnings. The change in the fair value of certain non-qualifying instruments used to reduce commodity price volatility is immediately recognized in earnings.

The notional amounts of qualifying and non-qualifying instruments used in hedging transactions were as follows:

In millions	December 31, 2022	December 31, 2021
Derivatives Not Designated as Hedging Instruments:		
Electricity contract (MWh)	0.2	0.5

The following table shows gains or losses recognized in AOCI, net of tax, related to derivative instruments:

	Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	
In millions	2022	2021
Derivatives in Cash Flow Hedging Relationships:		
Foreign exchange contracts	$ —	$ 3
Derivatives in Net Investment Hedging Relationships:		
Foreign exchange contracts	—	18
Interest rate contracts	—	—
Total	$ —	$ 18

During the next 12 months, none of the December 31, 2022 AOCI balance, after tax, is expected to be reclassified to earnings.

The amounts of gains and losses recognized in the consolidated statement of operations on qualifying and non-qualifying financial instruments used in hedging transactions were as follows:

	Gain (Loss) Reclassified from AOCI into Income (Effective Portion)		Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)
In millions	2022	2021	
Derivatives in Cash Flow Hedging Relationships:			
Foreign exchange contracts	**$ —**	$ 10	Cost of products sold and Discontinued operations, net of taxes
Interest rate contracts	**(2)**	(1)	Interest expense, net
Total	**$ (2)**	$ 9	

	Gain (Loss) Recognized in Income		Location of Gain (Loss) in Consolidated Statement of Operations
In millions	2022	2021	
Derivatives in Fair Value Hedging Relationships:			
Interest rate contracts	**$ —**	$ —	Interest expense, net
Debt	**—**	—	Interest expense, net
Total	**$ —**	$ —	
Derivatives in Net Investment Hedging Relationships:			

In millions	Gain (Loss) Recognized in Income		Location of Gain (Loss) in Consolidated Statement of Operations
	2022	2021	
Foreign exchange contracts	$ —	$ —	Net (gains) losses on sales and impairments of businesses
Total	**$ —**	$ —	
Derivatives Not Designated as Hedging Instruments:			
Electricity Contracts	**$ 26**	$ 15	Cost of products sold
Foreign exchange contracts	**—**	(2)	Cost of products sold
Total	**$ 26**	$ 13	

Fair Value Measurements

International Paper's financial assets and liabilities that are recorded at fair value consist of derivative contracts, including interest rate swaps, foreign currency forward contracts, options and other financial instruments that are used to hedge exposures to interest rate, commodity and currency risks. For these financial instruments, fair value is determined at each balance sheet date using an income approach. All of International Paper's derivative fair value measurements use Level 2 inputs.

Below is a description of the valuation calculation and the inputs used for each class of contract:

Interest Rate Contracts

Interest rate contracts are valued using swap curves obtained from an independent market data provider.

The market value of each contract is the sum of the fair value of all future interest payments between the contract counterparties, discounted to present value.

The fair value of the future interest payments is determined by comparing the contract rate to the derived forward interest rate and present valued using the appropriate derived interest rate curve.

Foreign Exchange Contracts

Foreign currency forward and option contracts are valued using standard valuation models. Significant inputs used in these standard valuation models are foreign currency forward and interest rate curves and a volatility measurement. The fair value of each contract is present valued using the applicable interest rate. All significant inputs are readily available in public markets, or can be derived from observable market transactions.

Electricity Contract

The Company is party to an electricity contract used to manage market fluctuations in energy pricing. The Company's electricity contract is valued using the Mid-C index forward curve obtained from the Intercontinental Exchange. The market value of the contract is the sum of the fair value of all future purchase payments between the contract counterparties, discounted to present value. The fair value of the future purchase payments is determined by comparing the contract price to the forward price and present valued using International Paper's cost of capital.

Since the volume and level of activity of the markets that each of the above contracts are traded in has been normal, the fair value calculations have not been adjusted for inactive markets or disorderly transactions.

The following table provides a summary of the impact of our derivative instruments in the consolidated balance sheet:

Fair Value Measurements
Level 2 – Significant Other Observable Inputs

In millions	Assets December 31, 2022	Assets December 31, 2021
Derivatives not designated as hedging instruments		
Electricity contract	$ 20[(a)]	$ 10[(b)]

(a) Includes $20 million recorded in Other current assets in the accompanying consolidated balance sheet.

(b) Included $6 million recorded in Other current assets and $4 million in Deferred charges and other assets recorded in the accompanying consolidated balance sheet.

The above contracts are subject to enforceable master netting arrangements that provide rights of offset with each counterparty when amounts are payable on the same date in the same currency or in the case of certain specified defaults. Management has made an accounting policy election to not offset the fair value of recognized derivative assets and derivative liabilities in the consolidated balance sheet. The amounts owed to the counterparties and owed to the Company are considered immaterial with respect to each counterparty and in the aggregate with all counterparties.

Credit-Risk-Related Contingent Features

International Paper evaluates credit risk by monitoring its exposure with each counterparty to ensure that exposure stays within acceptable policy limits. Credit risk is also mitigated by contractual provisions with the majority of our banks. Certain of the contracts include a credit support annex that requires the posting of collateral by the counterparty or International Paper based on each party’s rating and level of exposure. Based on the Company’s current credit rating, the collateral threshold is generally $15 million.

If the lower of the Company’s credit rating by Moody’s or S&P were to drop below investment grade, the Company would be required to post collateral for all of its derivatives in a net liability position, although no derivatives would terminate. There were no derivative instruments containing credit-risk-related contingent features in a net liability position as of December 31, 2022 and December 31, 2021. The Company was not required to post any collateral as of December 31, 2022 or 2021.

NOTE 18 CAPITAL STOCK

The authorized capital stock at December 31, 2023, 2022 and 2021, consisted of 990,850,000 shares of common stock, $1 par value; 400,000 shares of cumulative $4 preferred stock, without par value (stated value $100 per share); and 8,750,000 shares of serial preferred stock, $1 par value. The serial preferred stock is issuable in one or more series by the Board of Directors without further shareholder action.

The following is a roll forward of shares of common stock for the three years ended December 31, 2023, 2022 and 2021:

	Common Stock	
In thousands	**Issued**	**Treasury**
Balance at January 1, 2021	448,916	55,817
Issuance of stock for various plans, net	—	(1,855)
Repurchase of stock	—	16,400
Balance at December 31, 2021	448,916	70,362
Issuance of stock for various plans, net	—	(1,569)
Repurchase of stock	—	29,839
Balance at December 31, 2022	448,916	98, 632
Issuance of stock for various plans, net	—	(1,647)
Repurchase of stock	—	5,894
Balance at December 31, 2023	448,916	102,879

NOTE 19 RETIREMENT PLANS

International Paper sponsors and maintains the Retirement Plan of International Paper Company (the "Pension Plan"), a tax-qualified defined benefit pension plan that provides retirement benefits to certain employees.

The Pension Plan provides defined pension benefits based on years of credited service and either final average earnings (salaried employees and hourly employees receiving salaried benefits), hourly job rates or specified benefit rates (hourly and union employees).

The Company also has two unfunded nonqualified defined benefit pension plans: the Pension Restoration Plan that provides retirement benefits based on eligible compensation in excess of limits set by the Internal Revenue Service, and the Unfunded Supplemental Retirement Plan for Senior Managers ("SERP"), which is an alternative retirement plan for salaried employees who are senior vice presidents and above or who are designated by the chief executive officer as participants. These nonqualified plans are only funded to the extent of benefits paid, which totaled $22 million, $29 million and $21 million in 2023, 2022 and 2021, respectively, and which are expected to be $20 million in 2024.

Effective January 1, 2019, the Company froze participation, including credited service and compensation, for salaried employees under the Pension Plan, the Pension Restoration Plan and the SERP. This change does not affect benefits accrued through December 31, 2018. For service after December 31, 2018, employees affected by the freeze receive a Company contribution to their individual Retirement Savings Account as described later in this Note 19.

Many non-U.S. employees are covered by various retirement benefit arrangements, some of which are considered to be defined benefit pension plans for accounting purposes.

In advance of the spin-off of the Printing Papers segment into a standalone, publicly-traded company, Sylvamo, a legally separate Sylvamo Pension Plan was established to transfer both pension liabilities and qualified pension assets for the approximately 900 active pension participants who transitioned to Sylvamo. Effective September 1, 2021, the Retirement Plan of International Paper ("IP Pension Plan") and the Sylvamo Pension Plan were legally separated and remeasured as of that date. The remeasurement resulted in a net asset balance of $520 million for the IP Pension Plan, which has been classified as part of the Pension Assets balance on the Consolidated Balance Sheet. Based on the September 1, 2021 remeasurement, the IP Pension Plan completed the transfer of approximately $287 million in projected benefit obligation and approximately $255 million in pension assets, net of post-spin true-up adjustments, to the Sylvamo Pension Plan.

Obligations and Funded Status

The following table shows the changes in the benefit obligation and plan assets for 2023, 2022 and 2021 and the plans' funded status.

	2023		2022		2021	
In millions	**U.S. Plans**	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**
Change in projected benefit obligation:						
Benefit obligation, January 1	**$ 8,816**	**$ 54**	$ 11,833	$ 65	$ 13,020	$ 264
Service cost	**48**	**4**	85	3	100	5
Interest cost	**459**	**3**	338	2	333	4
Actuarial loss (gain)	**225**	**(3)**	(2,863)	(11)	(760)	(11)
Divestitures	**—**	**—**	—	—	(287)	(187)
Plan amendments	**26**	**—**	16	—	—	—
Benefits paid	**(593)**	**(3)**	(593)	(2)	(573)	(5)
Special termination benefits	**1**	**—**	—	—	—	—
Effect of foreign currency exchange rate movements	**—**	**3**	—	(3)	—	(5)
Benefit obligation, December 31	**$ 8,982**	**$ 58**	$ 8,816	$ 54	$ 11,833	$ 65
Change in plan assets:						
Fair value of plan assets, January 1	**$ 8,845**	**$ 18**	$ 12,075	$ 19	$ 12,018	$ 190
Actual return on plan assets	**562**	**1**	(2,666)	—	864	4
Company contributions	**22**	**3**	29	2	21	6
Benefits paid	**(593)**	**(3)**	(593)	(2)	(573)	(5)
Divestitures	**—**	**—**	—	—	(255)	(175)
Effect of foreign currency exchange rate movements	**—**	**1**	—	(1)	—	(1)

In millions	2023 U.S. Plans	2023 Non-U.S. Plans	2022 U.S. Plans	2022 Non-U.S. Plans	2021 U.S. Plans	2021 Non-U.S. Plans
Fair value of plan assets, December 31	**$ 8,836**	**$ 20**	$ 8,845	$ 18	$ 12,075	$ 19
Funded status, December 31	**$ (146)**	**$ (38)**	$ 29	$ (36)	$ 242	$ (46)
Amounts recognized in the consolidated balance sheet:						
Overfunded pension plan assets	**$ 118**	**$ —**	$ 297	$ —	$ 595	$ —
Underfunded pension benefit obligation – current	**(20)**	**(2)**	(22)	(2)	(21)	(1)
Underfunded pension benefit obligation - non-current	**(244)**	**(36)**	(246)	(34)	(332)	(45)
	$ (146)	**$ (38)**	$ 29	$ (36)	$ 242	$ (46)
Amounts recognized in accumulated other comprehensive income (loss) under ASC 715 (pre-tax):						
Prior service cost (credit)	**$ 91**	**$ —**	$ 89	$ —	$ 95	$ —
Net actuarial loss (gain)	**1,663**	**(10)**	1,563	(7)	1,199	4
	$ 1,754	**$ (10)**	$ 1,652	$ (7)	$ 1,294	$ 4

The non-current asset for the qualified plan is included in the accompanying consolidated balance sheet under Overfunded Pension Plan Assets. The non-current portion of the liability is included with the pension liability under Underfunded Pension Benefit Obligation.

The largest contributor to the actuarial loss affecting the benefit obligation in 2023 was the decrease in the discount rate from 5.40% at December 31, 2022 to 5.10% at December 31, 2023.

The largest contributor to the actuarial gain affecting the benefit obligation in 2022 was the increase in the discount rate from 2.90% at December 31, 2021 to 5.40% at December 31, 2022.

The components of the $102 million and $(3) million related to U.S. plans and non-U.S. plans, respectively, in the amounts recognized in OCI during 2023 consisted of:

In millions	**U.S. Plans**	**Non-U.S. Plans**
Current year actuarial (gain) loss	**$ 192**	**$ (3)**
Amortization of actuarial loss	**(93)**	**1**
Current year prior service cost	**26**	**—**
Amortization of prior service cost	**(23)**	**—**
Effect of foreign currency exchange rate movements	**—**	**(1)**
	$ 102	**$ (3)**

The portion of the change in the funded status that was recognized in net periodic benefit cost and OCI for the U.S. plans was $197 million, $474 million and $(1.0) billion in 2023, 2022 and 2021, respectively. The portion of the change in funded status for the non-U.S. plans was $2 million, $(6) million, and $(73) million in 2023, 2022 and 2021, respectively.

The accumulated benefit obligation at December 31, 2023, 2022 and 2021 was $9.0 billion, $8.8 billion and $11.8 billion, respectively, for our U.S. defined benefit plans and $49 million, $46 million and $56 million, respectively, at December 31, 2023, 2022 and 2021 for our non-U.S. defined benefit plans.

The following table summarizes information for pension plans with an accumulated benefit obligation in excess of plan assets at December 31, 2023, 2022 and 2021:

In millions	2023 U.S. Plans		2023 Non-U.S. Plans		2022 U.S. Plans		2022 Non-U.S. Plans		2021 U.S. Plans		2021 Non-U.S. Plans	
Projected benefit obligation	**$**	**264**	**$**	**57**	$	268	$	54	$	353	$	65
Accumulated benefit obligation		**264**		**49**		268		45		353		56
Fair value of plan assets		**—**		**20**		—		18		—		19

ASC 715, "Compensation – Retirement Benefits" provides for delayed recognition of actuarial gains and losses, including amounts arising from changes in the estimated projected plan benefit obligation due to changes in the assumed discount rate, differences between the actual and expected return on plan assets and other assumption changes. These net gains and losses are recognized prospectively over a period that approximates the average remaining service period of active employees expected to receive benefits under the plans to the extent that they are not offset by gains in subsequent years.

Net Periodic Pension Expense

Service cost is the actuarial present value of benefits attributed by the plans' benefit formula to services rendered by employees during the year. Interest cost represents the increase in the projected benefit obligation, which is a discounted amount, due to the passage of time. The expected return on plan assets reflects the computed amount of current-year earnings from the investment of plan assets using an estimated long-term rate of return.

Net periodic pension expense for qualified and nonqualified U.S. and non-U.S. defined benefit plans comprised the following:

In millions	2023 U.S. Plans		2023 Non-U.S. Plans		2022 U.S. Plans		2022 Non-U.S. Plans		2021 U.S. Plans		2021 Non-U.S. Plans	
Service cost	**$**	**48**	**$**	**4**	$	85	$	3	$	100	$	5
Interest cost		**459**		**3**		338		2		333		4
Expected return on plan assets		**(530)**		**(1)**		(649)		(1)		(705)		(7)
Actuarial loss (gain)		**93**		**(1)**		87		1		138		2
Amortization of prior service cost		**23**		**—**		23		—		22		—
Special termination benefits		**1**		**—**		—		—		—		—
Net periodic pension (income) expense	**$**	**94**	**$**	**5**	$	(116)	$	5	$	(112)	$	4

The components of net periodic pension expense other than the Service cost component are included in Non-operating pension (income) expense in the Consolidated Statement of Operations except for $(3) million related to Sylvamo participants in 2021 recorded in Discontinued Operations.

The increase in 2023 pension expense primarily reflects lower asset returns, higher interest cost due to a higher discount rate, higher actuarial loss, and lower service cost.

Assumptions

International Paper evaluates its actuarial assumptions annually as of December 31 (the measurement date) and considers changes in these long-term factors based upon market conditions and the requirements for employers' accounting for pensions. These assumptions are used to calculate benefit obligations as of December 31 of the current year and pension expense to be recorded in the following year (i.e., the discount rate used to determine the benefit obligation as of December 31, 2023 is also the discount rate used to determine net pension expense for the 2024 year).

Major actuarial assumptions used in determining the benefit obligations and net periodic pension cost for our defined benefit plans are presented in the following table:

	2023		2022		2021	
	U.S. Plans	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**
Actuarial assumptions used to determine benefit obligations as of December 31:						
Discount rate	**5.10%**	**5.88%**	5.40%	5.31%	2.90%	2.59%
Rate of compensation increase	**3.00%**	**3.40%**	3.00%	3.36%	3.00%	2.92%
Actuarial assumptions used to determine net periodic pension cost for years ended December 31:						
Discount rate [(a)]	**5.40%**	**5.31%**	2.90%	2.59%	2.67%	2.32%
Expected long-term rate of return on plan assets [(a)]	**6.50%**	**3.83%**	6.00%	3.66%	6.40%	4.99%
Rate of compensation increase	**3.00%**	**3.36%**	3.00%	2.92%	2.25%	3.66%

(a) Represents the weighted average rate for the U.S. qualified plans in 2021 due to the spin-off remeasurement.

The expected long-term rate of return on plan assets is based on projected rates of return for current asset classes in the plan's investment portfolio. Projected rates of return are developed through an asset/liability study in which projected returns for each of the plan's asset classes are determined after analyzing historical experience and future expectations of returns and volatility of the various asset classes.

Based on the target asset allocation for each asset class, the overall expected rate of return for the portfolio is developed considering the effects of active portfolio management and expenses paid from plan assets. The discount rate assumption was determined from a universe of high-quality corporate bonds. A settlement portfolio is selected and matched to the present value of the plan's projected benefit payments. To calculate pension expense for 2024, the Company will use an expected long-term rate of return on plan assets of 7.00% for the Retirement Plan of International Paper, a discount rate of 5.10% and an assumed rate of compensation increase of 3.00%. The Company estimates that it will record net pension income of approximately $7 million for its U.S. defined benefit plans in 2024, compared to expense of $94 million in 2023.

For non-U.S. pension plans, assumptions reflect economic assumptions applicable to each country.

The following illustrates the effect on pension expense for 2024 of a 25 basis point decrease in the above assumptions:

In millions	**2024**
Expense (Income):	
Discount rate	$ 12
Expected long-term rate of return on plan assets	21

Plan Assets

International Paper's Board of Directors has appointed a Fiduciary Review Committee that is responsible for fiduciary oversight of the U.S. Pension Plan, approving investment policy and reviewing the management and control of plan assets. Pension Plan assets are invested to maximize returns within prudent levels of risk.

The Pension Plan maintains a strategic asset allocation policy that designates target allocations by asset class. Investments are diversified across classes and within each class to minimize the risk of large losses. Derivatives, including swaps, forward and futures contracts, may be used as asset class substitutes or for hedging or other risk management purposes. Periodic reviews are made of investment policy objectives and investment manager performance. For non-U.S. plans, assets consist principally of common stock and fixed income securities.

International Paper's U.S. pension allocations by type of fund at December 31, 2023 and 2022 and target allocations were as follows:

Asset Class	2023	2022	Target Allocations
Hedging assets	**66%**	64%	61%—72%
Return seeking assets [(a)]	**34%**	36%	28%—39%
Total	**100%**	100%	

(a) Return seeking assets include Real Estate (9% for both 2023 and 2022) and Private Equity (7% and 8% for 2023 and 2022, respectively).

The fair values of International Paper's pension plan assets at December 31, 2023, 2022 and 2021 by asset class are shown below. Hedge funds disclosed in the following table are allocated to hedging assets for target allocation purposes.

	Fair Value Measurement at December 31, 2023			
Asset Class	**Total**	**Quoted Prices in Active Markets For Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
In millions				
Equities	**$ 1,336**	**$ 835**	**$ 501**	**$ —**
Fixed income	**4,691**	**—**	**4,684**	**7**
Derivatives	**71**	**—**	**—**	**71**
Cash and cash equivalents	**49**	**49**	**—**	**—**
Other investments:				
Hedge funds	**1,293**	**—**	**—**	**—**
Private equity	**644**	**—**	**—**	**—**
Real estate funds	**752**	**—**	**—**	**—**
Total Investments	**$ 8,836**	**$ 884**	**$ 5,185**	**$ 78**

	Fair Value Measurement at December 31, 2022			
Asset Class	**Total**	**Quoted Prices in Active Markets For Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
In millions				
Equities	$ 1,353	$ 889	$ 464	$ —
Fixed income	4,550	—	4,543	7
Derivatives	25	—	—	25
Cash and cash equivalents	82	82	—	—
Other investments:				
Hedge funds	1,319	—	—	—
Private equity	688	—	—	—
Real estate funds	828	—	—	—
Total Investments	$ 8,845	$ 971	$ 5,007	$ 32

Fair Value Measurement at December 31, 2021				
Asset Class	**Total**	**Quoted Prices in Active Markets For Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
In millions				
Equities – domestic	$ 805	$ 471	$ 334	$ —
Equities – international	1,381	976	405	—
Corporate bonds	2,249	—	2,249	—
Government securities	5,733	—	5,733	—
Mortgage backed securities	126	—	126	—
Other fixed income	(1,482)	—	(1,498)	16
Derivatives	(21)	—	—	(21)
Cash and cash equivalents	266	266	—	—
Other investments:				
Hedge funds	1,368	—	—	—
Private equity	721	—	—	—
Real estate funds	929	—	—	—
Total Investments	$ 12,075	$ 1,713	$ 7,349	$ (5)

In accordance with accounting standards, certain investments that are measured at NAV and are not classified in the fair value hierarchy.

Other Investments at December 31, 2023				
Investment	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Remediation Notice Period**
In millions				
Hedge funds	**$ 1,293**	**$ 103**	**Quarterly to semi-annually**	**45 - 60 days**
Private equity	**644**	**81**	**(a)**	**None**
Real estate funds	**752**	**94**	**Quarterly**	**45 - 60 days**
Total	**$ 2,689**	**$ 278**		

(a) A private equity fund investment (“partnership interest”) is contractually locked up for the life of the private equity fund by the partnership agreement. Limited partners do not have the option to redeem partnership interests.

	Other Investments at December 31, 2022			
Investment	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Remediation Notice Period**
In millions				
Hedge funds	$ 1,319	$ 120	Daily to annually	1 - 100 days
Private equity	688	126	(a)	None
Real estate funds	828	129	Quarterly	45 - 60 days
Total	$ 2,835	$ 375		

(a) A private equity fund investment (“partnership interest”) is contractually locked up for the life of the private equity fund by the partnership agreement. Limited partners do not have the option to redeem partnership interests.

Other Investments at December 31, 2021

Investment	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Remediation Notice Period**
In millions				
Hedge funds	$ 1,368	$ 176	Daily to annually	1 - 100 days
Private equity	721	190	(a)	None
Real estate funds	929	176	Quarterly	45 - 60 days
Total	$ 3,018	$ 542		

(a) A private equity fund investment ("partnership interest") is contractually locked up for the life of the private equity fund by the partnership agreement. Limited partners do not have the option to redeem partnership interests.

Equity securities consist primarily of publicly traded U.S. companies and international companies. Publicly traded equities are valued at the closing prices reported in the active market in which the individual securities are traded.

Fixed income consists of government securities, mortgage-backed securities, corporate bonds, common collective funds and other fixed income investments. Government securities are valued by third-party pricing sources. Mortgage-backed security holdings consist primarily of agency-rated holdings. The fair value estimates for mortgage securities are calculated by third-party pricing sources chosen by the custodian's price matrix. Corporate bonds are valued using either the yields currently available on comparable securities of issuers with similar credit ratings or using a discounted cash flows approach that utilizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. Common collective funds are valued at the net asset value per share multiplied by the number of shares held as of the measurement date.

Derivative investments such as futures, forward contracts, options and swaps are used to help manage risks. Derivatives are generally employed as asset class substitutes (such as when employed in a portable alpha strategy), for managing asset/liability mismatches, or bona fide hedging or other appropriate risk management purposes. Derivative instruments are generally valued by the investment managers or in certain instances by third-party pricing sources.

The following tables summarize derivative holdings as of December 31, 2023 and 2022, respectively:

Derivatives at December 31, 2023

In millions	**Gross Asset**	**Gross Liability**	**Total**
Collateral	**$ 7**	**$ (7)**	**$ —**
Credit Default Swap	**2**	**—**	**2**
Interest Rate Swap	**4**	**—**	**4**
Bond/Equity Swap	**65**	**—**	**65**
Total	**$ 78**	**$ (7)**	**$ 71**

Derivatives at December 31, 2022

In millions	**Gross Asset**	**Gross Liability**	**Total**
Collateral	$ 9	$ —	$ 9
Credit Default Swap	1	—	1
Interest Rate Swap	16	—	16
Bond/Equity Swap	3	—	3
Options	6	(10)	(4)
Total	$ 35	$ (10)	$ 25

Hedge funds are investment structures for managing private, loosely regulated investment pools that can pursue a diverse array of investment strategies with a wide range of different securities and derivative instruments. These investments are made through funds-of-funds (commingled, multi-manager fund structures) and through direct investments in individual hedge funds. Hedge funds are primarily valued by each fund's third-party administrator based upon the valuation of the underlying securities and instruments and primarily by applying a market or income valuation methodology as appropriate depending on the specific type of security or instrument held. Funds-of-funds are valued based upon the net asset values of the underlying investments in hedge funds.

Private equity consists of interests in partnerships that invest in U.S. and non-U.S. debt and equity securities. Partnership interests are valued using the most recent general partner statement of fair value, updated for any subsequent partnership interest cash flows.

Real estate funds include commercial properties, land and timberland, and generally include, but are not limited to, retail, office, industrial, multifamily and hotel properties. Real estate fund values are primarily reported by the fund manager and are based on valuation of the underlying investments which include inputs such as cost, discounted cash flows, independent appraisals and market based comparable data.

The following is a reconciliation of the assets that are classified using significant unobservable inputs (Level 3) at December 31, 2023:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

In millions	**Other fixed income**	**Derivatives**	**Total**
Beginning balance at December 31, 2020	$ 14	$ (6)	$ 8
Actual return on plan assets:			
Relating to assets still held at the reporting date	2	(20)	(18)
Relating to assets sold during the period	—	(101)	(101)
Purchases, sales and settlements	—	106	106
Transfers in and/or out of Level 3	—	—	—
Ending balance at December 31, 2021	$ 16	$ (21)	$ (5)
Actual return on plan assets:			
Relating to assets still held at the reporting date	(9)	38	29
Relating to assets sold during the period	10	(189)	(179)
Purchases, sales and settlements	(10)	197	187
Transfers in and/or out of Level 3	—	—	—
Ending balance at December 31, 2022	$ 7	$ 25	$ 32
Actual return on plan assets:			
Relating to assets still held at the reporting date	**—**	**57**	**57**
Relating to assets sold during the period	**—**	**48**	**48**
Purchases, sales and settlements	**—**	**(59)**	**(59)**
Transfers in and/or out of Level 3	**—**	**—**	**—**
Ending balance at December 31, 2023	**$ 7**	**$ 71**	**$ 78**

Funding and Cash Flows

The Company's funding policy for the Pension Plan is to contribute amounts sufficient to meet legal funding requirements, plus any additional amounts that the Company may determine to be appropriate considering the funded status of the plans, tax deductibility, cash flow generated by the Company, and other factors. The Company continually reassesses the amount and timing of any discretionary contributions. No voluntary contributions were made in 2021, 2022 or 2023. Generally, International Paper's non-U.S. pension plans are funded using the projected benefit as a target, except in certain countries where funding of benefit plans is not required.

At December 31, 2023, projected future pension benefit payments, excluding any termination benefits, were as follows:

In millions	
2024	$ 620
2025	632
2026	639
2027	639
2028	639
2029-2033	3,175

Other U.S. Plans

International Paper sponsors the International Paper Company Salaried Savings Plan and the International Paper Company Hourly Savings Plan, both of which are tax-qualified defined contribution 401(k) savings plans. Substantially all U.S. salaried and certain hourly employees are eligible to participate and may make elective deferrals to such plans to save for retirement. International Paper makes matching contributions to participant accounts on a specified percentage of employee deferrals as determined by the provisions of each plan. The Company makes Retirement Savings Account contributions equal to a percentage of an eligible employee's pay. Beginning in 2019, as a result of the freeze for salaried employees under the Pension Plan, all salaried employees are eligible for the contribution to the Retirement Savings Account.

The Company also sponsors the International Paper Company Deferred Compensation Savings Plan, which is an unfunded nonqualified defined contribution plan. This plan permits eligible employees to continue to make deferrals and receive company matching contributions (and Retirement Savings Account contributions) when their contributions to the International Paper Salaried Savings Plan are stopped due to limitations under U.S. tax law. Participant deferrals and Company contributions are not invested in a separate trust, but are paid directly from International Paper's general assets at the time benefits become due and payable. Company contributions to the plans totaled approximately $160 million, $159 million and $172 million for the plan years ended in 2023, 2022 and 2021, respectively.

NOTE 20 POSTRETIREMENT BENEFITS

U.S. Postretirement Benefits

International Paper provides certain retiree health care and life insurance benefits covering certain U.S. salaried and hourly employees. These employees are generally eligible for benefits upon retirement and completion of a specified number of years of creditable service. International Paper does not fund these benefits prior to payment and has the right to modify or terminate certain of these plans in the future.

In addition to the U.S. plan, certain Moroccan employees are eligible for retiree health care and life insurance benefits.

The components of postretirement benefit expense in 2023, 2022 and 2021 were as follows:

In millions	**2023**		**2022**		**2021**	
	U.S. Plans	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**
Service cost	**$ —**	**$ —**	$ —	$ —	$ —	$ —
Interest cost	**7**	**—**	5	—	5	1
Actuarial loss	**—**	**—**	3	—	5	1
Amortization of prior service credits	**—**	**—**	—	—	—	(2)
Net postretirement expense	**$ 7**	**$ —**	$ 8	$ —	$ 10	$ —

International Paper evaluates its actuarial assumptions annually as of December 31 (the measurement date) and considers changes in these long-term factors based upon market conditions and the requirements of employers' accounting for postretirement benefits other than pensions. The discount rate assumption was determined based on a hypothetical settlement portfolio selected from a universe of high-quality corporate bonds.

The discount rates used to determine net U.S. and non-U.S. postretirement benefit cost for the years ended December 31, 2023, 2022 and 2021 were as follows:

	2023		**2022**			**2021**
	U.S. Plans	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**
Discount rate	**5.50%**	**5.70%**	2.90%	5.20%	2.50%	6.91%

The weighted average assumptions used to determine the benefit obligation at December 31, 2023, 2022 and 2021 were as follows:

	2023		**2022**		**2021**	
	U.S. Plans	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**
Discount rate	**5.20%**	**6.10%**	5.50%	5.70%	2.90%	5.20%
Health care cost trend rate assumed for next year	**7.00%**	**4.00%**	7.25%	4.00%	7.00%	4.00%
Rate that the cost trend rate gradually declines to	**5.00%**	**4.00%**	5.00%	4.00%	5.00%	4.00%
Year that the rate reaches the rate it is assumed to remain	**2032**	**2023**	2032	2023	2030	2022

The plans are only funded in an amount equal to benefits paid. The following table presents the changes in benefit obligation and plan assets for 2023, 2022 and 2021:

In millions	2023		2022		2021	
	U.S. Plans	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**	**U.S. Plans**	**Non-U.S. Plans**
Change in projected benefit obligation:						
Benefit obligation, January 1	**$ 125**	**$ 4**	$ 172	$ 5	$ 201	$ 20
Service cost	**—**	**—**	—	—	—	—
Interest cost	**7**	**—**	5	—	5	1
Participants' contributions	**2**	**—**	3	—	3	—
Actuarial (gain) loss	**8**	**—**	(33)	—	(12)	—
Benefits paid	**(24)**	**—**	(23)	—	(26)	—
Less: Federal subsidy	**—**	**—**	1	—	1	—
Divestiture	**—**	**—**	—	—	—	(15)
Currency Impact	**—**	**—**	—	(1)	—	(1)
Benefit obligation, December 31	**$ 118**	**$ 4**	$ 125	$ 4	$ 172	$ 5
Change in plan assets:						
Fair value of plan assets, January 1	**$ —**	**$ —**	$ —	$ —	$ —	$ —
Company contributions	**22**	**—**	20	—	23	—
Participants' contributions	**2**	**—**	3	—	3	—
Benefits paid	**(24)**	**—**	(23)	—	(26)	—
Fair value of plan assets, December 31	**$ —**	**$ —**	$ —	$ —	$ —	$ —
Funded status, December 31	**$ (118)**	**$ (4)**	$ (125)	$ (4)	$ (172)	$ (5)
Amounts recognized in the consolidated balance sheet under ASC 715:						
Current liability	**$ (13)**	**$ —**	$ (15)	$ —	$ (17)	$ —
Non-current liability	**(105)**	**(4)**	(110)	(4)	(155)	(5)
	$ (118)	**$ (4)**	$ (125)	$ (4)	$ (172)	$ (5)
Amounts recognized in accumulated other comprehensive income (loss) under ASC 715 (pre-tax):						
Net actuarial loss (gain)	**$ 2**	**$ (1)**	$ (6)	$ (1)	$ 29	$ —
Prior service credit	**—**	**—**	—	—	—	—
	$ 2	**$ (1)**	$ (6)	$ (1)	$ 29	$ —

The non-current portion of the liability is included with the postemployment liability in the accompanying consolidated balance sheet under Postretirement and postemployment benefit obligation.

The components of the $8 million and $0 million change in the amounts recognized in other comprehensive income ("OCI") during 2023 for U.S. and non-U.S. plans, respectively, consisted of:

In millions	**U.S. Plans**	**Non-U.S. Plans**
Current year actuarial (gain) loss	**$ 8**	**$ —**
Amortization of actuarial (loss) gain	**—**	**—**
	$ 8	**$ —**

The portion of the change in the funded status that was recognized in net periodic benefit cost and OCI for the U.S. plans was $(2) million, $44 million and $27 million in 2023, 2022 and 2021, respectively. The portion of the change in funded status for the non-U.S. plans was $0 million, $0 million, and $1 million in 2023, 2022 and 2021, respectively.

At December 31, 2023, estimated total future postretirement benefit payments, net of participant contributions and estimated future Medicare Part D subsidy receipts, were as follows:

In millions	**Benefit Payments**	**Subsidy Receipts**	**Benefit Payments**
	U.S. Plans	**U.S. Plans**	**Non-U.S. Plans**
2024	$ 14	$ 1	$ —
2025	13	1	—
2026	12	1	—
2027	11	1	—
2028	11	1	—
2029– 2033	45	2	1

NOTE 21 INCENTIVE PLANS

International Paper currently operates under its Amended and Restated 2009 Incentive Compensation Plan ("ICP"). The ICP authorizes grants of restricted stock, restricted or deferred stock units ("RSUs"), performance awards payable in cash or stock upon the attainment of specified performance goals ("PSUs"), dividend equivalents, stock options, stock appreciation rights, other stock-based awards, and cash-based awards at the discretion of the Management Development and Compensation Committee of the Board of Directors (the "MDCC"). The MDCC administers the ICP.

Additionally, restricted stock, which may be deferred into RSUs, may be awarded under a Restricted Stock and Deferred Compensation Plan for Non-Employee Directors.

Long-Term Incentive Plan

Effective January 1, 2023, the MDCC renamed the Performance Share Plan ("PSP") to the Long-Term Incentive Plan ("LTIP") and began incorporating RSUs into its annual grant process as a complement to PSUs to better align with market and aid in our recruitment and retention efforts. Under the LTIP, contingent awards of International Paper common stock are granted by the MDCC.

The maximum aggregate number of shares of the Company's common stock that may be issued pursuant to awards under the ICP shall not exceed 15.4 million shares. Shares for which payment is in cash, including the shares withheld to cover associate payroll taxes, as well as shares that expire, terminate, or are canceled or forfeited, may be awarded, or granted again under the ICP.

Performance Share Units

PSU awards are earned over a three-year period based on the achievement of pre-established performance goals of Return on Invested Capital ("ROIC") measured against our internal benchmark and our relative performance in Total Shareholder Return ("TSR") compared to the TSR peer group. The 2021-2023, 2022-2024 and 2023-2025 Awards are weighted 50% ROIC and 50% TSR for all participants. The ROIC component of the PSU awards is valued at the 20-trading day average closing price immediately prior to the grant date. As the ROIC component contains a performance condition, compensation expense, net of estimated forfeitures, is recorded over the requisite service period based on the most probable number of awards expected to vest. The TSR component of the PSU awards is valued using the same methodology as the RSUs but then adjusted using a factor derived from a Monte Carlo simulation as the TSR component contains a market condition. The Monte Carlo simulation estimates the fair value of the TSR component based on the expected term of the award, a risk-free rate, expected dividends, and the expected volatility for the Company and its competitors. The expected term is estimated based on the vesting period of the awards, the risk-free rate is based on the yield on U.S. Treasury securities matching the vesting period, and the volatility is based on the Company's historical volatility over the expected term. PSUs are payable in cash or shares at the Company's discretion.

Restricted Stock Units

Time-based RSU awards granted under the LTIP are expected to vest in three equal installments commencing on February 1st following the first anniversary of the grant date over a 3-year service period, subject to forfeiture and transfer restrictions. RSUs are payable in cash or shares at the Company's discretion.

Generally, the requisite service period is the vesting period. In the case of retirement (eligibility for which is based on the associate's age and years of service as provided in the relevant award agreement), awards vest pro-rata based on length of service during the award period, subject to continued employment and paid upon termination.

Dividend equivalents are generally accrued on PSUs and RSUs outstanding as of the record date. These dividend equivalents are paid only on PSUs and RSUs that ultimately vest.

The following table sets forth the assumptions used to determine compensation cost for the market condition component of the LTIP plan:

	Twelve Months Ended December 31, 2023
Expected volatility	**35.97%—37.11%**
Risk-free interest rate	**0.17%—4.18%**

The following summarizes LTIP activity for the three years ended December 31, 2023:

	Share/Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2020	5,620,025	$ 40.36
Granted	2,316,295	45.24
Shares issued	(994,052)	63.54
Forfeited	(1,016,126)	57.55
Outstanding at December 31, 2021	5,926,142	35.43
Granted	1,899,211	50.32
Shares issued	(1,130,236)	40.23
Forfeited	(1,382,637)	42.03
Outstanding at December 31, 2022	5,312,480	38.01
Granted - LTIP PSU	**1,619,481**	**37.78**
Granted - LTIP RSU	**1,411,042**	**34.63**
Shares issued - LTIP PSU	**(972,563)**	**40.44**
Shares issued - LTIP RSU	**(15,161)**	**34.63**
Forfeited	**(1,234,328)**	**45.38**
Outstanding at December 31, 2023	**6,120,951**	**$ 35.31**

Recognition Award Program

The Recognition Award Program (“RA Program”) is service-based and designed for recruitment, retention and special recognition purposes. It provides for awards of RSUs to key employees.

The following summarizes the activity of the RA Program for the three years ended December 31, 2023:

	Shares	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2020	126,075	$ 44.83
Granted	85,098	50.90
Shares issued	(85,768)	45.59
Forfeited	(21,636)	45.52
Outstanding at December 31, 2021	103,769	49.03
Granted	132,200	43.38
Shares issued	(104,177)	44.53
Forfeited	(5,400)	47.78
Outstanding at December 31, 2022	126,392	46.88
Granted	**123,454**	**35.51**
Shares issued	**(81,629)**	**45.40**
Forfeited	**(11,643)**	**39.77**
Outstanding at December 31, 2023	**156,574**	**$ 39.22**

At December 31, 2023, 2022 and 2021 a total of 5.5 million, 7.3 million and 7.7 million shares, respectively, were available for grant under the ICP.

Stock-based compensation expense and related income tax benefits were as follows:

In millions	2023	2022	2021
Total stock-based compensation expense (included in selling and administrative expense)	**$ 58**	$ 124	$ 130

In millions	**2023**	2022	2021
Income tax benefits related to stock-based compensation	**12**	13	13

At December 31, 2023, $58 million of compensation cost, net of estimated forfeitures, related to unvested restricted performance shares, executive continuity awards and restricted stock attributable to future performance had not yet been recognized. This amount will be recognized in expense over a weighted-average period of 1.4 years.

NOTE 22 FINANCIAL INFORMATION BY BUSINESS SEGMENT AND GEOGRAPHIC AREA

International Paper's business segments, Industrial Packaging and Global Cellulose Fibers are consistent with the internal structure used to manage these businesses. See the Description of Business Segments in Part 14 (*International Paper Operating and Financial Review*) of this Prospectus for a description of the types of products and services from which each reportable segment derives its revenues. On October 1, 2021, the Company completed the previously announced spin-off of its Printing Papers business into a new, publicly-traded company, Sylvamo, listed on the New York Stock Exchange as SLVM. Additionally, on August 6, 2021, the Company completed the sale of its Kwidzyn, Poland mill which included the pulp and paper mill in Kwidzyn and supporting functions. As a result of the Sylvamo spin-off and the sale of Kwidzyn, the Company no longer has a Printing Papers segment, and all prior year amounts have been adjusted to reflect the Sylvamo and Kwidzyn businesses as a discontinued operation. Both segments are differentiated on a common product, common customer basis consistent with the business segmentation generally used in the Forest Products industry.

Business segment operating profits are used by International Paper's management to measure the earnings performance of its businesses. Management believes that this measure allows a better understanding of trends in costs, operating efficiencies, prices and volumes. Business segment operating profits are defined as earnings (loss) from continuing operations before income taxes and equity earnings, but including the impact of less than wholly owned subsidiaries, excluding interest expense, net, corporate items, net, corporate net special items, business net special items and non-operating pension expense.

External sales by major product is determined by aggregating sales from each segment based on similar products or services. External sales are defined as those that are made to parties outside International Paper's consolidated group, whereas sales by segment in the Net Sales table are determined using a management approach and include intersegment sales.

Information by Business Segment

Net Sales

In millions	**2023**	**2022**	**2021**
Industrial Packaging	**$ 15,596**	$ 17,451	$ 16,326
Global Cellulose Fibers	**2,890**	3,227	2,732
Corporate and Intersegment Sales [(a)]	**430**	483	305
Net Sales	**$ 18,916**	$ 21,161	$ 19,363

Operating Profit (Loss)

In millions	**2023**	**2022**	**2021**
Industrial Packaging	**$ 1,266**	$ 1,742	$ 1,638
Global Cellulose Fibers	**(17)**	106	(3)
Business Segment Operating Profit	**1,249**	1,848	1,635
Earnings (loss) from continuing operations before income taxes and equity earnings	**382**	1,511	999
Interest expense, net	**231**	325	337
Adjustment for less than wholly owned subsidiaries [(b)]	**(2)**	(5)	(5)
Corporate expenses, net [(a)]	**27**	34	134
Corporate net special items	**28**	99	352
Business net special items	**529**	76	18
Non-operating pension (income) expense	**54**	(192)	(200)
	$ 1,249	$ 1,848	$ 1,635

Assets

In millions	2023	2022	2021
Industrial Packaging	**$ 16,060**	$ 16,425	$ 16,247
Global Cellulose Fibers	**3,369**	3,625	3,521
Corporate and other	**3,832**	3,890	5,475
Assets	**$ 23,261**	$ 23,940	$ 25,243

Capital Spending

In millions	2023	2022	2021
Industrial Packaging	**$ 928**	$ 762	$ 382
Global Cellulose Fibers	**177**	143	83
Subtotal	**1,105**	905	465
Corporate and other	**36**	26	15
Capital Spending	**$ 1,141**	$ 931	$ 480

Depreciation, Amortization and Cost of Timber Harvested

In millions	2023	2022	2021
Industrial Packaging	**$ 1,144**	$ 783	$ 829
Global Cellulose Fibers	**286**	255	265
Corporate	**2**	2	3
Depreciation and Amortization	**$ 1,432**	$ 1,040	$ 1,097

External Sales By Major Product

In millions	2023	2022	2021
Industrial Packaging	**$ 15,596**	$ 17,441	$ 16,276
Global Cellulose Fibers	**2,883**	3,219	2,730
Other [c]	**437**	501	357
Net Sales	**$ 18,916**	$ 21,161	$ 19,363

Information by Geographic Area

Net Sales (d)

In millions	2023	2022	2021
United States [e]	**$ 16,340**	$ 18,482	$ 16,769
EMEA	**1,494**	1,693	1,611
Pacific Rim and Asia	**261**	123	207
Americas, other than U.S.	**821**	863	776
Net Sales	**$ 18,916**	$ 21,161	$ 19,363

Long-Lived Assets (f)

In millions	2023	2022	2021
United States	**$ 9,021**	$ 9,333	$ 9,317
EMEA	**757**	738	745
Americas, other than U.S.	**390**	378	397
Long-Lived Assets	**$ 10,168**	$ 10,449	$ 10,459

(a) Includes sales of $44 million in 2021 and operating profit (losses) of $9 million in 2021, from previously divested businesses. There were no sales or operating profit (losses) from previously divested businesses in 2022 and 2023.

(b) Operating profits for industry segments include each segment's percentage share of the profits of subsidiaries included in that segment that are less than wholly-owned. The pre-tax earnings for these subsidiaries is added here to present consolidated earnings from continuing operations before income taxes and equity earnings.

(c) Includes $44 million in 2021 from previously divested businesses.

(d) Net sales are attributed to countries based on the location of the seller.

(e) Export sales to unaffiliated customers were $2.7 billion in 2023, $3.2 billion in 2022 and $2.6 billion in 2021.

(f) Long-Lived Assets includes Forestlands and Plants, Properties and Equipment, net.

DS SMITH FINANCIAL INFORMATION

The following documents which DS Smith has filed with the FCA, and are available as described in Part 7 (*Documents Incorporated by Reference*), contain information about DS Smith:

- DS Smith's Annual Report and Accounts 2024;
- DS Smith's Annual Report and Accounts 2023;
- DS Smith's Half Year Results 2023;
- DS Smith's Annual Report and Accounts 2022; and
- DS Smith's Half Year Results 2022,

(together, the "**DS Smith Financial Information**").

The tables below set out the sections of the above documents that are incorporated by reference into, and form part of, this Prospectus so as to provide certain information required pursuant to the Prospectus Regulation Rules and only the parts of the documents identified in the tables below are incorporated into, and form part of, this Prospectus. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this Prospectus. To the extent that any part of any information referred to below itself contains information which is incorporated by reference, such information shall not form part of this Prospectus.

For the financial year ended April 30, 2024

Information incorporated by reference into this Prospectus	Reference document	Page number(s) in reference document
Independent Auditor's report to the members of DS Smith Group plc	DS Smith's Annual Report and Accounts 2024	132 - 141
Consolidated income statement for the year ended April 30, 2024...	DS Smith's Annual Report and Accounts 2024	142
Consolidated statement of comprehensive income for the year ended April 30, 2024...................................	DS Smith's Annual Report and Accounts 2024	143
Consolidated statement of financial position as of April 30, 2024..	DS Smith's Annual Report and Accounts 2024	144
Consolidated statement of changes in equity for the year ended April 30, 2024	DS Smith's Annual Report and Accounts 2024	145
Consolidated statement of cash flows for the year ended April 30, 2024	DS Smith's Annual Report and Accounts 2024	146
Notes to the consolidated financial statements for the year ended April 30, 2024	DS Smith's Annual Report and Accounts 2024	147 - 205

For the six months ended October 31, 2023

Information incorporated by reference into this Prospectus	Reference document	Page number(s) in reference document
Condensed consolidated income statement for the six months ended October 31, 2023	DS Smith's Half Year Results 2023	16
Condensed consolidated statement of comprehensive income for the first nine months ended October 31, 2023...	DS Smith's Half Year Results 2023	17
Condensed consolidated statement of financial position as of October 31, 2023...	DS Smith's Half Year Results 2023	18
Condensed consolidated statement of changes in equity for the nine months ended October 31, 2023............	DS Smith's Half Year Results 2023	19
Condensed consolidated statement of cash flows for the six months ended October 31, 2023	DS Smith's Half Year Results 2023	20
Notes to the condensed consolidated financial statements for the nine months ended October 31, 2023...	DS Smith's Half Year Results 2023	21 - 35

For the financial year ended April 30, 2023

Information incorporated by reference into this Prospectus	Reference document	Page number(s) in reference document
Independent Auditor's report to the members of DS Smith Group plc	DS Smith's Annual Report and Accounts 2023	122 - 131
Consolidated income statement for the year ended April 30, 2023...	DS Smith's Annual Report and Accounts 2023	132
Consolidated statement of comprehensive income for the year ended April 30, 2023	DS Smith's Annual Report and Accounts 2023	133
Consolidated statement of financial position as of April 30, 2023...	DS Smith's Annual Report and Accounts 2023	134
Consolidated statement of changes in equity for the year ended April 30, 2023	DS Smith's Annual Report and Accounts 2023	135
Consolidated statement of cash flows for the year ended April 30, 2023	DS Smith's Annual Report and Accounts 2023	136
Notes to the consolidated financial statements for the year ended April 30, 2023	DS Smith's Annual Report and Accounts 2023	137 - 194

For the six months ended October 31, 2022

Information incorporated by reference into this Prospectus	Reference document	Page number(s) in reference document
Condensed consolidated income statement for the six months ended October 31, 2022	DS Smith's Half Year Results 2022	14
Condensed consolidated statement of comprehensive income for the first nine months ended October 31, 2022..	DS Smith's Half Year Results 2022	15
Condensed consolidated statement of financial position as of October 31, 2022...	DS Smith's Half Year Results 2022	16
Condensed consolidated statement of changes in equity for the nine months ended October 31, 2022	DS Smith's Half Year Results 2022	17
Condensed consolidated statement of cash flows for the six months ended October 31, 2022	DS Smith's Half Year Results 2022	18
Notes to the condensed consolidated financial statements for the nine months ended October 31, 2022	DS Smith's Half Year Results 2022	19 - 34

For the financial year ended April 30, 2022

Information incorporated by reference into this Prospectus	Reference document	Page number(s) in reference document
Independent Auditor's report to the members of DS Smith Group plc	DS Smith's Annual Report and Accounts 2022	115 - 124
Consolidated income statement for the year ended April 30, 2022...	DS Smith's Annual Report and Accounts 2022	125
Consolidated statement of comprehensive income for the year ended April 30, 2022	DS Smith's Annual Report and Accounts 2022	126
Consolidated statement of financial position as of April 30, 2022...	DS Smith's Annual Report and Accounts 2022	127
Consolidated statement of changes in equity for the year ended April 30, 2022	DS Smith's Annual Report and Accounts 2022	128
Consolidated statement of cash flows for the year ended April 30, 2022	DS Smith's Annual Report and Accounts 2022	129
Notes to the consolidated financial statements for the year ended April 30, 2022	DS Smith's Annual Report and Accounts 2022	130 - 186